MOL GROUP INTEGRATED ANNUAL REPORT

2023

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MOL GROUP APPROACH TO INTEGRATED AND SUSTAINABILITY REPORTING

MOL Group is committed to transparency towards capital markets and other interested stakeholders. Since 2008, MOL Group has been reporting its financial and non-financial performance in one integrated report. The integrated approach to reporting is the most efficient method of communicating previous year's performance. MOL Group's 16th Integrated Annual Report provides an account of the Group's financial and non-financial value creation, processes, risks and results encompassing the financial year from 1st of January to 31st of December 2023.

The main target audience of the Annual Sustainability Report are capital markets participants. However, the structure of MOL Group's sustainability reporting is also designed to meet the diverse information needs and priorities of the Group's wider stakeholder group.

MOL Group follows globally recognized reporting frameworks and standards to ensure that the Group's Integrated Annual Report meets the highest standards. MOL Group's integrated reporting process, as well as the contents of this report, is guided by the principles and requirements of the Value Reporting Foundation (which includes the resources of the Integrated Reporting <IR> Framework and the Sustainability Accounting Standards Board standards), whilst complying with the International Financial Reporting Standards (IFRS) as adopted by EU when reporting on financial results. The present report is also in compliance with the Directive 2014/95/EU on disclosure of non-financial and diversity information by large companies, and serves as a report on progress against the ten principles of the United Nations Global Compact (UNGC).

MOL Group has applied the Sustainability Accounting Standards Board (SASB) standards since 2019 as a means to communicate financially material sustainability information. Since the 2020 Integrated Annual Report, SASB metric codes are no longer limited to Group-level indicators inside the Sustainability Report but have been rolled-out across the entire Integrated Annual Report. The expansion in the use of SASB has predominantly focused on divisional level data and narrative inside the Management Discussion & Analysis following the completion of a materiality assessment in 2020. Given the integrated, and increasingly diversified, nature of MOL Group, SASB metric codes from the following *industries* (sub-sectors) have been applied: *Oil & Gas: Exploration & Production, Oil & Gas: Midstream, and Oil & Gas: Refining & Marketing* (Oil & Gas); *Chemicals* (Resource Transformation); *Road Transportation,* and *Car Rental & Leasing* (Transportation), *Multiline and Specialty Retailers & Distributors* (Consumer Goods Retail); and *Electric Utilities & Power Generators* (Utilities).

The Group's sustainability report (page *147*) has been prepared in accordance with the Global Reporting Initiative (GRI), including the GRI Sector Standard for Oil & Gas. For support in defining the content and selecting which sustainability indicators to cover, MOL Group has applied the 4th edition (published in March 2020, revised in February 2023) of the "Sustainability Reporting Guidance For The Oil And Gas Industry" developed by the International Petroleum Industry Environmental Conservation Association (IPECA), the American Petroleum Institute (API) and the International Association of Oil and Gas Producers (IOGP).

For the calculation and reporting of Greenhouse Gas (GHG) Emissions Scope 1, 2 and 3, MOL Group applied methodologies consistent with the following standards: a) "*GHG Protocol Corporate Accounting and Reporting Standard*" and "*Corporate Value Chain (scope 3) Accounting and Reporting Standard"* published by the Greenhouse Gas Protocol, and b) "*Estimating Petroleum Industry Value Chain (Scope 3) Greenhouse Gas Emissions*" by IPIECA and API. Data on Scope 1, 2, 3 GHG emissions meets the disclosure requirements of GRI standard 305-1, 305-2, 305-3 indicators and are aligned with the recommendation of the Task Force on Climate-related Financial Disclosures (TCFD). Deloitte has provided limited assurance over Scope 1, 2 and 3 emissions data and reasonable assurance over Scope 1 GHG emissions under ETS.

MOL Group is mandated to disclose material information in its Annual Report. As presented in the materiality matrix (page *5*), risks and opportunities associated with climate change are a material issue to MOL Group, constituting investment risk to capital markets. As a result, climate related disclosures produced in accordance with the core elements of the TCFD framework are included throughout the Integrated Annual Report. TCFD disclosure overview can be obtained from page *150*. This ensures that information on climate change is subject to both internal governance and controls, as well as external assurance. Placing climate related disclosures throughout the Integrated Annual Report should allow for the contextualization of this information and connectivity to other material matters.

This integrated annual report has been prepared both in English and Hungarian. In the event of any discrepancies, the English version should take precedence. This integrated annual report's consolidated financial statements are subject to external assurance by Deloitte. Copy of Deloitte's independent assurance statement can be obtained from MOL Group's website. The Sustainability Information Chapter – including the EU Taxonomy Report and the sustainability developments per divisions – ('the Sustainability Report') in this integrated annual report was subject to external assurance by Deloitte. Deloitte's independent assurance statement can be found on page 179.

The content of this integrated annual report is also available online at www.molgroup.info

LETTER FROM THE CHAIRMAN-CEO AND GROUP-CEO

We cannot look back on 2023 as a calm period at all: In the war in Ukraine, the positions of the opposing parties have hardened and although global attention is less and less focused on the war in Ukraine, the conflict continues to threaten the region's security of supply as a sword of Damocles. Although there is no tightening in the sanctions policy, there is no easing either, so the financing of Europe's energy supply remains expensive and continues to threaten the competitiveness of European industry. The focal point of geopolitical tensions has recently shifted to the Middle East and its effects on global trade are becoming more visible. On the macroeconomic side, although inflation risks eased in 2023, the countries of the CEE region had to face an economic slowdown in the best case, and an outright recession in the worst case. The economic slowdown has put national budgets under pressure, and the special taxes and other market-distorting measures introduced in 2022 to finance increased energy costs have in many cases been extended in time and scope in 2023. Meanwhile, the European Union has further tightened its climate targets for 2030.

Therefore, the external environment could not be called supportive at all in 2023 either, and that is why I am particularly proud that we managed to hold on in this situation as well. Although our financial performance in 2023 was below the record level of 2022, we made significant progress both operationally and strategically.

We have delivered on our core mission of ensuring security of supply in the region. We successfully met the market challenges of the sanctions, successfully tested new oil types at the Bratislava Refinery and made further progress with the transformation of our Downstream business. We also expanded our exploration and production portfolio and won geothermal concessions in Hungary and Croatia. We have successfully integrated new markets Poland and Slovenia into our operations and with 64 million cups of coffee, we have become perhaps the largest coffee house in the region. We have progressed on schedule with our green hydrogen investment, acquired the Szarvas Biogas plant and launched a major reform of the waste management system, which could be a real breakthrough for the whole company. And these are just some of the developments in 2023 that will contribute to the realisation of our “Shape Tomorrow” strategy.

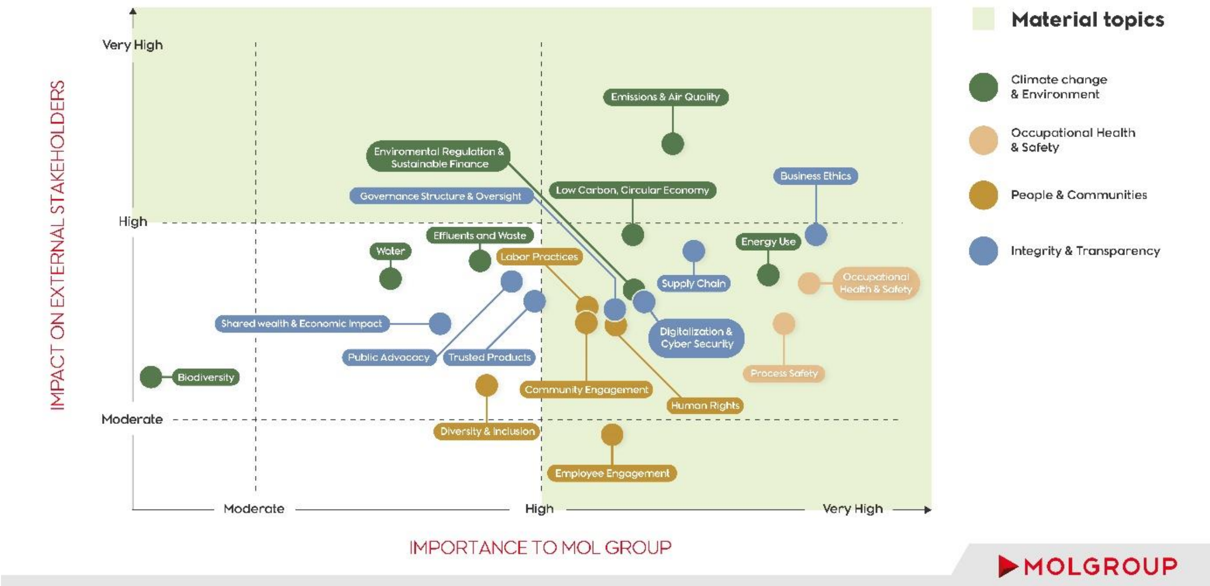
After the past three eventful years, we saw the time to review our strategic goals. In the period up to 2030, we still have a lot to do in order to implement the green transition, but at the same time, we believe that the foundations are in place and that we have started construction in the right direction. We are moving forward in a sober, pragmatic way enabling the green energy transition while uncompromisingly guaranteeing security of energy supply, the competitiveness of our company and value creation for our shareholders.

MATERIALITY ASSESSMENT

In 2023, MOL Group undertook an **in-depth materiality assessment** to identify relevant sustainability-related issues which are the most material for the Group and its external stakeholders. The practice has been introduced in 2020 with applying incremental methodological changes each year. In 2023, we broadened the list of consulted stakeholders (see section Process of materiality assessment) to enhance the validity of the assessment and increase our preparedness for the double materiality assessment introduced in 2024. The assessment was undertaken with a view ensuring the most material issues which are highlighted and described in more details across the Integrated Annual Report.

Results of the assessment

The outcome of the assessment is presented in the **Materiality Matrix**, visualizing the most material issues at MOL grouped into 21 topics. When these selecting these topics, MOL Group applied both the Sustainability Accounting Standards Boards Materiality Map and the IPIECA's Sustainability Reporting Guidance. We asked our stakeholders to rate how important they find each topic on the following scale: *very low importance, low importance, moderate importance, high importance, very high importance (see below the graph)*. Internal stakeholders were asked about the importance during their business decision-making, while external stakeholders were asked about the importance of Mol Group impact on the given topic from their perspective. The results are shown on the Materiality Matrix (note: for better visualization, the scale of the matrix starts at *moderate importance* as no topics were evaluated under the weighted average of that level).



Group level issues considered as material are related to the following areas: **climate change and environment**, **health and safety**, **integrity and transparency**, as well as **people & communities**. Compared to last year's assessment, general increase can be observed in nearly all topics, especially on previously emerging matters (human rights, biodiversity, community engagement) and governance topics (business ethics, transparency of corporate governance). The most important topics remained emissions (particularly CO_2), energy use, occupational health & safety and business ethics.

Two new topics – human rights and community engagement - moved to the material field. In this case, we performed a revision of our current reporting practice to elaborate more on the disclosures.

4 topics – water, diversity & inclusion, shared wealth & economic impact, public advocacy were shifted downwards to the emerging category (attributed to the more broad stakeholders base where the inputs were collected and shifting industry standards). Regardless of these trends we maintained the detailedness of our disclosures for the shifted topics as well.

Reporting on sustainability topics

Material issues are predominantly addressed inside the Sustainability Report (SR) section of this report, which begins with a two-pager with key Group-level financially material, investment relevant indicators supporting decision-making processes (149-150). The two-pager is then followed by concise explanatory narrative that clarifies changes in performance of all material factors, as well as several emerging categories, whilst highlighting important developments and actions taken compared to previous year (pages 150-180). In addition, other parts of the Integrated Annual Report are also covering material issues, including Management Discussion & Analysis (MDA), Corporate Governance Report (CGR) and Financial Statements & Accounts (FSA). Supportive background information is covered in the GRI Reporting Table (GRI) with the Data Library (DL) containing 600+ ESG (Environmental, Social, and Governance) indicators broken down, where applicable, by country, site, age group, gender etc. On emerging topics, we also disclose information within the above mentioned documents, albeit generally to a limited extent.

SUSTAINABILITY AREAS	MATERIAL TOPICS	EMERGING TOPICS
Climate change & Environment	Emissions & Air Quality Energy Use Low Carbon, Circular Economy Environmental Regulation & Sustainable Finance	Effluents and Waste Water Biodiversity
Occupational Health & Safety	Occupational Health & Safety Process Safety	-
People & Communities	Labor Practices Employee Engagement Community Engagement (new material topic in 2023) Human Rights (new material topic in 2023)	Diversity & Inclusion
Integrity & transparency	Business Ethics Supply Chain Governance Structure & Oversight Digitalization & Cyber Security	Shared Wealth & Economic Impact Public Advocacy Trusted Producs

Process of the Assessment

1. The first step of the materiality assessment was a scoping of the relevant stakeholders. In case of the internal stakeholders, we selected a matrix sample to represent both MOL Group's corporate structure (Downstream, Upstream, Consumer Services and Corporate Functions) and geographic structure (Group-level divisions, Mol Hungary, Slovnaft and INA). To assess the Group's impact on external stakeholders, we shortlisted stakeholders including investors & financial analysts, creditors and banks, affected communities, regulators and non-governmental organisations.
2. We reached out to the selected stakeholders by sending them tailored questionnaires to assess their views over the 21 sustainability topics. Furthermore, we conducted in-depth interviews to gather insightful details shared by high-priority stakeholders. Overall, we have registered more than 75 samples to our assessment.
3. We concluded the exercise by preparing the Materiality Matrix. We used a group-based weighting to sufficiently represent all stakeholders. The weighted rating of internal stakeholders on each 21 topics is shown on the horizontal axis ('Importance to MOL Group'), while the y-axis represents the external views similarly ('Impact on External Stakeholders').

MANAGEMENT DISCUSSION AND ANALYSIS OF 2023 BUSINESS OPERATIONS

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1. OVERVIEW OF THE MACROECONOMIC AND INDUSTRY ENVIRONMENT

Macroeconomic environment

Global output growth proved unexpectedly resilient last year, despite the fact that the 3.1% annual growth rate remains below the historical (2000-2019) average of 3.8%.[1] At the start of 2023, declining real incomes, rapid and widespread monetary policy tightening and the gradual but steady phase out of fiscal transfers in advanced economies projected a much harder landing for the global economy. In contrast, inflation has declined more quickly than initially anticipated and energy support schemes have helped to cushion household incomes and underpin activity in many economies. Still, outcomes diverged across countries, with stronger than expected growth in the United States and many emerging-market economies, offset by a slowdown in most European countries. China's economy grew 5.2% in 2023, slightly more than the official target, but the recovery was far shakier than expected, with a deepening property crisis, mounting deflationary risks and muted domestic demand.

The rising momentum was not felt everywhere, with notably subdued growth in the Euro area, reflecting the continued adverse effects of the energy price shock, the lagged effect of tight monetary policy, weak consumer sentiment and global trade providing little support on the external side. Global trade growth in 2023 was the slowest outside global recessions in the past 50 years as the ending of the zero Covid-19 policy in China did not generate the hoped-for boost to exports. The high dependence of the German economy on the manufacturing sector and external demand kept its performance below average compared to the other Euro zone countries. Following a robust post-pandemic expansion in 2021 and 2022, GDP increased only by 0.5% in both the Euro area and the EU in 2023[2], with the energy-intensive industry sector suffering most from still elevated energy and feedstock prices and a weaker economy.

The Central and Eastern European (CEE) countries performed below expectations, mainly due to the recession in Germany. Although the share of exports to Germany declined over the last two decades, Germany remains the main trading partner of the region. In addition, in many of these countries, growth was driven by a decline in imports, primarily on account of the strong base effects resulting from the high level of imports seen the previous year, when energy concerns led to stockpiling. The energy situation has improved since last year, with reduced gas dependence and diversified sources.

The Hungarian economy mostly stagnated after the significant fall in H2 2022 and Q1 2023, resulting in a recession of -0.8% year-on-year in 2023. High inflation, tighter fiscal and monetary policies and sluggish external demand all contributed to the lower economic performance. Overall, the fall in domestic demand has been partly counterbalanced by the positive impact of net exports as imports of goods and services dropped at a steeper pace than exports last year.

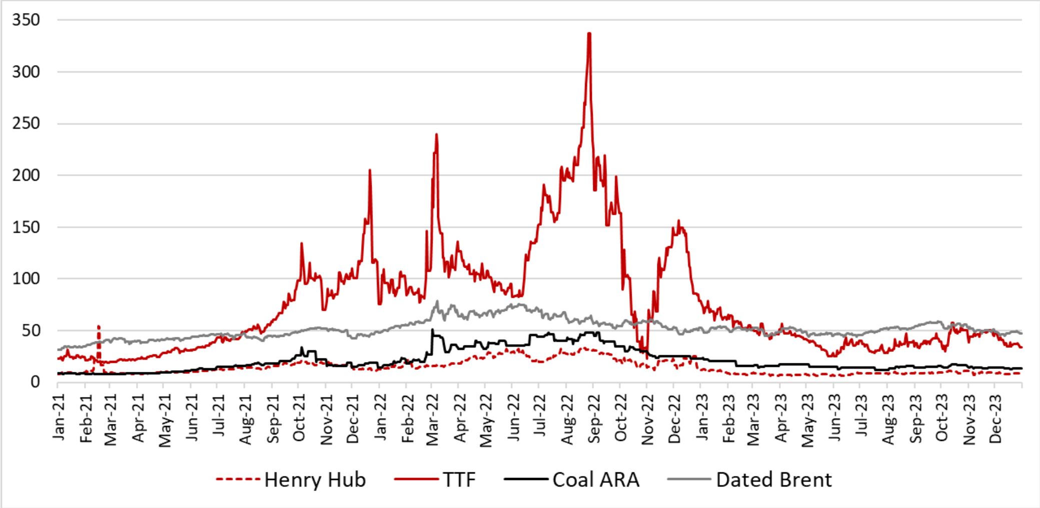
Oil and natural gas market developments

Despite a brief surge above 90 USD/bbl in September and mid-October, Dated Brent crude prices have traded in the relatively narrow 70-90 USD/bbl range in 2023, averaging at 82.6 USD/bbl, 18% below the 101.3 USD/bbl average in 2022. The remarkable stability of oil prices came at the time when global markets had to adjust to new trade dynamics, with crude oil from Russia sustaining its destinations outside the EU, several surprise OPEC+ supply cuts during the year and intensifying geopolitical tensions in the Middle East after the outbreak of the Israel-Hamas war and the year-end Houthi attacks on shipping vessels in the Red Sea. The oil market was able to remain cold because fears of a wider geopolitical conflict and physical disruptions to supply were dominated by demand concerns and higher than expected non-OPEC supply growth, led by the U.S. throughout the year. With GDP growth below trend in major economies, global oil demand outlook growth slowed accordingly, with Europe making up more than half the decline. The impact of tighter monetary policies and decreasing real incomes fed through to the real economy while petrochemical activity shifted increasingly to China, undermining growth elsewhere. Europe has been particularly hit amid the continent's broad manufacturing and industrial recession.

[1] IMF (2024): World Economic Outlook, January update.

[2] Eurostat Flash Estimate (February 2024).

Figure 1: Selected crude, natural gas and coal prices (USD/MWh, 2021-2023, Bloomberg data)



The fall in European natural gas prices was even more striking, the average price of TTF (Title Transfer Facility), Europe's largest gas trading hub, dropped from an average of 130.9 EUR/MWh in 2022 to 41.3 EUR/MWh in 2023 (-68%). Despite the continuous downward trend in 2023, European prices remained overly reactive to even small changes in supply availability during the year, suggesting that the market continued to be fragile even amid consistently comfortable storage filling rates, low industrial gas demand and warmer temperatures. In the absence of enough flexible new supply, the lost Russian pipeline volumes triggered a painful demand side adjustment in the short-term. European gas demand dropped by over 100 bcm in just two years, falling to its lowest level since 1995. Following a 13% (or 70 bcm) drop in 2022, gas consumption fell by another 7% (or 35 bcm) in 2023. All sectors contributed to these declines, although the drivers have markedly shifted from one year to the other. In contrast with 2022, the demand reduction in 2023 was largely driven by the power sector, as the rapid expansion of renewables, together with improving nuclear availability reduced the call on gas-fired power plants. In addition, mild winter weather together with gas-saving efforts continued to weigh on gas use in the residential and commercial sectors. Industry, which suffered the steepest decline in 2022, moved towards a gradual recovery in the second half of 2023, as lower price levels incentivised higher operating rates, including the more energy-intensive industrial sectors.

Downstream

Although refinery runs remained stronger than expected in 2023, total year runs for the last year averaged around the same level as in 2022 in Europe while global refinery throughputs finally returned to their pre-pandemic, 2019 levels, led by new Chinese and Middle East capacities. While not returning to the extreme highs of 2022, margins stayed steady, supported by resilient gasoline demand and elevated diesel crack spreads as OPEC+ supply cuts squeezed supplies of medium crude oil grades characterized by relatively higher middle distillate yields. The diesel shortage has been a worldwide phenomenon, with stocks well below the five-year average in most regions including the U.S., ARA ports in Europe, and Singapore. In Europe, the lost access to Russian medium crude and increased processing of lighter U.S. and North Sea grades might have limited crude distillation runs despite the strong margin environment.

European petrochemicals were hit by the perfect storm of sustained production cost rise last year, collapsing demand and intensifying import pressure due to global overcapacity. In 2023, China completed more than 20 petrochemical projects, pushing its global share of petrochemical capacity up to 25%. The decrease in competitiveness of European assets has been exaggerated by the U.S. Inflation Reduction Act, which reduced operational expenses for U.S. players and attracted producers to relocate overseas despite the announcement of the Green Deal Industrial Plan to counter U.S. subsidies and prevent an exodus of industrial activity from Europe.

Macro figures (average)	FY 2023	FY 2022	Ch %
Brent dated (USD/bbl)	82.6	101.3	(18)
Ural Blend (USD/bbl)(15)	64.3	75.1	(14)
Brent Ural spread (USD/bbl)(5)	(19.2)	(24.9)	(23)
TTF gas price (EUR/MWh)	41.3	130.9	(68)
Premium unleaded gasoline 10 ppm (USD/t)(11)	856.4	1,004.6	(15)
Gas oil – ULSD 10 ppm (USD/t)(11)	828.9	1,054.7	(21)
Naphtha (USD/t)(12)	602.9	722.5	(17)
Fuel oil 3.5 (USD/t)(12)	427.4	457.2	(6)
Crack spread – premium unleaded (USD/t)(11)	231.2	238.1	(3)
Crack spread – gas oil (USD/t)(11)	203.7	288.3	(29)
Crack spread – naphtha (USD/t)(12)	(22.3)	(44.0)	(49)
Crack spread – fuel oil 3.5 (USD/t)(12)	(197.7)	(309.3)	(36)
Crack spread – premium unleaded (USD/bbl)(11)	20.2	19.3	5
Crack spread – gas oil (USD/bbl)(11)	28.6	40.3	(29)
Crack spread – naphtha (USD/bbl)(12)	(14.9)	(20.1)	(26)
Crack spread – fuel oil 3.5 (USD/bbl)(12)	(15.1)	(29.1)	(48)
MOL Group refinery margin UPDATED (USD/bbl) (10)	9.0	8.4	n.a.
Complex refinery margin (MOL + Slovnaft) UPDATED (USD/bbl) (10)	9.3	8.9	n.a.
Ethylene (EUR/t)	1,205.8	1,412.7	(15)
Butadiene-naphtha spread (EUR/t)	291.8	567.7	(49)
MOL Group petrochemicals margin (EUR/t)(9)	285.8	480.9	(41)
MOL Group Variable petrochemicals margin (EUR/t)	143.5	242.4	(41)
HUF/USD average	353.3	373.1	(5)
HUF/EUR average	382.0	391.3	(2)
3m USD SOFR (%)	5.01	1.64	na
3m EURIBOR (%)	3.43	0.35	na
3m BUBOR (%)	14.30	9.97	na

Macro figures (closing)	FY 2023	FY 2022	Ch %
Brent dated closing (USD/bbl)	77.6	81.3	(5)
Urals blend closing (USD/bbl)	63.8	48.5	31
HUF/USD closing	346.4	375.7	(8)
HUF/EUR closing	382.8	400.3	(4)
MOL share price closing (HUF)	2,826	2,602	9

Notes and special items are listed in Appendix I and II.
Historical macro figures are available in the annual Data Library on the company's website.

2. INTEGRATED CORPORATE RISK MANAGEMENT

As an operator in a high-risk industry MOL Group is committed to manage and maintain its risks within acceptable limits.

The aim of MOL Group Risk Management is to keep the risks of the business within acceptable levels and safeguard the resilience of its operations as well as the sustainable management of the company. For this purpose, as an integral part of our corporate governance structure, MOL Group has developed a comprehensive Enterprise Risk Management (ERM) system which focuses on the organisation's value creation process, meaning factors critical to the success and threats related to the achievement of objectives but also occurrence of risk events causing potential impact to people, assets, environment or reputation. Within the ERM framework all significant risks throughout the whole Group are identified, assessed, evaluated, treated and monitored, covering all business and functional units, geographies as well as projects, taking into consideration multiple time horizons.

Regular risk reporting to top management bodies, including the Board of Directors with its committees provides oversight on overall the risk profile and the largest risks as well as assurance that updated responses, controls, and appropriate mitigation actions are set and followed.

The Group faces financial, operational and strategic risks, including but not limited to the below.

Risks/processes	Risk description	Risk mitigation methods
Market and financial risks		
Commodity price risk	The Group is exposed to commodity price risk on both the purchasing side and the sales side. The main commodity risks stem from its long positions in crude oil, refinery margin and petrochemical margin.	• Integrated business model • Continuous monitoring • When necessary, commodity hedging instruments to mitigate other than 'business as usual' risks or general market price volatility
Foreign exchange (FX) risk	The Group has FX exposure due to mismatch of currency composition of cash inflows and outflows, investments, debts.	• Monitoring FX risk and balancing the FX exposures of the operating & investment cash flow with the financing cash flow exposures when necessary and optimal
Interest rate (IR) risk	MOL Group has a mixture of floating and fixed interest rate debts. Floating rate debt are subject to interest rate changes.	• Continuous monitoring • Adequate mix of funding portfolio • When necessary, interest rate swap hedging instruments to mitigate risks
Credit risk	MOL Group provides products and services with deferred payment terms to eligible customers which exposes it to credit risk.	• Diversified customer portfolio • Customer evaluation model, continuous monitoring • Group-wide credit insurance program
Financing/Refinancing risk	MOL Group has significant debt outstanding. Inability to refinance those or inability to draw down funds could cause liquidity problems.	• Diversified funding sources/instruments • Diversified, balanced, and decently long maturity profile • Investment grade rating (BBB-) supports smooth capital markets access
Operational Risks		
Physical asset and process safety and equipment breakdown risk	Process Safety Event (Major Industrial accident) due to loss of mechanical integrity, technical, technological or operational issues, process maintenance difficulties, lack of competent human resources.	• Comprehensive HSE activities, a group-wide Process Safety Management system including asset related operational risk management process • Preventive & Predictive maintenance (Uptime program) with thorough equipment criticality assessment behind • Group-wide insurance management program
Crude oil and gas supply risk	Crude supply disruption (insufficient quantity or quality) can disrupt refineries and petchem sites continuous operation.	• Crude oil-supply diversification strategy implemented; • Emergency reserves available

Critical material, equipment or service supply risk	Disruption in critical (raw) materials and/or equipment and/or services may cause delays in operation and/or increase costs	• Stock management • Supplier management • Sourcing and supply chain diversification
Exploration & Production reserve replacement	Higher than expected decline and failure to replace reserves.	• Production optimization programs and organic reserve replacement activities are both focus areas of Exploration & Production operations
Cyber risk	Global trends showing steadily growing frequency and intensity of Cyber-attacks / incidents. AI is a new global threat which is widely used by attackers as well as more specified Cyber Crime Groups targeting Industrial Control System's weaknesses, which may have increasing economic impact and relevance on MOL Group. Ukraine War significantly reduce Russian and Ukraine hacker group activities as they focus on war, significant investment on attacking methods by all stakeholders, furthermore these grown capabilities could lead to huge impact on the future.	• Continuous improvement of cyber security capabilities • Continuous supervision of cyber security risks (Group and opco level) ensuring the protection of the confidentiality, integrity and availability of data • Cyber security is built into all the MOL Group products and services • Continuous education of employees and partners.
Fraud Risk	Fraudulent activities (external & internal fraud) may cause significant financial and reputational losses	• Control functions on local and group level • Anti-Fraud Awareness (Newsletter, Mandatory trainings) • Anti-Fraud & Investigation procedures, dedicated Team
Pandemic Risk	Pandemics may significantly adversely affect the Group's business environment, including price and demand on the Group's products and services, availability of contractors, subcontractors as well as raw materials, creditworthiness of credit customers, availability of the Group's key personnel.	• Crisis Management plans in place • Our Group Pandemic Preparedness Framework methodology instruction was issued in January 2023, summarizing not only the WHO general approach but entire MOL Group internal experiences of last 2-3 years, ensuring a life-proof and working framework to manage any possible further endemic/ pandemic situations. • Continued and sustainable practices defined, adjusted to country local measures and company internal circumstances
Strategic risks		
Regulatory and sanctions risk	MOL has significant exposure to a wide range of laws, regulations and policies on the global, the European and the individual country level, that may change significantly over time and may even require the Group to adjust its core business operation.	• Continuous monitoring of new regulations and sanctions • Strengthened compliance process • Participation in legislative processes, consultations • Adopting MOL strategy in response to changes
Country risk	The international presence of MOL Group contributes to diversification but also exposure to country specific risk at the same time. Government actions may be affected by the elevated risk of economic and, in some regions, (geo)political crisis, increasing their impact on MOL's operations.	• Continuous monitoring of the (geo)political risk, compliance with local regulations and international sanctions • Investment opportunities are valuated with quantifying of country risk in discount rate
Reputation risk	MOL, as a major market player and employer in the region with a sizeable operational footprint, operates under special attention from a considerable number of external stakeholders.	• Stakeholder governance processes introduced to monitor and adjust to any reputational risks
Climate change risk	Transition and physical risks associated with climate change have the potential to negatively impact MOL's current and future revenue streams, expenditures, assets and financing.	• MOL Group's transformational strategy • Several operational steps taken to mitigate physical risks emanating from climate change (see TCFD disclosure)
Capex Project Execution Risk	Projects are delayed or less profitable than expected or unsuccessful for numerous reasons, including cost overruns, higher raw material or energy prices, longer lead time in equipment deliveries, limited availability of contractors and execution difficulties.	• Disciplined stage gate process across Capex project pipeline • Dedicated team to identify risks at earlier stages, plan for mitigation or avoidance by linking potential risks with schedule and budget to build

		realistic estimates and following it up through the project lifecycle • Supplier selection criteria, audits
Human Capital Risk	The Group's ability to implement its 2030+ Strategy is dependent on the capabilities and performance of its people, management, experts and technical personnel. Unavailability of skilled workforce may lead to disruptions in the operation.	• HR framework to attract, develop, reward and retain employees • Capability development for all employee levels to ensure future-proof skillset • Intergenerational collaboration to enhance internal knowledge transfer • Focus on digital transformation, and employee experience • Developing innovative and collaborative culture • Working environment and conditions framework in order to attract and retain diverse talents

ESG risks are covered and considered as part of the following topics (including but not limited to): Climate Change, Human Capital, Physical asset and process safety and equipment breakdown risk, Cyber Risk, Fraud Risk, Pandemic Risk, Regulatory and sanctions risk.

Risk Review Process in 2023

Risk owners in the Group identified, analysed and evaluated their major risks during 2023 – both on medium-term and long-term time horizon - and defined and/or updated the relevant mitigation plans where it has been necessary. Risk reports have been discussed by the Finance and Risk Management Committee of the Board of Directors and the Audit Committee.

Due to continued geopolitical tension in 2023, the Group still considers related risks, such as sanctions, regulatory as well as supply-related risks, elevated and implements mitigation measures.

Supply-related risks: The Group has elaborated the crude diversification strategy; alternative crude slate was defined, relevant capex projects defined and started. Supply chain difficulties have been addressed, mitigated by stock, supply chain and supplier management actions.

Regulatory and sanctions risks: MOL Group has been continuously and closely monitoring the sanctions, countersanctions and strengthened the compliance processes. In several countries where the Group operates, various forms of government interventions in energy markets took place (margin caps, new taxes, government takes), which had material financial impact on the Group.

Main risk management tools

As described above, as a general risk management framework, we operate an Enterprise Risk Management system.

Hedging Policy: to ensure the profitability and the financial stability of the Group, financial risk management is in place to handle short-term, market related risks. Commodity price risks are measured regularly by using a complex model based on advanced statistical methods and are managed – if and when necessary - with hedging measures.

Insurance Policy: transferring the financial consequences of our operational risks is done by insurance management, which represents an important risk mitigation tool to cover the most relevant exposures and liabilities arising out of our operations. Insurance is managed through a joint program for the whole Group to exploit considerable synergy effects.

Crisis and Business Continuity Management: following best industry practice and focusing on low probability high potential risks that could disrupt our operations, value chain and cash generation, MOL Group has implemented and is currently working to integrate a crisis management and business continuity program in order to reduce recovery times within tolerable limits for processes critical to our business.

TCFD disclosure on Risk Management

Climate change related risks are covered within the ERM framework, both in the long-term and mid-term risk review process.

Top-down approach is taken to identify and assess risks affecting the long-term strategy of the Group. Climate change risk, including transition and physical risks are assessed, together with mitigation plans within the strategic risk review process. Oversight of management of such risks sits with executive leadership, while operative leaders directly reporting to executive leadership are nominated as risk owners, who are responsible for assessment, mitigation of these risks. Strategic risk reports are discussed by the Finance and Risk Management Committee of the Board of Directors.

Within the bottom-up mid-term risk process several climate change related individual risks (regulatory changes, demand for fossil fuels, legal risks, risks on physical assets) are and may be identified and reviewed regularly. Various organizational levels and geographies are involved in the process, with the aim of covering all material risks, including climate related ones. Operative managers are nominated as risk owners, being responsible for assessing and mitigating the relevant risks. Aggregated, consolidated risk report is discussed by the Finance and Risk Management Committee of the Board of Directors.

Risk owners, with the involvement of subject matter experts, assess risks taking into consideration the probability of occurrence and the potential impact on the Group's objectives. Depending on the level of risk tolerance for the Group, risk owners work out the appropriate mitigation plans.

MOL Group's ESG risk management activity is evaluated by several ESG ratings (including MSCI, CDP, Sustainalytics, Ecovadis) which proves the high performance based on industry benchmarks.

Climate-related aspects are part of corporate processes: MOL Group measures the carbon footprint of its products, as well as ESG indicators are integrated into the management remuneration scheme (e.g. TRIR, Sustainable GHG emission reduction, and other relevant strategic objectives). The GHG emission estimates are essential part of project planning and approval documents. In parallel, a monitoring system has been operated to register and forecast project-related GHG emissions. For more on our governance around climate, see Chapter 7.

Identified climate change related risks

- Identified **transition risks** include a) **policy and legal risks** (actions that attempt to constrain activities that contribute to climate change and/or actions that encourage adaption/limitation of climate change, including stricter emission rules and carbon pricing), b) **technological risks** (innovation that supports transition to a low carbon world, including increasing efficiency and lower consumption in transportation), c) **market risks** (shift in supply/demand for certain products and services due to changes in customer preferences: decline in demand for the fossil fuel, and technology), and d) **reputational risks** (stakeholder pressure). MOL Group's long-term strategy seeks not only to **mitigate risks** associated with the transition to a low carbon economy, but to capitalize on opportunities created by it.
- Identified **physical risks** include a combination of both **acute risks** (extreme rainfall and flooding), as well as **chronic risks** (extreme heat, fluctuating water levels and drought). If any of these events were to occur, they could have an adverse effect on the Group's assets, operations and staff. MOL Group has incurred and is likely to continue incurring additional costs to protect its assets, operations and staff from physical risks. To the extent such severe weather events or other climate conditions increase in either frequency, severity or both, MOL Group may be required to adjust its operations and incur costs that could adversely affect its financial position.

  MOL Group operates Risk Engineering program, where the potential impacts of water-related events analysed in main Downstream sites. Below is presented a high level overview of physical and water related risks.

<table>
<tr><th>Physical risks</th><th colspan="2">Risk description</th><th>Risk mitigation</th></tr>
<tr><td rowspan="5">Flood Risk & Sea Level Rise</td><td colspan="3">Major Downstream sites are located near to rivers, sea. Flood risk level is considered as low, as the sites' parameters/design provides enough mitigation capacities (which is supported by risk engineering reports): insurance cover is in place.</td></tr>
<tr><td>Danube Refinery</td><td>The refinery site borders the River Danube, and the site is far above the sea level.</td><td>The site process is far above the river level, and the site is located outside of a river flood hazard area.</td></tr>
<tr><td>MOL Petrochemicals Tiszaújváros</td><td>The site is located about 1 km west of the Tisza River, and the site is far above sea level.</td><td>Control measures in place that would allow for the sacrificial flooding of nearby agricultural land to manage this risk.</td></tr>
<tr><td>Bratislava Refinery</td><td>The site's western perimeter is approximately 0.8 km from the River Danube, and the site is far above the sea level.</td><td>No event so far (in 2022 flood, site was 1 m above highest water level). Gates in industrial water inflow/outflow canal, emergency & Crisis management plans, possibility of employing mobile flood defences.</td></tr>
<tr><td>Rijeka Refinery</td><td>The site is located on the Adriatic Sea, with the minimum elevation being 4 m above mean sea level.</td><td>There are no rivers or creeks in the area.</td></tr>
<tr><td>Fluctuating water level, drought risk</td><td colspan="2">In case of drought event low level of Duna/Tisza rivers may hinder barge transport.
Very low level of Danube/Tisza may lead to lack of industrial water supply from the river.</td><td>Railroad transportation can be applied as an alternative transport.
Monitoring, review of the system's capability, investment plan to recycle the waste water</td></tr>
<tr><td>Extreme rainfall</td><td colspan="2">Water collecting pits may overflow in extreme rainfalls which may lead to contamination of receiving water body.</td><td>Site reviews and mitigation actions (e.g. channel connection supervision, regular cleaning of collecting chambers) are in progress.</td></tr>
<tr><td>Earthquake</td><td colspan="2">Certain assets of the Group are located on earthquake area.</td><td>Crisis plans and insurance cover are in place.</td></tr>
<tr><td>Extreme windstorm</td><td colspan="2">Heavy windstorm can lead to property damage, electricity supply disruption.</td><td>Crisis plan in place, island-mode power supply to be implemented</td></tr>
<tr><td>Forest fire</td><td colspan="2">Forest fires close to service stations may lead to property damage, injury</td><td>Regular mandatory drills, availability of local or own firefighting brigade</td></tr>
<tr><td>Extreme drought</td><td colspan="2">Extreme drought may result in vegetation fire near to flares</td><td>Mandatory fire safety training, extinguishing drills, fire simulation drills</td></tr>
</table>

3. FINANCIAL AND OPERATIONAL OVERVIEW OF 2023

	HUF billion			USD million		
Summary of results	**FY 2023**	**FY 2022**	**Ch %**	**FY 2023**	**FY 2022**	**Ch %**
Net sales	8,908.5	9,868.2	(10)	25,217	26,331	(4)
EBITDA	1,149.3	1,734.6	(34)	3,235	4,600	(30)
EBITDA excl. special items(1)	**1,123.7**	**1,734.6**	**(35)**	**3,162**	**4,600**	**(31)**
Clean CCS-based EBITDA (1) (2)	**1,098.4**	**1,774.0**	**(38)**	**3,093**	**4,702**	**(34)**
Profit from operation	677.6	1,259.1	(46)	1,898	3,337	(43)
Profit from operation excl. special items(1)	**722.8**	**1,253.1**	**(42)**	**2,026**	**3,307**	**(39)**
Clean CCS-based operating profit (1) (2)	**697.5**	**1,292.4**	**(46)**	**1,957**	**3,410**	**(43)**
Net financial gain / (expenses)	12.5	(74.3)	n.a.	36	(206)	n.a.
Net profit attributable to equity holders of the parent	**530.4**	**628.3**	**(16)**	**1,484**	**1,662**	**(11)**
Operating cash flow before change in working capital	667.3	1,871.1	(64)	1,842	5,005	(63)
Operating cash flow	754.0	1,388.7	(46)	2,138	3,557	(40)
EARNINGS PER SHARE						
Basic EPS, HUF	715.0	851.0	(16)	2.0	2.3	(11)
Basic EPS excl. special items, HUF (1)	786.7	824.0	(5)	2.2	2.2	2
INDEBTEDNESS						
Simplified Net debt/EBITDA	0.59	0.30	-	0.59	0.30	-
Net gearing(4)	14%	11%	-	14%	11%	-

KEY FINANCIAL DATA BY BUSINESS SEGMENTS

	HUF billion			USD million		
Net Sales (HUF mn) (3) (6)	**FY 2023**	**FY 2022**	**Ch %**	**FY 2023**	**FY 2022**	**Ch %**
Upstream	723.9	1,231.1	(41)	2,043	3,272	(38)
Downstream	7,210.7	9,066.2	(20)	20,410	24,189	(16)
Gas Midstream	141.5	214.4	(34)	400	577	(31)
Consumer Services (13)	3,634.8	3,255.3	12	10,295	8,657	19
Corporate and other	508.9	306.3	66	1,441	810	78
Total Net Sales	**12,219.8**	**14,073.2**	**(13)**	**34,589**	**37,505**	**(8)**
Intersegment transfers(7)	(3,311.3)	(4,205.1)	(21)	(9,372)	(11,174)	(16)
Total external net sales from cont.op.	8,908.5	9,868.2	(10)	25,217	26,331	(4)
Total external net sales from discont.op.	-	119.0	(100)	-	323	(100)
Total External Net Sales(6)	**8,908.5**	**9,987.1**	**(11)**	**25,217**	**26,654**	**(5)**

EBITDA	**FY 2023**	**FY 2022 restated**	**Ch %**	**FY 2023**	**FY 2022 restated**	**Ch %**
Upstream	365.5	827.5	(56)	1,026	2,212	(54)
Downstream	490.2	804.8	(39)	1,375	2,127	(35)
Gas Midstream	93.8	61.0	54	265	163	63
Consumer Services (13)	244.8	121.2	102	695	320	117
Corporate and other	(60.0)	(66.4)	(10)	(172)	(181)	(5)
Intersegment transfers(7)	15.0	(13.6)	n.a.	46	(41)	n.a.
TOTAL EBITDA from cont.op.	1,149.3	1,734.6	(34)	3,235	4,600	(30)
Total EBITDA from discont.op.	(2.5)	193.6	n.a.	(8)	513	n.a.
Total EBITDA	**1,146.8**	**1,928.3**	**(41)**	**3,227**	**5,113**	**(37)**

	HUF billion			USD million		
Depreciation	**FY 2023**	**FY 2022**	**Ch %**	**FY 2023**	**FY 2022**	**Ch %**
Upstream	126.8	213.6	(41)	358	558	(36)
Downstream	161.1	168.7	(5)	457	454	1
Gas Midstream	17.4	16.7	4	49	45	9
Consumer Services	122.8	44.7	175	349	119	193
Corporate and other	44.5	33.3	34	126	90	40
Intersegment transfers[7]	(1.0)	(1.5)	(36)	(2)	(3)	(33)
Total depreciation from cont.op.	471.7	475.5	(1)	1,337	1,263	6
Total depreciation from discont.op.	-	(17.3)	(100)	-	(50)	(100)
Total Depreciation	**471.7**	**458.2**	**3**	**1,337**	**1,213**	**10**

Operating Profit	**FY 2023**	**FY 2022**	**Ch %**	**FY 2023**	**FY 2022**	**Ch %**
Upstream	238.7	613.9	(61)	667	1,654	(60)
Downstream	329.1	636.1	(48)	919	1,673	(45)
Gas Midstream	76.4	44.3	72	216	118	83
Consumer Services [13]	122.0	76.6	59	346	201	72
Corporate and other	(104.5)	(99.7)	5	(298)	(271)	10
Intersegment transfers[7]	15.9	(12.1)	n.a.	48	(38)	n.a.
Total operating profit cont.op.	677.6	1,259.1	(46)	1,898	3,337	(43)
Total operating profit discont.op.	(2.5)	210.9	n.a.	(8)	563	n.a.
Total Operating Profit	**675.1**	**1,470.0**	**(54)**	**1,890**	**3,900**	**(52)**

EBITDA Excluding Special Items[1]	**FY 2023**	**FY 2022**	**Ch %**	**FY 2023**	**FY 2022**	**Ch %**
Upstream	339.9	827.5	(59)	953	2,212	(57)
Downstream	490.2	804.8	(39)	1,375	2,127	(35)
Downstream - clean CCS-based[2]	472.4	848.4	(44)	1,328	2,240	(41)
Gas Midstream	93.8	61.0	54	265	163	63
Consumer Services [13]	244.8	121.2	102	695	320	117
Corporate and other	(60.0)	(66.4)	(10)	(172)	(181)	(5)
Corporate and other – clean CCS-based[2]	(67.4)	(70.6)	(5)	(193)	(193)	0
Intersegment transfers[7]	15.0	(13.6)	n.a.	46	(41)	n.a.
Total - clean CCS-based[2]	**1,098.4**	**1,774.0**	**(38)**	**3,093**	**4,702**	**(34)**
Total EBITDA excluding special items cont.op.	**1,123.7**	**1,734.6**	**(35)**	**3,162**	**4,600**	**(31)**
TOTAL EBITDA excluding special items discont.op.	**(2.5)**	**193.6**	**n.a.**	**(8)**	**513**	**n.a.**
Total EBITDA Excluding Special Items	**1,121.2**	**1,928.3**	**(42)**	**3,154**	**5,113**	**(38)**

	HUF billion			USD million		
Operating Profit Excluding Special Items	**FY 2023**	**FY 2022**	**Ch %**	**FY 2023**	**FY 2022**	**Ch %**
Upstream	216.8	598.6	(64)	605	1,600	(62)
Downstream	329.1	645.3	(49)	919	1,697	(46)
Gas Midstream	76.4	44.3	72	216	118	83
Consumer Services	183.3	76.6	139	521	201	159
Corporate and other	(98.6)	(99.7)	(1)	(282)	(271)	4
Intersegment transfers(7)	15.9	(12.1)	n.a.	47	(38)	n.a.
Total operating profit excluding special items cont.op.	722.8	1,253.1	(42)	2,026	3,307	(39)
Total operating profit excluding special items discont.op.	(2.5)	210.9	n.a.	(8)	563	n.a.
Total Operating Profit Excluding Special Items	**720.3**	**1,464.0**	**(51)**	**2,018**	**3,870**	**(48)**

Capital Expenditures	**FY 2023**	**FY 2022**	**Ch %**	**FY 2023**	**FY 2022**	**Ch %**
Upstream	129.6	141.0	(8)	367	375	(2)
Downstream	223.0	268.8	(17)	634	720	(12)
Gas Midstream	12.4	11.6	7	35	30	18
Consumer Services	181.3	250.5	(28)	525	654	(20)
Corporate and other	75.4	89.0	(15)	215	237	(9)
Intersegment transfers(7)	(3.0)	(1.7)	76	(9)	(5)	89
Total	**618.7**	**759.2**	**(19)**	**1,767**	**2,012**	**(12)**

Notes and special items are listed in Appendix I and II.

3.1 KEY ACHIEVEMENTS AND SUMMARY OF 2023 RESULTS

In 2023, MOL reached Clean CCS EBITDA of HUF 1,098.4bn (USD 3,093mn), 38% lower in HUF terms than in the previous year and significantly exceeding the original capital market guidance of around USD 2.5bn. Operating cash flow was burdened by income tax payments amounting to HUF 455.5bn (USD 1,306mn), partly offset by working capital release of HUF 86.7bn (USD 296mn); accordingly operating cash flow generation after working capital arrived at HUF 754.0bn (USD 2,138mn) in 2023. Government interventions such as fuel price regulations and windfall taxation across the CEE burdened results by ca. USD 1bn on EBITDA level in 2023.

Key Financial Highlights

- Upstream segment's EBITDA, excluding special items, reached HUF 339.9bn (USD 953mn) in 2023, representing a 59% decrease compared to 2022 on the back of normalising oil and gas prices.
- In 2023, Downstream generated HUF 472.4bn (USD 1,328mn) Clean CCS EBITDA, which is 44% below the previous year's performance. The lower result was attributable to the narrowing of the Brent-Ural spread, the significant decrease in petrochemical margins, and the higher incidence of extra government takes in Hungary such as the Brent-Ural tax and the revenue-based extra tax.
- Consumer Services EBITDA increased by 102% in 2023, reaching HUF 244.8bn (USD 695mn) as the fuel station networks in Poland and Slovenia were integrated in 2023, non-fuel margins continued increasing organically, and 2022 fuel price regulations were discontinued in 2023 in various CEE countries.
- Gas Midstream reached HUF 93.8bn (USD 265mn) EBITDA in 2023, representing an increase of 54% compared to 2022, driven by rising cross-border capacity demand and changes of regulated tariffs evolved favourable as well mostly in line with rising costs.
- Total CAPEX spending reached HUF 618.7bn (USD 1,767mn), indicating a decrease of 19% year-on-year, reflecting mainly less acquisitions completed in 2023 than in 2022. Looking at organic CAPEX, the 2023 figure came in 7% lower than in 2022, mainly due to the Company's cautious approach in an uncertain environment.
- Operating Cash Flow before Working Capital decreased by 64% year-on-year to HUF 667.3bn (USD 1,842mn), whilst a considerable working capital release drove operating cash flow generation to HUF 754.0bn (USD 2,138mn) in 2023.
- Indebtedness on a Net Debt/EBITDA basis rose to 0.59x from 0.30x, since operational cash flow generation could not fully cover organic and inorganic CAPEX spending, as well as the income taxes paid and also the record high dividend distributed in 2023.

Key Operational Highlights

- Annual oil and gas production reached 90.4 mboepd in 2023, meeting the annual guidance of ~90 mboepd. First gas was announced in December 2023 in Kazakhstan, expected to be adding to the Group's production significantly in 2024.
- The Consumer Services network grew to 2,421 stations mainly through the completion of the acquisition in Slovenia. The expansion of its non-fuel concept also continued, with a total 1,253 Fresh corners in place by year-end 2023.
- MOL steps up in the circular economy concept:
  - MOL acquired the largest biogas plant in Hungary in May
  - MOL's waste management concession commenced in July
  - Geothermal licenses won in Hungary and Croatia
- ESG achievements:
  - MSCI confirmed MOL's AA rating for the sixth year in a row.
  - MOL maintained its B rating of the CDP climate management survey.
- Key group financial and operational figures and historical financial statements are available in the annual Data Library on the company's website.

3.2. CORPORATE STRATEGY

Amidst evolving regulatory landscapes and shifting consumer and industrial preferences, MOL Group formulated its 15-year strategy in 2016, focused on a gradual transition towards meeting the demands of a low-carbon economy. While reaffirming the fundamental principles of its strategic evolution set out in 2016, MOL Group introduced a more ambitious array of transformational initiatives in its revised "2030+ Shape Tomorrow" strategy in 2021.

After the end to COVID, and a year of upheaval in the oil and gas industry in 2022, 2023 showed normalization both globally and in the Central Eastern European region. At the same time, increased geopolitical tension and the regulatory push to accelerate the green transition have been shaping the year's performance and the outlook. To adapt to the developments of the external environment, MOL decided it would be the right time to review its strategy, which was published in March 2024.

Shape Tomorrow strategy

In its updated "Shape Tomorrow" strategy, MOL's climate neutrality commitment remains unabated. Learning from the challenges posed by the COVID-19 pandemic and geopolitical crises, MOL specified a more precise transition path until 2030, ambitioning eventually net climate neutrality by 2050. The transition path builds on the above-average growth trajectory expected in CEE economies and MOL's ambition to retain or increase its presence in this area in its traditional wholesale and retail markets. This resilient growth model is foreseen to be maintained over the strategic horizon to 2030 and is the main engine to fund the transition.

Perhaps the most closely watched transition indicator for the sector is the path of emission reduction. By 2023, MOL has been able to reduce its Scope 1 & 2 CO2 emissions by 10% since 2019 on a like-for-like basis, in line with the transition path set out in its earlier strategy setting out a like-for-like emission reduction of 30% between 2019 and 2030. Emissions reduction targets have also evolved, with a more ambitious aim to achieve 25% less emissions in 2030 compared to the base year of 2019 for Scope 1 & 2 emissions on absolute terms. The 25% emission reduction target, set out in line with EU reporting regulations on an absolute basis, is a more ambitious transition goal as it translates to a 33% reduction target on a like-for-like basis, above the 30% set out in the 2021 strategy. The updated strategy also indicates expectations with regards to Scope 3 emissions for the first time, which is foreseen to indicate 5-10% decrease between 2019-2030 on absolute terms, depending primarily on the development of the regional fossil fuel demand.

MOL also set out a new path with regards to investments needed to achieve its green transition ambitions: between 2025-2030, ca. 30-40% of MOL's CAPEX budget will be allocated to low-carbon initiatives. However, MOL remains conservative with regards to its CAPEX budget and expects that organic investments will amount to USD 1.9 bn on average in 2025-2030 in real terms, a notch higher than the USD 1.8 bn average in 2018-2023.

The revised Shape Tomorrow strategy enables MOL to maintain a conservative approach to indebtedness while offering competitive returns to shareholders. The commitment to prudent financial management is to be upheld, providing ample financial headroom for the Company to execute its strategic goals.

Segments contribution to the strategy

Recognizing the shift away from traditional fossil fuels, the Downstream segment has been deeply involved in transition since 2016. Downstream's focus areas are expanding with circularity and sustainable solutions, including petchemization, biofuel, green hydrogen and biogas. Additionally, the commitment was reiterated to diversifying the crude mix to enhance energy security.

Downstream will be the segment most affected by the Group's higher reliance on renewable energy sources, with the Group's consumption aimed at ca. 2,500 GWh by 2030. MOL will be selective with regards to how much of this consumption will be generated in-house or bought from the market, depending on long-run return profiles and synergies to be exploited.

MOL's entry into the waste management business in 2023 aims at no less than transforming waste collection and utilization in Hungary, and aligns with EU guidelines and supports the circular economy concept. In 2023, MOL already took a large step towards attaining these goals by preparing to introduce the Deposit Refund System, which commences in two waves in 2024. By 2030, MOL's waste management arm aims to provide 1.5 million tons of waste-based feedstock to the Hungarian industry, including MOL's downstream business.

The Consumer Services segment continues its transformation into a digitally driven consumer retailer and integrated mobility provider. The aim is to introduce multi-purpose service stations, shift towards customer-driven operations, and become a leading mobility provider in the region. With the EBITDA target of 700 mn USD for 2025 practically achieved already in 2023, the new ambition for the segment is reaching USD 1 billion EBITDA by 2030.

The Upstream segment remains a key cash generator for the Group. Average daily production is expected north of 90 thousand barrels of oil equivalent, with unit direct production costs between 6-8 USD/boe by 2025-2030. The focus in the CEE region will be on production and infrastructure optimization and enhanced hydrocarbon recovery in order to keep production levels high and mitigate the supply security concerns in the region. Moreover, deploying low-carbon technologies such as geothermal, lithium extraction, methane emission reduction, and carbon capture, utilisation and storage will be also high on the agenda in the region over the strategic horizon. With regards to Upstream's international portfolio, assets will continue to be managed actively, with return metrics and time-to-market expectations driving changes in the portfolio composition.

3.2.1 SCENARIO ANALYSIS

The "Shape Tomorrow" strategy update, published in March 2024, is based on a detailed analysis of the external environment, exploring the main trends and directions of general macroeconomic conditions, the oil and gas industry, and ancillary markets that have – or potentially have – a large impact on MOL's operation. Based on the analyses of these markets, MOL prepares numeric forecasts of the key macroeconomic and industry-specific parameters. The forecasts are prepared for three scenarios: Slow Transition, Steady Transition & Net Zero Emission. The green energy transition is happening in all three scenarios, the biggest difference between them is the pace of the transition. The Shape Tomorrow Strategy is predominantly based on the Steady Transition scenario. If one of the other two scenarios would materialise, it would mostly affect the timing of the investments envisaged in the Shape Tomorrow Strategy and not the strategic directions themselves.

MOL operates a "Premises Committee" made up from representatives of the main business divisions and functional areas. The committee is tasked with monitoring the main indicators and assumptions used in the different scenarios and carrying out updates following changes to the external environment. This system can provide early notice that the external environment is moving to a different stage along the chosen scenario path, or potentially moving towards a different scenario altogether, providing senior management the opportunity to reassess and adjust its plans accordingly. Changes to the premises – partially or fully - automatically triggers a notification to the Executive Management and the Board of Directors, and as a result it may cause a modification of the strategy. Any changes to the strategy would need approval from the Board of Directors.

3.3 UPSTREAM

Segment IFRS results (HUF bn)	FY 2023	FY 2022 restated	Ch %
EBITDA	365.5	827.5	(56)
EBITDA excl. spec. items[(1)]	**339.9**	**827.5**	**(59)**
Operating profit/(loss)	238.7	613.9	(61)
Operating profit/(loss) excl. spec. items[(1)]	**216.8**	**598.6**	**(64)**
CAPEX and investments	**129.6**	**141.0**	**(8)**
o/w exploration CAPEX	11.5	18.0	(36)

Hydrocarbon Production (mboepd)	FY 2023	FY 2022 restated	Ch %
Crude oil production	**38.1**	**40.0**	**(5)**
Hungary	10.0	8.9	12
Croatia	9.7	10.1	(4)
Kurdistan Region of Iraq	2.2	4.5	(52)
Pakistan	0.5	0.5	8
Azerbaijan	13.9	13.9	0
Other International	1.9	2.2	(11)
Natural gas production	**37.7**	**37.9**	**0**
Hungary	21.3	20.4	4
Croatia	11.9	12.9	(7)
o/w. Croatia offshore	3.4	3.4	(2)
Pakistan	4.5	4.6	(3)
Condensate	**4.5**	**4.8**	**(6)**
Hungary	2.7	2.8	(2)
Croatia	0.8	0.9	(11)
Pakistan	1.0	1.1	(11)
Average hydrocarbon production of fully consolidated companies	**80.4**	**82.7**	**(3)**
Russia (Baitex)	3.8	4.0	(5)
Kurdistan Region of Iraq (Pearl Petroleum)*	6.2	5.3	18
Average hydrocarbon production of joint ventures and associated companies	**10.0**	**9.3**	**8**
Group level average hydrocarbon production	**90.4**	**92.0**	**(2)**

Main external macro factors	FY 2023	FY 2022	Ch %
Brent dated (USD/bbl)	82.6	101.3	(18)
HUF/USD average	353.3	373.1	(5)
TTF month ahead gas price (EUR/MWh)	41.3	130.9	(68)

Average realized hydrocarbon price	FY 2023	FY 2022	Ch %
Crude oil and condensate price (USD/bbl)	76.8	94.2	(19)
Average realized gas price (USD/boe)	61.2	130.8	(53)
Total hydrocarbon price (USD/boe)	**70.1**	**109.6**	**(36)**

Production cost	FY 2023	FY 2022	Ch %
Average unit OPEX of fully consolidated companies (USD/boe)	**6.6**	**5.5**	**20**
Average unit OPEX of joint ventures and associated companies (USD/boe)	2.3	2.2	6
Group level average unit OPEX (USD/boe)	6.0	5.1	18

Capital Expenditures

FY 2023 HUF bn	Hungary	Croatia	Kurdistan Region of Iraq	Pakistan	Azerbaijan	Other	Total - FY 2023	Total - FY 2022
Exploration	8.4	4.1	0.0	-1.3	0.2	0.1	**11.5**	**18.0**
Development	20.1	15.9	4.2	0.4	49.0	5.1	**94.8**	**107.7**
Other	6.1	12.9	2.2	0.3	1.3	0.0	**22.9**	**15.3**
Acquisition	0.0	0.0	0.0	0.0	0.0	0.4	**0.4**	**0.0**
Total - FY 2023	**34.5**	**32.9**	**6.4**	**-0.5**	**50.6**	**5.7**	**129.6**	
Total - FY 2022	**24.6**	**35.4**	**10.0**	**6.4**	**57.9**	**6.7**		**141.0**

Notes and special items are listed in Appendix I and II.
Tables regarding Hydrocarbon production (mboepd); Production cost (USD/boe); Average realised hydrocarbon price; Gross reserves (according to SPE rules): 1P – Proved reserve; 2P – Proved and Probable reserve; Costs incurred (HUF mn); Earnings (HUF mn); Exploration and development wells are available in the annual Data Library on the company's website. ** New methodology from 2020.*

3.3.1 FINANCIAL OVERVIEW OF 2023

Upstream EBITDA, excluding special items, decreased by 59% year-on-year in 2023 and amounted to HUF 339.9bn. The main reasons are lower average realized hydrocarbon prices (lower by 36%, amounting 70.1 USD/boe), higher production costs and the unfavourable royalty regime in Hungary.

Total group production (including JVs and associates) decreased by 2% compared to the previous year, resulting in an average 90.4 mboepd for the year. Lower production volume was mainly driven by lower volumes from Shaikan in Kurdistan, caused by the closure of the export pipeline, natural decline and planned turnaround in Croatia, while in Hungary natural decline was compensated and production overperformed during 2023.

Group-level average unit direct production cost, excluding DD&A but including JVs and associates, increased by 18% and reached 6.0 USD/boe in 2023, reflecting inflationary pressure and higher realized energy prices.

Upstream organic CAPEX without equity assets amounted to HUF 129.2bn in 2023, decreasing by 8% year-on-year. The lower amount is mainly driven by less exploration activities across our portfolio, the suspension of development projects in Kurdistan after the export pipeline closure, and a generally conscious approach amidst windfall regulatory environment. More than 90% of organic CAPEX was spent in the CEE region and Azerbaijan, mostly for development projects.

In 2023, Upstream continued to be a key cash flow contributor of the MOL Group, with HUF 210.7bn (USD 587mn) simplified free cash flow generated.

Changes in the Upstream regulatory environment

Hungary: the Hungarian government introduced CO2 tax retroactively payable from 1 January 2023, which means that 40 EUR/t (changed later to 36 EUR/t) has to be paid after total CO2 emission by each company with significant free quota allocation. First payment liability was due on 15 November (for Q1-Q3), with an amount of HUF 443mn related to upstream.

Effective from 1 April 2023, the royalty rate of the gas sold at market price was decreased from 88% to 42% in Hungary, however an additional new revenue-based tax was also introduced for 2023, calculated at 2.8% of 2022 net revenue of MOL Plc. This was extended to 2024 with a reduced rate of 1%. The income tax of energy suppliers was raised from 31% to 41% for 2023 and was also extended to 2024. In parallel with these, mining contractors were exempted to pay potential penalties due to lower production levels in 2022 compared to 2021. Effective from 1 September 2023, a new option was introduced for mining contractors to reduce royalty payment with the commitment to exceed the production level of 2022. As MOL signed the contract with the government, the royalty liability decreased significantly from September.

Croatia: As of September 2022, the Croatian government obliged INA to sell all of its domestically produced gas to HEP (national energy company) at a fixed price in order to secure gas supply to the domestic market. On 7 July 2023, the Croatian government revoked its decision and cancelled INA’s obligation to sell gas output.

OPERATIONAL OVERVIEW OF 2023

Exploration

Total of 14 exploration or appraisal wells were drilled in 3 countries. Besides drilling, seismic acquisition campaigns and interpretation works progressed in Hungary, Pakistan and Romania.

In Hungary, the Shallow Gas exploration program continued with the successful drilling and testing of seven wells, and all wells were put into production. A conventional exploration well Rinyaújlak-D-1 was also drilled and drilling of Vecsés-1 appraisal well started in January 2024. Zala West and Bázakerettye license extensions have been granted. MOL acquired 49% interest in three exploration concessions, operated by O&GD. Two wells were drilled and tested, Tura-D-3 results are under evaluation, while Nagykáta-K-1 proved to be dry. In December, two geothermal exploration licenses were granted.

In Croatia, after the interpretation and analysis of seismic data acquired in 2022, three wells were drilled on Drava-03 block. Veliki Rastovac-1 well was drilled in June 2023 resulting in notice of commercial gas discovery to Croatian Hydrocarbon Agency. Obradovci-1 Jug and Mikleuš-1 wells were drilled back-to-back in August and September 2023, both as dry wells, and afterwards plugged and abandoned. Dinaridi-14 block was relinquished. In October, two geothermal exploration concessions were awarded.

In Romania, 3D seismic was acquired on the EX-1 block, while permitting for acquisition on the block EX-5 is in progress.

In the Middle East, Asia and Africa region, exploration activities advanced in Pakistan and Egypt. In Pakistan, in operated TAL block Razgir-1 exploration well was spudded in January 2024. In operated Margala block, Tarnol-1 well was plugged and abandoned. Test Reprocessing of seismic data post-well evaluation is completed, while reprocessing of ~800 km of 2D seismic data is in progress. One-year extension of Margala’s exploration licence was granted, while requests for TAL, Karak, and DG Khan licence extensions have been submitted. In Egypt, East Bir El Nus (block WD-08), a new exploration concession in the Western Desert was awarded to INA and Energean, with a 50-50% participating interest split and Energean as the Operator. Concession Agreement was signed, while Join Operating Agreement signing is awaited. Contract for seismic acquisition was signed and preparation activities are in progress. In the East Damanhur concession, the third exploration well of the block, ED-3X was drilled with negative results, plugged and abandoned.

Field Development and Production

In 2023, Production optimization programs continued in Hungary and Croatia, which resulted in an annualized production uplift of 1.7 mboepd with a total of 84 well workovers performed. In Kazakhstan first gas from Rozhkovskoye field has been achieved.

In Hungary, field development activities continued as four wells were drilled. Sas-Ny-31 and Endrőd-É-20 are in production, tie-in of Endrőd-É-21 and completion of Forráskút-13 are in progress. Somogy Phase-3 project mechanical completion was achieved and gas production started in September. The production optimization program continued, resulting in a total of 26 well interventions completed, consequently adding to production approx. 1.2 mboepd increment on an annualized basis.

In Croatia, Zalata-Dravica location permits for pipelines have been issued and settlement of property legal relations on gas pipeline route is underway. Preparation of main design for construction works is finished. Tenders for procurement of construction works and LLI's have been launched. The Enhanced Oil Recovery (EOR) program continued with carbon dioxide injection on Ivanić and Žutica fields. Implementation of the Production Optimization project continued, and within its scope, a total of 58 well workovers were completed in 2023, contributing 0.5 mboepd additional production on an annualized basis. Turnaround (TA) was successfully executed on 2 production regions and 16 locations, including Gas Processing Facilities Molve and Fractionation Facilities Ivanić-Grad. Ivana D well was plugged and abandoned, gas pipeline was conserved and environmental impact study preparation is in progress.

In the CIS region, well workover program in Russia continued, with 27 well interventions completed. Within scope of the waterflooding program, injection wells have been converted to dump flood. Construction work program included pipelines construction and reconstruction, powerline reconstruction and partial modernization of oil treatment plant. In Kazakhstan, first gas from Rozhkovskoye field, U-21 well, has been achieved. EPCC Contract Addendum #2 was signed, and Phase 1 completion, with 4 additional wells bringing in production is expected in 2024. In Azerbaijan, a total of 16 wells were delivered within the 2023 drilling program, of which 8 are producers, 6 water injectors, 1 gas injector and 1 deep gas appraisal well. The Azeri Central East project continued its progress towards first oil, with Topside unit installation. Drilling of the first ACE well has commenced and first ACE production is expected to be delivered in the first quarter of 2024.

In Pakistan, Mamikhel South-01 well was put into production. Manzalai Secondary Compression project has been commissioned, while Makori East Secondary Compression Detailed engineering is in progress. Makori East-5 sidetrack drilling has been completed and well was put in production in January 2024. Makori Deep Reservoir Simulation study has been completed and Makori East Reservoir Simulation study initiated. By completing 8 production optimization jobs, an incremental production of 0.2 mboepd was realized, annualized and net to MOL.

In the Kurdistan Region of Iraq, drilling activities on Shaikan field continued in the first quarter, with the drilling of two wells, SH-17 and SH-18. In March, the closure of Iraq-Turkey pipeline led to the shut-in of the Shaikan field. Production for domestic sales was restarted in July, while imposed export restrictions are still in force. On Pearl, the Khor Mor gas plant expansion project, KM250, EPC activities are ongoing and all gas wells have been completed and tested. Well operations continued with the successful drilling and completion of wells KM-16, KM-17 and KM-18.

In Egypt, field development activities continued. On North Bahariya concession, total of 22 wells have been drilled, out of which 20 are producers and 2 water injectors, and 1 producer well on Ras Qattara. Regular maintenance activities and implementation of development projects advanced on all concessions. ED-2X exploration well, drilled as gas discovery in 2022, was put into production in September 2023. Accordingly, East Damanhur Development Lease was approved.

Discontinued operations: In Angola, divestment process of 4% interest in Block 3/05 and a 5.33% interest in Block 3/05A was completed.

3.4 DOWNSTREAM

Segment IFRS results (HUF bn)	FY 2023	FY 2022	Ch %
EBITDA	490.2	804.8	(39)
EBITDA excl. spec. items[1]	**490.2**	**804.8**	**(39)**
Clean CCS-based EBITDA[1] [2]	**472.4**	**848.4**	**(44)**
o/w Petrochemicals[1] [2]	(55.2)	66.5	n.a.
Operating profit/(loss) reported	329.1	636.1	(48)
Operating profit/(loss) excl. spec. items[1]	**329.1**	**645.3**	**(49)**
Clean CCS-based operating profit/(loss)[1] [2]	**311.3**	**688.9**	**(55)**
CAPEX	490.2	804.8	(39)
o/w transformational	68.7	117.7	(42)

MOL Group without INA	FY 2023	FY 2022	Ch %
EBITDA excl. spec. items[1]	492.2	811.4	(39)
Clean CCS-based EBITDA[1] [2]	**385.6**	**831.7**	**(54)**
o/w Petrochemicals clean CCS-based EBITDA[1] [2]	-55.2	66.5	(183)
Operating profit/(loss) excl. spec. items[1]	356.3	679.7	(48)
Clean CCS-based operating profit/(loss)[1] [2]	**340.2**	**695.4**	**(51)**

INA Group	FY 2023	FY 2022	Ch %
EBITDA excl. spec. items[1]	-2.0	-6.6	(70)
Clean CCS-based EBITDA[1] [2]	**86.7**	**16.7**	**418**
Operating profit/(loss) excl. spec. items[1]	-27.2	-34.4	(21)
Clean CCS-based operating profit/(loss)[1] [2]	**-28.9**	**-6.5**	**344**

Refinery margin	FY 2023	FY 2022 restated	Ch %
MOL Group refinery margin UPDATED (USD/bbl)	**9.0**	**8.4**	**7**
Complex refinery margin UPDATED (Mol+Slovnaft, USD/bbl)	9.3	8.9	5
Updated MOL Group petrochemicals margin (EUR/t) [10] 2023	144	242	(41)
NEW MOL Group petrochemicals margin (EUR/t) [9] 2022	286	481	(41)

External refined product and petrochemical sales by country (kt)	FY 2023	FY 2022	Ch %
Hungary	4,975	5,482	(9)
Slovakia	2,149	2,178	(1)
Croatia	2,454	2,292	7
Italy	1,384	1,477	(6)
Other markets	7,996	7,483	7
Total	**18,959**	**18,912**	**0**

External refined and petrochemical product sales by product (kt)	FY 2023	FY 2022	Ch %
Total refined products	**17,759**	**17,693**	**0**
o/w Motor gasoline	3,495	3,569	(2)
o/w Diesel	10,677	10,578	1
o/w Fuel oil	289	291	(1)
o/w Bitumen	566	532	6
Total petrochemicals products	**1,200**	**1,219**	**(2)**
o/w Olefin products	157	156	1
o/w Polymer products	978	994	(2)
o/w Butadiene products	65	69	(6)
Total refined and petrochemicals products	**18,959**	**18,912**	**0**

CAPEX (in HUF bn)	FY 2023	FY 2022	YoY Ch %	Main projects FY 2023
R&M CAPEX and investments	130.3	155.2	(16)	INA: Rijeka Refinery Upgrade Project, Metathesis Project (Olefin conversion); SN: Periodical mainten. IAS16 SN REF
Petrochemicals CAPEX	85.0	110.3	(23)	MPC: Metathesis Project (Olefin Conversion), Polyol Project; SPC: PP3 unit revamp (growth part)
Power and other	3.1	3.2	(5)	SN: en. IAS16 SN ENE
Total	218.3	268.8	(19)	

Change in regional motor fuel demand	Market			MOL Group sales		
FY 2023 vs. FY 2022 in %	Gasoline	Diesel	Motor fuels	Gasoline	Diesel	Motor fuels
Hungary	(3)	(6)	(5)	(7)	(13)	(11)
Slovakia	10	(0)	2	1	(3)	(2)
Croatia	13	15	15	12	15	14
Other	(6)	(14)	(12)	(6)	4	1
CEE 10 countries	(5)	(12)	(10)	(3)	(2)	(2)

Notes and special items are listed in Appendix I and II. Tables regarding processing and production of the refineries of MOL Group (Duna, Bratislava, INA in kt); External Refined Product Sales (kt); Crude oil product sales (kt); Petrochemical production (kt); Petrochemical sales (kt); Petrochemical transfer to Refining and Marketing (kt) are available in the annual Data Library on the company's website.

3.4.1 FINANCIAL OVERVIEW OF 2023

In 2023, Downstream achieved a Clean CCS EBITDA of HUF 472.4 billion (USD 1,328 million), which is 44% lower than the previous year's performance. The base effect contributed significantly to the year-on-year decrease, as the termination of price cap regulation was compensated by higher extra taxes. The macro environment had a negative impact on Refining and Marketing (R&M) results, partly offset by a higher sales margin and lower energy costs. Due to the continuing downward trend in the industry, the Petchem segment contributed negatively to Clean CCS EBITDA.

Windfall taxes imposed in Hungary continued to put pressure on Downstream's performance in 2023 as they increased from USD 358 mn to USD 644 mn in a year. The tax based on the Urals-Brent spread increased to 95% as of 8 December 2022, but the legislation was amended: as of 1 April 2023 a 7.5 USD/bbl floor was introduced, that is exempt from the tax. At the same time, a revenue-based tax was introduced, applied on the 2022 net sales revenue with a tax rate of 2.8%, in effect retrospectively from the beginning of the year. In July 2023, a new type of tax, the CO2 quota tax, was introduced as of 1 January 2023 (also retrospectively). According to the legislation, for the Q1-Q3 period, 40 EUR/tCO2 had to be paid after the total CO2 emission by MOL Plc. and MPC (companies with significant free quota allocation). In October, the Hungarian Government amended the legislation and reduced the tax rate to 36 EUR/t CO2.

In Refining in 2023, despite the lower fuel crack spreads and the narrower Urals-Brent spread, the refinery margin averaged around 9 USD/bbl, 7% higher than in the base period. The improved result was driven by the falling energy prices and wholesale fuel margins, which were at elevated levels, while card sales reached an all-time high. In Hungary, both fuel demand and sales decreased compared to 2022, where the consumption was boosted by the price cap regulation. In 2023, Croatia recorded all-time high sales due to the favourable summer period. Despite the volatile external environment and unplanned events, MOL Group ensured stable and sufficient market supply in domestic markets throughout the year.

MOL Group's integrated petrochemical margin averaged 144 EUR/t, representing a 41% decrease year-on-year due to a deep economic crisis in the petchem industry, which resulted in narrower polymer-monomer spreads, weakening demand and shrinking polymer quotations. In addition, the newly introduced CO2 tax also negatively affected MPC's performance. On the other hand, operational optimization, flexible pricing approach and energy efficiency initiatives contributed to partially offset the negative price effects.

Total investments in the Downstream business unit reached HUF 218.3 billion, representing a 19% decrease compared to 2022. About 60% of this amount was spent on Refining and Marketing projects. Strategic projects such as Polyol and the Rijeka Refinery Upgrade Project (RRUP) continued to play an important role within strategic organic investments. Strong efforts were also made to comply with EU sanctions and regulations, with crude diversification program a key factor in investment decisions.

Regarding ongoing transformational projects, Polyol Project is at 99.9% completion, engineering, procurement and construction is completed, commissioning is ongoing, the expected handover is in 2024 The RRUP reached 84% completion despite unfavourable external factors, such as lack of workforce and the increased prices of construction materials.

3.4.2 OPERATIONAL OVERVIEW OF 2023

In light of the changing external environment, including the Russia-Ukraine war, the more ambitious green targets, new EU regulatory frameworks and the change in customers' preferences, MOL Group has decided to review and revise its Shape Tomorrow Strategy. The strategic initiative aims to fortify our market position and guide us towards a more sustainable future. Under the new strategy, crude diversification, CO2 emission reduction, sustainable chemical transformation, circular economy, renewable fuels and green H2 will be the focus of the Downstream business. In 2023, one of our primary focus was to guarantee stable and sufficient market supply within the core region and to comply with the EU sanctions during our operations. Crude diversification program started in 2022 in response to the EU sanctions on the Urals and continued in 2023 and is on schedule at the Danube Refinery, Slovnaft and Logistics. Full Compliance was achieved in 2023, alternative crude oil processing in the Bratislava Refinery has been increased.

During the year of 2023, 6 new types of crude oils and their various blends in volume 800 kt+ were successfully processed in Slovnaft within the crude oil diversification program. By gradually increasing the processing of alternative oils, we are getting closer to the goal of meeting the regulations imposed by sanctions on the export of products from Russian oil and also to ensure the supply security of the region in the future.

Benefitting from the positive external environment, the objective was to utilize the **Refining Production** assets at maximum capacity. As a result, total crude processing reached 13.9 mn tons in Refining, (0.2 mn tons above 2022 level). Production closed the year with moderate overall availability in Refining (93.3%) and also in Petrochemicals (92.5%), both slightly below the targeted level. Petrochemical demand shrank due to the evolving crisis and high energy prices, which led to Petrochemical assets going through economical shutdowns during the year in order to maintain acceptable financial results. HSE received a high focus during the year, resulted improving trend in safety KPIs.

We continued with our greatest transformation program, “PROmotion” (Production in Motion) to prepare Production for the challenges of the future. Targeting an over 150 mn EUR (at 2018 price level) OPEX efficiency improvement, progress was made in all key areas including organisational effectiveness, energy efficiency, cost excellence and maintenance. Continuation of the program ensures not only OPEX benefit, but also developing our mindset toward becoming a professional, reliable and valued backbone of the transforming value chain.

In **Logistics**, the primary focus was on customers’ satisfaction through providing competitive services, adapting to everchanging environment, and transforming to sustainable operation driven by engaged employees.

Although 2023 was a challenging year, Logistics still managed to achieve success in many fields. August was a record month in rail transportation: Rijeka had the highest throughput ever, the highest ever loadings on fast fillers and also the highest ever domestic crude transfer from Sisak to Rijeka. Despite these records, we managed to serve our customers’ demands on time in full capacity. In Croatia, we also had to face tough conditions in road transportation due to regulated prices. Supporting Upstream, Moltrans started a new business, delivering crude oil from domestic production sites. Sustainability is increasingly in focus, with switching from steam to LPG as an energy source in Sisak terminal a big milestone and we continued to deliver GHG emission savings by decreasing fuel consumption. Regarding investments, in case of our assets the reconstruction works on Adria and Friendship 2 pipelines were carried out within their deadline. We have further developed our terminals, the commissioning of the 3rd loading bay in Terminal Csepel is finished and it could improve the customer satisfaction by reducing the waiting time. We continued with digitization, automation and centralization of control rooms at Slovakian business units and will continue to do so in the upcoming years. We also carried on with the distribution network optimization.

Value Chain Management (VCM) provides the operating framework and sets the long term development path of MOL Group Downstream. Key focus areas include setting the DS strategy and optimization framework for short and long term, while providing managerial support, as well as feedstock sourcing and trading, risk management, scheduling and customer service operations. In 2023, VCM focused on maintaining the continuity of supply security in a changing external environment. In line with EU sanctions, MOL Group aims to increase its seaborne crude processing in both of its landlocked refineries. VCM contributes to this goal by securing the needed seaborne supply to meet the embargo and optimization goals. New Chapter organization changes were adapted in INA as well, resulting in the establishment of INA VCM, with smooth transition from C&O. Further progress was made by the launch of New Cycle of Growing Professional Skills (GPS) Development Program, which involves the largest white collar population area in Downstream. More emphasis was put on customer service processes and digitalization.

Group Fuels business unit oversees the fuel value chain of MOL Group in 12 countries with the help of more than 700 people, including market supply, sales optimization, and sales activities across all downstream markets. Collaborating with Group Downstream Value Chain Management, it focuses on maximizing fuel margins and coordinates the management of fuels, fuel cards, biofuel compliance, and other refined products at the subsidiary level. The product portfolio includes motor gasolines, diesel and other gas oils, fuel oil, bunker fuel, sulphur, JET fuel, coke, biofuels, and fuel card management with digital solutions. In 2023, the business unit reached high margins and highest ever card sales of 3 billion liters. Group Fuels was able to maintain its position within the region and to significantly strengthen its foothold in the Polish and Slovenian markets, by acquiring strong players with long business history.

Group Chemicals oversees the sale of over 2 million tons of chemicals products in more than 200 different product grades. We serve 2,500 customers in six segments (from automotives to packaging) in 55 countries in 4 continents. For many of the products we sell, we are in the top 10 market players in Europe.

Polymer sales volume reached 975 kt in 2023, which represents a decrease of 2% (-19 kt) compared to 2022. The Petchem market was strongly affected by the lower consumption of plastic producers. The main reasons were higher interest rates and energy costs, along with inflationary pressure, which slowed economic growth in Europe. Despite all these obstacles, customers remained our focus priority and we have strengthened our position as a reliable supplier. Even though we had record low sales in polymers, we managed to mitigate the loss by more than 50mn euros by contract re-negotiations, energy efficiency actions and stop&go operation mode.

Base chemicals sales volume was 699 kt in 2023, in line with 2022. Despite challenging internal environment due to many unplanned S/Ds (reformer, cracker, base oil unit), stop&go operation of the crackers and unfavorable external environment (energy prices, strong Asian import competition, reduced demand) with customer portfolio optimization, strong customer focus and margin driven decision-making we managed to maintain our market positions and to ensure smooth refinery and Petchem operations.

In 2023, **DS Development** focused on projects that increase efficiency, promote the company's sustainability goals or expand the product portfolio.

The flagship Polyol Project of MOL Downstream has reached an overall 99.9% progress by the end of 2023. Construction activities have come close to completion by the end of 2023, with focus of the project management teams shifting towards the complex sequence of commissioning activities of all units. The operating teams have been set up and play an integral role in commissioning as "on the job" training. Trial production shall start in multiple steps in the second half of the year.

The project objective is to upgrade Rijeka Refinery and invest in building a Delayed Coker Unit with the additional necessary refinery assets in order to achieve the highest level of profitability for the refinery via enabling processing of heavy residues, minimizing black product yield and maximizing the production capability of the valuable white products.

The work on Rijeka Refinery Upgrade Project continued despite the challenging business environment caused by the COVID-19 pandemic and Ukraine crisis affecting the material, energy, and workforce prices. The Project has reached 84% completion overall. The engineering works are complete while procurement activities are nearly finished, with completion above 99%. Furthermore, almost all long-lead items, together with other materials and equipment, were delivered.

3.4.3 DOWNSTREAM FUTURE PRODUCT PORTFOLIO

MOL Group Downstream is in a continuous process of developing its future product portfolio, launching new products and services that not only mitigate low-carbon transition risk, but also capitalize on opportunities created by a carbon constrained, circular economy.

Biofuels in MOL Group

MOL Group's biofuel purchase with regards to both supply points (8 countries) and concluded amount (>600 kilotons) remained stable in 2023 as the national transport compliance mandates did not or hardly changed in its core countries compared to 2022.

The group of bio components used is similar to that used in the previous year: food- & waste based bioethanol and fatty acid methyl esters are still serving as basis for decarbonization of our fuels. In addition, bio components made of advanced feedstocks are further increasing in our portfolio: MOL successfully processed such material in its co-processing unit in Százhalombatta.

Key achievement for MOL Group is to have the first supply of aviation fuel blended with a remarkable share of Sustainable Aviation Fuel (SAF) as well as selling 100% renewable diesel (called Hydrotreated Vegetable Oil or HVO) in selected wholesale and retail outlets.

R&D

In 2023, Downstream R&D continued its activities and projects across three main product fields: Polyol, Polyolefin, and Refining. R&D has a vital role in the Polyol Project by continuing the development of product recipes and grades for the upcoming start-up of production. We extended the polyurethane application development know-how to ensure the necessary support for MOL Group's future customers for polyols. Our Polyol R&D team is actively engaged with potential customers to prepare the ground for the market entry. In the Polyolefin area, the focus was to continue the portfolio transformation into a more sustainable one. The active portfolio management allowed us to extend the co-operation framework through the whole Petchem product line, including waste-management activities. To meet the future demand of low carbon fuels, to diversify the feedstock portfolio and to accelerate the conversion to circular economy, several small-scale co-processing lab reactor tests were successfully completed. The focus was put on waste-based fraction and new waste-based/advanced feedstocks in order to produce higher proportion of non-crude-based middle distillates. We also continued the co-operation with international partners in the field of rubber bitumen production and completed successfully our project converting heavy fuel oil to non-fuel products. MOL Group is member of the consortia of several nationally funded R&D projects in collaboration with Hungarian universities (Budapest University of Technology and Economics, University of Szeged, University of Pannonia) and other industrial partners.

With **Biogas** gaining momentum in Europe, MOL has prepared its biogas roadmap with the ambition to build a unique position in CEE by 2030. As a first step of its implementation, the Group has acquired its first biogas plant near Szarvas, Hungary. The plant processes more than 100,000 tons of feedstock (residual waste from food producers, farmers and livestock producers in the region) producing more than

12.5 million cubic metres (mcm) of biogas per year. Furthermore, to support the Group's strategic targets, INA Group is planning to invest in a biogas/biomethane plant using agricultural waste in Sisak, Croatia. With these developments, MOL Group has been establishing its presence in this new value chain, and can be considered as a stepping stone for further organic and inorganic developments.

Recently, **Hydrogen** has become a key enabler of EU's decarbonization and energy supply security targets. Capitalising on its competitive advantage as one of the largest hydrogen producers and consumers in the region, MOL Group has started to develop further its competencies in this value chain. According to the Company's strategy and roadmap, MOL has been building its green hydrogen facility in the Danube Refinery, planned to be handed over in Q1 2024. The hydrogen plant is going to have 10 MW electrolyzer capacity and can produce 1600 tons of clean green hydrogen yearly, which going to be the largest operating renewable hydrogen production in CEE region. As the Croatian leg of the developments, the INA Group has started to implement its own hydrogen projects in Rijeka with a similar capacity as in Hungary. Through its initiatives, MOL is among the first players in the CEE region, who has started the renewable hydrogen value chain developments to maximize the shareholder value and assure green transition with profitable investments.

MOL **Recycling and Compounding** initiatives were heavily impacted by external factors, such as the high energy prices, economic downturn and petchem cycle. ReMat Zrt. – Hungarian market leading LDPE plastics recycling company using waste for creating regranules – was also affected by strong decline on sales revenue. During 2023, MOL's focus shifted to improve ReMat's financial and operational performance in the short term and to integrate the Company into the Group's long term strategy. In 2019, MOL Group has acquired the German Based Aurora Kunstoffe GmbH, one of the leading engineering plastic scrap recycling company supplying automotive industry. As in the case of other players in the industry, effects from supply chain interruptions and inflation caused extreme slowdown of production in automotive, construction and other areas, resulting in strong decline in overall polymer demand.

3.5 INNOVATIVE BUSINESSES AND SERVICES (14)

In the field of Retail, 2023 figures indicate normalisation of fuel demand after 2022 hit by price caps.

3.5.1 Consumer Services

Segment IFRS results (HUF bn)	FY 2023	FY 2022	Ch %
EBITDA	244.8	121.2	102
EBITDA excl. spec. items(1)	**244.8**	**121.2**	**102**
Operating profit/(loss) reported	122.0	76.6	59
Operating profit/(loss) excl. spec. items(1)	**183.3**	**76.6**	**(47)**
CAPEX	**181.0**	**250.5**	**(28)**
o/w organic	66.0	63.7	4

Total retail sales (kt)	FY 2023	FY 2022	Ch %
Hungary	1,493	1,881	(21)
Slovakia	816	786	4
Poland	717	64	n.a.
Croatia	1,423	1,180	21
Romania	787	748	5
Czech Republic	501	466	8
Other(8)	714	472	51

Non-fuel indicators	FY 2023	FY 2022
Non-fuel margin share of total margin	34.2%	38.2%
Number of Fresh corner sites	1,253	1,179

Notes and special items are listed in Appendix I and II.
Tables regarding the number of MOL Group service stations, retail sales of refined products (kt) and gasoline and diesel sales by countries (kt) are available in the annual Data Library on the company's website.

3.5.1.1 FINANCIAL OVERVIEW OF 2023

In 2023, EBITDA doubled compared to 2022, reaching HUF 244.8 bn. Fuel volumes increased by 15% year-on-year, premium fuel penetration developed to 14%. Non-fuel margin expansion (40% increase YoY) and sales volume increase shows the reliable growth of non-fuel segment thanks to network expansion, more tailored offers for customers and MOL Move loyalty program. By the end of 2023, the total number of service stations reached 2,421. Result are affected by inorganic effects and regulatory measures in Croatia, Slovenia, Serbia and Bosnia.

3.5.1.2 OPERATIONAL OVERVIEW OF 2023

The segment consists of two main business lines: "Retail" includes both fuel and non-fuel retailing, while "Mobility" is comprised of all other services provided for people "on-the-go".

Retail

In December 2022, MOL has entered the 10th country in Europe, Poland, by acquiring 417 service stations with the brand, LOTOS Paliwa based on a sets of agreement with PKN Orlen and Grupa LOTOS SA.

On 30th June, 2023, MOL completed the purchase of the company OMV Slovenija d. o. o., which was renamed to MOL & INA d. o. o. The change of ownership meant taking over the company's entire operations, including the entire network of OMV service stations in Slovenia. The transaction included 120 service stations across Slovenia and MOL stepped up to become the second largest market player in the Slovenian market.

In 2023, MOL maintained a leading position in the Hungarian, Croatian and Slovakian markets, achieved second place in Slovenia, Serbia, while being the third largest market player in the Czech Republic, Montenegro, Romania and in Poland as well.

Rebranding of the acquired networks was the highest priority in 2023: 196 SeS were rebranded in Poland and 42 SeS were rebranded in Slovenia. Moreover, major reconstructions were completed on over 150 SeS, including forecourt, car- and jet-wash reconstructions and the installation of the Fresh Corner concept at the stations. More Fresh corners were added across the network taking the total number of Fresh Corners to 1,253. To enhance non-fuel transactions further in line with the increased fuel sales in 2023, 140 gastro acceleration projects were completed during 2023.

Besides, the Fresh Corner concept is constantly being developed through the continuous expansion of the gastro and grocery categories. The offering was also expanded by a wider range of convenience services (e.g. self-service and innovative payment solutions), and own branded products across the Group. French-type hot dog and quality coffee remained the core products together with other options (sandwich, bakery etc.). During 2023, 64mn cups of coffee and 40mn pcs hot dog sold.

Retail Customer

Consumer Services systematically collects retail customer insights and tracks overall customer satisfaction through a number of channels. As a result, MOL Group does not operate with (and therefore does not report) a single score for Retail, as several customer satisfaction scores are applied depending on the insight channel.

We maintain ongoing monitoring of our customers' behaviours on a monthly basis through a comprehensive customer insight system known as Brand Tracking. This system is operational across seven countries, encompassing a total of 3,000 customers per country, resulting in a cumulative 21,000 participants within MOL Group. Monthly data collection, amounting to 250 customers per month per country, is a fundamental aspect of this process. Additionally, we conducted two waves of tracking in Poland during 2023, as Poland transitions to monthly tracking starting in 2024.

Brand Tracking provides invaluable data pertaining to brand awareness, usage patterns, overall brand performance, and 25 distinct key performance indicators (KPIs) related to fuel, gastronomy, store hygiene, loyalty programs, and staff behaviour. These insights inform the development of country-specific action plans while an important part of this tracking evaluates the effectiveness of our primary campaigns enabling continuous enhancement of their efficiency.

Emphasizing our commitment to quality, we put significant emphasis on ongoing product quality enhancement initiatives, facilitated by a series of rigorous product tests. For instance, our fuel quality assessments involve collaboration with DTC Austria, while blind taste tests conducted by third-party agencies evaluate key gastronomy offerings such as coffee and hot dogs. Prior to the launch of our new Fresh Corner coffee product, over 1500 individuals across six countries participated in taste-testing to determine the best flavor profile for our customers.

Furthermore, we have continued to refine our product range and offerings based on insights gained from two of MOL Group's most extensive research endeavours: Fresh Corner and Fuel Usage & Attitude (U&A) research conducted in 2020 and 2021, respectively. These initiatives engaged nearly 10,000 customers for Fresh Corner and over 7,000 for fuel across seven countries through four different channels, enabling us to better understand customer expectations and shopping habits. Insights derived from these research endeavours drive a more customer-centric decision-making process, thereby supporting the retail transformation of the Group. Notable developments resulting from these insights include the renewal of our hot sandwich variety, enhancements in fresh sandwich placement and packaging, our expanded hot-dog network coverage, and optimized prize winning games and other promotional activities.

To gain deeper insights into the evolving needs of our loyal customers and respond promptly to their changing habits, we have implemented an internal research system to obtain rapid feedback from members of our loyalty programs. The continuous refinement of our offerings and loyalty functionalities are informed by these insights.

MOL's customer loyalty program constitutes a key element in the digital transformation of Consumer Services. MOL MOVE, the digital, gamified, tier-based rewards program has been introduced in 6 markets already (Croatia, Slovenia, Hungary, Czech Republic, Slovakia and Poland) and will be rolled out in Romania and Serbia at the end of Q1 2024. The platform enables MOL Group to provide personalized and highly automated communication with an omnichannel approach. With the help of the new program, number of mobile application downloads increased to 3.7 million representing a 4-times growth from 2021. During the last period, we significantly evolved our internal capabilities in segmentation, customer lifecycle and campaign management in order to support offer development and react faster the changing habits of the customers.

MOL consciously uses mystery shoppers (selected through tender) when measuring customer satisfaction across different channels to avoid internal biased systems. Digitization is also increasingly present in our internal operation via the extensive use of Artificial Intelligence and Machine learning-based tools and also support the execution via our online, gamified learning tool, eSMILE.

E-smile

As a consumer facing business, employee engagement plays a major role in the transformation of Consumer Services and enhancing customer experience. In 2017 MOL Group introduced a face-to-face training program called 'Smile' for more than 15,000 service station staff, covering both hosts and station managers, with the aim to improve customer service. In 2020 MOL Group expanded employee training and development through a digital microlearning training platform called eSMILE, which is available on their smart phones. The mobile training platform expands the Group's training portfolio on product, process, sales, compliance and HSE relevant topics and reinforces previously shared knowledge. Furthermore, the platform connects the Group directly to each member of staff working at the Group's service stations. It allows real-time communication from head office about the latest sales promotions, company updates and it was especially important during the pandemic, when we were able to share the latest operational changes, ensuring a safe working environment and safe consumer experience. Since 2021 the platform also supports new-hires in their onboarding experience, helping them hit the sales floor with higher confidence and shorter preparation.

In 2023, the Customer Service Protocol was introduced, a 5-step method designed to make life easier for our hosts by guiding them on which products to focus on and how to become proactive in selling. With MOL Group expanding to Poland last year, eSMILE now has more than 19,000 service station employees.

This year MOL conducted its second Employee Engagement Survey among frontline employees. The response rate is currently at 90%, although the survey is still ongoing.

The platform is based on gamification elements which boosts employee engagement and wellbeing at the workplace. This results in a stable-high usage of the platform, with 96% of frontline staff using eSMILE every day when at work, resulting in an average 17% increase in knowledge from the training topics. These programs not only support the transformation of the Group's service station network from fuel retail into FMCG retail but also the continuous increase of non-fuel revenues.

Mobility

In 2018, MOL Group launched MOL Plugee, a new EV charging brand under the Consumer Services division. By the end of 2023, 268 MOL Plugee EV chargers were installed throughout the Group's service station network across the CEE region. In 2023, MOL Group installed 2 ultra-fast and 10 DC charger solutions on 11 new locations in Hungary, 2 AC chargers in Czechia, and 2 new ultra-fast chargers in Poland. MOL Group launched its application based service in Hungary in 2020 and in Slovenia, Slovakia, Czech Republic, Croatia and Romania in 2021. At the end of 2023 it enabled our more than 30,000 registered users and other customers to have a seamless charging experience in 6 countries. Energy consumption for all EV chargers in 2023 reached 2,225,937 kWh, saving a total of above 660 tonnes of CO2-eq.

In 2018, MOL Group launched a car sharing service in Budapest (Hungary) called MOL LIMO. By the end of 2023, a fleet of 491 shared cars from 10 different models (2 electric, 3 hybrid, 5 ICE) were in operation, number of electric and hybrid vehicles were 145. In 2023, MOL LIMO introduced two new models to its fleet, the electric Tesla Model 3 and Toyota Yaris Hybrid. The client base is continuously growing, until the year-end total number of registered users reached approximately 150 thousand. Energy consumption of all LIMO EVs reached 68,660 kWh in 2023, saving an equivalent of around 20 tonnes of CO_2-eq., all electricity used from renewable sources.

KEY MOL LIMO SUSTAINABILITY FIGURES	UNIT OF MEASURE	FY 2023	FY 2022	SASB
Average fleet size	number of vehicles	478	450	TR-CR-000.C
o/w electric	percentage	5	29	-
Average vehicle age at year end	in months	35,6	33.5	TR-CR-000.A
Vehicles rated by Euro NCAP programs with an overall 5-star safety rating	percentage of fleet	36	23	TR-CR-250a.1
Vehicles recalled during period	number	0	0	TR-CR-250a.2

As part of MOL Group's mobility strategy, a fleet management service called MOL Fleet Solution was launched in 2018. The main target is to finance and manage vehicles owned and used by MOL Group and external clients, as well as the fleets of small-, medium-sized or large businesses in Hungary. The number of financed and managed cars reached almost 6,000 by the end of 2023.

KEY MOL FLEET SUSTAINABLITY FIGURES	UNIT OF MEASURE	FY 2023	FY 2022	SASB
Average fleet size	number of vehicles	5,841	5,060	TR-CR-000.C
o/w electric and hybrid	percentage	8	8	-
Average vehicle age at year end	in months	37	32,7	TR-CR-000.A
Vehicles recalled during period	number	365	365	TR-CR-250a.2

Neither MOL Limo nor MOL Fleet Solutions registered any incidents concerning a) non-compliance concerning product and service information and labelling, and/or b) non-compliance with marketing communication during 2023. Finally, no incidents or complaints concerning breaches of customer privacy and/or losses of customer data as a result of data breaches were registered at neither MOL Limo nor MOL Fleet Solutions during 2023.

3.5.2 Group Industrial and Corporate Services

The organization oversees Group Maintenance Services Management, Group Renewables & Energy Efficiency, as well as Group Procurement and Asset & Services Management.

The low complexity of 2023 turnarounds enabled Maintenance Single Service Companies to focus on enhancing work execution (mainly planning and scheduling) and organizational standardization. The companies also concentrated on a concise preparation for 2024, a turnaround-heavy year.

For Renewables & Energy Efficiency, 2023 brought a successful start-up of two Croatian solar farms (Virje 9MW and Sisak 3MW), alongside with the favourable financial performance of the Hungarian solar plant operation company. In addition, a Croatian offshore wind project was awarded with EU-grant for the completion of the pre-feasibility study. As for solar projects, by the end of the year, the organization has started preparation works for PV developments in Algyő (37 MW) and Tiszaújváros, MPK site (48 MW). Group Procurement has successfully delivered the 1st phase of Ariba implementation in MOL Polska.

3.5.3 Group Oilfield Development & Solutions

In 2023, the ongoing Russian-Ukrainian war maintained economic uncertainties, securing oil and gas supply became a priority and new alternative energy resources came into focus which resulted in an increasing business need for Oil Field Service (OFS) companies. MOL Group enhanced drilling and workover activities, also third-party exploration and field development activity (both conventional and unconventional) has been increased which generated even more projects, works for every segment of OFS companies. Participation in the successful gas discovery at Veliki Rastovac was another milestone in OFS companies' history. Additionally, they further tested themselves in several emerging geothermal projects. Location, staff, maintenance and operation management optimization was continued among OFS companies, cross-border utilization of the assets was managed. Service flexibility was still the key to serve the changed, uncertain business requirements and the increased workload. Several actions were taken to optimize CAPEX and OPEX in a business environment burdened in crisis of war, high energy prices and price inflation.

Oilfield Chemicals and Technologies' international marketing activity has been further intensified, surfactant tests were held in 2023 in relation to the enhanced oil recovery (EOR) and rubber modified bitumen technology, strong focus was on the Gulf States relations.

3.5.4 Circular Economy Services – Waste Management

In 2021, the Hungarian state decided to bring the public task of waste management entirely under the state's competence and published a call for a concession tender for the management of ~5 million tons of municipal solid waste for 35 years. The ultimate aim of the tender was to enable the state to meet the recycling and landfilling targets set by the European Union until 2035. MOL won the public concession tender in July 2022 and established the concession company, MOHU MOL Waste Management Ltd. to perform the task. After a one-year long preparation phase MOHU started its operation on 1st July 2023, when the transition to the new system was successfully completed.

In order to ensure this transition and the stable waste collection and treatment, MOHU contracted 6 regional coordinators and 16 regional subcontractors, all 56 pre-treatment partners, and 217 institutional service providers in 2023. As the concession came into force in July, MOHU introduced the extended producer responsibility system, in which producers are responsible for financing the cost of the waste management activity occurring when their product reaches the end of its lifecycle.

Creating a waste tracking IT system and optimizing the utilization of waste treatment tasks along with efficiency increase in transportation tasks were also necessary for MOHU to coordinate the work of 10,500 people on more than 1,000 sites throughout the country, and to serve its customers including 9.9 million residents and 1.8 million registered businesses in Hungary.

Besides crucial operation tasks, MOHU started to create the foundations for several main projects launching in 2024, such as the development of new separate collection of biodegradable household waste or the introduction of the deposit refund system. These projects aim that the various waste streams are to be collected in a clean and separate way, giving the opportunity to be directly recycled instead of incineration or landfilling.

3.6 GAS MIDSTREAM

Segment IFRS results (HUF bn)	FY 2023	FY 2022	Ch %
EBITDA	93.8	61.0	54
EBITDA excl. spec. items[(1)]	**93.8**	**61.0**	**54**
Operating profit/(loss) reported	76.4	44.3	72
Operating profit/(loss) reported excl. spec. items[(1)]	**76.4**	**44.3**	**72**
CAPEX and investments	**12.4**	**11.6**	**7**
o/w organic	12.4	11.6	7

Key Gas Midstream ESG Indicators	Unit of measure	FY 2023	FY 2022	SASB
Total Direct GHG emissions (scope 1)	mn tonnes CO_2 eq	0.1	0.1	EM-MD-110a.1
Volume of Spills (> $1m^3$)	m^3	0	0	EM-MD-540a.1
Lost Time Injury Frequency (own staff)	per 1 mn worked hours	0.87	0	EM-MD-540a.4

Tables regarding transmission volumes (million cmc) are available in the annual Data Library on the company's website.

3.6.1 FINANCIAL OVERVIEW OF 2023

FGSZ Földgázszállító Ltd. (hereinafter referred to as: FGSZ) reached HUF 93.8bn EBITDA in 2023, a 54% increase from 2022, with the volatile external environment throughout 2023 altogether supportive compared to prior years. The financial result was determined by a blend of external and internal factors, such as shifting energy prices, stiffening external environment, varying market demand for transmission services – especially for cross-border capacity products – and changes of regulated tariffs.

Aggregated transmission volumes were lower by 9% in 2023 on YoY basis. The decrease is driven by domestic transmission volumes which showed a nearly 10% drop on YoY basis in parallel with the European energy saving initiatives and milder weather conditions. Persisting uncertainty in regional gas supply routes resulted in significant transmitted volumes towards gas storages (around 3.8 bcm), but due the higher opening stock level, transmissions to gas storages were behind prior year figures. Export transmission demand towards neighbouring countries (e.g. Romania, Ukraine, Serbia and Slovakia) showed a further 12% increase from a relatively low 2022 base but remained hectic compared to previous periods.

Regulated revenues were higher by 32% YoY mainly due to the significant cross-border capacity demand and increased demand for short-term capacity products in line with active usage of gas storage facilities and growing but fluctuating export activities. Average regulated tariffs were higher than in the prior year, mainly reflecting the challenges of the external economic environment. Calming energy market conditions and lower gas consumption of the transmission system had positive effect, while other external factors (e.g. elevated inflation rate) put strong pressure on FGSZ's operational costs; strict cost control smoothened the overall impact of the operational expenditures.

The total value of CAPEX and investments remained similar compared to the prior year. In 2023 CAPEX spending covered mainly sustain-type projects (e.g. pipeline rehabilitation, reconstruction of compressor units) and the completion of the Városföld nod project, at the same time to support the green transition FGSZ also completed projects in relation to renewable gases and energy efficiency.

3.6.2 OPERATIONAL OVERVIEW OF 2023

FGSZ is the sole operator of the nearly 6,000 km long high-pressure natural gas transmission system in Hungary, and as a natural monopoly it operates on a regulated basis governed by EU and domestic law. The Company's main activity is the construction, operation, and allocation of natural gas transmission capacity, of which it offers yearly, quarterly, monthly, daily, and within day firm and interruptible capacities through online auctions. FGSZ plays an important role in delivering gas production to consumers in Hungary and in meeting the needs of domestic network users from imported supplies, and it also carries out cross-border gas transportation activities besides domestic gas transmission. It operates bidirectional interconnection points with Slovakia, Ukraine, Romania, Serbia, and Croatia and unidirectional entry point from Austria.

The security of supply of Hungary is inseparable from the energy security of the broader CEE region and the whole of Europe. Therefore, FGSZ aims to ensure the interoperability of the natural gas transmission networks of the region and it also aims to increase transit volumes through Hungary. The developments of the transmission grid and trade infrastructure implemented by FGSZ in the recent years helped Hungary and the broader region as well in reaching a more competitive gas market while increasing security of supply and making natural gas even more accessible as a lower carbon alternative in – among others – electricity generation.

To further enhance regional gas market integration, FGSZ completed several important agreements and developments on its network in 2023. In October 2023 the technical capacity at the Hungarian-Romanian border was further developed from 280 tcm/h to 300 tcm/h, whilst further expansion is also planned to enable more alternative sources towards the region. FGSZ also works on internal system development, new entry points also support the further increase of domestic gas production.

FGSZ places a strong emphasis on sustainability and tasks related to the green transition. In 2023, exploring the adaptation of the existing transmission system to changing needs and to the transport of renewable gases has been of crucial importance. To make the current operations more sustainable, FGSZ has been improving and carrying out methane leakage detection and repair activities to reduce greenhouse gas emissions, and energy efficiency improvements were also undertaken.

The Regional Booking Platform (RBP) of FGSZ is an online platform application developed in accordance with the EU network code governing the capacity allocation mechanisms used in natural gas transmission networks and with other relevant EU and national legislation. The capacity allocation application enables capacity allocation procedures and secondary capacity trading among other services. Today – beyond FGSZ – fifteen further transmission system operators or storage operators use it partially or entirely on their system capacities throughout the EU and the Energy Community: Eustream (Slovakia), Transgaz (Romania), Plinacro (Croatia), Bulgartransgaz (transmission and storage, Bulgaria), DESFA (Greece), Gas Connect Austria (Austria), Gascade (Germany), Ontras (Germany), Gaz-System (Poland), Gas TSO of Ukraine (Ukraine), Gastrans (Serbia), NEL Gastransport (Germany), ICGB (Bulgaria), Hexum (storage, Hungary) and Vestmoldtransgaz (Republic of Moldova).

4. APPENDICES

APPENDIX I - IMPACT OF SPECIAL ITEMS ON OPERATING PROFIT AND EBITDA

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

	HUF million			USD million		
Special items - operating profit	**FY 2023**	**FY 2022**	**Ch %**	**FY 2023**	**FY 2022**	**Ch %**
Operating profit excl.spec.items from continuing operation	**722,801**	**1,253,067**	**(42)**	**2,026**	**3,307**	**(39)**
Upstream	**21,898**	**15,273**	**n.a.**	**63**	**53**	**n.a.**
Impairment on Upstream assets in the Group	(3,654)	15,273	**n.a.**	(10)	53	**n.a.**
MOL Plc Decommissioning liability revision estimate	16,904		n.a.	48		**n.a.**
INA Decommissioning liability revision estimate	8,648		n.a.	25		**n.a.**
Downstream		**(9,228)**	**n.a.**		**(24)**	**n.a.**
Impairment of assets under construction at SN		**(4,678)**	**n.a.**		**(12)**	**n.a.**
Impairment of assets under construction at MOL Plc.		**(4,550)**	**n.a.**		**(12)**	**n.a.**
Corporate and other	(5,867)		**n.a.**	**(16)**		**n.a.**
ITK goodwill impairment	(5,867)		**n.a.**	(16)		**n.a.**
Consumer Services	**(61,257)**		**n.a.**	**(175)**		**n.a.**
Impairment of Retail assets	(61,257)		**n.a.**	(175)		**n.a.**
Total impact of special items on operating profit from continuing operation	(45,226)	**6,045**	**n.a.**	**(129)**	**29**	**n.a.**
Operating profit from continuing operation	**677,575**	**1,259,112**	**(46)**	**1,898**	**3,337**	**(43)**

Special items - EBITDA	**FY 2023**	**FY 2022**	**Ch %**	**FY 2023**	**FY 2022**	**Ch %**
EBITDA EXCLUDING SPECIAL ITEMS from continuing operation	**1,123,707**	**1,734,645**	**(35)**	**3,162**	**4,601**	**(31)**
Upstream	**25,552**		**n.a.**	**73**		**n.a.**
MOL Plc Decommissioning liability revision estimate	16,904		n.a.	48		n.a.
INA Decommissioning liability revision estimate	8,648		n.a.	25		n.a.
TOTAL IMPACT OF SPECIAL ITEMS ON EBITDA from continuing operation	**25,552**		**n.a.**	**73**		**n.a.**
EBITDA from continuing operation	**1,149,259**	**1,734,645**	**(34)**	**3,235**	**4,601**	**(30)**

APPENDIX II – NOTES

Number of footnotes	
(1)	Special items that affected operating profit and EBITDA are detailed in Appendix I.
(2)	As of Q2 2013 our applied Clean CCS methodology eliminates from EBITDA/operating profit inventory holding gain / loss (i.e.: reflecting actual cost of supply of crude oil and other major raw materials); impairment on inventories; FX gains / losses on debtors and creditors; furthermore, adjusts EBITDA/operating profit by accurate CO_2 cost recognition and capturing the results of underlying commodity derivative transactions. Clean CCS figures of the base periods were modified as well according to the improved methodology.
(3)	USD-denominated figures for both 2023 and 2022 figures have been calculated by converting the results of each month in the period on its actual monthly average HUF/USD rate.
(4)	Net gearing: net debt divided by net debt plus shareholders' equity including non-controlling interests.
(5)	Brent dated price vs. average Ural MED and Ural ROTT prices.
(6)	Net external sales revenues and operating profit includes the profit arising both from sales to third parties and transfers to the other business segments. Upstream transfers domestically produced crude oil, condensates and LPG to Downstream and natural gas to the Gas Midstream segment. The internal transfer prices used are based on prevailing market prices. The gas transfer price equals the average import price. Divisional figures contain the results of the fully consolidated subsidiaries and the proportionally consolidated joint operations engaged in the respective divisions.
(7)	This line shows the effect on operating profit of the change in the amount of unrealized profit deferred in respect of transfers between segments. Unrealized profits arise where the item transferred is held in inventory by the receiving segment and a third-party sale takes place only in a subsequent quarter. For segmental reporting purposes the transferor segment records a profit immediately at the point of transfer. However, at the company level profit is only reported when the related third-party sale has taken place. Unrealized profits arise principally in respect of transfers from Upstream to Downstream and Gas Midstream.
(8)	From 2016 Austrian retail operations were reclassified into wholesale.
(9)	As of January 2018, an updated formula for calculating the „MOL Group petrochemicals margin" was introduced, replacing the previous „Integrated petrochemical margin". The purpose of the new formula is to better reflect the petchem product slate of the group.
(10)	As of 2023, a new methodology has been introduced which includes purchased energy (enhanced fit to natural gas) and CO_2
(11)	FOB Rotterdam parity
(12)	FOB Med parity
(13)	Figures and analysis of Consumer Services performance are presented in chapter 3.5. ("Innovative businesses and services").
(14)	Internal corporate governance and external reporting structure of Innovative Businesses and Services are different, thus the financial result of the Industrial Services and new Ventures unit of the Innovative Businesses and Services segment is reported within „Corporate and other" segment.
(15)	Average Ural MED and Ural ROTT prices.

CORPORATE GOVERNANCE

1. INTRODUCTION WITH LINKS TO THE CORPORATE GOVERNANCE DECLARATION

MOL's corporate governance practice meets the requirements of the regulations of the Budapest Stock Exchange and the relevant capital market regulations. MOL Group published its Corporate Governance Report (Declaration) in accordance with Budapest Stock Exchange Corporate Governance Recommendations. The Corporate Governance Declaration can be obtained from the Group's website. This includes description, operations and work of the Board of Directors, the Supervisory Board, Chief Executives Committee and the Management Committee, as well as a range of other topics, including a description of the system of internal controls, an evaluation of the activities performed in the given period, auditor work, publication and insider trading policies, exercising shareholder rights as well as the rules for the conduct of the general meeting.

2. THE OPERATION OF THE BOARD OF DIRECTORS

2.1. BRIEF PRESENTATION OF THE OPERATION OF THE BOARD OF DIRECTORS

MOL's Board of Directors acts as the highest managing body of the Company and as such has collective responsibility for all corporate operations. The Board's key activities are focused on achieving increasing shareholder value with also consideration other stakeholders' interest; improving efficiency and profitability and ensuring transparency in corporate activities and sustainable operation. It also aims to ensure appropriate risk management, environmental protection and conditions for safety at work. All decisions related to corporate governance which do not fall within the exclusive competence of the General Meeting or other corporate bodies by law or the Articles of Association belong to the competence of the Board of Directors. Given that MOL and its subsidiaries effectively operate as a single economic unit, the Board is also responsible for enforcing its aims and policies and for promoting the MOL culture throughout the entire Group.

2.2. THE DISTRIBUTION OF RESPONSIBILITIES AND TASKS BETWEEN THE BOARD OF DIRECTORS AND THE MANAGEMENT

2.2.1. OPERATION OF THE BOARD OF DIRECTORS

The Board acts and adopts resolutions as a collective body. The Board adopted a set of rules (Charter) to govern its own activities in 1991, when the Company was founded; these rules were updated in February 2022 to ensure continued adherence to best practice standards.

The Charter covers:

- scope of the authority and responsibilities of the Board,
- scope of the committees operated by the Board,
- the scope of the information required by the Board and the frequency of reports,
- main responsibilities of the Chairman and the Deputy Chairman,
- order and preparation of Board meetings and the permanent items of the agenda, and
- decision-making mechanism and the manner in which the implementation of resolutions is monitored,
- rules on conflict of interest.

Members of the Board of Directors shall sign an Annual Declaration on Conflict of Interest in accordance with the form approved by the Board of Directors simultaneously with accepting their membership, and in every calendar year 30 days prior to the date of the annual general meeting. If any conflict of interest specified in the Charter of the Board of Directors occurs with respect to the member of the Board of Directors, such member shall report in Ad hoc Declaration on Conflict of Interest to the Corporate Governance and Remuneration Committee.

The Board of Directors reviewed the publications and the publication processes of MOL Plc. and concluded that the company has robust and efficient processes in place to ensure full compliance with the BSE Corporate Governance Recommendations.

2.2.2. RELATIONSHIP WITH THE BOARD OF DIRECTORS AND MOL GROUP ORGANISATIONS

The governance of the Company is carried out in line with standardized corporate governance principles and practice, and within its framework, starting from 1 February, 2019 authorities and tasks related to the operation of the Company, furthermore certain responsibilities and tasks of strategic importance from the view of Company operations are divided between two top management committees, the Chief Executives' Committee ("CEC") and the Management Committee ("MC").

A consistent document prescribes the distribution of decision-making authorities between the Board of Directors and the Company's organizations, defining the key control points required for the efficient development and operation of MOL Group's processes.

Control and management of MOL Group is implemented through business and functional organizations. To enhance corporate governance MC provides a direct link between the CEC and the Company's work organization, vast majority of the topics discussed by the MC are related to the core operation of the Company. The President of the MC is the Group Chief Executive Officer, its members are the Group Chief Financial Officer, the Group Exploration & Production Executive Vice President, the Group Downstream Executive Vice President, the Group Consumer Services Executive Vice President, the Chief Executive Officer of Slovnaft a.s., the President of the Management Board of INA d.d., the MOL Hungary Managing Director, the Group HR Senior Vice President, the Group Strategic Operations and Corporate Development Executive Vice President and the Group Industrial & Corporate Services Vice President.

The CEC, being the regular forum of the three level 1 leaders of the Company, is established with the aim of adopting strategic decisions which do not belong in the competency of the Board of Directors or the general meeting. The CEC examines and supervises matters to be submitted the Board of Directors, furthermore, renders preliminary opinion on certain proposals submitted to the Board of Directors. The Chairman of the Chief Executives' Committee is the Chairman-CEO, its members are the Group Chief Executive Officer and the Deputy Chief Executive Officer.

Additionally, the CEC and the MC operates as a decision-making body in all questions delegated to their competence by internal regulations and which do not belong in the capacities of the Board of Directors or the general meeting in accordance with the laws and the Articles of Association. Each member of the MC and the CEC shall have one vote, decisions of the forums are passed with a simple majority of the votes.

3. INTRODUCTION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

3.1. BOARD OF DIRECTORS

The majority of the members of the Board of Directors are non-executive directors (7 out of 11 members), thus ensuring the independence of the Board from the work organization. In the course of 2023, 7 members of the Board of Directors were independent in accordance with their related declaration (based on NYSE and EU recommendations):

			BOARD AND COMMITTEE MEMBERSHIP			
Name	Status	Election Year	BOD	CGRC	FRC	SDC
Zsolt Hernádi	non-independent	24 February, 1999	CH	M		
Dr. Sándor Csányi	independent	20 October, 2000	DEP.CH	CH		
Zsigmond Járai	independent	29 April, 2010	M		CH	
Dr. János Martonyi	independent	1 July, 2014	M	M		M
József Molnár	non-independent	12 October, 2007	M		M	
Dr. László Parragh	independent	29 April, 2010	M		M	CH
Dr. Anthony Radev	independent	30 April, 2014	M	M	M	
Dr. Martin Roman	independent	29 April, 2010	M	M		
Talal Al-Awfi	independent	30 April, 2019	M		M	
JUDr. Oszkár Világi	non-independent	1 May, 2011	M			
Dr. György Bacsa	non-independent	23 December, 2021	M			M
	64%			80%	80%	67%

CH: Chairman / DEP.CH: Deputy Chairman / M: Member

3.1.1. PRESENTATION OF THE BOD COMITTEES' STRUCTURES

The Board operates its committees to increase the efficiency of the Board's operations and to provide the appropriate professional background for decision-making.

The committees are preparatory, advisory, opinion-forming and proposal-preparing bodies of the Board of Directors and have prior opinion-forming rights, as set out by MOL Group's List of Decision-making Authorities, in certain questions belonging to the competency of the Board of Directors and in those which are delegated to the competency of respective executive members of the Board of Directors, as the executive management of the Company.

The responsibilities and the rules of procedure of the committees are determined by the Board of Directors based on the proposal of the chairmen of the committees.

The Chairman of the Board of Directors may also request the committees to perform certain tasks.

The members and chairmen of the committees are elected by the Board of Directors. The majority of committee members are non-executive and independent.

The Board operates the following committees (date of appointment and membership below) and allocates a number of responsibilities to these committees:

Name	CGRC	FRC	SDC
Dr. Sándor Csányi	17 November, 2000		
Zsolt Hernádi	8 September, 2000		
Dr. Martin Roman	4 June, 2010		
Dr. Anthony Radev	30 May, 2014	30 May, 2014	
Dr. János Martonyi	1 July, 2014		1 July, 2014
Zsigmond Járai		4 June, 2010	
Dr. László Parragh		20 February, 2014	30 May, 2014
Talal Al-Awfi,		30 May, 2019	
József Molnár		8 September, 2022	
Dr. György Bacsa			8 September, 2022

CORPORATE GOVERNANCE AND REMUNERATION COMMITTEE

Responsibilities include analysis and evaluation of the activities of the Board of Directors, issues related to Board/Supervisory Board membership, promoting the contact between shareholders and the Board, procedural, ethical and regulatory issues, reviewing corporate processes, procedures, and organizational solutions and compensation and incentive systems and making recommendations on the implementation of best practices.

FINANCE AND RISK MANAGEMENT COMMITTEE

The Chairman of the Board of Directors, the Chairman of the Supervisory Board and the Chairman of the Audit Committee are permanent invitees to the meetings of the Finance and Risk Management Committee. **Responsibilities** include review of financial and related reports, monitoring the efficiency of the internal audit system, review of the scope and results of the planning and audit, monitoring of the risk management system, monitoring the liquidity position of the Company, the financial and operational risks and the management thereof, review of the operation of Enterprise Risk Management (ERM) system, and monitoring the independence and objectivity of the external auditor.

SUSTAINABLE DEVELOPMENT COMMITTEE

The Chairman of the Board of Directors, the Chairman and Deputy Chairman of the Supervisory Board are permanent invitees to the meetings of the Sustainable Development Committee. **Responsibilities** to review, evaluate and comment for the Board of Directors on all proposals related to sustainable development (SD), to monitor the development and implementation of all SD related policies (e.g. HSE, Code of Ethics, etc.) and discuss ethical issues, to supervise the progress on the strategic focus areas of SD in MOL Group, to request and discuss reports from business divisions and subsidiaries about their SD performance, and to review sustainability related data and information of external reports.

4. OPERATIONS OF THE BOARD AND NUMBER OF MEETINGS FOR THE BOARD AND EACH COMMITTEE

In 2023, the Board of Directors held 6 meetings with an average attendance rate of 98%. Attendance to the Board of Directors meetings during 2023 is set out in the table below:

	BoD		CGRC		FRC		SDC	
Name	Number of Meetings	Attendance Ratio	Number of Meetings	Attendance Ratio	Number of Meetings	Attendance Ratio	Number of Meetings	Attendance Ratio
Zsolt Hernádi (Chairman)	6	100%	6	100%				
Dr. Sándor Csányi (Deputy Chairman)	6	100%	6	100%				
Zsigmond Járai	6	100%			5	100%		
Dr. János Martonyi	6	100%	6	100%			4	100%
József Molnár	6	100%			5	100%		
Dr. László Parragh	6	100%			4	80%	4	100%
Dr. Anthony Radev	6	100%	6	100%	5	100%		
Dr. Martin Roman	6	100%	6	100%				
Talal Al-Awfi	5	83%			3	60%		
JUDr. Oszkár Világi	6	100%						
Dr. György Bacsa	6	100%					4	100%
	6	98%	6	100%	5	88%	4	100%

Alongside regular agenda items, such as reports by the committees' chairmen on the activities pursued since the last Board meeting, the **Board of Directors** received updates on key strategic issues as well as an overview of capital market developments and individually evaluated the performance of each of the company's business units. The Board of Directors respectively paid attention to the follow-up of the industry macro trends, the treatment of the challenges driven by the external environment, the financial and operational challenges caused by the pandemic situation and the strategy update process.

In 2023, the **Corporate Governance and Remuneration Committee** held 6 meetings with a 100% average attendance rate. In addition to the issues of corporate governance, remuneration and the composition of the management, the Committee discussed a number of key strategic and results-related topics prior to their presentation to the Board of Directors for discussion.

In 2023, the **Finance and Risk Management Committee** held 5 meetings with an 88% average attendance rate. In addition to the regular items on the agenda, including the audit of all public financial reports, providing assistance to the auditor's work and the regular monitoring of the internal audit, the committee reviewed the major risk factors of the Company, considering the changed international financial situation and the status reports on risk management actions attached to these factors.

In 2023, the **Sustainable Development Committee** held 4 meetings with an 100% attendance rate. The Committee evaluated the accomplishment of the sustainability related actions taken in 2023. The Committee formed opinion on the annual Sustainable Development Report and on thematic reports submitted by selected business units. External evaluations made about MOL Group's sustainability performance were also reviewed.

5. INTRODUCTION OF THE SUPERVISORY BOARD AND THE AUDIT COMMITTEE

The Supervisory Board is responsible for monitoring and supervising the Board of Directors on behalf of the shareholders (general meeting). Members of the Supervisory Board shall be elected by the general meeting for a definite period, but for a maximum of five (5) years. The Supervisory Board currently consists of twelve members. In accordance with the Civil Code, 1/3 of the members shall be representatives of the employees, accordingly currently five members of the MOL Supervisory Board are employee representatives while the other seven external persons are appointed by the shareholders.

The members of the Supervisory Board and the Audit Committee and their independence status:

		SUPERVISORY BOARD		AUDIT COMMITTEE	
Name	Status	Number of Meetings	Attendance Ratio	Number of Meetings	Attendance Ratio
Zoltán Áldott, Chairman	non-independent	5	100%		
Dr. Anett Pandurics, Deputy Chairperson	independent	5	100%	5	100%
Péter Bíró*	independent	3	100%	3	100%
Dr. Lajos Dorkota	independent	2	40%		
Norbert Izer	independent	4	80%	5	100%
Dr. Péter Kaderják	independent	4	80%		
András Lánczi	independent	5	100%		
Ivan Mikloš	independent	5	100%	5	100%
Márton Nagy**	independent	0	0%	0	0%
Employee representatives:					
Bálint Péter Kis	non-independent	3	60%		
Dr. Sándor Puskás	non-independent	5	100%		
Kálmán Serfőző	non-independent	4	80%		
Csaba Szabó***	non-independent	2	100%		
András Tóth	non-independent	4	80%		

* Péter Bíró was elected by the 2023 Annual General Meeting as member of the Supervisory Board from 1 May 2023
** Márton István Nagy resigned from his position with an effective date of 30 April 2023
*** The mandate of Csaba Szabó has expired on 11 April 2023.

The Chairman of the Supervisory Board is a permanent invitee to the meetings of the Board of Directors, Finance and Risk Management Committee and Sustainable Development Committee meetings.

Regular agenda points of the Supervisory Board include the quarterly report of the Board of Directors on the Company's operations and the reports of Internal Audit and Corporate Security, furthermore it is informed on other relevant topics. In addition, the Supervisory Board review the proposals for the Annual General Meeting. The Supervisory Board reviews its annual activity during the year.

In 2023 the **Supervisory Board** held 5 meetings with an 75% average attendance rate. Attendance to the Supervisory Board meetings during 2023 is set out in the table above. In 2023, the **Audit Committee** held 5 meetings with a 80% average attendance rate. Attendance to the Audit Committee meetings during 2023 is set out in the table above.

In addition to the regular items on the agenda, including the audit of all public financial reports, providing assistance to the auditor's work and the regular monitoring of Internal Audit, the Committee reviewed the major risk factors of the Company, considering the changed international financial situation and the status reports on risk management actions attached to these factors. The Audit Committee continuously monitored the Company's financial position. The Audit Committee reviewed the materials of the Annual General Meeting (i.e. financial reports, statements of the auditor). The Audit Committee participated in the procedure of selecting an auditor and made a recommendation to the Supervisory Board regarding the appointment of the auditor.

In 2006, the general meeting appointed the **Audit Committee** comprised of independent members of the Supervisory Board.

The Audit Committee strengthens the independent control over the financial and accounting policy of the Company.

The independent Audit Committee's responsibilities include the following activities among others:

- providing assistance to the Supervisory Board in supervising the financial report regime, in selecting an auditor and in working with the auditor, reviewing and monitoring the independence of the statutory auditor, monitoring the effectiveness of the Company's internal audit and risk management systems and make recommendations if necessary;
- carrying out the tasks of the audit committees of its subsidiaries which are consolidated by the Company, operate as public limited companies or issue securities admitted to trading on regulated market, if the relevant laws allow that and the subsidiary in question does not operate a separate audit committee.

6. MANAGEMENT MEMBERS OF CEC AND MC

Members of the CEC:

Zsolt Hernádi	Chairman-CEO (C-CEO)
József Molnár	Group Chief Executive Officer (GCEO)
JUDr. Oszkár Világi	Group Chief Innovation Officer; C-CEO, Slovnaft, a.s.

Members of the MC:

József Molnár	Group Chief Executive Officer (GCEO)
Lana Faust Križan	Group HR Senior Vice President since 1 October 2021
Zsuzsanna Ortutay	President of INA d.d. Management Board and member of the MC since 1 July 2023
Dr. Berislav Gašo	Group Exploration & Production Executive Vice President and member of the MC until 31 January 2023
Péter Ratatics	Group Consumer Services Executive Vice President, President of INA d.d. Management Board until 30 June 2023
Marek Senkovič	CEO of Slovnaft
József Simola	Group Chief Financial Officer (GCFO)
Gabriel Szabó	Group Downstream Executive Vice President
Dr. György Bacsa	Group Strategic Operations and Corporate Development Executive Vice President, MOL Hungary Managing Director
Péter Labancz*	Group Industrial & Corporate Services Vice President

* Member of the MC since 5 June 2023

7. GOVERNANCE AROUND CLIMATE RELATED RISKS AND CHALLENGES

7.1. BOARD OVERSIGHT OF CLIMATE RELATED ISSUES RISKS AND CHALLENGES

The Board of Directors is responsible for defining the main business objectives of the Group as well as to review and approve the Group's business strategy, including the premises and assumptions upon which the strategy was created. MOL Group's long-term transformational strategy was created based on climate related risks and challenges, which means that the Board of Directors (and its committees) consider a wide range of Climate-related risks and challenges as an integral part of its roles and responsibilities, both when it reviews and approves strategy, also when it reviews risk management policies, and business plans as well as setting the organization's performance objectives. Furthermore, the Board and its committees are tasked with monitoring and overseeing progress against goals and targets, including climate related ones. The Board of Directors is informed and continually updated on climate related risks and challenges via regular reporting through various channels. This includes quarterly and yearly reports from senior management on a broad number of issues affected by climate change, including macro trends, legislation, environment, capital markets etc. The Board of Directors took part in the revision of compliance of MOL Group 2030+ Strategy (updated in 2023) in line with the overarching EU regulations. For more information on the strategy update of MOL Group and the role of climate change and sustainability, refer to section 5 of the Integrated Annual Report.

In addition, to the BoD, two committees have been assigned climate-related responsibilities: the Sustainable Development Committee (SDC), and the Finance and Risk Management Committee (FRC). Both committees directly deal with specific climate change related matters. To ensure integrated management of sustainability related issues across the Group, including but not limited to climate change, the SDC monitors and oversees progress against sustainability related goals and targets. At least four times a year, the Group Vice President of Health, Safety & Environment reports to the SDC on progress against sustainability related goals and on climate-related issues, while the Investor Relations & ESG coordination Manager informs this Committee on various emerging sustainability-related issues and trends. Furthermore, impact of climate change related risk and opportunities at Group, divisional, country and site level are reported to the Committee each quarter through a number of deep-dive presentations. The FRC on the other hand is tasked with monitoring, among other things, the financial and operational risks as well as the methodology and management of risks, furthermore the operation of Enterprise Risk Management (ERM) system. Both long-term strategic risk assessments and mid-term risk reports (covering also Climate Change Risk) are submitted to the FRC. Climate change is a strategic risk for MOL Group and is part of the Group's ERM system, and is reported and presented to members of the FRC accordingly. More information can be obtained from section 7.2.

7.2. MANAGEMENT'S ROLE IN ASSESSING AND MANAGING CLIMATE RISKS AND CHALLENGES

Part of the role and responsibilities of the executive management include assessing and managing climate-related risks and challenges, as well as executing the approved strategy. In terms of organizational structure, responsibility for climate change does not reside in a single department or person. Responsibilities for climate change related matters are dispersed through a wide number of roles across the Group. Several functions at Group level analyze climate change related risks and challenges. These include but are not limited to the Group Strategy (climate change implications on strategy), Chief Economist (sustainability and climate change macro trends), Public and EU Regulatory Affairs (global and regional climate change related legislation), HSE department (analysis and mitigation of environmental risks, tracking environmental performance), and Investor Relations (ESG developments in capital markets). Furthermore, all divisions monitor and assess climate-related risks and challenges as an integral part of their roles and responsibilities in executing and designing their strategies as well as in the ERM risk reviews. Executive management is informed and regularly updated on climate related risks and challenges via regular reporting through various channels, from both the before mentioned HQ based Group level functions as well as divisional management.

8. REMUNERATION POLICIES AND PRACTICES

The Board of Directors – with the aim of quality improvement - formally evaluates its own and its committees' performance from operation efficiency perspective on a yearly basis, furthermore, continuously reviews its own activity. The result of the evaluation is discussed by the Board of Directors.

The Supervisory Board annually evaluates its performance simultaneously with the approval of the work plan for next year.

8.1. PERFORMANCE EVALUATION OF THE CHIEF EXECUTIVES' COMMITTEE (CEC) AND THE MANAGEMENT COMMITTEE (MC)

The aim of MOL's remuneration system is to provide incentives for the top management to carry out the company's strategy and reward them for the achievement of strategic goals through a combination of short-term and long-term incentives. Remuneration plays an important role in supporting the achievement of the individual, divisional and corporate goals. Through the design of its incentive schemes, MOL aims to ensure that executive remuneration is in compliance with and supports the strategic goals of the company thus ensuring the alignment of the interests of the executives with those of our shareholders.

The remuneration of CEC and MC consists of three key pillars:

- Annual Base Salary (BS): fixed annual amount paid to the individuals
- Short-Term Incentive (STI): annual incentive, based on individual and company performance
- Long-Term Incentive (LTI): an incentive that promotes performance driven culture enhances the focus on strategy which is in compliance with the interests of shareholders

The incentive scheme of the top management comprised the following elements in 2023:

8.1.1. SHORT TERM INCENTIVE SYSTEM (STI)

Short term Incentive is calculated as % of the annual base salary which is defined in line with the complexity level of the position and it is further depending on Corporate, Divisional (valid for MC members) and Individual performance for the relevant year. Final calculation is the multiplication of all defined factors and the amount of the Short term Incentive is based on the evaluation of both company's performance, as well as the performance of the given manager.

Performance criteria of the annual short-term incentive
The short-term incentive framework was designed to include key focus areas in a mix of financial and non-financial KPIs in order to achieve the targets of MOL Group and MOL Plc. The choice of the performance measures reflects a desire from the Corporate Governance and Remuneration Committee to assess the participants based on a broad range of corporate and divisional measures that mirrors the corporate strategy and its related KPIs.

Financial KPIs:
Executive employees' focus is to deliver the MOL Group level EBITDA (which is also the MOL Group corporate target) and other relevant financial indicators defined annually by Group Financial Planning & Reporting. Other relevant financial targets may contain efficiency, investment and cost-related indicators. In 2023, the key focus of the Chief Executives' Committee members was to deliver the EBITDA and free cash-flow targets to achieve the 2030+ strategic targets of MOL Group.

Non-financial KPIs:
Safety is a number one Group priority, which is why the Corporate Governance and Remuneration Committee consistently defines divisional SD&HSE (Sustainable Development and Health, Safety and Environment) related performance indicators. Hence in 2023, MOL Group set the fulfillment of Total Recordable Injury Rate (TRIR) as this shows the commitment for conducting safe, sustainable and compliant operations at all times.

For CEC members, the following individual targets were set:

- Further implement the MOL Group 2030+ Strategy and form strategic vision for 2050 with special focus on the climate change effects and execution of Group strategy for certain operating areas,
- Drive further enhancement of the operational model in 2023 reflecting changed market conditions triggered by post-Covid19 and Russian-Ukranian war effects,
- Efficient execution of supervisory activities by encouraging constant revision and simplification of governance structure and processes,

- Focus on and support increasing employee engagement based on the action plans built on the 2021 employee survey, to ensure making MOL Group the best choice of employees along with collaborative culture and employee experience, diversity and inclusion and driving talent management throughout the organisation,
- Promote life-saving rules across MOL Group,
- Further enhance sustainability aspects of MOL Group operations, efficiency development of the Exploration and Production area in Central European region, transformation of fuels in Downstream and creation of the Circular Economy area in IBS division.

For MC members the individual targets set were aligned with the 2023 business plan and priorities for the given Divison / organizational area with high focus on the following topics:

- Delivery of set business plans and planned projects,
- Transformation of operating models (where applicable) and increase of the operating efficiency with focus on implementation of the cost optimizing projects, to realize respective division's business strategy (e.g.: strategic portfolio management, decarbonization projects, digitalization projects, etc.),
- People and leadership targets (e.g. developing leadership culture, increase of employee engagement in respective domains, efficient performance and talent management, etc.).

The applied performance indicators reflect the intention of the Corporate Governance and Remuneration Committee to assess the participants based on a broad range of corporate and divisional measures.

Measurement & validation of the performance metrics

Chief Executive Committee members' annual performance is evaluated by the Board of Directors with the prior approval of the Corporate Governance and Remuneration Committee. The performance of MC members is evaluated by Chief Executive Committee with the prior approval of the Corporate Governance and Remuneration Committee. Target achievement of financial KPI's is based on the evaluation proposal of the Financial Planning & Reporting organization and is also approved by the relevant Governance bodies. Executive employees have no deferral period or any clawback provision regarding their short-term incentive.

8.1.2. SHORT TERM SHARE OWNERSHIP PROGRAM

CEC, MC members and top management can select each year instead of their short-term incentive a share ownership scheme in each year, which is operated via a legal entity independent from MOL Plc., called MOL Plc. Employee Share Ownership Program Organization which in compliance with the provisions of the so-called Employee Share Ownership Program (Munkavállalói Résztulajdonosi Program, 'MRP') legislation.

The primary aim of this voluntary short-term share ownership program is to incentivize the top management to achieve the strategic targets of MOL Group in line with the shareholders' interests.

Program characteristics:

- Joining the program is voluntary.
- The basis of the entitlement is a certain number of shares equal to the short-term incentive entitlement converted to shares with the December average MOL Plc. share price before the target year.
- Final payout is based on the overall performance evaluation, consisting of the Corporate, Divisional and Individual payout rates.
- Further condition for the payment in shares from MRP Organization is that the MOL Plc. share price shall be higher at the end of the performance period than it was at the beginning
- The payment is made in MOL Plc. shares if share price condition is met If not met, the payout of the incentive is due in cash in the currency requested by the Executive Employee employed by MOL Plc.

8.1.3. LONG TERM INCENTIVE

The purpose of the long-term incentive system is to enhance individual performance to enable future growth of MOL Plc. and MOL Group financial performance and improvement of efficiency by taking into account shareholder interests.

The long-term incentive framework was reviewed in the last quarter of 2020. Starting from 1 January 2021, Restricted Share Plan is applied instead of the old schemes. The previous long term incentive plans remain valid until payout or expiry.

The new long-term incentive creates an even stronger link to the strategic targets of MOL Group, shareholders' interests and long-term incentivization and retention of top management. The long-term incentives are managed and paid out in accordance with personal scope and other conditions either through MRP program or in line with the provisions set in internal policies.

8.1.3.1. RESTRICTED SHARE PLAN

The program is a 3-year share-based incentive based on MOL corporate and individual performance with the following characteristics:

- A new program starts in each year on a rolling scheme with a 3-year performance period. Payments are due in 4th year
- Corporate performance – MOL Group EBITDA performance – is evaluated after the 3-year performance period
- Individual performance is evaluated after the 3-year performance period
- Final payout is corrected with dividend equivalent after year1 and year2 to represent a real shareholder position
- The above methodology ensures that both corporate and individual performance is reflected in the final incentive amount
- Condition for the payment in shares from MRP Organization is that the MOL Plc. share price shall be higher at the end of the performance period than it was at the beginning
- The payment is made in MOL Plc. shares if share price condition is met If not met, the payout of the incentive is due in cash in the currency requested by the Executive Employee employed by MOL Plc.

8.1.3.2. ABSOLUTE SHARE VALUE BASED REMUNERATION (EXPIRING)

The basis of the remuneration is an initialshare option entitlement defined as per managerial levels. The incentive pays at a selected date within the redemption period and the payout is calculated as a difference between a past strike price and a selected spot price, defined in a number of shares. The remuneration is paid either in MOL shares or in cash.

Overview:

Absolute Share Value Based Remuneration	Strike Price	Redemption Period
2020	2 918 HUF	1 Jan 2021-31 Dec 2023

8.1.3.3. RELATIVE MARKET INDEX BASED REMUNERATION

The program is a 3-year share-based incentive using the MOL Plc. comparative share price methodology with the following characteristics:

- The target is the development of MOL's share price compared to relevant and acknowledged CEE regional and industry specific indices.
- The expected payout amount is additionally linked also to individual short-term performance, as the potential payout is adjusted by the individual payout ratio resulting from the annual performance evaluations for each participant. This ensures that constant individual over-performance on a long-term basis is rewarded, and the consequences of long-term underperformance are managed.
- The basis of the remuneration is an initial share entitlement defined as per managerial levels. The remuneration is paid either in MOL shares or in cash.

The following chart provides an overview about the latest Performance Share Plan results for the 3-year programs:

Program period	**Company performance - comparative share price index**			**Final payout ratio**
	y1	***y2***	***y3***	
2020-2022	0%	0%	298.74%	99.58%

Performance measures of the long-term incentive plans

Long-term incentive plan is linked to share price and dividend payment reflecting the Board's strategic priority on reaching continuous and sustainable value creation. Through its long-term incentive's schemes, MOL prioritizes providing its shareholders with a return on their investment through both the appreciation of the share price as well as through the payment of dividends.

As MOL competes on a regional basis as well as with the global emerging market Oil & Gas sector companies, so the relative share based remuneration measures MOL performance to a relevant regional, and an industry specific benchmark index that incorporate share prices of such companies. As such, MOL's incentive system provides competitive remuneration to executives and future investors on regional and global oil and gas markets taken in broader meaning as well.

CORPORATE AND SHAREHOLDER INFORMATION

CORPORATE INFORMATION

Date of foundation of MOL Plc.: October 1, 1991. Registered by the Budapest Court of Justice acting as Court of Registration on 10 June 1992 with effect as of 1 October 1991, under file number 01-10-041683.

Legal predecessor: Országos Kőolaj- és Gázipari Tröszt (OKGT National Oil and Gas Trust) and its subsidiaries.

The effective Articles of Association can be downloaded from Company's website.

Registered share capital as of 31 December 2023: 819,424,824 registered series “A” ordinary shares with a par value of HUF 125 each, 1 registered series “B” preferred share with a par value of HUF 1,000 with special preferential rights attached and 578 registered series “C” ordinary shares with a par value of HUF 1,001 each.

OWNERSHIP STRUCTURE

	31.12.2023		31.12.2022	
	Par value of shares (HUF th)	**%**	**Par value of shares (HUF th)**	**%**
Foreign investors	31,570,811	30.82	31,973,758	31.22
Hungarian State	1	0.00	1	0.00
MOL New Europe Foundation	10,744,499	10.49	10,744,499	10.49
Maecenas Corvini Fundation	10,242,868	10.00	10,242,868	10.00
Mathias Corvinus Collegium Fundation	10,242,868	10.00	10,242,868	10.00
MOL Plc. SESOP Organization	8,142,472	7.95	8,142,472	7.95
OTP Bank Plc.	5,011,002	4.89	5,014,153	4.90
OTP Fund Management	313,593	0.31	267,651	0.26
ING Bank N.V.	3,865,884	3.77	4,285,132	4.18
UniCredit Bank AG	3,842,796	3.75	4,305,819	4.20
Domestic institutional investors	9,071,133	8.86	9,206,353	8.99
Domestic private investors	5,653,495	5.52	5,436,497	5.31
MOL Plc (treasury shares)	3,727,262	3.64	2,566,612	2.51
Total	**102,428,683**	**100.00**	**102,428,683**	**100.00**

Please note, that data above do not fully reflect the ownership structure in the Share Registrar. It is based on the received request for registration of the shares and the published shareholder notifications. The registration is not mandatory. The shareholder may exercise its rights towards the company, if the shareholder is registered in the Share Registrar. According to the Articles of Association, no shareholder or shareholder group may exercise more than 10% of the voting rights.

SHARE INFORMATION

MOL share prices are published by the majority of Hungarian daily newspapers and are available on the BSE web site (www.bse.hu). Indicative bid and ask prices of MOL’s DRs on IOB can be monitored using the RIC code MOLBq.L on Thomson Reuters or MOLD LI on Bloomberg. MOL shares and DRs are traded on one of the US OTC market, Pink Sheet.

MOL share prices on the Budapest Stock Exchange can be followed on Thomson Reuters using the RIC code MOLB.BU or on Bloomberg using code MOL HB.

The following table shows trading data on MOL shares each quarter of 2023.

Period	BSE volume (no. of shares)	BSE closing price (HUF/share)
1st quarter	31,347,832	2,564
2nd quarter	41,294,409	2,988
3rd quarter	38,906,087	2,794
4th quarter	31,869,987	2,826

TREASURY SHARES

During 2023 the following treasury share transactions happened:

Reasons for change	Number of "A" series Ordinary shares
Number of Treasury shares on 31 December 2022	**20,528,269**
MOL transferred Treasury shares to MOL Plc ESOP Organization (2 times)	(4,451,529)
MOL Plc ESOP Organization transferred MOL shares to MOL Plc. (5 times)	6,910,136
MOL acquired shares as a result of exercises option rights and entering a new Share Option Agreement with ING Bank N.V.	3,353,987
MOL acquired shares as a result of exercises option rights and entering a new Share Option Agreement with Unicredit Bank AG.	3,704,188
Share distribution for the members of the Board of Directors and the management	(231,585)
Number of Treasury shares on 31 December 2023	**29,813,466**

In 2023 the number of “C” series shares owned by MOL remained unchanged at 578 pieces.

INFORMATION ON THE SERIES “B” SHARE

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

THE APPOINTMENT AND REMOVAL OF SENIOR OFFICERS; AMENDMENT OF THE ARTICLES OF ASSOCIATION

The general meeting elects members of the Board of Directors for a pre-defined term, the maximum of which is five (5) years. The General Meeting decides on Board Members by simple majority vote, but it shall decide the dismissal of any member of the Board of Directors by three-quarter majority of votes. The “yes” vote of the holder of “B” series of share is required for the election and dismissal of any member of the Board of Directors at the general meeting if not supported by the Board of Directors.

The appointment of a member of the Board of Directors, as provided for by the Articles of Association, can be terminated at any time or may be renewed after the expiry of the five-year term. In the event any shareholder initiates the termination of appointment of one or more members of the Board of Directors, the general meeting may only decide on dismissal of maximum one member of the Board of Directors validly, with the restrictions that during the three months period following the decision on dismissal of the one member of the Board of Directors, no further dismissal of a member of the Board of Directors may take place.

The General Meeting decides on the modification of Articles of Association by two-third majority of votes. The “yes” vote of the holder of “B” series of share is required for the amendment of certain provisions of the articles of association.

RIGHTS OF SENIOR OFFICERS RELATED TO SHARE ISSUANCE AND BUYBACK

Based on the authorization granted in the Articles of Association, the Board of Directors is entitled to increase the share capital until 10 April 2024 in one or more instalments, by not more than HUF 30,000,000,000 (i.e. Thirty billion forints), in any form and method provided by the Civil Code and resolve the amendment of the Articles of Association in connection thereof. The Annual General Meeting held on 15 April 2021 granted authorization valid for 18 months to the Board of Directors of the Company to acquire treasury shares.

CHANGES IN ORGANIZATION AND SENIOR MANAGEMENT

The 2023 Annual General Meeting made the following resolutions:

- elected Mr. Zsolt Hernádi as member of the Board of Directors from 1 May 2023 to 30 April 2028.
- elected Mr. Zoltán Áldott as member of the Supervisory Board from 1 May 2023 to 30 April 2028.
- elected Mr. András Lánczi as member of the Supervisory Board from 1 May 2023 to 30 April 2028.
- elected Mr. Péter Bíró as member of the Supervisory Board from 1 May 2023 to 30 April 2028.
- elected Mr. Péter Bíró as member of the Audit Committee from 1 May 2023 to 30 April 2028.

Other changes in the management:

- Mr. Berislav Gaso steps down as the EVP for Exploration & Production as of 28 February 2023.
- Mr. Zsombor Marton has been appointed as the EVP for Exploration & Production as of 1 February 2023.

MOL SECURITIES HELD BY DIRECTORS AND OFFICERS OF THE COMPANY AS OF 31 DECEMBER 2023:

Name	Current position	Number of MOL shares
Zsolt Hernádi*	Chairman of the Board of Directors,Chairman-CEO (C-CEO)	216,648
Dr. Sándor Csányi**	member of the Board of Directors, Vice-Chairman	0
József Molnár	member of the Board of Directors, Group Chief Executive Officer (GCEO)	261,235
Dr. Bacsa György	member of the Board of Directors, Executive Vice President, Group Strategic Operations and Business Development, MOL Hungary COO	0
Talal Al-Awfi	member of the Board of Directors	24,905
Zsigmond Járai	member of the Board of Directors	126,720
Dr. János Martonyi	member of the Board of Directors	120,040
Dr. László Parragh	member of the Board of Directors	45,560
Dr. Anthony Radev	member of the Board of Directors	121,672
Dr. Martin Roman	member of the Board of Directors	28,800
JUDr. Oszkár Világi	member of the Board of Directors, Executive Vice President, Innovative Businesses and Services; Chairman of the Board of Directors and CEO of Slovnaft a.s.	233,680
Zoltán Áldott	Chairman of the Supervisory Board	250,000
Dr. Anett Pandurics	Deputy Chairman of the Supervisory Board	0
Mr. Péter Bíró	member of the Supervisory Board	0
Dr. Lajos Dorkota	member of the Supervisory Board	0
Péter Kaderják	member of the Supervisory Board	0
Ivan Mikloš	member of the Supervisory Board	0
Prof. Dr. András Lánczi	member of the Supervisory Board	0
Norbert Izer	member of the Supervisory Board	0
Bálint Kis	member of the Supervisory Board, representative of the employees	0
Dr. Sándor Puskás	member of the Supervisory Board, representative of the employees	0
Kálmán Serfőző	member of the Supervisory Board, representative of the employees	0
András Tóth	member of the Supervisory Board, representative of the employees	0
Lana Faust Krizan	HR Senior Vice President	0
Marek Senkovic	CEO & Head of Downstream of SLOVNAFT	0
Marton Zsombor	Executive Vice President, Upstream	13,618
Péter Ratatics	Executive Vice President, Consumer Services	1,069
József Simola	Group Chief Financial Officer (GCFO)	0
Gabriel Szabó	Executive Vice President, Downstream	0
Péter Labancz	Vice President for Industrial and Corporate Services	0
Zsuzsanna Ortutay	President of the Management Board, INA d.d.	6,000

* Mr. Zsolt Hernádi owns 216,648 shares directly, 1,463,545 shares indirectly via Continuum Vagyonkezelő Alapítvány.

** Dr. Sándor Csányi indirectly owns 2,329,600 shares Unity Vagyonkezelő Alapítvány.

FURTHER INFORMATION ON CORPORATE GOVERNANCE

MOL Group publishes on its website each year the MOL Plc. Corporate Governance Report in accordance with Budapest Stock Exchange Corporate Governance Recommendations, which also discloses any potential divergence from these recommendations with the necessary reasoning.

CONTACT INFORMATION

CORPORATE ADDRESS

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MOL HUNGARIAN OIL AND GAS PUBLIC LIMITED COMPANY

CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION (EU) TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT

31 December 2023

Budapest, 23 March 2024

CONSOLIDATED FINANCIAL STATEMENTS

Introduction

General information

MOL Hungarian Oil and Gas Public Limited Company (hereinafter referred to as MOL Plc., MOL or the parent company) was incorporated on 1 October 1991 in Hungary by the transformation of the predecessor National Oil and Gas Trust (OKGT). MOL Plc. and its subsidiaries (hereinafter referred to as the MOL Group or Group) is an integrated, international oil and gas, petrochemicals and consumer retail company, active in over 30 countries with a dynamic international workforce of 25,000 people and a track record of more than 100 years in the industry with its legal predecessor. MOL Group has over 80 years of experience in exploration and production and its diverse portfolio includes active oil and gas presence in 11 countries, with production activity in 7 countries. MOL Group's Downstream division operates three refineries and two petrochemicals plants in Hungary, Slovakia and Croatia, and is made up of different business activities that are part of an integrated value chain and MOL Group's retail network is composed of around 2,400 service stations in 10 countries.

The registered office address of the Company is 1117 – Budapest, Dombóvári út 28, Hungary.

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

Authorisation and Statement of Compliance

These consolidated financial statements have been approved and authorised for issue by the Board of Directors on 21 March 2024.

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

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

Contents

INDEPENDENT AUDITOR'S REPORT

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	2023 HUF million	2022 HUF million
Net sales		8,908,499	9,868,163
Other operating income		57,537	43,716
Total operating income	3	**8,966,036**	**9,911,879**
Raw materials and consumables used		6,761,197	7,458,413
Employee benefits expense		384,356	342,513
Depreciation, depletion, amortisation and impairment		471,684	475,533
Other operating expenses		672,547	632,864
Change in inventory of finished goods and work in progress		101,601	(151,056)
Work performed by the enterprise and capitalised		(102,924)	(105,500)
Total operating expenses	4	**8,288,461**	**8,652,767**
Profit from operation		**677,575**	**1,259,112**
Finance income		195,177	164,080
Finance expense		182,651	238,412
Total finance expense, net	5	**12,526**	**(74,332)**
Share of after-tax results of associates and joint ventures	6	1,317	(29,486)
Profit/(Loss) before tax		**691,418**	**1,155,294**
Income tax expense	7	123,514	466,343
Profit/(Loss) for the year from continuing operations		**567,904**	**688,951**
Profit / (Loss) for the period from discontinued operations	15	**(449)**	**223,297**
PROFIT / (LOSS) FOR THE PERIOD		**567,455**	**912,248**
Attributable to:			
Owners of parent from continuing operations		530,367	628,293
Non-controlling interest from continuing operations		37,537	60,658
Owners of parent from discontinued operations		(449)	223,297
Non-controlling interest from discontinued operations		-	-
Owners of parent		529,918	851,590
Non-controlling interest		37,537	60,658
Basic earnings per share attributable to owners of the parent (HUF) cont.op.	27	715.42	851.01
Diluted earnings per share attributable to owners of the parent (HUF) cont.op.		715.42	848.94
Basic earnings per share attributable to owners of the parent (HUF) discont.op.		(0.61)	302.45
Diluted earnings per share attributable to owners of the parent (HUF) discont.op.		(0.61)	301.71
Basic earnings per share attributable to owners of the parent (HUF)		714.81	1,153.46
Diluted earnings per share attributable to owners of the parent (HUF)	27	714.81	1,150.65

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Notes	2023 HUF million	2022 HUF million
Profit/(Loss) for the year from continuing operations		**567,904**	**688,951**
Profit/(Loss) for the year from discontinued operations		**(449)**	**223,297**
Profit/(Loss) for the year		**567,455**	**912,248**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translating foreign operations, net of tax	8	(145,942)	239,678
Exchange differences on translating discontinued operations, net of tax		-	(11,148)
Net investment hedge, net of tax	8	18,626	(34,768)
Changes in fair value of debt instruments at fair value through other comprehensive income, net of tax	8	4,118	(3,330)
Changes in fair value of cash flow hedges, net of tax	8	(787)	527
Share of other comprehensive income of associates and joint ventures	8	(13,125)	18,715
Other comprehensive income from continuing operation / (loss) for the year, net of tax		(137,110)	220,822
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**(137,110)**	**209,674**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Changes in fair value of equity instruments at fair value through other comprehensive income, net of tax	8	17,340	(4,481)
Remeasurement of post-employment benefit obligations	8	(2,470)	1,725
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**14,870**	**(2,756)**
Other comprehensive income from continuing operation / (loss) for the year, net of tax		**(122,240)**	**218,066**
Other comprehensive income for the period, net of tax		**(122,240)**	**206,918**
Total comprehensive income from continuing operation for the period		**445,664**	**907,017**
Total comprehensive income from discontinued operation for the period		**(449)**	**212,149**
Total comprehensive income for the period		**445,215**	**1,119,166**
Attributable to:			
Owners of parent from continuing operation		426,536	814,979
Non-controlling interest from continuing operation		19,128	92,038
Owners of parent from discontinued operation		(449)	212,149
Non-controlling interest from discontinued operation		-	-
Owners of parent		426,087	1,027,128
Non-controlling interest		19,128	92,038

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 Dec 2023 HUF million	31 Dec 2022 HUF million
NON-CURRENT ASSETS			
Property, plant and equipment	9	3,997,801	3,817,879
Investment property	9	15,959	9,459
Intangible assets	9	525,569	552,588
Investments in associates and joint ventures	6	204,187	190,805
Other non-current financial assets	21	312,084	340,291
Deferred tax assets	7	135,123	109,899
Other non-current assets	13	71,995	85,555
Total non-current assets		**5,262,718**	**5,106,476**
CURRENT ASSETS			
Inventories	14	830,573	997,045
Trade and other receivables	23	959,082	931,511
Securities	21	3,763	7,295
Other current financial assets	21	64,643	177,963
Income tax receivable		25,197	12,239
Cash and cash equivalents	24	412,977	595,244
Other current assets	15	134,400	96,563
Assets classified as held for sale	19	9,772	43,363
Total current assets		**2,440,407**	**2,861,223**
Total assets		**7,703,125**	**7,967,699**
EQUITY	20		
Share capital		79,192	79,013
Retained earnings and other reserves		3,227,876	2,702,764
(Loss) / Profit for the year attr. to owners of parent		529,918	851,589
Equity attributable to owners of parent		**3,836,986**	**3,633,366**
Non-controlling interest		**360,326**	**378,770**
Total equity		**4,197,312**	**4,012,136**
NON-CURRENT LIABILITIES			
Long-term debt	21	913,181	650,413
Other non-current financial liabilities	21	5,142	20,671
Non-current provisions	16	557,215	584,447
Deferred tax liabilities	7	147,067	128,482
Other non-current liabilities	17	40,290	39,258
Total non-current liabilities		**1,662,895**	**1,423,271**
CURRENT LIABILITIES			
Short-term debt	21	185,401	468,686
Trade and other payables	21	961,965	1,001,634
Other current financial liabilities	21	204,916	231,454
Current provisions	16	114,748	115,001
Income tax payable		60,832	362,466
Liabilities classified as held for sale	19	0	2,161
Other current liabilities	18	315,056	350,890
Total current liabilities		**1,842,918**	**2,532,292**
Total liabilities		**3,505,813**	**3,955,563**
Total equity and liabilities		**7,703,125**	**7,967,699**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital HUF million	Share premium HUF million	Fair valuation reserve HUF million	Reserve of exchange differences on translation HUF million	Retained earnings with profit for the year attr. to owners of parent HUF million	Total reserves HUF million	Equity attr. to owners of parent HUF million	Non-controlling interests HUF million	Total equity HUF million
Opening balance 1 Jan 2022		**78,163**	**219,389**	**27,567**	**474,378**	**1,977,653**	**2,698,987**	**2,777,150**	**312,781**	**3,089,931**
Profit / (loss) for the year from continuing operation		-	-	-	-	628,293	**628,293**	**628,293**	60,658	**688,951**
Profit / (loss) for the year from discontinued operation		-	-	-	-	223,297	**223,297**	**223,297**	-	**223,297**
Other comprehensive income / (loss) for the year from continuing operation		-	-	(10,090)	195,261	1,515	**186,686**	**186,686**	31,380	**218,066**
Other comprehensive income / (loss) for the year from discontinued operation		-	-	-	(11,148)	-	**(11,148)**	**(11,148)**	-	**(11,148)**
Total comprehensive income / (loss) for the year		-	-	(10,090)	184,113	853,105	**1,027,128**	**1,027,128**	92,038	**1,119,166**
Dividends	20	-	-	-	-	(191,285)	**(191,285)**	**(191,285)**	-	**(191,285)**
Dividends to non-controlling interests	20	-	-	-	-	-	**-**	**-**	(26,712)	**(26,712)**
Equity recorded for share-based payments	4	22	-	-	-	3,265	**3,265**	**3,287**	-	**3,287**
Treasury share transactions	20	828	-	-	-	16,923	**16,923**	**17,751**	-	**17,751**
Acquisition / divestment of subsidiaries		-	-	-	-	-	**-**	**-**	-	**-**
Acquisition of non-controlling interests		-	-	-	-	-	**-**	**-**	-	**-**
Other		-	-	-	-	(665)	**(665)**	**(665)**	663	**(2)**
Closing balance 31 Dec 2022		**79,013**	**219,389**	**17,477**	**658,491**	**2,658,996**	**3,554,353**	**3,633,366**	**378,770**	**4,012,136**
Opening balance 1 January, 2023		**79,013**	**219,389**	**17,477**	**658,491**	**2,658,996**	**3,554,353**	**3,633,366**	**378,770**	**4,012,136**
Profit / (loss) for the year from continuing operation		-	-	-	-	530,367	**530,367**	**530,367**	37,537	**567,904**
Profit / (loss) for the year from discontinued operation		-	-	-	-	(449)	**(449)**	**(449)**	-	**(449)**
Other comprehensive income / (loss) for the year from continuing operation		-	-	18,170	(119,371)	(2,630)	**(103,831)**	**(103,831)**	**(18,409)**	**(122,240)**
Other comprehensive income / (loss) for the year from discontinued operation		-	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the year		-	-	18,170	(119,371)	527,288	**426,087**	**426,087**	19,128	**445,215**
Dividends	20	-	-	-	-	(224,435)	**(224,435)**	**(224,435)**	-	**(224,435)**
Dividends to non-controlling interests	20	-	-	-	-	-	**-**	**-**	(38,387)	**(38,387)**
Equity recorded for share-based payments	4	179	-	-	-	3,652	**3,652**	**3,831**	-	**3,831**
Treasury share transactions	20	-	-	-	-	-	**-**	**-**	-	**-**
Acquisition / divestment of subsidiaries		-	-	-	-	(1,863)	**(1,863)**	**(1,863)**	815	**(1,048)**
Acquisition of non-controlling interests		-	-	-	-	-	**-**	**-**	-	**-**
Other		-	-	-	-	-	**-**	**-**	-	**-**
Closing balance 31 Dec 2023		**79,192**	**219,389**	**35,647**	**539,120**	**2,963,638**	**3,757,794**	**3,836,986**	**360,326**	**4,197,312**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2023 HUF million	2022 HUF million
Profit/(Loss) before tax from continuing operation		**691,418**	**1,155,294**
Profit/(Loss) before tax from discontinued operation		**(449)**	**225,410**
Profit/(Loss) before tax		**690,969**	**1,380,704**
Adjustments to reconcile profit before tax to net cash provided by operating activities			
Depreciation, depletion, amortisation and impairment	4	471,684	458,242
Increase/(decrease) in provisions	16	(22,331)	31,816
Net (gain)/loss on asset disposal and divestments		(9,135)	(98,120)
Net interest expense/(income)	5	(2,233)	5,902
Other finance expense/(income)	5	(12,315)	53,952
Share of after-tax results of associates and joint ventures	6	(1,317)	29,486
Other items	26	7,516	134,088
Income taxes paid	7	(455,505)	(124,937)
Cash flows from operations before changes in working capital		**667,333**	**1,871,133**
Change in working capital		*86,683*	*(482,387)*
(Increase)/decrease in inventories	14	160,853	(271,245)
(Increase)/decrease in trade and other receivables	23	(62,968)	(629,517)
Increase/(decrease) in trade and other payables	21	64,449	204,818
(Increase)/decrease in other assets and liabilities	15, 18	(75,651)	213,557
Cash flows from operations		**754,016**	**1,388,746**
Capital expenditures	2	(503,118)	(615,922)
Proceeds from disposal of fixed assets		35,975	22,212
Acquisition of businesses (net of cash)	10	(124,817)	(193,685)
Proceeds from disposal of businesses (net of cash)	11, 19	46,228	(34,694)
(Increase)/Decrease in other financial assets	21	19,230	(83,231)
Interest received and other finance income	5	36,347	26,559
Dividends received	5	6,212	24,266
Cash flows used in investing activities		**(483,943)**	**(854,495)**
Proceeds from issue of bonds, notes and debentures		-	-
Repayments of bonds, notes and debentures		(279,735)	-
Proceeds from borrowings		1,020,713	1,226,532
Repayments of borrowings		(805,764)	(1,380,177)
Interest paid and other finance expense	5	(61,371)	(23,896)
Dividends paid to owners of parent	20	(229,485)	(191,236)
Dividends paid to non-controlling interest	20	(38,894)	(27,054)
Transactions with non-controlling interest		-	-
Net issue / repurchase of treasury shares		-	16,576
Other changes in equity		-	(1)
Cash flows used in financing activities		**(394,536)**	**(379,256)**
Currency translation differences relating to cash and cash equivalents		(66,256)	72,802
Increase/(decrease) in cash and cash equivalents		**(190,719)**	**227,797**
Cash and cash equivalents at the beginning of the year		595,244	367,447
Cash and cash equivalents at the end of the year		412,977	595,244
Change in Cash and cash equivalents		**(182,267)**	**227,797**
Change in cash and cash equivalents classified as asset held for sale		-	-
Change in Overdraft		(8,452)	-
Increase/(decrease) in cash and cash equivalents		**(190,719)**	**227,797**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – MATERIAL ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

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

1. Material accounting policies and other explanatory information

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and interpretations issued by IFRS Interpretations Committee as adopted by the EU and effective on 31 December 2023.

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

Due to the technical limitations inherent to the block-tagging of the consolidated financial statements according to the European single electronic format, the content of certain tags of the notes may not be rendered identically to the accompanying consolidated financial statements.

Principles of consolidation

The consolidated financial statements as of and for the nine-month period ended 31 December 2023 comprise the accounts of the MOL Plc. and the subsidiaries that it controls together with the Group's attributable share of the results of associates and joint ventures. MOL Plc. and its subsidiaries are collectively referred to as the 'Group'.

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

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

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

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

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

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

New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 January 2023:

- IFRS 17 Insurance Contracts; including Amendments to IFRS 17
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors
- Amendments to IAS 12 Income Taxes

Issued but not yet effective International Financial Reporting Standards and Amendments are listed in Appendix I.

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

Amendments in accounting policies

Voluntary amendments

Entities within the group with several external customers calculate the expected credit loss on trade receivables as the average of yearly historical loss rates of last three years multiplied by the forward-looking element. The forward-looking element is based on robust positive correlation between banking sector credit losses and one year lag of unemployment rate instead of the previously applied robust negative correlation between banking sector credit losses and two years' lags of real GDP growth.

The Group applies IAS 12 to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. In accordance with paragraph 4A of IAS 12 the Group applies the temporary exception and neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Issued but not yet effective International Financial Reporting Standards

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

Summary of material accounting policies

Functional and presentation currency

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

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

Croatia introduced the euro on 1 January 2023. The Group applies the translational procedures applicable to the new functional currency of the Croatian subsidiaries prospectively from the date of change using the conversion rate between the euro and the Croatian kuna at 7.53450 kuna per 1 euro set in the legal acts adopted by the Council of the European Union. The resulting translated amounts for non-monetary items will be treated as their historical cost. Exchange differences arising from the translation of a foreign operation previously recognised in other comprehensive income will not be reclassified from equity to profit or loss until the recycling criteria is met.

Foreign Currency Transactions

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

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

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

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

Discontinued operation

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after-tax from discontinued operations in the statement of profit or loss.

Additional disclosures are provided in Note 19. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

Significant accounting estimates and judgements

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

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

In 2023, the Covid-19 pandemic had no significant impact on operations and financial results, and it became part of the usual business.

Effect of climate-related matters and energy transition on the significant accounting estimates

As part of the Enterprise Risk Management framework MOL Group identified climate-related matters as a material risk. MOL Group's long-term transformational strategy was created assessing these risks and represents how MOL Group plans to mitigate the low-carbon economy transition risks. In addition, MOL Group's strategy was revised in line with the European Union's proposed Fit for 55 package in 2021 and the Board and its committees are continuously monitoring progress against climate related targets. For more information on MOL Group's actions and plans regarding climate-related matters(including 2030 targets) please refer to the respective parts of the Integrated Annual Report of the Group. MOL has considered the future effects of MOL's own strategic decisions and commitments on having its portfolio adhered to the energy transition targets (including emission targets), the short- and long-term effects of climate change and energy transition in preparing the consolidated financial statements. They are subject to uncertainty and they may have significant impacts on the assets and liabilities currently reported by the Group. Based on the management's analysis on climate related matters and MOL Group's 2030+ strategy, the risks associated with climate change and energy transition will not have a material impact on the Group's going concern assessment neither in the short-term nor in the foreseeable future.

The Fit for 55 package refers to the EU legislative package that represents the EU's target of reducing net greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels. It covers several areas and sets a wide range of targets for the EU's 2030 climate and energy framework such as: EU Emission trading system(EU ETS), EU wide renewable energy targets, including a specific target for renewables share in the transport sector (REDII &REDIII), renewable hydrogen targets, energy efficiency targets. From the regulatory background the EU ETS system has the most significant effect on the financial statement The EU ETS system sets a limit on the total amount of greenhouse gases that can be emitted by entities under the system. Companies whose emissions surpass the regulated level have the option of purchasing additional quotas. As the Group operation can be covered only partially by the free allocation, thus quota purchase is needed. MOL Group can ensure this shortfall with forward purchases throughout the issue year, while taking into account the quarterly updated needs. This mechanism ensures efficient risk management of quota prices and an optimal financing structure. The purchasing mechanism followed by MOL Group ensures that large shifts in quota prices have a more limited impact on the Group's financial performance. During the year, a provision is also booked to cover the needs of the upcoming year. MOL Group purchases the CO2 quota distributed during the year to achieve that the average purchase price be on the level of the average CO2 price. For more information and accounting policy on the emission rights please refer to Note 9/c and Note 16.

When making assumptions and judgements affecting the amounts reported in the financial statement, the Group uses the latest available and reliable information. The significant accounting estimates affecting the amounts reported in the financial statements are prepared in line with the long-term strategy of the Group, which represents management's best estimate of the possible outcomes and risks associated with the transition to a low carbon world. MOL Group acknowledges that the energy transition will occur, however the estimates of the impact of climate change and energy transformation on the Group's operations are subject to very high uncertainty and may change significantly in subsequent periods depending on the pace of the transition. MOL Group expects climate-related matters to have an impact on the long-term accounting estimates and incorporated these factors to the financial statements. Estimation inputs like: Brent oil prices, TTF gas prices CO2 quota price assumptions and discount rates take into consideration the effects of the climate related matters and are in line with external information and represent the effect of climate related expectations on the financial statement. In MOL's view CO2 costs and price assumptions represent best the effects of climate change on the financial statements, as quotas are traded on an active market. Therefore, it is included as a risk element in the sensitivity analysis performed on the Clean CCS profit from operation, please refer to Note 20/b.

Significant accounting estimates that could be affected by the climate change and energy transition are:

Recoverability of assets: Impairment models are generally based on a going concern assumption, usually based on 3 years time series of business plan figures approved by the Board of Directors, further years are estimated assuming a growth rate according to relevant inflation rate. Any further initiative is subject to very high level of uncertainty, and may change significantly in subsequent periods depending on several factors. For more information on the impairment of assets please refer to Note 9.

Useful lives of tangible and intangible assets: The useful life of PPE is reviewed at least once a year prior to the annual planning process and if the expectations differ significantly from the prior estimations then the amount of depreciation relating to the current and the future periods must be adjusted. The useful life of assets are determined based on the currently valid regulations and obligations. For more information please refer to Note 9

Provision for future decommissioning liabilities: The value of liabilities required for calculation of the current value of provision is determined on the basis of estimated costs of works required for settlement of field suspension and field abandonment liabilities planned in full technical scope for each field The economy calculations and the plans for future exploitation and utilization of fields incorporate information about the time when site restoration can be expectedly started and ended in the field. The estimation is in line with currently valid regulation and obligations. For more information on the decommissioning provisions and provisions related to climate change please refer to Note 16.

Significant impact on operation

a) Russia – Ukraine conflict

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

MOL Group is exposed to Russia mainly through BaiTex Llc. and related receivables. Payments made by BaiTex Llc. towards MOL Group in 2022 and 2023 are held on a restricted bank account as a result of counter-sanctions of Russia, therefore the amount is not available for general use. MOL Group impaired all the investment value, receivables, and the restricted bank account balance in 2022 and 2023. MOL Group exposure to Ukraine is not material.

MOL Group's refining business is exposed to the physical flow of crude oil through the transportation system in Russia and Ukraine. The physical flow of the crude oil from Russia has been periodically disrupted due to war damage on Ukrainian energy infrastructure. An alternative supply route from the Mediterranean Sea, via Croatia, exists however that can supply MOL Group refineries in Hungary and Slovakia with seaborne cargoes of crude oil. The European Union has imposed a partial embargo on Russian crude oil imports as of 5 December 2022 and on Russian petroleum product imports as of 5 February 2023. At the same time, a ban on the export of petroleum products obtained from Russian crude oil has been put in place. The regulations however allow for the continued import of Russian crude oil by pipeline, including to Hungary and Slovakia, as well as the continued export of petroleum products obtained from Russian crude a) from Slovakia to the Czech Republic until 5 December 2024 and b) from Hungary and Slovakia indefinitely as long as the percentage of exports do not exceed the percentage of crude of non-Russian origin if blended with Russian crude as refinery feedstock.

b) Waste management concession

MOL was announced as a winner for the Hungarian state concession tender covering municipal waste management services. The concession agreement covers a period of 35 years with a commencement date of July 1, 2023. According to the agreement, MOL is responsible for the collection of close to 5 million tonnes of municipal solid waste, ensures its treatment and will make related investments.

c) Carbon dioxide quota tax

New carbon dioxide quota tax has been introduced for operators of an installation receiving a significant free allocation of CO2 emission rights for the tax year starting after 31 December 2022. The tax is based on the amount of carbon dioxide emissions in tons. The tax rate is 40 EUR/tCO2, equivalent in Hungarian forints. Qualifies as an operator of an installation receiving a significant free allocation if the following conditions are met:

- if the installation received free allocation rights equal to at least 50% of its average total verified carbon dioxide emissions in the four years preceding the current year and;
- whose annual average carbon dioxide emissions during this period exceeded 10 000 tons

The Government Decree has been amended and the following conditions must be met after 7 October 2023:

- does the operators of an installation have a reference value installation or a process emissions installation? If yes, the combined emission level of these installations (based on data for the three years preceding the reference year) exceed 25,000 tons;
- did the operators of an installation received a free carbon quota? If yes, it is necessary to review whether the amount of carbon quota received free of charge in the year preceding the year in question was equal or greater than 50% of the average carbon dioxide emissions in the three preceding years

The amending regulation reduces the tax rate from €40/tCO2 to €36/tCO2

d) Windfall Taxes

As a result of the Russian-Ukrainian conflict and the emerging energy crisis, the Hungarian government and the EU have introduced a number of significant measures, which also affect MOL Group.

- Mining royalty

  The Hungarian oil and gas royalty rates were changed significantly in 2022; the fixed parts of the rates were tripled in those categories in which the majority of MOL's production takes place. Final effective rates include unchanged adjusting elements dependent from the spot Brent and TTF prices. The unit values that are determined by Government Decree to be used for calculating the royalty base include minimum thresholds for 2023 and 2024. Production to be taken into account for the tax base in the period concerned cannot be lower than the 2021 level. In the event of a technical impediment or major event impacting production, approval is to be requested from the Mining Authority for the lower production. If the lower production is unjustified, the Mining Authority will still impose the additional mining royalty
  The extra profit tax rules provided for the possibility of contracting in order to reduce the mining royalty. Accordingly, MOL Plc. has made commitments exceeding the production volume. This resulted in a significant reduction in mining royalty from

September 2023. If the commitment in any category is not met, the total volume committed in that category will be paid as a penalty under the previous, less favourable rules.

- Extra profit tax on Brent-Ural spread

  From 1 January 2022, the Hungarian government has introduced a Brent-Ural spread-based tax, which tax rate is 25% of the Brent-Ural spread on Ural type crude oil procurement. According to the amendment to the extra profit tax regulation issued by the Hungarian Government on 30 July 2022 effective from 1 August 2022 the Brent-Ural spread based extra profit tax rate on Ural type crude oil procurement was modified to 40%. According to the amendment to the extra profit tax regulation issued by the Hungarian Government on 18 December 2022 the Brent-Ural spread based extra profit tax rate on Ural type crude oil procurement has been modified to 95%. Prospectively from 1 April 2023, the tax based on the Brent-Ural spread would be 95% of the spread minus 7.5 USD. As a result, the tax base significantly reduced in the rest of 2023. At the same time, a net revenue based tax was introduced based on the 2022 net sales revenues with a tax rate of 2.8% and from 2024 the tax rate will be reduced to 1%.

- Retail tax

  The Hungarian Government modified the retail tax effective from 1 July 2022 due to which 80% of the 2021 tax had to be paid as a one-off additional tax in 2022. Retail tax rate 3% on net sales of fuel above HUF 500 million, includes retail vehicle and motorcycle fuel, refrigerants and lubricants , but excludes the domestic heating fuel and bottled gas. For 2023, tax rate per revenue ranges increase: in the range of HUF 500 million – HUF 30,000 million the rate will increase from 0.1% to 0.15%, in the range of HUF 30,000 million – HUF 100,000 million the rate will increase from 0.4% to 1%, above HUF 100,000 million the rate will increase from 2.7% to 4.1%. From 2024, the tax rate for the highest revenue rate will be increased to 4.5% but decreased to 3% on fuel.

- Industrial safety related contribution

  Certain operators of plants dealing with hazardous materials are obliged to pay industrial safety contribution. The amount of the contribution is 0,042% of prior year's net revenue.

In the statement of profit or loss the mining royalty, the extra profit tax, retail tax, the industrial safety related contribution are recorded in other operating expenses. The windfall taxes were considered when assessing the assets recoverability.

RESULTS FOR THE YEAR

This section explains the results and performance of the Group for the financial years ended 31 December 2023 and 31 December 2022. Disclosures are following the structure of statement of profit or loss and provide information on segmental data, total operating income, total operating expense, finance result, share of after-tax results of associates and joint ventures. For taxation, share-based payments, joint ventures and associates, statement of financial position disclosures are also provided in this section.

2. Segmental information

Accounting policies

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

The major segments identified by MOL Group are the following:

Upstream segment consists of oil and gas exploration and production assets and the related activities.

Downstream segment consists of different business activities that are part of an integrated value chain. This value chain turns crude oil into a range of refined products, which are moved and marketed for household, industrial and transport use. The products include, among others, gasoline, diesel, heating oil, aviation fuel, lubricants, bitumen, sulphur and liquefied petroleum gas (LPG).

Consumer Services segment is a leading fuel retail operation in the CEE region, with a 10 million retail customer base and one million daily transactions. MOL Group owns numerous service companies covering oil field services, asset operations and maintenance management.

Gas Midstream segment includes our sole transmission system related activity in the nearly 6,000 km long high-pressure natural gas transmission pipeline system in Hungary.

Corporate and other segment includes all other business units of MOL Group including waste management. MOL Group does not provide separately information about waste management as it does meet the criteria of IFRS 8 reportable segments.

2023	Upstream HUF million	Downstream HUF million	Consumer Services HUF million	Gas Midstream HUF million	Corporate and other HUF million	Inter-segment transfers HUF million	Total HUF million
Net Revenue							
External sales	121,709	4,802,543	3,620,427	134,223	229,597	-	**8,908,499**
Inter-segment transfers	602,225	2,408,161	14,357	7,237	279,307	(3,311,287)	-
Total revenue	**723,934**	**7,210,704**	**3,634,784**	**141,460**	**508,904**	**(3,311,287)**	**8,908,499**
Profit/(loss) from operation	**238,659**	**329,134**	**121,994**	**76,368**	**(104,492)**	**15,912**	**677,575**
Depreciation, depletion, amortisation and impairment	**126,823**	**161,105**	**122,794**	**17,393**	**44,525**	**(956)**	**471,684**
From this: impairment losses recognised in statement of profit or loss (incl. dry-holes)	8,967	2,947	62,728	583	5,987	-	**81,212**
From this: reversal of impairment recognised in statement of profit or loss	3,414	182	1,583	-	2,031	-	**7,210**
EBITDA	**365,482**	**490,239**	**244,788**	**93,761**	**(59,967)**	**14,956**	**1,149,259**

2022	Upstream HUF million	Downstream HUF million	Consumer Services HUF million	Gas Midstream HUF million	Corporate and other HUF million	Inter-segment transfers HUF million	Total HUF million
Net Revenue							
External sales	204,594	6,167,891	3,242,675	208,564	42,490	1,949	**9,868,163**
Inter-segment transfers	1,026,546	2,898,260	12,593	5,815	263,786	(4,207,000)	-
Total revenue	**1,231,140**	**9,066,151**	**3,255,268**	**214,379**	**306,276**	**(4,205,051)**	**9,868,163**
Profit/(loss) from operation	**613,917**	**636,070**	**76,573**	**44,310**	**(99,694)**	**(12,064)**	**1,259,112**
Depreciation, depletion, amortisation and impairment	**213,570**	**168,724**	**44,671**	**16,726**	**33,343**	**(1,501)**	**475,533**
From this: impairment losses recognised in statement of profit or loss (incl. dry-holes)	51,489	10,681	2,027	488	711	(400)	**64,996**
From this: reversal of impairment recognised in statement of profit or loss	52,191	214	150	-	1,945	-	**54,500**
EBITDA	**827,487**	**804,794**	**121,244**	**61,036**	**(66,351)**	**(13,565)**	**1,734,645**

2023	Upstream HUF million	Downstream HUF million	Consumer Services HUF million	Gas Midstream HUF million	Corporate and other HUF million	Inter-segment transfers HUF million	Total HUF million
Other segment information							
Capital expenditure:	135,480	337,665	64,808	13,462	79,584	-	**630,999**
Property, plant and equipment	120,634	231,110	59,486	11,284	59,525	-	**482,039**
Intangible assets	14,846	106,555	5,322	2,178	20,059	-	**148,960**
Provisions made and used during the year and revision of previous estimates	(35,475)	11,745	(996)	(187)	(3,184)	1,639	**(26,458)**
NON-CURRENT ASSETS							
Property, plant and equipment	837,873	1,786,219	808,603	245,918	357,345	(38,157)	**3,997,801**
Intangible assets	233,998	107,981	114,413	4,077	77,834	(4,374)	**533,929**
Investments in associates and joint ventures	173,951	12,865	-	-	17,371	-	**204,187**

2022	Upstream HUF million	Downstream HUF million	Consumer Services HUF million	Gas Midstream HUF million	Corporate and other HUF million	Inter-segment transfers HUF million	Total HUF million
Other segment information							
Capital expenditure:	156,375	342,916	67,630	13,694	103,163	227	**684,005**
Property, plant and equipment	141,561	281,287	57,687	11,748	74,540	227	**567,050**
Intangible assets	14,814	61,629	9,943	1,946	28,623	-	**116,955**
Provisions made and used during the year and revision of previous estimates	(12,623)	38,579	(494)	1,125	1,066	130	**27,783**
NON-CURRENT ASSETS							
Property, plant and equipment	878,870	1,726,376	722,575	247,861	278,693	(36,496)	**3,817,879**
Intangible assets	260,111	103,267	125,947	4,306	61,373	(2,416)	**552,588**
Investments in associates and joint ventures	176,197	12,320	-	-	2,288	-	**190,805**

The operating profit of the segments includes the profit arising both from external sales and transfers to other business segments. Corporate and other segment provides maintenance, financing and other services to the business segments. The internal transfer prices applied are based on prevailing market prices. Divisional figures contain the results of the fully consolidated subsidiaries engaged in the respective divisions. In the downstream, the capital expenditure of Intangible assets increased significantly due to purchases of CO2 quota (HUF + 30.5 million compared to 2022).

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

a) Assets by geographical areas

2023	Intangible assets (Note 9) HUF million	Property, plant and equipment (Note 9) HUF million	Investments in associates and joint ventures (Note 6) HUF million	Other non-current assets (Note 13) HUF million
Hungary	176,819	1,755,639	28,827	14,409
Croatia	73,487	714,706	1,484	7,763
Slovakia	15,414	535,276	6,324	3,012
Azerbaijan	181,450	410,790	-	-
Rest of European Union	72,064	475,641	-	44,190
Rest of Europe	1,186	60,785	-	54
Rest of the World	5,149	44,964	167,552	2,567
Total	**525,569**	**3,997,801**	**204,187**	**71,995**

2022	Intangible assets (Note 9) HUF million	Property, plant and equipment (Note 9) HUF million	Investments in associates and joint ventures (Note 6) HUF million	Other non-current assets (Note 13) HUF million
Hungary	159,106	1,562,551	8,418	21,245
Croatia	71,329	726,476	1,477	10,408
Slovakia	16,064	581,505	6,200	3,429
Azerbaijan	210,927	445,859	977	-
Rest of European Union	83,680	391,606	-	50,473
Rest of Europe	1,407	61,986	-	-
Rest of the World	10,075	47,896	173,733	-
Total	**552,588**	**3,817,879**	**190,805**	**85,555**

3. Total operating income

Accounting policies

Net sales

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

The Group has generally concluded that:

- it satisfies performance obligations at a point in time, because control is transferred to the customer on delivery of the goods. Under IFRS, the transfer of risk according to Incoterms rules applied by the Group is not a sufficient criterion for recognizing revenue, because IFRS 15 Revenue from Contracts with Customers is based on the control concept. For performance obligations to be satisfied at a particular point in time, the Group has to determine at which point in time the customer obtains control of the promised goods. The transfer of significant risk and rewards of ownership of an asset – which equals the transfer of risk as defined in the Incoterms rules – is only one indicator to consider in determining when control has been transferred. The Group may apply different Incoterms rules to different transactions (nearly all known Incoterms rules are used by the Group), thus the transfer of control shall be assessed individually in each case.
- it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to customers (except to those cases, which are explicitly stated in the Consolidated Financial Statements);
- significant financing component does not exist, because the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service is expected to be one year or less at contract inception.

Lease income

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

Sales taxes

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

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

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

Other operating income

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

a) Sales by product lines

	2023 HUF million	2022 HUF million
Sales of crude oil and oil products	6,658,446	7,194,127
Sales of petrochemical products	911,249	1,174,808
Sales of services	440,770	264,514
Sales of natural gas and gas products	381,114	768,823
Sales of retail shop products	310,438	240,782
Sales of other products	206,482	225,109
Total	**8,908,499**	**9,868,163**

Decrease in the Group's sales revenue is due to the decrease in macroeconomic environment, elevated price environment in base due to sanctions on Russia which partly offset by higher diesel sales volumes in Slovnaft and in INA.

b) Sales by geographical area

	2023 HUF million	2022 HUF million
Hungary	2,512,546	2,817,008
Croatia	1,071,199	1,278,342
Slovakia	1,025,388	1,148,028
Poland	818,150	414,431
Czech Republic	622,897	732,008
Romania	581,143	602,369
Italy	494,954	748,327
Austria	325,856	426,524
Slovenia	270,262	169,175
Serbia	239,176	293,361
Bosnia-Herzegovina	204,647	252,820
Germany	174,863	203,850
Switzerland	137,964	126,591
United Kingdom	107,966	191,543
The Netherlands	47,760	70,367
Rest of Central-Eastern Europe	57,334	70,338
Rest of Europe	130,225	166,807
Rest of the World	86,169	156,274
Total	**8,908,499**	**9,868,163**

The Group has no single major customer the revenue from which would exceed 10% of the total net sales revenues in 2023 (neither in 2022).
The sales revenue is split by the method of the customer's registered office.
Based on the IFRS 15 Revenue from Contracts with Customers standard agent-principal consideration, excise duties and similar levies or fees are recognised with net presentation in the financial statements as MOL and its companies act as an „agent" and collects the excise duties from third parties to the state. Total amount of the excise duty collected from customers was HUF 1,778,682 million in 2023 and HUF 1,666,186 million in 2022.

c) Other operating income

	2023 HUF million	2022 HUF million
Penalties, late payment interest, compensation received	11,170	5,879
Gain on sales of intangibles, property, plant and equipment	9,488	10,809
Net gain of non-hedge commodity price transactions*	9,011	-
Allowances and subsidies received	5,871	11,704
Reimbursement of legal costs	-	2,276
Gain from the sale of companies	277	-
Income from valuation of emission quotas	-	-
Other	21,720	13,048
Total	**57,537**	**43,716**

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

The Other operating income includes Penalties, late payment interest, compensation received increased by HUF 5,291 million compared to 31 December 2022. Penalties and compensation received involves two significant items in current year: one related to penalty of HUF 1,885 million received by MOL Plc. due to non-fulfilment of benzene deliveries, and one related to compensation of HUF 3,066 million received by INA d.d. for damages of Ivana-D offshore gas production platform.

4. Total operating expenses

Accounting policies

Total operating expense

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

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

	2023 HUF million	2022 HUF million
Raw materials and consumables used	**6,761,197**	**7,458,413**
Crude oil purchased	2,377,141	2,806,921
Cost of goods purchased for resale	2,516,785	2,643,273
Non-hydrocarbon-based material	596,087	828,612
Value of material-type services used	491,351	296,134
Other raw materials	295,410	330,222
Utility expenses	239,574	199,895
Purchased bio diesel component	171,406	253,161
Value of inter-mediated services	73,443	100,195
Employee benefits expense	**384,356**	**342,513**
Wages and salaries	271,779	242,098
Social security	52,315	46,056
Other employee benefits expense	60,262	54,359
Depreciation, depletion, amortisation and impairment	**471,684**	**475,533**
Other operating expenses	**672,547**	**632,864**
Taxes and contributions	191,824	44,755
Mining royalties	168,192	227,410
Other	89,266	76,874
Other services	71,169	47,609
Bank charges	32,169	11,458
Rental cost	22,623	21,022
Consultancy fees	22,311	22,392
Advertising expenses	19,206	18,238
Insurance fees	15,248	12,816
Provision for greenhouse gas emission over quota allocated free of charge	15,037	30,274
Cleaning costs	11,449	9,515
Site security costs	8,139	7,630
Contribution in strategic inventory storage	5,914	4,025
Net loss of non-hedge commodity price transactions*	-	98,846
Change in inventory of finished goods and work in progress	**101,601**	**(151,056)**
Work performed by the enterprise and capitalised	**(102,924)**	**(105,500)**
Total operating expenses	**8,288,461**	**8,652,767**

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

The extra profit tax rules provided for the possibility of contracting in order to reduce the extra mining royalty. Accordingly, MOL Plc. has made commitments exceeding the production volume. This resulted in a significant reduction in mining royalty from September 2023. If the commitment in any category is not met, the total volume committed in that category will be paid as a penalty under the previous, less favourable rules. MOL Group considers the mining royalty in the cost of inventory.

Based on the IFRS 15 Revenue from Contracts with Customers standard agent-principal consideration, excise duties and similar levies or fees are recognised with net presentation in the financial statements as MOL and its companies act as an „agent" and collects the excise duties from third parties to the state.

Other item line contains several different types of expenses, which are individually not significant.

Employee benefit expenses

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

Share-based payments

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

Equity-settled transactions

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

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

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

Cash-settled transactions

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

	2023 HUF million	2022 HUF million
Absolute Share Value Based Remuneration	(13)	(33)
Relative Market Index Based Remuneration	(11)	47
Restricted Share Plan	440	156
Short-term Share Ownership Plan	1,040	337
Share-based retirement benefit	265	113
Total cash-settled share-based payment expense	**1,721**	**620**
Absolute Share Value Based Remuneration	(277)	(1,185)
Relative Market Index Based Remuneration	(162)	1,001
Restricted Share Plan	2,707	2,306
Short-term Share Ownership Plan	864	*995*
Share Incentive scheme for the members of the Board of Directors	615	452
Total equity-settled share-based payment expense	**3,747**	**3,569**
Total expense of share-based payment transactions	**5,468**	**4,189**

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

Absolute Share Value Based Remuneration Plan

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

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

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

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

Equity-settled share-based payment:

	2023 Number of shares in conversion option units (number of shares)	2023 Weighted average exercise price (HUF/share)	2022 Number of shares in conversion option units (number of shares)	2022 Weighted average exercise price (HUF/share)
Outstanding at the beginning of the year	**1,695,704**	**2,918**	**5,096,873**	**2,981**
Granted during the year	-	-	-	-
Forfeited during the year	(331,080)	2,918	(158,256)	2,973
Exercised during the year	(1,364,624)	2,918	(914,214)	2,918
Expired during the year			(2,328,699)	3,052
Outstanding at the end of the year	**-**	**-**	**1,695,704**	**2,918**
Exercisable at the end of the year	-	-	1,695,704	2,918

Cash-settled share-based payment:

	2023 Number of shares in conversion option units (number of shares)	2023 Weighted average exercise price (HUF/share)	2022 Number of shares in conversion option units (number of shares)	2022 Weighted average exercise price (HUF/share)
Outstanding at the beginning of the year	**108,306**	**2,918**	**263,578**	**2,987**
Granted during the year	-	-	-	-
Forfeited during the year	-	-	(40,000)	2,985
Exercised during the year	(108,306)	2,918	-	-
Expired during the year	-	-	(115,272)	3,052
Outstanding at the end of the year	**-**	**-**	**108,306**	**2,918**
Exercisable at the end of the year	-	-	108,306	2,918

Liabilities in respect of share-based payment plans amount to HUF 0 million as at 31 December 2023, all options were exercised during the year. Fair value as of the statement of financial position date has been calculated using the binomial option pricing model.

	2023	**2022**
Weighted average exercise price (HUF/share)	-	2,918
Share price as of 31 December (HUF/share)	-	2,602
Expected volatility based on historical data	-	0.3613
Expected dividend yield	-	0.1086
Estimated maturity (years)	-	1.00
Risk free interest rate	-	0.1525

Relative Market Index Based Remuneration Incentive for management

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

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

Restricted Share Plan for management

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

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

- Programme starts each year on a rolling scheme with a three-year vesting period. Payments are due after the third year.
- Target on corporate performance is based on the achievement of business plan for Clean CCS EBITDA.
- Payout rates are defined based on fulfilment of the corporate performance target and individual payout rate which is based on an individual performance.
- Payout is either in the form of providing of MOL shares (in Hungary) or in cash payment (outside Hungary).
- The fair value of the benefit has been determined with reference to the average quoted price of MOL shares at the date of grant of HUF 2,611 per share in 2023 (HUF 2,549 per share in 2022), which is the first trading day of the first year of the programme.

Short-term Share Ownership Incentive for management

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

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

Share Incentive scheme for the members of the Board of Directors

The members of the Board of Directors become entitled to defined annual amount of MOL shares based on the number of days spent in the position. 1,600 shares per month are granted to each director, the Chairman of the Board is entitled to an additional number of 400 shares per month. If not a non-executive director is in charge as the Chairman of the Board, then this additional number of shares should be granted to the non-executive Deputy Chairman. The new incentive system ensures the interest of the Board of Directors in the long-term increase of the MOL share price as 2/3 of the shares vested in the year are under transferring restriction for one year.

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

	2023	2022
Number of shares vested	216,000	163,200
Share price at the date of grant (HUF/share)	2,611	2,549

Share-based retirement benefit

The MOL Group operates in some Group entities long-term benefit schemes that provide lump sum benefits to all employees at the time of their retirement. As part of the benefit programme employees are entitled to the amount of 8 or 10 MOL Plc. shares after every year of services. The amount of the liability has been determined using the projected unit credit method, based on financial and actuarial variables and assumptions that reflect relevant official statistical data which are in line with those incorporated in the business plan of the Group. The applied MOL Plc. share price is HUF 2,826 as of 31 December 2023, which is the average listed share price.

5. Finance result

Accounting policies

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

Non-foreign exchange type items are not aggregated in such manner and presented separately based on the total income/expense for the year.

Finance result	2023 HUF million	2022 HUF million
Interest income	53,133	25,192
Dividend income	1,666	1,997
Foreign exchange gains	136,022	125,745
Other finance income	4,356	11,146
Total finance income	**195,177**	**164,080**
Interest expense	27,765	15,279
Unwinding of discount on provisions	25,157	12,057
Foreign exchange losses	123,778	198,045
Other finance expense	5,951	13,031
Total finance expense	**182,651**	**238,412**
Net finance expense	**(12,526)**	**74,332**

Interest expense on lease liabilities accounted for in the period is HUF 13,544 million (2022: HUF 4,673 million). Finance income on the net investment in the lease accounted for in the period is HUF 442 million (2022: HUF 382 million). For other information on lease agreements please refer to Note 9/a and Note 20/c. Dividend income relates to equity instruments which are designated upon initial recognition as at fair value through other comprehensive income.

6. Investments in associates and joint ventures

Accounting policies

Statement of financial position

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

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

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

Statement of profit or loss

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

Company name	Country	Range of activity	Ownership 2023 %	Contribution to net income 2023 HUF million	Contribution to net income 2022 HUF million	Net book value of investments 2023 HUF million	Net book value of investments 2022 HUF million
Investment in joint ventures							
BaiTex Llc. / MK Oil and Gas B.V.	Russia / Netherlands	Exploration and production activity / Exploration investment management	51%	2,368	(25,092)	-	-
Terra Mineralna Gnojiva d.o.o. / Petrokemija d.d *	Croatia	Investment management	27%	-	(2,051)	-	-
ENEOS MOL Synthetic Rubber Zrt.	Hungary	Production of synthetic rubber	49%	(7,851)	(7,700)	5	959
Rossi Biofuel Plc.	Hungary	Biofuel component production	25%	1,619	307	8,631	7,331
Dunai Vízmű Plc.	Hungary	Water production, supply	33%	8	(1,283)	127	118
Datapac Group	Slovakia	IT services	25%	28	37	721	725
ITK Holding Plc.***	Hungary	Mobility and public transport service	-	-	(1,977)	-	-
ALTEO Nyrt	Hungary	Energy supplier	25%	1,092	-	15,150	-
Mogyoród Koncessziós Kft	Hungary	Exploration and production activity	49%	703	-	2,312	-
Nagykáta Koncessziós Kft	Hungary	Exploration and production activity	49%	(5)	-	2,204	-
Ócsa Koncessziós Kft	Hungary	Exploration and production activity	49%	392	-	397	-
Other				66	8	2	9
Investment in associated companies							
Pearl Petroleum Ltd.	Kurdistan region/Iraq	Exploration of gas	10%	8,212	8,178	167,551	173,733
BTC	Cayman Islands	Oil transportation	9%	(483)	3,386	-	977
Ural Group Limited	Kazakhstan	Exploration and production activity	28%	(6,447)	(4,039)	-	-
Meroco a.s.	Slovakia	Production of bio-diesel component (FAME)	25%	396	45	3,237	2,977
DAC ARENA a.s.	Slovakia	Facility management	28%	3	4	1,500	1,563
Messer Slovnaft s.r.o	Slovakia	Production of technical gases	49%	84	94	867	936
Plinara d.o.o. Pula **	Croatia	Distribution and gas trading	49%	6	140	1,029	1,070
Plinara Istočne Slavonije d.o.o. za opskrbu plinom **	Croatia	Distribution nework of gas fuels	40%	23	457	454	407
Total				**1,317**	**(29,486)**	**204,187**	**190,805**

* Terra Mineralna investment was reclassified to held for sale assets with closing amount 11,004 HUF million in 2022.

** These investments were reclassified as equity consolidated investment starting at 31.12.2022

*** ITK Holding became consolidated from Q3 2024, HUF 1,888 million loss previously accounted on IC loan has been recognised as gain in line with derecognition form Investment in joint ventures. Contribution to net income HUF 1,103 million (HUF 1,888 million gain offset by HUF -785 million loss from joint ventures).

Joint ventures

MK Oil and Gas B.V.

MOL Group has 51% ownership in MK Oil and Gas B.V. being the sole owner of Baitex Llc., where the activities are carried out through a concession agreement on Baitugan and Yerilkinksy blocks. Joint control exists over MK Oil and Gas B.V. as the relevant activities of the company require unanimous consent of the parties sharing the control of the operation giving the parties right to the net assets of the arrangement. MK Oil and Gas B.V. is primarily involved in the exploration and production of oil and gas through its subsidiary at the Baitugan field. MOL Group impaired all of its assets located in Russia including BaiTex Llc. Please refer to Note 1 a) for further information.

ENEOS MOL Synthetic Rubber Plc.

The company is governed and treated jointly with 51% of total shares held by ENEOS group and 49% of total shares held by MOL Group. JSR, the former majority shareholder of the company, sold its shares to ENEOS group in 2022. Share transfer transaction between JSR and ENEOS group was closed in April 2022 when ENEOS Materials Corporation became the 51% owner. As of May 1st 2022 the company name changed from JSR MOL to ENEOS MOL Synthetic Rubber Ltd. The transaction did not affect the everyday operation of the Tiszaújváros plant, where the company manufactures synthetic rubber.

Rossi Biofuel Plc.

MOL Group has minority ownership in Rossi Biofuel Plc. and it has joint control over the company. The core activity of Rossi Biofuel is biodiesel production from fresh vegetable oil and used cooking oil. This activity is carried out on the basis of IPPC Permit. The core activity of Rossi Biofuel is biodiesel production from fresh vegetable oil and used cooking oil. This activity is carried out on the basis of IPPC Permit.

Alteo Plc.

MOL Group acquired 24,607% ownership in Alteo Plc. at Q1 2023 (4.079% for 3,040 huf/share, 20.525% for 2,872 huf/share). The acquisition is in line with MOL Plc.'s 2030 strategy, which aims to increase its presence in the green market. Alteo has a wide portfolio, which includes 69 MW of renewable, mainly wind and solar energy capacity. Alteo also provides operation and maintenance services to power plants and also active in energy trading, waste management and e-mobility.

Terra mineralna gnojiva d.o.o.

INA d.d. had 50% ownership in the joint venture company, Terra mineralna gnojiva d.o.o., which owns 54% shareholder interests of and respective management rights over Petrokemija d.d., a mineral fertilizer producing company in Croatia. In 2022, the Group was committed to sell Terra. Conditions had to be classified as held for sale were met, it was classified as asset held for sale. The contract was signed on 10.11.2022. The effect of the sale was disclosed in the income from associated.

	BaiTex Llc. / MK Oil and Gas B.V.		Rossi Biofuel Zrt.	
	2023 HUF million	2022 HUF million	2023 HUF million	2022 HUF million
The joint venture's statement of financial position:				
Non-current assets	33,574	47,085	35,298	36,907
Current assets	17,259	9,345	28,746	33,683
Non-current liabilities	8,627	24,472	12,594	11,472
Current liabilities	10,462	9,322	16,927	29,794
Net assets	**31,744**	**22,636**	**34,523**	**29,324**
Proportion of the Group's ownership at year end	51%	51%	25%	25%
Group's share of assets	**16,189**	**11,544**	**8,631**	**7,331**
Fair value adjustment	952	2,238	-	-
Impairment	(17,141)	(13,782)	-	-
Carrying amount of the investment	**-**	**-**	**8,631**	**7,331**
The joint venture's statement of profit or loss:				
Net revenue	57,471	73,960	91,805	135,956
Profit/(loss) from operations	26,120	(19,473)	1,086	1,768
Net income attributable to equity holders	15,164	(20,023)	6,477	1,227
Group's share of reported profit/(loss) for the year	**7,734**	**(10,212)**	**1,619**	**307**
Fair value adjustment P&L impact	(790)	(1,221)	-	-
Inventory consolidation P&L impact	(6)	456	-	-
Impairment	(4,570)	(14,115)	-	-
Group's share of profit/(loss) for the year after consolidation	**2,368**	**(25,092)**	**1,619**	**307**

	ALTEO Nyrt		ENEOS MOL Synthetic Rubber (EMSR) Zrt.	
	2023 HUF million	2022 HUF million	2023 HUF million	2022 HUF million
The joint venture's statement of financial position:				
Non-current assets	39,966	-	108,654	114,259
Current assets	45,104	-	42,031	33,359
Non-current liabilities	31,671	-	134,145	115,762
Current liabilities	18,724	-	15,716	29,473
Net assets	**34,675**	**-**	**824**	**2,383**
Proportion of the Group's ownership at year end	25%		49%	49%
Group's share of assets	**8,531**	**-**	**404**	**1,168**
Goodwill	6,619	-	-	-
Inventory consolidation - margin elimination	-	-	(399)	(209)
Carrying amount of the investment	**15,150**	**-**	**5**	**959**
The joint venture's statement of profit or loss:				
Net revenue	40,794	-	31,967	33,640
Profit/(loss) from operations	6,303	-	(7,741)	(21,101)
Net income attributable to equity holders	5,602	-	(16,022)	(15,714)
Group's share of reported profit/(loss) for the year	**1,378**	**-**	**(7,851)**	**(7,700)**
MRP	(286)	-	-	-
Group's share of profit/(loss) for the year after consolidation	**1,092**	**-**	**(7,851)**	**(7,700)**

Associates

Pearl Petroleum Company Limited

MOL Group owns 10% stake in Pearl Petroleum Company Limited (Pearl) which holds all of the companies' legal rights in Khor Mor and Chemchemal gas-condensate fields in the Kurdistan Region of Iraq. MOL shall be entitled to appoint a director. 100% approval by the Board of Directors is required for financing and other contractual clauses. Since the agreement between the shareholders grants MOL Group a significant influence on Pearl's operations, the company is treated as an associated company and is consolidated using the equity method accordingly. On Pearl investment an impairment of HUF 6,409 million was recognised for 2023 after a conservative assessment of Khor Mor reserves.

Annual dividend is depend on the repayment of outstanding receivables. There was no dividend in 2023 (2022: HUF 16,712 million).

Ural Group Limited

MOL Group has 27.5% of shareholding interest in Ural Group Limited through MOL (FED) Kazakhstan B.V., a holding company. Ural Group Limited is 100% owner of Ural Oil and Gas LLP having license of exploring Fedorovsky block in Kazakhstan. MOL Group has significant influence over the relevant activities of Ural Group Limited, therefore the investment is classified as an associate. Loss from Ural Group Limited booked on loan is HUF 38,451 million as of it 31 December 2023.

Meroco

The Group has 25% ownership in Meroco a.s., a biodiesel producer company located in Slovakia. The biodiesel produced in the company is mixed with diesel fuel, which helps reduce the dependence on oil imports, since a part of demand for fuel is covered by domestically produced biofuel. Biodiesel is a renewable source of energy that can be counted on in the future, since it is practically inexhaustible.

There was no dividend in 2023 (2022: HUF 916 million).

Below tables include the most relevant associates for the Group based on materiality.

	Pearl Petroleum Ltd.		Ural Group Limited		Meroco a.s.	
	2023 HUF million	2022 HUF million	2023 HUF million	2022 HUF million	2023 HUF million	2022 HUF million
The associate's statement of financial position:						
Non-current assets	916,959	900,495	82,996	86,673	9,140	5,420
Current assets	244,781	192,290	6,888	2,676	41,929	25,290
Non-current liabilities	137,628	192,616	216,569	204,662	6,950	71
Current liabilities	117,870	78,706	13,136	11,176	31,173	18,732
Net assets	**906,242**	**821,463**	**(139,821)**	**(126,489)**	**12,946**	**11,907**
Proportion of the Group's ownership at year end	10%	10%	27.5%	27.5%	25.0%	25.0%
Group's share of assets	**90,624**	**82,146**	**(38,451)**	**(34,784)**	**3,237**	**2,977**
Goodwill	97,757	106,008		-	-	-
Accumulated impairment	(20,830)	(14,421)		-	-	-
Impaired from given loan		-	38,451	34,784	-	-
Carrying amount of the investment	**167,551**	**173,733**	**-**	**-**	**3,237**	**2,977**
The associate's statement of profit or loss:						
Net revenue	220,069	276,704	21	122	56,947	94,556
Profit/(loss) from operations	151,687	211,474	(2,238)	(2,992)	1,986	165
Net income attributable to equity holders	158,242	219,377	(23,445)	(14,686)	1,585	181
Group's share of reported profit/(loss) for the year	**15,824**	**21,938**	**(6,447)**	**(4,039)**	**396**	**45**
Movements on impairment	(7,612)	(13,760)	-	-	-	-
Group's share of consolidated profit/(loss) for the year	**8,212**	**8,178**	**(6,447)**	**(4,039)**	**396**	**45**

7. Income taxes

Accounting policies

Income tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the related tax is recognised in other comprehensive income or directly in equity.

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

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

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

Significant accounting estimates and judgements

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

MOL Group makes judgements in assessing the likelihood of potentially material exposures and develops estimates to determine provisions where required and considers whether contingent liability disclosures should be made.

The evaluation of deferred tax assets recoverability requires judgements regarding the likely timing and the availability of future taxable income. Deferred tax asset recoverability and any related judgement are based on the Group's business plans.

Temporary exception related to Pillar Two income taxes according to IAS 12

The Group applies IAS 12 to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. In accordance with paragraph 4A of IAS 12 the Group applies the temporary exception and neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

a) Analysis of taxation charge for the year

Total applicable income taxes reported in the consolidated financial statements for the years ended 31 December 2023 and 31 December 2022 include the following components:

	2023 HUF million	2022 HUF million
Current corporate income tax and industry taxes	123,138	410,722
Local trade tax and innovation fee	34,228	29,481
Deferred tax expense/(benefit)	(33,852)	26,140
Income tax expense attributable to profit from continuing operation	**123,514**	**466,343**
Income tax expense attributable to profit from discontinued operation	**-**	**2,114**
Total income tax expense	**123,514**	**468,457**

b) Current income taxes

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

Industry taxes include tax on energy supply activities in Hungary with an effective tax rate of 27% (2022: 24%) on taxable statutory profit of MOL Plc.

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

In 2023, deferred tax benefit is mainly driven by the changes in temporary differences between the carrying value and tax value of tangible assets and provision and by the increase of tax losses carried forward in industry tax.

In the statement of profit or loss the extra profit tax was recorded in other operating expenses which are out of the scope of IAS 12 Income taxes standard.

Change in tax rates

The change of corporate income tax rate from 25% to 24% in Austria and change in industry tax rate from 31% to 41% in Hungary (both effective from 1 January 2023) were taken into account during the preparation of the financial statements.

c) Deferred tax assets and liabilities

The deferred tax balances as of 31 December 2023 and 31 December 2022 in the consolidated statement of financial position consist of the following items by categories:

	31 Dec 2023 HUF million	30 Dec 2022 HUF million
Property, plant and equipment and intangible assets	(66,926)	(90,259)
Statutory tax losses carried forward	18,278	12,042
Provisions	89,261	102,457
Elimination of intragroup transactions	32,940	15,719
Other temporary differences (1)	(85,497)	(58,542)
Income tax expense attributable to profit from continuing operation	**(11,944)**	**(18,583)**
of which:		
Total deferred tax assets	135,123	109,899
Total deferred tax liabilities	(147,067)	(128,482)

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

As of 31 December 2023, deferred tax assets of HUF 135,123 million consist of deferred tax on tax losses carried forward of HUF 17,442 million at MOL Plc. Besides that, HUF 68,558 million at MOL Plc. and HUF 10,188 million at INA Group relates to timing differences of provisions. Additionally, HUF 27,121 million at INA Group relates to temporary differences on intangible and tangible assets.

As of 31 December 2023, deferred tax liabilities of HUF 147,067 million include temporary differences on intangible and tangible assets at MOL Azerbaijan Ltd. (HUF 21,252 million), Slovnaft a.s. (HUF 38,078 million) and FGSZ Zrt. (HUF 16,529 million). Deferred tax liabilities include HUF 17,780 million impact of revaluation due to the acquisition of OMV Slovenia and HUF 11,100 due to development reserve in MOL Petrochemicals also.

Analysis of movements during the year in the net deferred tax liability:

	2023 HUF million	2022 HUF million
Net deferred tax asset/(liability) as at 1 January	(18,583)	47,939
Acquisition of business	(20,536)	(8,321)
Recognised in statement of profit or loss from continuing operation	33,852	(26,140)
Recognised in statement of profit or loss from discontinued operation	-	(2,114)
Recognised directly in equity (as other comprehensive income)	(9,237)	11,540
Sale of business	(399)	(30,901)
Other	2,959	(10,586)
Net deferred tax asset/(liability) at 31 December	**(11,944)**	**(18,583)**

The amount recognised in the statement of profit or loss as a benefit is mainly driven by changes related to MOL Plc. (HUF 44,735 million) offsetted by expense related to MOL Azerbaijan Ltd. (HUF 7,367 million).

Acquisition of business relates mainly to the deferred tax impact of revaluation due to OMV Slovenia acquisition.

Other line include mainly exchange differences.

Change in tax rates

The following changes in corporate income tax rate effective from 1 January 2024 is taken into account in deferred tax calculation:

- change in Czech Republic to 21% (2023: 19%)
- change in Slovenia to 22% (2023: 19%)

Enacted and substantively enacted changes in tax rates are considered when calculating deferred tax assets and liabilities.

d) Reconciliation of taxation rate

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

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

	2023 HUF million	2022 HUF million
Profit before tax per consolidated statement of profit or loss from continuing operation	**691,418**	**1,155,294**
Profit before tax per consolidated statement of profit or loss from discontinued operation	**(449)**	**225,410**
Profit before tax per consolidated statement of profit or loss	**690,969**	**1,380,704**
Less: share of profit of joint ventures and associates	(1,317)	29,486
Income before taxation and share of profit of joint ventures and associates	**689,652**	**1,410,190**
Tax expense at the applicable tax rate (9%)	62,069	126,917
Change in recognition of prior year tax losses carried forward	6,006	1,154
Current year losses not recognised as deferred tax asset	2,328	(6,364)
Differences in tax rates at subsidiaries	21,015	80,886
Other tax expenses (local trade tax, extra profit tax, industry tax)	38,205	256,407
Non-taxable income	(1,665)	(1,997)
Tax allowance available	(76)	(110)
Permanent differences (tax value - IFRS value)	(4,433)	11,571
Effect of tax audits	65	(7)
Total income tax expense for the year	**123,514**	**468,457**
Income tax expense reported in the statement of profit or loss	**123,514**	**466,343**
Income tax attributable to discontinued operation	**-**	**2,114**
Effective tax rate	**18%**	**34%**

e) Income tax recognised in other comprehensive income

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

	2023 HUF million	2022 HUF million
Net gain/(loss) on hedge of a net investment	(7,630)	12,707
Revaluations of debt instruments at fair value through other comprehensive income	(1,530)	1,192
Revaluations of equity instruments at fair value through other comprehensive income	(466)	(2,072)
Revaluations of financial instruments treated as cash flow hedges	78	(47)
Equity recorded for actuarial gain/(loss) on provision for retirement benefit obligation	311	(240)
Total income tax recognised in other comprehensive income	**(9,237)**	**11,540**

f) Unrecognised deferred tax assets

The following deferred tax assets have not been recognised in respect of tax losses and other temporary differences in the Group due to losses in companies whose ability to generate profits is uncertain:

	31 Dec 2023 HUF million	31 Dec 2022 HUF million
Tax losses - indefinite expiry	41,099	45,018
Tax losses - expiry within 5 years	73,490	59,148
Tax losses - expiry after 5 years	288	92
Other temporary differences	6,350	2,204
Total unrecognised deferred tax asset	**121,227**	**106,462**

Other line include HUF 6,339 million unrecognised deferred tax asset for temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint arrangements.

Unrecognised deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint arrangements is HUF 11,121 million.

g) Impact of Pillar Two on deferred taxes and financial statement disclosures

MOL Group applies IAS 12 to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. In accordance with paragraph 4A of IAS 12 the Group applies the temporary exception and neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

In 2023 no current tax expense was recognised in relation to the Pillar Two income taxes.

As of 31 December 2023 MOL Group is in the process of assessing the full impact of each jurisdiction's legislation where it operates and the exposure of Pillar Two on the financial statements.

8. Components of other comprehensive income

Exchange differences on translating foreign operations

Accounting policies

The difference on translating consolidated foreign operations which functional currency is different from the presentation currency of the Group are recognised in other comprehensive income and cumulated in a separate component of equity until disposal or liquidation of the foreign operation when they become part of the gain or loss on disposal. These exchange differences are not recognised in profit or loss because the changes in exchange rates have little or no direct effect on the present and future cash flows from operations. When a subsidiary that is a foreign operation repays a quasi-equity loan or returns share capital there is a reduction in the parent's absolute ownership interest, the pro rata share of the CTA should be reclassified to profit and loss.

	2023 HUF million	2022 HUF million
Gains/(losses) arising during the year	(149,650)	265,500
Recycling reserves from OCI to profit or loss due to disposal	3,708	(25,822)
Exchange differences on translating continuing foreign operations, net of tax	**(145,942)**	**239,678**
Gains/(losses) arising during the year on discontinued operations	-	(11,148)
Exchange differences on translating discontinued foreign operations, net of tax	**-**	**(11,148)**

Translation reserve has decreased compared to the previous year due to HUF slightly strengthening against EUR and USD.

Net investment hedge

Accounting policies

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

	2023 HUF million	2022 HUF million
Gains/(losses) arising during the year	26,256	(47,475)
Income tax effect	(7,630)	12,707
Net investment hedge, net of tax	**18,626**	**(34,768)**

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

Accounting policies

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

	2023 HUF million	2022 HUF million
Gains/(losses) arising during the year	5,648	(4,522)
Income tax effect	(1,530)	1,192
Changes in fair value of debt instruments at fair value through other comprehensive income, net of tax	**4,118**	**(3,330)**

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

Accounting policies

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

	2023 HUF million	2022 HUF million
Gains/(losses) arising during the year	17,806	(2,409)
Income tax effect	(466)	(2,072)
Changes in fair value of equity instruments at fair value through other comprehensive income, net of tax	**17,340**	**(4,481)**

Changes in fair value of cash flow hedges

Accounting policies

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

	2023 HUF million	2022 HUF million
Gains/(losses) arising during the year	(865)	574
Income tax effect	78	(47)
Changes in fair value of cash flow hedges, net of tax	**(787)**	**527**

Remeasurement of post-employment benefit obligations

Accounting policies

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

	2023 HUF million	2022 HUF million
Gains/(losses) arising during the year	(2,664)	1,965
Recycling reserves from OCI to profit or loss due to disposal	(117)	-
Income tax effect	311	(240)
Remeasurement of post-employment benefit obligations	**(2,470)**	**1,725**

Share of other comprehensive income of associates and joint ventures

Accounting policies

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

	2023 HUF million	2022 HUF million
Gains/(losses) arising during the year	(13,125)	18,715
Share of other comprehensive income of associates and joint ventures	**(13,125)**	**18,715**

NON-FINANCIAL ASSETS AND LIABILITIES

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

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

a) Property, plant and equipment

Accounting policies

Property, plant and equipment are stated at cost less accumulated depreciation, depletion and accumulated impairment loss. For investment properties, the cost model is applied by MOL Group.

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

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

	Land and buildings HUF million	Machinery and equipment HUF million	Other machinery and equipment HUF million	Construction in progress HUF million	**Total HUF million**
At 1 Jan 2022					
Gross book value	5,133,893	3,705,167	366,265	820,976	**10,026,301**
Accumulated depreciation and impairment	(3,360,746)	(3,003,061)	(251,331)	(17,060)	**(6,632,198)**
Net book value	**1,773,147**	**702,106**	**114,934**	**803,916**	**3,394,103**
From this net value of assets held for sale	*(12,636)*	*(1,720)*	*(880)*	-	***(15,236)***
					3,378,867
Net book value - at 1 Jan 2022	**1,773,147**	**702,106**	**114,934**	**803,916**	**3,394,103**
Additions and capitalisations	212,272	210,023	78,889	60,374	**561,558**
Acquisition of subsidiaries	135,740	15,038	41,266	3,570	**195,614**
Depreciation for the year	(265,939)	(149,686)	(32,437)	-	**(448,062)**
Impairment	(35,208)	(5,217)	(170)	(10,954)	**(51,549)**
Reversal of impairment	45,387	25,642	67	-	**71,096**
Disposals	(4,721)	(367)	(1,570)	(144)	**(6,802)**
Disposal of subsidiaries	(136)	(59,379)	(11)	(3)	**(59,529)**
Exchange differences	129,920	39,668	3,738	25,528	**198,854**
Transfers and other movements	2,760	(15,700)	6,529	(3,297)	**(9,708)**
Closing net book value	**1,993,222**	**762,128**	**211,235**	**878,990**	**3,845,575**
At 31 Dec 2022					
Gross book value	5,802,963	3,574,108	498,171	898,922	**10,774,164**
Accumulated depreciation and impairment	(3,809,741)	(2,811,980)	(286,936)	(19,932)	**(6,928,589)**
Net book value	**1,993,222**	**762,128**	**211,235**	**878,990**	**3,845,575**
From this net value of assets held for sale	*(22,659)*	*(2,565)*	*(975)*	*(1,497)*	***(27,696)***
					3,817,879
Net book value - at 1 Jan 2023	**1,993,222**	**762,128**	**211,235**	**878,990**	**3,845,575**
Additions and capitalisations	163,785	163,849	54,538	147,214	**529,386**
Acquisition of subsidiaries	107,118	42,018	21,868	1,659	**172,663**
Depreciation for the year	(191,421)	(140,743)	(41,591)	-	**(373,755)**
Impairment	(27,928)	(1,171)	(292)	(4,142)	**(33,533)**
Reversal of impairment	5,277	503	70	-	**5,850**
Disposals	(19,186)	(4,398)	(3,420)	(665)	**(27,669)**
Disposal of subsidiaries	-	-	-	-	**-**
Exchange differences	(65,034)	(18,694)	(585)	(18,971)	**(103,284)**
Transfers and other movements	8,112	(12,606)	(527)	(3,483)	**(8,504)**
Closing net book value	**1,973,945**	**790,886**	**241,296**	**1,000,602**	**4,006,729**
At 31 Dec 2023					
Gross book value	5,708,367	3,594,515	552,014	1,018,691	**10,873,587**
Accumulated depreciation and impairment	(3,734,422)	(2,803,629)	(310,718)	(18,089)	**(6,866,858)**
Net book value	**1,973,945**	**790,886**	**241,296**	**1,000,602**	**4,006,729**
From this net value of assets held for sale	*(7,540)*	*(829)*	*(559)*	-	***(8,928)***
					3,997,801

Disposal of subsidiaries in 2022 mainly contains the disposal of the UK portfolio.

Leased assets

Accounting policies

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

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

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

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

Significant accounting estimates and judgements

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

	Rights HUF million	Land and building and related rights HUF million	Machinery and equipment HUF million	Other machinery and equipment HUF million	**Total HUF million**
At 31 Dec 2022					
Net book value of leased assets	**-**	**131,712**	**27,393**	**19,988**	**179,093**
Period ended 31 Dec 2023					
Additions and capitalisations	46	18,786	20,068	5,508	**44,408**
Depreciation for the period	(10)	(6,056)	(3,315)	(5,757)	**(15,138)**
Impairment, termination		(1,511)	(2,038)	(54)	**(3,603)**
Closing net book value	**36**	**142,931**	**42,108**	**19,685**	**204,760**

The leased assets include land and building related leases (office, land etc), machinery leases that are connected to assets used in the production (e.g. railway wagons), vehicle leases and other office equipment related leases.

MOL Group has presented lease liabilities within loans and borrowings, please refer to Note 20/c, for the interest paid and received on leasing agreements please refer to Note 5.

Borrowing costs

Accounting policies

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

Property, plant and equipment include borrowing costs incurred in connection with the construction of qualifying assets. Additions to the gross book value of property, plant and equipment include borrowing costs of HUF 16,252 million in 2023 (2022: HUF 16,314 million). In 2023 the applicable capitalisation rate (including the impact of foreign exchange differences) has been 3.64% (2022: 5.16%).

Government grants

Accounting policies

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

In 2023 property, plant and equipment includes assets with a value of HUF 24,570 million (2022: HUF 25,146 million) financed from government grants. The total amount reflects mainly the government grant received for the construction of the new polyol plant in MOL Petrochemicals which is HUF 11,683 million as of 31 December 2023 (31 December 2022: HUF 11,683 million). Further significant amounts are the assets of FGSZ Zrt. partly financed via a European Union grant for the construction of the Hungarian-Romanian and the Hungarian-Croatian natural gas interconnector and transformation of nodes, and the assets of Slovnaft a.s. financed by the grant received from Slovakian government in order to serve State Authorities in case of state emergencies.

	2023 HUF million	**2022** HUF million
At 1 January	**25,146**	**19,788**
Asset related government grants received	1,650	7,296
Release of deferred grants	(1,945)	(2,265)
Foreign exchange differences	(281)	327
At 31 December 2023 (see Note 17 and 18)	**24,570**	**25,146**

Non-current assets pledged as security

The carrying amount of non-currents assets pledged as security for liabilities is HUF 61,107 million as of 31 December 2023 (2022: HUF 24,207 million) which relates to the MOL Fleet Solution Flottakezelő Kft. and the ITK Group.

b) Investment property

Accounting policies

Investment property is a property (land or a building or part of a building or both) held to earn rentals or for capital appreciation or both, rather than for:
- use in the production or supply of goods or services or for administrative purposes, or
- sale in the ordinary course of business.

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

Investment properties include real estates held by MOL Group to earn rental income from long-term operating leases or for capital appreciation. Investment properties are initially measured at cost and the Group applies the cost model for the subsequent measurement of these assets. The Group accounts for depreciation assuming 20-50 years useful life and applies the straight-line method for measuring depreciation.

The amount recognised in the consolidated statement of profit or loss for 2023 for investment property is HUF 1,969 million operating expense and HUF 3,406 million HUF rental income.The following table provides a reconciliation of the carrying amount of investment property at the beginning and end of the period:

	2023 HUF million
Opening gross carrying amount	**30,868**
Opening accumulated depreciation	**(21,409)**
Opening carrying amount	**9,459**
Addition from acquisitions	55
Depreciation	(839)
Exchange differences	(298)
Transfer to / from tangible fixed assets (net value)	7,914
Other changes (net value)	(332)
Closing gross carrying amount	**82,390**
Closing accumulated depreciation	**(66,431)**
Closing carrying amount	**15,959**

The fair value of investment property is HUF 89,522 million as of 31 December 2023. The valuation was performed by the Group's own valuation experts using DCF valuation method.

There are no contractual obligations to purchase, construct, or develop or for repairs, maintenance or enhancements of the Group's investment property and there are no restrictions on the realisability of it as of 31 December 2023.

c) Intangible assets

Accounting policies

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

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

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

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

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

	Rights	Software and other intellectual property	Exploration and evaluation assets	Goodwill	**Total**
	HUF million	HUF million	HUF million	HUF million	**HUF million**
At 1 Jan 2022					
Gross book value	272,015	96,775	272,263	231,621	**872,674**
Accumulated amortisation and impairment	(147,021)	(60,670)	(160,806)	(65,387)	**(433,884)**
Net book value	**124,994**	**36,105**	**111,457**	**166,234**	**438,790**
From this net value of assets held for sale	-	-	*(465)*	*(486)*	***(951)***
					437,839
Net book value - at 1 Jan 2022	**124,994**	**36,105**	**111,457**	**166,234**	**438,790**
Additions	88,482	15,644	13,375	301	**117,802**
Acquisition of subsidiary	14,286	1	-	37,743	**52,030**
Amortisation for the year	(12,127)	(7,690)	(523)	-	**(20,340)**
Impairment	(1,175)	(69)	(12,191)	-	**(13,435)**
Reversal of impairment	3	-	4,554	-	**4,557**
Disposals	(59,424)	(4)	(503)	-	**(59,931)**
Disposal of subsidiaries	-	(5)	-	-	**(5)**
Exchange differences	(5,219)	800	15,194	21,022	**31,797**
Transfers and other movements	10,664	(9,211)	360	-	**1,813**
Closing net book value	**160,484**	**35,571**	**131,723**	**225,300**	**553,078**
At 31 Dec 2022					
Gross book value	320,839	106,734	280,794	293,661	**1,002,028**
Accumulated amortisation and impairment	(160,355)	(71,163)	(149,071)	(68,361)	**(448,950)**
Net book value	**160,484**	**35,571**	**131,723**	**225,300**	**553,078**
From this net value of assets held for sale	-	*(4)*	-	*(486)*	***(490)***
					552,588
Net book value - at 1 Jan 2023	**160,484**	**35,571**	**131,723**	**225,300**	**553,078**
Additions	120,518	16,640	12,407	-	**149,565**
Acquisition of subsidiary	4,619	129	1	27,137	**31,886**
Amortisation for the year	(13,618)	(7,857)	(1,583)	(30)	**(23,088)**
Impairment	(505)	(211)	(3,723)	(43,240)	**(47,679)**
Reversal of impairment	-	-	1,360	-	**1,360**
Disposals	(95,067)	(5)	-	-	**(95,072)**
Disposal of subsidiaries	-	-	-	-	**-**
Exchange differences	(8,537)	(413)	(6,452)	(11,508)	**(26,910)**
Transfers and other movements	6,561	(9,940)	(13,676)	(30)	**(17,085)**
Closing net book value	**174,455**	**33,914**	**120,057**	**197,629**	**526,055**
At 31 Dec 2023					
Gross book value	341,179	110,583	204,850	308,674	**965,286**
Accumulated amortisation and impairment	(166,724)	(76,669)	(84,793)	(111,045)	**(439,231)**
Net book value	**174,455**	**33,914**	**120,057**	**197,629**	**526,055**
From this net value of assets held for sale	-	-	-	*(486)*	***(486)***
					525,569

Goodwill

Accounting policies

Goodwill should be initially measured as of the acquisition date at its cost, being the excess of the cost of the business combination plus any non-controlling interest and the acquisition date fair value of previously held equity interest in the acquiree over the net fair value of the identifiable assets, liabilities and contingent liabilities. As the excess of (a) over (b) below:

a) the aggregate of:
- the consideration transferred measured in accordance with IFRS 3, which generally requires acquisition-date fair value;
- the amount of any non-controlling interest in the acquiree measured in accordance with IFRS 3; and
- in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.

b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with IFRS 3.

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

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

Goodwill (net book value)	31 Dec 2023 HUF million	31 Dec 2022 HUF million
Upstream	**120,719**	**130,907**
ACG field	120,719	130,907
Consumer services	**63,377**	**80,237**
Slovenian network (please refer to note 10)	14,303	-
Polish retail network (please refer to note 10)	-	29,028
Croatian retail network	18,897	19,759
Czech retail network	9,131	9,780
Hungarian retail network	7,972	7,972
Slovakian network	8,021	8,387
Romanian retail network	5,053	5,311
Downstream	**11,843**	**12,362**
Austrian wholesale and logistic	9,741	10,186
German plastic compounder	1,625	1,699
MOL Petrochemicals	477	477
Corporate	**1,204**	**1,308**
Croatian oil field services	964	1,007
Other production facilities	240	301
Total goodwill	**197,143**	**224,814**

Oil and natural gas exploration and development expenditures

Accounting policies

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

License and property acquisition costs

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

Exploration expenditure

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

Development expenditure

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

Significant accounting estimates and judgements

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

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

Exploration and evaluation assets

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

Within exploration and evaluation assets, exploration expenses incurred in 2023 is HUF 2,640 million (2022: HUF 3,175 million), which were not eligible for capitalisation. Consistent with the Successful Efforts method of accounting they were charged to various operating cost captions of the consolidated statement of profit or loss as incurred.

Other research and development costs are less significant compared to exploration expenses. These research and development costs are HUF 1,228 million in 2023 (2022: HUF 991 million).

Write-offs of dry-holes

Dry-holes	2023 HUF million	2022 HUF million
Norway	-	153
Hungary	-	14
Croatia	2,600	1,493
Pakistan	17	11,329
Egypt	247	-
Total	**2,864**	**12,989**

Obradovci-1J well, Mikleus-1 well, Kozarice-43 well and Lipovljani-179 well in Croatia, and Ras Qatata in Egypt were drilled in 2023, the wells did not achieve the objectives and have been classified as dry.

Exploration Surghar-1 well, Tarnol well and DG Khan 1 well located in Pakistan were drilled and classified as dry in 2022, additional exploration cost related to these dry wells were recognised in 2023.

d) Depreciation, depletion and amortisation

Accounting policies

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

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

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

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

The useful life and depreciation methods are reviewed at least annually. All the following factors must be considered in determining the useful life of an asset:

- expected usage of the asset. Usage is assessed by reference to the asset's expected capacity or physical output;

- the expected physical wear-and-tear that depends on operation factors like the number of shifts, the repair and maintenance programme employed at the enterprise as well as the repair and maintenance done when the asset is out of use;

- technical obsoleteness due to changes and developments of the production process or changes in the market demands for the products that the assets can produce or for the services that the assets can provide;

- legal or other types of restrictions on the use of the asset, for example the expiry date of the related lease transactions.

Significant accounting estimates and judgements

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

e) Impairment of assets

Accounting policies

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

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

Significant accounting estimates and judgements

Impairment of non-current assets, including goodwill

The impairment calculation requires an estimate of the recoverable amount of the cash generating units. Value in use is usually determined on the basis of discounted estimated future net cash flows. In determination of cash flows the most significant variables are discount rates, terminal values, the period for which cash flow projections are made, as well as the assumptions and estimates used to determine the cash inflows and outflows, including commodity prices, operating expenses, future production profiles and the global and regional supply-demand equilibrium for crude oil, natural gas and refined products. As approved by the year-end RRC, MOL Group has upgraded its reserve estimates of matured oil and gas fields in CEE. By this all reserves are determined at 2P basis consistently with industry best practice.

Impairments

Impairment indicators

During the financial year the following impairment indicators were identified: change in crude oil, gas and electricity prices, change in the discount rates, change in product quotations and, in Hungary change in royalty legislation.

Significant assumptions

The price and margin assumptions used in impairment testing are reviewed annually and approved by management. They are based on management's best estimate and were consistent with external sources. Prices in the near term are based on recent forward prices and market developments, long-term price assumptions are developed considering long-term views of global supply and demand including analysis of industry experts. Long-term assumptions take into consideration the impacts of the climate change.

2023 key assumptions for impairment testing (nominal terms)	2024-2026 (average)	2027-2029 (average)	2030	2040	2050
Brent oil price (USD/bbl)	80	78	80	89	89
TTF Gas price (EUR/MWh)	50	42	41	42	34
CO2 price EUA (EUR/t)	100	116	121	175	174
MOL Group refinery margin (USD/bbl)	3.51	1.64	1.02	-0.05	0.36
MOL Group petrochemical margin (EUR/t)	301	427	466	462	590

2022 key assumptions for impairment testing (nominal terms)	2023-2025 (average)	2026-2028 (average)	2030	2040	2050
Brent oil price (USD/bbl)	80	73	74	82	83
TTF Gas price (EUR/MWh)	83	47	38	39	31
CO2 price EUA (EUR/t)	100	104	111	160	160
MOL Group refinery margin (USD/bbl)	5.07	2.47	2.49	2.87	3.43
MOL Group petrochemical margin (EUR/t)	579	622	688	664	939

Brent prices beyond the planning horizon are modelled by matching the global oil cost curve with the in-house global oil demand projection.

TTF natural gas prices beyond the planning horizon are set to be in line with the average break-even price of new global LNG projects (based on IEA).

CO2 quota prices beyond the planning horizon are modelled by the projected ETS EUA demand-supply balance capped by the projected breakeven prices of green Hydrogen projects.

MOL Group's current strategy includes 'green' targets aligned with global trends in decarbonisation. MOL Group has included the required capital expenditures for decarbonization in the cash flows for the CGU's to achieve its strategic goal of climate neutrality by 2050, and, in line with the announced strategy achieve -30% reduction in CO_2 emission by 2030 as planned under Scope 1+2.

Calculation method of the applied discount rates

The discount rate represents the expectation of external parties about climate change. The discount rate used for valuations takes into account the weighted average cost of equity and net borrowings. The cost of equity is calculated using the capital asset pricing model (CAPM), which describes the relationship between market risk and the expected returns. The beta value expresses the volatility and market risk of a stock relative to a market index. The beta value in each segment is determined on the regresses the stock market returns of each company of the peer group to the return of the market index. The discount rate used for valuations takes into account the risk of climate change through these industry beta values. After taking the simple average of the betas to determine the segment beta, it is adjusted for the leverage and associated tax shield effect using ratios specific to MOL Group. The Group-WACC is then adjusted by the country specific risk factors to get country-by-country discount rate.

In 2023, the following significant impairment losses and impairment reversals were recognised. Impairment losses are positive, reversals are negative figures.

Impairments and write-offs (without dry-holes) - 2023*	**Upstream** HUF million	**Downstream** HUF million	**Consumer services** HUF million	**Corporate and other** HUF million	**Midstream** HUF million	**Total** HUF million
Hungary	3,654	2,343	101	5,949	583	12,630
Poland	-	-	61,257	-	-	61,257
Croatia	345	173	903	(1,985)	-	(564)
Pakistan	(1,360)	-	-	-	-	(1,360)
Slovakia	-	215	174	(8)	-	381
Other	50	34	(1,290)	-	-	(1,206)
Total	**2,689**	**2,765**	**61,145**	**3,956**	**583**	**71,138**

Impairments and write-offs (without dry-holes) - 2022*	**Upstream** HUF million	**Downstream** HUF million	**Consumer services** HUF million	**Corporate and other** HUF million	**Midstream** HUF million	**Total** HUF million
Hungary	18,268	5,636	722	(124)	488	24,990
Croatia	(46,876)	65	993	(1,512)	-	(47,330)
United Kingdom	(21,165)	-	-	-	-	(21,165)
Slovakia	-	4,732	29	1	-	4,762
Other	14,917	34	133	1	-	15,085
Total	**(34,856)**	**10,467**	**1,877**	**(1,634)**	**488**	**(23,658)**

*Including the intersegment impact

In 2023 and 2022 impairment was accounted in:

- Upstream segment for production fields and for assets under construction.
    - In Hungary in 2023 impairment was recorded due to
        - the return of the concession rights in Bucsa and Csanád;
        - write off of asset under construction;
        - change in the value in use for Füzesgyarmat cash generating unit.
    - In Pakistan in 2023 government approval was received for a farmout agreement for the sale of 30% share in Margala Block and accordingly 30% share of cost was reversed.
    - In the United Kingdom 2022 impairment reversal was recorded due to the divestment of the cash generation unit of the whole UK upstream portfolio. Reversal was made up to the theoretical cap of the assets.
    - In Croatia in 2022 impairment reversal was due mainly to the change in macro environment.
    - In Hungary in 2022 impairment was recorded due to decrease in the value in use related mainly to Algyő and Füzesgyarmat hubs (cash generating units) due to macro and regulation changes.
    - Other line shows mainly the impairment of the Syrian cash generating unit.
- Downstream segment mainly for unutilised refinery assets.
    - In Hungary impairment was recorded on the catalysts and assets under construction in 2022 and in 2023.
    - In Slovakia impairment was recognised on assets under construction in 2022.
- Consumer services mainly for machineries and equipment in filling stations.

    - In Poland impairment was recorded due to more complex dynamics in evaluation of the complex deal, and tougher market conditions on fuel availability and pricing than originally expected. From the impairment recognised on the network in 2023 HUF 37,714 million was recognised on goodwill.
    - In Croatia impairment was recorded on buildings which are not suitable for business purposes in 2023.
    - In Slovakia impairment was recorded on assets withdrawn from use and on one service station due to lower value in use in 2023.
    - Other line shows impairment reversal on the Czech network and Tifon network.
    - In Croatia impairment was recorded on a service station due to lower value in use in 2022.
    - In Hungary impairment was recorded on land and equipment on service stations where the recoverable amount was lower than the carrying amount in 2022.
- Corporate and other segment for innovative businesses and IT equipment.
    - In Hungary impairment was accounted for the goodwill recognised according to IFRS 3 on the step up acquisition of ITK Group in 2023.
    - In Croatia 2023 impairment reversal was due to a misstatement in depreciation calculation.
    - In Croatia 2022 impairment reversal was recorded due to higher value in use in Crosco onshore and offshore assets.

Impairment test of Upstream assets

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

- Recoverable amount is calculated with the assumption of using the assets in long-term in the future.
- The recoverable amount of the asset (cash-generating unit) is the value in use.
- Discount rates: the recoverable amount calculations take into account the time value of money, the risks specific to the asset and the rate of return that would be expected by a market participant for an investment with similar risk, cash flow and timing profile. It is estimated from current market transactions for similar assets or from the 'weighted average cost of capital' (WACC) of a listed entity that has a single asset or portfolio of assets that are similar in terms of service potential and risks to the asset under review.
- In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate. The pre-tax discount rate is determined by way of iteration.
- Exploration and Production segment post-tax discount rates were calculated using the WACC premise plus country risk premium of the related country. Based on the above, the post-tax discount rates used for the impairment tests in 2023 were in the range from 7.5% to 22%.
- The pre-tax discount rates used in 2023 ranged from 10.2% to 29.2% depending on the risk premium and the applicable tax rate in the geographic location of the CGU.
- The pre-tax discount rates used in 2022 ranged from 6.7% to 25.9% depending on the risk premium and the applicable tax rate in the geographic location of the CGU.
- The growth rates are based on industry growth forecasts. The Group prepares cash flow forecasts derived from the most recent financial budgets of upstream segment approved by management for financial years 2024-2026 and extrapolates cash flows for the following years based on an USD/EUR inflation rate varying between 2% and 2.5%.

Sensitivity of Upstream assets

MOL Group performed a sensitivity analysis on Upstream assets. The present values of Upstream assets were tested through the indicators for which the assets are most sensitive: Brent oil price, natural gas price and the discount rate.
Impairment test of Downstream assets

Change in the present value of US assets	Change in present value HUF million
Brent oil price sensitivity	
-10% case	(142,819)
+10% case	142,504
Natural gas price sensitivity	
-10% case	(76,691)
+10% case	77,017
Discount rate sensitivity	
-1%point	98,527
+1%point	(88,157)

Impairment test of Downstream assets

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

- Recoverable amount is calculated with the assumption of using the assets in long-term in the future.
- The recoverable amount of the asset (cash-generating unit) is the value in use.
- Discount rates: the recoverable amount calculations take into account the time value of money, the risks specific to the asset and the rate of return that would be expected by a market participant for an investment with similar risk, cash flow and timing profile. It is estimated from current market transactions for similar assets or from the 'weighted average cost of capital' (WACC) of a listed entity that has a single asset or portfolio of assets that are similar in terms of service potential and risks to the asset under review.
- In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate. The pre-tax discount rate is determined by way of iteration.
- Downstream segment post-tax discount rates were calculated using the WACC premise plus country risk premium of the related country. Based on the above, the post-tax discount rates used for the impairment tests in 2023 were in the range from 7.9% to 10.9%.
- The pre-tax discount rates in 2023 ranged from 10.1% to 11.7% depending on the risk premium and the applicable tax rate in the geographic location of the CGU.
- The pre-tax discount rates in 2022 ranged from 8.7% to 11.0% depending on the risk premium and the applicable tax rate in the geographic location of the CGU.
- The growth rates are based on industry growth forecasts. The Group prepares cash flow forecasts derived from the most recent financial budgets of downstream segment approved by management for financial years 2024-2026 and extrapolates cash flows for the following years based on an estimated USD/EUR inflation rates varying between 2% and 2.5%.

Sensitivity of Downstream assets

MOL Group performed a sensitivity analysis on the downstream cash generating unit comprising of two refineries and two petrochemical plants. The present value of the cash generating unit were tested through the indicators for which the CGU is most sensitive: headline margin, Brent oil price, natural gas price, Co2 quota price and the discount rate.

Change in the present value of the CGU	Change in present value HUF million
Headline margin sensitivity	
-1USD/bbl / -100EUR/t case	(772,750)
+1USD/bbl / +100EUR/t case	772,750
Brent oil price sensitivity	
-10% case	111,757
+10% case	(111,757)
Natural gas price sensitivity	
-10% case	110,287
+10% case	(110,287)
CO2 quota price sensitivity	
150 EUR/t case	(74,050)
Discount rate sensitivity	
-1%point	275,517
+1%point	(232,742)

f) Impairment of goodwill

Accounting policies

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

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

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

In MOL Group as the overall result of impairment tests performed at the end of 2023, impairment on goodwill was only recognised on the Polish retail network. An impairment of HUF 61,257 million was recognised on the network in 2023 out of which impairment recognised on goodwill was HUF 37,714 million.

Upstream

In the Upstream segment Azeri-Chirag-Gunashli ("ACG") oil field is the only cash-generating unit for which goodwill is allocated.

Post-tax discount rate calculated using the weighted average cost of capital (WACC) rates and country risk premium (CRP) applied to discount the forecast cash flows reflecting risks specific to the segment for goodwill impairment calculation is 7.5%.

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

The pre-tax discount rate is calculated by way of iteration and is 10.2%.

Impairment assessment of the assets of ACG:

- The recoverable amount of the asset (cash-generating unit) is the value in use.

- The value in use of the ACG assets is HUF 602,070 million.
- The book value of assets including goodwill is HUF 589,794 million.
- Sensitivity analysis of the key assumptions used in impairment test shows the following effects:
  - 1 percentage point increase in the post-tax discount rate indicates a decrease of HUF 43,368 million, 1 percentage point decrease results in an increase of HUF 49,210 million in the NPV.
  - 5 USD growth in oil price indicates an increase of HUF 39,605 million, 5 USD drop in oil price indicates a decrease of HUF 39,605 million in NPV.
  - +/- 1 percentage point alteration in production indicates HUF 6,618 million difference in NPV.

Downstream

In assessing recoverable amount, the estimated future cash flows are discounted to their present value using a post-tax discount rate. The pre-tax discount rate is determined by way of iteration.

Post-tax discount rates calculated using weighted average cost of capital (WACC) rates and country risk premium (CRP) applied to discount the forecast cash flows reflecting risks specific to the segment and specific to the certain countries vary 7.9% and 9.4% in current year.

Pre-tax discount rates range from 10.1% to 10.3% depending on the risk premium and the applicable tax rate in the geographic location of the CGU.

The growth rates are based on industry growth forecasts. The Group prepares cash flow forecasts derived from the most recent financial budgets of Consumer services segment approved by management for financial years 2024-2026 and extrapolates cash flows for the following years based on an estimated USD/EUR/HUF inflation rates varying between 2% and 2.5%.

Consumer Services

In assessing recoverable amount, the estimated future cash flows are discounted to their present value using a post-tax discount rate. The pre-tax discount rate is determined by way of iteration.

Post-tax discount rates calculated using weighted average cost of capital (WACC) rates and country risk premium (CRP) applied to discount the forecast cash flows reflecting risks specific to the segment and specific to the certain countries vary between 7.8% and 10.3% in current year.

Pre-tax discount rates range from 9.5% to 12.2% depending on the risk premium and the applicable tax rate in the geographic location of the CGU.

The growth rates are based on industry growth forecasts. The Group prepares cash flow forecasts derived from the most recent financial budgets of Consumer services segment approved by management for financial years 2024-2026 and extrapolates cash flows for the following years based on an estimated USD/EUR/HUF inflation rates varying between 2% and 2.5%.

As a result of the impairment test, the total amount of goodwill on the Polish Retail network was impaired by HUF 37,714 million.

Impairment sensitivity assessment of the assets of the Slovenian Retail network:

- The recoverable amount of the asset (cash-generating unit) is the value in use.
- The value in use of the Slovenian Retail network is HUF 201,065 million.
- The book value of assets including goodwill is HUF 158,226 million.
- Sensitivity analysis of the key assumptions used in impairment test shows the following effects:
  - 1 percentage point increase in the post-tax discount rate indicates a decrease of HUF 10,718 million, 1 percentage point decrease results in an increase of HUF 11,738 million in the NPV.
  - +/- 1 percentage point alteration in gross margin indicates HUF 3,832 million difference in NPV.
  - +/- 1 percentage point alteration in fuel volume sold indicates HUF 2,142 million difference in NPV.
  - +/- 1 percentage point alteration in OPEX indicates HUF 1,874 million difference in NPV.

Corporate and other

In Hungary impairment was accounted for the goodwill recognised according to IFRS 3 on the step up acquisition of ITK Group in 2023.

No other impairment was recognised on goodwill.

10. Business combinations, transactions with non-controlling interests

Accounting policies

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

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

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

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

Acquisitions

a) Closed acquisitions

Acquisition of Lotos Paliwa Sp.z.o.o

On 12 January 2022 the Group signed a set of agreements with PKN Orlen and Grupa Lotos covering the sale and purchase of several portfolio elements within Consumer Services. As a result of the transaction, MOL Group acquired 417 service stations in Poland including 270 company owned sites with a country-wide coverage and the potential to reach a top 3 position in the local fuel retail market. An additional long-term agreement provides motor fuel supply for the acquired network in Poland at competitive terms. MOL Group signed an agreement to acquire the 100% share capital of Normbenz Magyarország Kft on 11 January 2022 consisting of 79 service stations with the aim to resell to PKN Orlen Group. The Group divested a total of 185 service stations to PKN Orlen located in Hungary and Slovakia for a total consideration of EUR 219 million (using year-end FX rate HUF 87,655 million). The divested assets include 143 service stations in Hungary and 39 stations in Slovakia. The closing is expected in 2023 and 2024 years for the divested assets. The two agreements are priced at their respective fair value, that is why reallocation between the two prices is not required.

The European Commission has approved the acquisition of 100% share of Lotos Paliwa Sp. z o.o. of Poland, by MOL and the acquisition of 100% share of Normbenz Magyarország Kft and of a number of assets of MOL, by PKN Orlen S.A. of Poland on 18 July 2022. The Commission concluded that the proposed acquisitions would raise no competition concerns, given the companies' moderate combined market position and the presence of strong competitors in Poland, in Hungary and in Slovakia. The transactions were examined under the normal merger review procedure.

The deal provides an outstanding inorganic expansion opportunity and an excellent fit to the Consumer Services segment's ambitious growth strategy.

Through the completion of the acquisition MOL's regional footprint further diversified and the captive market extended in the largest economy of the CEE region. The purchased set of assets provide a basis for future growth in the country, where MOL had limited presence thus far.

The acquired Lotos branded, Lotos Paliwa owned network captured particularly strong market positions amongst highway stations with further organic growth opportunity and significant upside to expand non-fuel sales. The transaction covered trademark licence arrangements and the takeover of fuel cards issued by Lotos Paliwa. The average throughput of the MOL service station network is expected to improve following the closing of the transaction.

Regarding the financial implications, the transaction is expected to have a mid-term positive annual EBITDA generation potential of around USD 70 million (using year-end FX rate HUF 24,251 million) to the Consumer Services segment and it is financed from available liquidity. The deal has no adverse effect to MOL Group's dividend payment capacity.

The agreed total purchase price amounts to USD 610 million (using year-end FX rate HUF 211,328 million), the sum of a cash consideration and a finance lease liability in relation to the purchase transaction and subject to customary adjustments.

The acquisition was successfully closed on 1 December 2022.

The measurement period is closed by November 2023 for the acquisition of the polish retail network purchase price allocation.

The assets and liabilities recognised as a result of the acquisition are as follows:

Lotos Paliwa

	1 Dec 2022
	HUF million
Non-current assets	**203.791**
Intangible assets	14.271
Property, plant and equipment	188.819
Investment	-
Other non-current asset	701
Deferred tax asset	-
Current assets	**54.025**
Inventories	12.103
Trade and other receivables	33.356
Cash and cash equivalents	2.018
Other current assets	6.548
Non-current liabilities	**(54.058)**
Non-current provisions	(1.127)
Long-term debt	(41.446)
Other non-current liabilities	(40)
Deferred tax liability	(11.445)
Current liabilities	**(62.139)**
Current provisions	(72)
Short-term debt	(1.889)
Trade and other payables	(54.323)
Income tax payable	(1.041)
Other current liabilities	(4.814)
Net assets	**141.619**
MOL Group's share of net assets	**141.619**
Goodwill on acquisition	
Fair value of consideration transferred	178.991
Less: fair value of identifiable net assets acquired	(141.619)
Goodwill on acquisition	**37.372**

Net cash outflow on acquisition of subsidiaries	
Consideration paid in cash	175.320
Less: cash and cash equivalent balances acquired	(2.018)
Net cash outflow	**173.302**

According to IFRS 3 the following intangible assets were identified and recognised: customer relationship in the amount of HUF 2,558 million and fuel supply agreement in the amount of HUF 11,267 million.

Factors that make up the goodwill recognised include expected synergies from a complex deal. It will not be deductible for tax purposes.

The acquired company contributed the following net sales and profit (+) / loss (-) after tax for the period between the acquisition and the balance sheet date to the Group's consolidated profit for the year:

Acquired Company 1 Dec 2022 - 31 Dec 2022	**Net revenue** HUF million	**Profit/(loss) for the period** HUF million
Lotos Paliwa	68,360	721

As described above during the acquisition of Lotos Paliwa SP.z.o.o, MOL Group has acquired several portfolio elements and not the whole business of Lotos Paliwa. Disclosing revenue and profit information for the combined entity for 2022 is impracticable, since such data is not readily available for the acquired portfolio elements and the costs of obtaining that information would exceed its utility to readers.

The amount of acquisition-related costs recognised as an expense is HUF 1,769 million, which mainly relate to taxes payable due to the acquisition.

Acquisition of OMV Slovenija d.o.o.

MOL Group reached an agreement with OMV to acquire OMV's 92.25% stake in OMV Slovenija d.o.o. from OMV Downstream GmbH as direct shareholder. The agreed purchase price is EUR 301 million (using year-end FX rate HUF 115.217 million) (100% share of OMV Slovenija) and subject to customary adjustments. The transaction includes 120 service stations across Slovenia.

The acquisition was successfully closed on 30 June 2023.

MOL is determined to ensure business continuity, relying on the professionalism and the expertise of the teams at its extended Slovenian network. OMV Slovenija d. o. o. has been renamed to MOL & INA d. o. o., with its headquarters remaining in Koper. MOL & INA as a part of MOL Group will strengthen the Group's position on the Slovenian market and enable retail and wholesale customers to access top quality products and services more conveniently in the future. Out of the newly acquired service stations, 27 will be operating under the INA brand.

To meet European Commission requirement to complete the OMV Slovenija transaction, MOL Group in March 2023 concluded an asset sales and purchase agreement with Shell regarding 39 service stations of its joint Slovenian network. The transaction with Shell was closed in 2023.

The measurement period is not closed yet for the acquisition of the Slovenian retail network purchase price allocation.

OMV Slovenija d.o.o.

	30 June 2023 HUF million
Non-current assets	**118,396**
Intangible assets	3,276
Property, plant and equipment	115,120
Current assets	**47,501**
Inventories	18,858
Trade and other receivables	25,406
Other financial assets (current)	62
Cash and cash equivalents	1,447
Other current assets	1,728
Non-current liabilities	**(22,805)**
Non-current provisions	(205)
Long-term debt	(7,245)
Deferred tax liability	(15,355)
Current liabilities	**(31,868)**
Current provisions	(11)
Short-term debt	(1,536)
Trade and other payables	(16,127)
Other current financial liabilities	(96)
Income tax payable	(166)
Other current liabilities	(13,932)
Net assets	**111,224**
Acquired net assets	**111,224**
Goodwill on acquisition	
Fair value of consideration transferred	102,481
INA investment valuated on fair value before additional acquisition	9,695
Prepayment	12,915
Contingent consideration	
Less: fair value of identifiable net assets acquired	(111,224)
Goodwill on acquisition	**13,867**

Net cash outflow on acquisition of subsidiaries	
Consideration paid in cash	102,481
Less: cash and cash equivalent balances acquired	(1,447)
Net cash outflow	**101,034**

According to IFRS 3 the following intangible assets were identified and recognised: customer relationship in the amount of HUF 3,215 million.

Factors that make up the goodwill recognised include expected synergies from fuel supply within MOL group. It will not be deductible for tax purposes.

The acquired company contributed the following net sales and profit (+) / loss (-) after tax for the period between the acquisition and the balance sheet date to the Group's consolidated profit for the year:

Acquired Company 30 June 2023 - 31 Dec 2023	**Net revenue** HUF million	**Profit/(loss) for the period** HUF million
OMV Slovenija d.o.o.	159,739	1,408

If the business combination had taken place on 1 January 2023, it is estimated that the acquired activities would have generated net revenue of HUF 328,229 million and profit/(loss) for the period of HUF 8,975 million.

Acquisition of NHSZ Nemzeti Hulladékgazdálkodási Szolgáltató Kft.

MOL was announced as the winner of the Hungarian government’s concession tender for municipal waste management services. The concession agreement covers a period of 35 years. Under the terms of the agreement, MOL will be responsible for the collection of nearly 5 million tonnes of municipal solid waste, will ensure its treatment and will make related investments.

The aim of the reorganization is to achieve the extremely strict waste management targets set by the European Union.

In accordance with the concession agreement, on 28 July 2022 MOL signed an agreement with the Hungarian State to acquire 100% of the shares of NHSZ Nemzeti Hulladékgazdálkodási Szolgáltató Kft and its subsidiaries and associates.

NHSZ is a public service provider on the municipal waste market, owner of 16 subsidiaries in different percentages, responsible for serve more than 700 thousand citizens. It owns of several depos, sorting equipment, junk yards and vehicles.

MOL closed the transaction on 31 July 2023. The acquisition is in line with MOL’s 2030+ Shape Tomorrow strategy by enabling the realisation of synergies in moving to a more integrated model of waste management services. NHSZ was renamed after closing to MOHU Holding Kft.

MOL conducted an assessment of the control in each of the 17 acquired companies and identified 10 companies for full consolidation. In assessing control MOL considered its power over the investee, its right to variable returns and its ability to use power to affect the level of returns.

NHSZ Nemzeti Hulladékgazdálkodási Szolgáltató Kft

	31 July 2023 HUF million
Non-current assets	**14,119**
Intangible assets	23
Property, plant and equipment	10,448
Other non-current asset	3,480
Deferred tax asset	168
Current assets	**10,167**
Inventories	251
Other financial assets (current)	219
Income tax receivables	41
Trade and other receivables	3,732
Cash and cash equivalents	5,175
Other current assets	649
Assets classified as held for sale	100
Non-current liabilities	**(4,525)**
Non-current provisions	(1,499)
Long-term debt	(2,634)
Other non-current liabilities	-
Deferred tax liability	(392)
Current liabilities	**(4,238)**
Current provisions	(36)
Short-term debt	(544)
Trade and other payables	(2,562)
Other financial liabilities (current)	(7)
Income tax payable	(339)
Other current liabilities	(750)
Net assets	**15,523**
Of which minority's part	**(895)**
MOL Group's share of net assets	**14,628**
Goodwill on acquisition	
Fair value of consideration transferred	14,486
Less: fair value of identifiable net assets acquired	(14,628)
Goodwill on acquisition	**(142)**
Net cash outflow on acquisition of subsidiaries	
Consideration paid in cash	14,486
Less: cash and cash equivalent balances acquired	(5,040)
Net cash outflow	**9,446**

The acquired company contributed the following net sales and profit (+) / loss (-) after tax for the period between the acquisition and the balance sheet date to the Group's consolidated profit for the year:

Acquired Company 31 July 2023 - 31 Dec 2023	**Net revenue** HUF million	**Profit/(loss) for the period** HUF million
NHSZ Nemzeti Hulladékgazdálkodási Szolgáltató Kft.	3,543	(2,833)

The acquired NHSZ company controlled more subsidiaries during the year, from which some were carved out during the closing process. Disclosing revenue and profit information for the combined entity for 2023 is impracticable, since such data is not readily available for the acquired portfolio elements and the costs of obtaining that information would exceed its utility to readers.

b) Other acquisitions closed in 2023

MOL Group signed an agreement with BayWa AG on the purchase of 100% stake in Szarvas Biogas Plant, a waste processing plant using organic wastes to produce electricity and heat through cogeneration with a peak electric power capacity of around 4 MW (megawatts).

MOL Group strives to expand its biofuel portfolio to meet the goals set by the European Union's Renewable Energy Directive. This acquisition is also in line with the aims of the REPowerEU action plan, which has set a high target for biogas and methane production to reasonably increase the overall energy independence of the European Union. A sense of responsibility for the security of the energy supply in the Central and Eastern European region is a fundamental part of MOL Group's identity and mindset for operation and development.

MOL and OGD signed an agreement in which MOL acquires a 49% stake in three exploration licenses of OGD in Central Hungary. The companies are joint ventures and MOL will consolidate the companies with equity method. The cooperation between the two companies will allow MOL to explore hydrocarbon prospects in the Paleogene Basin, a geological unit located in the vicinity of Budapest.

ITK Holding's shareholding agreement with ITK Invest Ltd was amended on 6 July 2023 and successfully closed on 19 September 2023. ITK Holding is a company focusing mainly on the operation of buses in public transportation. ITK Holding, previosly accounted for under the equity method as investments in joint ventures, was consolidated as MOL obtained control over the entities in accordance with the shareholding agreement in force. The accounting for the acquisition in accordance with IFRS 3 resulted in goodwill, which was subsequently impaired.

All of the transactions are immaterial for the Group.

c) Update on acquisition of Aurora Kunststoffe GmbH and its subsidiaries

On 31 October 2019, MOL Group has acquired 100% shareholding of Aurora Kunststoffe GmbH. As of 31 December 2023, the fair value of contingent consideration is HUF 2,719 million presented in trade and other payables, calculated by the most conservative approach.

11. Disposals

The acquisition of OMV Slovenija d.o.o. described in Note 10 was approved by the European Commission in May 2023. The approval was conditional on the divesture of 39 fuel stations in Slovenia to the Shell Group, which transaction was closed in August 2023, with insignificant result of transaction.

On 13 July 2023, MOL Group has sold its shareholding interest in Panta Fuel with insignificant net book value, the result of the transaction was also insignificant.

On 23 March 2022, MOL Plc. signed an agreement with Waldorf Production Limited covering the sale of its entire Upstream portfolio in the United Kingdom. The deal was closed on 10 November 2022. The gain on sale is 83,498 HUF million.

SWS s.r.o. Slovakian transport supporting service company was also disposed in 2022. Both the net book value and the result of the transaction was immaterial for the Group.

Assets held for sale and discontinued operations are presented in Note 19.

12. Material non-controlling interest

Accounting policies

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

INA-Industrija nafte d.d.

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

Based on the SHA signed in January 2009 between MOL Plc. and the Government of the Republic of Croatia MOL is entitled to control rights through the majority both in the Supervisory Board and the Management Board. MOL is entitled to nominate 5 members to the Supervisory Board of 9 members, furthermore nominate 3 members and the President to the Management Board of 6 members. In the event of tied vote, the President of the Management Board has the tie-breaking vote.
All other NCI are immaterial for the Group.

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

Name	Proportion of non-controlling interest 31 Dec 2023	Proportion of non-controlling interest 31 Dec 2022
INA-Industrija nafte d.d.	51%	51%

	31 Dec 2023 HUF million	31 Dec 2022 HUF million
Accumulated balances of material non-controlling interest	357,673	377,329
Profit/(Loss) allocated to material non-controlling interest	18,416	94,271

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

Summarised statement of profit or loss	**2023** HUF million	**2022** HUF million
Total operating income	1,513,795	1,855,124
Total operating expenses	(1,402,685)	(1,663,398)
Finance income/(expense), net	(12,265)	(6,398)
Profit/(loss) before income tax	**98,845**	**185,328**
Income tax (expense)/income	(19,393)	(69,875)
Profit/(loss) for the year	**79,452**	**115,453**
Total comprehensive income	**36,168**	**185,142**
Attributable to non-controlling interests	18,416	94,271
Dividends paid to non-controlling interests	(38,072)	(26,432)

Summarised statement of financial position	**31 Dec 2023** HUF million	**31 Dec 2022** HUF million
Current assets	329,107	440,524
Non-current assets	968,631	958,632
Total assets	**1,297,738**	**1,399,156**
Current liabilities	(296,543)	(324,943)
Non-current liabilities	(298,746)	(333,160)
Total liabilities	**(595,289)**	**(658,103)**
Total equity	**702,449**	**741,053**
Attributable to owners of parent	344,776	363,724
Attributable to non-controlling interest	357,673	377,329

Summarised cash flow information	**31 Dec 2023** HUF million	**31 Dec 2022** HUF million
Cash flows from operations	163,796	181,429
Cash flows used in investing activities	(158,364)	(65,195)
Cash flows used in financing activities	(78,041)	(100,680)
Increase/(decrease) in cash and cash equivalents	**(72,609)**	**15,554**

13. Other non-current assets

	31 Dec 2023 HUF million	**31 Dec 2022** HUF million
Obligatory level of inventory required by state legislations	48,027	49,783
Advance payments for assets under construction	22,898	34,253
Prepaid fees of long-term rental fees	517	424
Advance payments for intangible assets	113	276
Other	440	819
Total	**71,995**	**85,555**

14. Inventories

Accounting policies

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

	31 Dec 2023		31 Dec 2022	
	At cost	Lower of cost or net realisable value	At cost	Lower of cost or net realisable value
	HUF million	HUF million	HUF million	HUF million
Work in progress and finished goods	427,051	420,907	579,542	564,673
Purchased crude oil	203,861	203,387	212,399	211,926
Other goods for resale	106,165	105,424	126,098	122,987
Other raw materials	117,897	98,855	114,868	96,972
Purchased natural gas	2,087	2,087	4,052	4,052
Inventories classified as held for sale	(87)	(87)	(3,565)	(3,565)
Total	**856,974**	**830,573**	**1,033,394**	**997,045**

During the year 2023 HUF 6,549,781 million of inventories have been recognised as an expense, of which impairment of HUF 9,142 million has been recorded (2022: HUF 33,813 million), mainly on raw materials. Inventories are driven by strengthening HUF, lower crude oil and product prices and lower purchased alternative crude inventory volumes.

Inventories pledged as security

The carrying amount of inventories pledged as security for liabilities is HUF 3,095 million as of 31 December 2023.

15. Other current assets

	31 Dec 2023	31 Dec 2022
	HUF million	HUF million
Prepaid and recoverable taxes and duties (excluding income taxes)	91,018	48,552
Advance payments	28,068	30,102
Prepaid expenses	14,137	13,804
Dividend receivable	301	3,526
Other	876	579
Total	**134,400**	**96,563**

Other item contains mainly revenue accruals and receivables regarding employees.

16. Provisions

Accounting policies

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

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

Provision for Environmental expenditures

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

Provision for Field abandonment

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

Provision for Redundancy

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

Provision for Long-term employee benefits

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

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

Provision for Legal claims

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

Provision for Emission quotas

The Group recognises provision for the estimated CO_2 emissions costs when actual emission exceeds the emission rights granted and still held. When actual emission exceeds the amount of emission rights granted, provision is recognised for the exceeding emission rights based on carrying amount of purchased quotas held for compliance, the purchase price of allowance concluded in forward contracts, and for any residual excess at market quotations at the reporting date. In addition, the Group recognises provision for estimated costs of Upstream emission reduction quotas (UER) intended to be used to fulfil obligations stipulated by EU Fuel Quality Directive.

Significant accounting estimates and judgements

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

Scope, quantification and timing of environmental and field abandonment provision

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

Actuarial estimates applied for calculation of retirement benefit obligations

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

Outcome of certain litigations

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

	Environ-mental HUF million	Field abandon-ment HUF million	Redundancy HUF million	Long-term employee benefits HUF million	Legal claims HUF million	Emission quotas and other HUF million	**Total HUF million**
Balance as of 1 Jan 2022	**74,742**	**570,114**	**2,035**	**26,152**	**8,107**	**84,230**	**765,380**
Acquisition / (sale) of subsidiaries	-	(119,688)	-	835	-	(60)	**(118,913)**
Additions and revision of previous estimates	5,635	(47,867)	3,075	7,878	1,999	88,464	**59,184**
Unwinding of the discount	807	12,511	-	415	-	283	**14,016**
Currency differences	4,476	39,496	286	646	549	(517)	**44,936**
Provision used during the year	(6,173)	(130)	(2,582)	(1,777)	(4,859)	(47,105)	**(62,626)**
Other movements	-	-	-	(2,529)	-	-	**(2,529)**
Balance as of 31 Dec 2022	**79,487**	**454,436**	**2,814**	**31,620**	**5,796**	**125,295**	**699,448**
Acquisition / (sale) of subsidiaries	1,434	(68)	(23)	77	(932)	578	**1,066**
Additions and revision of previous estimates	940	(32,394)	306	12,453	1,638	105,870	**88,813**
Unwinding of the discount	1,774	18,963	-	2,589	-	1,831	**25,157**
Currency differences	(2,682)	(14,400)	(62)	(419)	(228)	(7,643)	**(25,434)**
Provision used during the year	(5,609)	(8,668)	(1,128)	(6,034)	(2,118)	(93,530)	**(117,087)**
Other movements	-	-	-	-	-	-	**-**
Balance as of 31 Dec 2023	**75,344**	**417,869**	**1,907**	**40,286**	**4,156**	**132,401**	**671,963**
Current portion 31 Dec 2022	4,526	8,350	1,749	4,270	766	95,340	**115,001**
Non-current portion 31 Dec 2022	74,961	446,086	1,065	27,350	5,030	29,955	**584,447**
Current portion 31 Dec 2023	5,416	279	1,105	4,939	348	102,661	**114,748**
Non-current portion 31 Dec 2023	69,928	417,590	802	35,347	3,808	29,740	**557,215**

Provision for Environmental expenditures

As of 31 December 2023, provision of HUF 75,344 million has been made for the estimated cost of remediation of past environmental damages, primarily soil and groundwater contamination and disposal of hazardous wastes, such as acid tar, in Hungary, Croatia, Slovakia and Italy. The provision is made on the basis of assessments prepared by MOL Group's internal environmental expert team. The amount of the provision has been determined on the basis of existing technology at current prices by calculating risk-weighted cash flows for a period up to 12 years, in case of upstream segment up to 50 years, discounted using estimated risk-free real interest rates.

MOL Group prepared a sensitivity analysis on the cash flow period applied on environmental provision. The analysis examined the impact of a +/- five-year change in the cash flow forecast period on the environmental provision compared to the year-end liability recognised. During the assessment the same discount rates were applied.
The results of the analysis are summarised in the table below showing the absolute and percentage change in the liability already recognised in the balance sheet:

		- 5 years HUF million		+ 5 years HUF million
Sensitivity analysis of environmental provision increase/(decrease)	**% change in the amount of the liability**		**% change in the amount of the liability**	
MOL	(5.6)	(421)	4.7	351
MPK	(9.2)	(787)	7.6	655
INA	(7.5)	(1,028)	9.6	1,324
IES	(32.0)	(115)	32.0	115
Slovnaft	(37.8)	(7,824)	34.2	7,082
Total		**(10,175)**		**9,527**

Provision for Field abandonment

As of 31 December 2023, provision of HUF 417,869 million has been made for estimated total costs of plugging and abandoning wells upon termination of production. Approximately 10% of these costs are expected to be incurred between 2024 and 2028 and the remaining 90% between 2029 and 2078. The amount of the provision has been determined on the basis of management's understanding of the respective legislation, expected timing of cash flows calculated at current prices and discounted using estimated risk-free real interest rates based on current the best estimate of the management. Due to the climate change and energy transformation the timing of the expected cash flows of the field abandonement has high uncertainty and may change significantly in subsequent periods depending on the pace of the transition. Activities related to field suspension, such as plugging and abandoning wells upon termination of production and remediation of the area are planned to be performed by hiring external resources. Based on the judgement of the management, there will be sufficient capacity available for these activities in the area. As required by IAS 16 – Property, Plant and Equipment, the qualifying portion of the provision has been capitalised as a component of the underlying fields. Decommissioning rates used in the calculation of the liability are in a range of 5.6% and 27.9% depending on the risk free rate, the inflation and the country risk premium in the given country.

MOL Group performed sensitivity analysis on the field abandonment liability by examining the +/- 1 percentage point change of the decommissioning rate. Decommissioning rate higher by one percentage point reduces the provision by 15%, while a decommissioning rate lower by one percentage point increases the provision by 19%.

Provision for Redundancy

As part of continuing efficiency improvement projects, INA d.d., IES S.p.A. and other Group members decided to further optimise workforce. As the management is committed to these changes and the restructuring plan was communicated in detail to parties involved, the Group recognised a provision for the net present value of future redundancy payments and related tax and contribution. Relating to the restructuring of activities in Mantova, a provision for redundancy of HUF 9,145 million was recognised at IES S.p.A. in 2013 out of which HUF 462 million remained as of 31 December 2023. In 2015, a provision of HUF 9,804 million, in 2020, of HUF 6,269 million, in 2022, of HUF 3,015 million, and in 2023 of HUF 100 million was made for redundancy programme at INA d.d. out of which HUF 913 million remained as of 31 December 2023. The closing balance of provision for redundancy is HUF 1,907 million as of 31 December 2023 (31 December 2022: HUF 2,814 million).

Provision for Long-term employee benefits

As of 31 December 2023, the Group has recognised a provision of HUF 40,286 million to cover its estimated obligation regarding future retirement and jubilee benefits payable to current employees expected to retire from Group entities. These entities operate benefit schemes that provide lump sum benefit to all employees at the time of their retirement. MOL employees are entitled to 3 times of their final monthly salary regardless of the period of service, while MOL Petrochemicals and Slovnaft, a.s. provide a maximum of 2 and 7 months of final salary respectively, depending on the length of service period. In addition to the above-mentioned benefits, in Hungary the retiring employees are entitled to the absence fee for their notice period – which lasts for 1-3 months depending on the length of the past service

– which is determined by the Hungarian Labour Code. None of these plans have separately administered funds; therefore, there are no plan assets. The amount of the provision has been determined using the projected unit credit method, based on financial and actuarial variables and assumptions that reflect relevant official statistical data which are in line with those incorporated in the business plan of the Group.

	2023 HUF million	2022 HUF million
Present value of total long-term employee benefit obligation at the beginning of the year	**31,620**	**26,152**
Acquisitions / (disposals)	77	835
Past service cost	4,788	8,620
Current service cost	3,298	1,862
Interest costs	2,589	415
Provision used during the year	(6,034)	(1,777)
Net actuarial (gain) / loss	4,367	(2,604)
from which:		
Retirement benefit (See Note 8)	2,664	(1,615)
Jubilee benefit	1,703	(989)
Exchange adjustment	(419)	646
Other movements	-	(2,529)
Present value of total long-term employee benefit obligation at year end	**40,286**	**31,620**

The other movements contain reclassification in long-term employee benefits between provision and other current and non-current liabilities.

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

	2023 HUF million	2022 HUF million
Current service cost	3,298	1,862
Net actuarial (gain)/loss	1,703	(989)
Past service cost	4,788	8,620
Balance as at year end	**9,789**	**9,493**

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

	2023	2022
Discount rate in %	2.79 - 7.12	1.82 - 13.04
Average wage increase in %	0.6 - 12.0	0.6 - 10.0
Mortality index (male)	0.03 - 3.01	0.03 - 3.01
Mortality index (female)	0.02 - 1.33	0.02 - 1.33

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

	Retirement benefits		Jubilee benefits	
	2023 HUF million	2022 HUF million	2023 HUF million	2022 HUF million
Actuarial (gains)/losses arising from changes in demographic assumptions	(161)	374	(229)	48
Actuarial (gains)/losses arising from changes in financial assumptions	2,114	(4,412)	1,525	(1,129)
Actuarial (gains)/losses arising from experience adjustments	711	2,423	407	92
Total actuarial (gains)/losses	**2,664**	**(1,615)**	**1,703**	**(989)**

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

	Retirement benefits		Jubilee benefits	
	2023	2022	2023	2022
	HUF million	HUF million	HUF million	HUF million
Discount rate:				
0.5% decrease	821	3,016	616	938
0.5% increase	(762)	(2,031)	(576)	(745)
Termination rate:				
50% decrease	4,186	1,570	3,210	1,319
50% increase	(2,977)	(1,270)	(2,481)	(1,090)

Provision for legal claims

As of 31 December 2023, provision of HUF 4,156 million (31 December 2022: HUF 5,796 million) has been made for estimated total future losses from litigations.

Provision for emission quotas and other provisions

As of 31 December 2023, the Group has recognised a provision of HUF 90,852 million for the shortage of emission quotas (31 December 2022: 80,482 million). The amount reported as at 31 December 2023 also includes provision for estimated costs of UER quotas in the amount of HUF 1,603 million (31 December 2022: HUF 2,487 million). For further information regarding the calculation method of estimated cost please refer to the accounting policy section.

As of 31 December 2023, the Group had available 3,675,494 (31 December 2022: 3,731,675) free emission quotas granted by the Hungarian, Croatian and Slovakian authorities. The total emissions during 2023 amounted to equivalent of 5,840,026 tons of emission quotas (2022: 5,775,073 tons).

As of 31 December 2023, the Group has recognised a provision of HUF 583 million in relation to IFRS 9 requirements.

17. Other non-current liabilities

	31 Dec 2023 HUF million	31 Dec 2022 HUF million
Government grants received (see Note 9)	21,641	22,357
Received and deferred other subsidies	7,666	6,666
Deferred compensation for property, plant and equipment	3,909	4,045
Deferred income for apartments sold	1,348	1,409
Liabilities to government for sold apartments	198	338
Other	5,528	4,443
Total	**40,290**	**39,258**

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

18. Other current liabilities

	31 Dec 2023 HUF million	31 Dec 2022 HUF million
Taxes, contributions payable (excluding corporate tax any mining royalty)	230,508	233,770
Amounts due to employees	36,978	42,886
Advances from customers	23,502	22,002
Custom fees payable	7,243	10,407
Fee payable for strategic inventory storage	4,425	4,171
Government subsidies received and accrued (see Note 9)	2,929	2,789
Other accrued incomes	1,899	3,830
Dividend payable	785	765
Mining royalty	-	23,878
Other	6,787	6,392
Total	**315,056**	**350,890**

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

19. Asset held for sale and discontinued operation

A. Asset held for sale

Accounting policies

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

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

As of 31 December 2023, assets held for sale contained mainly service stations located in Hungary and Slovenia.

As of 31 December 2022, assets held for sale contained service stations located in Hungary, Slovakia and Slovenia and investment in joint venture Terra mineralna gnojiva.

Assets and liabilities held for sale	31 Dec 2023 HUF million	31 Dec 2022 HUF million
Assets		
Property, plant and equipment	8,928	27,696
Intangible assets	486	490
Investment in associated companies and joint ventures	-	11,004
Other non-current financial assets	100	275
Deferred tax assets	118	118
Inventories	87	3,565
Other current assets	53	215
Assets classified as held for sale	**9,772**	**43,363**
Liabilities		
Trade and other payables	-	2,161
Liabilities related to assets classified as held for sale	**-**	**2,161**

B. Discontinued operation

Accounting policies

Discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale and:

- represents a separate major business line or geographical area of operations;
- its cash flows and operations are clearly distinguishable from the rest of the entity (both operationally and from financial reporting point of view);
- a single co-ordinate plan is in place to sell or otherwise dispose of it;
- a subsidiary acquired exclusively to resell it also qualifies as a discontinued operation.

In addition to the measurement and presentation requirements defined for disposal groups, the following disclosures are specified for discontinued operations:

- On the face of the income statement, the post-tax profit or loss from the discontinued operations and on the disposal or measurement to fair value (all other captions of the income statement therefore relate to continuing operations only)
- In the notes a detailed breakdown of this profit or loss
- Net cash flows attributable to the discontinued operations

On 23 March 2022, MOL Plc. signed an agreement with Waldorf Production Limited covering the sale of its entire Upstream portfolio in the United Kingdom.

The divested offshore assets included MOL Plc.'s 20% stake in the Catcher field, a 50% stake in Scolty & Crathes and a 21.8% stake in Scott as well as stakes in a number of other licences. MOL Plc.'s UK working interest production peaked above 18 mboepd in 2019 and was falling in 2020 and 2021, accordingly Q4 2021 production was marginally above 12 mboepd. MOL's corresponding proved and probable reserves (SPE 2P) amounted to 14.9 MMboe at the end of 2021.

Waldorf offered a base cash consideration of USD 305 million, which was subject to customary purchase price adjustments and was based on an economic effective date of January 1, 2021. In addition, the agreement contained an earn-out scheme mainly dependent on oil prices during 2022-2025. Please refer to Note 22 for further information.
MOL Plc. has successfully closed the deal with Waldorf Production Limited regarding the sale of its entire E&P portfolio in the United Kingdom on 10 November 2022. As a result of the transaction, Waldorf retained all future field abandonment liabilities.

List of divested assets:

Asset	MOL Working Interest
Greater Catcher Area	20.00%
Scott	21.83%
Telford	1.59%
Rochelle	20.71%
Scolty & Cratches	50.00%
Broom	29.00%
Brent Pipeline System	1.77%
Sullom Voe Terminal	0.72%

The following tables include financial performance and cash flow information of the discontinued operation:

	2023 HUF million	2022 HUF million
Net sales	-	118,983
Other operating income	-	84,797
Total operating income	**-**	**203,780**
Raw materials and consumables used	-	8,828
Employee benefits expense	-	638
Depreciation, depletion, amortisation and impairment	-	(17,291)
Other operating expenses	2,471	672
Total operating expenses	**2,471**	**(7,153)**
Profit from discontinued operation	**(2,471)**	**210,933**
Finance income	2,022	23,377
Finance expense	-	8,900
Total finance expense, net	**2,022**	**14,477**
Profit/(Loss) before tax from discontinued operation	**(449)**	**225,410**
Income tax expense	-	2,113
Profit / (Loss) for the period from discontinued operations	**(449)**	**223,297**

	2023	2022
	HUF million	HUF million
Profit/(Loss) before tax from discontinued operation	**(449)**	**225,410**
Cash flows from operations	**-**	**108,062**
Cash flows used in investing activities	**30,550**	**61,524**
Cash flows used in financing activities	**-**	**(120,161)**

	2022
	HUF million
Non-current assets	92,930
Current assets	91,748
Total assets	**184,678**
Non-current liabilities	(137,128)
Current liabilities	(45,305)
Total liabilities	**(182,433)**
Non-controlling interest	-
Net assets sold	**2,245**
Cash consideration received	9,122
Fair value of contingent consideration	57,566
Gain on sale before income tax and reclassification of foreign currency translation reserve	**64,443**
Reclassification of foreign currency translation reserve	19,055
Gain on sale after income tax	**83,498**
Analysis of cash in/outflow on sales	
Cash consideration received	9,122
Net cash disposed of during the sale	(43,942)
Net cash in/outflow	**(34,820)**

FINANCIAL INSTRUMENTS, CAPITAL AND FINANCIAL RISK MANAGEMENT

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

Accounting policies

Initial recognition

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

Financial assets - Classification

The Group's financial assets are classified at the time of initial recognition depending on their nature and purpose. To determine which measurement category a financial asset falls into, it should be first considered whether the financial asset is an investment in an equity instrument or a debt instrument. Equity instruments should be classified as fair value to profit or loss, however if the equity instrument is not held for trading, fair value through other comprehensive income option can be elected at initial recognition. If the financial asset is a debt instrument the following assessment should be considered in determining its classification. All derivatives in scope of IFRS 9 are measured at fair value. Value changes are recognised in profit or loss unless the entity has elected to apply hedge accounting by designating the derivative as a hedging instrument in an eligible hedging relationship. In case of deliverable transactions, which are part of normal sales and purchases of the entity ,the accounting treatment of sale of goods shall be applied.

Amortised cost

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

Fair value through other comprehensive income

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

Fair value through profit or loss

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

Financial liabilities – Classification

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

- it eliminates or significantly reduces a measurement or recognition inconsistency, or
- a group of financial liabilities or financial assets and financial liabilities is managed, and its performance is evaluated on a fair value basis.

Subsequent measurement

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

Amortised cost

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

Fair value through other comprehensive income – debt instrument

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

Fair value through other comprehensive income – equity instrument

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

Fair value through profit or loss

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

Fair value measurement

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

Derecognition of Financial Instruments

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

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

Hedging

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

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

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting together with the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated. The Group applies the rules of IFRS 9 in case of hedge accounting.

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

<u>Cash flow hedges</u>

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

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

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

<u>Hedges of a net investment</u>

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

Impairment of Financial Assets

The impairment model of financial assets is based on the premise of providing for expected losses. The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. As a general approach, impairment losses on a financial asset or group of financial assets are recognised for expected credit losses at an amount equal to:

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

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

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

The Group calculates the expected credit loss on trade receivables as the average of yearly historical loss rates of the last three years multiplied by the forward-looking element. The forward-looking element is based on positive correlation between banking sector credit losses and one year lag of unemployment rate. In case of other financial assets the expected credit loss of the instrument will be determined by multiplying the probability of default rate of the instrument with the loss given default of the instrument.

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

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

The amount of loss is recognised in the statement of profit or loss. The following indicatators are objective evidence for impairment, but it is not limited to it:

- contractual payment is 180 days past due
- default of the issuer
- a breach of contract, such as a default or past-due event;
- partial release of claim
- legal procedure started against the debtor
- the disappearance of an active market for the financial asset because of financial difficulties

If the expected cash inflow of the financial asset significantly exceeds its carrying amount (the criteria of the impairment only partially or not at all exist), the impairment that was recognised earlier must be reversed partly or fully. As a result of the reversal the amount of the receivable must not exceed the original outstanding receivable

Significant accounting estimates and judgements

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

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

20. Financial risk and capital management

Financial risk management

Financial risk management is a centralised function at MOL Group., which makes possible to monitor and measure all financial risks centrally. As a result, Treasury liquidity and Financial Risk Report are submitted to the senior management quarterly.

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

- protection of financial ratios and targeted financial results
- reducing the exposure of cash flow to market price fluctuations

Management of Covenants

The Group monitors capital structure using net gearing ratio, which is net debt divided by total capital plus net debt. The Group is currently in low net gearing status, the credit metrics have been decreased in 2023. As of 31 December 2023 the net debt/EBITDA is at 0.59x level (2022: 0.3x) while the net gearing is 14% (2022: 11%).

Capital management

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

The MOL Group manages its capital structure and makes adjustments to it in light of changes in economic conditions.

2x is the early warning indicator in net debt to EBITDA where MOL Group might consider making changes in its capital structure. Since net debt to EBITDA ratio stabilized well below 1 during 2023, there is no open decision point on it.

The long-term healthy net gearing ratio is expected to be 30% debt and 70% equity at MOL Group. If the ratio diverges permanently from this level the MOL Group might consider making changes in its capital structure. Since the ratio does not differ from the 30% significantly (14% in 2023) there is no open decision point on it. For the calculation of the net gearing and net debt/EBITDA ratio please refer to Note 20/C.

To maintain or adjust the capital structure, the MOL Group may adjust the dividend payment to shareholders, return capital from shareholders or issue new shares. Treasury share (put-call option) transactions are also applied for such purposes.

a) Key exposures

Risk Management identifies and measures the key risk drivers and quantifies their impact on the MOL Group's operating results. MOL Group is monitoring key exposures, the diesel crack spread, the crude oil price and gasoline crack spread have the biggest contribution to the cash flow volatility.

Commodity price risk

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

In 2023 MOL Group. concluded short and mid-term commodity swap and option transactions. These transactions are mainly conducted for operational hedging purposes, in order to mitigate the effects of the price volatility in our operations and at the same time, when possible, to lock in favourable forward curve structure.

Commodity risk is monitored based on Value at Risk measure.

Foreign currency risk

The Group has FX exposure due to mismatch of currency composition of cash inflows and outflows, investments, debts.

MOL Group relies on economic currency risk management principle that the currency mix of the debt portfolio should reflect the net long-term currency position of profit generation ('natural hedge'). However in circumstances where insisting to this principle without any flexibility is disadvantageous for the company our practice allows using foreign exchange derivatives as well. The main motivation here is safeguarding the financial covenant compliance.

Interest rate risk

As an energy company, MOL Group has limited interest rate exposure. The ratio of fix / floating interest burdened debt is monitored by Group Treasury.

Beside contracting loan agreements with a given fix / float interest rate MOL Group also has the flexibility to manage its level of interest rate risk exposure via interest rate swaps.

Credit risk

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

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

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

Individual customer credit limits are calculated taking into account external and/or internal assessment of customers as well as the securities provided. Information on existing and potential customers is based on well-known and reliable Credit Agencies and available internal data.

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

Credit risk of the investment portfolio is safeguarded by a rating grid concept. For bank deposits, an Internal Rating system is applied to reasonably diversify and mitigate the partner bank counterparty risks of MOL Group by proper distribution of available cash among banks (both group and entity level) based on their external and respective sovereign ratings. For securities, external ratings are taken into account for the limit calculation. Limits, their utilisations and escalation procedures are continuously managed and controlled by Cash Management areas of the Group.

Liquidity risk

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

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

The amount of undrawn major committed credit facilities	31 Dec 2023 HUF million	31 Dec 2022 HUF million
Long-term loan facilities available	953.092	1.186.071
Short-term facilities available	101.013	125.499
Total loan facilities available	**1.054.105**	**1.311.570**
Cash and cash equivalents	412.977	595.244
Total available liquidity	**1.467.082**	**1.906.814**

With the effective date of 1 June 2023, the total amount of the EUR 575 million revolving credit facility agreement signed on 29 November 2021 by MOL Group Finance Zrt. as borrower and MOL Plc. as guarantor for 5 years (with option for 1+1-year extension) has been increased by EUR 150 million. As a result of the increase total facility amount changed to EUR 725 million.

The EUR 750 million 7-year maturity fixed-rate Eurobond (coupon 2.625%) issued in 2016 by MOL has been fully repaid along with the last coupon payment on the maturity date in April.

MOL and its subsidiary MOL Group Finance Zrt. have established a EUR 2,000,000,000 Euro Medium Term Note ("EMTN") Programme. Based on the EMTN Programme MOL and MGF will be able to issue Eurobonds up to an aggregated principal amount of EUR 2 billion. Net proceeds from potential future issuances can be applied for general corporate purposes.

MOL Group Finance Zrt. as borrower and MOL Plc. as guarantor signed 3 revolving credit facilities on 25 October 2023 in the amount of: (i) EUR 600 million multicurrency (EUR/USD), (ii) JPY 14.6 billion (approximately EUR 100 million) and (iii) EUR 50 million bilateral multicurrency (EUR/RMB). Conclusion of the agreements constitutes a full refinancing of the revolving credit facility agreement signed on 15 December 2017 in the amount of EUR 750 million, which would have matured in 2024.

Maturity profile of financial liabilities based on contractual undiscounted payments **31 Dec 2023**	**Due within 1 month** HUF million	**Due between 1 and 12 months** HUF million	**Due between 1 and 5 years** HUF million	**Due after 5 years** HUF million	**Total** HUF million
Borrowings	69,032	122,571	770,634	174,392	**1,136,629**
Transferred "A" shares with put&call options	-	174,184	-	-	**174,184**
Trade and other payables	522,166	439,800	-	-	**961,966**
Other financial liabilities	3,728	14,736	1,730	-	**20,194**
Non-derivative financial instruments	**594,926**	**751,291**	**772,364**	**174,392**	**2,292,973**
Derivatives	-	16,979	3,412	-	**20,391**
Total financial liabilities	**594,926**	**768,270**	**775,776**	**174,392**	**2,313,364**
Guarantees	350,392	-	-	-	**350,392**
Undrawn loan commitments**	1,054,105	-	-	-	**1,054,105**
Total Off-balance sheet commitments*	**1,404,497**	**-**	**-**	**-**	**1,404,497**

* the maximum amount of the off-balance sheet commitments is allocated to the earliest period in which they could be called or drawn down

**refers to any potential drawndowns made by MOL Group under available revolving credit facilities

Maturity profile of financial liabilities based on contractual undiscounted payments **31 Dec 2022**	**Due within 1 month** HUF million	**Due between 1 and 12 months** HUF million	**Due between 1 and 5 years** HUF million	**Due after 5 years** HUF million	**Total** HUF million
Borrowings	46,172	448,086	546,367	174,613	**1,215,238**
Transferred "A" shares with put&call options	-	181,656	-	-	**181,656**
Trade and other payables	536,129	465,505	-	-	**1,001,634**
Other financial liabilities	2,107	14,422	20,732	-	**37,261**
Non-derivative financial instruments	**584,408**	**1,109,669**	**567,099**	**174,613**	**2,435,789**
Derivatives	-	35,352	(61)	-	**35,291**
Total financial liabilities	**584,408**	**1,145,021**	**567,038**	**174,613**	**2,471,080**
Guarantees	143,980	-	-	-	**143,980**
Undrawn loan commitments**	1,311,570	-	-	-	**1,311,570**
Total Off-balance sheet commitments	**1,455,550**	**-**	**-**	**-**	**1,455,550**

* the maximum amount of the off-balance sheet commitments is allocated to the earliest period in which they could be called or drawn down

**refers to any potential draw downs made by MOL Group under available revolving credit facilities. From 2023 the total amount of the undrawn loan commitments, as presented among available credit facilities, is presented on a separate line in the maturity analysis.

b) Sensitivity analysis

In line with the international benchmark, Group Risk Management prepares sensitivity analysis. According to the Financial Risk Management Model, the effect of the key risk elements on clean-CCS-based profit/loss are the following:

Effect on Clean CCS-based* (Current Cost of Supply) profit/(loss) from operation	2023 HUF billion	2022 HUF billion
Brent crude oil price (change by +/- 10 USD/bbl; with fixed crack spreads and petrochemical margin)		
Upstream	+37.8/-37.8	+45.4/-45.4
Downstream	-6.7/+6.7	-8/+8
TTF gas price (change by +/- 15 EUR/MWh; with fixed crack spreads and petrochemical margin)		
Upstream	+36.4/-36.4	+44.1/-44.1
Downstream	-56.5/+56.5	-52.6/+52.6
Gas Midstream	-2.1/+2.1	-2.2/+2.2
Exchange rates (change by +/- 15 HUF/USD; with fixed crack spreads)		
Upstream	+16.3/-16.3	+21.2/-21.2
Downstream**	+38.5/-38.5	+23.6/-23.6
Exchange rates (change by +/- 15 HUF/EUR; with fixed crack spreads/petrochemical margin)		
Upstream	+5.2/-5.2	+15.6/-15.6
Downstream	+19.2/-19.2	+26.5/-26.5
Refinery margin (change by +/- 1 USD/bbl)		
Downstream	+39.4/-39.4	+41.6/-41.6
Integrated petrochemical margin (change by +/- 100 EUR/t)		
Downstream	+44.1/-44.1	+46.4/-46.4
CO2 price EUA (Change by '+/- 10 EUR/t)		
Upstream	-0.6/+0.6	-0.7/+0.7
Downstream	-8.2/+8.2	-7.8/+7.8

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

**The HUF/USD Downstream sensitivity is restated for FY22 due to calculation error

c) Borrowings

Accounting policies

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

	31 Dec 2023 HUF million	31 Dec 2022 HUF million
Long-term debt		
Eurobond €650 million due 2027	246,830	257,605
HUF bond HUF 28,400 million due 2029	28,552	28,576
HUF bond HUF 36,600 million due 2030	35,151	34,958
HUF bond HUF 35,500 million due 2031	35,425	35,415
HUF bond HUF 20,000 million due 2031	20,257	-
HRK bond HRK 2,000 million due 2026	101,094	105,510
Schuldschein €130 million due between 2020-2027	7,630	19,987
Bank loans	254,147	12,126
Finance lease liabilities	182,700	156,082
Other	1,395	154
Total long-term debt	**913,181**	**650,413**
Short-term debt		
Eurobond €750 million due 2023	-	305,303
Eurobond €650 million due 2027	964	1,009
HUF bond HUF 28,400 million due 2029	146	146
HUF bond HUF 36,600 million due 2030	161	161
HUF bond HUF 35,500 million due 2031	486	486
HRK bond HRK 2,000 million due 2026	72	75
Schuldschein €130 million due between 2020-2027	11,861	180
Bank loans	139,526	129,089
Finance lease liabilities	30,669	31,289
Other	1,516	948
Total short-term debt	**185,401**	**468,686**
Gross debt (long-term and short-term)	**1,098,582**	**1,119,099**
Cash and cash equivalents	412,977	595,244
Current debt securities	3,763	7,295
Net Debt*	**681,842**	**516,560**
Total equity	**4,197,312**	**4,012,136**
Capital and net debt	**4,879,154**	**4,528,696**
Gearing ratio (%)**	**14.0%**	**11.4%**
Profit from operation	677,575	1,259,112
Depreciation, depletion, amortisation and impairment	471,684	475,533
Reported EBITDA from continuing operations	1,149,259	1,734,645
Net Debt/Reported EBITDA	**0.59**	**0.30**

*Long-term debt plus Short-term debt less Cash and cash equivalents less Current debt securities, based on the Group's capital management policy the other financial liabilities are not included in the Net Debt calculation

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

The EUR 750 million 7-year maturity fixed-rate Eurobond (coupon 2.625%) issued in 2016 by MOL has been fully repaid along with the last coupon payment on the maturity date in April.

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

Gross debt by currency	31 Dec 2023 HUF million	31 Dec 2022 HUF million
EUR	806,092	788,801
USD	34,628	6,078
HUF	176,711	136,782
HRK	-	110,434
CZK	14,504	12,577
Other	66,647	64,427
Gross debt	**1,098,582**	**1,119,099**

The following issued bonds were outstanding as of 31 December 2023:

	Ccy	Amount Issued (orig ccy, million)	Amount Issued (million HUF)	Coupon	Type	Cpn Freq	Issue date	Maturity	Issuer
Eurobond	EUR	650	248,807	1.5%	Fixed	Annual	08.10.2020	08.10.2027	MOL Plc.
HRK bond	HRK	2,000	101,607	0.875%	Fixed	Semi-annual	06.12.2021	06.12.2026	INA d.d.*
HUF bond	HUF	28,400	28,400	2.0%	Fixed	Annual	24.09.2019	24.09.2029	MOL Plc.
HUF bond	HUF	36,600	36,600	1.1%	Fixed	Annual	22.09.2020	22.09.2030	MOL Plc.
HUF bond	HUF	35,500	35,500	1.9%	Fixed	Annual	12.04.2021	12.04.2031	MOL Plc.
HUF bond	HUF	20,000	20,000	2.9%	Fixed	Annual	23.06.2021	23.06.2031	ITK Holding Zrt.

*The bond was issued in HRK, the amount in EUR is EUR 256 million,EUR/HRK rate is 7,5345

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

Leases as a lessee	31 Dec 2023 Minimum lease payments HUF million	31 Dec 2023 Lease liability HUF million	31 Dec 2022 Minimum lease payments HUF million	31 Dec 2022 Lease liability HUF million
Due within one year	35,632	30,669	33,984	31,289
Due later than one year but not later than five years	106,236	84,241	104,521	96,591
Due later than five years	124,277	98,459	65,909	59,491
Total	**266,145**	**213,369**	**204,414**	**187,371**
Future finance charges	52,776	-	17,043	-
Lease liability	**213,369**	**213,369**	**187,371**	**187,371**

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

Finance leases as a lessor	31 Dec 2023 Minimum lease payments receivable HUF million	31 Dec 2023 Lease receivable HUF million	31 Dec 2022 Minimum lease payments receivable HUF million	31 Dec 2022 Lease receivable HUF million
Due within one year	894	665	894	636
Due later than one year but not later than five years	3,674	3,071	4,531	3,779
Due later than five years	2,516	1,938	2,768	2,080
Residual value	n/a	1,563	n/a	1,487
Total	**7,084**	**7,237**	**8,193**	**7,982**
Future finance income/(expense)	(153)	-	211	-
Lease receivable	**7,237**	**7,237**	**7,982**	**7,982**

For other information on lease agreements please refer to Note 5 and Note 9/a

d) Equity

Accounting policies

Retained earnings and other reserves shown in the consolidated financial statements do not represent the distributable reserves for dividend purposes. Reserves for dividend purposes are determined based on the reconciliation of MOL Plc.'s equity prepared in accordance with Act C of 2000 on Accounting ("Hungarian Accounting Law").

Reserves of exchange differences on translation

The reserves of exchange differences on translation represents translation differences arising on consolidation of financial statements of foreign entities. Exchange differences arising on such monetary items that, in substance, forms part of the company's net investment in a foreign entity are classified as other comprehensive income in the consolidated financial statements until the disposal of the net investment. Upon disposal of the corresponding assets, the cumulative revaluation or reserves of exchange differences on translation are recognised as income or expenses in the same period in which the gain or loss on disposal is recognised. When a subsidiary that is a foreign operation repays a quasi-equity loan or returns share capital there is a reduction in the parent's absolute ownership interest, the pro rata share of the CTA should be reclassified to profit and loss.

Fair valuation reserves

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

Equity component of debt and difference in buy-back prices

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

Treasury Shares

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

Share capital

There was no change in the number of issued shares in 2023. As of 31 December 2023, the issued share capital was HUF 102,429 million, consisting of 819,424,824 series "A" shares with par value of HUF 125, one series "B" share with par value of HUF 1,000 and 578 series "C" shares with par value of HUF 1,001. Outstanding share capital as of 31 December 2023 and 31 December 2022 is 79,192 HUF million and HUF 79,013 million, respectively.

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

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

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

Reserves and retained earnings

Between 2023 and 2026 MOL Group plans to spend more than HUF 100 billion on capital expenditures, therefore it created HUF 100 billion development reserve based on the paragraph 7 of Act LXXXI of 1996 on corporate tax and dividend tax, which amount is transferred from the retained earnings to tied-up reserves on 31 December 2022. In 2023 HUF 43,177 million was used up for several projects, the balance of the tied-up reserves is HUF 56,823 million on 31 December 2023.

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

Series "A" and "B" shares	Number of shares issued	Number of treasury shares	Shares under repurchase obligation	Shares under retransfer agreement	Number of shares outstanding	Authorised number of shares
1 Jan 2022	**819,424,825**	**36,920,309**	**114,222,907**	**42,977,996**	**625,303,613**	**1,059,424,825**
Share distribution for the members of the Board of Directors and participants of MRP	-	(190,625)	-	-	190,625	-
Settlement of share option agreement with Commerzbank A.G.	-	9,844,626	(9,844,626)	-	-	-
Settlement of share option agreement with ING Bank N.V.	-	2,438,877	(2,438,877)	-	-	-
Settlement of share option agreement with Unicredit Bank A.G.	-	(6,872,214)	6,872,214	-	-	-
Treasury shares sold to MOL Plc. SESOP Organizations	-	(6,609,424)	-	-	6,609,424	-
31 Dec 2022	**819,424,825**	**35,531,549**	**108,811,618**	**42,977,996**	**632,103,662**	**1,059,424,825**
Share distribution for the members of the Board of Directors and participants of MRP	-	(1,431,297)	-	-	1,431,297	-
Settlement of share option agreement with ING Bank N.V.	-	3,353,987	(3,353,987)	-	-	-
Settlement of share option agreement with Unicredit Bank A.G.	-	3,704,188	(3,704,188)	-	-	-
31 Dec 2023	**819,424,825**	**41,158,427**	**101,753,443**	**42,977,996**	**633,534,959**	**1,059,424,825**

Series "C" shares						
1 Jan 2022	**578**	**578**	**-**	**-**	**-**	**578**
31 Dec 2022	**578**	**578**	**-**	**-**	**-**	**578**
31 Dec 2023	**578**	**578**	**-**	**-**	**-**	**578**

The par value of the treasury shares owned by the Group companies is HUF 23,236 million (31 December 2022: HUF 23,415 million).

Dividend

In April 2023, the Board of Directors on behalf of the 2023 Annual General Meeting of MOL Plc. approved to pay HUF 279,751 million dividend in respect of 2022, which equals to HUF 354.26 dividend per share. The total amount of reserves legally available for distribution based on MOL Plc.'s reconciliation of equity is HUF 2,243,360 million as of 31 December 2023.

The approved dividend (HUF 279,751 million) and the dividend shown in the statement of changes in equity (HUF 224,435 million) are different because the following movements are not presented as dividend payments: dividend of shares under retransfer agreement (HUF 15,225 million) represents in substance MOL's contribution to social responsibility activities and therefore charged to the statement of profit or loss; dividend of shares under put and call option transactions (HUF 21,847 million) presented as a decrease in financial liability; dividends of shares in OTP-MOL swap agreement(HUF 14,200 million) presented as change in fair value of derivative instruments, dividend towards MOL Plc.'s Employee Share Ownership Programme Organisation (HUF 4,044 million) has no effect on the statement of financial position because the organisation is consolidated to the group.

Treasury share put and call option transactions

MOL Plc. has two option agreements concluded with financial institutions in respect of 61,669,435 pieces of series "A" shares ("Shares") as of 31 December 2023. Under the agreements, MOL Plc. holds American call options and the financial institutions hold European put options in respect of the Shares. The expiry of both the put and call options are identical. (More information about the treasury shares with put&call options are included in Note 21.)

Counterparty	Underlying pieces of MOL ordinary shares	Strike price per share	Expiry
ING Bank N.V.	30,927,069	EUR 7.5819	24 Jun 2024
UniCredit Bank AG	30,742,366	EUR 7.1746	24 Jun 2024

MOL agreed with ING Bank N.V. ("ING") on 20 June 2023, that the option rights in relation to 34,281,056 MOL Series "A" Ordinary shares ("Shares") under the share option agreement executed between ING and MOL on 20 June 2022 are either fully cash settled or partly physically and partly cash settled on 23 June 2022. Simultaneously, MOL and ING entered into a new share option agreement. According to the new share option agreement MOL received American call options and ING received European put options in relation to 30,927,069

Shares, with the effective date of 27 June 2023. The maturity date of both the call and put options is 24 June 2024, and the strike price of both options is EUR 7.5819 per Share.

MOL agreed with UniCredit Bank AG ("UniCredit") on 20 June 2023, that the option rights in relation to 34,446,554 MOL Series "A" Ordinary shares ("Shares") under the share option agreement executed between UniCredit and MOL on 20 June 2022 are either fully cash settled or partly physically and partly cash settled on 23 June 2022. Simultaneously, MOL and UniCredit entered into a new share option agreement. According to the new share option agreement MOL received American call options and UniCredit received European put options in relation to 30,742,366 Shares, with the effective date of 27 June 2023. The maturity date of both the call and put options is 24 June 2024, and the strike price of both options is EUR 7.1746.

Treasury shares sold to MOL Plc. SESOP Organizations

On 27 of January 2022, based on the authorisation of the Extraordinary General Meeting of the Company held on 22 December 2021 MOL have sold 3,304,712 pieces of „A" Series MOL Ordinary Shares to MOL Plc. SESOP Organization 2021-1 and 3,304,712 pieces of MOL Shares to MOL Plc. SESOP Organization 2021-2.

Share swap agreement with OTP

MOL Plc. and OTP entered into a share-exchange and a share swap agreement in 2009. Under the agreements, initially MOL transferred 40,084,008 "A" series MOL ordinary shares to OTP in return for 24,000,000 pieces OTP ordinary shares. The agreement contains settlement provisions in case of certain movement of relative share prices of the parties, subject to net cash or net share settlement. The agreement, concluded on 16 April 2009 has been further extended in 2022 until 11 July 2027, which did not trigger any movement in MOL Plc.'s treasury shares.

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

21. Financial instruments

31 Dec 2023 Carrying amount of financial instruments		Fair value through profit or loss HUF million	Derivatives used for hedging hedge acc.* HUF million	Amortised cost HUF million	Fair value through other comprehensive income HUF million	Total carrying amount HUF million
Financial assets						
Other non-current financial assets	Equity instruments	12,938	-	-	111,827	**124,765**
	Loans given	-	-	63,622	-	**63,622**
	Deposit	-	-	2,156	-	**2,156**
	Finance lease receivables	-	-	6,572	-	**6,572**
	Debt securities	-	-	-	63,269	**63,269**
	Commodity derivatives	1,304	-	-	-	**1,304**
	Other derivatives	2,975	-	-	-	**2,975**
	Other	14,370	-	33,051	-	**47,421**
Total non-current financial assets		**31,587**	**-**	**105,401**	**175,096**	**312,084**
Trade and other receivables		-	-	959,082	-	**959,082**
Cash and cash equivalents		-	-	412,977	-	**412,977**
Debt securities		-	-	-	3,763	**3,763**
Other current financial assets	Commodity derivatives	23,811	-	-	-	**23,811**
	Loans given	-	-	5,480	-	**5,480**
	Deposit	-	-	18	-	**18**
	Finance lease receivables	-	-	665	-	**665**
	Other derivatives	3,806	-	-	-	**3,806**
	Other	10,346	-	20,517	-	**30,863**
Total current financial assets		**37,963**	**-**	**1,398,739**	**3,763**	**1,440,465**
Total financial assets		**69,550**	**-**	**1,504,140**	**178,859**	**1,752,549**
Financial liabilities						
Borrowings (long-term debt)		-	-	730,481	-	**730,481**
Finance lease liabilities		-	-	182,700	-	**182,700**
Other non-current financial liabilities	Commodity derivatives	643	-	-	-	**643**
	Other derivatives	2,454	-	-	-	**2,454**
	Other	-	-	1,730	-	**1,730**
	Interest rate derivatives	-	315	-	-	**315**
Total non-current financial liabilities		**3,097**	**315**	**914,911**	**-**	**918,323**
Trade and other payables		-	-	961,965	-	**961,965**
Borrowings (short-term debt)		-	-	154,732	-	**154,732**
Finance lease liabilities		-	-	30,669	-	**30,669**
Other current financial liabilities	Transferred "A" shares with put&call options**	-	-	169,474	-	**169,474**
	Commodity derivatives	16,933	-	-	-	**16,933**
	Foreign exchange derivatives	46	-	-	-	**46**
	Other	-	-	18,463	-	**18,463**
Total current financial liabilities		**16,979**	**-**	**1,335,303**	**-**	**1,352,282**
Total financial liabilities		**20,076**	**315**	**2,250,214**	**-**	**2,270,605**

*hedge acc: under hedge accounting
**more information about the transferred "A" shares with put&call options is included in Note 20/c

31 Dec 2022 Carrying amount of financial instruments		Fair value through profit or loss HUF million	Derivatives used for hedging hedge acc.* HUF million	Amortised cost HUF million	Fair value through other comprehensive income HUF million	Total carrying amount HUF million
Financial assets						
Other non-current financial assets	Equity instruments	15,781	-	-	104,251	**120,032**
	Loans given	-	-	80,988	-	**80,988**
	Deposit	-	-	391	-	**391**
	Finance lease receivables	-	-	7,346	-	**7,346**
	Debt securities	-	-	-	42,027	**42,027**
	Commodity derivatives	7,141	-	-	-	**7,141**
	Other	28,342	-	54,024	-	**82,366**
Total non-current financial assets		**51,264**	**-**	**142,749**	**146,278**	**340,291**
Trade and other receivables		-	-	931,511	-	**931,511**
Finance lease receivables		-	-	-	-	**-**
Cash and cash equivalents		-	-	595,244	-	**595,244**
Debt securities		-	-	-	7,295	**7,295**
Other current financial assets	Commodity derivatives	55,792	-	-	-	**55,792**
	Loans given	-	-	3,506	-	**3,506**
	Deposit	-	-	103	-	**103**
	Finance lease receivables	-	-	636	-	**636**
	Foreign exchange derivatives	-	-	-	-	**-**
	Other derivatives	650	-	-	-	**650**
	Other	27,071	-	90,205	-	**117,276**
Total current financial assets		**83,513**	**-**	**1,621,205**	**7,295**	**1,712,013**
Total financial assets		**134,777**	**-**	**1,763,954**	**153,573**	**2,052,304**
Financial liabilities						
Borrowings (long-term debt)		-	-	494,331	-	**494,331**
Finance lease liabilities		-	-	156,082	-	**156,082**
Other non-current financial liabilities	Foreign exchange derivatives	-	-	-	-	**-**
	Other derivatives	509	-	-	-	**509**
	Other	-	-	20,732	-	**20,732**
	Interest rate derivatives	-	(570)	-	-	**(570)**
Total non-current financial liabilities		**509**	**(570)**	**671,145**	**-**	**671,084**
Trade and other payables		-	-	1,001,634	-	**1,001,634**
Borrowings (short-term debt)		-	-	437,397	-	**437,397**
Finance lease liabilities		-	-	31,289	-	**31,289**
Other current financial liabilities	Transferred "A" shares with put&call options**	-	-	179,573	-	**179,573**
	Commodity derivatives	35,349	-	-	-	**35,349**
	Foreign exchange derivatives	-	-	-	-	**-**
	Other derivatives	-	-	-	-	**-**
	Other	-	-	16,529	-	**16,529**
	Interest rate derivatives	-	3	-	-	**3**
Total current financial liabilities		**35,349**	**3**	**1,666,422**	**-**	**1,701,774**
Total financial liabilities		**35,858**	**(567)**	**2,337,567**	**-**	**2,372,858**

*hedge acc: under hedge accounting
**more information about the transferred "A" shares with put&call options is included in Note 20/c

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

The Group elected upon initial recognition to measure investments in equity instruments at fair value through other comprehensive income, as these instruments are not held for trading. Investments in venture funds are measured at fair value through profit or loss. The most significant equity instrument is JANAF interest held by INA d.d., the company that owns and operates the Adria pipeline system. The market value of the shares as of 31 December 2023 amounted to HUF 37,761 million (31 December 2022: HUF 37,243 million). The fair value is calculated using available market prices and is considered level 1 among the fair value hierarchy.

The most significant items among debt securities are bonds issued by listed entities and banks. For the changes in the other comprehensive income due to the valuation of debt instruments please refer to Note8.
The Group uses several valuation techniques to determine the fair value of the financial instruments. The fair value of commodity derivatives is determined based on the present value of estimated future cash flows using observable forward prices.
The fair value of debt instruments is calculated by discounting the present value of estimated future cash flows with observable zero coupon bond yield curves adjusted with issuer-specific credit risk factors.

The fair values of financial instruments measured at amortised cost approximate their carrying amounts except for the issued bonds. The fair value of the issued bonds is HUF 403,830 million, while their carrying amount is HUF 469,138 million as of 31 December 2023 (31 December 2022: fair value was HUF 667,427 million, carrying amount was HUF 769,244 million). HUF 225,075 million of the fair value of the issued bonds is categorised as Level 1 and HUF 178,756 million is categorised as Level 2.The Level 1 fair value is determined by the latest observed bid market prices available from an external market data vendor, while in case of Level 2 fair value the prices are defined by the external data vendor using a benchmark yield with an additional estimated spread.

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

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

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

Carrying amounts of hedging instrument			**2023** HUF million	**2022** HUF million
Net investment hedge	Liabilities	Borrowings	487,827	584,384
Cash flow hedge	Liabilities	Interest rate derivatives	315	(567)

Hedge of net investments in foreign operations

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

The notional amount of the EUR denominated borrowings are EUR 1,274 million.(31 December 2022: EUR 1,460 million)The weighted average hedged rates, where the weight is the balance of the hedging instrument, for the year are 382 HUF/EUR (31 December 2022: 391 HUF/EUR)

The movements of the currency translation reserve due to net investment hedging are the following:

Net investment in foreign operation	**Notes**	**2023** HUF million	**2022** HUF million
Opening Balance of the foreign currency translation reserve due to hedging, net of tax		**185,188**	**150,420**
Change in value of hedged item used to determine hedge effectiveness		(26,256)	47,475
Change in carrying amount of borrowings as a result of foreign currency movements recognised in other comprehensive income	8	26,256	(47,475)
Change in foreign currency translation reserve due to hedging, net of tax	8	(18,626)	34,768
Closing Balance of the foreign currency translation reserve due to hedging, net of tax		**166,562**	**185,188**

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

22. Fair value measurement of financial instruments

Fair value hierarchy	31-Dec-2023 Level 1 Unadjusted quoted prices in active markets HUF million	Level 2 Valuation techniques based on observable market input HUF million	Level 3 Valuation techniques based on unobservable input HUF million	Total fair value HUF million	31-Dec-2022 Level 1 Unadjusted quoted prices in active markets HUF million	Level 2 Valuation techniques based on observable market input HUF million	Level 3 Valuation techniques based on unobservable input HUF million	Total fair value HUF million
Financial assets								
Equity instruments	37,761	87,004	-	**124,765**	37,243	82,789	-	**120,032**
Debt securities	-	67,032	-	**67,032**	-	49,322	-	**49,322**
Commodity derivatives	-	25,115	-	**25,115**	-	62,933	-	**62,933**
Other derivatives	-	6,781	-	**6,781**	-	650	-	**650**
Other	-	-	24,716	**24,716**	-	-	55,413	**55,413**
Total financial assets	**37,761**	**185,932**	**24,716**	**248,409**	**37,243**	**195,694**	**55,413**	**288,350**
Financial liabilities								
Commodity derivatives	-	17,576	-	**17,576**	-	35,349	-	**35,349**
Foreign exchange derivatives	-	46	-	**46**	-	-	-	**-**
Other derivatives	-	2,454	-	**2,454**	-	509	-	**509**
Interest rate derivatives	-	315	-	**315**	-	(567)	-	**(567)**
Total financial liabilities	**-**	**20,391**	**-**	**20,391**	**-**	**35,291**	**-**	**35,291**

Other financial assets (both current and non-current) relate to the disposal of MOL's UK portfolio and INA's Angolan portfolio which are classified as a financial asset and measured at fair value through profit or loss. The fair values of these considerations are considered level 3 valuation inputs under the fair value hierarchy. The fair value of the UK and the Angolan Block 3/05 earn-out consideration is determined by multiplying the average daily Brent price exceeding a pre-agreed Brent price and the number of produced oil barrels for the companies' percentage interest under the relevant Joint Operation Agreements and Production Sharing Agreement. Cash flows are estimated based on inputs including quoted Brent price and production volumes related to the disposed operations. The fair value of the consideration for the Angolan Block 3/05a is determined by the restart of the production on each Punja and Caco-Gazela field together with reaching the predetermined threshold production. Future cash flows are estimated based on best estimation on when production will restart and when threshold would be reached.

Quantitative sensitivity analysis for the changes in unobservable inputs

- A 10% increase in the Brent oil price would result in an increase of the contingent assets in the amount of HUF 6,137 million(UK portfolio) and HUF 126 million(Angolan portfolio), while a 10% decrease in the Brent oil price would result in a decrease of the contingent assets in the amount of HUF 6,137 million(UK Portfolio) and HUF 126 million(Angolan Portfolio)
- A 1 percentage point increase in the discount rate would result in a decrease of the contingent assets in the amount of HUF 250 million(UK portfolio) and HUF 29 million (Angolan Portfolio), a 1 percentage point decrease in the discount rate would result in an increase of the contingent asset in the amount of HUF 256 million(UK Portfolio) and HUF 30 Million(Angolan portfolio)
- A 10% increase in production would result in an increase of the contingent assets in the amount of HUF 1,304 million(UK Portfolio) and HUF 24 million (Angolan portfolio), a 10% decrease in production would result in a decrease of the contingent asset in the amount of HUF 1,304 million(UK Portfolio) and HUF 24 million (Angolan portfolio)

The following table shows the changes in the value of level 3 financial assets for the period ended at 13 December 2023

	2023 HUF million	2022 HUF million
Opening Balance	**55,413**	-
Increase due to new sale	1,714	57,566
Decrease due to payments received	(27,331)	
Gains/losses arising during the year	(5,080)	(2,153)
Closing Balance	**24,716**	**55,413**

23. Trade and other receivables

Accounting policies

Trade and other receivables are amounts due from customers for goods sold and services performed in the normal course of business, as well as other receivables such as margining receivables.Trade receivables are recognised at transaction price if they do not contain a significant financing component . A provision for impairment is made for full-lifetime expected credit losses using the simplified approach.The Group calculates the expected credit loss on trade receivables as the average of yearly historical loss rates of the last three years multiplied by the forward-looking element. The forward-looking element is based on positive correlation between banking sector credit losses and one year lag of unemployment rate. Impaired receivables are derecognised when they are assessed as uncollectible.

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

Trade and other receivables	31 Dec 2023 HUF million	31 Dec 2022 HUF million
Trade receivables	766,199	803,634
Other receivables	192,883	127,877
Total	**959,082**	**931,511**

Trade receivables	31 Dec 2023 HUF million	31 Dec 2022 HUF million
Trade receivables (gross)	775,991	817,239
Loss allowance for receivables	(9,792)	(13,605)
Total	**766,199**	**803,634**

The gross amount of trade receivables decreased mainly due to the decrease in net sales due to lower fuel and gas prices, which was slightly offsetted by increase on the receivables due to acquisitions of new entities. The loss allowance for receivables also decreased due to the improvement both in forward looking element and 3-year average historical loss rates applied in the impairment model.

Movements in the loss allowance for receivables	2023 HUF million	2022 HUF million
At 1 January	**13,605**	**16,167**
Additions	2,185	2,684
Reversal	(4,881)	(5,649)
Amounts written off	(853)	(233)
Foreign exchange differences	(264)	636
At 31 December 2023	**9,792**	**13,605**

	31 Dec 2023		31 Dec 2022	
Ageing analysis of trade receivables	Gross book value HUF million	Net book value HUF million	Gross book value HUF million	Net book value HUF million
Not past due	**719,384**	**718,457**	**731,618**	**730,959**
Past due	**56,607**	**47,742**	**85,621**	**72,675**
Within 180 days	47,767	46,666	69,377	65,178
Over 180 days	8,840	1,076	16,244	7,497
Total	**775,991**	**766,199**	**817,239**	**803,634**

Current assets pledged as security

The carrying amount of currents assets pledged as security for liabilities is HUF 1,228 million as of 31 December 2023.

24. Cash and cash equivalents

Accounting policies

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

	31 Dec 2023 HUF million	31 Dec 2022 HUF million
Short-term bank deposits	192,048	322,290
Demand deposit	186,925	250,065
Cash on hand	34,004	22,889
Total	**412,977**	**595,244**

Cash and cash equivalents pledged as security

The carrying amount of cash and cash equivalents pledged as security for liabilities is HUF 13,047 million as of 31 December 2023 (2022: HUF 13,152 million).

OTHER FINANCIAL INFORMATION

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

25. Commitments and contingent liabilities

Accounting policies

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

a) Guarantees

The total value of bank guarantees, letter of credits and other commitments undertaken to parties outside the Group and equity consolidated investments is contractually HUF 350,392 million (31 December 2022: HUF 143,980 million).

b) Capital and Contractual Commitments

The total value of the capital commitments of fully consolidated companies as of 31 December 2023 is HUF 276,866 million (31 December 2022: HUF 299,287 million), of which HUF 86,030 million relates to Croatian operation, HUF 81,080 million to operation in Hungary and HUF 54,366 million to operation in Slovakia.

MOL Group has the most significant commitments in upstream to drill and complete new wells, reach new oil reserves, improve reservoir pressure maintenance, de-risk the wells with a 4D seismic programme and cover annual work programme (HUF 55,390 million).

MOL is committed to the transformation of the refinery business and raising the competitiveness of the Rijeka Refinery (HUF 62,787 million). The investment will make the Rijeka Refinery one of the most modern refineries in Europe and will increase the proportion of profitable "white" products, i.e. motor fuels, to better serve market needs. Other large commitments in Croatia are connected to the replacement of condensing turbines with electric drive (HUF 7,850 million).

MOL Group's most significant commitments in Hungary relate to the MOL Petrochemicals, to the poliol project (HUF 26,351 million) and to the implementation of a metathesis project (HUF 22,373 million). The aim of the polyol project is for MOL to become a major producer of polyether polyols (high-value intermediate products for the automotive, packaging and furniture industries) in Europe, and the metathesis project is a greenfield investment, providing propylene for the polyol complex.
In Hungary, additional contractual and investment obligations are attached to expanding the capacity of the Maleic Anhydride Unit at Danube Refinery (HUF 10,353 million).

The largest investment commitment in Slovakia relates to a debottlenecking and process optimisation project in petrochemical business (HUF 12,211 million).

As part of corporate social responsibility MOL Group is committed to spending HUF 755 million via sponsorship agreements next year.

In December 2023 MOL Group signed an agreement to purchase Indotek Group's 15% stake in Waberer's International Plc. The Transaction will become effective upon receipt of the regulatory approvals required by applicable law. The share price of Waberer's International Plc. is 3,840 HUF/Share as of 31 December 2023.

c) Unrecognised lease commitments

Unrecognised lease commitments*	31 Dec 2023 HUF million	31 Dec 2022 HUF million
Due within one year	1,888	2,266
Due later than one year but not later than five years	849	1,328
Due later than five years	-	306
Total	**2,737**	**3,900**

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

d) Authority procedures, litigation

General

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

The value of litigation where members of the MOL Group act as defendant is HUF 21,106 million for which HUF 4,156 million provision has been made.

ICSID arbitration (MOL Plc. vs. Croatia)

The International Centre for Settlement of Investment Disputes (ICSID) delivered its verdict in the arbitration case between the Republic of Croatia and MOL Plc. on the 5 July 2022. MOL filed a request for arbitration against Croatia in 2013 for breaching contractual obligations on multiple occasions under the agreements signed between the parties in 2009 mainly concerning gas trading.

The ICSID award clearly states that Croatia's bribery related allegations are unfounded. The three-member council unanimously rejected Croatia's objection that the 2009 agreements were a result of criminal conduct. Similarly, to the UNCITRAL Tribunal in 2016, this international judicial forum also characterized the story of the Croatian criminal proceedings' crown witness as weak and full of contradictions. Furthermore, the court expressed strong doubts about the truthfulness and reliability both in the arbitral and criminal proceedings in Zagreb.

According to the ruling of the arbitration tribunal Croatia caused substantial damages to INA, and thus indirectly to MOL by failure to take over the gas trading business of INA as well as by breaching contractual obligations of natural gas pricing and royalty rate increases, thus awarding MOL with damages in the amount of USD 167.8 million. The tribunal awarded a further USD 16.1 million in damages caused by Croatia by forcing the sale of stored natural gas of INA's subsidiary (Prirodni Plin). Together with interest MOL was awarded a total of around USD 236 million in damages. In 2023 an enforcement procedure was initiated due to non-payment of the awarded amount. The contingent asset has not been recognised in the Statement of Financial Position.

BELVEDERE, INA No Nš-14/17

In July 2017 INA received a lawsuit from Belvedere d.d. Dubrovnik with a claim of HRK 220 million. The claim relates to a loan provided by INA in 2005 to Belvedere d.d. (hotel "Belvedere" in Dubrovnik served as security for the loan). Since Belvedere d.d. has not returned the loan, enforcement procedure was initiated in 2012, and the hotel was sold to a highest bidder on a public auction. Belvedere d.d. now claims that the hotel was sold below its market value and also claims damage to its reputation and loss of profit.

Although the outcome of this procedure is uncertain it is more likely in favour of INA than not. Notwithstanding the possible outcome, request for the damage is deemed to set too high considering three independent court experts already discussed the market price issue. Case is interrupted until resolution of case INA No. 018-11/17 which represents preliminary issue for resolving this case. In case INA No. 018-11/17 final decision was reached in favour of INA. Currently this case is before Supreme Court of the Republic of Croatia since Belvedere filled proposal for permission to file a revision.

Revision court has rejected proposal for permission to file revision. Case Nš-14/17 will now continue.

Also, in June 2023, INA received a new claim from BELVEDERE d.d., where BELVEDERE d.d. is trying to establish INA loan agreement concluded in year 2005 to be null and void. INA delivered a reply fully rejecting BELVEDERE's claim.

Nova Natura d.o.o.

The plaintiff filed a lawsuit for damages in the total amount of EUR 1,853,087.50 caused by the impossibility of using part of the agricultural land for agricultural production due to the defendant's underground pipelines buried on the land. In the lawsuit, the plaintiff states that the defendant has the right of easement, however, it never carried out the expropriation procedure and did not pay any compensation for the use of the land, neither to the plaintiff, nor to its predecessors. In its response, the defendant disputed the grounds and the claimed amount and suggested the intervention of company Plinacro d.o.o. in the litigation, since its pipelines also pass through the land in question. The defendant has valid use and construction permits for the pipelines in question and alleged that the plaintiff must have been aware of the pipelines. On December 6, 2023, a first-instance verdict was issued, whereby the claim was rejected in its entirety.

RSG Europe Service Centre Limited

The lawsuit was filed on August 4, 2021 by the plaintiff as the insurer of the ship operator of ship FIDELITY, against defendants INA and its subcontractor MANŠPED. The plaintiff claims compensation for damages (recourse) for the total amount paid according to the settlements it concluded with the Republic of Croatia, the County of Istria and other legal and natural persons due to the damages that (allegedly) occurred to them as a result of the fuel spill from the ship FIDELITY into the sea in the Raša Bay on June 22, 2018. The plaintiff paid an advance for the litigation costs (EUR 236,536) according to the Act on Private International Law. The main hearing was held on December 4, 2023, the officers of the Port Authority of Pula were heard, who stated that there were problems in the communication between the fuel loader and the ship's crew, which was also aggravated by the bad weather, and that they did not do everything necessary to prevent pollution, but confirmed that all the fuel passed the point at the ship's bunker station after which all risk passes to the shipowner. The judge already ordered that an expert report be conducted on the circumstances of the cause of the accident.

Ivana D (State Inspectorate, Sector for Supervision of Mining, Energy and Pressure Equipment, Supervision in the field of energy)

The State Inspectorate, on June 26, 2023 filed an indictment against the first defendant INA, d.d. and the second defendant Nikola Mišetić for allegedly committing two violations in relation to the Law on Safety in Offshore Exploration and Hydrocarbon Exploitation. The grounds for the Indictment is the Decision of the State Inspectorate, which became enforceable on September 22, 2021, allowing a deadline of one year to remove the exploitation facilities Ivana D. It is not disputed that the facilities were not removed.

However, it is questionable whether there was an obligation to remove the facilities, given that the platform sank due to an accident and given the statements of the Ministry of Economy from which it follows that an environmental impact study must be carried out before removing the platform.

The State Inspectorate, the Independent Service for Second-instance Proceedings, is to decide on the Appeal after the expiry of the deadline against the disputed Decision ordering the removal, which Appeal has not been decided on by the date of this Report.

Dispute value: 1. Violation: €66,361 – 10% of the offender's total income (fine for a legal entity, and €19,908 – €66,361 for the responsible person)

2. Violation: €3,980 – €15,920 (fine for a legal entity, and €390 – €2,650 for the responsible person)

e) Environmental liabilities

MOL Group's operations are subject to the risk of liability arising from environmental damage or pollution and the cost of any associated remedial work. MOL Group is currently responsible for significant remediation of past environmental damage relating to its operations. Accordingly, MOL Group has established a provision of HUF 68,981 million for the estimated cost as at 31 December 2023 for probable and quantifiable costs of rectifying past environmental damage (see Note 16). In addition, a provision of HUF 6,362 million was recorded to cover an expected intervention where the timing, cost and nature of the intervention is still uncertain. Although the management believes that these provisions are sufficient to satisfy such requirements to the extent that the related costs are reasonably estimable, future regulatory developments or differences between known environmental conditions and actual conditions could cause a revaluation of these estimates.

Some of the Group's premises may be affected by contamination where the cost of rectification is currently not quantifiable or legal requirement to do so is not evident. The main case where such contingent liabilities may exist is the Tiszaújváros site, including both the facilities of MOL Petrochemicals Plc. and the area of MOL's Tisza refinery, where the Group has identified significant underground water and subsurface soil contamination. In accordance with the resolutions of the regional environmental authorities combined for MOL Petrochemicals and MOL Group, the Group completed a detailed investigation and submitted the results and technical specifications to the authorities in July 2021. Based on these documents the authorities brought a resolution on 7 September 2021 requiring MOL Petrochemicals and MOL Group to jointly perform this plan in order to manage the soil and underground water contamination. The total amount of liabilities originating from this plan can be estimated properly and MOL Petrochemicals and MOL Group set the required amount of environmental provision.

Contingent liabilities exist for uncertain remediation tasks; their magnitude cannot be estimated currently, but it is not expected to exceed HUF 4,000 million.

The technology applied in oil and gas exploration and development activities by the Group's Hungarian predecessor before 1995 may give rise to future remediation of drilling mud produced (in 1995 there was modification in the drilling technology). In accordance with legal requirements the treatment (extraction and disposal) of the resulting pollutant is required. The potential expenses associated with such an obligation depend on the extent, volume and composition of the drilling mud left behind at the various production sites. According to current estimates the amount of the environmental liability is HUF 1,118 million.

Further to more detailed site investigations to be conducted in the future and the advancement of national legislation or authority practice, additional contingent liabilities may arise at the industrial park around Mantova refinery which has been acquired in previous business combinations. As of 31 December 2023, on Group level, the amount of environmental liabilities recorded in the statement of financial position is HUF 19,337 million (31 December 2022: HUF 20,219 million).

26. Notes to the consolidated statements of cash flows

Accounting policies

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

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

Analysis of net cash outflow on acquisition of subsidiaries, joint operations as business combinations	**2023** HUF million	**2022** HUF million
Cash consideration	(122,168)	(194,477)
Cash at bank or on hand acquired	6,238	796
Net cash outflow on acquisition of subsidiaries, joint operations	**(115,930)**	**(193,681)**

Analysis of net cash flow related to sale of subsidiaries, joint operations as business combinations	2023 HUF million	2022 HUF million
Cash consideration	46,286	9,415
Cash at bank or on hand disposed	(58)	(44,109)
Net cash inflow/(outflow) related to sale of subsidiaries, joint operations	**46,228**	**(34,694)**

Analysis of increas/decrease in other financial assets	2023 HUF million	2022 HUF million
Change of escrow account of decommissioning	2,505	(21,991)
Bought/sold bonds	5,599	(30,166)
Net change of given loans	2,604	(15,210)
Other changes	8,522	(15,864)
Total change in other financial assets	**19,230**	**(83,231)**

Analysis of cash flow related to joint ventures and associates	2023 HUF million	2022 HUF million
Cash consideration of acquisition and capital increase	(8,887)	(4)
Dividend from joint ventures and associates	4,471	21,206
Net movements of loans	8,537	(28,253)
Total	**4,121**	**(7,051)**

Analysis of other items	2023 HUF million	2022 HUF million
Fair value change - commodity	(9,011)	98,846
Write-off of inventories, net	9,142	33,813
Write-off of receivables, net	9,099	1,451
Other non-highlighted items	(1,714)	(22)
Total	**7,516**	**134,088**

	01 Jan 2023 balance	Cash flows used in financing activities	Non-cash changes							31 Dec 2023 balance
			Acquisitions/ Disposals	Realised and non-realised FX	FV change on derivatives	Accrued Interest	New lease liabilities	Non-financing CF related movements		
	HUF million	**HUF million**	HUF million	HUF million	HUF million	HUF million	HUF million	HUF million		HUF million
Long-term debt	650,413	**130,504**	62,276	(5,030)	-	34,384	40,634	-		913,181
Other non-current financial liabilities	20,671	**3,370**	-	(31)	-	-	-	(18,868)		5,142
Short-term debt	468,686	**(251,221)**	-	(50,965)	-	10,448	-	8,453		185,401
Other current financial liabilities	231,454	**(2,465)**	-	(8,278)	2,042	-	-	(17,837)		204,916
Total Cash flows used in financing activities from financial liabilities		**(119,812)**								
Other items impacting Cash flows used in financing activities		**(274,724)**								
Total Cash flows used in financing activities		**(394,536)**								

From the HUF 274,724 million Other items impacting Cash flows used in financing activities, HUF 268,379 million is the paid dividend to shareholders from retained earnings.

27. Earnings per share

Accounting policies

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

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

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

	Income HUF million	Weighted average number of shares	Earnings/(Loss) per share HUF
Basic Earnings Per Share cont.op. 2022	628,293	738,288,487	851.01
Diluted Earnings Per Share cont.op. 2022	628,293	740,092,497	848.94
Basic earnings per share attributable to owners of the parent (HUF) discont.op. 2022	223,297	738,288,487	302.45
Diluted earnings per share attributable to owners of the parent (HUF) discont.op. 2022	223,297	740,092,497	301.71
Basic Earnings Per Share 2022	851,590	738,288,487	1,153.47
Diluted Earnings Per Share 2022	851,590	740,092,497	1,150.65
Basic Earnings Per Share cont.op. 2023	530,367	741,337,396	715.42
Diluted Earnings Per Share cont.op. 2023	530,367	741,337,396	715.42
Basic earnings per share attributable to owners of the parent (HUF) discont.op. 2023	(449)	741,337,396	(0.61)
Diluted earnings per share attributable to owners of the parent (HUF) discont.op. 2023	(449)	741,337,396	(0.61)
Basic Earnings Per Share 2023	529,918	741,337,396	714.81
Diluted Earnings Per Share 2023	529,918	741,337,396	714.81

The diluted earnings per share differs from the basic earnings per share due to dilutive effect of outstanding number of shares with conversion option in equity-settled share-based payment (2023.12.31: 0 2022.12.31.: 1,695,704) and cash-settled share-based payment (2023 12.31: 0 2022.12.31.: 108,306) programs.

28. Related party transactions

a) Transactions with associated companies and joint ventures

	31 Dec 2023 HUF million	31 Dec 2022 HUF million
Trade and other receivables due from related parties	8,851	7,313
Long-term loans given to related parties	55,350	71,792
Long-term receivables from related parties due to finance lease	5,830	6,419
Short-term loans given to related parties	157	2,644
Short-term receivables from related parties due to finance lease	665	636
Trade and other payables due to related parties	18,444	14,461
Long-term liabilities to related parties due to finance lease	2,862	3,481
Short-term liabilities to related parties due to finance lease	538	541
Net sales to related parties	40,448	55,947
Other expenses from impairment of receivables due from related parties	-	31
Financial expenses from impairment of receivables due from related parties	5,407	9,907

The Group purchased and sold goods and services with associated companies and joint ventures during the ordinary course of business in 2023 and 2022. All of the transactions were conducted under market prices and conditions.

b) Remuneration of the members of the Board of Directors

Directors' remuneration approximated HUF 156 million in 2023 (2022: HUF 145 million). In addition, the directors participate in a long-term incentive scheme details of which are given in Note 4.

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

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

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

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

	2023 Number of shares	2022 Number of shares
Board of Directors	4,972,405	2,903,184
Chief Executives' and Management Committee (except Board of Directors members)	250,000	250,000
Senior Management (except Board of Directors, Chief Executives', Supervisory Board and Management Committee members)	19,618	233,305
Total	**5,242,023**	**3,386,489**

d) Transactions with Management, officers and other related parties

In 2023, entities controlled by the members of key management personnel purchased fuel and other retail services from MOL Group in the total value of HUF 4,584 million (2022: HUF 3,921 million). MOL Group provided subsidies through sponsorship for sport organisations controlled by key management personnel in the total value of HUF 720 million (2022: HUF 642 million). MOL Group purchased other services (including PR, media, business operations related services) from companies controlled by key management personnel in the total value of HUF 3,462 million (2022: HUF 1,557 million). All of the transactions were conducted under market prices and conditions.

Entities controlled by key management personnel hold 3,793,145 shares (2022: 2.100.000 shares).

e) Key management compensation

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

	2023 HUF million	2022 HUF million
Salaries and wages	1,204	958
Other short-term benefits	421	896
Share-based payments	553	331
Total	**2,178**	**2,185**

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

No loans have been granted to key management personnel.

29. Events after the reporting period

a) MOL, Volánbusz, MÁV and Waberer's strategic cooperation

In January of 2024, MOL signed the strategic cooperation agreement with national autobus transportation provider VOLÁNBUSZ; MÁV, the national railway company, and WÁBERER's, the leading Hungarian innovative logistics provider to join efforts for the development of the hydrogen economy. In the framework of the cooperation, MOL will investigate opportunities for green hydrogen production applicable in industry and mobility, coordinate our development activities and project proposals. MOL will also explore concepts to boost the growth of hydrogen fuel cell technology in mobility, as well as the infrastructure supporting it.

b) Agreement with Újpest 1885 Futball Llc.

An agreement has been reached between MOL Asset Management Ltd. And Újpest 1885 Football Ltd., under which the MOL Group subsidiary will acquire a majority stake in the company operating Újpest Football Club. The closing of the transaction and the actual change of ownership is expected to take place by the end of April 2024.

MOL's aim is to provide long-term support to Újpest FC as a trustworthy owner in order to build a future worthy of the club's illustrious past in the ever-evolving Hungarian football scene.

The arrival of the new owner will open up new horizons, resources and opportunities for the club, which can be one of the foundations for development and success.

MOL has always been a committed supporter of Hungarian sport and football. As the most popular team sport, football has played a distinguished role in Hungarian sport. MOL is one of the biggest sponsors of the sport and a key partner of the Hungarian Football Association and the men's national team.

c) Waste management joint company in Budapest region with Budapest Public Utilities Ltd. (BKM)

On 22 November 2022, MOL Plc. and BKM Ltd. have reached an alignment regarding the set-up of MOHU Budapest Ltd., a 50-50% owned company to provide waste management services in the Budapest region. In 2024 March, the Board of Directors approved the transaction by which BKM Ltd. will contribute the collection and transportation assets to MOHU Budapest Ltd. while MOL Plc. will inject the equivalent amount in cash. Besides the collection and transportation services, MOHU Budapest Ltd. will also operate the industrial-scale waste incinerator and the waste disposal site located in Pusztazámor, both of them are essential to manage waste generated in the Budapest region.

30. Appendices

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

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

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024 and endorsed by EU)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current, Classification of Liabilities as Current or Non-current - Deferral of Effective Date and Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024 and endorsed by EU)
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (effective for annual periods beginning on or after 1 January 2024 not yet endorsed by EU)
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025 not yet endorsed by EU)

MOL is in the process of evaluating the impact of these amendments. They are not expected to have a significant effect on future financial reporting.

b) Appendix II.: Subsidiaries

Company name	Country (Incorporation/Branch)	Range of activity	Ownership 2023	Ownership 2022
Integrated subsidiaries				
INA-Industrija nafte d.d.	Croatia	Integrated oil and gas company	49%	49%
Upstream				
Adriagas S.r.l.	Italy	Pipeline project company	49%	49%
Csanád Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
EMSZ Első Magyar Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
Kalegran B.V.	Netherlands	Exploration financing	100%	100%
Kalegran B.V Erbil Branch Office	Iraq	Exploration and production activity	100%	100%
KMSZ Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
MH Oil and Gas BV.	Netherlands	Investment management	100%	100%
MNS Oil and Gas B.V.	Netherlands	Exploration financing	100%	100%
MOL Bázakerettye Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
MOL Bucsa Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
MOL Crossroads B.V.	Netherlands	Exploration financing	100%	100%
MOL Azerbaijan Ltd.	Bermuda	Exploration and production activity	100%	100%
MOL Dráva Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
MOL (FED) Kazakhstan B. V. - Head office	Netherlands	Exploration financing	100%	100%
MOL (FED) Kazakhstan B.V. - Branch office	Kazakhstan	Investment management	100%	100%
MOL Nordsjön B.V.	Netherlands	Exploration financing	100%	100%
MOL Norge AS [3]	Norway	Exploration activity	-	100%
MOL Nyírség-Dél Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
MOL Nyírség-Észak Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
MOL Okány-Nyugat Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
MOL Őrség Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
MOL Pakistan Oil and Gas Co. B.V. - Head Office	Netherlands	Exploration financing	100%	100%
MOL Pakistan Oil and Gas Co. B.V. - Branch Office	Pakistan	Exploration and production activity	100%	100%
MOL-RUSS Ooo.	Russia	Management services	100%	100%
MOL Somogyvámos Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
MOL SZMDK Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
MOL Zala-Nyugat Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
Panfora Oil and Gas S.r.l.	Romania	Exploration and production activity	100%	100%
Tápió Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
Gas-Midstream				
FGSZ Földgázszállító Zrt.	Hungary	Natural gas transmission	100%	100%
Downstream				
Aufwind Schmack Első Biogáz Kft. [2]	Hungary	Biogas production	100%	-
Croplin, d.o.o.	Croatia	Natural gas trading	49%	49%
IES S.p.A.	Italy	Refinery and marketing of oil products	100%	100%
Panta Distribuzione S.r.l.	Italy	Trading of oil products	100%	100%
INA d.o.o.	Serbia	Trading of oil products	49%	49%
INA Kosovo d.o.o.	Kosovo	Trading of oil products	49%	49%
INA Maziva Ltd.	Croatia	Lubricants production and trading	49%	49%
Leodium Investment Kft.	Hungary	Financial services	100%	100%
MOL Austria GmbH	Austria	Wholesale trade of lubricants and oil products	100%	100%
Roth Energie GmbH (former: Roth Heizöle GmbH)	Austria	Trading of oil products	100%	100%
MOL Commodity Trading Kft.	Hungary	Financial services	100%	100%
MOL Germany GmbH	Germany	Trading of oil products	100%	100%
Aurora Kunststoffe GmbH	Germany	Plastic compounding	100%	100%
Aurora Kunststoffe Walldürn GmbH	Germany	Plastic compounding	100%	100%
Aurora Kunststoffe VS GmbH	Germany	Plastic compounding	100%	100%
MOL Kunststoff Kft.	Hungary	Investment management	100%	100%
MOL-LUB Kft.	Hungary	Production and trade of lubricants	100%	100%
MOL Petrolkémia Zrt.	Hungary	Petrochemical production and trading	100%	100%
Tisza-WTP Kft. [1]	Hungary	Feed water and raw water supply	0%	0%
TVK-Erőmű Kft.	Hungary	Electricity production and distribution	100%	100%
MOL REMA Holding Kft.	Hungary	Investment management	100%	100%
Recrea Asset Management Zrt.	Hungary	Business management	100%	100%
ReMat Hulladékhasznosító Zrt.	Hungary	Recycling and wholesale of waste	100%	100%
ReMat Slovakia s.r.o.	Slovakia	Recycling and wholesale of waste	100%	100%
MOL Slovenia Downstream Investment B.V.	Netherlands	Investment management	100%	100%
Moltrans Kft.	Hungary	Transportation services	100%	100%
MOLTRADE-Mineralimpex Zrt.	Hungary	Importing and exporting of energetical products	100%	100%
MOL CZ Downstream Investment B.V.	Netherlands	Investment management	100%	100%
MOL Ukraine LLC	Ukraine	Wholesale and retail trade	100%	100%
OT Industries Fővállalkozó Zrt.	Hungary	Technical consultancy	100%	100%
OLAJTERV Tervező Zrt. (former: OT Industries Tervező Zrt.)	Hungary	Engineering activity	100%	100%
SLOVNAFT a.s.	Slovakia	Refinery and marketing of oil and petrochemical products	100%	100%
Dalby a.s.	Slovakia	Wholesale and retail trade	100%	100%
Slovnaft Polska S.A.	Poland	Wholesale and retail trade	100%	100%
Slovnaft Trans a.s.	Slovakia	Transportation services	100%	100%
Vúrup a.s.	Slovakia	Research and development	100%	100%
Terméktároló Zrt.	Hungary	Oil product storage	74%	74%
Zväz pre skladovanie zásob a.s.	Slovakia	Wholesale and retail trade, warehousing	100%	100%
Consumer Services				
Energopetrol d.d.	Bosnia and Herzegovina	Retail trade	44%	44%
Fresh Corner Restaurants Holding Kft.	Hungary	Investment management	100%	100%
Fresh Corner Restaurants Kft.	Hungary	Catering services	100%	100%
Holdina d.o.o.	Bosnia and Herzegovina	Trading of oil products	49%	49%
INA Crna Gora d.o.o.	Montenegro	Trading of oil products	49%	49%
INA Maloprodajni servisi d.o.o.	Croatia	Trade agency in the domestic and foreign market	49%	49%
INA Slovenija d.o.o.	Slovenia	Trading of oil products	49%	49%
MOL Česká republika s.r.o.	Czech Republic	Wholesale and retail trade	100%	100%

Company name	Country (Incorporation/Branch)	Range of activity	Ownership 2023	Ownership 2022
MOL Fleet Holding Kft.	Hungary	Investment management	100%	100%
MOL Fleet Solution Flottakezelő Kft.	Hungary	Fleet management	100%	100%
MOL & INA d.o.o. [2]	Slovenia	Trading of oil products	100%	-
MOL Limitless Mobility Holding Kft.	Hungary	Investment management	100%	100%
MOL Limitless Mobility Kft.	Hungary	Car sharing	100%	100%
MOL Polska sp. z o.o.	Poland	Retail sale of fuel for motor vehicles at service stations	100%	100%
MOL Retail Holding Kft.	Hungary	Real estate management	100%	100%
MOL Kiskereskedelmi Ingatlan Kft.	Hungary	Real estate management	100%	100%
MOL Romania PP s.r.l.	Romania	Retail and wholesale trade of fuels and lubricants	100%	100%
MOL Serbia d.o.o.	Serbia	Retail trade of fuels and lubricants	100%	100%
MOL Slovenia d.o.o.	Slovenia	Retail trade of fuels and lubricants	100%	100%
MOL Vendéglátó Kft.	Hungary	Hospitality, operating café houses	100%	100%
Slovnaft Mobility Services, s.r.o.	Slovakia	Rental services	100%	100%
Slovnaft Retail, s.r.o. [4]	Slovakia	Wholesale and retail trade	-	100%
Tifon d.o.o.	Croatia	Retail trade of fuels and lubricants	100%	100%
Corporate and other				
FER Tűzoltó és Szolgáltató Kft.	Hungary	Fire services	100%	100%
Geoinform Kft.	Hungary	Hydrocarbon exploration	100%	100%
Hostin d.o.o.	Croatia	Tourism	49%	49%
INA Industrijski servisi d.o.o.	Croatia	Investment management	49%	49%
Crosco Naftni Servisi d.o.o.	Croatia	Oilfield services	49%	49%
Crosco S.A. DE C.V	Mexico	Maintaining services	49%	49%
Crosco Ukraine Llc.	Ukraine	Oilfield services	49%	49%
Rotary Zrt.	Hungary	Oilfield services	49%	49%
Rotary D&WS SRL [3]	Romania	Oilfield services	-	49%
Sea Horse Shipping Inc. [3]	Marshall Islands	Platform ownership	-	49%
Plavi Tim d.o.o.	Croatia	IT services	49%	49%
STSI integrirani tehnički servisi d.o.o.	Croatia	Repairs and maintenance services	49%	49%
INA Vatrogasni Servisi d.o.o.	Croatia	Firefighting services	49%	49%
MOL Aréna Kft.	Hungary	Investment management	100%	100%
MOL Biztonsági Szolgáltatások Kft.	Hungary	Security services	100%	100%
MOL CVC Investment Kft.	Hungary	Investment management	100%	100%
MOL E-mobilitás Vagyonkezelő Kft.	Hungary	Investment management	100%	100%
ITK Holding Zrt. [2]	Hungary	Investment management	94%	-
Inter Traction Electrics Kft. [2]	Hungary	Motor vehicle manufacturing	94%	-
Inter Tan-Ker Zrt. [2]	Hungary	Passenger transportation	94%	-
Inter Tan-Ker City Kft. [2]	Hungary	Passenger transportation	94%	-
Inter-Traffic Management Kft. [2]	Hungary	Renting and operating of owned and leased vehicles	94%	-
ITE Bus & Truck Kereskedelmi Kft. [2]	Hungary	Vehicle sales and aftersales	94%	-
Pandant TMSZ Kft. [2]	Hungary	Security services	94%	-
MOL GBS Magyarország Kft.	Hungary	Accounting services	100%	100%
MOL GBS Slovensko s.r.o.	Slovakia	Accounting services	100%	100%
MOL Group Finance Zrt.	Hungary	Investment management	100%	100%
MOL Group International Services B.V.	Netherlands	Financial and accounting services	100%	100%
MOL Ingatlan Holding Kft.	Hungary	Investment management	100%	100%
MOL Campus Kft.	Hungary	Real estate management	100%	100%
MOL C.F. Kft.	Hungary	Real estate management	100%	100%
MOL Investment Kft.	Hungary	Financial services	100%	100%
MOL IT & Digital GBS Magyarország Kft.	Hungary	IT services	100%	100%
MOL IT & Digital GBS Slovensko, s.r.o.	Slovakia	IT services	100%	100%
MOL IT Holding Kft.	Hungary	Investment management	100%	100%
MOL Körforgásos Gazdálkodás Kft. [2]	Hungary	Waste Management	100%	-
MOL Magyarország Társasági Szolgáltató Kft.	Hungary	Company services	100%	100%
MOL Reinsurance Co. DAC	Ireland	Captive insurance	100%	100%
MOL RES Investments Zrt.	Hungary	Geothermal energy production	100%	100%
MOL Solar Energy Holding Kft.	Hungary	Business services	100%	100%
MOL Solar Operator Kft.	Hungary	Power production	100%	100%
MOL Transportation Services Kft.	Hungary	Transportation services	100%	100%
MOHU Holding Kft. [2]	Hungary	Investment management	100%	-
NHSZ Észak-KOM Nonprofit Kft. [2]	Hungary	Waste Management	94%	-
NHSZ Gyöngyösi Reg. Hulladékkezelő Kft. [2]	Hungary	Waste Management	98%	-
NHSZ Mátra Hulladékkezelő Nonporfit Kft. [2]	Hungary	Waste Management	99%	-
NHSZ Miskolc Kft. [2]	Hungary	Waste Management	100%	-
NHSZ Tatabánya Zrt. [2]	Hungary	Waste Management	67%	-
NHSZ Vértes Vidéke HG Nonprofit Kft. [2]	Hungary	Waste Management	65%	-
NHSZ Tapolca Nonprofit Kft. [2]	Hungary	Waste Management	96%	-
NHSZ Csobánc Kft. [2]	Hungary	Waste Management	96%	-
NHSZ TISZA Nonprofit Kft. [2]	Hungary	Waste Management	77%	-
MOHU MOL Hulladékgazdálkodási Zrt. [2]	Hungary	Waste Management	100%	-
MOL Vagyonkezelő Kft.	Hungary	Investment management	100%	100%
Neptunus Investment Kft.	Hungary	Investment management	100%	100%
Fonte Viva Kft.	Hungary	Mineral water production and distribution	100%	100%
Petrolszolg Kft.	Hungary	Repairs and maintenance services	100%	100%
Slovnaft Montáže a opravy a.s.	Slovakia	Repairs and maintenance services	100%	100%
MOL Industrial Services Investment Kft.	Hungary	Investment management	100%	100%
ISO-SZER Kft.	Hungary	Construction services	100%	100%
KVV Zrt. (former: OT Industries-KVV Kivitelező Zrt.)	Hungary	Pipeline construction	100%	100%
OT Industries Eszközhasznosító Kft.	Hungary	Leasing activity	100%	100%
Top Računovodstvo Servisi d.o.o.	Croatia	Accounting services	49%	49%
TVK Ingatlankezelő Kft.	Hungary	Real estate management	100%	100%

1) Fully consolidated because MOL Petrolkémia Zrt. and TVK Erőmű Kft. is the only costumer of Tisza-WTP Kft.; 2) Fully consolidated from 2023; 3) Liquidated in 2023; 4) Merged to Slovnaft a.s. in 2023

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

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

Inventory holding gain/loss

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

Impairment on inventory

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

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

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

Derivative transactions

CCS methodology is based on switching to period average crude oil prices, but the CCS effect together with the effect of commodity derivative transactions would lead to unnecessary duplication, therefore the P&L effect of commodity derivatives are eliminated, except for the results of strategic hedges and rotation transactions

CO2 adjustment

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

Non-recurring special items

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

	2023	2022
Clean CCS profit/(loss) from operation reconciliation	HUF million	HUF million
Profit from operation	**677,575**	**1,259,112**
Inventory holding gain/(loss)	400	(82,167)
Impairment on raw materials and own-produced inventory	(8,249)	18,693
- thereof affects raw materials	351	134
- thereof affects own-produced inventory	(8,534)	13,426
- thereof affects purchased goods/products inventory	(65)	5,133
Cargo commodity derivatives	(1,799)	103,396
CO2 adjustment	(2,030)	4,111
CCS profit from operation	**665,897**	**1,303,145**
Impact of derivative transactions	(13,410)	(4,770)
Other Clean adjustment	(245)	-
Special items	45,226	(6,045)
Clean CCS profit from operation	**697,468**	**1,292,330**

Special items	2023 HUF million	2022 HUF million
Profit from operation excluding special items	**722,801**	**1,253,067**
Upstream		
Impairment on Upstream assets in the Group	(3,654)	15,273
MOL Plc. Decommissioning liability revision estimate	16,904	-
INA Decommissioning liability revision estimate	8,648	-
Total special items in Upstream	**21,898**	**15,273**
Downstream		
Impairment of assets under construction at SN	-	(4,678)
Impairment of assets under construction at MOL Plc.	-	(4,550)
Total special items in Downstream	**-**	**(9,228)**
Consumer services		
Impairment of Retail assets	(61,257)	-
Total special items in Consumer services	**(61,257)**	**-**
Corporate and Other		
ITK Goodwill impairment	(5,867)	-
Total special items in Corporate and Other	**(5,867)**	**-**
Total impact of special items on profit from operation	**(45,226)**	**6,045**
Profit from operation	**677,575**	**1,259,112**

d) Appendix IV.: Additional presentations according to the Hungarian Accounting Law

Person responsible for supervising transactional accounting and preparation of IFRS financial statements

Name: Ervin Berki
Registration number: 195106 (IFRS specialisation)

Person required to sign the statement of responsibility

Name: József Molnár, Group Chief Executive Officer
Address: HU – 1165 Budapest, Hunyadvár utca 42.

Name: József Simola, Group Chief Financial Officer
Address: HU – 1112 Budapest, Ördögorom út 3/C A ép. 1.

Contacts

Company name: MOL Plc.
Registered address: HU – 1117 Budapest, Dombóvári út 28.
Official website: www.molgroup.info

Presentation of company controls

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

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

Audit fees

In accordance with paragraph 133 of the Hungarian Accounting Law the financial statements include the total fees for the financial year charged by the auditor or audit firm for the audit of consolidated accounts and for non-audit services. The fee charged by the audit firm (Deloitte Könyvvizsgáló és Tanácsadó Kft.) for the statutory audit of the 2023 consolidated and separate financial statements of MOL Plc. is HUF 110 million. The auditor including its network charged HUF 280 million for other assurance and audit-related services, HUF 60 million for tax advisory services and HUF 130 million for other non-audit-related services to MOL Plc. and its subsidiaries for 2023 excluding fees for statutory audits of annual financial statements.

e) Appendix V.: Presentation of licensed activities

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

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

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

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

Separation method

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

Companies prepares the activity separation annually.

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

STATEMENT OF PROFIT OR LOSS

	2023						
	Electricity				Natural gas		
	MOL Plc.	TVK-Erőmű Kft.	MOL Solar Operátor Kft.	Total	FGSZ Földgázszállító Zrt.	MOL Commodity Trading Kft.	Total
	Trading	Manufacturing	Manufacturing		Transportation	Trading	
	HUF million	HUF million	HUF million	HUF million	HUF million	HUF million	HUF million
Net sales	152,195	6,487	1,585	**160,267**	139,931	47,316	**187,247**
Other operating income	146	1	-	**147**	6,362	(37)	**6,325**
Total operating income	**152,341**	**6,488**	**1,585**	**160,414**	**146,293**	**47,279**	**193,572**
Raw materials and consumables used	139,370	4,406	290	**144,066**	40,082	48,204	**88,286**
Employee benefits expense	105	-	-	**105**	11,519	-	**11,519**
Depreciation, depletion, amortisation and impairment	510	298	617	**1,425**	20,412	-	**20,412**
Other operating expenses	726	24	48	**798**	3,954	165	**4,119**
Change in inventory of finished goods and work in progress	-	-	-	**-**	-	-	**-**
Work performed by the enterprise and capitalised	240	-	-	**240**	(2,112)	-	**(2,112)**
Total operating expenses	**140,951**	**4,728**	**955**	**146,634**	**73,855**	**48,369**	**122,224**
Profit/(Loss) from operation	**11,390**	**1,760**	**630**	**13,780**	**72,438**	**(1,090)**	**71,348**
Finance income	979	162	353	**1,494**	520	62	**582**
Finance expense	(33)	64	30	**61**	20,067	26	**20,093**
Total finance income/(expense)	**1,012**	**98**	**323**	**1,433**	**(19,547)**	**36**	**(19,511)**
Profit/(Loss) before tax	**12,402**	**1,858**	**953**	**15,213**	**52,891**	**(1,054)**	**51,838**
Income tax income/(expense)	-	(198)	(86)	**(284)**	(5,478)	-	**(5,478)**
Profit/(Loss) for the year	**12,402**	**1,660**	**867**	**14,929**	**47,413**	**(1,054)**	**46,359**

STATEMENT OF FINANCIAL POSITION

	31 Dec 2023						
		Electricity			Natural gas		
	MOL Plc.	TVK-Erőmű Kft.	MOL Solar Operátor Kft.	Total	FGSZ Földgázszállító Zrt.	MOL Commodity Trading Kft.	Total
	Trading	Manufacturing			Transportation	Trading	
	HUF million	HUF million	HUF million	HUF million	HUF million	HUF million	HUF million
NON-CURRENT ASSETS							
Property, plant and equipment	1,827	2,236	6,940	**11,003**	275,571	-	**275,571**
Investment property	-	-	-	**-**	-	-	**-**
Intangible assets	-	-	-	**-**	4,017	-	**4,017**
Investments	-	-	-	**-**	-	-	**-**
Other non-current financial assets	-	884	3,479	**4,363**	1,443	5,070	**6,513**
Deferred tax asset	-	-	-	**-**	-	-	**-**
Other non-current assets	-	-	-	**-**	120	-	**120**
Total non-current assets	1,827	3,120	10,419	**15,366**	281,151	5,070	**286,221**
CURRENT ASSETS							
Inventories	421	44	32	**497**	5,950	-	**5,950**
Trade and other receivables	19,176	607	279	**20,062**	7,153	3,820	**10,973**
Securities	-	-	-	**-**	-	-	**-**
Other current financial assets	-	-	-	**-**	-	-	**-**
Income tax receivable	-	285	-	**285**	-	-	**-**
Cash and cash equivalents	-	45	-	**45**	6,399	4,195	**10,594**
Other current assets	30,571	91	14	**30,676**	1,780	2	**1,782**
Assets classified as held for sale	-	-	-	**-**	-	-	**-**
Total current assets	**50,168**	**1,072**	**325**	**51,565**	**21,282**	**8,017**	**29,299**
Total assets	**51,995**	**4,192**	**10,744**	**66,931**	**302,433**	**13,087**	**315,520**
EQUITY							
Share capital	432	686	105	**1,223**	18,719	15	**18,734**
Retained earnings and other reserves	3,101	-	9,232	**12,333**	84,487	1,715	**86,202**
Profit/(Loss) for the year	12,402	1,660	866	**14,928**	47,413	(1,054)	**46,359**
Technical income/(expense) for the period	17,400	1,069	-	**18,469**	724	(231)	**493**
Total equity	33,335	3,415	10,203	**46,953**	151,343	445	**151,788**
NON-CURRENT LIABILITIES							
Long-term debt	(94)	-	245	**151**	82,289	-	**82,289**
Other non-current financial liabilities	-	-	-	**-**	-	-	**-**
Non-current provisions	-	-	-	**-**	2,506	-	**2,506**
Deferred tax liabilities	-	-	164	**164**	20,872	-	**20,872**
Other non-current liabilities	-	-	-	**-**	12,405	-	**12,405**
Total non-current liabilities	**(94)**	**-**	**409**	**315**	**118,072**	**-**	**118,072**
CURRENT LIABILITIES							
Short-term debt	-	-	9	**9**	1,417	-	**1,417**
Trade and other payables	15,673	777	90	**16,540**	8,645	12,448	**21,093**
Other current financial liabilities	-	-	-	**-**	11,642	-	**11,642**
Current provisions	-	-	-	**-**	3,414	-	**3,414**
Income tax payable	-	-	4	**4**	482	-	**482**
Liabilities classified as held for sale	-	-	-	**-**	-	-	**-**
Other current liabilities	3,081	-	29	**3,110**	7,418	194	**7,612**
Total current liabilities	**18,754**	**777**	**132**	**19,663**	**33,018**	**12,642**	**45,660**
Total liabilities	**18,660**	**777**	**541**	**19,978**	**151,090**	**12,642**	**163,732**
Total equity and liabilities	**51,995**	**4,192**	**10,744**	**66,931**	**302,433**	**13,087**	**315,520**

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

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

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

2023 SUSTAINABILITY REPORT: INTRODUCTION

The aim of MOL Group's Sustainability Report is to transparently and comprehensively communicate the company's sustainability performance, goals, and commitments to its stakeholders. The report serves as a tool to provide information on the company's environmental, social and governance (ESG) performance, and to demonstrate its commitment to sustainable business practices.
Accordingly, MOL Group uses materiality assessment as means of prioritizing material sustainability related topics in reporting, without excluding any other relevant topics. Sustainability related information is presented throughout the Integrated Annual Report (page 3 for overview). However, issues that are considered material based on the materiality assessment (page 5) are predominantly addressed in more detail inside the Sustainability Report.
The key building blocks of the report include the following:

- a two-pager with a list of key Group-level material indicators, which are investment relevant and useful for decision making (page 149-150);
- followed by concise explanatory narrative that clarifies changes in performance of selected indicators whilst highlighting important developments (cross-referenced to **SASB**, **GRI** and **IPIECA,** where possible);
- EU taxonomy report, introducing the company's aligned and eligible activities in line with the European Union's Article 8 of the Regulation (EU) 2020/852 (Taxonomy Regulation) and the Annex I of the Delegated Regulation (EU) 2021/2178 (Disclosure Delegated Act) requirements.

Climate related disclosures are produced in accordance with **TCFD** recommendations (page 150) and consistent with the **Greenhouse Gas Protocol**. Additional sustainability related information and data can be obtained from the Sustainability Report's related documents: the **GRI Reporting Table** and the **Data Library** which can be found on the Group's website. A description of the Group's **approach to integrated and sustainability reporting** can be obtained on page 3.

This Sustainability Report has been **approved and authorized for issue by** the Sustainable Development Committee of the Board of Directors on 21 March 2024. This Sustainability Report and its related documents have been **externally assured** by Deloitte (page 181).

CONTENT OF THIS REPORT

CONSOLIDATED SUSTAINABILITY PERFORMANCE DATA

Selected Group-level key sustainability indicators highlighted below are based on the **materiality assessment** (refer to **Materiality Matrix** on page 5 for detailed material issues). When selecting indicators, MOL Group used the **SASB Materiality Map**, **IPIECA Sustainability Reporting Guidance** and **GRI** as reference. Disclosure of 600+ ESG data points for the 2019-2023 period can be obtained from the Data Library.

CLIMATE CHANGE & ENVIRONMENT	UNIT OF MEASURE	2023	2022	SASB	IPIECA	GRI	PAGE
Total Direct GHG (Scope 1)	mn tonnes CO_2 eq	6.64	6.64	EM-RM-110a.1	CCE-4	305-1	122
Total Direct GHG (Scope 1) under ETS	mn tonnes CO_2 eq	5.83	5.73	EM-RM-110a.1	CCE-4	305-1	123
Total Indirect GHG (Scope 2) - Location based	mn tonnes CO_2 eq	0.61	0.59	EM-RM-110a.1	CCE-4	305-2	122
Total Indirect GHG (Scope 2) - Market based	mn tonnes CO_2 eq	0.81	0.70	EM-RM-110a.1	CCE-4	305-2	122
Total Indirect GHG (Scope 3)	mn tonnes CO_2 eq	55.8	56.7	-	CCE-4	305-3	123
Methane (CH_4)	tonnes	2,390	1,964	EM-EP-110a.2	CCE-5	305-1	123
Total direct energy consumption	mn GJ	90.48	89.34	EM-RM-120a.1	CCE-6	302-1	123
Total indirect energy consumption	mn GJ	9.55	9.10	EM-RM-120a.1	CCE-6	302-2	123
Sulphur Dioxide (SO_2)	tonnes	4,647	4,643	EM-RM-120a.1	ENV-5	305-7	124
Nitrogen Oxides (NO_X)	tonnes	5,413	5,541	EM-RM-120a.1	ENV-5	305-7	124
Number of Spills (>1bbl)	number	45	41	EM-EP-160a.2	ENV-6	306-3	125
Volume of Spills (>1bbl) - HC content	m^3	266.95	984.96	EM-EP-160a.2	ENV-6	306-3	125
Total Water Withdrawal	thousand m^3	99,912	88,556	EM-RM-140a.1	ENV-1	303-3	125
o/w regions w/ High or Extremely High Baseline Water Stress	%	0	0	EM-RM-140a.1	ENV-1	303-3	125
Total Water Discharged	thousand m^3	112,478	98,894	EM-RM-140a.1	ENV-2	303-4	125
Total Waste Generated	tonnes	175,744	169,288	EM-RM-150a.1	ENV-7	306-5	125
HEALTH & SAFETY	**UNIT OF MEASURE**	**2023**	**2022**	**SASB**	**IPIECA**	**GRI**	**PAGE**
Fatalities – own staff	number	0	1	EM-RM-320a.1	SHS-3	403-2	125
Fatalities – contractors (on- and off-site)	number	9	2	EM-RM-320a.1	SHS-3	403-2	125
Fatalities – third parties (work related)	number	1	3	EM-RM-320a.1	SHS-3	403-2	125
Lost Time Injury Frequency (own staff + contractors)	per 1 mn worked hours	1.13	1.14	EM-RM-320a.1	SHS-3	403-9	126
Total Recordable Injury Rate (own staff + contractors)	per 1 mn worked hours	1.31	1.4	EM-RM-320a.1	SHS-3	403-9	126
HAZMAT Transport Related Road Accidents	number	44	31	TR-RO-540Aa.1	SHS-4	403-9	126
HAZMAT Transportation Road Accident Rate	cases per driven mn km	0.47	0.33	TR-RO-540Aa.1	SHS-4	403-9	126
TIER 1 Process Safety Events	number	9	13	EM-RM-540a.1	SHS-6	11.8.3	127
TIER 2 Process Safety Events	number	18	18	EM-RM-540a.1	SHS-6	11.8.3	127
HSE Penalties	HUF million	41	24	-	-	2-27	127
PEOPLE & COMMUNITIES	**UNIT OF MEASURE**	**2023**	**2022**	**SASB**	**IPIECA**	**GRI**	**PAGE**
Number of Employees	number	24,912	24,277	-	-	2-7	128
o/w part-time	number	514	395	-	-	2-7	128
Employee turnover rate	%	14.1	13.0	CG-MR-310a.2	SOC-6	401-1	129
o/w Voluntary Turnover Rate	%	8.5	9.2	CG-MR-310a.2	SOC-6	401-1	129
o/w Non-voluntary Turnover Rate	%	5.6	3.9	CG-MR-310a.2	SOC-6	401-1	128
Proportion of women in total workforce	%	26.3	25.6	CG-MR-330a.2	SOC-5	405-1, 11.11.	128
Proportion of women in management (HAY 18 and above)	%	27.9	26.5	CG-MR-330a.2	SOC-5	405-1, 11.11	128
Average hours of training per employee	hours	30	29	-	SOC-7	404-1	128
Average training cost per employee	HUF thousand	108	104	-	SOC-7	404-1	128
Employees covered by collective agreement	%	93	92	-	SOC-4	2-30	130
Refineries in or near areas of dense population	number	3	3	EM-RM-120a.2	-	2-1	130
Community grievances received	numbers	175	184	RT-CH-210a.1	SOC-12	413-2	130
Donations in cash	HUF million	1,102	1,013	-	SOC-13	203-1	132
Ratio of local suppliers by number	%	81	86	-		204-1	
o/w Hungary	%	79	77	-		204-1	
o/w Slovakia	%	70	70	-		204-1	
o/w Croatia	%	81	86	-		204-1	
o/w Other	%	91	93	-		204-1	
INTEGRITY & TRANSPARENCY	**UNIT OF MEASURE**	**2023**	**2022**	**SASB**	**IPIECA**	**GRI**	**PAGE**
Ethics Reports	number	106	102	-	SOC-8	2-26, 406-1	131
Ethics Investigations	number	75	71	-	SOC-8	2-26, 406-1	131

Ethics Misconducts	number	23	22	-	SOC-8	2-26, 406-1	131
Security Investigations	number	1,286	1,663	-	SHS-7	2-26	132
Security Misconducts	number	928	1,387	-	SHS-7	2-26	132
Cyber Security Breaches	number	3	1	-	SHS-7	11.18., 418-1	132
Fines related to anti-competitive practices	HUF million	0	0	EM-RM-520a.1	-	206-1	132
EU Trade associations membership expenditures	EUR thousand	982	997	EM-RM-530a.1	GOV-5	2-28	133
Composition of the Supervisory Board				-		2-9	
o/w Number of board members	Number	12	13	-		2-9	
o/w Number of independent board members	Number	7	7	-		2-9	
Composition of the Board of Directors				-		2-9	
o/w Number of board members	Number	11	11	-		2-9	
o/w Number of independent board members	Number	7	7	-		2-9	

CLIMATE CHANGE & ENVIRONMENT

Climate related disclosures are produced in accordance with the recommendations of the **Task Force on Climate-related Financial Disclosures** (TCFD) and consistent with the **Greenhouse Gas Protocol**. Reference index below:

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GOVERNANCE: GOVERNANCE AROUND CLIMATE-RELATED RISKS/OPPORTUNITIES		AR PAGE
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RISK MANAGEMENT: IDENTITICATION, ASSESSMENT AND MANAGEMENT OF CLIMATE-RELATED RISKS		AR PAGE
A	Processes for the identification and assessment of climate related risk	11
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METRICS AND TARGETS: METRICS AND TARGETS USED TO ASSESS AND MANAGE RELEVANT CLIMATE-RELATED RISKS/OPPORTUNITIES		AR PAGE
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A description of **governance mechanisms** at both Board and Management level can be obtained from the Corporate Governance Report. A description of MOL Group's long-term **strategy** and the use of **scenarios** can be obtained from the Corporate Strategy section inside the Management Discussion & Analysis. Processes for the identification, assessment, management of **climate related risks**, as well as references to mitigating actions on acute and chronic risks, can be obtained from the Integrated Corporate Risk Management inside the Management Discussion & Analysis. A wide range of climate related **metrics and targets**, including Scope 1/2/3 emissions as well as wide number of air emissions are disclosed throughout the Sustainability Report and in the Data Library on the MOL Group website.

GREENHOUSE GAS EMISSIONS: CORPORATE STRATEGY AND 2030 TARGETS [SASB: EM-RM-110a.2 / GRI: 305-1, 11.2.3. / IPIECA: CCE-4]

In Q1 2024, MOL Group published an updated long-term strategy. While the general direction of the corporate strategy remains unchanged, the challenging global economic environment, the ambitious goals and stringent regulatory requirements of the European Union, and the new, for the moment untapped opportunities in our own portfolio required the review of focus points in MOL Group's Shape Tomorrow Strategy.

MOL Group aims to reduce its absolute Scope 1 & 2 GHG emission by 25% by 2030 compared to 2019 levels. While this is partly a technical reformulation of our earlier target (30% reduction by 2030) which only took into account the Group's 2019 asset base, it is also more ambitious: 25% absolute reduction is equal to 33% reduction on 2019 like-for-like terms. Additionally, MOL Group publishes an indication of 5-10% reduction of our Scope 3 emissions based on the expected changes in market demand for fossil fuels and our efforts in expanding the biofuel market in the CEE region. Achieving 25% absolute reduction in our Scope 1 & 2 emissions relies on several initiatives:

accelerating our investments in renewables (solar PV, wind and geothermal); scaling up new technologies in Downstream operations (green H2, biogas, recycling); tackling methane emissions in Upstream operations; and strengthening our integration into the circular economy by exploiting synergies between the acquired Hungarian Waste Management Concession and our traditional businesses.

A detailed overview of the strategy is available in the MD&A (page 7) of this report, on molgroup.info and in capital market presentations. A yearly update on MOL Group's sustainability related development, description on future low-carbon and circular economy product and service portfolio can be obtained throughout the MD&A (page 7) and the Sustainability Report. A progress on GHG emission targets is available in the 2023 Data Library – Climate Change section.

MOL Group incorporates carbon trajectory into investment decision processes. As part of a wider set of macro assumptions, MOL Group discloses its carbon price projections and in its scenario analysis and capital market releases: an ETS carbon price of EUR 100-140/t is forecast by 2030.

DIVISIONAL CONTRIBUTION ON SUSTAINABLE DEVELOPMENT

Downstream operation aims to decrease the direct carbon footprint (Scope 1 & 2) of its operations relying on two main building blocks: continuous implementation of energy efficiency and electrification related projects and investing in emerging and low-carbon technologies. The latter block focuses on three main solutions: green hydrogen production – where first pilot project with 10 MW electrolyser capacity becomes operational in Danube Refinery in H1 2024; expansion of bioenergy and biofuel portfolio; and further integration of waste and recycling operations towards a circular economy.

During 2023, we have taken significant steps to realize these strategic objectives: implementation of first pilot project of green hydrogen with 10 MW electrolyser capacity has continued and becomes operational in Danube Refinery in H1 2024; a strategic partnership was announced between MOL, Volánbusz, MÁV and Waberer's in order to accelerate the development in Hungarian hydrogen mobility; and acquisition of Szarvas Biogas plant.

Upstream is supporting MOL Group decarbonization targets by seeking the way to minimize the direct impact of our operations on the environment and reduce Scope 1 & 2 emissions, which accounted for 0.97 million tonnes of CO_2eq in 2023. We are focused on methane emission management and flaring and venting reduction projects. Additionally, Upstream is working on energy transition by preparing the geothermal exploration investment cycle in the Croatia and Hungary and starting Lithium pilot project in Hungary.

Carbon capture, utilization and storage offers a great opportunity to ensure a net zero operation within Upstream that builds on and leverages the already existent experience in injecting and storing CO_2.

Sustainability development actions and results in connection to the Innovative Business Solutions are detailed within the relevant MD&A section, as it is highly connected to their everyday operations (i.e. Mobility solutions, MOHU).

Overall – including our 2023 performance - MOL Group managed to decrease its Scope 1 & 2 emissions by 5% compared to 2019 levels.

2023 was the company's first full year in MOL Campus, the new headquarters for MOL Group, consolidating the company's Budapest based operations in one place. The building provides a blueprint for the office of the future, also being a statement of our engagement towards sustainable operations. Greenery travels through the heart of the building, from the central atrium to the rooftop, bringing nature closer to the workspace. It also acts as a social catalyst, creating spaces for collaboration, relaxation, and inspiration. The offset service cores create large flexible areas that encourage collaborative patterns of working. Using cutting edge technology to control light levels, temperature and views these workspaces are finely calibrated to create the perfect working environment.

Confirming our efforts to operate and work in a more sustainable way, MOL Campus received an Excellent rating based on the BREEAM green building assessment system. BREEAM (Building Research Establishment's Environmental Assessment Methodology) is a rating system that categorizes sustainable buildings. When reaching the BREEAM Excellent level, among many things, optimized energy performance, the use of renewable energy, the collection, treatment and use of rainwater and gray water, the reduction of light pollution, and the compensation of CO_2 emissions are taken into account.

KEY DIVISIONAL SUSTAINABILITY INDICATORS	UNIT OF MEASURE	FY 2023	FY 2022	SASB
DOWNSTREAM				
Total Direct GHG Emissions (Scope 1)	mn t CO_2-eq	5.69	5.64	EM-EP-110a.1
o/w under ETS	mn t CO_2-eq	5.62	5.65	EM-EP-110a.1
Fatalities (own staff + contractor)	number	0	0	EM-EP-320a.1
Total Recordable Injury Rate (own staff + contractor)	per 1 mn worked hours	1.91	2.0	EM-EP-320a.1
Process Safety Tier 1 Events	number	6	10	EM-EP-540a.1
UPSTREAM				
Total Direct GHG Emissions (Scope 1)	mn t CO_2-eq	0.91	0.97	EM-EP-110a.1
Fatalities (own staff + contractor)	Number	8	1	EM-EP-320a.1
Total Recordable Injury Rate (own staff + contractor)	per 1 mn worked hours	2.23	1.25	EM-EP-320a.1
Process Safety Tier 1 Events	number	3	3	EM-EP-540a.1
Volume of Spills (> 1 bbl)	m^3	266.95	984.96	EM-EP-160a.2

GREENHOUSE GAS EMISSIONS: SCOPE 1 / 2 [SASB: EM-RM-110a.1 / GRI 305-1 – 305-2, 11.1.5-6 / IPIECA: CCE-4 / CCE-5]

MOL reports GHG emissions on an "operational control approach" consistent with the Greenhouse Gas Protocol. In line with this approach, MOL Group accounts for 100% of emissions from operations over which the Group or one of its subsidiaries has operational control of

GHG emissions. Non-operated Upstream assets are accounted in Scope 3 under *Category 15 'Investments'* in the Greenhouse Gas Emissions: Scope 3 chapter of this report.

MOL Group's total direct greenhouse gas (GHG) emissions from operated facilities (Scope 1) reached 6.64 million (mn) tonnes of CO_2-equivalent (CO_2-eq) in 2023, resulting in no change compared to 2022 levels. Downstream continued to account for most of Scope 1 emissions (86%), with Upstream accounting for 14%.

SCOPE 1 and Scope 2 GHG EMISSIONS	UNIT OF MEASURE	2023	2022	SASB
Downstream	mn t CO_2-eq	5.69	5.64	-
o/w Refining	mn t CO_2-eq	3.29	3.30	EM-RM-110a.1
o/w Petrochemicals	mn t CO_2-eq	1.29	1.20	RT-CH-110a.1
o/w Power and Heat Generation	mn t CO_2-eq	1.07	1.10	IF-EU-110a.1
o/w Other Downstream	mn t CO_2-eq	0.04	0.04	-
Upstream	mn t CO_2-eq	0.91	0.97	EM-EP-110a.1
Others	mn t CO_2-eq	0.04	0.04	-
Total GHG Emissions Scope 1	mn t CO_2-eq	6.63	6.64	-
Total GHG Emissions Scope 2 (location based)	mn t CO_2-eq	0.61	0.59	-
Total GHG Emissions Scope 1+2	mn t CO_2-eq	7.25	7.23	

Emissions from the Group's **Downstream** operations slightly increased compared to 2022, reaching 5.69 mn tonnes of CO_2-eq during 2023. After a tunaround-heavy year at MOL Group's petrochemical production sites in 2022, Scope 1 emissions of petrochemical units increased by 7.5% in 2023, but remained below the historical average due to the unfavourable macroeconomic environment which affected production volumes. Flared volumes also increased at the Group's refineries due to extensive turnarounds but the increase was offset by the continuation of Downstream's energy efficiency projects. Since 2020, several projects have been implemented with 0.25 mn tonnes of CO_2 reduction impact compared to the 2019 base year. Efficiency improvement projects implemented in 2023 include replacement and modernization of equipment (boiler, shutter) and several optimization projects which led to lower energy consumption.

In Group **Upstream**, there was a decrease in Scope 1 emissions that is mostly attributable to INA's Upstream operations. In September 2023, turnaround was carried out at the Fractionation Facilities Ivanić-Grad and Gas Processing Facilities Molve, during which the plants were out of operation.

Methane emissions increased from 1,963 tonnes (49.1 th tonnes of CO_2-eq) in 2022 to 2,389 tonnes (59.7 th tonnes of CO_2-eq) in 2023. The increase was mainly due to MOL Pakistan operations, where nitrogen generation unit was out of operation, which resulted in the use of fuel gas instead of nitrogen for tanks blanketing. In addition, there was a slight increase in Hungary after the refinement of calculations as part of the preparatory activities for the upcoming EU regulation on reducing methane emissions.

Active management of CO_2 emissions includes CO_2 recompression project at the Fractionation Facilities Ivanić-Grad which is in final phase and will fully eliminate CO_2 venting to the atmosphere at the location.

Location based Scope 2 emissions increased from 0.59 mn tonnes of CO2-eq in 2022 to 0.61 mn tonnes of CO2-eq in 2023. Market based Scope 2 emissions increased from 0.70 mn tonnes of CO2-eq in 2022 to 0.81 mn tonnes in 2023. The slight increase is in line with the increase in Scope 1 emissions and reflects the higher amount of purchased electricity for production (for further information: see Energy Consumption, page 153).

GREENHOUSE GAS EMISSIONS: ETS [SASB: EM-RM-110a.1 / GRI 305-1 / IPIECA: CCE-4]

During 2023, 5.81 mn tonnes of CO_2 of MOL Group's Scope 1 GHG emissions were covered by the European Union Emissions Trading System (ETS) regulation (or 88% of the total), a slightly higher amount than the 5.73 mn tonnes of CO_2 for 2022. Refining and petrochemicals accounted for the majority of Downstream emissions under ETS (79% of total verified ETS), with Power & Heat generation accounting for 18% - overall, 97% of all emission covered by ETS originated from Downstream, while Upstream accounted for 3%. Allocated amounts slightly decreased to 3.54 mn tonnes of CO_2, and traded amounts increased to 2.18 mn tonnes. The number of sites which are subject to ETS rules decreased to 11. The locations are as follows: 5 in Hungary (3 Downstream, 1 Upstream, 1 Power and Heat generation), 3 in Croatia (1 Downstream, 2 Upstream) and 3 in Slovakia (2 Downstream, 1 Power and Heat Generation unit). Remaining emissions under Scope 1 (not covered by ETS) are subject to local regulations. More information can be obtained from the "Provision for Emission Quotas" in the Consolidated Financial Statements (page 104).

GREENHOUSE GAS EMISSIONS: INTENSITY [SASB: EM-RM-110a.1 / GRI 305-4, 11.1.8. / IPIECA: CCE-4]

During 2022, MOL Group continued to measure Downstream GHG intensity using the CONCAWE – Solomon CO_2 intensity indicator CWT (Complexity Weighted Tonnes) for refining operations, and the production of High Value Chemicals (HVC) for petrochemical operations (both production-based indicators take into account the complexity of installations).

GHG INTENSITY	UNIT OF MEASURE	2023	2022	SASB
Refining - Production weighted average	t CO_2-eq / kt CWT	*28.79*	*29.68*	EM-RM-110a.1
Petrochemicals - Production weighted average	t CO_2-eq / t HVC	*1.04*	*1.00*	RT-CH-110a.1

In 2023, there was a slight decrease in the carbon intensity of the refineries, while petrochemical plants' carbon intensity slightly increased. Variations typically are a result of a combination of factors, including change in production volumes, turnarounds and shutdowns, and the implementation of energy efficiency projects. Carbon intensity of refineries decreased in line with the implementation of energy efficiency projects and process improvements, while carbon intensity of petrochemicals increased due to the production optimization processes made necessary by the unfavourable macroeconomic environment (lower petrochemicals margins).

ENERGY CONSUMPTION [SASB: EM-RM-120a.1 / GRI 302, 11.1.2-4 / IPIECA: CCE-6]

Group direct and indirect energy consumption slightly increased by 1.62 mn GJ, from 98.92 mn GJ in 2022 to 100.54 mn GJ in 2023, with the Petrochemicals division contributing for the majority of the change. The increase was driven by the necessary production optimization of petrochemical plants due to the unfavourable macroeconomic environment, which led to a higher energy consumption. Nevertheless, Downstream Production continued its program called "Promotion" launched in 2021 which focuses on asset equipment's energy efficient operation (examples mentioned on page 152).

The share of renewable energy was around 0.5% as percentage of total energy consumed in 2023.

GREENHOUSE GAS EMISSIONS: SCOPE 3 [SASB: - / GRI 305-3, 11.1.7. / IPIECA: CCE-4]

MOL Group accounts under Scope 3 those GHG emissions emitted from the value chain which are not directly related to the Group's own operations (own operations are accounted under Scope 1). MOL Group's Scope 3 emissions are mainly the result of the use of the Group's sold products by customers in the form of fuel (diesel and gasoline) and gas. This accounted for close to 93% of all measured Scope 3 emissions in 2023. Accounting methodology for each of the 15 categories can be obtained from the GRI Reporting Table (GRI 305-3).

CAT	GHG EMISSIONS SCOPE 3	UNIT OF MEASURE	2023	2022
1	**Purchased goods and services**	tonnes CO_2-eq	1,827,952	2,004,138
	o/w purchased crude oil	tonnes CO_2-eq	1,348,802	1,497,662
	o/w purchased biofuel	tonnes CO_2-eq	479,151	506,477
2	**Capital Goods**	tonnes CO_2-eq	20,287	14
3	**Fuel and Energy Related Activities**		*not measured (not material)*	
4	**Upstream Transportation and Distribution** – 2022 restated	tonnes CO_2-eq	226,209	217,178
5	**Waste Generated in Operations**		*not measured*	
6	**Business travel**		*not measured (not material)*	
7	**Employee Commuting**		*not measured (not material)*	
8	**Upstream Leased Assets**		*not applicable*	
9	**Downstream Transportation and Distribution**		*accounted under Scope 1*	
10	**Processing of Sold Products** – 2022 restated	tonnes CO_2-eq	1,005,048	1,023,226
11	**Use of sold products** – 2022 restated	tonnes CO_2-eq	51,718,847	52,188,419
	o/w sold refinery products (excl. naphtha)	tonnes CO_2-eq	47,666,304	48,132,941
	o/w sold natural gas	tonnes CO_2-eq	4,052,543	4,055,478
12	**End-of-life treatment of sold products** – 2022 restated	tonnes CO_2-eq	752,622	767,618
13	**Downstream Leased Assets**		*not applicable*	
14	**Franchises**		*not applicable*	
15	**Investments** – 2022 restated	tonnes CO_2-eq	456,728	499,753
	Total GHG Emissions Scope 3	tonnes CO_2-eq	55,767,391	56,700,347

Scope 3 emissions decreased slightly to 55.8 mn tons of CO_2-eq in 2023, compared to the 56.7 mn tons of CO_2-eq registered in 2022. The YoY change was mainly driven by the decrease in two categories: Purchased goods and services and Use of sold products. Both are due to the lower amount of Group-level refinery product sales. A new category, Processing of sold products, was introduced in 2023 where MOL Group reports the third-party processing of sold polymers (PP, LDPE, HDPE). This category was also calculated for 2022 in order to keep comparability between years. In other major categories, there was a slight decrease in our Scope 3 emissions due to the decrease in overall refinery throughput: emissions related to Purchased goods and services decreased by 9%, while emissions related to the Use of sold products decreased by 1%. In the case of Capital goods – which is basically covering the steel and concrete purchases for construction – the significant increase compared to 2022 is that new major projects have been started or reached construction phase during 2023. Scope 3 emissions from other value chain-related activities remained roughly flat or decreased slightly compared to 2022.

In preparation for regulatory changes, MOL Group also reviewed its Scope 3 calculation methodology and introduced necessary modifications based on European Sustainability Reporting Standards (ESRS) and ETS II requirements. Previously, the combustion of sold biufels was reported in our Use of sold products emissions, but from this year onwards, it will be omitted from the calculations since separate reporting of biogenic emissions will be necessary under new EU sustainability reporting regulations. Emission factors of sold refinery products and sold natural gas were also modified: previously, emission factors published by API were used, but from this year onwards, IPCC's emission factor database is used as suggested by the EU ETS II regulation. Scope 3 emissions for 2022 were also modified based on the new methodology in order to keep consistency and comparability between subsequent years.

Recalculation of Upstream transportation and distribution was necessary because of the update of the emission factor used for road transportation. End-of-life treatment was recalculated based on a new, more detailed methodology where different uses of polymer products are further separated. Finally, Investments are restated due to the fact that one of the included joint ventures indicated an error in their Scope 1 & 2 figures.

EMISSIONS AND AIR QUALITY [SASB: EM-RM-120a.1 / GRI: 305, 11.3.2. / IPIECA: ENV-5]

During 2023, **sulphur dioxide** (SO_2) emissions did not change compared to 2022 levels: 4,647 tonnes were emitted in 2023 versus 4,643 tonnes in 2022.

Nitrogen oxides (NO_x) emissions slightly decreased to 5,413 tonnes in 2023 from 5,541 tonnes in 2022. The decrease was mainly driven by installation of catalysts, deregistration of selected boilers, revision of gas engines, and better tuning of equipment at INA Upstream operations.

Carbon monoxide (CO) emissions decreased by 36% compared to 2022 levels to 1,026 tonnes in 2023. The decrease was caused by the shutdown of the waste incinerator and the CO control of the new boiler at MPC and the improvement of combustion quality by better control over the minimum intake air volume at the Danube Refinery site.

Particular Matter (PM) emissions also decreased by 30% compared to the previous year, mainly due to higher ratio of gaseous fuel compared to the liquid fuel in Rijeka Refinery, and due to the general revision of 2 units in Slovnaft Refinery.

The total amount of **Volatile Organic Compounds** (VOC) on the other hand increased from 7,527 tonnes in 2022 to 7,851 tonnes in 2023, primarily due to developments in reporting practices.

Further information on odour management can be found in the '*Community Engagement*' section.

WATER [SASB: EM-RM-140a.1 - EM-EP-140a.1 / GRI 303, 11.6. / IPIECA: ENV-1 - ENV-2]

Total **water withdrawal** increased from 88.6 mn m³ in 2022 to 99.9 mn m³ in 2023, while total water discharge also increased from 98.9 mn m³ in 2022 to 112.5 mn m³ in 2023. Higher consumption of water occurred because in the Polyol unit hot and cold commissioning works have been started, and more water was necessary for cooling purposes at Rijeka Refinery.

EFFLUENTS	UNIT OF MEASURE	2023	2022	SASB
Total Petroleum Hydrocarbons (TPH)	tonnes	20	17	-
Chemical Oxygen Demand (COD)	tonnes	1,791	1,681	-
Biological Oxygen Demand (BOD)	tonnes	281	250	-
Suspended Solid (SS)	tonnes	766	536	-

TPH content of the effluents slightly increased in line with increased water discharge and a material release at Danube Refinery where gasoline entered into the sewage system. Overall water quality remained stable.

WASTE [SASB EM-RM-150a.1 - EM-EP-160a.2 / GRI 306, 11.5./ IPIECA: ENV-6 - ENV-7]

The total amount of waste generated (incl. hazardous and non-hazardous) increased to 175.7 th tonnes in 2023 compared to 169.3 th tonnes in 2022. The higher volume is due to a combination of several factors: preparation works for new plants, increasing number of wells and drilling operations in Hungary, a plant demolition process in Croatia, and a higher than usual number of cleaning and rehabilitation projects.

MOL Group puts great emphasis on waste treatment awareness, the following initiatives as of 2023 proving our commitment: besides being part of the European Waste Reduction week, waste collection days were organized to our colleagues at Százhalombatta; MOL MPC organized several environmentally conscious programmes (Spring Cleaning, "Te Szedd", Roadside Waste Collection); MOHU is working together with the Jane Goodall foundation initiative "Passzold vissza Tesó"; in Romania, colleagues were able to join the local "Let's do it" movement and collect waste in various urban locations; we also continued our used cooking oil (UCO) collection campaign at our workplaces.

SOIL AND GROUNDWATER PROTECTION [SASB EM-EP -140a.4 - EM-EP-160a.2/ GRI 303, 11.8.2. / IPIECA: ENV-1]

In connection with **soil and groundwater protection**, MOL's Hungarian operations carried out underground environmental works at 164 locations (152 in 2022, 153 in 2021) that aimed assessing, observing, controlling and/or repairing, improving the status of underground environment. Rijeka Refinery continued with sea protection activities (protective booms) and underground remediation (pumps and skimmers). Slovnaft continuously operates a groundwater hydraulic protection system, additional remediation wells were constructed and in-situ remediation techniques were introduced in 2023.

During 2023, 45 **spills** to the environment (of more than 1 bbl of hydrocarbon content), with a total hydrocarbon volume of 266.95 m³ were recorded across MOL Group. While the number of spills slightly increased (from the 41 spills in 2022), the total hydrocarbon volume decreased significantly (from the recorder 984.96 m³ in 2022). The highest number of spills were recorded at the Group's Upstream operations, totaling at 35 spills to the environment during 2023. The majority of the spilled volume originated from two divisions: (1) Upstream operations where oil pipeline leakages happened in Hungary and Croatia and a HAZMAT road accidents led to spills in Pakistan, and from (2) Logistics operations, where a storage tank failure caused a spill of 113 m³. No **offshore HC spills** were recorded in 2023. The Group's Pipeline Integrity Program, which is an ongoing and dedicated project to identify and repair/change subsurface equipment in bad condition, contributed to the decreasing numbers: replacement of pipelines and installation of equipment for measuring the rate of corrosion continued in 2023 as well.

HEALTH & SAFETY

FATALITIES [SASB: EM-RM-320a.1 - EM-RM-320a.2 / GRI 403, 11.9. / IPIECA: SHS-1 - SHS-2 - SHS-3]

2023 was an extremely sad year from viewpoint of fatalities that happened in direct or indirect connection with our operations. All in all, no own employee fatality happened, which is an improvement compared to the previous year (1 own staff casualty in 2022), but nine contractor fatalities occurred, which resulted in the Group's 'Zero fatality' goal not being met. It is important to notice, that six cases out of these nine live-losses happened in Group Upstream business in MOL Pakistan in May, in an armed attack of our well-site by the local armed terrorists who shot six employees of the security guard contractor of MOL Pakistan, being on Manzalai-10 site. We consider these cases rather a security than a safety relevant incident, being in indirect connection with the safety levels of our operations, but we report, calculate and consider these events within our safety performance figures as well of course, aiming to define effective preventive measures.

Out of the further three events, the first two fatal cases happened in MOL Pakistan as well, during HazMat transportation, one month later, in June: a contractor road tanker loaded with crude oil had lost control on its way, rolled over and caught fire. The flame flash caused so heavy injuries to the workers that the driver lost his life on the scene, and his helper later in the hospital.

The last sad contractor fatality case occurred during an Investment project on an INA Upstream site, Ivanic Grad, in October. A contractor employee was working at height from a lifted basket, not being secured against falling from height, although the safety harness for fall-protection was available, fell from approx. 8 m height to the concrete pavement beneath, and lost his life on the spot.

In addition, as a decrease compared to last year (3 in 2022), one third-party fatality in April was also considered work-related, being caused by non-preventable road accident in MOL Pakistan, during way back of our contracted security escort vehicle. On its way from Mardankhel-01 well to Central Processing Facility, the vehicle, which was part of the convoy as 2nd vehicle, collided with a local third-party motorcyclist, who was suddenly turning back without any signalization, resulting in fatal injuries to the third party. In this sad event our driver didn't suffer any injuries and was not considered responsible for the event.

PERSONAL SAFETY [SASB: EM-RM-320a.1 - EM-RM-320a.2 / GRI: 403, 11.9. / IPIECA: SHS-1 - SHS-2 - SHS-3]

MOL Group experienced a YoY decrease in Total Recordable Injuries (TRI) among own employees and contractors, reaching a combined 117 in 2023 (130 in 2022). Although the amount of worked hours was decreasing from 2022 levels (by approx. 3.1 mn), the number of events decreased in a greater proportion than the hours worked, resulting that MOL Group recorded a 6.5% decrease in the Total Recordable Injury Rate (TRIR, measured by number of TRI cases per one million worked hours) for own staff and contractors as well (reaching 1.31 in 2023, compared to 1.4 in 2022), but still exceeding the overchallenging 1.1 tolerable limit set for the year.

TRIR - GROUP (OWN STAFF AND CONTRACTORS)	UNIT OF MEASURE	2023	2022	SASB
Upstream	cases/mn worked hours	2.23	1.25	EM-EP-320a.1
Downstream	cases/mn worked hours	1.91	2.00	EM-RM-320a.1
Retail	cases/mn worked hours	0.55	0.68	-
Group TRIR	cases/mn worked hours	1.31	1.40	-

The decrease in both, number of TRIs and – despite the lower worked hours – value of TRIR is a result of various different actions continued from previous years and newly initiated locally tailored ones by our Business Units and sites. These include different efforts to increase safety awareness, various Group-level and local actions initiated and implemented during the year, as well as the further increased attention to health and safety among staff. While the huge turnarounds and other maintenance- and operation-relevant, mainly manual activities still may have contributed to the higher than tolerable in the number of TRI events and consequently TRI rate as well (not only in case of contractors, but own staff as well).

During 2023 the number of Lost Time Injuries (LTI, including own staff and contractor fatalities) decreased by almost 5%, to 101 from 106 in 2022, but due to the abovementioned decreasing amount of working hours, no significant decrease was achieved in Lost Time Injury Frequency (LTIF, measured by nr of LTI cases per one mn worked hours): to 1.13 during 2023 compared to the 1.14 LTIF recorded in 2022.

In contradiction to the previous years' consistent TRI numbers, where LTIs were predominately driven by lower severity cases, as written above, in this year we had to include in this indicator altogether 9 fatalities as well (1 fall from height, 2 in a HazMat road accident, 6 were shot).

Overall, the top causes of the TRIs during 2023 were still slips, trips, falls (generally caused by human error and/or lack of attention), making up 27% of all injuries, followed by different finger and hand injuries (20%). However, for 2023 we analysed not only the background of TRI cases, but all our (own and contractor) FACs (first aid cases, less serious than TRIs, thus not recordable) as well: the hand injuries are the top causes there (22%), while the slip and trips together with relatively high number of insect bites are the second highest (16%) ones.

The most common root for most of all cases were determined to be lack of attention/care, sometimes improper technical conditions were identified too, and rule violations were still found in some cases as well. The smooth implementation of the six Group-level Life Saving Rules introduced on 1 January 2020 continued, especially at the periodically fluctuating contractor teams with the unchanged aim of increasing individual awareness and promoting ownership of critical safeguarding measures to prevent injuries and fatalities.

MOL Group continued to provide Occupational Health & Safety (OHS) trainings for own staff and contractors in compliance with external rules and internal regulations. For own staff's continuous HSE education we started to introduce the Axonify, adaptive mobile application-based tool, called LEON, which after a successful year in MOL Upstream, also piloted successfully in MOL Logistics, and it was extended to almost all Business Units in MOL Hungary in 2023. Further goal is to further extend it to other big operations as INA and Slovnaft (SN). To support this, a Group DS management level pilot started with the 6 Life Saving Rules in the last quarter of the year, and pilots in INA and SN are being initiated as well.

To improve the in-person contractor HSE trainings, INA Production operates its demonstrational Training Center in Rijeka Refinery from the end of 2022, and Slovnaft Refinery also was using the already existing Training Center – used earlier only for own staff – for contractors' work supervisors, before every bigger maintenance activities, Turnarounds.

MOL Group's 'Safety First' approach still targets ensuring safe workplaces and activities, following all internal and external H&S rules, whilst maintaining continuous OHS professional support across all operations. As already reported, in 2021 two major new Group-level OHS initiatives were the launch of Personal Protective Clothing (PPC) and Personal Protective Equipment (PPE) harmonization tenders: after closing successfully the PPE tender in 2022 with conclusion of new contracts, finally at the end of 2023 we closed successfully the PPC tender as well, in order to ensure world-class, high quality protective garments for our whole staff. First deliveries will start in Q2 2024.

No occupational illnesses were recorded across the Group during 2023.

CONTRACTOR SAFETY [SASB: EM-RM-320a.1 - EM-RM-320a.2 / GRI: 403, 11.9. / IPIECA: SHS-1 - SHS-2 - SHS-3]

In 2023, nine contractor fatalities occurred (refer to the Fatalities section for more information). Lost Time Injury Frequency for contractors (measured by the number of LTI cases per one mn worked hours) increased by 17.5% YoY, from 0.57 in 2022 to 0.67 in 2023 (including not own FS staff; even higher increase is visible excluding not own FS staff: from 0.75 in 2022 to 0.97 in 2023 – this represents 29.3%, mainly because of high number of above-mentioned contractor fatalities). However, the Total Recordable Injury Rate for contractors (measured by nr of TRI cases per one mn worked hours, including not own FS staff) decreased almost by 5% YoY, from 0.85 in 2022 to 0.81 in 2023.

TRIR – CONTRACTOR	UNIT OF MEASURE	2023	2022	SASB
Upstream	cases/mn worked hours	1.87	1.48	EM-EP-320a.1
Downstream	cases/mn worked hours	1.35	0.90	EM-RM-320a.1
Retail	cases/mn worked hours	0.30	0.50	-
Group TRIR	cases/mn worked hours	0.81	0.85	-

Due to the heavily decreased amount of contracted works in 2023 (without considering the not own FS staff, contractor worked hours decreased by approx. 5.5 mn hours, more than -16%), lower number of recordable injuries (33 TRIs in 2023 compared to 38 in 2022) resulted in a higher Total Recordable Injury Rate, 1.23 in 2023 compared to 1.18 in 2022. MOL Group continued to strengthen its Contractor HSE program in order to improve the performance. A new contractor HSE qualification and audit process was released. The introduction of the new Integrated Supplier Qualification System (ARIBA) continued after being previously rolled out in Croatian and Slovakian operations. The aim of the new development was to handle registration, screening, qualification and procurement procedures of suppliers in a more systematic, transparent and comprehensive manner. In 2023 the inbuilt controls were further improved, and performance-increasing actions were started. The project was closed at the end of the year. The OHS's focus on the Contractor Safety program in 2023 was still on the effective hazard communication, and proper contractor selection, enabling proper preparation according to the existing circumstances, before contractors' mobilization onto their worksites. Additionally, an Injury Prevention Acton Plan was elaborated and implemented, covering more typical areas of Contractor Management and contracted onsite works' lifecycle, aiming the reduction of risks and injury occurrence. The implementation has shown already its first results, so we will continue it in 2024 as well.

Although the abovementioned heavily decreased contractors' worked hours (by more than 16% in 2023) we performed very similar amount of site inspections in 2023 (28,183) as we did in 2022 (28,045), after a significant increase compared to previous years' inspections. The quality of these was slightly improved, increasing the percentage of site inspections with non-compliances from 14% in 2022 to 15% in 2023.

In line with the increased focus on contractor selection, we heavily increased the number of prequalification audits as well to 255 in 2023 from 161 in 2022. The quality and depth of these was also reinforced, consequently the ratio of successful pre-qualification contractor audits decreased from 97% in 2022 to 93% in 2023. Reflecting the decreased tolerance against any unsafe conditions, actions or safety rule violations, we continued to apply different penalties as well, like banning workers from the different sites (49 cases in 2023), or initiating written warnings as well (437 cases in 2023). Both were under the 2022 figures, showing a better contractor discipline on sites.

ROAD SAFETY [SASB: TR-RO-540Aa.1 / GRI 403, 11.9. / IPIECA: SHS-4]

During 2023, MOL Group registered two work-related road accident fatalities, both were contractor staff preventable fatalities (refer to the Fatalities section for more information). Apart from these sad cases, MOL Group's Road Accident Rate (RAR, measured by nr of Road Accident cases per one mn driven km) for Hazardous Materials (HAZMAT) transportation increased back to 0.47 in 2023 compared to 0.33 registered in 2022, mainly due to collisions with animals on roads bordered by forest strips, and small collisions between vehicles, without significant consequences or injuries. In behind the RAR value of HAZMAT transportation events increased to 44 road accident (RA) cases registered in 2023, compared to 31 in 2022, getting back to the level of 42 RAs in 2021.

Different actions and pilot solutions were tested e.g. installation of car-mounted warning whistles against road-side wild animals, and Logistics continued to implement „Seeing-machines" as well which is suitable for drowsiness detection and to monitor distraction events, preventing serious accidents or minor collisions as well. However, the project is still deteriorated by personal refusals of drivers and additional GDPR issues to be solved too. Group Logistics is engaged to continue the program, but only in full compliance with all relevant legal requirements and with the intention of rather persuading the drivers about its advantages instead of pushing it through.

PROCESS SAFETY [SASB: EM-RM-540a.1 - EM-EP-540a.1 / 11.8.3./ IPIECA: SHS-6]

During 2023, the number of TIER 1 Process Safety Events (PSE) reached 9 across the Group, recording a downswing from 13 cases registered in 2022. The progress is mainly driven by the extensive safety programs with the operational discipline in the focus, but it is too early to draw any consequence, the data is still under evaluation.

TIER 1 PROCESS SAFETY EVENTS	UNIT OF MEASURE	2023	2022	SASB
Upstream	number	3	3	EM-EP-540a.1
Downstream	number	6	10	EM-RM-540a.1
o/w Downstream Production	number	5	7	RT-CH-540a.1
o/w Logistics	number	1	3	-
Retail	number	0	0	-
Total Tier 1 Process Safety Events		9	13	

There was no major fire or explosion, which can lead to the permanent outage of unit, in most cases the reason was loss of primary containment, resulted in personal injuries in 3 cases. Each and every Tier1 events happened in the area of MOL Plc. Four out the five Downstream Production cases were related to loss of equipment integrity during non-standard operation or to improper preparation of equipment for maintenance work resulting in material release and multiply personal injury. In each cases the disparity of PSF can be justified. Retail operations registered no TIER 1 event in 2023. Of the 9 TIER 1 events, 1 was Severity 3 (high), 4 were classified as Severity 2 (medium), 4 cases as Severity 1 (low). Group-level TIER 1 PSE target for 2023 was set to seven, and a target of zero greater than 100k $ direct loss as a result if fire/explosion and no terminal outage of operation as result of Tier1 has been set by 2025. The number of TIER 2 Process Safety Events significantly decreased to 18 during 2022 compared to the 32 events registered in 2021. The result of leakages were material releases, fires and asset damages, mainly related to the breakage of mechanical integrity. In 2023 there was a further decrease in the combined number of TIER 1+2 incidents (27) compared to 2022 (31) and MOL Group did not record any major industrial incidents (SEVESO). Combined TIER 1+2 Process Safety Event Rate (PSER) for 2023 reached 0.83. The TIER 3 (including Demand on Safety System) was further reported to identify corrective measures to barrier system, the challenges of the safeguards and serves as leading and lagging indicators in the same time. Furthermore, the small and low severity incidents resulting in loss of primary containment were requested to be analysed on primary causes. In 2023, the main focus of all process safety-relevant Downstream areas was on the implementation of the operational discipline program. In connection with the Group's 2021-2025 HSE Strategy, the follow up of the phase out of Per- and Polyfluoroalkyl Substances (PFAS) continued via regular foam testing in Százhalombatta and the monitoring of the LASTFIRE association results. The transition happened for mid-term horizon at INA by replacing the C8 based foams by pure C6. A transition strategy will be declared in 2024.

In 2023 new safety programs targeting both the workplace and process safety were initiated. The perpetual "Together in safety" program in Upstream still has run and " Safety Matters" was introduced in the Downstream as a joint campaign for the Logistics and Production. Both of them targets mainly the safety culture and the awareness which is inevitable for understanding the importance of being compliant with our safety rules and in case of DS campaign targeted 6 shared areas reflecting either on existing things like process safety fundamentals, slip & trip, safety tours, backed by a booklet for the managers, but bringing new initiatives as well like the operating discipline and the roll-out of LEON mobile application in MOL Plc.

PEOPLE & COMMUNITIES

TALENT ATTRACTION AND RETENTION

On the back of rapid changes and long-term structural trends affecting labor markets as well as our industry and company transformation ahead, talent **attraction and development** programs are essential in order to ensure not only the necessary skills and competencies to execute the business strategy, but to continue building a strong employee pipeline whilst ensuring inter-generational knowledge sharing due to aging and retiring workforce in the core regions where MOL Group operates.

During 2023 we have rolled out for the first time our revamped and updated Talent Management framework along Annual People Cycle. The focus was to support our leaders attract & identify, develop, retain and promote MOL Group Talents through impactful and efficient process and by using unified Talent Management language and terminology. 289 MOL Group Talent Managers have been confirmed as talents in 2 consecutive years (2022&2023) and discussed divisionally in 58 (local or group level) People and Talent Discussions. We have introduced regular annual education of Talent Owners with the aim to have a closer look on internal talent pool and ensuring talent movement in line with the business strategy. Overall, during 2023, **872 Managers** participated in **Info-sharing sessions** and **506 Managers have completed Talent Management e-learning** while **211 Managers got deeper debrief on the topic in talent management workshop framework** based on demand**.** We have conducted and recorded inputs from **Stay interviews** with **selected 136 Group Talents** from 12

OpCos to identify talents' motivation to stay within MOL Group and potential triggers for them to leave in order to act preventively. The established **Talent Hub** has been completed with additional two movies on Talent recognition and retention. This platform serves as a one stop shop for MOL Group Leaders to educate themselves with short, created e-learning videos and materials. When it comes to Talent development, on top of many available solutions e.g. mentoring, coaching, leadership development programs and professional expert level programs for talents in 2023 we have launched the program "**Future@MOL** and "**Future@INA**" as a harmonized talent program for experts from MOL Group 2 core markets helping them with self-management skills development and at the same time providing them support to choose the correct future career path. The 6th cohort of **LEAD program** for Leadership talents has been revamped by introducing fully new stream "**Transformational LEAD**" based on "MOL Group future leader profile" designed in 2022. The program will run in 2024 for selected **48 MOL Group leadership talents from 8 countries**.

MOL Group continuously sought to ensure a continued strong talent pipeline. During 2022 and 2023, Growww program has been revamped, offering strong collaboration, virtual and digital learning, more live experiences to fresh graduates, having live Growww onboarding days and site visits. In 2023, MOL hired **69 fresh graduates** from 7 countries, reaching a 51% female ratio. This should strengthen not only a future talent pipeline, but also the gender ratio in line with our Diversity and Inclusion commitments. In further commitment to the young talent pipeline, more than 83% of the 2022 Growww participants graduated to **permanent roles** throughout the Group during 2023.

Furthermore, in order to maintain the link with educational institutions and students, MOL Group and its operating companies hosted over **314 summer interns** as a first gate for the company and student pipeline. MOL maintains 4 special MOL Departments at Hungarian universities and **at group level altogether actively collaborates with 25 universities, 19 vocational secondary schools in order to reach and attract students** as possible future employees. There are remarkable results at the level of the core countries: Slovnaft has built up cooperation with 257 elementary schools via development projects. In Hungary the main highlight is the dual secondary training which serves as the blue-collar successor pool: it has been growing from 62 successful vocational exams to 2.5 times higher to 152 young professionals, who just started their vocational studies in 2023. While INA hosted 142 summer interns and started new initiatives as STEM scholarships for engineers. These activities and results could not have been achieved without the **MOL-teachers and trainers: 140+ MOL-colleagues supporting** the teaching at the partner universities, secondary schools or career orientation events.

In our continued effort **to attract and retain the right candidates in the right positions**, we have launched the new Group EB strategy. Building on diverse internal and external research, our Group EVPs have been extended to 4 value propositions: "proud community, personal growth, stable background, regional impact", and we identified the overarching success mindset in our new "we create solutions" slogan. The new strategy was launched internally via targeted employee advocacy campaigns (Faces of Slovnaft, Faces of Duna Refinery, segment level EB activities) and externally via job fairs and recruitment campaigns. MOL Group and its operating companies received **12 employer branding awards** during 2023.

TRAINING AND DEVELOPMENT [GRI 404, 11.11.]

Training and development activities during 2023 went mostly back to live delivery based on participants preference and training effectiveness, some trainings were kept online due to technical and logistics reasons and we decreased hybrid trainings to a minimum level as the least effective way of trainings. To ensure constant access to an internal knowledge hub for all MOL Group employees, **MOL Group Academy (MGA)**, continued to operate in progressing trend as a knowledge sharing platform. This internal academy platform, presents digital learning opportunities for actual business, professional, soft skills and leadership development in the form of E-learning materials, pre-recorded training sessions, internal trainings and workshops etc. In the course of 2023 through **MGA, IAA & Slovnaft Academy** we organized 295 training courses with 12.775 number of participation and 24.022 learning hours in total. We covered 13 countries with this initiative.

Accelerated focus on Strategy 2030+ and the raised need for upskilling/reskilling resulted in **3.3% increase in average training hours per employee** (30 in 2023 vs 29 in 2022) followed with **3.7% increase** in average **training costs** which shows a moderate increase trend having in mind average regional inflation from 2023, which was around 7%.

In 2023, while the **Technical Competence and Career Development Program** within E&P continued the cycle with calibration of assessments and identified gaps, and trainings organized on the basis of these gaps; new discussions were also initiated regarding the future direction and scope of the program. The **Growing Professional Skills Program** within DS area, on the other hand, started the new 2 years' cycle with the competency maps revision and update. The **GPS** participants completed their Assessment and Cross assessment in the Petroskills system and would be followed by calibration sessions in the year 2024. Within MOL Group around **2,600 white collar colleagues are enrolled in the TCCD/GPS program**, covering 12 countries, and involving in the program more than 400 Subject Matter Expert, Managers and Cross-assessors. In 2023**, eSMILE** mobile learning platform used in MOL Retail network, has reached a wider audience of additional 5.000 frontline employees from MOL POLAND and MOL&INA in Slovenia, having 21.000 Users in total, from 11 markets. Frontline employees are completing daily trainings and get all the necessary information about the latest promotions, prize-winning games and trends in the company. The major project this year was Customer Service Protocol, a standardized way of serving our customers through 5 steps, in order to make them loyal. In 2023 we continued to extend the utilization of the digital learning platform LEON "LearnOnline" to blue collar colleagues in almost all the business units of MOL Hungary, with **4,250 additional users** (DS: 883, Logistics: 851, MOL Trans: 269, MPC: 1,138, Petrolszolg: 909, Geoinform: 200).

We plan further extension in 2024 to Slovnaft with ca. 1,500 users (SMAO, Logistics and DS) and to INA with ca 400 licenses (Logistics). Overall, during 2023 we had **5,588 LEON licenses in usage across MOL Group**.

After successful first year of enrollment of digital learning library concept, **LinkedinLearning in 2023 we have enrolled cca. 1700 employees** across MOL Group with a learning license. Digital learning behaviors and patterns of our employees showed a positive trend of spending on average **1.2h monthly** using the tool which we find **cost and time efficient** and supporting the overall **wellbeing of the employees** by having the access to knowledge when most suitable for them to consume it. Major content learned over off-the-shelf digital learning was Microsoft Excel, Interpersonal Communication and Project Management.

MOL Group continued to focus on **leadership development** to support Group leaders in executing the business strategy. In cooperation with **SEED** (School for Executive Education & Development) and **Cotrugli** Business Schools, the fifth generation of **LEAD2022**, a one-year long Group- level leadership development program has been successfully completed. **7** colleagues started, and **7** other completed their **Corvinus-MSM SEED Executive MBA** in 2023, and **13 started** their **Cotrugli MBA.** Further **58 talents** participated in different **SEED leadership development courses**. In 2023 we have initiated the **First Time Leader of Leaders Program in Hungary with 17 participants**; also, we continued the **First Time Leader Program** in all core countries and on Group level, with **total 128 participants** . As integral part of the Group's leadership development portfolio, the **Intensity** modular development courses were attended by **128 colleagues in 2023**. In addition, we created a 8-month long **Downstream Leadership Succession Program** participated by 36 colleagues, preparing them to step up into senior leadership role.

DIVERSITY [GRI 405-1, 11.11]

MOL Group's Diversity & Inclusion (D&I) framework has been revised in 2023, as every three years, aiming to ensure business relevancy and meaningful impact. The 4 strategic pillars have been kept and adjusted to enable Group level focus to **Multi-Generational collaboration, Female empowerment, Working Capacity and Wellbeing.** Every quarter a Group D&I event in core countries were organized to introduce each focus area and show MOL Group's commitments within each pillar. During these occasions, external speakers, academia representatives as well as mental health professionals gave lectures or individual consultations and workshops raising awareness of enhanced collaboration across generations, supporting female talent, the benefits of employing colleagues with disabilities and nurturing mental health in the organization. **Across the Group, 74 actions were registered, with Wellbeing and multi-generational collaboration representing the majority of commitments**, followed by women empowerment and disability. More concretely, family-friendly programs, knowledge-sharing, mental health activities and creating an inclusive workplace were the most typical focus areas across the Group. **Unconscious bias training** has been embedded in the First Time Manager leadership development program, and on **Group level 100+ leaders participated** to create better inclusion in the organization.

In INA, White Cane Awareness Day Event, Dads at INA Campaign, Workshops for working parents were organized in 2023 to enhance workplace inclusion. At the end of 2023, INA was recognized as one of the first INC.Q Equal Pay certified companies, which is awarded to companies with less than 5% differences in salaries and financial awards between genders. INA continues being recognized by independent auditors (MAMFORCE® / DADFORCE®) whose evaluation of family-friendly and gender-non-biased policies implementation has shown INA being 19% over the market benchmark.

Slovnaft has continued its partnership with the League for Mental Health and has provided monthly panel discussions and awareness raising events in mental health topics, from successful relationship management in the family to mental health at work. Slovnaft has also continued its cooperation with Diversity Charter in Slovakia, as an ambassador of the organization. Following the MOL Group D&I Framework, more than 15 different projects and activities were started in 2023 to enhance the awareness of our colleagues about relevant topics, including female colleagues and their career journey, overall wellbeing, mental health, multigenerational collaboration and cooperation of Slovnaft with retired colleagues.

WORKFORCE GENDER BREAKDOWN	UNIT OF MEASURE	2023	2021	SASB
Proportion of women in total workforce	% of total	26.3	25.6	-
Women in all management positions (HAY 18 and above)	% of total	27.9	26.5	-
Women in junior management positions	% of total	29.8	28.6	-
Women in top management (maximum two levels from CEO, HAY 24 and above)	% of total	8.5	6.7	-
Women in management positions in revenue-generating functions (HAY 18 and above in business units)	% of total	22.2	20.6	-

The Diversity & Inclusion Ambition **Gender Chapter** commitments continued with voluntary recruitment targets and principles in terms of gender diversity to ensure MOL Group is the future choice of female candidates. During 2023, 36.4% of all hires were female, a higher percentage than the female representation at the Group, supporting the direction towards better gender balance. The percentage of women amongst top management increased to 8.5% as well as the percentage of women of all management positions increased to 27.9%. To achieve the targets and to regularly measure gender diversity, a semiannual D&I **Gender Dashboard** is prepared and shared with senior management. To improve decision making and team management, the online Managerial People Dashboard was launched in Hungary providing data visualizations and reports about the headcount, diversity, fluctuation, aging, loyalty and internal movements in the organization.

EMPLOYEE ENGAGEMENT [SASB: CG-MR-330a.1 / GRI 2-7, 202-1 - 402 – 405, 11.10-11. / IPIECA: SOC-5 - SOC-6 - SOC-7]

As part of the data-driven Group Employer Branding efforts, **5+ targeted employee experience surveys** have been conducted in 2023 to further explore what makes colleagues proud and what they miss from the working environment in those areas where attraction or retention numbers were below the desired level. Both the targeted surveys and t**he follow-up focus groups** have resulted in clear priorities for the leadership teams and action plans have been developed to increase both employee experience and pride working for the organization. In the meantime preparation for reouccuring group level Employee Engagement Survey has started.

2023 was the first year at **MOL Campus** for 2,500 Budapest based MOL Group employees, one of the greenest office buildings in Budapest, boasting high-level energy efficiency and environmental awareness. MOL Group's new headquarters features activity-based working (ABW) to boost innovation and collaboration besides perks like a gaming room and relax room. **Four employee experience surveys were conducted in 2023 to explore and enhance the working experience at the new headquarters, and two MOL Campus townhall meetings** were organized to share results and further discuss workplace related experience.

10+ internal Group-level HR driven events with diverse scopes and target groups were organized throughout 2023, which helped accelerate relationships at scale & lift employee engagement.

Managerial info sharing across the Employee Life Cycle was enhanced on one hand, by revamping the HR Info newsletters outlining key people management tasks, and secondly, via 10+ dedicated roadshows about Emploee Engagement, Employer Branding and Talent management.

The **total turnover** ratio at MOL Group-level in 2023 was **14.1%**, which is an increase of the overall turnover for 1.1 percentage points compared to 2022. Voluntary turnover decreased by 0.3 percentage points compared to year 2022, closing the year 2023 at **a voluntary turnover rate of 8.5%**.

LABOUR PRACTICES [SASB: CG-MR-310 / GRI 401 - 402 – 407, 11.10-11. / IPIECA: SHS-2 - SOC-4]

MOL Group supports fair treatment practices such as guaranteeing diversity, ensuring fair and equal remuneration and supporting freedom of association. MOL Group partners with trade unions and work councils that are active across the Group and engage the majority of the Group's employees. On Group-level all employees are represented by the **European Works Council** (EWC). The Council was reelected in 2023 for a five-year mandate. Its Executive Committee (EC) meets on a quarterly basis to discuss employment and operational related issues. The EWC held two ordinary meetings in 2023 with the participation of the MOL Group senior management. In 2023, the percentage of employees covered by **collective agreements** remained high at 92.8%. Trade Unions are active at the majority of MOL Group companies employing the 97.2% of the total headcount. Relevant laws concerning collective agreements differ on a country-by-country basis, but the majority of MOL Group companies are covered by collective agreements.

Focus of the held negotiations was ensuring higher income for operational and expert employees, either through increases of base salary or through increase of different material rights, with optimum distribution of the available budget through utilization of any non-taxable opportunities on local markets. Trade unions and MOL Group company representatives continued close cooperation and through positive social dialogue defined ways of working which are supporting business continuity and ensuring successful and stable operations.

In 2023 we put additional focus on creating digital employee experiences: A new onboarding process was introduced in MOL Hungary with a gamified platform to enable smooth introduction to the company and standardized exit interview questionnaire and process was rolled out in the 3 core countries. In addition to that, in cooperation with local IT team, INA Group in Croatia introduced digital signature for its employees which will over time reduce the volume of printing and administration.

MOL Group continues to keep focus on its **employee wellbeing strategy** and ensuring that all employees can fulfil themselves in every aspect of their life and achieve a healthy work-life balance. Through internal and external channels, continuous communication campaign towards employees is organized in order to ensure that they are informed on all available benefits, including health – both physical and mental, female support, financial benefits, and professional development opportunities. MOL Group is specially focused on health of our employees and through the benefit platform we ensure **life, accident and travel insurance** for each MOL Group employee. Additionally, on 3 core markets (Hungary, Croatia and Slovakia) which are covering ~80% of total employee population, as well as in most other MOL Group companies, we are ensuring additional healthcare benefits for our employees such as providing **private health coverage** and regular **annual medical check-ups**. Focus of the Group's wellbeing strategy also remained on ensuring the high level of **maternity/paternity entitlements** for employees (maternity/paternity practices and benefits differ among member companies across the Group and are defined in compliance with local rules and local practices).

As part of the wellbeing strategy, MOL Group companies continued enabling their employees to use the possibility of remote work, with a slightly changed concept which is applied now on Group level. To adjust to individual employee needs to the best possible extent, while simultaneously keeping time and space for employees to collaborate, exchange ideas and brainstorm new solutions together, MOL Group moved away from individual entitlement on remote work and shifted towards the possibility of remote work which is set on organizational level and which enables more flexibility and better alignment of the remote working with actual individual needs of employees.

In addition to the Campus cycling friendly facilities, the efforts in supporting alternative mobility solutions and enabling employees to use cycling as a way of commuting to work have resulted in INA being placed on the EU Cycle Friendly Employers map as the only company in Croatia recertified as a bike-friendly employer at three locations.

COMMUNITY ENGAGEMENT [SASB: RT-CH-210a.1 - EM-EP-210b.1 / GRI: 413, 11.15. / IPIECA: SOC-9 - SOC-11 - SOC-12 - SOC-13]

MOL Group is a major market player and employer with a sizeable operational footprint, working under special attention from stakeholders, especially from community interests in areas where MOL Group conducts its operations. Members of the public or representatives of different impacted groups expect to be informed of, consulted on and involved in MOL Group's decision-making. A lack of consultation or limited engagement can lead to adverse impacts on people and contribute to disruption to project planning or operations, delays, rising costs, legal challenges and the potential escalation of local issues to the national stage. Community engagement plays a crucial role for MOL Group, particularly in Downstream Production sites across the CEE and in Upstream operations in Pakistan.

REFINERY LOCATION	UNIT OF MEASURE	2023	2022	SASB
Number of refineries in or near areas of dense population	number	3	3	EM-RM-120a.2

MOL Group currently operates four major Downstream Production sites: Danube Refinery located in Százhalombatta (Hungary), Rijeka Refinery located in Rijeka (Croatia), one integrated refinery-petrochemical facility located in Bratislava (Slovakia) and one petrochemical facility in Tiszaújváros (Hungary). All three of the Group's refineries are located in or near areas of dense population (measured as within 49 km of an urbanized area with a population greater than 50,000). A fourth fuel refinery located in Sisak (Croatia) was permanently closed in 2020 and is currently undergoing conversion to an alternative use.

A smaller rubber bitumen manufacturing plant (aka. Zala Refinery) located near Zalaegerszeg (Hungary) does not perform traditional refining activities, hence this site is not included in the above table. MOL Group's refineries and petrochemicals sites play an important role contributing to the local and state economy by providing employment opportunities, supporting suppliers, serving industrial customers as well as manufacturing products that are essential to everyday life. However, negative effects associated with petroleum refining are a cause of concern for nearby communities. Most concerns relate to air quality, as refineries and petrochemical plants create nuisance odours and air emissions from refining crude oil, directly affecting the quality of life of nearby residents. MOL Group works to balance local concerns with the desire for economic development, seeking to identify, avoid and mitigate potential negative impacts while developing long-term, positive relationships with the neighbouring communities. We communicate regularly with the local governments and mayors and hold regular community meetings. We also try to provide more and more channels to receive and share information with the local communities (eg. Via the mobile app we developed for our Slovnaft and Danube Refineries.)

GRIEVANCES	UNIT OF MEASURE	2023	2022	SASB
Total Grievances Received (top 3 below)	number	175	184	RT-CH-210a.1
o/w Danube Refinery	number	26	60	RT-CH-210a.1
o/w Bratislava Refinery	number	69	39	RT-CH-210a.1
o/w MOL Pakistan	number	48	63	EM-EP-210b.1

Grievances are collected at major sites throughout the Group (full disclosure can be obtained from the Data Library). During 2023, 175 grievances were registered, a decrease from 184 in 2023. MOL Group has a target that both practices for handling grievance mechanisms and training on the matter, are implemented at all major operations by 2025. The Group-level Community Engagement Methodology Guide (CEG) which was issued in 2017 to provide guidance to site-level management on how to plan and implement community engagement activities was issued as an internal regulation in 2023. This regulation beside the community engagement provides a unified process description on group-level for the grievance management process within the group. The day-to-day management of risks and opportunities associated with community interests is handled locally, ensuring timely and appropriate response. (For further information on the CEG rollout, please see the 2020 Integrated Annual Report.) In line with this grievance process description, beside the already existing MOL Group DS Production internal process description (mandatory for all sites under the business unit), MOL Upstream and INA Upstream also issued and implemented to local-level internal process descriptions in 2023 to ensure a uniform grievance handling practice. In case of the Danube Refinery the notification system providing residents and local communities a preferential channel to voice and share their concerns directly with the Danube Refinery, operating since 9 November 2020, is working properly and is easily accessible to the public. We investigate all complaints. In 2023 MOL developed a mobile application (Hello Dufi) to provide up-to-date information to the population around the Danube Refinery, the app is about to be launch in early 2024 to the local community. The residents can make comments via the app and we will regularly publish news and interesting information about the refinery on this platform. This was a best practise from the Slovnaft refinery where Sused Slovnaft app proved to improve communication with the local community. We see the improvement in the continuous communication with the municipalities in and around Százhalombatta, we are open to consultation and we treat the residents as partners. In parallel, we will continue to reduce the sources and impact of odours, with significant investments in 2024 as a significant number of complaints are connected to odour. In case of Bratislava Refinery, we have seen a 43% higher number of grievances compared to 2022 (2022 – 38, 2023 – 69). Most complaints in both years were about noise and the number increased during general revisions and the more frequent burning on field burners. We see that there is a trend in more and more complaining however this does not necessarily mean a worsening in our impact. Beside the already existing application called "Sused Slovnaft", which we use to inform the users about planned as well as extraordinary events. We continue to hold community meetings (in 2023 2 were held), with ad-hoc meetings prior to major events describing the expected negative effects, in 2023 a field trip to the refinery was organized for the ones interested in the local communities. The refinery provides a 24/7 dispatcher service line for the public to file complaints as well as real time emissions data shared through the Slovak Hydrometeorological Institute. Slovnaft also have a FB page where we actively explain our processes and answer questions. Slovnaft also offers a grant program „The Good Neighbor" that allows residential neighbourhoods bordering the refinery to apply for grants for housing improvements to help minimize the effects of the refinery. In INA we had significantly more complaints in E&P (2023 – 15, 2022 – 3) as previously there wasn't a proper process for handling the incoming grievances. Awareness Sessions were held before initiating technical jobs in order to discuss and have the locals onboard.

HUMAN RIGHTS [SASB: EM-EP-210a.3 / GRI 3-3 / IPIECA: SOC-1 - SOC-3]

MOL Group's exposure to the risk of human right violation remained relatively minor during 2023 given that most of the Group's activities were performed in European countries. Nevertheless, MOL Group is committed to respecting fundamental human rights, a principle which is also included in the Group's Code of Ethics and Business Conduct and is rolled out along the supply chain through the Business Partner Code of Ethics. In 2023 MOL Group organised specific human rights related trainings in Russia and Pakistan.

The Group also placed particular emphasis on ensuring that human rights were prominently featured in its universally mandatory ethics training programs. As a result, every employee of the company, including security personnel, is now more conscientious in their conduct during investigations.

INTEGRITY & TRANSPARENCY

BUSINESS ETHICS [SASB: EM-EP-510a.2 EM-RM-520a.1. / GRI 2-23, 2-24, 2-26, 2-29, 11.19. / IPIECA: GOV-1 - GOV-2 - GOV-3]

In 2023, MOL Group continued to prioritize the establishment and reinforcement of its ethics management system, building upon the foundation laid by the Code of Ethics and Business Conduct (CoEBC). The CoEBC is available in 13 languages and was accessible across the entire Group. In adherence to internal protocols, all new employees joining MOL Group throughout 2023 were acquainted with the CoEBC and underwent compulsory training to ensure comprehension and compliance.

MOL Group upheld stringent expectations for its partners, including suppliers, service station operators, joint ventures, and sponsors, urging them to align with the principles delineated in MOL Group's Business Partner Code of Ethics (BPCE). This commitment to ethical business practices extended throughout the supply chain, with partners expected to propagate and enforce these standards among their own network of suppliers, subcontractors, and associates.

Throughout 2023, MOL Group received a total of 109 ethics reports via its 'SpeakUp!' among other platforms and the INA Ethics Council, indicating a sustained dedication to transparency and accountability. The number of reports shows no significant increase, with the annual aggregate figure being deemed average.

The focus of MOL Group's ethics program in 2023 centered on enhancing awareness through regular articles detailing real investigations in an anonymous manner, as well as mandatory ethics training for all employees. Furthermore, efforts to communicate and educate on ethics were expanded to include governance body members, with ethics integrated into the annual training curriculum for both the Board of Directors and the Supervisory Board.

MOL Group is dedicated to practicing fair market behaviour; its activities on the market must be conducted in accordance with the norms of fair competition and the spirit and letter of applicable competition law. MOL Group has a policy aimed at ensuring compliance with, and preventing infringement of, competition law. During 2023 MOL Group was not subject to any fines related to anticompetitive business practices, nor did MOL Group incur any monetary losses as a result of legal proceedings associated with price fixing and/or price manipulation during 2023. In 2023 the German Federal Antimonoply Office initiated its ad-hoc sectoral assessment in which it requested information from MOL Germany covering the wholesale trading in petroleum products in Germany, there is no specific outcome to date. There is an ongoing investigation of the Montenegrin Agency for the Protection of Competition for an alleged violation of competition law (concerted practice) against INA – Crna Gora d.o.o. with no outcome to this date.

During 2023, 2 incidents of either bribery, corruption, gifts or hospitality were reported through the whistle-blower reporting system of MOL Group (including INA Group as well). During 2023, no employees were dismissed or disciplined for corruption, and there were no incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.

In 2022, the Office for Suppression of Corruption and Organized Crime of the State Attorney's Office of the Republic of Croatia (USKOK) initiated an investigation against two employees of INA, d.d., due to suspicion of corruption. Additionally, an internal investigation was conducted to uncover any fraudulent actions by employees, directors of the Gas and Energy department of INA, during gas trading. It was determined that significant financial and opportunity loss was incurred by INA due to the increase in gas prices on the market while entering into contracts on the Virtual Trading Platform (VTP) with various companies at fixed prices. The official USKOK investigation is still ongoing. Preventive and corrective measures have been taken by INA regarding this case. Contracts with five employees were terminated, and contracts with three customers and one supplier were canceled. INA entrusted an independent auditor with the review of all relevant business processes.

SHARED WEALTH AND ECONOMIC IMPACT [SASB / GRI: 201-1, 11.14. / IPIECA: GOV-4]

MOL Group's socio-economic contribution through taxes, mining royalties, rental expenses, wages and salaries, social security payments and employee benefits can be obtained from section 4. Total Operating Expenses and section 7. Income Taxes from the Financial Consolidated Statements. Furthermore, MOL Group publishes each year the "Payments to Governments" report, which can be obtained from the Group's website. Beyond the Group's contribution through taxes, royalties, and employment, MOL Group shares its success and contributes to the socio-economic progress in local communities in which it operates through several different channels, including volunteerism, sponsorships, donations, and other forms of economic support. In 2023, MOL Group supported social investments in the amount of HUF 1.1 billion in absolute terms (excluding leveraged donations derived from tax-base decreasing donation instruments, according to London Benchmarking Group methodology), with no meaningful change compared to 2022.

In line with the new strategy, MOL Hungary fosters strategic university connections and strengthens cooperation with vocational training centers and supports local communities in the areas where it operates. As part of our sustainability efforts in 2023, MOL continued our cooperation with the Hungarian Food Bank Association and saved 14,269 kg of surplus food at service stations, which neutralized 35,672 kg CO_2 emissions (based on FAO Food Wastage Report).

INA's activities in 2023 aimed NGO institutions (hospitals, Green Belt projects), WRC Croatia Rally, as well as internal employee engagement programs (INA Group Sport Gathering, Kids' Day; Let's give love) Slovnaft continued to support education (e.g. The Best Diploma Thesis, stipendium for students of Chemistry, University chemical faculties, chemistry at secondary schools), the city and district around the Bratislava Refinery, and it's Green Oasis and Talent support programs .

By 2025, MOL Group has a target of ensuring that at least 50% of social investments are spent on community initiatives. Volunteering hours increased by 9.4% and reached 5,697 hours in 2023, compared to 2022 (5,208 hours) which came from the increasing demand of employees.

SITE AND CYBER SECURITY [SASB: EM-EP-210b.1 - EM-EP-210b.2 / GRI 410 – 418, 11.20. / IPIECA: SOC-3]

During 2023, MOL Group carried out a total of 1,286 security investigations, a significant decrease of 22,7% YoY. MOL Group Security identified 928 cases of misconduct during 2023, 33% YoY decrease from 2022 (1,387). In line with previous years, the majority of misconducts (77%) were committed throughout the Group's service station network, the number of these misconducts (718) was lower compared to the previous year (1,212). The main causes of misconduct were fuel card and loyalty point abuses, invoice and transaction interruption frauds as well as coupon and currency exchange abuses. As a result of these misconducts, financial penalties were imposed to distributors, whilst in some cases, it led to the termination of operational contracts as well as employment contracts of staff across the Group's filling station network. 17% of misconduct was misuse of corporate property, breaches of security rules or fraud at MOL Group companies, 2% of misconduct involved conflicts of interest, and 4% of misconduct related to security risks that concerned business partners.

In 2023, according to the Group's Annual Fraud Risk Assessment Plan, one Refinery Fuel Loss Risk Assessment was conducted to minimize loss in Croatia related to Rijeka Refinery. The Annual Fraud Risk Assessment Plan included several other Fraud Risk Assessments covering the fuel loss risk assessment in Poland regarding LOTOS as well as conducting the preparation phase of the Rijeka Turnaround activity Fraud Risk Assessment. We have also conducted SeS partner management and maintenance fraud risk assessment to identify process gaps and mitigate the possible risks. Local Anti-Fraud experts conducted fraud risk assessment in INA regarding Maintenance management at E&P and Gas Condensate Fuel Loss Risk assessment, in Hungary regarding scrapping and sales of downstream assets at MPC as well as a risk assessment regarding MOL Fleet operation. Slovakian Fraud risk assessments have been touched the work permit issuance and connected process reviews coupled with Off-boarding and exit management processes.

MOL Group's exposure to the risk of human right violation remained relatively minor during 2023 given that most of the Group's activities were performed in European countries. But even to consider this circumstance we were able to organize human rights related trainings in Russia and in Pakistan.

On 22nd May 2023, armed terrorists attacked the Manzalai-10 Well Head with heavy fire power. 6 security guards were killed in action. Pakistan Taliban was responsible for the attack which organization considers the Pakistan State as the real enemy that is why they conduct attacks against law enforcement agencies and members of uniformed organizations. Due to the aforementioned information the target was not the MOL Pakistan or the MOL Group itself but the Pakistan State because of the uniformed soldiers who guarded the mentioned sites. Consequences are that uniformed people have been removed, employed local people (chucadars) along with hesco bastions, night vision CCTVs because previously not the MOL but the army people were the targets.

In 2023, MOL Group did not suffer any major incident, however 3 minor incidents occurred and were successfully mitigated by the Cyber Security. First in a row a new contagious malware started spreading in the region in Q4 of 2022. Q1 and Q2 of 2023 it appeared in some parts of the MOL Group. The vector for the infection were external drives - due to its fast spread the affected devices were contained and stricter measures were enacted for external media devices, also the endpoint protection and detection appliance were fine tuned for faster response. The second instance of targeted attack were phishing campaigns that utilized previously leaked data from supply chain companies and trading partners. The attackers used "premade" malware that is available on the DarkNet. However due to the malware package and the phishing scheme partially coming to light, the Email Threat Prevention platform was able to block most of the phishing emails. For those that did manage to slip detection the endpoint protection appliance provided enough security measures that the infection could not infect any hosts. After a short period, the attackers stopped the campaigns since it had no effect on MOL Group. The last minor incident was a scam wave that was orchestrated by using simple marketing materials and AI technologies. The AI technologies were used to create fake articles and videos (falsified audio) - using the CTI platforms the scam pages were identified and swiftly taken down. To be prepared for this new AI threat MOL Group Cyber Security already started to implement new protection technologies.

SUPPLY CHAIN [SASB / GRI: 2-6, 204-1, 11.10.8-9. / IPIECA: SOC-2 - SOC-14]

MOL Group Procurement aims to ensure transparency on Group level, treat suppliers equally and fairly, practice integrity and prevent conflicts of interest. Furthermore, the organization ensures that the non-HC purchased products and services are in compliance with relevant policies, laws and regulations and establish sustainable supply chain by integrating sustainability in its procurement processes. Health & Safety, Ethical and Environmental matters are integral parts of the supplier selection process with clear expectation towards work safety at Group sites (see Contractor Safety chapter for more information). Additionally, the Group's Business Partner Code of Ethics and Code of Responsible Procurement is a mandatory element of all contracts. Prequalification processes include several sustainability related factors such as Climate change, Human rights and Ethics, HSE, Compliance (see Business Ethics chapter for more information).

Procurement organization also operates a blacklisting process that seeks to prevent MOL Group Companies from doing business with persons, businesses, organizations or entities who abuse the supply chain management system by committing a corrupt, fraudulent, unfair or irregular practice, or default on any contract willfully or negligently, or the country/region where they operate became sanctioned. The blacklisting is based on the Performance Evaluation, and on continuous monitoring of watchlists, such as Sanctions lists, Political Exposure lists, Police Orders, Negative news. In 2023, four companies were added to the list due to fraud, performance or HSE related issues and all business activity is prohibited on Group level until the given deadline.

In 2023, Group Procurement updated its supplier sustainability assessment process in order to identify companies who establish business relationships in the countries where modern slavery risk is high. Although the scope is limited, a further analysis will be performed on these suppliers during 2024 in order to prevent child labor, forced or compulsory labor. In 2023, 80% of new suppliers were screened using environmental and social criteria.

During 2023, a spend based Scope 3 assessment has been performed for the inbound supply chain to identify hotspots suppliers and to work on the reduction of carbon emissions. Direct engagement will be implemented with the top 50 suppliers in 2024.

CUSTOMERS [GRI 2-29, 416, 417]

Since 2018, MOL Group has implemented a comprehensive B2B customer satisfaction tracking methodology known as the Customer Satisfaction Survey (CCS). This system regularly measures customer satisfaction across MOL Group countries spanning the whole B2B product portfolio (including wholesale refined products, B2B fuel cards and petrochemicals). The Group-level standardized survey (coordinated by Group DS Customer Care with professional 3rd party support) provides an overarching methodology usually covering all products, markets and customer segments.

The system provides MOL Group with the most extensive customer satisfaction database in the history of the Group, having been designed to provide vital knowledge and insights on each product segment. As a key component in serving the Group's customers on the highest level, MOL Group systematically tracks their rate of satisfaction. In 2023, the CSS was conducted as planned, garnering responses from 15 countries and reaching 46,000 customers, albeit with an 8% response rate due to post-Covid conditions, which hindered the calculation of an overall satisfaction score.

Despite the challenges, notable achievements were recorded. In the core business of fuel commodities, satisfaction scores were maintained, while in petrochemicals, a substantial increase to 84% satisfaction was attained compared to 74% in 2021. The company remains committed to further enhancing customer satisfaction through process improvements.

Future initiatives include advancing digital business solutions for contracting, ordering, order tracking, e-invoicing, and complaint handling processes. Additionally, efforts will focus on streamlining internal operations to enhance efficiency, with a particular emphasis on transitioning towards paperless services.

PUBLIC ADVOCACY [SASB: RT-CH-530a.1 / GRI 2-28 - 415-1, 11.22. / IPIECA: GOV-5]

MOL Group has adopted a political activity policy which provides that the company and its affiliates do not and will not make political contributions or use any corporate funds or assets for any candidates or political parties. MOL Group plays an active role in public policy debates through many industries, trade and professional associations across the European Union. Membership expenses for EU trade associations reached EUR 982 th in 2023, a decrease from EUR 997 th in 2022, with memberships remaining broadly unchanged. EU policy topics discussed during 2023 covered a wide a range of issues, including the EU's climate and energy policy framework addressing renewable energy, energy efficiency, emissions trading and carbon capture and storage, environmental legislation addressing circular economy and industrial emissions. Topics discussed at professional associations within the oil & gas, petrochemical and chemical industries, included but were not limited to industry decarbonization, methane emissions reduction, low-carbon fuels, sustainable products, as well as chemical safety. Membership fees for National Associations in Hungary, Slovakia, Croatia, Czechia, Poland, Austria, Slovenia, Romania, Bosnia, Serbia reached EUR 470 th in 2023. Full disclosure can be obtained from the GRI Reporting Table 2-28.

EU TAXONOMY REPORT

Introduction and legal background

Based on Article 8 of Regulation (EU) 2020/852 (hereinafter Taxonomy Regulation)[3], undertakings - that are subject to an obligation to publish a non-financial statement or a consolidated non-financial statement pursuant to Article 19a or Article 29a of Directive 2013/34[4] of the European Parliament and of the Council, shall include in their non-financial statement or consolidated non-financial statement on how and to what extent their activities are associated with economic activities, that qualify as environmentally sustainable under Articles 3 and 9 of the Taxonomy Regulation. As part of that, the covered undertakings, including MOL Group shall disclose KPIs (key performance indicators) on the proportion of the turnover, capital expenditure (CapEx) and operating expenditure (OpEx) of their activities related to assets or processes associated with environmentally sustainable economic activities. Detailed description of each KPI and its calculation methodology can be found on page 167.

General approach

For the 2023 financial year, MOL Group identified activities under more environmental objectives in case of EU Taxonomy eligibility, however in case of EU Taxonomy alignment only under climate change mitigation. This is possible with the publication of Delegated Regulation (EU) 2023/2486 of 27 June 2023[5] (hereinafter Environmental Delegated Act), which is establishing the criteria for determining the conditions under which an economic activity qualifies as contributing substantially to environmental objectives the sustainable use and protection of water and marine resources; the transition to a circular economy; pollution prevention and control; or the protection and restoration of biodiversity and ecosystems.

In line with its legal obligations, MOL Group has covered the environmental objectives of climate change mitigation and climate change adaptation for alignment in this report. The further four environmental objectives have been reported only on eligible level and will be reported at first alignment level during the financial year 2024.

MOL Group has not identified any activity at CapEx, OpEx or revenue level, which would contribute to multiple environmental objectives. In terms of financial instruments, MOL Group has not issued any sustainability-linked or green bonds in the assessed periods.

Eligibility screening

An eligible economic activity is an economic activity that is listed and described under the EU Taxonomy regulation. The screening covered MOL Group core businesses in case of every consolidated activity and operation. The eligible items are identified with the help of the different businesses across the company. Furthermore, the eligibility screening is already incorporated into the project preparation process of the company, with several approval and cross-checking round. This allowing MOL Group to identify every relevant project already in early phase of their lifecycle.

Alignment screening

In line with the EU Taxonomy assessment logic, alignment screening was completed in three steps. Compliance with technical screening criteria (TSC) has been assessed first, followed by the do no significant harm (DNSH) screening on activity level. Compliance with minimum social safeguards (MMS) has been assessed on the Group level.

MOL Group has screened some of its activity types in a group-level joint alignment assessment (including TSC and DNSH). This joint assessment is possible, since these activity types are conducted in several sites (with large geographical extension) and with similar technical profile. Furthermore, the screened sites one by one are financially not significant at MOL Group level. The covered activities are the group level EV charger and solar activities, and the Hungarian transmission and distribution networks for renewable and low-carbon gases.

Technical Screening Criteria (TSC) monitoring

The Technical Screening Criteria are specific characteristics that can be used to determine whether an economic activity provides a substantial contribution to one of the environmental objectives. Pre-selected eligible activities were subject to a technical screening criteria (TSC) monitoring as the first step to proving their alignment. For the TSC screening the responsible project managers and business

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[3] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088

[4] Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (Text with EEA relevance)

[5] Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems and for determining whether that economic activity causes no significant harm to any of the other environmental objectives and amending Commission Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities.

departments have been contacted with internal assessment templates. The templates aim to translate the EU Taxonomy legislative criteria into MOL Group language and providing a step-by-step guidance with binding content for project teams.

Do no significant harm (DNSH) screening

Activities fulfilling technical screening criteria have been tested against the do no significant harm (DNSH) requirements of the remaining five environmental objectives. To prove the activities alignment with the DNSH criteria, a detailed assessment has been carried out.

Appendix A screening (i.*e. compliance with Climate change adaptation criteria*)[6] has been conducted for every aligned activity. In order to deliver climate risk and vulnerability assessment for the relevant activities, already existing in-house expertise and knowledge on risk management has been combined with the EU Taxonomy additional requirements – and integrated to a specific Appendix A framework. For the future climate scenarios, IPCC (Intergovernmental Panel on Climate Change) and EEA (European Environmental Agency) sources have been used in the assessment – as referred to in Appendix A requirements. Furthermore, to select the material physical climate risks, the European Climate Adaptation Platform (Climate-ADAPT)[7] database has been applied.
A conservative approach has been implemented during the assessment and the worst-case scenario; the RCP 8.5 pathway was examined[8]. The latest available climate scenarios were used. Future scenarios were analysed until 2050. Due to the geographical proximity and so due to the similar climate profile of the main operational countries of MOL Group, the applied scientific framework examined them as one region, so as Western and Central Europe (for example in the IPCC projections). Due to this reason in the risk assessments all material physical climate risks have been screened relevant to this area. The material physical climate risks have been assessed in the scenarios as detailed above, taking into account the likelihood and impact on the Group and adaptation plan defined whenever necessary.
According to the methodology of MOL Group in case of the group level EV charger and solar activities, and the Hungarian transmission and distribution networks a group level joint climate risk and vulnerability assessment has been conducted.

During proofing compliance with criteria set out by **Appendix B**[9] (*i.e. compliance with Sustainable use and protection of water and marine resources criteria*) and **Appendix D**[10] (*i.e. compliance with Protection and restoration of biodiversity and ecosystems criteria*) screening, operational permits have been reviewed with the help of the relevant permitting departments within the company. According to the screening process the compliance can be fulfilled either by IPPC certificate, or Environmental Impact Assessment (EIA) or by further environmental permits. A further option is that based on local law Environmental Impact Assessment is not required in case of the activity and the criteria is not relevant due to the nature of the activity. In order to proof the compliance an internal screening template have been created. The Appendix B and D screening was conducted by involving project managers, HSE and permitting experts.

Since all of our aligned projects and activities were identified under the environmental objective climate change mitigation**,** the **Appendix C**[11] (*i.e. compliance with Pollution prevention and control criteria*) screening was conducted according to the appendix elaborated under this environmental objective. Criteria defined by the points "a"-"f" have been assessed in details with an internal screening template. In case of a relevant activity the internal REACH expert is involved into the assessment.

Transition to a circular economy and other DNSH criteria defined by the regulation have been assessed case-by-case.

Minimum social safeguards (MSS) assessment

Basis of detailed assessment was the Final Report on Minimum Safeguards[12] issued by the Platform on Sustainable Finance, focusing on human rights, anti-corruption, fair competition and taxation.

[6] Appendix A (Generic Criteria for Climate Change Adaptation) of ANNEX I of Delegated Regulation (EU) 2021/2139
[7] The European Climate Adaptation Platform Climate-ADAPT (2024)
[8] COMMISSION NOTICE on the interpretation and implementation of certain legal provisions of the EU Taxonomy Climate Delegated Act establishing technical screening criteria for economic activities that contribute substantially to climate change mitigation or climate change adaptation and do no significant harm to other environmental objective (C/2023/267), Question 168
[9] Appendix B (Generic Criteria for DNSH to Sustainable Use and Protection of Water and Marine Resources) of ANNEX I of Delegated Regulation (EU) 2021/2139
[10] Appendix D (Generic Criteria for DNSH to Protection and Restoration of Biodiversity and Ecosystems) of ANNEX I of Delegated Regulation (EU) 2021/2139
[11] Appendix C (Generic Criteria for DNSH to Pollution Prevention and Control Regarding Use and Presence of Chemicals) of ANNEX I of Delegated Regulation (EU) 2021/2139
[12] Final Report on Minimum Safeguards, Platform on Sustainable Finance, October 2022

MOL Group respects fundamental human rights, its Code of Ethics and Business Conduct[13] includes the company's commitments. MOL Group respects the Universal Declaration of Human Rights which summarizes fundamental human rights in 30 articles and further guidance documents on human rights such as the UN Global Compact, the UN Guiding Principles, the OECD Guidelines for Multinational Enterprises and the ILO Declaration on Fundamental Principles and Rights at Work and voluntary principles about security and human rights. Furthermore, the MOL Group Compliance & Ethics department operates a corporate grievance mechanism (*Speak-Up!*), whereas the internal and external parties have the possibility to report every ethics related issue, including any concern regarding the human rights. During the 2023 financial year MOL Group did not faced with any human rights related violation, similar to previous years.

Integrity and transparency are important values for MOL Group and fighting against corruption is an essential part of our corporate strategy. MOL Group respects guidance documents on anti-corruption like the UN Global Compact, OECD Guidelines for Multinational Enterprises, United Nations Convention against Corruption (UNCAC) and takes into consideration suggestions of Transparency International, and the World Economic Forum Partnering Against Corruption Initiative (PACI). The anti-corruption policy is part of Code of Ethics and Business Conduct. MOL Group has well operated Ethics Management System including an annual group level mandatory training program and regulated speak-up channel for internal and external colleagues. MOL Group has special Anti-Fraud & Investigation department to prevent, detect, deter, investigate, sanction fraudulent / corrupt risks and practices.

MOL Group is dedicated to practicing fair market behaviour; its activities on the market must be conducted in accordance with the norms of fair competition and the spirit and letter of applicable competition law.

Fully complying with competition law is not only a legal obligation but is related to attitudes and cultures that can positively impact a company's business. The aim of our Compliance Program is to raise the awareness of our employees and to eliminate legal risks, thus supporting the effective implementation of business strategies in a legal way. Group Compliance organization has a constantly adjusted scope to the changing regulatory and business environment (Group Compliance Plan), which focuses on those compliance risks that require engagement on corporate level, e.g. competition law. Group Compliance Plan is operated for minimizing compliance exposure by conducting investigations and performing group-level trainings to increase awareness. Group Compliance has its dedicated experts. In-house investigations and simulations aiming at monitoring compliance with internal and external commitments are being performed.

Regarding taxation the company has an adequate governance structure in place to ensure full tax compliance and tax transparency. The company or its subsidiaries has not been convicted on violating tax laws during the 2023 financial year.

Financial methodology

In terms of the assessment of the EU Taxonomy eligible and aligned activities and calculation of the mandatory KPIs such as turnover, OpEx and CapEx as the main rule MOL Group followed the requirements defined by the Disclosure Delegated Act (EU 2021/2178)[14], however in some cases materiality thresholds and simplification considerations have been applied as described in below sections.

KPI related to turnover (turnover KPI)

For the KPI calculation, the consolidation system was used for the reporting. The data for the reporting process was collected and cross-checked by the responsible finance teams.

The turnover KPI's numerator calculation is based on the turnover of the identified eligible and aligned activities of MOL Group. In the case of profit centers where both eligible and non-eligible turnover was identified, only the turnover related to the eligible products was collected and calculated. The same logic is applied in case of aligned, and non-aligned activities. To avoid double counting, only third-party external turnover is considered in the calculation. No materiality threshold has been applied, and all relevant activities independently from the magnitude of contribution to the Group Turnover have been considered. The turnover KPI's denominator is the same as the Net Sales line in the Consolidated Statement of Profit or Loss and can be found on page 54 of the Consolidated Financial Statements of the Annual Financial Report.

KPI related to operating expenditure (OpEx KPI)

OpEx KPI has been calculated even for the profit centers, where sustainable turnover has not been identified. Furthermore, the OpEx spendings of the CapEx projects have been involved into the OpEx KPI.

In the case of OpEx KPI the not-relevant OpEx items (such as PTE, charged services, energy and raw material) were deducted first, otherwise the calculation was done using the consolidation system, by taking into account all the relevant general ledger accounts based on the methodology defined by the Disclosure Delegated Act.

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[13] Code of Ethics and Business Conduct (2024) MOL Group

[14] Supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation (EU 2021/2178)

For the numerator calculation in the case of profit centers, where both eligible and non-eligible OpEx was identified, only OpEx related to the eligible products was collected and calculated. In case of production units (especially in the case of Annex I/ 3.14 Manufacture of organic basic chemicals activity), allocation keys are applied in the OpEx KPI allocation, based on the production volume of the EU Taxonomy eligible product. The same logic has been applied in the case of aligned, and non-aligned activities.

MOHU related OpEx nominator costs and denominator share has been consolidated based on an inhouse methodology in order to be in line with the group level OpEx methodology. Based on that we used a MOHU company level multiplier for every relevant cost based on the personal, operational expenses and energy costs. Inclusion of MOHU results in the calculation (due to business start up from 1st July 2023) resulting different results compared to 2022 full year results on Group level. Implementation of detailed OpEx methodology and full alignment with group level approach will be continued in the upcoming years.

For the denominator calculation the total Group level amount of the relevant general ledger accounts have been accounted.

The data for the reporting process was collected and cross-checked by the segment finance teams. An 1-9 test report was taken place in order to prepare the organisation for the 1-12 reporting process and to demonstrate preliminary result for the organisation.

Overall, the OpEx KPI is considered as less material for the description of MOL Group's EU Taxonomy related activities.

KPI related to capital expenditure (CapEx KPI)

In the case of CapEx KPI the central CapEx reporting and monitoring tool of MOL Group has been used. In the system already from early phase the EU Taxonomy relevancy of the projects are marked. The data was provided and cross-checked by the Group Resource Allocation Team. Throughout the year the MOL Group issues an internal monthly EU Taxonomy report in order to track the relevant CapEx spendings.

Concerning the CapEx definition used in this database and the definitions used in the Taxonomy Regulation the following comments must be taken: the central CapEx reporting and monitoring tool of MOL Group does not include additions from borrowing costs, right-of-use assets, estimated field abandonment and site restoration costs. MOL Group believes, that these differences do not have a material impact on the numerator of the KPI. For the numerator the relevant (eligible and/or aligned) realized capital expenditure of investment projects for the respective financial year 2023 has been considered.

In the case of CapEx KPI a materiality threshold of USD 100 thousand has been applied. The CapEx figure used as the denominator is comparable with the figure on page 84, 86 and 87 of the Consolidated Financial Statements of the Annual Financial Report. The CapEx KPI's denominator is the same as the Additions and capitalizations plus Acquisition of subsidiaries line in the Property, plant and equipment movement table, additions of Investment property and the Additions plus Acquisition of subsidiary line in the Intangible asset movement table. In case of related sustain type of investments by the eligible or aligned operations (cost center & company or site), investments will be calculated automatically as eligible or aligned. These investments are supporting the day-to -day running of the eligible/aligned business activity of MOL Group.

Contextual information about the KPIs

EU Taxonomy eligible activities in turnover is 9,6%, in OpEx 19.4%, in CapEx 24.1% for the year 2023. EU Taxonomy aligned activities in turnover is 0.2%, in OpEx 0.9%, in CapEx 8.6% for the year 2023.

Relatively low alignment percentages are partially result of the previously demonstrated facts, that significant part of MOL Group's activities is still related to the oil and gas industry and a conservative approach has been followed in the assessment and reporting.

Furthermore, MOL Group won[15] the Hungarian state concession tender for waste management services in July 2022, and started the operations on 1st of July 2023 supporting our aspiration to become a key player in the circular economy. Since MOL Group is responsible for the collection, transportation, pre-treatment, handling over to treatment, sales operations and operating EPR and DRS systems of the municipal solid waste and committed to make circular economy related investments. Based on the fact, that our circular economy related services are mostly covered by the environmental objectives of transition to a circular economy and pollution prevention and control, the significant CapEx investments related to that field, and the OpEx and revenue costs have been screened only in eligible level during this financial year. Their alignment screening of this business segment will start from the financial year 2024.

Turnover

The eligible turnover proportion is in 2023 9,6%, which is similar as in the previous year (9%). The aligned turnover proportion is 0,2%, which is the same as in the financial year 2022. The similar results are due to our unchanged EU Taxonomy related activity portfolio compared to 2022 financial year. MOL Group net sales felt compared to the previous financial year, due to the challenging regulatory and tax policy environment throughout the year. Despite the difficulties, MOL Group strengthened its portfolio with the new waste management services, which provides the perfect foundation and

[15] MOL wins concession for waste management services (2022). molgroup.info

momentum for the company to grow and evolve. MOL Group will continue its journey of smart transition, contributing to both sustainability and competitiveness at the same time. That is, alongside with its promising low carbon and green investment projects, will generate a growing EU Taxonomy related revenue in the upcoming years.

Aligned activities are associated with the following activity categories:

- *3.17. Manufacturing of plastics in primary form*, linked to ReMat operations. In April 2022 MOL Group acquired ReMat, Hungary's market leading plastics recycling company, using communal and industrial waste for creating recycled plastic granules. With this transaction MOL Group's total capacity of recycled plastic material was raised from 25,000 tons/year to 40,000 tons/year.
- *4.1. Electricity generation using solar photovoltaic technology*, linked to solar operations activity in Hungary and Croatia. MOL Group stepped into the solar power business in 2018, with the building of photovoltaic powerplants. MOL Group is having currently 30 MW solar capacity in Hungary and 14 MW in Croatia.
- *5.9. Material recovery from non-hazardous waste*, covering Aurora Kunststoffe Gmbh activities and rubber bitumen production of Zala Refinery. MOL Group acquired Aurora Kunstoffe Gmbh in 2019 and strengthened its presence in recyclate-based compounds and its position as an automotive supplier. This transaction supported MOL Group's ambition to transform its fuel-based business model in Downstream to a higher value-added petrochemical product portfolio. The rubber bitumen plant started its operation in 2020 in Zalaegerszeg and applies a new manufacturing technology of crumb rubber, which is made from bitumen and waste tyres and has been developed jointly by MOL and Pannon University. The rubber bitumen has several advantages compared to the conventional road construction bitumen as it has a longer lifecycle, better resistance on environmental impacts as well as providing an improved traffic safety due to the reduced braking distance.
- *6.4. Operation of personal mobility device, cycle logistics*, covering operation in Bratislava, Slovakia. Bike sharing activity has been the first initiative of MOL Group in the mobility field in the year 2014.
- *6.5. Transport by motorbikes, passenger cars and light commercial vehicles*, attributable to another building block of our mobility services, through providing leasing services, including financing and fleet management for MOL Group and external clients. The transitional economic activity[16] could be proven to be aligned only partially, as not the entire car park is compliant with the 'low- and zero-emission light-duty vehicles' (lower than 50gCO2/km emission) criteria.
- *6.15. Infrastructure enabling low-carbon road transport and public transport* enabling economic activity[17] is linked to our electric vehicle charging station network, covering 268[18] EV chargers in the CEE region. E-mobility is also one of the key pillars of our mobility solutions.

[16] As it is stated in our long-term Shape Tomorrow Strategy, MOL Group aims to provide complex mobility services in order to reach its sustainability targets. Increasing the zero and low carbon emission vehicles share within our portfolio is in line with this aspiration. In that way as referred in Article 10(2) of Regulation (EU) 2020/852 we consider this activity as transitional, as there are no technologically and economically feasible low-carbon alternatives for it, but the activity supports the transition to a climate-neutral economy in a manner that is consistent with a pathway to limit the temperature increase to 1.5 degrees Celsius above pre-industrial levels.

[17] Based on the Article 16 of Regulation (EU) 2020/852 the EV charger activity of MOL Group is covering the enabling economic activity category, since it enables other activities to make a substantial contribution to one or more of the environmental objectives, as it enables the operation of low-carbon road transport and public transport. Furthermore, the activity does not lead to a lock-in in assets that undermine long-term environmental goals, considering the economic lifetime of its assets, as currently there is no better widespread technology, which enables the operation of electric vehicles. Furthermore, the technology supports the European environmental target to phase out the ICE motors. In addition, the activity has a substantial positive environmental impact on the basis of lifecycle considerations, since the components of the EV chargers are over 90% recyclable.

[18] Status as of 31 December 2022

For details, please see *Table 1* Financial year 2023	Year 2023			Substantial contribution criteria						DNSH (Do No Significant Harm) criteria									
Economic activities	**Code**	**Turnover (USD mn)**	**Proportion of Turnover, year 2023**	**Climate change mitigation (Y; N;N/EL)**	**Climate change adaptation (Y; N;N/EL)**	**Water and marine resources (Y; N;N/EL)**	**Circular economy (Y; N;N/EL)**	**Pollution(Y; N;N/EL)**	**Biodiversity and ecosystem (Y; N;N/EL)**	**Climate change mitigation (Y/N)**	**Climate change adaptation (Y/N)**	**Water and marine resources (Y/N)**	**Circular economy (Y/N)**	**Pollution (Y/N)**	**Biodiversity and ecosystem (Y/N)**	**Minimum safeguards (Y/N)**	**Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover for 2022 (%)**	**Category (E: enabling activity)**	**Category (T: transitional activity)**
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. **Environmentally sustainable activities (Taxonomy-aligned)**																			
Manufacture of plastics in primary form	CCM 3.17	11.5	0.0%	Y							Y	Y		Y	Y	Y	0.1%		T
Electricity generation using solar photovoltaic technology	CCM 4.1	5.6	0.0%	Y							Y		Y		Y	Y	0.0%		
Material recovery from non-hazardous waste	CCM 5.9	20.3	0.1%	Y							Y				Y	Y	0.1%		
Operation of personal mobility devices, cycle logistics	CCM 6.4	0.1	0.0%	Y							Y		Y				0.0%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	2.5	0.0%	Y							Y		Y	Y		Y	0.0%		T
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	1.4	0.0%	Y							Y	Y	Y	Y	Y	Y	0.0%	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		41.3	0.2%														0.2%		
Of which enabling		1.4	0.0%														0.0%	E	
Of which transitional		13.9	0.1%														0.1%		T
A.2 **Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)**																			
				Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL										
Collection and transport of non-hazardous and hazardous waste	CE 2.3	287.7	1.1%				Y										N/A		
Treatment of hazardous waste	CE 2.4	2.3	0.0%				Y										N/A		
Recovery of bio-waste by anaerobic digestion or composting	CE 2.5	0.0	0.0%				Y										N/A		
Depollution and dismantling of end-of-life products	CE 2.6	21.7	0.1%				Y										N/A		
Sorting and material recovery of non-hazardous waste	CE 2.7	68.0	0.3%				Y										N/A		
Manufacture of organic basic chemicals	CCM 3.14	693.4	2.7%	Y													2.4%		
Manufacture of plastics in primary form	CCM 3.17	1 256.1	4.9%	Y													6.3%		
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	5.3	0.0%	Y													N/A		
Electricity generation from fossil gaseous fuels	CCM 4.29	0.5	0.0%	Y													0.0%		
Composting of bio-waste	CCM 5.8	6.7	0.0%	Y													N/A		
Material recovery from non-hazardous waste	CCM 5.9	52.9	0.2%	Y													N/A		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	32.8	0.1%	Y													0.1%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2 427.6	9.4%														8.8%		
Turnover of Taxonomy-eligible activities (A.1+A.2)		2 468.9	9.6%														9.0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		23 245.5	90.4%																
TOTAL		25 714.4	100%																
Proportion of turnover/ Total turnover																			
		Taxonomy-aligned per objective	**Taxonomy-eligible per objective**																
Climate change mitigation (CCM)		100%	84%																
Climate change adaptation (CCA)		0%	0%																
Sustainable use and protection of water and marine resources (WTR)		0%	0%																
Transition to a circular economy (CE)		0%	16%																
Pollution prevention and control (PPC)		0%	0%																
Protection and restoration of biodiversity and ecosystems (BIO)		0%	0%																

Table 1: Proportion of turnover from products or services associated with Taxonomy eligible and aligned economic activities

Operating expenditure (OpEx)

The eligible OpEx proportion is in 2023 19.4%, which is significantly higher than in the previous financial year (5.3%). The aligned OpEx proportion is 0.9% , which is slightly less than in the previous year (1.2%). The significantly higher eligible OpEx result in case of the 2023 FY compared to last year is due to the different OpEx methodological approach by MOHU. Implementation of detailed OpEx methodology and full alignment with group level approach will be continued in the upcoming years. The same aligned activity categories are valid in the case of OpEx, like for the turnover.

For details, please see *Table 2*.

Financial year 2023		Year 2023		Substantial contribution criteria						DNSH (Do No Significant Harm) criteria									
Economic activities	Code	OpEx (USD mn)	Proportion of OpEx (%)	Climate change mitigation (Y; N;N/EL)	Climate change adaptation (Y; N;N/EL)	Water and marine resources (Y; N;N/EL)	Circular economy (Y; N;N/EL)	Pollution(Y; N;N/EL)	Biodiversity and ecosystem (Y; N;N/EL)	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosystem (Y/N)	Minimum safeguards (Y/N)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx for 2022 (%)	Category (E: enabling activity)	Category (T: transitional activity)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. **Environmentally sustainable activities (Taxonomy-aligned)**																			
Manufacture of plastics in primary form	CCM 3.17	2.4	0.2%	Y							Y	Y		Y	Y	Y	0.3%		T
Electricity generation using solar photovoltaic technology	CCM 4.1	0.5	0.0%	Y							Y		Y		Y	Y	0.1%		
Material recovery from non-hazardous waste	CCM 5.9	6.0	0.5%	Y							Y				Y	Y	0.7%		
Operation of personal mobility devices, cycle logistics	CCM 6.4	0.0	0.0%	Y							Y		Y				0.1%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	0.4	0.0%	Y							Y		Y	Y		Y	0.1%		T
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	0.1	0.0%	Y							Y	Y	Y	Y	Y	Y	0.0%	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		9.5	0.9%														1.2%		
Of which enabling		0.1	0.0%														0.0%	E	
Of which transitional		2.9	0.3%														0.1%		T
A.2 **Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)**																			
				Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL										
Treatment of hazardous waste	PPC 2.2	2.3	0.2%					Y									N/A		
Collection and transport of non-hazardous and hazardous waste	CE 2.3	110.5	10.0%				Y										N/A		
Recovery of bio-waste by anaerobic digestion or composting	CE 2.4	0.9	0.1%				Y										N/A		
Recovery of bio-waste by anaerobic digestion or composting	CE 2.5	2.6	0.2%				Y										N/A		
Depollution and dismantling of end-of-life products	CE 2.6	8.3	0.8%				Y										N/A		
Sorting and material recovery of non-hazardous waste	CE 2.7	31.3	2.8%				Y										N/A		
Manufacture of organic basic chemicals	CCM 3.14	6.6	0.6%	Y													0.7%		
Manufacture of plastics in primary form	CCM 3.17	25.3	2.3%	Y													2.6%		
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	1.8	0.2%	Y													N/A		
Electricity generation from fossil gaseous fuels	CCM 4.29	0.0	0.0%	Y													0.2%		
Construction, extension and operation of waste water collection and	CCM 5.3	10.2	0.9%	Y													N/A		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	5.5	0.5%	Y													0.7%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		205.3	18.6%														4.2%		
OpEx of Taxonomy-eligible activities (A.1+A.2)		214.8	19.4%														5.3%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		890.1	80.6%																
TOTAL		1 105	100%																
Proportion of OpEx / Total OpEx																			
		Taxonomy-aligned per objective	**Taxonomy-eligible per objective**																

Climate change mitigation (CCM)	100.0%	24.1%
Climate change adaptation (CCA)	0.0%	0.0%
Sustainable use and protection of water and marine resources (WTR)	0.0%	0.0%
Transition to a circular economy (CE)	0.0%	74.8%
Pollution prevention and control (PPC)	0.0%	1.1%
Protection and restoration of biodiversity and ecosystems (BIO)	0.0%	0.0%

Table 2: Proportion of OpEx from products or services associated with Taxonomy eligible and aligned economic activities

Capital expenditure (CapEx)

The eligible CapEx proportion is 24.1% in 2023, which is significantly higher than in the previous year (15.4%). The aligned CapEx proportion is 8.6% , which is almost double than in the previous year (4.8%). Most of MOL Groups aligned CapEx spending was related to the new Olefins Conversion Technology (OCT) Unit, which project will increase the petrochemicals related green portfolio of the company. Furthermore, the increased aligned and eligible results were related to our new CapEx approach as well. Based on that in case of related sustain type of investments by the eligible or aligned operations (cost center & company or site), investments will be calculated automatically as eligible or aligned. MOL Group is committed towards the smart green transition, due to that reason in the upcoming years the company is planning to further develop its low-carbon and EU Taxonomy aligned project portfolio.

Aligned investments are associated with the following activity categories:

- *3.10. Manufacture of hydrogen*, related to projects in green hydrogen production technology. In April 2022 MOL Group announced the building of a 10MW green hydrogen plant in Europe in Százhalombatta, Hungary. The total investment will be EUR 22mn, allowing MOL Group to produce 1600 tons per annum of green hydrogen, resulting in around 25 thousand tons of CO2 saving with the use of renewable electricity.
- *3.14. Manufacture of organic basic chemicals,* covering a new Olefins Conversion Technology (OCT) Unit construction at MOL Petrochemicals' site in Tiszaújváros. The unit will have a production capacity of 100,000 tons/year of polymer grade propylene. The project is expected to be completed in 2024.
- *3.17. Manufacturing of plastics in primary form,* covering the sustain CapEx spendings related to ReMat operations (details for ReMat please see under Turnover, Aligned activities section).
- *4.1. Electricity generation using solar photovoltaic technology*, related to solar power plant constructions in Hungary, Romania, Slovakia and Croatia supporting our operations with green electricity generation.
- *4.14. Transmission and distribution networks for renewable and low-carbon gases,* linked to our gas midstream operation, focusing on pipeline development related investments enabling transportation of hydrogen blended natural gas, including installation of hydrogen resistant equipment.
- *5.9. Material recovery from non-hazardous waste*, covering the sustain CapEx spendings related to Aurora Kunststoffe Gmbh (details for Aurora Kunststoffe Gmbh please see under the aligned turnover activities section).
- *6.15. Infrastructure enabling low-carbon road transport and public transport*, related to the extension of our electric vehicle charging station network in the CEE region.
- *6.5. Transport by motorbikes, passenger cars and light commercial vehicles* is linked to the purchase of new vehicles for our mobility services.
- *7.3. Installation, maintenance and repair of energy efficiency equipment* is related to the energy efficiency improvement of buildings in Hungary.
- 9.1. Close to market research, development and innovation is linked to GINOP project, which aims to set up a site level methane emission monitoring system suitable for gas delivery stations and hubs.

For details, please see *Table 3*.

Financial year 2023	Year 2023			Substantial contribution criteria						DNSH (Do No Significant Harm) criteria									
Economic activities	**Code**	**CapEx (USD mn)**	**Proportion of CapEx (%)**	**Climate change mitigation (Y; N;N/EL)**	**Climate change adaptation (Y; N;N/EL)**	**Water and marine resources (Y; N;N/EL)**	**Circular economy (Y; N;N/EL)**	**Pollution(Y; N;N/EL)**	**Biodiversity and ecosystem (Y; N;N/EL)**	**Climate change mitigation (Y/N)**	**Climate change adaptation (Y/N)**	**Water and marine resources (Y/N)**	**Circular economy (Y/N)**	**Pollution (Y/N)**	**Biodiversity and ecosystem (Y/N)**	**Minimum safeguards (Y/N)**	**Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx for 2022 (%)**	**Category (E: enabling activity)**	**Category (T: transitional activity)**
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. **Environmentally sustainable activities (Taxonomy-aligned)**																			
Manufacture of hydrogen	CCM 3.10	14.8	1.0%	Y							Y	Y		Y	Y	Y	0.5%		
Manufacture of organic basic chemicals	CCM 3.14	99.8	6.5%	Y							Y	Y		Y	Y	Y	1.9%		T
Manufacture of plastics in primary form	CCM 3.17	0.2	0.0%	Y							Y	Y		Y	Y	Y	0.5%		T
Electricity generation using solar photovoltaic technology	CCM 4.1	5.3	0.3%	Y							Y		Y		Y	Y	0.5%		
Transmission and distribution networks for renewable and low-carbon gases	CCM 4.14	5.6	0.4%	Y							Y	Y		Y	Y	Y	0.2%		
Material recovery from non-hazardous waste	CCM 5.9	1.2	0.1%	Y							Y				Y	Y	N/A		
Transport by motorbikes, passenger cars and commercial vehicles	CCM 6.5	3.1	0.2%	Y							Y		Y	Y		Y	0.1%		T
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	0.9	0.1%	Y							Y	Y	Y	Y	Y	Y	0.1%	E	
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0.9	0.1%	Y							Y			Y		Y	1%	E	
Close to market research, development and innovation	CCM 9.1	0.2	0.0%	Y							Y	Y	Y	Y	Y	Y	0%	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		132.0	8.6%														4.8%		
Of which enabling		2.0	0.1%														1.1%	E	
Of which transitional		103.0	6.7%														2.5%		T
A.2 **Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)**																			
				Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL										
Collection and transport of non-hazardous and hazardous waste	CE 2.3	61.6	4.0%				Y										N/A		
Recovery of bio-waste by anaerobic digestion or composting	CE 2.4	0.3	0.0%				Y										N/A		
Manufacture of organic basic chemicals	CCM 3.14	101.3	6.6%	Y													1.1%		
Manufacture of plastics in primary form	CCM 3.17	26.3	1.7%	Y													7.1%		
Transmission and distribution of electricity	CCM 4.9	2.2	0.1%	Y													0.2%		
Installation and operation of electric heat pumps	CCM 4.16	0.6	0.0%	Y													N/A		
Electricity generation from fossil gaseous fuels	CCM 4.29	3.4	0.2%	Y													0.2%		
Renewal of water collection, treatment and supply systems	CCM 5.2	1.0	0.1%	Y													N/A		
Construction, extension and operation of waste water collection and treatment	CCM 5.3	0.2	0.0%	Y													0.1%		
Transport by motorbikes, passenger cars and commercial vehicles	CCM 6.5	25.6	1.7%	Y													1.4%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	14.6	1.0%	Y													N/A		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		237.0	15.5%														10.6%		
CapEx of Taxonomy-eligible activities (A.1+A.2)		369.0	24.1%														15.4%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		1159.1	75.9%																
TOTAL		1528.1	100%																
Proportion of CapEx / Total CapEx0																			
		Taxonomy-aligned per objective	**Taxonomy-eligible per objective**																
Climate change mitigation (CCM)		100%	74%																
Climate change adaptation (CCA)		0%	0%																
Sustainable use and protection of water and marine resources (WTR)		0%	0%																
Transition to a circular economy (CE)		0%	26%																
Pollution prevention and control (PPC)		0%	0%																
Protection and restoration of biodiversity and ecosystems (BIO)		0%	0%																

Table 3: Proportion of CapEx from products or services associated with Taxonomy eligible and aligned economic activities

Complementary Delegated Act

Based on the modifications implemented by Delegated Regulation (EU) 2022/1214 (Complementary Climate Delegated Act)[19] MOL Group – in accordance with Article 8 paragraphs 6,7 and 8 of Delegated Regulation (EU) 2021/2178 – performed also an assessment and identified activities, which could be possibly eligible or aligned with the specific nuclear and gas energy activities. In the case of MOL Group activities, relevancy was identified only for gas-related activities, due to the lack of a nuclear portfolio. For details, please see *Table 4*.
Activities classified as eligible are linked to gas fired power plants within our operations under 4.29 Electricity generation from fossil gaseous fuels. Low percentage amounts in the case of the Turnover and OpEx KPI are driven by the fact that the majority of produced heat, steam and electricity is used internally without the involvement of third parties.
None of the activities are classified as aligned ones.
For details, please see *Table 4-7*.

	Fossil gas related activities	TURNOVER		OPEX		CAPEX	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	**YES**	NO	**YES**	NO	**YES**	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES	**NO**	YES	**NO**	YES	**NO**
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	YES	**NO**	YES	**NO**	YES	**NO**

Please note that taking into account that MOL Group does not have nuclear energy related activities, row 1-3 from above table have been excluded.

Table 4: Nuclear and fossil gas related activities

	Economic activities	TURNOVER		OPEX		CAPEX	
		Climate change mitigation (CCM)		Climate change mitigation (CCM)		Climate change mitigation (CCM)	
		USDmn	%	USDmn	%	USDmn	%
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0%	-	0%	-	0%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0%	-	0%	-	0%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0%	-	0%	-	0%
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	41,3	0,2%	9,5	0,9%	131,9	8,6%
8.	**Total applicable KPI**	**25 714**	**100%**	**1 105**	**100%**	**1 528**	**100%**

Please note that taking into account that MOL Group does not have nuclear energy related activities, row 1-3 from above table have been excluded.

Table 5: Taxonomy-aligned economic activities (denominator)

[19] Amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities ((EU 2022/1214)

	Economic activities	TURNOVER		OPEX		CAPEX	
		Climate change mitigation		Climate change mitigation		Climate change mitigation	
		USDmn	%	USDmn	%	USDmn	%
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of applicable KPI	-	-	-	-	-	-
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of applicable KPI	-	-	-	-	-	-
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of applicable KPI	-	-	-	-	-	-
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	41,3	100,0%	9,5	100,0%	131,9	100,0%
8.	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	41,3	**100,0%**	9,5	**100,0%**	131,9	**100,0%**

Please note that taking into account that MOL Group does not have nuclear energy related activities, row 1-3 from above table have been excluded.

Table 6: Taxonomy-aligned economic activities (numerator)

Row	Economic activities	TURNOVER		OPEX		CAPEX	
		Climate change mitigation		Climate change mitigation		Climate change mitigation	
		USDmn	%	USDmn	%	USDmn	%
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0,5	0,0%	0,0	0,0%	3,4	0,2%
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7.	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	2 427,1	100,0%	205,3	100,0%	233,6	98,6%
8.	**Total amount and proportion of taxonomy eligible but not taxonomy- aligned economic activities in the denominator of the applicable KPI**	2 427,6	100,0%	205,3	100,0%	237,0	100,0%

Please note that taking into account that MOL Group does not have nuclear energy related activities, row 1-3 from above table have been excluded.

Table 7: Taxonomy-eligible but not taxonomy-aligned economic activities

In the case of the classification of non-eligible activities ("*taxonomy non-eligible fossil gas related activities*")[20] a full value chain approach has been applied. Figures reflect the following methodology, including elements: E&P gas related activities, gas midstream, gas trading and gas sales through the service station network. For details, please see *Table 8*.

Row	Economic activities	TURNOVER		OPEX		CAPEX	
		USDmn	%	USDmn	%	USDmn	%
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1 396	5,4%	104	9,4%	23	1,5%
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7.	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	21 849	85%	786	71%	1 136	74%
8.	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI'**	23 245	9%	890	81%	1 159	76%

Please note: (1) Taking into account that MOL Group does not have nuclear energy related activities, row 1-3 from above table have been excluded. (2) All gas value chain related non-eligible activities are allocated under point 4. in above table.

Table 8: Taxonomy non-eligible economic activities

[20] Article 2 (1) 7. (c) point of the Amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities ((EU 2022/1214)

ABOUT SUSTAINABILITY REPORTING

SCOPE AND BOUNDARY [GRI 2-2]

MOL Group consolidates sustainability information based on a ‘**operational control approach**’ consistent with the Greenhouse Gas Protocol. Operational control is when MOL Group or one of its subsidiaries (see page 137 for full list in Annual Report) has the full authority to introduce and implement its policies at the entity, thereby acting as the operator. MOL Group does not account for data from entities in which it owns an interest but has no control. In 2023, 4 new entities were included in the data collection. MOL Group holds interests in assets that are owned as a Joint Venture (JV) but not operated by MOL Group. Data from non-operated JVs (with the exception of GHG emissions Scope 3 Category 15 ‘Investments’) is not presented in this Sustainability Report, unless otherwise stated. Holdings or concessions are not covered either, since these companies do not engage in real economic activities, therefore, they do not have direct environmental impact, do not employ workers nor have direct social implications with their activities.

HEALTH, SAFETY AND ENVIRONMENTAL (HSE) DATA

MOL Group collects data related to activities with significant potential health, safety and environmental impacts (HSE-relevant) in a dedicated reporting system provided by Enablon. In order to prepare for credible data collection, those subsidiaries who are newly included in Mol-Group’s portfolio are not reported in the Sustainability Report for 3 consecutive years after consolidation. In addition, smaller entities with negligible health, safety and environmental impact (typically less than 20 employees, with activities that do not pose a significant process safety risk or significant environmental impact, and with no significant HSE-relevant events recorded in the financial year) have been exempted from reporting in the Enablon system in order to rationalise their administrative burden. In the Sustainability Report, environmental & energy data covers 85%, while health & safety data covers 86% of sales for 2023 of fully consolidated Mol-Group companies.

HUMAN RESOURCES RELATED DATA

Human Resources data, including information related to sustainability reporting are collected by MOL Group’s SAP enterprise resource planning system. The scope of the HR data collection is 100% in terms of headcount and turnover rate (including non-operated joint ventures). Other HR related data are collected at MOL Group’s subsidiary companies where the headcount exceeds 100 employees. The coverage of HR data reached 75% in terms of revenue in 2023.

DATA ON SOCIAL INVESTMENT AND COMMUNITY RELATIONS

Data on social investments and community relations are presented for all consolidated companies that have an approved corporate giving plan or, due to their location and activities, maintain significant contact with local communities and therefore, are subject to MOL Group's Community Engagement Guidelines and Principles of Corporate Social Responsibility, as well as relevant internal policies. This covered 96% of the Group on a revenue basis in 2023.

ETHICS RELATED DATA

The ethics-related reporting obligations have been extended to all consolidated companies with at least 20 full-time employees or an Ethics Officer. This represents 97% coverage as a percentage of sales in 2023. INA Group itself covers all its subsidiaries and reports its consolidated data to the Group Ethics Officer of MOL Group.

GAS MIDSTREAM AND JOINT VENTURES

FGSZ (referred to in this Report as ‘**Gas Midstream**’) is a natural gas transmission company and a 100% consolidated subsidiary, but it is not MOL operated due to the unbundling regulations of the European Union. By comparison, FGSZ yearly GHG Scope 1 is around 100th tonnes (versus 6.63 mn tonnes for MOL Group) with a staff of around 700 (*24 912* for MOL Group). Key operational and sustainability data for FGSZ is provided in the MD&A section of Gas Midstream (page 34). During 2023, there were no major changes at FGSZ that would materially affect and alter the sustainability risk profile of MOL Group.

MOL Group holds interests in assets that are owned as a **JV in both Upstream and Downstream**. Full overview over MOL Group JVs can be obtained from page 74 of the Annual Report. Scope 1+2 emissions from major assets that are owned as a JV or as investment (and not operated by MOL) are reported (on an equity basis) under Scope 3 *Category 15 Investments*.

NOTES ON SUSTAINABILITY DATA [GRI 2-4]

MOL Group sustainability performance indicators (as published in the Annual Sustainability Report and in the Data Library) use measurements and calculations where possible, whereas best available estimates are used only when necessary. Sustainability data is generated and calculated taking into consideration pertinent legislation at a local level. Aggregation processes are carried out according to relevant corporate guidelines and policies.

Restatements:

Scope 3 figures for 2022 were recalculated in several categories. This led to an overall decrease of 3.6% compared to the previously stated figures. The change is overwhelmingly due to an update in our calculation methodology for Use of sold products which was triggered by

European Sustainability Reporting Standards (ESRS) and ETS II requirements. Upstream transportation and distribution was recalculated because of an update in the emission factor for road transportation. Processing of sold products is a new addition to MOL Group's Scope 3 reporting and was calculated for 2022 as well in order to keep comparability in subsequent years. End-of-life treatment was recalculated due to updated methodology with more details regarding the end-use of polymer products. Investments are restated because one JV indicated an earlier error in their Scope 1 & 2 reporting toward MOL Group.

Internal assurance: MOL Group Internal Audit department is responsible for auditing compliance with internal regulations according to an approved audit plan. In addition, there are other internal processes as well by other organizations within MOL to control and improve processes including performance reporting.

External assurance: the assurance process is planned and performed according to the International Federation of Accountants' International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagement other Than Audits or Reviews of Historical Financial Information. Within this framework, Deloitte reviews all data under a **limited scope of assurance**. For '*Total Recordable Injury Rate*' (TRIR) *for own employees* and '*CO2 under EU ETS*', Deloitte reviews the data under the scope of **reasonable assurance**. Since 2014, sustainability performance has also been assessed whether it is in line with the principles of Inclusivity, Materiality and Responsiveness, as defined by AA1000AS.

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INDEPENDENT ASSURANCE REPORT

To the Management Board of MOL Nyrt.
Dombóvári út 28.
1117 Budapest

Scope of work performed and applicable criteria

We have undertaken a limited assurance engagement on the EU Taxonomy indicators (the "EU Taxonomy KPIs") presented in the EU Taxonomy Chapter and the GRI narrative content (as described below) presented in the Sustainability Chapter of Annual Report for the period from 1 January 2023 to 31 December 2023 (the "Sustainability Report"), developed by MOL Nyrt. (the "Company").

The scope of our work covered the following:

EU Taxonomy KPIs:

- CAPEX
- OPEX
- Turnover

GRI narrative content:

- Review alignment with the GRI requirements,
- Application of reporting principles,
- Application of the Oil and Gas Sector Supplement,
- Compliance with GRI in accordance reporting requirements,
- Review of materiality regarding the environmental and social impact of business activities,
- understand the status of the Sustainable Development activities and progress made during the reporting period,
- Review selected documents relating to Sustainable Development aspects,
- Conduct site visits to review the practical application of MOL's reporting procedures.

The indicators included in the GRI index presented in the Sustainability Report have been reported in the manner defined in the GRI Standards 2021 (hereinafter "GRI Standards") - Sustainability Reporting Guidelines, issued by the Global Reporting Initiative (GRI). Our limited assurance engagement was limited to the indicators presented in the Sustainability Report listed above and did not address the other information included in this report or this report understood as a whole. Accordingly, our conclusion below applies only to the EU Taxonomy KPIs and the GRI narrative content within the scope of our work and not all data presented, or any other information included in the Sustainability Report.

Responsibility of the Management Board of the Company

The Management Board of the Company is responsible for the preparation and presentation of the indicators presented in the Sustainability Report in accordance with GRI Standards, as issued by Global Reporting Initiative (GRI) and with the principles set out in the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives, Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation, Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities (hereafter: EU Taxonomy). This responsibility includes establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived. The Management Board of the Company is also responsible for the provision of reliable, correct, and fair information, and for the correct preparation of the documentation provided to us.

Our Independence and Quality Control

In performing the service, we have complied with the independence and other ethical requirements set out in the International Code of Ethics for Professional Accountants (including International Standards of Independence) developed and approved by the International Ethics Standards Board for Accountants, which includes independence requirements and other requirements based on integrity, objectivity, professional competence and due care, confidentiality, and professional conduct.

In accordance with the International Auditing and Assurance Standards Board's (IAASB) International Standard on Quality Management (ISQM 1), we maintain and apply a comprehensive quality management system that operates continuously and iteratively and responds to changes in the nature and circumstances of the company and its recommendations.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the EU Taxonomy KPIs and GRI narrative content of the Sustainability Report based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standards on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the EU Taxonomy KPIs and the GRI narrative content of the Sustainability Report are not inconsistent with the EU Taxonomy regulation and the GRI Standards Guidelines for Sustainability Reporting.

The procedures performed under the limited assurance engagement are different in nature and limited in scope both in terms of risk assessment procedures, including an understanding of internal control, and in terms of the procedures performed in response to the risks assessed compared to the reasonable assurance engagement. As a result, the level of assurance obtained through an assurance service providing limited assurance is significantly lower than the level of assurance that could be obtained through an assurance service providing reasonable assurance.

The procedures we performed were based on our professional judgement, our assessment of the risk of material misstatement of the indicators due to intentional actions or misstatements, and included interviews, observations of the processes performed, examination of documents, analytical procedures, assessments of the appropriateness of calculation methods and reporting policies and reconciling with underlying records.

In order to perform our conclusion on the EU Taxonomy KPIs and GRI narrative content in the Sustainability Report, we undertook in the period 8 January 2024 – 12 April 2024 the following procedures:

- Through inquiries, obtained an understanding of the Company's control environment and information systems relevant to reporting the indicators under review, but did not evaluate the design of particular control activities, obtain evidence about their implementation, or test their operating effectiveness.
- Obtained through inquiries, analytical procedures, observation, and other applicable evidence gathering procedures on a sample basis, an understanding of the key structures, systems, processes, procedures.
- Compared the information contained in the Sustainability Report with the GRI Standards guidelines.
- Assessment of the alignment of the KPIs contained in the Sustainability Report to the EU Taxonomy.
- Evaluate the consistency of information included the Sustainability Report to internal documentation of the Company.

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

Inherent limitations

The process the organization adopts to define, gather, and report data on its non-financial performance is not subject to the formal processes adopted for financial reporting. Therefore, data of this nature is subject to variations in definitions, collection, and reporting methodology with no consistent, accepted standard. This may result in non- comparable information between organizations and from year to year within the organization as methodologies develop. The accuracy and completeness of the information disclosed in the Sustainability Report is subject to inherent limitations given its nature and the methods for determining, calculating, or estimating such information.

Conclusion

Based on the work we have done and the procedures we have performed, nothing has come to our attention that causes us to believe that the EU Taxonomy KPIs and the GRI narrative content in the scope of our work, presented in the Sustainability Report for the period from 1 January 2023 to 31 December 2023 prepared by MOL Nyrt, have not been prepared, or compiled, in all material respects, in accordance with the EU Taxonomy and the GRI Standards issued by the Global Reporting Initiative.

Other matters

The report has been prepared solely for the information of the Management Board of MOL Nyrt.

Budapest, 18 April 2024

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INDEPENDENT ASSURANCE REPORT

To the Management Board of MOL Nyrt.
Dombóvári út 28.
1117 Budapest

Scope of work performed and applicable criteria
We have undertaken a reasonable assurance engagement on the below specified selected GRI indicators (hereinafter: the selected GRI indicators) in the Sustainability Chapter of Annual Report for the period from 1 January 2023 to 31 December 2023 (the "Sustainability Chapter"), developed by MOL Nyrt. (the "Company").
The scope of our work covered two selected Topic Specific Disclosures presented in the Sustainability Chapter.

MATERIAL SPECIFIC DISCLOSURES
305-1: CO_2 emissions under the EU ETS (part of the GRI 305-1 Direct Scope 1 emissions indicator)
403-9: Work-related injuries (including Total Recordable Injury Rate (TRIR))

The indicators included in the GRI index presented in the Sustainability Chapter have been reported in the manner defined in the GRI Standards 2021 (hereinafter "GRI Standards") - Sustainability Reporting Guidelines, issued by the Global Reporting Initiative (GRI). Our reasonable assurance engagement was limited to the indicators presented in the Sustainability Chapter listed above and did not address the other information included in this report or this report understood as a whole. Accordingly, our conclusion below applies only the GRI indicators within the scope of our work and not all data presented, or any other information included in the Sustainability Chapter.

Responsibility of the Management Board of the Company
The Management Board of the Company is responsible for the preparation and presentation of the indicators presented in the Sustainability Chapter in accordance with GRI Standards, as issued by Global Reporting Initiative (GRI). This responsibility includes establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived. The Management Board of the Company is also responsible for the provision of reliable, correct, and fair information, and for the correct preparation of the documentation provided to us.

Our Independence and Quality Control
In performing the service, we have complied with the independence and other ethical requirements set out in the International Code of Ethics for Professional Accountants (including International Standards of Independence) developed and approved by the International Ethics Standards Board for Accountants, which includes independence requirements and other requirements based on integrity, objectivity, professional competence and due care, confidentiality, and professional conduct.
In accordance with the International Auditing and Assurance Standards Board's (IAASB) International Standards on Quality Management (ISQM 1), we maintain and apply a comprehensive quality management system that operates continuously and iteratively and responds to changes in the nature and circumstances of the company and its recommendations.

Our Responsibility
Our responsibility is to express a reasonable assurance conclusion on the selected GRI indicators presented in the Sustainability Chapter. We conducted our reasonable assurance engagement in accordance with International Standards on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform this engagement to obtain reasonable assurance about whether selected GRI indicators of the Sustainability Chapter are not inconsistent with the GRI Standards Guidelines for Sustainability Reporting.

The procedures we performed on the selected GRI indicators based on our assessment of the risk of material misstatement of the indicators due to intentional actions or misstatements, included interviews, observations of the processes performed, detailed testing of the selected GRI indicators on a sample basis, examination of documents, analytical procedures, assessments of the appropriateness of calculation methods and reporting policies and reconciling with underlying records.

In order to reach our conclusion on the selected GRI indicators presented in the Sustainability Chapter, we undertook in the period 8 January 2024 – 12 April 2024 the following procedures:

- Through inquiries, obtained an understanding of Company's control environment and information systems relevant to reporting the indicators under review, and evaluated the design of particular control activities, obtained evidence about their implementation or test their operating effectiveness.
- Obtained through inquiries, analytical procedures, observation, detailed testing of the selected GRI indicators and other applicable evidence gathering procedures on a sample basis, an understanding of the key structures, systems, processes, procedures and internal controls relating to collation, aggregation, validation and reporting of data for the indicators under review.
- Compared the information contained in the Sustainability Chapter with the GRI Standards guidelines for the selected GRI indicators subject to reasonable assurance.
- Evaluate the consistency of information included the Sustainability Report to internal documentation of the Company.

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

Inherent limitations
The process the organization adopts to define, gather, and report data on its non-financial performance is not subject to the formal processes adopted for financial reporting. Therefore, data of this nature is subject to variations in definitions, collection, and reporting methodology with no consistent, accepted standard. This may result in non- comparable information between organizations and from year to year within the organization as methodologies develop. The accuracy and completeness of the information disclosed in the Sustainability Chapter is subject to inherent limitations given its nature and the methods for determining, calculating, or estimating such information.

Conclusion
Based on the work we have done and the procedures we have performed, in our opinion, the selected GRI indicators presented in the Sustainability Chapter for the period from 1 January 2023 to 31 December 2023 prepared by MOL Nyrt., have been prepared in all material respects in accordance with the GRI Standards issued by the Global Reporting Initiative.

Other matters
The report has been prepared solely for the information of the Management Board of MOL Nyrt.

Budapest, 18 April 2024

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