MOL GROUP INTEGRATED ANNUAL REPORT

2022

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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 15th 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 2022.

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 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 *150*) has been prepared in accordance with the revised 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 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 *12*. 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 PwC. Copy of PwC'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 181.

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

LETTER FROM THE CHAIRMAN-CEO AND GROUP-CEO

It’s safe to say that 2022 was one of the most challenging years in the history of MOL Group. We had to deal with multiple crises, we had to solve complicated issues constantly. The war in Ukraine and its consequences on supply security, the European sanctions, the unpredictable macro conditions and regulatory measures have brought unprecedented challenges to our business. In short, 2022 was the year when Europe’s energy landscape changed completely, and this put our adaptation skills to the test probably more than ever. In this rapidly changing environment, we successfully maintained reliable fuel supplies throughout the CEE region, which is clearly a key operational highlight of the past year. But that was far from being the only challenge we had to rise up to. It is also evident to us that in these rapidly changing circumstances we need to scale up our efforts to diversify our crude supply, especially in our landlocked markets. Almost a decade before the start of the war, we made the right decisions and committed sizeable investments securing an alternative crude supply route from the Adriatic sea, but we realized that we clearly need to continue with this diversification program.

While our 2022 financial results could have easily served for satisfaction, it is best to look at the full picture to take away all the learnings. It is true that our EBITDA generation improved further in 2022, yet we faced an extreme level of government interventions as various CEE governments introduced fuel price caps, other price regulatory measures as well as windfall and solidarity taxes. Despite strong regulatory headwind, we delivered in line or above our key 2022 operational and financial targets and could reward our shareholders with a record high dividend, too.

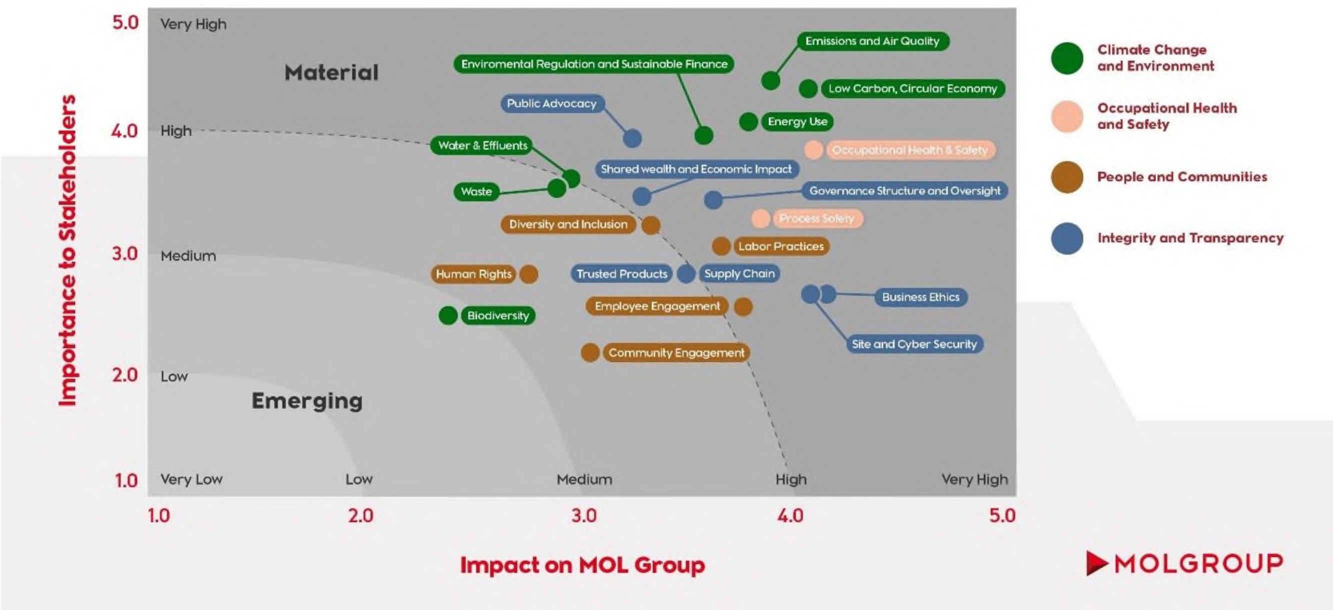
Together with ensuring financial delivery and while weathering the storm of a full year in turbulence, we made sure we do not lose focus. That is, we have remained committed to the transformation of MOL Group in line with the Shape Tomorrow 2030+ strategy. To achieve this, we made inaugural investments in green hydrogen production and entered into the new and exciting world of waste management, which is a major step towards our circular economy-related strategic goals: MOL was awarded a long-term concession for Hungary’s waste management services, allowing us to expand in a new, low-carbon business with enormous potential.

We know that to stay on track with our long term goals, we will likely want to do even more, as the implementation of our long-term strategy may be even more challenging in 2023 and beyond. On the one hand, European targets aiming for decarbonization and sustainability have become even more stringent than before, so our stakeholders will rightfully expect that we not only maintain supply security but continue implementing our longer term transformation-related targets. All these expectations come at a time when we are still subject to an increased level of taxation.

We are confident that our strong corporate foundations such as the strong cash flow generation capability of our main businesses, a conservative approach towards financing together with the talent of our employees will support us to emerge as one of the regional winners as the European energy transition unfolds.

MOL GROUP MATERIALITY ASSESSMENT AND MATRIX

In 2022 – following the practice introduced in 2020, applying incremental methodological changes - MOL Group undertook an **in-depth materiality assessment** to identify relevant sustainability-related issues that are most material for the Group and its external stakeholders. The assessment was undertaken with a view to ensure that the most material issues are highlighted and described in more detail across the Integrated Annual Report. The outcome of the assessment is the **Materiality Matrix** *(see below)* which presents the most material issues facing the Group based on a combination of **impact** on the Group and **importance** to external stakeholders. The number of topics covered increased to 21, which are all highlighted in the Materiality Matrix below.



Group level issues considered material are related to **climate change and environment** (emissions, waste, spills and energy as well as the transition to the low carbon circular economy), **health and safety** (occupational and process), **integrity and transparency** (ethical behavior, good governance and supply chain), as well as **people** (employee engagement). These issues are predominantly addressed inside the sustainability report (SR). However, other parts of the Integrated Annual Report also cover 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 indicators broken down, where applicable, by country, site, age group, gender etc.

MATERIAL ISSUES	INTEGRATED ANNUAL REPORT				ESG REPORTS	
	MDA	CGR	FSA	SR	DL	GRI
Emissions and Air Quality	x		x	x	x	x
Low Carbon, Circular Economy	x			x	x	x
Energy Use	x			x	x	x
Water & Effluents				x	x	x
Environmental Regulation and Sustainable Finance	x		x	x		
Governance Structure and Oversight		x	x		x	x
Public Advocacy	x			x		x
Business Ethics				x	x	x
Site and Cyber Security				x	x	x
Supply Chain				x		x
Process Safety				x	x	x
Occupational Health & Safety				x	x	x
Employee Engagement				x	x	x
Labor Practices				x	x	x
Diversity & Inclusion				x	x	x

When selecting which indicators to cover for each of the material issues, MOL Group applied both the SASB Materiality Map and the IPIECA Sustainability Reporting Guidance. These indicators are presented in the Sustainability Report through a one-pager with key Group-level financially material, investment relevant, decision-useful indicators (page 152). The one-pager is then followed by concise explanatory narrative that clarifies changes in performance of all material issues, as well as several emerging issues, whilst highlighting important developments and actions taken (pages 153-167).

Description **of emerging issues** (below) are also covered throughout the Integrated Annual Report, in addition to the Data Library and the GRI Reporting Table (where applicable).

EMERGING ISSUES	INTEGRATED ANNUAL RERPORT				ESG REPORTS	
	MDA	CGR	FR	SR	DL	GRI
Trusted Products	x			x	x	x
Human Rights				x		x
Shared wealth and Economic impact	x			x	x	x
Biodiversity				x	x	x
Waste	x			x	x	x
Community Engagement	x			x		x

Compared to last year, a few incremental changes have been introduced in our methodology and visualization:

- Categorization of topics in line with the GRI structure, providing also a visual representation of material topic categories to highlight the representation of each
- Topics are divided into material and emerging categories, 'non-material' interpretation of topics has been removed
- Diversity and Inclusion has been added as a seperate topic – derived from Labor Practices – to signal the importance of the topics, in line with our 'MOL2030+ Shape tomorrow' strategy
- No seperate divisional materiality analysis have been introduced, as our operations do strongly connect to each other, and we are looking at our impact on the environment we operate at from Group-level

More detailed information about the materiality assessment process can be obtained in the **2022 MOL Group Materiality Assessment Report** available on MOL Group's website.

MANAGEMENT DISCUSSION AND ANALYSIS OF 2022 BUSINESS OPERATIONS

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1. OVERVIEW OF THE MACROECONOMIC AND INDUSTRY ENVIRONMENT

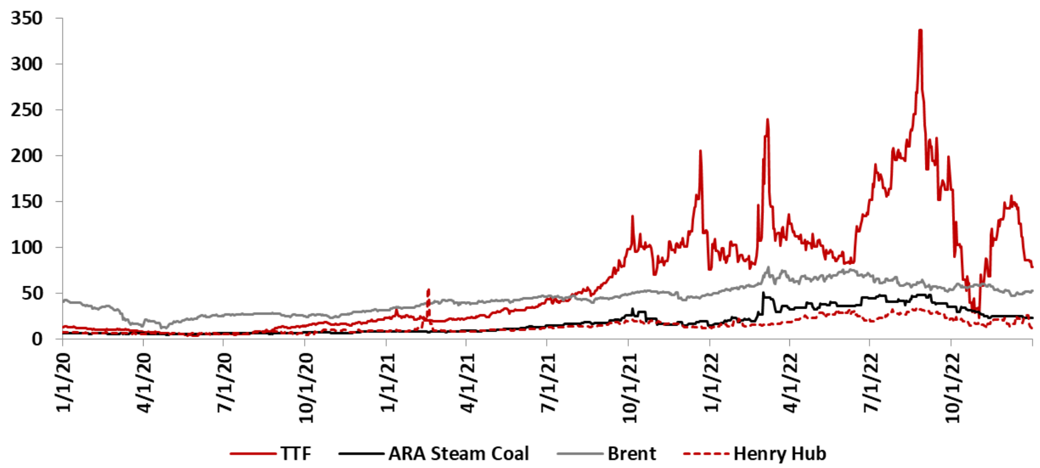
Macroeconomic environment

Global real GDP growth slowed down significantly from 6.0% in 2021 to 3.4%[1] in 2022, below the historical (2000-2019) average of 3.8%. At the same time headline inflation rates rose to four-decade highs across the developed world and most emerging markets, fuelled by skyrocketing food and energy costs. Tighter monetary conditions to fight rising inflation, post-pandemic and Russia-Ukraine war related supply chain disruptions and the strict 'zero Covid' policy of the world's second largest economy, China, dampened GDP growth last year.

Due to its proximity and energy importer status, the European Union and the Central and Eastern European (CEE) region had the strongest exposure to the war in Ukraine. Despite these headwinds, European economic growth in 2022 was more resilient than expected in the face of the large negative terms-of-trade shock from the energy price crisis. Still, economic activity weakened steadily through 2022. After a strong first half of the year, the Euro Zone real GDP grew by 3.5% in 2022 as a whole.

The CEE region has also coped relatively well with the economic and financial fallout from the Russian invasion of Ukraine mainly due to pent-up household consumption after Covid restrictions were relaxed. Still, the surge in global food and energy prices generated runaway, double-digit inflation rates leading to a freefall in real incomes, weighing on consumer spending, deteriorating business sentiment and forcing central banks to tighten monetary conditions. Natural gas dependence of CEE countries and the high exposure of the region to the German economy, which has been hit especially hard by the recent economic and energy crisis, also put a drag on growth in the second half of 2022. Still, there were substantial disparities across the region: Croatia (6.3%) and Hungary (4.6%) managed to perform above the EU average despite a continuous slowdown over the year, while the Czech (2.5%) and Slovak (1.7%) economic performance significantly fell behind in 2022.[2]

Figure 1 Selected crude, natural gas and coal prices dtd (USD/MWh, 2020-2022, Bloomberg data)



Oil and natural gas market developments

The Dated Brent price strengthened from the 2021 average of 71 USD/bbl to 101 USD/bbl in 2022. Prices rose significantly in the first half of 2022 but generally declined in the second half of the year, closing at 81 USD/bbl on the final trading day of the year. In the immediate aftermath of Russia's full-scale invasion of Ukraine, the combination of war-related supply fears with low global crude oil inventories lifted the crude oil price to the highest inflation-adjusted price since 2014, 137.6 USD/bbl on 8 March. The Russian invasion of Ukraine and the response from Europe, the U.S., and their allies ended decades-long cooperation between Russia and its energy trading partners, forcing markets to deal with temporary, and perhaps in some cases permanent dislocation of energy supply. As a result, Russian Urals oil's discount to Dated Brent have widened significantly from the 2011-2021 average of -1.2 USD/bbl to -24.9 USD/bbl in 2022. Russian crude diverted from Europe to India and China but their cost of financing maritime trade and insurance has increased significantly. The oil market remained tight in 2022 despite increased production and slower-than-expected rebound in demand. OPEC production increased by 4 Mmbpd over the first nine months of the year, however weaker prices and demand concerns triggered a 2 Mmbpd headline quota cut in November. In addition, non-OPEC production increased by over 2 million b/d over 2022, driven by strong growth in the U.S. On the demand side, despite the nearly 0.5 Mmbpd of incremental demand that developed due to enhanced gas-to-oil switching, demand only increased by 2.3 Mmbpd in 2022 and remained below its pre-pandemic baseline. While oil demand in most sectors and of most products exceeded pre-pandemic levels in 2022, the aviation sector continued to lag 2019 by a large margin.[3]

[1] IMF (2023): World Economic Outlook, January update.
[2] Eurostat (2023), GDP and employment flash estimate, 14 February and Croatian Statistical Office, 28 February 2022..
[3] IEA (2022): Oil Market Report, December.

European natural gas markets have seen unprecedented turbulence in 2022. The average price of TTF (Title Transfer Facility), Europe's largest gas trading hub, increased to 130.9 EUR/MWh, meaning prices almost tripled compared to the 46.5 EUR/MWh in 2021 and were nearly 7 times higher than the 2010-2020 historical average of 19 EUR/MWh. Extreme European prices were the result of disruptions in Russian gas flows to Europe while global gas supply remained limited. Intensified competition between Asia and Europe to attract additional non-Russian supply (mainly LNG) kept prices elevated through 2022 despite a significant voluntary and warm weather driven reduction in European demand and record-high levels of gas in storage. On the upside, the EU managed to weather the energy crisis brought on by the Russian invasion in 2022 and proved more resilient than expected without Russian energy imports.

Downstream

European refinery margins increased considerably in 2022 supported by skyrocketing road fuel crack spreads. Strong, pent-up driving demand, gas-to-oil switching, worldwide low inventory levels and still muted refining capacity strengthened fuel cracks already before the outbreak of the Russia-Ukraine war. The fear of Russian supply loss has only stretched markets further. As a result, margins remained robust despite extreme production cost rises and windfall profit hikes.

In contrast, the highly energy-intensive petrochemical producers faced downward margin pressure in 2022. The emerging cost-of-living crisis and the continuously worsening industrial and construction production disrupted petrochemical demand while record high energy prices and the strong U.S. dollar boosted feedstock and production costs. Moreover, easing global supply chain and logistic bottlenecks pressured prices with product availability despite production cuts and accelerated re-convergence in global prices. Both monomer and polymer markets ended the year oversupplied globally.

Macro figures (average)	**FY 2022**	**FY 2021**	**Ch %**
Brent dated (USD/bbl)	101.3	70.7	43
Ural Blend (USD/bbl)(11)	75.1	68.8	9
Urals-Brent spread (USD/bbl) (5)	(24.9)	(1.8)	1,300
TTF gas price (EUR/MWh)	130.9	46.5	182
Premium unleaded gasoline 10 ppm (USD/t)(12)	1,005	678	48
Gas oil – ULSD 10 ppm (USD/t)(12)	1,055	584	81
Naphtha (USD/t)(13)	722	615	17
Fuel oil 3.5 (USD/t)(13)	457	381	20
Crack spread – premium unleaded (USD/t)(12)	238	142	68
Crack spread – gas oil (USD/t)(12)	288	48	504
Crack spread – naphtha (USD/t)(13)	(44)	79	(156)
Crack spread – fuel oil 3.5 (USD/t)(13)	(309)	(155)	99
Crack spread – premium unleaded (USD/bbl)(12)	19.3	10.5	84
Crack spread – gas oil (USD/bbl)(12)	40.3	7.5	436
Crack spread – naphtha (USD/bbl)(13)	(201)	(1.8)	1,020
Crack spread – fuel oil 3.5 (USD/bbl)(13)	(29.1)	(10.7)	173
Brent-based MOL Group refinery margin (USD/bbl)*	9.0	1.3	588
Brent-based Complex refinery margin (MOL + Slovnaft) (USD/bbl)*	10.0	1.9	436
Ethylene (EUR/t)	1,413	1,098	29
Butadiene-naphtha spread (EUR/t)	568	487	17
MOL Group integrated petrochemical margin(9)	481	720	(33)
NEW MOL Group variable petrochemicals margin (EUR/t)* (10)	242	603	(60)
HUF/USD average	373.1	303.3	23
HUF/EUR average	391.3	358.5	9
HUF/HRK average	51.9	47.6	9
HRK/USD average	7.2	6.4	13
3m USD LIBOR (%)	2.4	0.2	1,391
3m EURIBOR (%)	0.3	(0.5)	(163)
3m BUBOR (%)	10.0	1.5	582
Macro figures (closing)	**FY 2022**	**FY 2021**	**Ch %**
Brent dated closing (USD/bbl)	81.3	77.0	6
HUF/USD closing	375.7	325.7	15
HUF/EUR closing	400.3	369.0	8
HUF/HRK closing	53.1	49.1	8
HRK/USD closing	7.1	6.6	7
MOL share price closing (HUF)	2,602	2,520	3

*Updated methodology includes purchased energy (enhanced fit to natural gas) and CO_2
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 operators 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 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. UA-RU conflict: significant investment on attacking methods by all stakeholders, which can be potential threat in 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
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
Inflation Risk	Increase in material and service prices impacting opex and capex	• Stock management, contracting strategy

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.

The Russian – Ukraine conflict has contributed to the increase of several risks of the Group:

- **Supply-related risks**: in order to mitigate the oil-supply risk, the Group has elaborated the crude diversification strategy; alternative crude slate was defined, relevant capex projects defined and started. Supply chain difficulties may also have an impact on several materials, inputs to the Groups processes, which is mitigated by stock, supply chain and supplier management actions.
- **Regulatory and sanctions risks:** MOL Group has been continuously and closely monitoring the sanctions imposed against Russia as well as countersanctions. and strengthened the compliance processes. With the energy crisis in several countries where the Group operates price caps and extra (solidarity) taxes were introduced which had material financial impact on the Group.
- **Inflation risks, rising energy and raw material prices:** the Group faced elevated risk, which have been mitigated with active market intelligence, conscious stock management and contracting strategy.

Risk Review Process in 2022

Risk owners in the Group identified, analysed and evaluated their major risks in 2022 – 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.

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, FX and interest rate 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. Sponsorship, 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 acceptable for the Group, risk owners define appropriate mitigation plans.

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

Climate-related aspects are also part of corporate processes: MOL Group measures the carbon footprint of its products, as well as ESG indicators are part of the management remuneration scheme (e.g. TRIR, CO_2, and other relevant strategic objectives) and also includes CO_2 emission estimates in project planning and approval documents. In parallel, a monitoring system has been operated to register and forecast project-related CO_2 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 increasingly efficient 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 water related risks.

<table>
<tr><th>Physical risk</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 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.</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>
</table>

3. FINANCIAL AND OPERATIONAL OVERVIEW OF 2022

	HUF billion			USD million		
Summary of results	**FY 2022**	**FY 2021 restated**	**Ch %**	**FY 2022**	**FY 2021 restated**	**Ch %**
Net sales	9,868.2	5,766.8	71	26,331	18,978	39
EBITDA	1,734.6	1,046.0	66	4,601	3,444	34
EBITDA excl. special items(1)	**1,734.6**	**1,047.6**	**66**	**4,601**	**3,449**	**33**
Clean CCS-based EBITDA (1) (2)	**1,773.9**	**997.6**	**78**	**4,702**	**3,285**	**43**
Profit from operation	1,259.1	567.2	122	3,337	1,871	78
Profit from operation excl. special items(1)	**1,253.1**	**585.9**	**114**	**3,308**	**1,929**	**71**
Clean CCS-based operating profit (1) (2)	**1,321.0**	**542.1**	**144**	**3,483**	**1,781**	**96**
Net financial gain / (expenses)	(74.3)	(34.1)	118	(206)	(106)	94
Net profit attributable to equity holders of the parent	**628.3**	**484.5**	**30**	**1,662**	**1,610**	**3**
Operating cash flow before ch. in working capital	1,871.1	1,196.3	56	5,005	3,938	27
Operating cash flow	1,388.7	918.1	51	3,557	3,037	17
EARNINGS PER SHARE						
Basic EPS, HUF	851.0	673.4	26	2.3	2.2	5
Basic EPS excl. special items, HUF *(1)*	882.6	676.9	30	2.4	2.2	9
INDEBTEDNESS						
Simplified Net debt/EBITDA	0.30	0.65	-	0.30	0.65	-
Net gearing(4)	11%	18%	-	11%	18%	-

KEY FINANCIAL DATA BY BUSINESS SEGMENTS

	HUF billion			USD million		
Net Sales (HUF mn) (3) (6)	**FY 2022**	**FY 2021 restated**	**Ch %**	**FY 2022**	**FY 2021 restated**	**Ch %**
Upstream	1,231.1	574.7	114	3,272	1,884	74
Downstream	9,066.2	5,165.7	76	24,189	17,000	42
Gas Midstream	214.4	108.1	98	577	353	63
Consumer Services	3,255.3	1,944.1	67	8,657	6,409	35
Corporate and other	306.3	241.9	27	810	794	2
Total Net Sales	**14,073.2**	**8,034.6**	**75**	**37,505**	**26,440**	**42**
Intersegment transfers(7)	(4,205.1)	(2,267.8)	85	(11,174)	(7,462)	50
Total external net sales from cont.op.	9,868.2	5,766.8	71	26,331	18,978	39
Total external net sales from discont.op.	119.0	102.0	17	323	337	(4)
Total External Net Sales(6)	**9,987.1**	**5,868.7**	**70**	**26,654**	**19,315**	**38**

EBITDA	**FY 2022**	**FY 2021 restated**	**Ch %**	**FY 2022**	**FY 2021 restated**	**Ch %**
Upstream	827.5	395.6	109	2,212	1,297	71
Downstream	804.8	500.7	61	2,127	1,653	29
Gas Midstream	61.0	41.2	48	163	136	20
Consumer Services	121.2	182.5	(34)	320	605	(47)
Corporate and other	(66.4)	(41.0)	62	(181)	(135)	34
Intersegment transfers(7)	(13.6)	(33.0)	(59)	(40)	(112)	(65)
TOTAL EBITDA from cont.op.	1,734.6	1,046.0	66	4,601	3,444	34
Total EBITDA from discont.op.	193.6	74.3	161	512	246	108
Total EBITDA	**1,928.3**	**1,120.3**	**72**	**5,113**	**3,690**	**39**

	HUF billion			USD million		
Depreciation	**FY 2022**	**FY 2021 restated**	**Ch %**	**FY 2022**	**FY 2021 restated**	**Ch %**
Upstream	213.6	238.7	(11)	558	783	(29)
Downstream	168.7	151.8	11	454	500	(9)
Gas Midstream	16.7	16.6	1	45	55	(17)
Consumer Services	44.7	39.1	14	119	129	(7)
Corporate and other	33.3	33.6	(1)	90	110	(18)
Intersegment transfers(7)	(1.5)	(1.0)	51	(3)	(4)	(30)
Total depreciation from cont.op.	475.5	478.9	(1)	1,263	1,573	(20)
Total depreciation from discont.op.	(17.3)	34.9	n.a.	(50)	115	n.a.
Total Depreciation	**458.2**	**513.7**	**(11)**	**1,213**	**1,688**	**(28)**

Operating Profit	**FY 2022**	**FY 2021 restated**	**Ch %**	**FY 2022**	**FY 2021 restated**	**Ch %**
Upstream	613.9	156.9	291	1,654	514	222
Downstream	636.1	348.9	82	1,673	1,153	45
Gas Midstream	44.3	24.5	81	118	81	46
Consumer Services	76.6	143.4	(47)	201	477	(58)
Corporate and other	(99.7)	(74.6)	34	(271)	(245)	11
Intersegment transfers(7)	(12.1)	(32.0)	(62)	(37)	(109)	(66)
Total operating profit cont.op.	1,259.1	567.2	122	3,338	1,871	78
Total operating profit discont.op.	210.9	39.4	435	562	131	329
Total Operating Profit	**1,470.0**	**606.6**	**142**	**3,900**	**2,002**	**95**

EBITDA Excluding Special Items(1)	**FY 2022**	**FY 2021 restated**	**Ch %**	**FY 2022**	**FY 2021 restated**	**Ch %**
Upstream	827.5	399.9	107	2,212	1,310	69
Downstream	804.8	500.7	61	2,127	1,653	29
Downstream - clean CCS-based(2)	848.4	450.7	88	2,240	1,489	50
Gas Midstream	61.0	41.2	48	163	136	20
Consumer Services	121.2	182.5	(34)	320	605	(47)
Corporate and other	(66.4)	(43.7)	52	(181)	(144)	26
Corporate and other – clean CCS-based(2)	(70.7)	(43.7)	62	(193)	(144)	34
Intersegment transfers(7)	(13.6)	(33.0)	(59)	(40)	(111)	(64)
Total - clean CCS-based(2) (10)	**1,773.9**	**997.6**	**78**	**4,702**	**3,285**	**43**
Total EBITDA excluding special items cont.op.	**1,734.6**	**1,047.6**	**66**	**4,601**	**3,449**	**33**
TOTAL EBITDA excluding special items discont.op.	**193.6**	**74.3**	**161**	**512**	**246**	**108**
Total EBITDA Excluding Special Items	**1,928.3**	**1,121.9**	**72**	**5,113**	**3,695**	**38**

Operating Profit Excluding Special Items	HUF billion FY 2022	FY 2021 restated	Ch %	USD million FY 2022	FY 2021 restated	Ch %
Upstream	598.6	178.3	236	1,600	580	176
Downstream	645.3	348.9	85	1,697	1,153	47
Gas Midstream	44.3	24.5	81	118	81	46
Consumer Services	76.6	143.4	(47)	201	477	(58)
Corporate and other	(99.7)	(77.3)	29	(271)	(254)	7
Intersegment transfers(7)	(12.1)	(32.0)	(62)	(37)	(108)	(66)
Total operating profit excluding special items cont.op.	1,253.1	585.9	114	3,308	1,929	71
Total operating profit excluding special items discont.op.	210.9	45.7	362	562	150	274
Total Operating Profit Excluding Special Items	**1,464.0**	**631.5**	**132**	**3,870**	**2,079**	**86**

Capital Expenditures	FY 2022	FY 2021 restated	Ch %	FY 2022	FY 2021 restated	Ch %
Upstream	141.0	126.7	11	375	415	(10)
Downstream	268.8	206.3	30	720	675	7
Gas Midstream	11.6	22.4	(48)	30	74	(59)
Consumer Services	250.5	49.9	402	654	162	303
Corporate and other	89.0	78.8	13	237	256	(7)
Intersegment transfers(7)	(1.7)	(1.1)	54	(5)	(4)	25
Total	**759.2**	**483.1**	**57**	**2,012**	**1,579**	**27**

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

3.1 KEY ACHIEVEMENTS AND SUMMARY OF 2022 RESULTS

In 2022 MOL Group delivered a record Clean CCS EBITDA of HUF 1,773.9bn (USD 4,702mn), 78% higher in HUF terms than in the previous year and significantly exceeded the original capital market guidance of around USD 2.8bn. At the same time a HUF 482.4bn (USD 1,448mn) working capital build weighed on CF generation; accordingly operating CF generation after working capital stood at HUF 1,388.7bn (USD 3,557mn) in 2022. Furthermore government interventions such as the fuel price regulation and windfall taxation across the CEE burdened results by USD 1.6bn on EBITDA level in 2022.

Key Financial Highlights

- Upstream segment's EBITDA, excluding special items, reached HUF 827.5bn (USD 2,212mn) in 2022, representing a 107% increase compared to 2021 on the back of rising oil and gas prices.
- In 2022 Downstream generated HUF 848.4bn (USD 2,240mn) Clean CCS EBITDA, which is 88% higher than the previous year's performance. The increasing result was attributable to exceptional motor fuel crack spreads, an unprecedented widening of the Brent-Ural spread driving a significant rise of EBITDA, while petrochemical margins decreased significantly.
- Consumer Services EBITDA decreased by 34% in 2022, reaching HUF 121.2bn (USD 320mn) as fuel price regulation in various CEE dented profitability, at the same time fuel sales volumes and non-fuel margin improved.
- Gas Midstream reached HUF 61.0bn (USD 163mn) EBITDA in 2022, representing an increase of 48% compared to 2021, driven by rising cross-border capacities and changes of regulated tariffs evolved favourable as well mostly in line with rising costs.
- Total CAPEX spending reached HUF 759.2bn (USD 2,012mn) in increasingly by 57% year-on-year on, largely due to the acquisition of the Lotos network in Poland. Organic capex spending reached similar levels in USD terms in 2022 as in 2021. The implementation of the transformational projects (Polyol and Rijeka Refinery upgrade) continued, while sustain capex was mainly influenced by the refinery turnarounds, ACG development and the implementation of smaller Downstream projects.
- Operating Cash Flow before Working Capital increased by 56% year-on-year to HUF 1,871.1bn (USD 5,005mn), whilst a significant working capital build drove operating cash flow generation to HUF 1,388.7bn (USD 3,557mn) in 2022.

- Indebtedness on a Net Debt/EBITDA basis declined to 0.30x from 0.65x, since strong operational cash flow generation covered organic and inorganic CAPEX spending and also the record high dividend distributed in 2022.

Key Operational Highlights

- Annual oil and gas production reached 92 mboepd in 2022 above the annual guidance, while organic reserve replacement reached 185% bringing 2P reserve life to 10.5 years.
- MOL made significant progress in the development of the polyol complex and the Rijeka refinery upgrade project. Additionally preparations have been made to further improve technical capabilities for crude supply diversification of the landlocked refineries.
- The Consumer Services network grew substantially to 2,391 stations mainly through the completion of the acquisition in Poland, in parallel the segment continued the expansion of its non-fuel concept by completing a total 1,179 Fresh corner revamps by 2022 year-end.
- ESG achievements:
    - MSCI confirmed MOL's AA rating for the fifth 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

Regional supply security

Following that the economic impacts of the coronavirus dissipated by late 2021, 2022 brought completely unexpected and severe challenges again. The breakout of the war in Ukraine created a new reality for all in Central Eastern Europe overnight. The emerging European energy supply security crisis had profound implications to our operations, financials and the supply security theme became central to our strategic actions throughout the year. In this rapidly changing environment despite all regulatory headwinds MOL Group remained a trusted partner and catered for the demand of our customers. We have made significant efforts to diversify our portfolio further in these extraordinary circumstances. During 2022 we have created a clear roadmap to enhance our technical capabilities to be able to maximize alternative crude supply of our landlocked refineries. We have also recognized that the new set of circumstances not only created uncertainties for us, but for others across Europe as well. This creates a unique opportunity to strengthen regional cooperation, therefore we have not only started working on diversification within MOL Group but also work closely with our partners to strengthen regional security of supply.

It is evident to us that the long-term solution to this energy crisis will be the successful implementation of the energy transition, however this requires a steady and continuous implementation process supported by supply security, affordability and an ability to maintain support from a wide group of stakeholders. We remain committed to the transition and are willing to avoid that our fossil fuel dependency is simply substituted by switching between suppliers, yet there is no real alternative for substituting fossil fuel in the energy mix on the short-run. Fossil energy sources will still continue to play a significant role, yet with a decreasing share in the upcoming decades.

Transition

The profound shift in supply security matters does not mean however that the long-term directions set out in MOL Group's 2030 strategy should change, to the contrary, those are more relevant than previously. The launch of the 2030 strategy sought not only to mitigate the low-carbon economy transition risks, but to capitalize on the opportunities created by it. With the strategy, MOL Group sought to gradually diversify the Group's revenue streams away from traditional hydrocarbons by seeking opportunities for developing new low-emission products and services in new markets. The initial strategic shift rested on two pillars: 1) transform the Group's refining operations by gradually shifting refining activities away from the production of fuels towards the production of feedstock for the Group's petrochemical division, whilst simultaneously expanding the chemical value chain towards semi-commodity and specialty chemicals ("from fuel to chemicals"). Initial steps towards the Group's petrochemical product diversification included expansion towards new products like synthetic rubber, polyol and propylene glycol. 2) The second pillar was to transform a traditional fuel retailer into a convenience retailer and alternative low-carbon mobility player ("from fuel retail to consumer goods"). Initial steps included the launch of the Fresh Corner concept store across the Group's service station network, as well as the launch of mobility services.

Further to the targets announced in the original 2030 strategy in 2021 an updated strategy was communicated, labelled as 2030+ "Shape Tomorrow". The strategy update covered commitments in order to decarbonize operations, partly to mitigate the risk of rising carbon costs, MOL Group targets a 20% reduction in Scope 1 and 2 emissions in Downstream by 2030 (2019 as base), as a step on the road towards net-zero economy. Furthermore MOL also announced ambitious targets to increase the share of EU taxonomy aligned investments to 50% by 2030, this way ensuring that the business mix gradually evolves towards sustainable businesses.

MOL's Downstream business reached significant interim targets since the announcement of the 2030 strategy update. In an effort to move along the value chain in petrochemicals the polyol plant, which represents the single biggest organic investment of corporate history is nearing mechanical completion. Furthermore the Rijeka refinery upgrade that also includes the construction of a delayed coker is well underway. In 2022 MOL continued to consider the feasibility of the first cycle fuel to chemicals project. The Downstream business has been continuously working towards building its future product portfolio. These efforts are not only connected to capitalizing on opportunities created by a carbon constrained economy, but also build on the EU's Fit for 55 targets with an intention to decrease Europe's energy dependency. MOL took further steps to strengthen the recycling portfolio through the acquisition of the biggest market player in Hungary with a 25 kt mechanic recycling capacity. In addition we continue to explore opportunities in green hydrogen, biofuel production, mechanical recycling and compounding.

The Consumer Services division saw significant growth between 2016 and 2021, since it was established as a standalone segment. In 2022 however government interventions in the form of price regulatory measures played a major negative role. Despite this significant negative development there was significant focus on the continuous roll-out of the Fresh Corner concept resulting in material increase in non-fuel sales and margins. The extraordinary conditions created by regulatory measures also brought substantial rise in volumes sold at our service stations. The business will be focused at the retention of these customers in 2023, which will be supported by the gradual regional roll out of the recently introduced MOL Move loyalty app that was already downloaded by 700,000 customers following its launch in Hungary, Croatia and Slovenia. Moving forward there will also be enhanced focus on the integration of more than 400 stations acquired in Poland, where MOL is well established to achieve a #2 position in the local market. Through the implementation of the above measures the Consumer Services segment targets to achieve an EBITDA of USD 460mn in 2023. In preparation for the beyond the fuel age, the mobility division within Consumer Services - as part of the 2030 strategy – launched a number of clean, alternative mobility related products and services, with the aim of facilitating the gradual shift towards multimodal, clean and sustainable transportation. In the new strategy, MOL Group will continue to expand the EV charging points across its network and third-party locations, targeting to install 500 EV charging points by 2025 to become a leading mobility service provider in the CEE region.

The Upstream business continues to play a major role in terms of generating substantial free-cash allowing MOL Group to fund investments related to the transition. The Upstream strategy does not include any volumetric growth targets neither on reserves nor on production. The focus will be placed on generating value from current assets both in CEE and in the Group's international Exploration & Production portfolio combined with opportunistic steps, such as the divestment of the UK portfolio. MOL Group has a proven track record of managing the production decline in its mature CEE assets (Hungary and Croatia), whilst it plans to buck the trend of declining production by implementing development work throughout the E&P portfolio.

As a major initial step towards expanding into new, low-carbon and sustainable businesses MOL was awarded a concession for municipal waste management services in Hungary. Waste management activities are expected to significantly contribute to MOL's capital allocation target aiming to achieve at least 50% EU Taxonomy Aligned CAPEX ratio by 2030. By entering waste management MOL seeks to boost the efficiency of the current waste management system and works towards significantly reducing landfill waste by increasing recycling and installing waste-to-heat generation capacities.

More information on the new strategy can be obtained from the Group's investor presentation.

3.2.1 USE OF SCENARIOS

In 2021 for the preparation of the long-term strategy, MOL Group applied scenario analysis as a means of assessing the potential implications of transition related risks and opportunities, which in principle are still applicable today, while the details of the forecasts are updated based on the developments of the macroeconomic and industry environment. A number of scenarios were constructed, all of which were based on the assumption that the energy transition will occur, especially in the European Union where the Green Deal has accelerated the EU's energy and climate policy. The difference between the scenarios is the speed of the transition. Each scenario outlines a number of legal, economic and technological constraints that would potentially affect the speed of the transition towards a low-carbon, net zero economy. From the several scenarios created, three scenarios were chosen by Executive Management (and approved by the Board of Directors) for the creation of the strategy. These three scenarios were: "slow transition", "steady transition" and "net zero emission". These scenarios helped senior management to frame and assess a wide range of plausible business, strategic and financial impacts associated with the transition to a low-carbon world, including capital allocation, costs, revenues and earnings. The three scenarios are largely based on quantitative modelling, including but not limited to technological and legal developments, macro assumptions and future demand projections for a number of petroleum products that today form part of the core product portfolio of MOL Group. MOL Group considers the 'Steady transition' scenario as the most probable, with both of the two other scenarios having more than a marginal probability of realization. Nevertheless, MOL Group ran a number of simulations to assess the viability and resilience of the strategy against an extreme net zero scenario in order to identify potential vulnerabilities. MOL Group did not use existing external scenarios and models provided by third-party vendors or agencies, as the scenario analysis was built in-house.

MOL Group created 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. Next scenario analysis in line with updating the long-term premises can be expected in 2023.

3.3 UPSTREAM

Segment IFRS results (HUF bn)	FY 2022	FY 2021 restated	Ch %
EBITDA	827.5	395.6	109
EBITDA excl. spec. items(1)	**827.5**	**399.9**	**107**
Operating profit/(loss)	613.9	156.9	291
Operating profit/(loss) excl. spec. items(1)	**598.6**	**178.3**	**236**
CAPEX and investments	**141.0**	**126.7**	**11**
o/w exploration CAPEX	18.0	20.7	(13)

Hydrocarbon Production (mboepd)	FY 2022	FY 2021 restated	Ch %
Crude oil production	**40.1**	**44.0**	**(9)**
Hungary	8.9	9.3	(4)
Croatia	10.1	10.4	(3)
Kurdistan Region of Iraq	4.5	4.4	1
Pakistan	0.5	0.6	(19)
Azerbaijan	13.9	17.0	(19)
Other International	2.2	2.3	(4)
Natural gas production	**37.9**	**39.0**	**(3)**
Hungary	20.4	20.4	0
Croatia	12.9	13.5	(5)
o/w. Croatia offshore	3.4	3.2	6
Pakistan	4.6	5.1	(10)
Condensate	**4.8**	**4.9**	**(1)**
Hungary	2.8	2.7	2
Croatia	0.9	1.0	(7)
Pakistan	1.1	1.2	(5)
Average hydrocarbon production of fully consolidated companies	**82.7**	**87.9**	**(6)**
Russia (Baitex)	4.0	4.0	0
Kurdistan Region of Iraq (Pearl Petroleum)*	5.3	5.1	3
Average hydrocarbon production of joint ventures and associated companies	**9.3**	**9.1**	**2**
Group level average hydrocarbon production	**92.0**	**97.0**	**(5)**

Main external macro factors	FY 2022	FY 2021 restated	Ch %
Brent dated (USD/bbl)	101.2	70.7	43
HUF/USD average	373.1	303.3	23
TTF month ahead gas price (EUR/MWh)	130.9	46.5	182

Average realized hydrocarbon price	FY 2022	FY 2021 restated	Ch %
Crude oil and condensate price (USD/bbl)	94.2	66.5	42
Average realized gas price (USD/boe)	130.8	51.7	153
Total hydrocarbon price (USD/boe)	**109.6**	**60.5**	**81**

Production cost	FY 2022	FY 2021 restated	Ch %
Average unit OPEX of fully consolidated companies (USD/boe)	**5.5**	**5.3**	**4**
Average unit OPEX of joint ventures and associated companies (USD/boe)	2.2	1.9	14
Group level average unit OPEX (USD/boe)	5.1	4.9	4

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

Capital Expenditures

FY 2022 HUF bn	Hungary	Croatia	Azerbaijan	Kurdistan Region of Iraq	Pakistan	Norway	Egypt	Angola	Total - FY 2022	Total - FY 2021 restated
Exploration	4.9	6.6	0.0	0.0	5.5	0.2	0.9	0.0	**18.0**	**20.7**
Development	13.7	22.9	56.8	7.8	0.7	0.2	4.6	0.8	**107.7**	**82.3**
Other	6.0	5.9	1.1	2.2	0.2	0.0	0.0	0.0	**15.3**	**12.9**
Acquisition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	**10.7**
Total - FY 2022	**24.6**	**35.4**	**57.9**	**10.0**	**6.4**	**0.4**	**5.5**	**0.8**	**141.0**	
Total - FY 2021 restated	**30.4**	**20.0**	**48.2**	**3.1**	**3.5**	**12.4**	**7.8**	**1.2**		**126.7**

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 2022

Upstream EBITDA, excluding special items, increased by 107% year-on-year in 2022 and amounted to HUF 827.5bn. The financial performance was primarily boosted by the significantly higher average realized hydrocarbon prices (up by 81%, or by 49.1 USD/boe compared to 2021). This was driven by a 42% increase in realized crude prices and a 153% jump in realized gas prices.

Total group production (including JVs and associates) decreased by 5% compared to the previous year, resulting in an average 92 mboepd production for the year. Lower production volume was mainly driven by lower entitlement production from ACG (a consequence of high oil prices on the PSA mechanism in place), and the natural decline in CEE and in Pakistan.

Group-level average direct production cost, excluding DD&A but including JVs and associates, increased moderately by 4% to reach 5.1 USD/boe despite significant cost pressure. The cost position of CEE assets decreasing proportionately owing to natural baseline decline, but still remaining at a very competitive level.

Upstream CAPEX amounted to HUF 141bn in 2022, expanding by 11% year-on-year. This is attributable to foreign exchange effects, and efficient operations allowing for the intensification of all developments aimed at delivering on the objectives of MOL Upstream's Strategy. Development projects accounted for the largest share of this growth as activities continued in Azerbaijan, and the Adriatic Offshore Campaign, and Production Optimisation projects in Croatia. Altogether, the CEE region and Azerbaijan accounted for more than 83% (HUF 117.9bn) of total segment capital spending, mostly allocated to development activities.

In 2022, Upstream continued to play a vital role in the cash generation ability of MOL Group with HUF 686bn (USD 1.8 bn) simplified free cash flow generated, meaning that 58 USD/boe unit free cash flow was achieved on a portfolio level.

Changes in the Upstream regulatory environment

Hungary: The Mining Act has been modified extensively and numerous occasions, changes touching upon, inter alia, permitting, role of Mining Authority in certain questions. During the year, changes to the royalty regime meant a royalty increase with an existing minimum amount. The change also includes a penalty for lost mining royalty caused by reducing production compared to 2021. Additionally, the Government established the Supervisory Authority of Regulatory Affairs (SZTFH, Szabályozott Tevékenységek Felügyeleti Hatósága) at the end of 2021, which replaced the former authority regulating mining activities, consequently regulating and shaping legislation by presidential decrees of named organisation.

Croatia: a regulated price of 41 EUR/MWh was introduced for domestically produced natural gas, becoming effective with the fourth quarter of 2022.

3.3.2 OPERATIONAL OVERVIEW OF 2022

Exploration

Total of 9 exploration or appraisal wells were drilled in 3 countries, out of which 4 new discoveries were made in 2022. Besides drilling, seismic acquisition campaigns and interpretation works progressed in Hungary, Croatia, and Pakistan.

In Hungary, the Shallow Gas exploration program continued with the drilling of three wells. Komádi-Kelet-10 well was successfully tested, completed and tied in as a gas producer, while Mezőcsokonya-23 was drilled and abandoned as the well was proven to be dry. As the third well, Komádi-Kelet-4/A, was drilled to penetrate gas saturated levels and now awaits testing, preparations are under way for upcoming wells. A conventional well has also been drilled and since oil discovery was confirmed by the well test, Vecsés-2 started its trial production. The 2022 shallow gas seismic campaign was carried out, with 3D and 2D acquisitions at five locations (Pusztaszőlős, Görgeteg-Babócsa, Barlahida, Nagykörű, Nyírség). Approval was received for a license area extension, at Okány-Nyugat.

In Croatia, with the completion of well site restoration for Bačkovica-1 East well, all contractual obligations of the Second Exploration Phase of Drava-02 block have been fulfilled. On block Drava-03, maturation of drilling prospects progressed based on the interpretation and analysis of newly acquired seismic data. Permitting and documentation activities for drilling are ongoing. On Block Sjeverno-zapadna Hrvatska-01, compilation of 3D seismic interpretation and processing, and geochronological studies were completed. After analysing and consolidating all available geological and geophysical data on block Dinaridi-14, including newly recorded magneto telluric data, the compilation of two geological and geophysical (G&G) studies was finished.

In Romania, activities aimed at delivering the remaining committed work program continued for all licences: EX-1, EX-5, and EX-6.

In Norway, MOL Norge has completed the sale of its remaining exploration licences: 20% interest in PL968 to AkerBP/DNO, 40% interest in PL932 to AkerBP, 40% share in PL820 to Lime Petroleum. Operatorship of PL820 was also transferred to Vår Energi ASA. MOL Norge no longer holds any licences on the Norwegian Continental Shelf.

In Russia, documentation required in previously issued exploration licence for the Devonian project was prepared, and formal approval was granted by State Authority.

Exploration activities have been concluded in Kazakhstan with U-1 well remediation completed, and the State Committee accepted the relinquishment of the Fedorovskiy Block.

In the Middle East, Asia and Africa region, exploration activities advanced in Pakistan and Egypt. In Pakistan, processed, reprocessed and merged 3D seismic data interpretation, and prospect generation activities were carried out in operated TAL block throughout the year. An application for exploration licence extension was submitted to the regulator. The successful drilling of Tolanj West-2 development well achieved additional exploration targets. In operated Margala block, Tarnol-1 well was drilled, but plug and abandonment was declared. In the non-operated blocks, the drilling of two further wells were finished. Both Surghar X-1 (Karak block) and DGK-1 (DG Khan block) wells were drilled to target depth, but, without a commercial discovery, plug and abandonment got declared. Post-well evaluations are ongoing for these three wells. Furthermore, one-year extension of Margala's exploration licence was received from the regulator, and a request for further extension has been submitted. Regulatory approval has also been granted for a 30% farm-down in Margala block ownership, to Mari Petroleum Company Limited. 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 approval and ratification of award is awaited. In the East Damanhur concession, the second exploration well of the block, ED-2X was drilled as a gas discovery, well testing is currently in progress. Preparation of a G&G study is ongoing.

Field Development and Production

In 2022, MOL successfully continued with the drilling of new development wells. Production optimization programs continued in Hungary and Croatia, which resulted in an annualized production uplift of 2.5 mboepd with a total of 107 well workovers. Advances were made in Kurdistan as drilling activity increased both at Pearl and Shaikan, and in Kazakhstan where EPCC execution started and FDP was approved. Group-level organic reserves replacement ratio, with revisions, reached 185% for year-end 2022.

In Hungary, field development activities continued as two wells were drilled. Both Mezősas-Nyugat-30, originally spudded in 2021, and Üllés-Kelet-2 wells have been completed and tied in, production already started. The third well, Sas-Ny-31 was spudded and drilling ongoing, while preparations have started for the following well. In case of Sávoly-Nyugat-7, a development well spudded and drilled in 2021, after the completed well test in the first quarter of 2022 and successful tie-in, the well started producing. Preparations regarding Somogy Phase-3 project progressed, execution of surface scope commenced after relevant permits had been obtained. The production optimization program continued, resulting in a total of 45 well workover operations completed and put into production, consequently adding to production approx. 1.5 mboepd increment on an annualized basis.

In Croatia, Jamarica-183 onshore field development well was tested, preparatory measures are currently being taken for permitting. Two field development wells were drilled in 2022, Dravica-3 and Kozarice-43. After the drilling of Dravica-3 well was completed with negative results, preparation of a pre-FEED study and issuance of location permits are currently ongoing for the Zalata-Dravica project. Kozarice-43 well was proven to be dry and thus abandoned, well site restoration is currently under way. The Enhanced Oil Recovery (EOR) program continued with carbon dioxide injection on Ivanić and Žutica fields. On Šandrovac field the EOR pilot project originally initiated in 2020, a series of well workovers, well logging, production and pressure tests were performed. The carbon dioxide injection cycle finished, and water injection started. Data acquisition and testing results will enable future full-field EOR application. As part of the North Adriatic Offshore Development Program, drilling and completion of the second infill well finished, and so Marica D Dir was put into production, just as Ika B-1 R Dir. Drilling and testing finished for four open sea wells: Ilena-2 ver, Ida D-1 ver, Ira-1 dir and Ida D-2 ver. After conducting the FEED study, EPCI and material supply tendering process was initiated. Investigation report about the late-2020 capsizing of Ivana D unmanned offshore platform was finalized, well plug and abandonment to follow as currently contracting and additional preparatory activities are under way. Implementation of the Production Optimization project continued, and within its scope, a total of 62 well workovers were completed in 2022, contributing 1.0 mboepd additional production on an annualized basis.

Discontinued operations: In the United Kingdom, MOL signed an agreement with Waldorf Production Limited ("Waldorf") covering the sale of its entire Upstream portfolio in the United Kingdom on 23rd March 2022, with an effective date of 1st January 2021. The closing of the transaction was completed 10th November 2022.

In Norway, MOL Norge has completed the sale of its 6.84% share to Lundin Energy Norway of the unitized Trell-Trine development

In the CIS region, field development of the operated Baitugan field in Russia continued. The re-assessment program carried on in 2022 with 3 horizontal wells drilled and completed, 5 advanced well workovers and the conversion of 10 wells into injector wells performed. Within scope of the Water Quality Improvement project, the installation of a water filtering unit was completed. Production optimization efforts resulted in a total of 54 well interventions executed as part of the well workover program. In Kazakhstan, activities progressed towards first gas. As part of the roadmap to Production Contract Addendum #6, the updated Rozhkovskoye FDP was approved by the CCED (Central Commission for Exploration and Development). After successful tendering, winner had been announced for the EPCC tender, the contract was signed, and the execution has started. Detailed engineering and long-lead item procurement is currently ongoing. In Azerbaijan, a total of 15 wells were delivered within the 2022 drilling program, of which 12 are producers, 3 are injectors. Further 2 recompletions were also delivered. A planned maintenance program was carried out on East Azeri platform. The Azeri Central East project continued its progress towards first oil, with enabling works on other platforms, fabrication and installation activities. After a suspension due to technical difficulties, the Chirag Gas Lift System is fully operational now since a resolution was found.

In Pakistan, part of TAL block development, Tolanj West-2 well was successfully drilled, tested, completed, and put into production. While the Maramzai Compression Facility and the Produced Water Treatment and Injection Facility at Makori-03 had been commissioned, the Manzalai Secondary Compression project progressed towards completion as execution reached stage where installation of compressor packages is under way. Preparations of various studies (Tolanj West Simulation, Halini Simulation) concluded; compilation of Makori Deep Reservoir Simulation study initiated. Well workover operations were successfully completed at Manzalai-4 and -5 wells. By completing production optimization jobs at several fields, an incremental production of 0.2 mboepd was realized, annualized and net to MOL.

In the Kurdistan Region of Iraq, drilling activities continued on Shaikan field as SH-15 well was drilled and put into production, SH-16 was drilled and completed, and SH-17 was spudded, drilling is ongoing. Dry train expansion project progressed, with civil works brought to completion. Well workovers were carried out at SH-5, SH-8 and SH-13 wells. Dialogue and engagement resumed with the Ministry of Natural Resources with regards to the Field Development Plan. Tendering for the gas reinjection project kicked off. On Pearl, the expansion project of Khor Mor gas plant, KM250, progressed with the completion of engineering, procurement, and fabrication activities. Manufacturing and civil works went on until a Force Majeure was declared, which remains in place and puts construction of major equipment on hold. Well operations continued with the successful drilling and completion of wells KM-13, KM-14, KM-15, and the spud of KM-16.

In Egypt, field development activities continued. On North Bahariya concession, total of 9 wells have been drilled, out of which 5 are producers and 4 water injectors, and further 9 well workovers were performed. Regular maintenance activities and implementation of development projects advanced on all concessions. Divestment of East Yidma concession was finalized as the Sale and Purchase Agreement with National Petroleum Co. South Ramadan (NPC) was signed in August 2022, and the subsequent Deed of Assignment approved in November.

In Angola, maintenance activities were carried out on Block 3/05, while on Block 3/05A, the well workover of GAZ-101ST well finished without success in restoring production from Caco-Gazela field. Re-evaluation study of Caco-Gazela area was completed. On 19th July 2022 Afentra (Angola) Ltd has signed a Sale and Purchase Agreement with INA - Industrija Nafte, d.d. to acquire a 4% interest in Block 3/05 and a 5.33% interest in Block 3/05A, with an effective date of 30th September 2021. The transfer of INA's participation interests on both blocks was approved by the Minister of Mineral Resources, Petroleum and Gas, executive decrees issued.

3.4 DOWNSTREAM

Segment IFRS results (HUF bn)	FY 2022	FY 2021	Ch %
EBITDA	804.8	500.7	61
EBITDA excl. spec. items[(1)]	**804.8**	**500.7**	**61**
Clean CCS-based EBITDA[(1) (2)]	**848.4**	**450.7**	**88**
o/w Petrochemicals[(1) (2)]	66.5	247.2	(73)
Operating profit/(loss) reported	636.1	348.9	82
Operating profit/(loss) excl. spec. items[(1)]	**645.3**	**348.9**	**85**
Clean CCS-based operating profit/(loss)[(1) (2)]	**688.9**	**298.9**	**131**
CAPEX	**268.8**	**206.7**	**30**
o/w transformational	117.7	88.7	33

MOL Group without INA	FY 2022	FY 2021	
EBITDA excl. spec. items[(1)]	811.4	466.5	74
Clean CCS-based EBITDA[(1) (2)]	**831.7**	**427.7**	**94**
o/w Petrochemicals clean CCS-based EBITDA[(1) (2)]	66.5	247.2	(73)
Operating profit/(loss) excl. spec. items[(1)]	679.7	341.2	99
Clean CCS-based operating profit/(loss)[(1) (2)]	**700.0**	**302.3**	**132**

INA Group	FY 2022	FY 2021	
EBITDA excl. spec. items[(1)]	(6.6)	34.2	n.a.
Clean CCS-based EBITDA[(1) (2)]	**16.7**	**23.0**	**(27)**
Operating profit/(loss) excl. spec. items[(1)]	(34.4)	7.7	n.a.
Clean CCS-based operating profit/(loss)[(1) (2)]	**(11.1)**	**(3.5)**	**218**

Refinery margin	FY 2022	FY 2021	Ch %
MOL Group refinery margin UPDATED (USD/bbl)	**9.0**	**1.3**	**592**
Complex refinery margin UPDATED (Mol+Slovnaft, USD/bbl)	10.0	1.9	**426**
Updated MOL Group petrochemicals margin (EUR/t)[(10)] 2023	242	603	(60)
NEW MOL Group petrochemicals margin (EUR/t)[(9)] 2022	481	720	(33)

External refined product and petrochemical sales by country (kt)	FY 2022	FY 2021	Ch %
Hungary	5,482	4,788	14
Slovakia	2,178	1,783	22
Croatia	2,292	2,027	13
Italy	1,477	1,645	(10)
Other markets	7,483	8,273	(10)
Total	**18,912**	**18,516**	**2**

External refined and petrochemical product sales by product (kt)	FY 2022	FY 2021	Ch %
Total refined products	**17,693**	**17,040**	**4**
o/w Motor gasoline	3,569	3,302	8
o/w Diesel	10,578	10,257	3
o/w Fuel oil	291	362	(20)
o/w Bitumen	532	580	(8)
Total petrochemicals products	**1,219**	**1,476**	**(17)**
o/w Olefin products	156	213	(27)
o/w Polymer products	994	1,167	(15)
o/w Butadiene products	69	96	(28)
Total refined and petrochemicals products	**18,912**	**18,516**	**2**

CAPEX (in HUF bn)	FY 2022	FY 2021	YoY Ch %	Main projects FY 2022
R&M CAPEX and investments	155.2	100.7	54	**MOL**: Catalyst DR, Periodical maintenance IAS 16, Increasing the eff of Desalters **SN**: Periodical maintenance, IAS16 SN REF, Catalyst SN REF, BADU5 - F1 heater replacement **INA**: Rijeka Refinery Upgrade Project
Petrochemicals CAPEX	110.3	102.7	7	**MPC**: Polyol Project, MPC SC1 Lifetime extension, MPC SC1 Boiler replacement, PSA installations in SC1-2 **SN**: Ethylene storage tank, Strategic spare parts, Reconstruction of furnaces BA101, BA103, BA104, PP3 unit revamp
Power and other	3.2	3.3	0	**SN Power**: Periodical maintenance, Transformer replacement
Total	**268.8**	**206.7**	**30**	

Change in regional motor fuel demand	Market			MOL Group sales		
FY 2022 vs. FY 2021 in %	Gasoline	Diesel	Motor fuels	Gasoline	Diesel	Motor fuels
Hungary	5	5	5	23	22	22
Slovakia	5	2	3	36	19	23
Croatia	5	6	6	3	8	7
Other	5	3	3	(11)	(15)	(14)
CEE 10 countries	5	3	3	8	4	5

3.4.1 FINANCIAL OVERVIEW OF 2022

In 2022 Downstream reached a record high HUF 848.8bn Clean CCS EBITDA, which is 88% higher than the previous year's performance. The exceptional result was driven by remarkable R&M performance powered by all-time high external environment. R&M segment delivered more than 90% of Downstream Clean CCS EBITDA, despite extra taxes and government measures. Petchem segment lagged behind base level on normalizing external environment and all-time high energy prices.

Governmental decisions in Hungary had an impact on MOL Group's financial performance, such as the retail price cap regulation entering into force on the 15th of November 2021, maximizing the price for gasoline and diesel at 480 HUF/liter. Later on, the regulation was amended and from 28th February 2022, a wholesale price cap on fuels was introduced with 480 HUF/liter. Windfall taxes were also imposed in Hungary on Brent-Ural spread in 3 phases: 25% rate from 1st of January until the end of July 2022, increased to 40% from 1st of August 2022 till 7th of December, and further increased to 95% from 8th of December 2022.

Important development on the regulatory side is that the wholesale price cap was phased out in early December 2022, causing a significant positive development operationally since market-based pricing prevails again allowing import flows to the country. Meanwhile, on the financial side, the overall picture is mixed since the Brent-Ural taxation increased from 40% to 95%.

In Refining in 2022 increased motor fuel crack spreads resulted in stronger refinery margin, backed by significantly wider discount on Urals. However, gains were limited by the fuel price cap and windfall taxes applied in Hungary as well as high energy prices. Hungarian fuel demand skyrocketed driven mainly by the price cap regulation, leading to diminishing import volumes. In addition, refinery shutdowns also hindered own fuel production, so supplying the Hungarian market proved challenging. In the first half of the year, rising quotations hindered domestic mark-up levels, but the declining quotation environment in the second half of 2022 backed mark-ups.

MOL Group Petrochemical margin was an average 180 EUR/t lower vs 2021 due to narrower polymer-monomer spreads. On the other hand, polymer price levels were much stronger owing to reduction of spot sales and support of price formula customers. Operations were impacted by heavy April-July maintenance season and unplanned events as well. Polymer sales volumes were limited by product availability related to maintenances, as well as lower demand associated with customers' cautiousness over the volatile energy market.

Total Downstream investments reached HUF 268.8bn exceeding the base year spending. About 58% of this amount was spent on Refining and Marketing projects. Strategic projects such as Polyol and Rijeka Refinery Upgrade Project continued to play a strong role within strategic organic investments.

Regarding ongoing transformational projects, the construction works of the new polyol complex in Tiszaújváros exceeded 99% mechanical completion by the end of 2022. The Rijeka Refinery Upgrade Project (RRUP) reached 70%, related engineering and purchasing activities finished according to the plans. INA RRUP mechanical completion is expected in 2024 H1.

3.4.2 OPERATIONAL OVERVIEW OF 2022

European energy companies face unprecedented uncertainty as a result of the Russian Ukrainian war. Mol Group's Downstream have several transformational projects on the way pursuing targets laid down in our 2030+ strategy, topped with a round of new investments aiming for supply diversification, as a consequence a crude diversification program was launched in 2022.

The landlocked Danube Refinery in Hungary and the Bratislava Refinery in Slovakia were designed to process the Russian export blend (REB). Even before the outbreak of the war, the Danube Refinery was capable of processing a maximum of 35% of seaborn crude oil transported via the Adriatic pipeline. After the outbreak of the war, MOL Group accelerated its crude diversification program.

In the short run it is not possible to replace REB crude with similar physical and chemical properties (one-to-one) in either quality or quantity, only with a special blending operation that can ensure the desired quality. The immediate replacement of REB crude oil faces significant technical, transportation, storage, and commercial limitations. MOL Group estimates that 2-4 years will be needed for its refineries and logistics system to be ready to process 100% alternative crude oil with the expected level of safety and reliability. To achieve this, MOL Group started a detailed analysis and a careful planning process. Projects initiation started in 2022, following by the appropriate decision to manifest investments and modernization processes, the estimated required investment is about 500-700 mn USD.

In November 2022 as part of preparation for the period when sanctions on the export of fuels made from Russian crude oil are in force (5th Feb) a new alternative crude, Arab light was tested successfully in Slovnaft refinery. An important milestone reached in ensuring supply security of the region further.

Even with the heavy turnaround season during 2022 and the motor fuel price cap regulation in Hungary (and smaller extent in other CEE countries), Downstream supplied the core markets. The supply security was maintained even though the price cap drove out the imports from the market. In the early December 2022 the price cap regulation was terminated, allowing import again in the market.

Downstream operation continued, we moved forward with the implementation of the MOL Group's 2030+ 'Shape Tomorrow' strategy, the key directions are still valid and confirmed. Downstream has priorities on four areas (Efficiency, Fuel transformation, Diversification, Sustainability) with customer and people focus as an enabler to build a resilient investment portfolio.

Despite of the turbulent external environment **Production** has closed the year with decent overall availability in Refining (93.9%) and also in Petrochemicals (93.8%), which was a strong enabler to take advantage of stronger refining environment, as a result total crude processing reached 13.7 mn tons in Refining. Production effectively reacted to the changes with re-optimization of maintenance and project related activities and related spending while maintained mechanical availability of the production assets. With a dynamic and thorough crisis management Production successfully reacted to the energy crisis situation, which resulted in a great amount of energy saving via optimizing its energy mix. In order to protect our people, personal and process safety action plan have been developed to reverse the worsening trend of the HSE indices. To ensure the long-term safe and reliable operation, Production has successfully finished its biggest lifetime extension project in the MOL Petrochemicals on Steam Cracker 1 plant. Regardless the crisis situation, Production continued with its greatest transformation program, the PROmotion (Production in Motion) program, to ensure the strategic contribution of our Refining and Petrochemical sites, promising over 150 mn USD (versus 2018) efficiency improvement in the next three years.

Logistics is focused on customers satisfaction through providing competitive services, adapting to everchanging environment, transforming to sustainable operation driven by engaged employees. These are our commitments within the 2025 Roadmap.
2022 was a challenging year, as traditional supply channels were overloaded or were not functioning at all. We had to find new ways to deliver products to our refineries and our customers. We delivered fuel from Adriatic sea to our inland markets, or even reversed some channels when we started delivering diesel from Constanta up the Danube by barge to Százhalombatta. We supported the Hungarian market with record high volumes of cross country deliveries from Slovakia and supplied Budapest airport with Jet aviation fuel from Rijeka. We delivered a cargo of new non-Russian crude along the Adria and Friendship 1 pipelines, testing transportation capacity with great results. All of these and many more solutions helped stabilize the market balance in our region.
In 2022, internally we continued with actions to reduce the cost and to transform of our operation. Logistics colleagues in Tiszaújváros worked on follow-up solutions to our Polymer Excellence project and the implementation of the Routing & Scheduling process and tool was launched in Hungary. Colleagues in Slovnaft progressed with control room centralization efforts, and the New Rijeka Port project started in Croatia. Our employees remain the cornerstone of our business and we strive to provide a safe work environment: to improve personal safety awareness in Logistics, we launched a dialogue program focusing on slip & trip type events. Although Logistics has a relatively small contribution to the CO2 emission on Downstream level, we strive to make further improvements in this area as well, by reducing fuel consumption in our truck fleet (Scope 1) and designing energy efficiency projects (Scope 2) all over our operations. Challenges continue to remain in attracting new skilled workforce particularly train and truck drivers, we set out a plan to tackle these issues with focusing on employee experience and by working with HR on attracting skilled workforce for our operations.

Volatility and series of unexpected events characterized the Downstream activities in 2022. Due to the Russian-Ukrainian war, securing the regional fuel supply became the main theme of 2022. Frequently changing market & regulatory circumstances were constant in 2022, so adaptation and quick reaction was crucial. **Commerce & Optimization** activities focused on maintaining the continuity of the supply chain, while besides the elevated risk of raw material supply also the drastically changed external environment.
Local Petrochemicals markets were hindered by the high energy prices and weakening demand, a sharp contrast to 2021 where we experienced record high petchem margins. Polymer sales volumes in 2022 have reached 994kt, which represents a decrease of 17% (-172kt) compared to 2021. The Petchem market in 2022 was affected by lower demand of plastic consumers in European markets. One of the main reasons was weaker growth of the global economy in Europe along with inflationary pressures, which has significantly changed consumer behaviour. Despite the turbulent period, we confirmed our position as a reliable supplier in the region with a focus on the customer.

In the Smart Review Project two waves an exhaustive review of the operations and structure was implemented as a focused efficiency improvement program. The goal of the review was to assess Commerce & Optimization activities and further develop processes and structure while improving our customer service with more flexible, reliable and tailor-made products and services. MOL Group keeps increasing B2B customers' satisfaction by focusing on development of digital business solutions. As part of the Digital Roadmap, CRM project reach the third phase of the implementation with core functionality roll-out. Last year, we introduced MOL Group's self-developed B2B online ordering platform (ISA) into the Refined products' export sales area as well in Group Customer Service and already 40+% of orders are placed via this platform by customers. Meanwhile the ISA program crossed a major milestone in 2022, having 10.000 registered customers.

As a response to extremely volatile external environment - let it be market or regulatory driven - and changing customers' need, we reviewed and adapted our internal operation and processes as well. As a result, 4 new organizations were established with clear focus and ownership from the 1st of October 2022, succeeding Commerce & Optimization. **New and Sustainable Businesses** will focus on CO_2 emission reduction initiatives, scaling up existing non-traditional business lines (Recycling & Compounding) also business development of new value chains (i.e: Hydrogen, Biogas) driving Downstream in its low-carbon transition. **Value Chain Management** is responsible for setting the DS strategy and optimization framework on any time horizons. Also, this organization is managing the crude and other feedstocks sourcing & trading, risk management. **Fuels** is responsible for managing MOL Group's fuel value chain including market supply, sales optimization and sales activity on all Downstream markets. In cooperation with Group Downstream Value Chain Management is responsible for fuel margin maximization and coordinates the management of fuels, fuel cards, biofuel compliance and other refined products on all Subsidiary level. The product portfolio includes motor gasolines and components, diesel and other gas oils, fuel oil, bunker fuel, sulphur, coke and biofuels and the management of fuel cards. **Group Chemicals** is responsible for managing the sales, purchase and marketing of Petrochemicals, Commodity chemicals, Special chemicals and Polyol businesses and value chain optimization of polymers, monomers and polyols.

In 2022 **DS Development** invested thousands of engineering hours, both internal and external, to develop crude diversification project portfolio that will enable MOL Group to gradually increase the intake of non-Russian crudes into its refineries. In line with MOL Group sustainability targets, green hydrogen project in Danube Refinery stepped into the execution phase, while several new energy efficiency and CO_2 reduction initiatives were developed. In line with strategic objectives, the execution of major projects continued, like the expansion of production capacities of maleic anhydride in Danube refinery and of polypropylene production in Slovnaft's Bratislava refinery, construction of the new Olefins Conversion Technology (OCT) Unit and life time extension program of Steam Cracker Unit in MOL Petrochemicals' complex in Tiszaújváros, Hungary.

The flagship **Polyol Project** of MOL Downstream has reached an overall 99.3% progress by the end of 2022. Construction activities have come close to completion by the end of 2022, with focus of the project management teams shifting towards the complex sequence of commissioning activities. Most of the utility units were taken over from contractor in December 2022 along with as semi-industrial size polyol line that is capable of executing the final steps of product development and serving selected customers with first product samples. The semi-industrial polyol unit shall use purchased raw materials and first will work in isolated mode. The takeover of the aforementioned units are important as they open the route for the cold- and hot commissioning of process units and the scale-up of production. In 2022, all the necessary permits for start-up and trial operations have been organized, raw materials and catalysts are specified and ordered, or ready for ordering. The operating teams have been set up and play an integral role in commissioning as "on the job" training. As for the remaining steps of commissioning, we foresee that process units shall enter the hot commissioning phase by the mid of 2023. Trial production shall start in multiple steps in the second half of the year. The start-up sequence shall be optimized taking into consideration the guarantee tests of units and the market acceptance time of the various products.
Information of Downstream related sustainability developments, including health & safety, environmental performance, employee and community engagement, can be obtained from the Sustainability Report.

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 capitalize on opportunities created by a carbon constrained, circular economy.

Biofuels in MOL Group

During 2022 MOL Group purchased and blended similar amount of biofuels like in the previous year (ca. 650 kt in 8 countries) and continued its efforts to prepare for increasing renewable share obligations in the transport segment.
After the successful introduction of new components and technologies in the past years – co-processing, advanced bio-MTBE, HVO – MOL started to use bio-propane in Autogas (LPG) from own production in Hungary in 2022.

Most of the used biofuels are still biodiesel and bioethanol where the share of advanced and waste-based components in the feedstock portfolio is gradually increasing, leading to an overall better CO_2 saving performance. A key contributor of the improvement of the CO_2 footprint is a long-term supply contract with a Hungarian biodiesel producer about 40 kt biodiesel with high (ca. 80%) GHG saving.

RED II & Fit for 55

As a result of recent geopolitical risk in Europe leading to a clear intention to decrease energy dependency as well as increased awareness of long-term climate goals, discussions continued on EU level to update the previously announced Fit for 55 package. Final outcome (following the agreement among the European Council, Parliament and Committee) is expected during the course of 2023 but all directions point to more ambitious targets versus the current version.

Based on a solid sustainability framework, MOL Group thrives to be a driver of changes along the low-carbon transition in Central and Eastern Europe. An important pillar of this transition is to gradually replace own hydrogen demand – consumed in refinery processes - with low carbon and renewable alternatives. Beyond the EU compliance MOL Group will leverage its strength of integrated operation via entering the whole renewable hydrogen value chain to play a dominant role in the regional hydrogen ecosystem and serve emerging market demands.

In 2022 MOL Group has made the first steps in the Hydrogen Development Roadmap. In the New and Sustainable Businesses unit a new dedicated Hydrogen team and program management was designed to assure complex hydrogen value chain development. A pilot project was initiated for the implementation of a 10 MW PEM electrolyser with a capacity of 1.6kt green Hydrogen production at Danube Refinery. The project received final investment decision in 2022, expected start of operation is 2024 Q1.

R&D

In 2022, 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 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 Technical Service team has already visited potential customers to prepare the ground for the market entry. In the polyolefin area, MOL Group continued its key product development projects to address the increasing demand of customers for more sustainable plastic recycling and compounding solutions, as well as in the field of virgin polyethylene/polypropylene for new application segments. As an answer to social responsibility MOL Group launched a new innovative project to reduce the volatile organic components and smell of its polyolefin products to meet increasing requirements in automotive industry. Two advanced feedstocks for refinery diesel co-processing were successfully tested in MOL's Danube Refinery. To meet the future demand of low carbon fuels and to accelerate the conversion to circular economy, additional small-scale lab reactor tests were successfully completed with increased bio-feedstock/waste ratio. In the field of fuels, despite the significant changes in the market in the past two years, we continued to implement the originally intended development activities, adapted to the new conditions. We continued to intensively support marketing with the aim of educating our customers. New product recipes with improved performance for premium gasoline, diesel, racing gasoline and another one in the bitumen area were also developed and their production was started. Applying new additives, we were able to improve the performance and quality of our motor fuels. MOL Group continued its R&D activity in the field of heavy fuel oil conversion to produce non-fuel products. Besides the laboratory tests two successful test runs were completed in MOL's refineries upgrading heavy fuel oil to more valuable 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.

Compounding Project

In October 2022, the new REMOLEN and PRIMOLEN brand names were launched at the K-FAIR in Düsseldorf, which is the world's most important trade fair for the plastics industry. There, we showcased our superior Compounding technology solutions, which are fit for very demanding applications. REMOLEN gives polyolefin-based, post-industrial and post-consumer plastics, and additional life-cycle to support environmental goals and close the loop on waste, giving our customers a solution for lowering carbon footprints whilst increasing material quality with customized engineered design.

MOL Group established a partnership with Swiss trading group Meraxis in September 2020. Under such agreement, Meraxis supplies MOL Group with post-consumer and post-industrial recycled feedstock to be converted into new Compounds, offering recycled plastic and virgin resin full-suite compounded solutions, through a wide MOL REMOLEN and PRIMOLEN product portfolio range. In the first stage of growth, these are planned to be produced at Aurora Kunstoffe's facility. The collaboration with a value chain partner like Meraxis and our expertise and innovation strength in Polymer Compounding is currently helping both companies to create an ever-advancing value proposition to customers, by providing solid application-driven circular materials for Automotive, Aerospace, Home Appliances, Furniture and Construction. In 2022, MOL created the REMOLEN 50 for washer-tank applications using Meraxis post-consumer recycled feedstock, which is an excellent example of our proactive response to customer's emerging needs. Thereby MOL Group has set new industry benchmark for robust performance in Automotive under-the-hood applications with recycled polypropylene compounds.

Embracing new forms of collaboration, which can lead to innovation, in 2022 MOL Group entered a technical partnership with SAPPI, a leading global provider of wood-fibre based natural feedstock, which led MOL to create: PRIMOLEN NF, an eco-designed polypropylene compound that is lighter in fossil-based materials, integrating natural fibres, aimed to substitute mineral fillers by increasing the scratch resistance and light-weighting for aesthetic Automotive interior and semi-structural applications, consequently unlocking the potential of natural materials in ever-more demanding formulations. All in all, this represents an effective design that we aim to help car manufacturers and consumer brands, contribute to the circular economy.

Recycling Projects

Till the end of 2022 several Post-Consumer Recyclate (PCR) containing HDPE and PP blend recipes were in-house developed: 13 rHDPE blend recipes with 30% or 50% of recyclate content and 3 rPP blends. Three rHDPE blends were successfully manufactured at third party - as MOL has currently no asset for those products - and then tested at the polymer converters targeting the rigid packaging sector, which is the most exposed to potential plastic regulations following the recent EU Green Deal. The customer testing – involving customers from several countries – brought back good initial quality feedback, confirming the expectations of delivering a product with near-virgin qualities, which is a pioneer in MOL's own recyclate product portfolio to come in the next few years, targeting various segments and applications.

APK AG, MOL Group's strategic partner for plastics recycling since 2018 located in Merseburg, Germany, was supported in 2020 in order to stabilize their Post-Industrial Recyclate (PIR) based low-density polyethylene (LDPE) and polyamide (PA) production, with a total annual capacity of 8,000 tons. In 2021, successful trials were carried out with PCR waste processing, and based on detailed investigation, the advanced technical solution will be further developed to be market ready for PCR waste utilization consumption. In 2022 APK's technology development achieved such level where the different process steps are functioning. The evaluation of the current technology readiness from MOL side continues to be able to define the next step regarding the strategic partnership.

MOL Group acquired **ReMat Zrt.,** a Hungarian market leading plastics recycling company using communal and industrial waste for creating regranules, the transaction was closed at the end of March 2022. The recycler has 2 production plants in Hungary (Tiszaújváros and Rakamaz) and a logistics hub in Bratislava, Slovakia, the annual plastic waste consumption is ~ 25 KT, the company main product line is recycled LDPE, LLDPE. Upon the acquisition integration assessment project started and by the end of the year we strengthen Remat's team, kept stable operation, all in all the company passed well the first changes.

Lubricant producer and distributor **MOL-LUB** provides contracted partners and other participants collection of waste oil. Contracted partners deliver the waste oil to the Zala site, where it is recycled (6,017 tons in 2022), thereby re-entering the industrial cycle as an essential element for bitumen production. Through the lubricant waste collecting service, MOL Group ensures that lubricants – such as motor oil or hydraulics oil – which are classified as hazardous waste, are be transformed into fluxing oil, which is an important element for bitumen production. MOL-LUB contributes to recycling 6-7 thousand tons of waste lubricant oil per year and takes care of treating 99% of waste oil product within the company since 2011. MOL Group also ensures collection and treatment of other waste oils: combustible waste is delivered to the Danube Refinery incinerator, while non-combustible waste (e.g. metal) is handed over to contracted partners (490 tons in 2022).

3.5 INNOVATIVE BUSINESSES AND SERVICES

2022 was a challenging year for the Innovative Businesses and Services segment, as fuel price regulatory measures had major influence on the financial performance.

3.5.1 Consumer Services

Segment IFRS results (HUF bn)	FY 2022	FY 2021	Ch %
EBITDA	121.2	182.5	(34)
EBITDA excl. spec. items[1]	**121.2**	**182.5**	**(34)**
Operating profit/(loss) reported	76.6	143.4	(47)
Operating profit/(loss) excl. spec. items[1]	**76.6**	**143.4**	**(47)**
CAPEX	**250.5**	**49.9**	**402**
o/w organic	63.7	47.1	35

Total retail sales (kt)	FY 2022	FY 2021	Ch %
Hungary	1,881	1,313	43
Slovakia	786	709	11
Croatia	1,180	1,054	12
Romania	748	790	(5)
Czech Republic	466	486	(4)
Other[8]	472	419	13
Total retail sales	**5,597**	**4,771**	**17**

Non-fuel indicators	FY 2022	FY 2021
Non-fuel margin	38,2%	28.6%
Number of Fresh corner sites	1,179	1,070

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 2022

2022 results have been heavily affected by regulatory measures across the CEE. Due to fuel price regulatory measures (which were introduced in 6 of our markets for different periods during 2022) the EBITDA decreased to HUF 121.2bn by 34% YoY and the increased retail tax also represented a significant cost burden. Regulated fuel price on main grade products generated 17% increase in fuel volumes year-on-year, and due to being excluded from the regulations, premium penetration dropped with about 9%. Non-fuel margin expansion (33% increase YoY) and fuel sales volume increase partly mitigated the negative drivers. By the end of 2022, there was a significant change in network size due to Polish acquisition, total number of service stations reached almost 2,400.

3.5.1.2 OPERATIONAL OVERVIEW OF 2022

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 to 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. With the acquisition being completed until the end of 2022, MOL Group's service station network previously consisted of 2,170, whilst reaching 2,391 stations when combined with the acquired franchise. MOL Group maintained a leading position on the Hungarian, Croatian and Slovakian markets, achieved second place in Serbia, while being the third largest market player in the Czech Republic, Slovenia, Montenegro, Romania and in Poland as well. More information on the installation of EV chargers across the Group service station network can be obtained from the "Mobility" section below.

Retail completed over 200 reconstructions, including forecourt, car- and jet-wash reconstructions and the installation of the non-fuel concept, Fresh Corner at the stations. 110 Fresh corners were added across the network taking the total number of Fresh Corners to 1,179. To enhance non-fuel transactions further in line with the increased fuel sales in 2022, Retail completed over 400 gastro acceleration projects during the year. Besides, 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 energy drink and chips offer across the Group in addition to the Fresh Corner milk and coffee beans. French-type hot dog and quality coffee remained the core products together with other options (sandwich, bakery etc.) Fresh Corner concept offers hot snacks for the people on the go.

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.

A customer insight system called Brand Tracking was operational in 7 countries involving overall 3,000 customers per country (so overall 21,000 in MOL Group) in a way of monthly data collection (250 Customers per month per country). It's providing data for 25 different KPIs including fuel, gastro, store hygiene, loyalty programs and staff behaviour. Besides, brand awareness and brand powers are continuously measured as well. During 2020, MOL Group conducted its biggest research to date called Fresh Corner Usage & Attitude (U&A), involving almost 10,000 customers in 7 countries via 4 different channels in order to understand expectations and certain non-fuel shopping habits. In 2021 it was followed by a fuel U&A research also in 7 countries with more than 7,000 customers. In 2022, it was followed by a one-off Brand tracking research in Poland and Bosnia and Herzegovina (with 1,000-1,000 customers involved) to understand the customers better in these countries as well. Insights gathered from U&As should help in creating a more customer centric decision-making, supporting the retail transformation of the Group. Improvements covered hot sandwich range renewal, new fresh sandwich placement and packaging, improved hot-dog network coverage and fine-tuned activities like prize winning games or promotions. Product quality improvement has key importance as well, which is ensured by continuous customer blind tests in order to adapt to the changing needs.

MOL Retail's customer loyalty program constitutes a key element in the digital transformation of Consumer Services. A new, digital, gamified, tier-based rewards program was finalized during 2020, allowing personalized and highly automated communication across different channels. The new program was introduced in Croatia in 2020 and by now the number of registered users is more than 300,000 with high share of active users. The program was also rolled out in Slovenia in 2021, an in Hungary in 2022. Altogether, active loyalty customer base reached almost 3 million in 2021, and the mobile application (which is available in seven countries) had more than 700,000 downloads. During 2022 we've developed further our internal capabilities in order to extend researches on our loyalty base 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 to hit the sales floor with higher confidence and shorter preparation. Moreover, for the first time, MOL Group conducted Employee Engagement Survey among frontline employees too, considering the fact we could reach each and one of them. With the help of eSMILE, 96% response rate was achieved, and valuable feedback was gathered. For more detailed information check the Sustainability report.

The platform is based on gamification elements which boosts employee engagement and wellbeing in 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 year end 2022, 241 Plugee EV chargers were installed throughout the Group's service station network across the CEE region and in MOL Group's new headquarter, MOL Campus. In 2022 MOL Group installed ultra-fast charger solutions on 14 new highway locations in Romania, providing 200 kW nominal output for EV users, in a solution that 3 BEV can charge parallelly at the same time on every location. Our new headquarter, MOL Campus has been equipped with 44 AC chargers, that will serve our employees and visitors need on the long run. 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 2022 it enabled our more than 20,000 registered users and other customers to have a seamless charging experience in 6 countries. Energy consumption for all EV chargers in 2022 reached 2,271,772kWh, saving a total of above 640 tonnes of CO2-eq.

The e-mobility goal of MOL Group in 2023 is to cover 7 white spots in Hungary with ultra-fast (150kW) and scalable (60 to 120kW) fast chargers utilize EU subsidy for network development across 6 countries together with E.ON Group under the auspices of the CEF2 (CONNECT-E) program.

In 2018, MOL Group launched a car sharing service in Budapest (Hungary) called MOL LIMO. By 2022, a fleet of 450 shared cars from 14 different models (6 electric, 1 hybrid, 7 petrol) were in operation, number of electric vehicles (EVs) were 132. In 2022, MOL LIMO introduced one new model to its fleet, the electric Dacia Spring. Size of the Limo-zone grew up to 110 km2 during 2022, reaching key transportation hubs. Client base is continuously growing, until the year-end total number of registered users reached approximately 130 thousand. Energy consumption of all LIMO EVs reached 275,244 kWh in 2022, saving an equivalent of around 75 tonnes of CO_2-eq., all electricity used from renewable sources.

KEY MOL LIMO SUSTAINABILITY FIGURES	UNIT OF MEASURE	FY 2022	FY 2021	SASB
Average fleet size	number of vehicles	450	450	TR-CR-000.C
o/w electric	percentage	29	32	-
Average vehicle age at year end	in months	33.5	24.1	TR-CR-000.A
Vehicles rated by Euro NCAP programs with an overall 5-star safety rating	percentage of fleet	23	11	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 5,100 by the end of 2022. MOL Fleet Solutions targets the size of its fleet to reach 10,000 cars by 2026.

KEY MOL FLEET SUSTAINABLITY FIGURES	UNIT OF MEASURE	FY 2022	FY 2021	SASB
Average fleet size	number of vehicles	5,060	4,392	TR-CR-000.C
o/w electric and hybrid	percentage	8	7	-
Average vehicle age at year end	in months	32,7	28.8	TR-CR-000.A
Vehicles recalled during period	number	365	503	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 2022. 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 2022.

3.5.2 Group Industrial and Corporate Services[14]

The organization was established in February 2022, overseeing Group Maintenance Services Management, Group Ventures, as well as Group Procurement and Asset & Services Management.

The Maintenance Single Service Companies (SSCs) have managed the volatile demands of the external environment and successfully contributed to the completion of high-complexity turnarounds in MPC and Danube Refinery. The overall efficiency and the utilization ratio of the SSCs have improved, coupled with the delivery of cross-country maintenance projects, contributed to an optimized maintenance spending.

Ventures – Energy Efficiency & Renewables organization has exceeded the energy efficiency obligation targets from internal projects. The efficiency savings (worth more than 10 million EUR in value) were realized due to the timely implementation of industrial projects in MOL's business branches. The installed PV capacities (30 MW) exceeded EBITDA expectations by double digit in 2022, while implementation of 12 MW Croatian capacity will be finished in 2023 as planned. In addition, a pipeline of multi 100 MWs of renewable capacity is to be installed the upcoming years in line with the energy transformation objectives of MOL.

Ventures – Fonte Viva concluded a successful acquisition and integration of a new product line, grew its market share on a stagnating market.

3.5.3 Group Oilfield Development & Solutions

Group Oilfield Development and Solutions (G-ODS) was established with the aim to provide oilfield services for MOL Group internal customers and third-party companies. The strategic aim of G-ODS is to improve the quality and level of services to internal customers as well as utilizing internal know-how to provide services to third party customers.

In 2022 Russian-Ukrainian war caused economic uncertainties, securing oil and gas supply became a priority and new alternative energy resources came into focus. MOL Group enhanced drilling and workover activities, also third party exploration and field development activity has been increased which generated more projects, works for Oilfield Service (OFS) companies. Participation in the successful oil discovery at Vecsés made their mark in the business sector. Additionally they tested themselves in pioneer geothermal projects. Among OFS companies further location, staff, maintenance and operation management optimization were made, cross-border utilization of the assets were managed. Service flexibility became 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 intensified in 2022 in relation to the enhanced oil recovery (EOR) and rubber modified bitumen technology.

3.5.4 Circular Economy Services – Waste Management

The state published a call for a concession tender for municipal solid waste management services in Hungary for 35 years, on which MOL has submitted a binding bid in June 2022. MOL won the tender and signed the concession contract on 28th July 2022. Based on the contract MOL will be responsible for the collection of nearly 5 million tonnes of annual waste from households and businesses in Hungary, and for organising the pre-treatment and treatment operations necessary to meet the strict waste management and recycling targets of the European Union.

MOL has made the necessary steps and preparations to be able to take on the operation by 1st July 2023 as set in the concession contract. In September 2022 MOL established its concession company (MOHU MOL Hulladékgazdálkodási Private Limited Company), which entered into the concession contract besides MOL, the concessionaire. In October 2022 the Ministry approved the short term investment plan of the company, and in December 2022 the investment plan for the first 10 years. In December the concession company submitted the Capacity Verification Contracts to the Ministry, to prove that the necessary capacity to perform waste management operation was contracted.

3.6 GAS MIDSTREAM

Segment IFRS results (HUF bn)	FY 2022	FY 2021	Ch %
EBITDA	61.0	41.2	48
EBITDA excl. spec. items[(1)]	**61.0**	**41.2**	**48**
Operating profit/(loss) reported	44.3	24.5	81
Operating profit/(loss) reported excl. spec. items[(1)]	**44.3**	**24.5**	**81**
CAPEX and investments	**11.6**	**22.4**	**(48)**
o/w organic	11.6	22.4	(48)

Key Gas Midstream ESG Indicators	Unit of measure	FY 2022	FY 2021	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	4.11	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 2022

FGSZ Földgázszállító Ltd (hereinafter referred to as: FGSZ) reached HUF 61.0bn EBITDA in 2022, a 48% increase from last year, despite challenging external environment throughout 2022. The financial result was determined mainly by deteriorating economic environment (e.g. fluctuating energy prices) and hectic demand for transportation services; at the same time cross-border capacity demands rose significantly and changes of regulated tariffs were favourable, as well.

Aggregated transmission volumes were lower by 3% on YoY basis and FGSZ faced increasing demand for flexibility, which included the relocation of Hungary's main gas supply route in early 2022 from the Eastern to the Southern part of Hungary. Domestic transmission volumes experienced a significant decrease by 16% YoY in relation with external economic factors and milder weather conditions; while increasing uncertainty in regional gas supply routes resulted in more than doubled YoY transmitted volumes towards gas storages. Export transmission demands to neighbouring countries (e.g. Romania, Ukraine, Serbia and the Slovak Republic) were more hectic compared to previous year and totalled in lower level. Non-regulated transit transmission towards Serbia and BiH stopped in 2021 (as Balkan Stream pipeline was completed) resulting in vanishing non-regulated transit activity.

Regulated revenues were higher by 56% YoY mainly due to the significant increase in short-term and cross-border capacity demands in line with increased injected gas storage volumes and fluctuating export activities. Average regulated tariffs were higher than in the prior year, tariff change was mainly reflecting the challenges of the external economic environment. Fast paced steep price changes, especially high energy cost drove FGSZ's operational costs significantly higher despite the slightly lower gas consumption of the transmission system, while strict cost control smoothened materially the other expenditures.

Total value of CAPEX and investments almost halved compared to prior year after the completion of Serbian-Hungarian cross-border interconnection point. In 2022 FGSZ focused on mainly sustain-type projects (e.g. pipeline rehabilitation, reconstruction of compressor units) and the completion of the Városföld nod and Kiskundorozsma measurement projects.

3.6.2 OPERATIONAL OVERVIEW OF 2022

FGSZ's main activity is the sole operation of the nearly 6,000km 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. Beside the domestic natural gas transmission, FGSZ is also engaged in international transmission activities and operates bidirectional interconnection points with the Slovak Republic, Ukraine, Romania, Serbia and Croatia and unidirectional inlet point from Austria.

The security of supply of Hungary is inseparable from the energy security of the broader CEE region. Therefore, FGSZ aims to ensure the interoperability of the natural gas networks of the region; while also striving to increase the volume of transmission through Hungary. The developments of the pipeline 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 accessible as a lower carbon alternative in – among others – electricity generation.

To further enhance regional market integration, FGSZ completed several important agreements and developments on its network in 2022. In October 2022 Csanádpalota interconnection point was developed at the Hungarian-Romanian border to boost the import capacities from the Southern Gas Corridor through Romania towards Hungary. To prepare for the future challenges posed by the accelerating decarbonisation efforts, FGSZ started to evaluate its infrastructure for the transmission of low-carbon and decarbonised gases, such as hydrogen. FGSZ dedicated higher focus on organizational level towards the green targets.

The Regional Booking Platform (RBP) of FGSZ is an IT 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 – sixteen further transmission system operators use it partially or entirely on their system capacities throughout the EU and the Energy Community: Eustream (Slovakia), Transgaz (Romania), Plinacro (Croatia), Bulgartransgaz (Bulgaria), DESFA (Greece), Gas Connect Austria (Austria), Gascade (Germany), Ontras (Germany), Gaz-System (Poland), Gas TSO of Ukraine (Ukraine), Gastrans (Serbia), Moldovatransgaz (Moldavia), NEL Gastransport (Germany), Opal (Germany), ICGB (Bulgaria) and Vestmoldtransgaz (Moldavia).

4. APPENDICES

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

	HUF million			USD million		
Special items - operating profit	**FY 2022**	**FY 2021 restated**	**Ch %**	**FY 2022**	**FY 2021 restated**	**Ch %**
Operating profit excl.spec.items from continuing operation	**1,253,067**	**585,863**	**114**	**3,308**	**1,929**	**71**
Upstream	**15,273**	**(21,384)**	**n.a.**	**53**	**(66)**	**n.a.**
Impairment on Upstream assets in the Group	15,273	(17,089)	**n.a.**	53	(53)	**n.a.**
Environmental provision (INA)		(4,295)	**(100)**		(13)	**(100)**
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		**2,707**	**(100)**		**8**	**(100)**
Provision release for legal claims (Creditor Beta)		**2,707**	**(100)**		**8**	**(100)**
Total impact of special items on operating profit from continuing operation	**6,045**	**(18,677)**	**n.a.**	**29**	**(57)**	**n.a.**
Operating profit from continuing operation	**1,259,112**	**567,186**	**122**	**3,337**	**1,871**	**78**

Special items - EBITDA	**FY 2022**	**FY 2021 restated**	**Ch %**	**FY 2022**	**FY 2021 restated**	**Ch %**
EBITDA EXCLUDING SPECIAL ITEMS from continuing operation	**1,734,645**	**1,047,630**	**66**	**4,601**	**3,449**	**33**
Upstream		**(4,295)**	**(100)**		**(13)**	**(100)**
Environmental provision (INA)		(4,295)	(100)		(13)	(100)
Corporate and other		**2,707**	**(100)**		**8**	**(100)**
Provision release for legal claims (Creditor Beta)		2,707	(100)		8	(100)
TOTAL IMPACT OF SPECIAL ITEMS ON EBITDA from continuing operation		**(1,588)**	**(100)**		**(5)**	**(100)**
EBITDA from continuing operation	**1,734,645**	**1,046,042**	**66**	**4,601**	**3,444**	**34**

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)	Both the 2022 and 2021 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)	Retail segment sales are shown 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.

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 Human Resources Vice President and the Group Strategic Operations and Corporate Development Executive 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 2022 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	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%	50%

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	5 September, 2013
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 2022, the Board of Directors held 6 meetings with an average attendance rate of 94%. Attendance to the Board of Directors meetings during 2022 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%	5	100%				
Dr. Sándor Csányi (Deputy Chairman)	6	100%	5	100%				
Zsigmond Járai	5	83%			5	100%		
Dr. János Martonyi	6	100%	4	80%			4	100%
József Molnár*	6	100%			1	100%	4	100%
Dr. László Parragh	6	100%			5	100%	4	100%
Dr. Anthony Radev	5	83%	4	80%	5	100%		
Dr. Martin Roman	5	83%	5	100%				
Talal Al-Awfi	5	83%			3	60%		
JUDr. Oszkár Világi	6	100%						
Dr. György Bacsa	6	100%					2	100%
	6	94%	5	92%	5	92%	4	92%

* József Molnár was elected by the Board of Directors as member of the Finance and Risk Management Committee from 8 September 2022

* Dr. György Bacsa was elected by the Board of Directors as member of the Sustainable Development Committee from 8 September 2022

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 2022 the **Corporate Governance and Remuneration Committee** held 5 meetings with a 92% 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 2022, the **Finance and Risk Management Committee** held 5 meetings with an 92% 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 2022, the **Sustainable Development Committee** held 4 meetings with an 100% attendance rate. The Committee evaluated the accomplishment of the sustainability related actions taken in 2022. 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	6	100%		
Dr. Attila Chikán*	independent	3	100%	3	100%
Ilona Dávid*	independent	3	100%	3	100%
Dr. Lajos Dorkota*	independent	6	100%		
Norbert Izer**	independent	2	100%	1	50%
Dr. Péter Kaderják	independent	6	100%		
Vladimír Kestler	independent	2	67%		
András Lánczi	independent	5	83%		
Ivan Mikloš	independent	6	100%	6	100%
Márton Nagy**	independent	1	17%	0	0%
Dr. Anett Pandurics	independent	6	100%	6	100%
Employee representatives:					
Piroska Bognár*	non-independent	3	100%		
Bálint Péter Kis***	non-independent	3	100%		
Tibor István Ördög	non-independent	3	100%		
Dr. Sándor Puskás	non-independent	6	100%		
Kálmán Serfőző***	non-independent	3	100%		
Csaba Szabó	non-independent	6	100%		
András Tóth	non-independent	6	100%		

* The mandate of Dr. Attila Chikán, Ilona Dávid, Vladimír Kestler, Piroska Bognár and Tibor István Ördög has expired on 31 May 2022.
** Norbert Izer was elected by the 2022 Annual General Meeting as member of the Supervisory Board from 15 July 2022
*** Bálint Péter Kis and Kálmán Serfőző were elected by the 2022 Annual General Meeting as members of the Supervisory Board from 1 June 2022

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 reviews the proposals for the Annual General Meeting. The Supervisory Board reviews its annual activity during the year.

In 2022 the **Supervisory Board** held 6 meetings with an 93% average attendance rate. Attendance to the Supervisory Board meetings during 2022 is set out in the table above. In 2022, the **Audit Committee** held 6 meetings with a 75% average attendance rate. Attendance to the Audit Committee meetings during 2022 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 Human Resources Vice President since 1 October 2021
Sándor Fasimon*	President of INA d.d. Management Board until 27 September 2022
Dr. Berislav Gašo	Group Exploration & Production Executive Vice President
Péter Ratatics	Group Consumer Services Executive Vice President, MOL Hungary Managing Director until 12 October 2022
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 since 13 October 2022

* Member of the MC until 31 August 2021

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 (adopted in February 2021) with the newly introduced EU Fit for 55 regulation. For more information on the strategy of MOL Group and the role of climate change, 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 report is submitted to the FRC. Climate change is a strategic risk for MOL Group and is part of the Group's ERM system, and therefore reported and presented separately to members of the FRC. More information can be obtained from the 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 analyse 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. 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 2022:

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 2022, 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 2022, 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 new operational model, reflecting COVID-19 and post-COVID changed market conditions,
- 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 2022 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
2019	3 052 HUF	1 Jan 2021-31 Dec 2022
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***	
2019-2021	0%	0%	0%	0%
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 2022: 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

	31.12.2022		31.12.2021	
	Par value of shares (HUF th)	**%**	**Par value of shares (HUF th)**	**%**
Foreign investors	31,973,758	31.22	27,662,125	27.01
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	0	0.00
OmanOil (Budapest) Limited*	0	0.00	7,316,294	7.14
OTP Bank Plc.	5,014,153	4.90	5,014,702	4.90
OTP Fund Management	267,651	0.26	1,370,088	1.34
ING Bank N.V.	4,285,132	4.18	4,589,992	4.48
UniCredit Bank AG	4,305,819	4.20	3,446,793	3.37
Commerzbank AG	0	0.00	1,230,578	1.20
Domestic institutional investors	9,206,353	8.99	10,791,049	10.54
Domestic private investors	5,436,497	5.31	7,133,784	6.96
MOL Plc (treasury shares)	2,566,612	2.51	2,643,041	2.58
Total	**102,428,683**	**100.00**	**102,428,683**	**100.00**

* On 27 January Oman Oil (Budapest) Limited sold a total of 58,530,352 “A” Series MOL ordinary shares (“MOL Shares) to MOL Plc. Special Employee Share Ownership Program (“SESOP”) Organization 2021-1 and MOL Plc. SESOP Organization 2021-2. At the same day based on the authorization of the Extraordinary General Meeting of the Company held on 22 December 2021 MOL sold 3,304,712 MOL Shares to MOL Plc. SESOP Organization 2021-1 and 3,304,712 pieces of MOL Shares to MOL Plc. SESOP Organization 2021-2. As a result of the above transaction the combined number of voting rights of MOL Plc. SESOP Organization 2021-1 and MOL Plc. SESOP Organization 2021-2 in MOL increased from 0 vote to 65,139,776 votes and the proportion of voting rights increased from 0% to 7.95%

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 2022.

Period	BSE volume (no. of shares)	BSE closing price (HUF/share)
1st quarter	138,123,730	2,930
2nd quarter	74,108,614	2,918
3rd quarter	47,988,882	2,406
4th quarter	32,798,537	2,602

TREASURY SHARES

During 2022 the following treasury share transactions happened:

Reasons for change	**Number of "A" series Ordinary shares**
Number of Treasury shares on 31 December 2021	**21,139,702**
MOL transferred Treasury shares to MOL Plc ESOP Organization (2 times)	-409,317
MOL Plc ESOP Organization transferred MOL shares to MOL Plc. (3 times)	1,145,174
MOL exercises its American Call Options against Unicredit Bank AG, ING Bank N.V. and Commerzbank AG	74,138,899
MOL sold Treasury shares to MOL SESOP Organizations	-6,609,424
MOL sold shares and conclude Share Option Agreement with ING Bank N.V.	-36,127,167
MOL sold shares and conclude Share Option Agreement with UniCredit Bank A.G.	-39,041,393
Share distribution for the members of the Board of Directors	-149,155
The option agreement between MOL and Unicredit Bank AG were physically settled by automatic exercise as a result MOL acquired shares	4,594,839
The option agreement between MOL and ING were physically settled by automatic exercise as a result MOL acquired shares	1,846,111
Number of Treasury shares on 31 December 2022	**20,528,269**

In 2022 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 2022 Annual General Meeting made the following resolutions:

- elected Mr. József Molnár as member of the Board of Directors from 1 June 2022 to 31 May 2027.
- elected Mr. Norbert Izer as member of the Supervisory Board from 15 July 2022 to 14 July 2027.
- elected Mr. Norbert Izer as member of the Audit Committee from 15 July 2022 to 14 July 2027.
- elected Dr. Sándor Puskás, Mr. András Tóth, Mr. Bálint Kis and Mr. Kálmán Serfőző as employee representatives in the Supervisory Board of the Company from 1 June 2022 to 31 May 2027

MOL SECURITIES HELD BY DIRECTORS AND OFFICERS OF THE COMPANY AS OF 31 DECEMBER 2022:

Name	Current position	Number of MOL shares
Zsolt Hernádi	Chairman of the Board of Directors,Chairman-CEO (C-CEO)	1,750,771
Dr. Sándor Csányi*	member of the Board of Directors, Vice-Chairman	210,400
József Molnár	member of the Board of Directors, Group Chief Executive Officer (GCEO)	307,302
Dr. Bacsa György	member of the Board of Directors, Executive Vice President, Group Strategic Operations and Business Development, MOL Hungary COO	8,134
Talal Al-Awfi	member of the Board of Directors	20,505
Zsigmond Járai	member of the Board of Directors	112,320
Dr. János Martonyi	member of the Board of Directors	112,320
Dr. László Parragh	member of the Board of Directors	47,160
Dr. Anthony Radev	member of the Board of Directors	107,272
Dr. Martin Roman	member of the Board of Directors	14,400
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.	219,280
Zoltán Áldott	Chairman of the Supervisory Board	250,000
Dr. Anett Pandurics	Deputy Chairman of the Supervisory Board	0
Dr. Lajos Dorkota	member of the Supervisory Board	0
Péter Kaderják	member of the Supervisory Board	0
Márton Nagy	member of the Supervisory Board	
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	
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
Csaba Szabó	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	Human Resources Vice President	0
Marek Senkovic	CEO & Head of Downstream of SLOVNAFT	0
Dr. Berislav Gašo	Executive Vice President, Upstream	6,012
Péter Ratatics	Executive Vice President, Consumer Services, President of the Management Board, INA d.d.	1,069

József Simola	Group Chief Financial Officer (GCFO)	104,883
Gabriel Szabó	Executive Vice President, Downstream	0

* Dr. Sándor Csányi owns 210,400 shares directly, 2,100,000 shares indirectly via BONITÁS 2002 Befektető és Tanácsadó Zrt.

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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H-1117 Budapest, Dombóvári út 28.

H-1502 Budapest, Pf.: 22

Phone: (+36-1) 209-0000, 209-1010, 209-2020

SHARE REGISTRAR

KELER Zrt.

H-1074 Budapest, Rákóczi u. 70-72.

Phone: (+36-1) 483-6251, (+36-1) 483-6289

E-mail: rko@keler.hu

STOCK EXCHANGE TRADING INFORMATION

Budapest Stock Exchange

H-1013 Budapest, Krisztina krt. 55.

Phone: (+36-1) 429-6857

Fax: (+36-1) 429-6899

E-mail: info@bse.hu

WARSAW STOCK EXCHANGE

Giełda Papierów Wartosciowych w Warszawie S.A.

4 Ksiazeca Street 00-498, Warsaw Poland

Phone: (+4822) 628 32 32

Fax: (+4822) 628 17 54

E-mail: gpw@gpw.pl

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INVESTOR RELATIONS AND ESG COORDINATION

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Group Investor Relations and ESG Coordination Manager

Zoltán Pandi

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MOL HUNGARIAN OIL AND GAS PLC.

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 2022

Budapest, 23 March 2023

CONSOLIDATED FINANCIAL STATEMENTS

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 24,000 people and a track record of more than 100 years in the industry with its legal predecessor. MOL Group has over 80 years of experience in exploration and production and its diverse portfolio includes active oil and gas presence in 12 countries, with production activity in 8 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 23 March 2023.

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	2022 HUF million	2021 Restated* HUF million
Net sales		9,868,163	5,766,751
Other operating income		43,716	32,133
Total operating income	3	**9,911,879**	**5,798,884**
Raw materials and consumables used		7,458,413	4,375,291
Employee benefits expense		342,513	299,359
Depreciation, depletion, amortisation and impairment		475,533	478,856
Other operating expenses		632,864	360,861
Change in inventory of finished goods and work in progress		(151,056)	(194,282)
Work performed by the enterprise and capitalised		(105,500)	(88,387)
Total operating expenses	4	**8,652,767**	**5,231,698**
Profit from operation		**1,259,112**	**567,186**
Finance income		164,080	104,847
Finance expense		238,412	138,930
Total finance expense, net	5	**(74,332)**	**(34,083)**
Share of after-tax results of associates and joint ventures	6	(29,486)	21,515
Profit/(Loss) before tax		**1,155,294**	**554,618**
Income tax expense	7	466,343	46,936
Profit/(Loss) for the year from continuing operations		**688,951**	**507,682**
Profit / (Loss) for the period from discontinued operations	**15**	**223,297**	**42,453**
PROFIT / (LOSS) FOR THE PERIOD		**912,248**	**550,135**
Attributable to:			
Owners of parent from continuing operations		**628,293**	484,469
Non-controlling interest from continuing operations		**60,658**	23,213
Owners of parent from discontinued operations		**223,297**	42,453
Non-controlling interest from discontinued operations		-	-
Owners of parent		**851,590**	526,922
Non-controlling interest		**60,658**	23,213
Basic earnings per share attributable to owners of the parent (HUF) cont.op.	27	851.01	673.35
Diluted earnings per share attributable to owners of the parent (HUF) cont.op.		848.94	668.37
Basic earnings per share attributable to owners of the parent (HUF) discont.op.		302.45	59.00
Diluted earnings per share attributable to owners of the parent (HUF) discont.op.		301.71	58.57
Basic earnings per share attributable to owners of the parent (HUF)		1,153.46	732.36
Diluted earnings per share attributable to owners of the parent (HUF)	27	1,150.65	726.94

* more information in Note 1 Restatements in comparative periods

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Notes	2022 HUF million	2021 Restated HUF million
Profit/(Loss) for the year from continuing operations		**688,951**	**507,682**
Profit/(Loss) for the year from discontinued operations		**223,297**	**42,453**
Profit/(Loss) for the year		**912,248**	**550,135**
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	239,678	73,125
Exchange differences on translating discontinued operations, net of tax		(11,148)	(3,616)
Net investment hedge, net of tax	8	(34,768)	(2,963)
Changes in fair value of debt instruments at fair value through other comprehensive income, net of tax	8	(3,330)	(166)
Changes in fair value of cash flow hedges, net of tax	8	527	994
Share of other comprehensive income of associates and joint ventures	8	18,715	10,200
Other comprehensive income from continuing operation / (loss) for the year, net of tax		220,822	81,190
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**209,674**	**77,574**
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	(4,481)	17,736
Remeasurement of post-employment benefit obligations	8	1,725	(716)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**(2,756)**	**17,020**
Other comprehensive income from continuing operation / (loss) for the year, net of tax		**218,066**	**98,210**
Other comprehensive income for the period, net of tax		**206,918**	**94,594**
Total comprehensive income from continuing operation for the period		**907,017**	**605,892**
Total comprehensive income from discontinued operation for the period		**212,149**	**38,837**
Total comprehensive income for the period		**1,119,166**	**644,729**
Attributable to:			
Owners of parent from continuing operation		814,979	575,271
Non-controlling interest from continuing operation		92,038	30,621
Owners of parent from discontinued operation		212,149	38,837
Non-controlling interest from discontinued operation		-	-
Owners of parent		1,027,128	614,108
Non-controlling interest		92,038	30,621

* more information in Note 1 Restatements in comparative periods

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 Dec 2022 HUF million	31 Dec 2021 Restated HUF million	1 Jan 2021 Restated HUF million
NON-CURRENT ASSETS				
Property, plant and equipment	9	3,817,879	3,378,867	3,235,223
Investment property	9	9,459	6,863	5,140
Intangible assets	9	552,588	437,839	397,871
Investments in associates and joint ventures	6	190,805	213,051	209,893
Other non-current financial assets	21	340,291	228,087	165,937
Deferred tax assets	7	109,899	170,318	143,499
Other non-current assets	13	85,555	76,843	86,649
Total non-current assets		**5,106,476**	**4,511,868**	**4,244,211**
CURRENT ASSETS				
Inventories	14	997,045	702,798	461,391
Trade and other receivables	23	931,511	754,019	523,278
Securities	21	7,295	845	14,511
Other current financial assets	21	177,963	61,079	24,136
Income tax receivable		12,239	7,551	13,244
Cash and cash equivalents	24	595,244	367,447	193,877
Other current assets	15	96,563	82,178	69,075
Assets classified as held for sale	19	43,363	16,379	1,463
Total current assets		**2,861,223**	**1,992,296**	**1,300,975**
Total assets		**7,967,699**	**6,504,164**	**5,545,186**
EQUITY	20			
Share capital		79,013	78,163	78,249
Retained earnings and other reserves		2,702,764	2,172,065	2,168,568
(Loss) / Profit for the year attr. to owners of parent		851,589	526,922	(18,323)
Equity attributable to owners of parent		**3,633,366**	**2,777,150**	**2,228,494**
Non-controlling interest		**378,770**	**312,781**	**282,946**
Total equity		**4,012,136**	**3,089,931**	**2,511,440**
NON-CURRENT LIABILITIES				
Long-term debt	21	650,413	866,492	820,998
Other non-current financial liabilities	21	20,671	36,913	49,367
Non-current provisions	16	584,447	695,296	626,406
Deferred tax liabilities	7	128,482	122,379	130,701
Other non-current liabilities	17	39,258	32,460	31,934
Total non-current liabilities		**1,423,271**	**1,753,540**	**1,659,406**
CURRENT LIABILITIES				
Short-term debt	21	468,686	185,616	321,790
Trade and other payables	21	1,001,634	848,241	549,642
Other current financial liabilities	21	231,454	244,167	228,078
Current provisions	16	115,001	70,084	49,690
Income tax payable		362,466	40,378	10,330
Liabilities classified as held for sale	19	2,161	3,420	-
Other current liabilities	18	350,890	268,787	214,809
Total current liabilities		**2,532,292**	**1,660,693**	**1,374,339**
Total liabilities		**3,955,563**	**3,414,233**	**3,033,745**
Total equity and liabilities		**7,967,699**	**6,504,164**	**5,545,185**

* more information in Note 1 Restatements in comparative periods

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 2021		**78,249**	**219,389**	**8,205**	**376,675**	**1,530,556**	**2,134,825**	**2,213,074**	**271,014**	**2,484,088**
Corrections due to restatements		-	-	**2,398**	**26,729**	**(13,707)**	**15,420**	**15,420**	**11,932**	**27,352**
Opening balance 1 Jan 2021 Restated		**78,249**	**219,389**	**10,603**	**403,404**	**1,516,849**	**2,150,245**	**2,228,494**	**282,946**	**2,511,440**
Profit / (loss) for the year from continuing operation		-	-	-	-	484,469	**484,469**	**484,469**	23,213	**507,682**
Profit / (loss) for the year from discontinued operation		-	-	-	-	42,453	**42,453**	**42,453**	-	**42,453**
Other comprehensive income / (loss) for the year from continuing operation		-	-	16,964	74,590	(752)	**90,802**	**90,802**	7,408	**98,210**
Other comprehensive income / (loss) for the year from discontinued operation		-	-	-	(3,616)	-	**(3,616)**	**(3,616)**	-	**(3,616)**
Total comprehensive income / (loss) for the year		-	-	16,964	70,974	526,170	**614,108**	**614,108**	30,621	**644,729**
Dividends	20	-	-	-	-	(59,417)	**(59,417)**	**(59,417)**	-	**(59,417)**
Dividends to non-controlling interests	20	-	-	-	-	-	-	-	(293)	**(293)**
Equity recorded for share-based payments	4	20	-	-	-	1,507	**1,507**	**1,527**	-	**1,527**
Treasury share transactions	20	(106)	-	-	-	(1,579)	**(1,579)**	**(1,685)**	-	**(1,685)**
Acquisition / divestment of subsidiaries		-	-	-	-	-	-	-	(110)	**(110)**
Acquisition of non-controlling interests		-	-	-	-	199	**199**	**199**	(384)	**(185)**
Other		-	-	-	-	(6,076)	**(6,076)**	**(6,076)**	1	**(6,075)**
Closing balance 31 Dec 2021 originally presented		**78,163**	**219,389**	**25,575**	**446,289**	**1,987,843**	**2,679,096**	**2,757,259**	**301,285**	**3,058,544**
Corrections due to restatements		-	-	1,992	28,089	(10,190)	19,891	19,891	11,496	31,387
Closing balance 31 Dec 2021 Restated		**78,163**	**219,389**	**27,567**	**474,378**	**1,977,653**	**2,698,987**	**2,777,150**	**312,781**	**3,089,931**
Opening balance 1 January, 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**

* more information in Note 1 Restatements in comparative periods

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2022 HUF million	2021 Restated HUF million
Profit/(Loss) before tax from continuing operation		**1,155,294**	**554,618**
Profit/(Loss) before tax from discontinued operation		**225,410**	**37,220**
Profit/(Loss) before tax		**1,380,704**	**591,838**
Adjustments to reconcile profit before tax to net cash provided by operating activities			
Depreciation, depletion, amortisation and impairment	4	458,242	513,735
Increase/(decrease) in provisions	16	31,816	25,309
Net (gain)/loss on asset disposal and divestments		(98,120)	(4,262)
Net interest expense/(income)	5	5,902	27,365
Other finance expense/(income)	5	53,952	8,900
Share of after-tax results of associates and joint ventures	6	29,486	(21,515)
Other items	26	134,088	96,109
Income taxes paid	7	(124,937)	(41,221)
Cash flows from operations before changes in working capital		**1,871,133**	**1,196,258**
Change in working capital		*(482,387)*	*(278,192)*
(Increase)/decrease in inventories	14	(271,245)	(244,335)
(Increase)/decrease in trade and other receivables	23	(629,517)	(275,229)
Increase/(decrease) in trade and other payables	21	204,818	266,673
(Increase)/decrease in other assets and liabilities	15, 18	213,557	(25,301)
Cash flows from operations		**1,388,746**	**918,066**
Capital expenditures	2	(615,922)	(499,838)
Proceeds from disposal of fixed assets		22,212	5,882
Acquisition of businesses (net of cash)	10	(193,685)	(2,411)
Proceeds from disposal of businesses (net of cash)	11, 19	(34,694)	1,089
(Increase)/Decrease in other financial assets	21	(83,231)	(27,862)
Interest received and other finance income	5	26,559	4,595
Dividends received	5	24,266	36,976
Cash flows used in investing activities		**(854,495)**	**(481,569)**
Proceeds from issue of bonds, notes and debentures		-	132,271
Proceeds from borrowings		1,226,532	814,220
Repayments of borrowings		(1,380,177)	(1,118,156)
Interest paid and other finance expense	5	(23,896)	(25,524)
Dividends paid to owners of parent	20	(191,236)	(59,404)
Dividends paid to non-controlling interest	20	(27,054)	(13,545)
Transactions with non-controlling interest		-	(361)
Net issue / repurchase of treasury shares		16,576	(2,026)
Other changes in equity		(1)	-
Cash flows used in financing activities		**(379,256)**	**(272,525)**
Currency translation differences relating to cash and cash equivalents		72,802	10,426
Increase/(decrease) in cash and cash equivalents		**227,797**	**174,398**
Cash and cash equivalents at the beginning of the year		367,447	193,877
Cash and cash equivalents at the end of the year		595,244	367,447
Change in Cash and cash equivalents		**227,797**	**173,570**
Change in cash and cash equivalents classified as asset held for sale		-	-
Change in Overdraft		-	828
Increase/(decrease) in cash and cash equivalents		**227,797**	**174,398**

* more information in Note 1 Restatements in comparative periods

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – SIGNIFICANT 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. Significant 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 2022.

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

Principles of consolidation

The consolidated financial statements as of for the year ended at 31 December 2022 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 amendments for the first time for the annual reporting period commencing 1 January 2022:

- Amendment to IFRS 3 Business Combinations
- Amendment to IAS 16 Property, Plant and Equipment
- Amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- Amendment to Annual Improvements 2018-2020

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

Amendments in accounting policies

Voluntary amendments

Following the fuel price cap enacted in Hungary at the end of 2021, MOL Group has performed an internal, comprehensive review of its pricing procedures. As part of these procedures pricing methodologies were assessed and product prices were broken down into components country by country. Management identified that although EU countries are required to maintain emergency stocks of oil which can be used in case of a disruption to supply emergency oil stocks, governments cover the related expenses in levying a stockpiling fee on wholesalers or incorporating it in the excise duty. Fees collected from customers that must be remitted to a governmental entity do not meet the criteria for recognition as net revenue under IFRS 15. Management believes that it would lead to a more relevant and reliable information being presented if stockpiling association fees were consistently treated with excise duties and excluded from Net sales.

As a result of the revision HUF 36,111 million was netted between net sales and other operating expenses in 2021.

Contracts to buy and sell physical delivery non-financial instruments (e.g. commodities) in the future where the economic substance of the transaction is to trade with the non-financial instrument in the course of normal business activity are contracts with customers under IFRS 15 to deliver the goods and a derivative under IFRS 9 to hedge the price risk. The amendment was required as commodity trading becomes part of the normal course of business due to strategic risk management purposes.

Issued but not yet effective International Financial Reporting Standards

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

Summary of significant accounting policies

Functional and presentation currency

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

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

Foreign Currency Transactions

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

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

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

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

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 2022, 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 Fit for 55 regulation in 2021. For more information on MOL Group's actions and plans regarding climate-related matters please refer to the respective parts of the Integrated Annual Report of the Group.

MOL Group acknowledges that the energy transition will occur, however there is a significant uncertainty around the pace of the transition. IFRS requires entities to use the latest available and reliable information when developing an accounting estimate. 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 expects climate-related matters to have an impact on the financial statements in the long-term and incorporates these factors into accounting estimates. Assumptions and information used like: Brent oil, NCG gas, CO2 quota price assumptions and applied industrial discount rates take into consideration the effects of the climate related matters and are in line with external information. Significant accounting estimates that could be affected by the climate change and energy transition are recoverability of assets, useful lives of tangible and intangible assets and provision for future decommissioning liabilities. For the assumptions and valuation techniques used please refer to the respective notes 9, 16 in the consolidated financial statements.

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 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 (investment value as at 31 December 2021 was HUF 19,678 million). 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 2023 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.

Management is taking actions to manage the risk of possible crude oil supply disruption, including consideration of using alternative supply routes of sufficient capacity. MOL Group has access to state reserves which enables it to supply its markets in case of interruptions of the Druzhba pipeline.

b) Windfall Taxes introduced during 2022

As a result of the Russian-Ukrainian conflict and the emerging energy crisis, the governments introduced significant measures, which also affect the MOL Group.

- Mining royalty effective from 1 August 2022:
  - The Hungarian oil and gas royalty rates have been changed; 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 royalty base include minimum thresholds for 2022 and 2023.
  - Production has been 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 vis major situation, approval should be requested from the Mining Authority for the lower production. If the lower production is unjustified, the Mining Authority will impose additional mining royalty.
- Extra profit tax on Ural-Brent spread
  - From 01.01.2022, the Hungarian government has introduced a Brent-Ural spread-based tax, which tax 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 has been modified to 40% prospectively.
  - 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.
- Retail tax
  - The Hungarian Government modified the retail tax effective from 1 July 2022;
  - 80% of the 2021 tax had to be paid as a one-off additional tax in 2022;
  - For 2023 tax rate per revenue ranges will increase: in the range of HUF 500 million – HUF 30 billion the rate will increase from 0.1% to 0,15%, in the range of HUF 30 billion – HUF 100 billion the rate will increase from 0.4% to 1%, above HUF 100 billion the rate will increase from 2.7% to 4.1%.
- Solidarity contribution
  - On 6 October 2022, the Council of the European Union adopted a Regulation on „an emergency intervention to address high energy prices". One of the measures of the Regulation is the temporary Solidarity Contribution. The Solidarity Contribution applies to EU companies and permanent establishments with certain activities in the crude petroleum, natural gas, coal and refinery sectors. The base of the Solidarity Contribution is the taxable profits realised in 2022 and / or 2023 which are above 20% increase of the average taxable profits realised in the four preceding fiscal years. The applicable rate is a minimum of 33%. Member States shall apply the Solidarity Contribution unless they have enacted equivalent national measures. The effects of such taxes is presented in Note 7.

In the statement of profit or loss the mining royalty, the extra profit tax and retail tax are recorded in other operating expenses, the solidarity contribution is recorded as income tax expense. The windfall taxes were considered when assessing the assets recoverability.

c) Price regulations

The Croatian Government introduced a gas sales price cap from Q4 2022 for all domestically produced gas limiting the sales price at 41 EUR/MWh, which will be in force until Q1 2024.

The Hungarian Government introduced a retail fuel price cap on 15 November 2021 and a wholesale price cap on 28 February 2022. The regulation was modified several times, the last version of the retail price cap narrowed the eligibility only to private consumers with Hungarian license plate. Both price cap has been lifted on 7 December 2022.

The Government of Croatia decided in October 2021 to limit the prices on fuel products initially for 90 days. Since then, the regulation has been modified more than 40 times. Currently margin cap is valid on main grade gasoline and diesel for the entire retail network.

The Serbian Government introduced a retail fuel price cap on 12 February 2022 for main grade products which is prolonged at monthly level for further 30 days.

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

The Slovenian Government introduced price cap regulation in March 2022 which changed to margin cap as of 21 June, and it is prolonged till June 2023.

The Romanian government introduced a fuel price compensation from 1 July 2022 allowing fuel companies to grant a fixed amount of discounts and then apply for a partial amount of compensation. The regulation was prolonged and adjusted several times. It was valid until 31st Dec 2022.

Price regulations were considered when assessing the recoverability of assets in case the regulations were effective in the next financial year.

d) 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 will be responsible for the collection of close to 5 million tonnes of municipal solid waste, will ensure its treatment and will make related investments. MOL's binding offer for waste management services was submitted on June 3, 2022 in line with the requirements of the concession tender.

Restatements of comparative periods

MOL Group restated its comparative periods due to the retrospective application of an accounting policy change and due to errors detected during the 2022 financial year. Corrections of errors and effects of accounting policy change are presented below in the primary statements.

Detailed description of the errors detected during 2022

a) During 2022, impairment of two oil fields in Egypt was recognised. Since the conditions that led to this impairment existed in the 2020 financial year the Group decided to restate the balance sheet as at 1 January 2021 and decreased property, plant and equipment by HUF 2,562 million, increased deferred tax assets by HUF 461 million and decreased retained earnings by HUF 2,101 million. As at 31 December 2021 property, plant and equipment decreased by HUF 4,202 million, deferred tax assets increased by HUF 756 million, retained earnings decreased by HUF 2,141 million, depreciation increased by HUF 1,591 million and income tax expense decreased by HUF 286 million. As this is a temporary tax difference, a deferred tax asset was recognised on the previously mentioned figures applying the income tax rate of 18%.

b) MOL Group revised its accounting treatment of excise duties calculated on oil derivatives which have not been sold at period end which resulted in understatement of current assets. Excise duty was wrongly recorded in profit and loss when the inventory left the excise warehouse instead of at the time of the sales of the inventory. To correct this error, the Group restated the statement of financial position as at 1 January 2021 and 31 December 2021 by increasing the other current assets in the amount of HUF 4,375 million and HUF 4,443 million respectively and increasing the retained earnings for the same amount as this omission related to periods prior to the ones presented in these consolidated financial statements.

c) Historically the Group measured its 7.75% investment in OMV Slovenia at cost. Since the investment is held as fair value through other comprehensive income as at 1 January 2021 and 31 December 2021 the Group corrected the measurement of the investment to reflect the fair value. The impact on the statement of financial position as at 1 January 2021 and increased the other non-current financial assets by HUF 5,958 million, increased the fair value reserves by HUF 4,885 million and decreased the deferred tax assets by HUF 1,072 million. As at 31 December 2021 as a result of the correction other non-current financial assets increased by HUF 4,949 million, deferred tax assets decreased by HUF 891 million, retained earnings increased with HUF 4,058 million.

d) MOL Group detected property which meets the definition of investment property as per IAS 40. As a result, property in the amount of HUF 5,409 million was reclassified to investment property. To present comparative effects HUF 5,001 million and HUF 5,140 million were reclassified as at 31 December 2021 and 1 January 2021, respectively, with no impact on presented income statements.

e) MOL Group revisited its accounting treatment of a loan given to Ural Group Limited (UGL) and reclassified it to other non-current financial assets. As a result of the restatement investment in associated companies and joint ventures decreased by HUF 7,563 million and HUF 15,233 million as at 01 January 2021 and 31 December 2021 respectively, and other non-current financial asset increased with the same amounts.

f) MOL Group corrected a fair value adjustment connected to the assets under construction which was capitalised in previous years and depreciated to zero. As a result of the correction property, plant and equipment increased by HUF 1,858 million, deferred tax assets decreased by HUF 353 million, retained earnings increased by HUF 1,505 million as at 01 January 2021, property, plant and equipment increased by HUF 2,056 million, deferred tax assets decreased by HUF 388 million, retained earnings increased by HUF 1,668 million as at 31 December 2021.

g) MOL Group revised the valuation method and accounting treatment of the share swap agreement with OTP. As a result, it was detected that the accounting treatment of the dividend paid and received on the shares involved in the swap agreement and the valuation method of the derivative instrument is not appropriate. The MOL shares involved in the swap are deducted from equity, however under the previous accounting treatment the dividend paid on these shares were deducted from the retained earnings and the dividend received was presented as a dividend income. As a result of the accounting treatment's revision the dividends should modify the fair value of the derivative financial instrument. As a result of the previous accounting treatment and valuation method the derivative financial liabilities and finance expenses were overstated, and the retained earnings were understated in 2020 and 2021. To change the accounting treatment MOL Group restated the statement of financial position as at 1 January 2021 by decreasing the other current financial liabilities and increasing the retained earnings with HUF 1,300 million and as at 31 December 2021 by decreasing the other current financial liabilities with HUF 8,643 million and increasing the retained earnings with HUF 5,108 million. Due to this change the other finance expense was also decreased by HUF 3,535 million in the statement of profit or loss in 2021.

h) MOL Group revised the equity method consolidated Pearl investment value. As a result of the revision HUF 2,869 million and HUF 2,620 million was recorded in 31 December 2021 and 1 January 2021 on balance sheet lines of investment of associated companies and joint ventures and of retained earnings as increasing items.

i) MOL Group adjusted the impairment reversal recognised on NACA field in 2019. The conditions that led to the impairment reversal adjustment has no more existed in 2020. As a result of the correction retained earnings decreased by HUF 11,775 million, property, plant and equipment decreased by HUF 12,870 million and deferred tax increased by HUF 1,095 million as 1 January 2021 and retained earnings decreased by HUF 11,957 million, property, plant and equipment decreased by HUF 13,069 million and deferred tax increased by HUF 1,112 million as at 31 December 2021.

j) MOL Group adjusted the environmental contingent liability recognised during the acquisition of INA in line with IFRS 3. As a result of the correction HUF 26,544 million was recognised in retained earnings, HUF (32,360) million in non-current provisions and HUF (5,816) million in deferred tax assets as at 1 January 2021 and HUF 26,981 million was recognised in retained earnings, HUF (34,011) million in non-current provisions, HUF (6,202) million in deferred tax assets and HUF 827 million in profit for the period as at 31 December 2021.

k) MOL Group reassessed the accounting treatment of the inventory purchased and sold to the national stockpiling association by MOL Group. As this is a non-monetary exchange only the margin on the transaction should be recorded in net sales. As a result of the revision HUF 30,874 million was netted between net sales and raw materials and consumables used and HUF 23,588 million was netted between net sales and change in inventory of finished goods and work in progress in 2021.

l) MOL Group reassessed the balance of Asset Retirement Obligation of Azeri-Chirag-Gunashli ("ACG") oil field and detected an error in 2020. As a result of the correction as at 1 January 2021 property, plant and equipment and non-current provision increased by HUF 21,359 million, as at 31 December 2021 property plant and equipment increased by HUF 18,338 million, retained earnings decreased by HUF 188 million, non-current provision increased by HUF 21,939 million, deferred tax liabilities decreased by HUF 900 million, depreciation increased by HUF 4,707 million, finance expenses decreased by HUF 1,356 million and income tax expense decreased by HUF 838 million.

Transactions due to voluntary accounting policy amendments

m) Following the fuel price cap enacted in Hungary at the end of 2021, MOL Group has performed an internal, comprehensive review of its pricing procedures. As part of these procedures pricing methodologies were assessed and product prices were broken down into components country by country. Management identified that although EU countries are required to maintain emergency stocks of oil which can be used in case of a disruption to supply emergency oil stocks, governments cover the related expenses in levying a stockpiling fee on wholesalers or incorporating it in the excise duty. Fees collected from customers that must be remitted to a governmental entity do not meet the criteria for recognition as net revenue under IFRS 15.

Management believes that it would lead to a more relevant and reliable information being presented if stockpiling association fees were treated similar to excise duties and excluded from Net sales.

As a result of the revision HUF 36,111 million was netted between net sales and other operating expenses in 2021.

Effect of the restatements on the Consolidated statement of profit or loss

	Reference	Notes	2022 HUF million	2021 Restated HUF million	Increase/ (Decrease) HUF million	2021 HUF million
Net sales	k, m,		9,868,163	5,766,751	(90,572)	5,857,323
Other operating income			43,716	32,133	-	32,133
Total operating income		3	**9,911,879**	**5,798,884**	**(90,572)**	**5,889,456**
Raw materials and consumables used	k,		7,458,413	4,375,291	(30,874)	4,406,165
Employee benefits expense			342,513	299,359	-	299,359
Depreciation, depletion, amortisation and impairment	a, l,		475,533	478,856	6,298	472,558
Other operating expenses	m,		632,864	360,861	(36,111)	396,972
Change in inventory of finished goods and work in progress	k,		(151,056)	(194,282)	(23,588)	(170,694)
Work performed by the enterprise and capitalised			(105,500)	(88,387)	-	(88,387)
Total operating expenses		4	**8,652,767**	**5,231,698**	**(84,275)**	**5,315,973**
Profit from operation			**1,259,112**	**567,186**	**(6,297)**	**573,483**
Finance income			164,080	104,847	-	104,847
Finance expense	g, j, l,		238,412	138,930	(6,005)	144,935
Total finance expense, net		5	**(74,332)**	**(34,083)**	**6,005**	**(40,088)**
Share of after-tax results of associates and joint ventures		6	(29,486)	21,515	(1)	21,516
Profit/(Loss) before tax			**1,155,294**	**554,618**	**(293)**	**554,911**
Income tax expense	a, j, l,	7	466,343	46,936	(837)	47,773
Profit/(Loss) for the year from continuing operations			**688,951**	**507,682**	**544**	**507,138**
Profit / (Loss) for the period from discontinued operations		**15**	**223,297**	**42,453**	**-**	**42,453**
PROFIT / LOSS FOR THE PERIOD			**912,248**	**550,135**	**544**	**549,591**
Attributable to:						
Owners of parent from continuing operations			**628,293**	484,469	787	483,682
Non-controlling interest from continuing operations			**60,658**	23,213	(243)	23,456
Owners of parent from discontinued operations			**223,297**	42,453	-	42,453
Non-controlling interest from discontinued operations			**-**	-	-	-
Owners of parent			**851,590**	526,922	787	526,135
Non-controlling interest			**60,658**	23,213	(243)	23,456
Basic earnings per share attributable to owners of the parent (HUF) cont.op.		27	851.01	673.35	1.09	672.26
Diluted earnings per share attributable to owners of the parent (HUF) cont.op.			848.94	668.37	1.08	667.29
Basic earnings per share attributable to owners of the parent (HUF) discont.op.			302.45	59.00	-	-
Diluted earnings per share attributable to owners of the parent (HUF) discont.op.			301.71	58.57	-	-
Basic earnings per share attributable to owners of the parent (HUF)			1,153.46	732.36	1.10	731.26
Diluted earnings per share attributable to owners of the parent (HUF)		27	1,150.65	726.94	1.08	725.86

Effect of the restatements on the Consolidated statement of other comprehensive income

	Notes	2022 HUF million	2021 Restated HUF million	Increase/ (Decrease) HUF million	2021 HUF million
Profit/(Loss) for the year from continuing operations		**688,951**	**507,682**	**544**	**507,138**
Profit/(Loss) for the year from discontinued operations		**223,297**	**42,453**	**-**	**42,453**
Profit/(Loss) for the year		**912,248**	**550,135**	**544**	**549,591**
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	239,678	73,125	(607)	73,732
Exchange differences on translating discontinued operations, net of tax		(11,148)	(3,616)	865	(4,481)
Net investment hedge, net of tax	8	(34,768)	(2,963)	-	(2,963)
Changes in fair value of debt instruments at fair value through other comprehensive income, net of tax	8	(3,330)	(166)	-	(166)
Changes in fair value of cash flow hedges, net of tax	8	527	994	-	994
Share of other comprehensive income of associates and joint ventures	8	18,715	10,200	250	9,950
Other comprehensive income from continuing operation / (loss) for the year, net of tax		220,822	81,190	(357)	81,547
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**209,674**	**77,574**	**508**	**77,066**
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	(4,481)	17,736	(827)	18,563
Remeasurement of post-employment benefit obligations	8	1,725	(716)	-	(716)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**(2,756)**	**17,020**	**(827)**	**17,847**
Other comprehensive income from continuing operation / (loss) for the year, net of tax		**218,066**	**98,210**	**(1,184)**	**99,394**
Other comprehensive income for the period, net of tax		**206,918**	**94,594**	**(319)**	**94,913**
Total comprehensive income from continuing operation for the period		**907,017**	**605,892**	**(640)**	**606,532**
Total comprehensive income from discontinued operation for the period		**212,149**	**38,837**	**865**	**37,972**
Total comprehensive income for the period		**1,119,166**	**644,729**	**225**	**644,504**
Attributable to:					
Owners of parent from continuing operation		814,979	575,271	(203)	575,474
Non-controlling interest from continuing operation		92,038	30,621	(437)	31,058
Owners of parent from discontinued operation		212,149	38,837	865	37,972
Non-controlling interest from discontinued operation		-	-	-	-
Owners of parent		1,027,128	614,108	662	613,446
Non-controlling interest		92,038	30,621	(437)	31,058

Effect of the restatements on the Consolidated statement of financial position

	Reference	Notes	31 Dec 2022 HUF million	31 Dec 2021 Restated HUF million	Increase/ (Decrease) HUF million	31 Dec 2021 HUF million	1 Jan 2021 Restated HUF million	Increase/ (Decrease) HUF million	31 Dec 2020 Restated HUF million
NON-CURRENT ASSETS									
Property, plant and equipment	a,d,f,i,l,	9	3,817,879	3,378,867	(1,877)	3,380,744	3,235,223	2,646	3,232,577
Investment property	d,	9	9,459	6,863	5,001	1,862	5,140	5,140	-
Intangible assets		9	552,588	437,839	-	437,839	397,871	-	397,871
Investments in associates and joint ventures	e,h,	6	190,805	213,051	(12,363)	225,414	209,893	(4,943)	214,836
Other non-current financial assets	c,e,	21	340,291	228,087	20,182	207,905	165,937	13,521	152,416
Deferred tax assets	a,c,f,i,j,	7	109,899	170,318	(5,479)	175,797	143,499	(5,553)	149,052
Other non-current assets		13	85,555	76,843	(2)	76,845	86,649	-	86,649
Total non-current assets			**5,106,476**	**4,511,868**	**5,462**	**4,506,406**	**4,244,211**	**10,810**	**4,233,401**
CURRENT ASSETS									
Inventories		14	997,045	702,798	-	702,798	461,391	-	461,391
Trade and other receivables		23	931,511	754,019	-	754,019	523,278	-	523,278
Securities		21	7,295	845	-	845	14,511	-	14,511
Other current financial assets		21	177,963	61,079	-	61,079	24,136	-	24,136
Income tax receivable			12,239	7,551	-	7,551	13,244	-	13,244
Cash and cash equivalents		24	595,244	367,447	-	367,447	193,877	-	193,877
Other current assets	b,	15	96,563	82,178	4,443	77,735	69,075	4,375	64,700
Assets classified as held for sale		19	43,363	16,379	-	16,379	1,463	-	1,463
Total current assets			**2,861,223**	**1,992,296**	**4,443**	**1,987,853**	**1,300,975**	**4,375**	**1,296,600**
Total assets			**7,967,699**	**6,504,164**	**9,905**	**6,494,259**	**5,545,186**	**15,185**	**5,530,001**
EQUITY		20							
Share capital			79,013	78,163	-	78,163	78,249	-	78,249
Retained earnings and other reserves			2,702,764	2,172,065	19,104	2,152,961	2,168,568	15,420	2,153,148
(Loss) / Profit for the year attr. to owners of parent			851,589	526,922	787	526,135	(18,323)	-	(18,323)
Equity attributable to owners of parent			**3,633,366**	**2,777,150**	**19,891**	**2,757,259**	**2,228,494**	**15,420**	**2,213,074**
Non-controlling interest			**378,770**	**312,781**	**11,496**	**301,285**	**282,946**	**11,932**	**271,014**
Total equity			**4,012,136**	**3,089,931**	**31,387**	**3,058,544**	**2,511,440**	**27,352**	**2,484,088**
NON-CURRENT LIABILITIES									
Long-term debt		21	650,413	866,492	-	866,492	820,998	-	820,998
Other non-current financial liabilities		21	20,671	36,913	-	36,913	49,367	-	49,367
Non-current provisions	j,l,	16	584,447	695,296	(12,072)	707,368	626,406	(11,000)	637,406
Deferred tax liabilities	l,	7	128,482	122,379	(766)	123,145	130,701	132	130,569
Other non-current liabilities		17	39,258	32,460	-	32,460	31,934	-	31,934
Total non-current liabilities			**1,423,271**	**1,753,540**	**(12,838)**	**1,766,378**	**1,659,406**	**(10,868)**	**1,670,274**
CURRENT LIABILITIES									
Short-term debt		21	468,686	185,616	-	185,616	321,790	-	321,790
Trade and other payables		21	1,001,634	848,241	-	848,241	549,642	-	549,642
Other current financial liabilities	g,	21	231,454	244,167	(8,643)	252,810	228,078	(1,300)	229,378
Current provisions		16	115,001	70,084	-	70,084	49,690	-	49,690
Income tax payable			362,466	40,378	-	40,378	10,330	-	10,330
Liabilities classified as held for sale		19	2,161	3,420	-	3,420	-	-	-
Other current liabilities		18	350,890	268,787	(1)	268,788	214,809	-	214,809
Total current liabilities			**2,532,292**	**1,660,693**	**(8,644)**	**1,669,337**	**1,374,339**	**(1,300)**	**1,375,639**
Total liabilities			**3,955,563**	**3,414,233**	**(21,482)**	**3,435,715**	**3,033,745**	**(12,168)**	**3,045,913**

Effect of the restatements on the Consolidated statement of cash flow

	Notes	2022 HUF million	2021 Restated HUF million	Increase/ (Decrease) HUF million	2021 HUF million
Profit/(Loss) before tax from continuing operation		**1,155,294**	**554,618**	**(293)**	**554,911**
Profit/(Loss) before tax from discontinued operation		**225,410**	**37,220**	**1**	**37,219**
Profit/(Loss) before tax		**1,380,704**	**591,838**	**(292)**	**592,130**
Adjustments to reconcile profit before tax to net cash provided by operating activities					
Depreciation, depletion, amortisation and impairment	4	458,242	513,735	6,298	507,437
Increase/(decrease) in provisions	16	31,816	25,309	-	25,309
Net (gain)/loss on asset disposal and divestments		(98,120)	(4,262)	-	(4,262)
Net interest expense/(income)	5	5,902	27,365	(2,470)	29,835
Other finance expense/(income)	5	53,952	8,900	(3,535)	12,435
Share of after-tax results of associates and joint ventures	6	29,486	(21,515)	1	(21,516)
Other items	26	134,088	96,109	(2)	96,111
Income taxes paid	7	(124,937)	(41,221)	0	(41,221)
Cash flows from operations before changes in working capital		**1,871,133**	**1,196,258**	**(0)**	**1,196,258**
Change in working capital		*(482,387)*	*(278,192)*	*0*	*(278,192)*
(Increase)/decrease in inventories	14	(271,245)	(244,335)	-	(244,335)
(Increase)/decrease in trade and other receivables	23	(629,517)	(275,229)	-	(275,229)
Increase/(decrease) in trade and other payables	21	204,818	266,673	-	266,673
(Increase)/decrease in other assets and liabilities	15, 18	213,557	(25,301)	0	(25,301)
Cash flows from operations		**1,388,746**	**918,066**	**(0)**	**918,066**
Capital expenditures	2	(615,922)	(499,838)	-	(499,838)
Proceeds from disposal of fixed assets		22,212	5,882	-	5,882
Acquisition of businesses (net of cash)	10	(193,685)	(2,411)	-	(2,411)
Proceeds from disposal of businesses (net of cash)	11	(34,694)	1,089	-	1,089
(Increase)/Decrease in other financial assets	21	(83,231)	(27,862)	-	(27,862)
Interest received and other finance income	5	26,559	4,595	-	4,595
Dividends received	5	24,266	36,976	-	36,976
Cash flows used in investing activities		**(854,495)**	**(481,569)**	**-**	**(481,569)**
Proceeds from issue of bonds, notes and debentures		-	132,271	-	132,271
Repayments of bonds, notes and debentures		0	-	-	-
Proceeds from borrowings		1,226,532	814,220	-	814,220
Repayments of borrowings		(1,380,177)	(1,118,156)	-	(1,118,156)
Interest paid and other finance expense	5	(23,896)	(25,524)	(3,809)	(21,715)
Dividends paid to owners of parent	20	(191,236)	(59,404)	3,809	(63,213)
Dividends paid to non-controlling interest	20	(27,054)	(13,545)	-	(13,545)
Transactions with non-controlling interest		-	(361)	-	(361)
Net issue / repurchase of treasury shares		16,576	(2,026)	-	(2,026)
Other changes in equity		(1)	(0)	-	-
Cash flows used in financing activities		**(379,256)**	**(272,525)**	**-**	**(272,525)**
Currency translation differences relating to cash and cash equivalents		72,802	10,426	-	10,426
Increase/(decrease) in cash and cash equivalents		**227,797**	**174,398**	**(0)**	**174,398**
Cash and cash equivalents at the beginning of the year		367,447	193,877	-	193,877
Cash and cash equivalents at the end of the year		595,244	367,447	-	367,447
Change in Cash and cash equivalents		**227,797**	**173,570**	**-**	**173,570**
Change in cash and cash equivalents classified as asset held for sale		-	**0**	-	-
Change in Overdraft		-	828	-	828
Increase/(decrease) in cash and cash equivalents		**227,797**	**174,398**	**-**	**174,398**

RESULTS FOR THE YEAR

This section explains the results and performance of the Group for the financial years ended 31 December 2022 and 31 December 2021. 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.

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**

2021	**Upstream Restated** HUF million	**Downstream Restated** HUF million	**Consumer Services** HUF million	**Gas Midstream** HUF million	**Corporate and other** HUF million	**Inter-segment transfers** HUF million	**Total Restated** HUF million
Net Revenue							
External sales	162,415	3,547,705	1,934,647	103,796	18,188	-	**5,766,751**
Inter-segment transfers	412,251	1,618,032	9,492	4,290	223,759	(2,267,824)	-
Total revenue	**574,666**	**5,165,737**	**1,944,139**	**108,086**	**241,947**	**(2,267,824)**	**5,766,751**
Profit/(loss) from operation	156,904	348,901	143,404	24,534	(74,574)	(31,983)	**567,186**

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**
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**
Provisions made and used during the year and revision of previous estimates	(12,623)	38,579	(494)	1,125	1,066	130	**27,783**

2021	Upstream Restated HUF million	Downstream HUF million	Consumer Services HUF million	Gas Midstream HUF million	Corporate and other HUF million	Inter-segment transfers HUF million	Total HUF million
Other segment information							
Capital expenditure:	132,352	289,296	48,209	21,070	79,390	-	**570,317**
Property, plant and equipment	119,991	210,989	42,132	20,397	69,360	-	**462,869**
Intangible assets	12,361	78,307	6,077	673	10,030	-	**107,448**
Depreciation, depletion, amortisation and impairment	238,661	151,840	39,129	16,640	33,577	(992)	**478,856**
From this: impairment losses recognised in statement of profit or loss (incl. dry-holes)	64,548	4,122	1,351	256	2,857	(50)	**73,084**
From this: reversal of impairment recognised in statement of profit or loss	23	49	498	-	41	-	**611**
Provisions made and used during the year and revision of previous estimates	7,709	22,255	(89)	405	(2,033)	-	**28,247**

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

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

a) Assets by geographical areas

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**

2021	Intangible assets	Property, plant and equipment		Investment in associates and joint ventures		Other non-current assets
		31 Dec 2021 Restated	1 Jan 2021 Restated	31 Dec 2021 Restated	1 Jan 2021 Restated	
	(Note 9)	(Note 9)	(Note 9)	(Note 6)	(Note 6)	(Note 13)
	HUF million	HUF million	HUF million	HUF million	HUF million	HUF million
Hungary	138,819	1,453,252	1,287,922	15,509	19,776	10,969
Croatia	61,363	598,743	610,577	12,057	12,303	14,256
Slovakia	8,821	544,319	563,511	6,459	4,402	423
Azerbaijan	182,871	457,406	447,555	1,394	16,662	-
Rest of European Union	31,944	193,247	215,268	19,678	12,544	51,195
Rest of Europe	1,678	82,221	63,406	-	-	-
Rest of the World	12,343	49,679	46,984	157,954	144,206	-
Total	**437,839**	**3,378,867**	**3,235,223**	**213,051**	**209,893**	**76,843**

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

	2022 HUF million	2021 Restated HUF million
Sales of crude oil and oil products	7,194,127	3,930,836
Sales of petrochemical products	1,174,808	1,075,344
Sales of natural gas and gas products	768,823	338,412
Sales of services	264,514	153,761
Sales of retail shop products	240,782	165,952
Sales of other products	225,109	102,446
Total	**9,868,163**	**5,766,751**

Increase in the Group's sales revenue is due to the changes in macroeconomic environment, including price hikes in crude oil and consequently product quotations supported by healthier sales volumes influenced by better demand conditions.

b) Sales by geographical area

	2022 HUF million	2021 Restated HUF million
Hungary	2,817,008	1,477,002
Croatia	1,278,342	670,177
Slovakia	1,148,028	548,162
Italy	748,327	454,577
Czech Republic	732,008	467,064
Romania	602,369	418,214
Austria	426,524	261,137
Poland	414,431	291,759
Serbia	293,361	233,689
Bosnia-Herzegovina	252,820	137,210
Germany	203,850	153,812
United Kingdom	191,543	123,594
Slovenia	169,175	105,383
Switzerland	126,591	112,276
The Netherlands	70,367	41,434
Rest of Central-Eastern Europe	70,338	50,735
Rest of Europe	166,807	111,009
Rest of the World	156,274	109,517
Total	**9,868,163**	**5,766,751**

The Group has no single major customer the revenue from which would exceed 10% of the total net sales revenues in 2022 (neither in 2021).

The sales revenue is split by the method of the customer's registered office. The data for 2021 have been restated due to using this method.

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 1,666,186 million in 2022 and HUF 1,662,944 million in 2021.

c) Other operating income

	2022 HUF million	2021 HUF million
Allowances and subsidies received	11,704	6,196
Gain on sales of intangibles, property, plant and equipment	10,809	2,069
Penalties, late payment interest, compensation received	5,879	7,276
Reimbursement of legal costs	2,276	2,826
Gain from the sale of companies	-	2,327
Other	13,048	11,439
Total	**43,716**	**32,133**

The Other operating income includes reimbursement of legal costs (HUF 2,276 million) related to arbitration proceedings between Dana Gas PJSC (Dana) and Crescent Petroleum Company International LTD (Crescent) against MOL Plc. and OMV Upstream International GmbH, where MOL Group was the respondent. The Final Award was issued on 16th December 2022. The tribunal dismissed all of Dana and Crescent's claims and awarded reimbursement of 100% of MOL's legal and arbitration costs.

Gain on sales of intangibles, property, plant and equipment increased by HUF 8,740 million compared to 31 December 2021. In previous year gain on sale was realised on several small value sale transactions, while in 2022 an additional gain realised on the sale of properties and obsolete premises which are not used in production anymore.

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.

	2022	2021 Restated
	HUF million	HUF million
Raw materials and consumables used	**7,458,413**	**4,375,291**
Crude oil purchased	2,806,921	1,909,135
Cost of goods purchased for resale	2,643,273	1,142,823
Non-hydrocarbon-based material	828,612	439,832
Other raw materials	330,222	304,536
Value of material-type services used	296,134	242,022
Purchased bio diesel component	253,161	168,446
Utility expenses	199,895	103,028
Value of intermediated services	100,195	65,469
Employee benefits expense	**342,513**	**299,359**
Wages and salaries	242,098	219,695
Other employee benefits expense	54,359	34,502
Social security	46,056	45,162
Depreciation, depletion, amortisation and impairment	**475,533**	**478,856**
Other operating expenses	**632,864**	**360,861**
Mining royalties	227,410	55,210
Net loss of non-hedge commodity price transactions	98,846	88,306
Other	76,874	41,674
Other services	47,609	37,171
Taxes and contributions	44,755	24,372
Provision for greenhouse gas emission over quota allocated free of charge	30,274	24,381
Consultancy fees	22,392	17,350
Rental cost	21,022	19,698
Advertising expenses	18,238	16,211
Insurance fees	12,816	11,053
Bank charges	11,458	6,601
Cleaning costs	9,515	7,976
Site security costs	7,630	6,673
Contribution in strategic inventory storage	4,025	4,185
Change in inventory of finished goods and work in progress	**(151,056)**	**(194,282)**
Work performed by the enterprise and capitalised	**(105,500)**	**(88,387)**
Total operating expenses	**8,652,767**	**5,231,698**

Mining royalty increased in 2022 due to change in the applied rates, the unit values determined by Government Decree including minimum thresholds for 2022 and 2023 and the minimum required production level. 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.

	2022 HUF million	2021 HUF million
Absolute Share Value Based Remuneration	(33)	(8)
Relative Market Index Based Remuneration	47	(9)
Restricted Share Plan	156	153
Short-term Share Ownership Plan	337	1,223
Share-based retirement benefit	113	-
Total cash-settled share-based payment expense	**620**	**1,359**
Absolute Share Value Based Remuneration	(1,185)	650
Relative Market Index Based Remuneration	1,001	52
Restricted Share Plan	2,306	1,039
Short-term Share Ownership Plan	995	(496)
Share Incentive scheme for the members of the Board of Directors	452	361
Total equity-settled share-based payment expense	**3,569**	**1,606**
Total expense of share-based payment transactions	**4,189**	**2,965**

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

Absolute Share Value Based Remuneration Incentive for management

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

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

	2022		2021	
	Number of shares in conversion option units number of shares	Weighted average exercise price HUF/share	Number of shares in conversion option units number of shares	Weighted average exercise price HUF/share
Outstanding at the beginning of the year	**5,096,873**	**2,981**	**7,494,523**	**3,023**
Granted during the year	-	-	227,992	2,918
Forfeited during the year	(158,256)	2,973	(296,376)	3,011
Exercised during the year	(914,214)	2,918	-	-
Expired during the year	(2,328,699)	3,052	(2,329,266)	3,107
Outstanding at the end of the year	**1,695,704**	**2,918**	**5,096,873**	**2,981**
Exercisable at the end of the year	1,695,704	2,918	2,394,100	3,052

Cash-settled share-based payment:

	2022		2021	
	Number of shares in conversion option units number of shares	Weighted average exercise price HUF/share	Number of shares in conversion option units number of shares	Weighted average exercise price HUF/share
Outstanding at the beginning of the year	**263,578**	**2,987**	**360,351**	**3,026**
Granted during the year	-	-	33,749	2,918
Forfeited during the year	(40,000)	2,985	(19,736)	2,918
Exercised during the year	-	-	-	-
Expired during the year	(115,272)	3,052	(110,786)	3,107
Outstanding at the end of the year	**108,306**	**2,918**	**263,578**	**2,987**
Exercisable at the end of the year	108,306	2,918	135,272	3,052

Liabilities in respect of share-based payment plans amount to HUF 39 million as at 31 December 2022 (31 December 2021: HUF 68 million), recorded in Other non-current liabilities and Other current liabilities.

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

	2022	2021
Weighted average exercise price (HUF/share)	2,918	2,987
Share price as of 31 December (HUF/share)	2,602	2,520
Expected volatility based on historical data	36.13%	34.97%
Expected dividend yield	10.86%	4.36%
Estimated maturity (years)	1.00	1.49
Risk free interest rate	15.25%	5.14%

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 2,549 per share in 2022 (HUF 2,221 per share in 2021), 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. 1,200 shares per month are granted to each director, the Chairman of the Board is entitled to an additional number of 400 shares per month. If not a non-executive director is in charge as the Chairman of the Board, then this additional number of shares should be granted to the non-executive Deputy Chairman. The new incentive system ensures the interest of the Board of Directors in the long-term increase of the MOL share price as 2/3 of the shares vested in the year are under transferring restriction for one year.

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

	2022	2021
Number of shares vested	163,200	149,155
Share price at the date of grant (HUF/share)	2,549	2,221

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 program employees are entitled to the amount of 8 or 10 MOL Plc. shares after every year of services. Qualification of the scheme has been reviewed in 2022 and as a result, it is presented according to IFRS 2 – Share-based payment standard; the benefit qualifies as a cash-settled share-based benefit. 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 2,602 as of 31 December 2022, 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	2022 HUF million	2021 Restated HUF million
Interest income	25,192	3,594
Dividend income	1,997	9,520
Foreign exchange gains	125,745	89,668
Other finance income	11,146	2,065
Total finance income	**164,080**	**104,847**
Interest expense	15,279	15,587
Unwinding of discount on provisions	12,057	12,126
Foreign exchange losses	198,045	105,159
Other finance expense	13,031	6,058
Total finance expense	**238,412**	**138,930**
Net finance expense	**74,332**	**34,083**

Interest expense on lease liabilities accounted for in the period is HUF 4,673 million (2021: HUF 3,217 million). Finance income on the net investment in the lease accounted for in the period is HUF 382 million (2021: HUF 449 million).

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

6. Investments in associates and joint ventures

Accounting policies

Statement of financial position

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

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

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

Statement of profit or loss

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

			Ownership	Contribution to net income		Net book value of investments		
			2022	2022	2021	31 Dec 2022	31 Dec 2021 Restated	31 Dec 2021
Company name	**Country**	**Range of activity**	%	HUF million	HUF million	HUF million	HUF million	HUF million
Investment in joint ventures								
BaiTex Llc. / MK Oil and Gas B.V.	Russia / Netherlands	Exploration and production activity / Exploration investment management	51%	(25,092)	5,361	-	19,678	19,678
Terra Mineralna Gnojiva d.o.o. / Petrokemija d.d *	Croatia	Investment management	27%	(2,051)	(453)	-	12,057	12,057
ENEOS MOL Synthetic Rubber Zrt.	Hungary	Production of synthetic rubber	49%	(7,700)	(6,924)	959	4,365	4,365
Rossi Biofuel Plc.	Hungary	Biofuel component production	25%	307	2,987	7,331	8,859	8,859
Dunai Vízmű Plc.	Hungary	Water production, supply	33%	(1,283)	-	118	1,401	1,401
Datapac Group	Slovakia	IT services	25%	37	52	725	641	641
ITK Holding Plc.	Hungary	Mobility and public transport service	74%	(1,977)	15	-	875	875
Other				8	1	9	9	9
Investment in associated companies								
Pearl Petroleum Ltd.	Kurdistan region/Iraq	Exploration of gas	10%	8,178	11,058	173,733	157,954	155,084
BTC	Cayman Islands	Oil transportation	9%	3,386	246	977	1,394	1,394
Ural Group Limited	Kazakhstan	Exploration and production activity	28%	(4,039)	6,969	-	-	15,233
Meroco a.s.	Slovakia	Production of bio-diesel component (FAME)	25%	45	1,901	2,977	3,509	3,509
DAC ARENA a.s.	Slovakia	Facility management	28%	4	37	1,563	1,437	1,437
Messer Slovnaft s.r.o	Slovakia	Production of technical gases	49%	94	265	936	872	872
Plinara d.o.o. Pula **	Croatia	Distribution and gas trading	49%	140	-	1,070	-	-
Plinara Istočne Slavonije d.o.o. za opskrbu plinom **	Croatia	Distribution nework of gas fuels	40%	457	-	407	-	-
Total				**(29,486)**	**21,515**	**190,805**	**213,051**	**225,414**

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

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

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. As of 31 December 2022, 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.

Terra mineralna gnojiva d.o.o.

INA d.d. has 50% ownership in the joint venture company, Terra mineralna gnojiva d.o.o., which owns 54% shareholder interests of and respective management rights over Petrokemija d.d., a mineral fertilizer producing company in Croatia. As the Group is committed to sell Terra and conditions to be classified as held for sale are met, it is classified as asset held for sale. Please refer to Note 19 for further information.

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.

	BaiTex Llc. / MK Oil and Gas B.V.		ENEOS MOL Synthetic Rubber (EMSR) Zrt.		Rossi Biofuel Zrt.	
	2022 HUF million	2021 HUF million	2022 HUF million	2021 HUF million	2022 HUF million	2021 HUF million
The joint venture's statement of financial position:						
Non-current assets	47,085	57,247	114,259	113,427	36,907	18,332
Current assets	9,345	6,802	33,359	17,597	33,683	34,582
Non-current liabilities	24,472	21,687	115,762	96,287	11,472	11,167
Current liabilities	9,322	9,333	29,473	25,021	29,794	6,311
Net assets	**22,636**	**33,029**	**2,383**	**9,716**	**29,324**	**35,436**
Proportion of the Group's ownership at year end	51%	51%	49%	49%	25%	25%
Group's share of assets	**11,544**	**16,845**	**1,168**	**4,761**	**7,331**	**8,859**
Fair value adjustment	2,238	2,833	-	-	-	-
Inventory consolidation - margin elimination	-	-	(209)	(396)	-	-
Impairment	(13,782)	-	-	-	-	-
Carrying amount of the investment	**-**	**19,678**	**959**	**4,365**	**7,331**	**8,859**
The joint venture's statement of profit or loss:						
Net revenue	73,960	52,324	33,640	11,354	135,956	89,706
Profit/(loss) from operations	(19,473)	15,203	(21,101)	(12,438)	1,768	12,958
Net income attributable to equity holders	(20,023)	10,740	(15,714)	(14,130)	1,227	11,947
Group's share of reported profit/(loss) for the year	**(10,212)**	**5,477**	**(7,700)**	**(6,924)**	**307**	**2,987**
Fair value adjustment P&L impact	(1,221)	457	-	-	-	-
Inventory consolidation P&L impact	456	(573)	-	-	-	-
Impairment	(14,115)	-	-	-	-	-
Group's share of profit/(loss) for the year after consolidation	**(25,092)**	**5,361**	**(7,700)**	**(6,924)**	**307**	**2,987**

Associates

Pearl Petroleum Company Limited

MOL Group owns 10% stake in Pearl Petroleum Company Limited (Pearl) which holds all of the companies' legal rights in Khor Mor and Chemchemal gas-condensate fields in the Kurdistan Region of Iraq. Since the agreement between the shareholders grants MOL Group a significant influence on Pearl's operations, the company is treated as an associated company and is consolidated using the equity method accordingly. On Pearl investment an impairment of HUF 14,422 million was recognised after a conservative assessment of Khor Mor reserves.

Dividend received in 2022 is 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.

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 to 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.

Dividend received in 2022 is 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.	
	2022 HUF million	2021 Restated HUF million	2022 HUF million	2021 Restated HUF million	2022 HUF million	2021 HUF million
The associate's statement of financial position:						
Non-current assets	900,495	720,561	86,673	81,947	5,420	4,962
Current assets	192,290	115,526	2,676	1,668	25,290	31,359
Non-current liabilities	192,616	133,628	204,662	172,115	71	11
Current liabilities	78,706	37,108	11,176	9,096	18,732	22,274
Net assets	**821,463**	**665,351**	**(126,489)**	**(97,596)**	**11,907**	**14,036**
Proportion of the Group's ownership at year end	10.0%	10%	27.5%	27.5%	25.0%	25.0%
Group's share of assets	**82,146**	**66,535**	**(34,784)**	**(26,839)**	**2,977**	**3,509**
Goodwill	106,008	91,908	-	-	-	-
Accumulated impairment	(14,421)	(489)	-	-	-	-
Impaired from given loan	-	-	34,784	26,839	-	-
Carrying amount of the investment	**173,733**	**157,954**	**0**	**-**	**2,977**	**3,509**
The associate's statement of profit or loss:						
Net revenue	276,704	162,236	122	-	94,556	70,305
Profit/(loss) from operations	211,474	110,940	(2,992)	18,947	165	9,723
Net income attributable to equity holders	219,377	114,995	(14,686)	23,702	181	7,605
Group's share of reported profit/(loss) for the year	**21,938**	**11,500**	**(4,039)**	**6,518**	**45**	**1,901**
Movements on impairment	(13,760)	(442)	-	451	-	-
Group's share of consolidated profit/(loss) for the year	**8,178**	**11,058**	**(4,039)**	**6,969**	**45**	**1,901**

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.

a) Analysis of taxation charge for the year

Total applicable income taxes reported in the consolidated financial statements for the years ended 31 December 2022 and 31 December 2021 include the following components:

	2022 HUF million	2021 Restated HUF million
Current corporate income tax and industry taxes	208,909	54,674
Extra profit tax	201,813	-
Local trade tax and innovation fee	29,481	21,144
Deferred taxes	26,140	(28,882)
Income tax expense attributable to profit from continuing operation	**466,343**	**46,936**
Income tax expense attributable to profit from discontinued operation	2,114	(5,234)
Total income tax expense	**468,457**	**41,702**

b) Current income taxes

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

Industry taxes include tax on energy supply activities in Hungary with an effective tax rate of 18% (2021: 18%) on taxable statutory profit of MOL Plc. Industry taxes also include tax on oil and gas companies in Norway where tax rates consist of corporate income tax of 22% (2021: 22%) and special petroleum tax of 56% (2021: 56%) both payable on net operating profits derived from extractive activities. Upstream companies in Norway are refunded for the tax loss of exploration activities incurred for the year.

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

In 2021, deferred tax benefit was driven by the industry income tax law modification in Hungary, which introduced the future usability of losses carried forward in the industry income tax. The impact of the change in tax law had a HUF 25,565 million decrease in deferred tax at MOL Plc. in the first half of 2021.

Extra profit taxes introduced in Hungary are out of the scope of IAS 12 Income taxes standard, for further information see page 10.

Extra profit tax refers to the Solidarity contribution (see page 11) based on EU regulation or enacted equivalent national measures.

In the statement of profit or loss the extra profit tax is recorded in other operating expenses, the solidarity contribution is recorded as income tax expense.

Change in tax rates

The following changes in corporate income tax rates effective from 1 January 2022 are taken into account:

a) change in the Netherlands to 25.8% (2021: 25%)

c) Deferred tax assets and liabilities

The deferred tax balances as of 31 December 2022 and 31 December 2021 in the consolidated statement of financial position consist of the following items by categories:

	31 Dec 2022	31 Dec 2021 Restated	1 Jan 2021 Restated
	HUF million	HUF million	HUF million
Property, plant and equipment and intangible assets	(90,259)	(167,191)	(171,093)
Statutory tax losses carried forward	12,042	66,343	65,114
Provisions	102,457	92,492	65,729
Elimination of intragroup transactions	15,719	18,459	15,598
Other temporary differences (1)	(58,542)	37,836	37,450
Net deferred tax (liability)/asset	**(18,583)**	**47,939**	**12,798**
of which:			
Total deferred tax assets	109,899	170,318	143,499
Total deferred tax liabilities	(128,482)	(122,379)	(130,701)

(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 2022, deferred tax assets of HUF 109,899 million consist of deferred tax on tax losses carried forward of HUF 8,188 million at MOL Plc. Besides, the amount of HUF 54,937 million at MOL Plc. and HUF 11,476 million at INA Group relates to timing differences of provisions. Additionally, the amount of HUF 31,349 million at INA Group relates to temporary differences on intangible and tangible assets.

As of 31 December 2022, deferred tax liabilities of HUF 128,482 million include temporary differences on intangible and tangible assets at MOL Azerbaijan Ltd. (HUF 54,181 million), Slovnaft a.s. (HUF 42,745 million) and FGSZ Zrt. (HUF 16,817 million). In the case of Slovnaft a.s. deferred tax assets and liabilities are offset, decreasing the deferred tax liability by HUF 19,152 million arising mainly from differences in provisions and tax losses carried forward. Besides, amount of HUF 11,258 million at MOL Petrochemicals Zrt. relates to establishment of development reserves.

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

	2022	2021 Restated
	HUF million	HUF million
Net deferred tax asset as at 1 January	47,939	18,483
Acquisition of business	(8,321)	299
Recognised in statement of profit or loss from continuing operation	(26,140)	28,882
Recognised in statement of profit or loss from discontinued operation	(2,114)	5,234
Recognised directly in equity (as other comprehensive income)	11,540	260
Exchange difference	(7,175)	(5,219)
Sale of business	(30,901)	-
Other	(3,411)	-
Net deferred tax (liability)/asset at 31 December	**(18,583)**	**47,939**

The amount recognised in the statement of profit or loss as an expense is mainly driven by changes related to MOL Plc. (HUF 43,121 million expense) and MOL Azerbaijan Ltd. (HUF 18,122 million income).

The amount recognised as sale of business related to deferred tax assets which have been derecognised due to the sale of UK portfolio.

Change in tax rates

The following change in industry tax rates effective from 1 January 2023 to 31 December 2023 is taken into account in deferred tax calculation only for those temporary differences that are expected to reverse within this time of period:

a) change in Hungary to 41% (2022: 31%)

The following change in corporate income tax rates effective from 1 January 2023 is taken into account in deferred tax calculation:

a) change in Austria to 24% (2022: 25%)

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:

	2022 HUF million	2021 Restated HUF million
Profit before tax per consolidated statement of profit or loss from continuing operation	**1,155,294**	**554,618**
Profit before tax per consolidated statement of profit or loss from discontinued operation	**225,410**	**37,220**
Profit before tax per consolidated statement of profit or loss	**1,380,704**	**591,838**
Less: share of profit of joint ventures and associates	29,486	(21,515)
Income before taxation and share of profit of joint ventures and associates	**1,410,190**	**570,323**
Tax expense at the applicable tax rate (9%)	126,917	51,329
Change in recognition of prior year tax losses carried forward	1,154	(38,530)
Current year losses not recognised as deferred tax asset	(6,364)	4,234
Differences in tax rates at subsidiaries	80,886	11,608
Other tax expenses (local trade tax, extra profit tax, industry tax)	256,407	20,808
Non-taxable income	(1,997)	(9,520)
Tax allowance available	(110)	(1,966)
Permanent differences (tax value - IFRS value)	11,571	3,246
Effect of tax audits	(7)	493
Total income tax expense for the year	**468,457**	**41,702**
Income tax expense reported in the statement of profit or loss	**466,343**	**46,936**
Income tax attributable to discontinued operation	**2,114**	**(5,234)**
Effective tax rate	**34%**	**7%**

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.

e) Income tax recognised in other comprehensive income

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

	2022 HUF million	2021 Restated HUF million
Net gain/(loss) on hedge of a net investment	12,707	1,079
Revaluations of debt instruments at fair value through other comprehensive income	1,192	52
Revaluations of equity instruments at fair value through other comprehensive income	(2,072)	(692)
Revaluations of financial instruments treated as cash flow hedges	(47)	(98)
Equity recorded for actuarial gain/(loss) on provision for retirement benefit obligation	(240)	(81)
Total income tax recognised in other comprehensive income	**11,540**	**260**

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 2022 HUF million	31 Dec 2021 HUF million
Tax losses - indefinite expiry	45,018	100,077
Tax losses - expiry within 5 years	59,148	30,888
Tax losses - expiry after 5 years	92	260
Other temporary differences	2,204	67,570
Total unrecognised deferred tax asset	**106,462**	**198,795**

Unrecognised deferred tax assets decreased significantly due to the divestment of the UK portfolio.

g) Uncertain tax positions

MOL Group entities are subject to periodic tax authority reviews in the normal course of business. In common with all oil and gas companies, taxation is particularly challenging because of industry specific taxes, duties and levies. 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 impact of a more aggressive tax stance by tax authorities to deal with the current energy crisis and changes in local tax regulations could materially impact the tax exposures. The maximum theoretical potential exposure of uncertain tax liabilities is EUR 410 million which is presented among income tax liabilities in the statement of financial position.

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.

	2022 HUF million	2021 Restated HUF million
Gains/(losses) arising during the year	265,500	74,994
Recycling reserves from OCI to profit or loss due to disposal	(25,822)	(1,869)
Exchange differences on translating continuing foreign operations, net of tax	**239,678**	**73,125**
Gains/(losses) arising during the year on discontinued operations	(11,148)	(3,616)
Exchange differences on translating discontinued foreign operations, net of tax	**(11,148)**	**(3,616)**

Translation reserve has increased significantly compared to the previous year due to large fluctuations in exchange rates.

Net investment hedge

Accounting policies

Exchange differences on translating foreign operations are recognised in other comprehensive income and 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.

	2022 HUF million	2021 HUF million
Gains/(losses) arising during the year	(47,475)	(4,042)
Income tax effect	12,707	1,079
Net investment hedge, net of tax	**(34,768)**	**(2,963)**

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.

	2022 HUF million	2021 HUF million
Gains/(losses) arising during the year	(4,522)	(218)
Income tax effect	1,192	52
Changes in fair value of debt instruments at fair value through other comprehensive income, net of tax	**(3,330)**	**(166)**

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.

	2022 HUF million	2021 Restated HUF million
Gains/(losses) arising during the year	(2,409)	18,428
Income tax effect	(2,072)	(692)
Changes in fair value of equity instruments at fair value through other comprehensive income, net of tax	**(4,481)**	**17,736**

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.

	2022 HUF million	2021 HUF million
Gains/(losses) arising during the year	574	1,092
Income tax effect	(47)	(98)
Changes in fair value of cash flow hedges, net of tax	**527**	**994**

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.

	2022 HUF million	2021 HUF million
Gains/(losses) arising during the year	1,965	(635)
Income tax effect	(240)	(81)
Remeasurement of post-employment benefit obligations	**1,725**	**(716)**

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.

	2022 HUF million	2021 Restated HUF million
Gains/(losses) arising during the year	18,715	10,200
Share of other comprehensive income of associates and joint ventures	**18,715**	**10,200**

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 2021					
Gross book value - Restated	5,010,989	3,316,839	332,687	650,347	**9,310,862**
Accumulated depreciation and impairment - Restated	(3,254,255)	(2,577,811)	(224,963)	(17,147)	**(6,074,176)**
Net book value - Restated	**1,756,734**	**739,028**	**107,724**	**633,200**	**3,236,686**
From this net value of assets held for sale	*(1,463)*	-	-	-	***(1,463)***
					3,235,223
Net book value - at 1 Jan 2021	**1,756,734**	**739,028**	**107,724**	**633,200**	**3,236,686**
Additions and capitalisations	219,694	119,424	35,996	171,822	**546,936**
Acquisition of subsidiaries	5,113	1,886	206	9	**7,214**
Depreciation for the year - Restated	(233,351)	(160,739)	(28,986)	-	**(423,076)**
Impairment - Restated	(11,404)	(11,371)	(222)	(7,500)	**(30,497)**
Reversal of impairment	521	228	21	13	**783**
Disposals	(1,232)	(664)	(897)	(46)	**(2,839)**
Disposal of subsidiaries	-	-	(3)	-	**(3)**
Exchange differences - Restated	45,824	10,246	665	8,467	**65,202**
Transfers and other movements - Restated	(8,752)	4,068	430	(2,049)	**(6,303)**
Closing net book value - Restated	**1,773,147**	**702,106**	**114,934**	**803,916**	**3,394,103**
At 31 Dec 2021					
Gross book value - Restated	5,133,893	3,705,167	366,265	820,976	**10,026,301**
Accumulated depreciation and impairment - Restated	(3,360,746)	(3,003,061)	(251,331)	(17,060)	**(6,632,198)**
Net book value - Restated	**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 - Restated	**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

Disposal of subsidiaries 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 2021					
Net book value of leased assets	**28**	**80,448**	**20,574**	**30,701**	**131,751**
Period ended 31 Dec 2022					
Additions and capitalisations	1	62,439	15,722	7,753	**85,915**
Depreciation for the period	(6)	(11,058)	(6,113)	(12,389)	**(29,566)**
Impairment, termination	(23)	(29)	(2,790)	(165)	**(3,007)**
Disposal of subsidiaries		(88)		(5,912)	**(6,000)**
Closing net book value	**0**	**131,712**	**27,393**	**19,988**	**179,093**

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.

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 16,314 million in 2022 (2021: HUF 9,503 million). In 2022 the applicable capitalisation rate (including the impact of foreign exchange differences) has been 5.16% (2021: 2.3%).

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 2022 property, plant and equipment includes assets with a value of HUF 25,146 million (2021: HUF 19,788 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 2022 (31 December 2021: HUF 10,536 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.

	2022 HUF million	**2021** HUF million
At 1 January	**19,788**	**19,637**
Asset related government grants received	7,296	1,479
Release of deferred grants	(2,265)	(1,370)
Foreign exchange differences	327	42
At 31 December 2022 (see Note 17 and 18)	**25,146**	**19,788**

Non-current assets pledged as security

The carrying amount of non-currents assets pledged as security for liabilities is HUF 24,207 million as of 31 December 2022 (2021: HUF 14,288 million) which relates to the MOL Fleet Solution Flottakezelő Kft.

b) Investment property

Accounting policies

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

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

Investment properties include real estates held by MOL Group to earn rental income from long-term operating leases. 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 years useful life and applies the straight-line method for measuring depreciation.

The amount recognised in the consolidated statement of profit or loss for 2022 for investment property is HUF 57 million operating expense and HUF 613 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:

	2022 HUF million
Opening gross carrying amount (restated)	**25,960**
Opening accumulated depreciation (restated)	**(19,097)**
Opening carrying amount (restated)	**6,863**
Addition from acquisitions	30
Amortisation additions	(494)
Transfer to / from tangible fixed assets (net value)	2,562
Other changes (net value)	498
Closing gross carrying amount	**30,868**
Closing accumulated depreciation	**(21,409)**
Closing carrying amount	**9,459**

The fair value of investment property is HUF 39,572 million as of 31 December 2022. The valuation was performed by the Group's own valuation experts.

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 2022.

c) Intangible assets

Accounting policies

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

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

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

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

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

	Rights	Software and other intellectual property	Exploration and evaluation assets	Goodwill	**Total**
	HUF million	HUF million	HUF million	HUF million	**HUF million**
At 1 Jan 2021					
Gross book value	205,386	91,495	264,812	218,043	**779,736**
Accumulated amortisation and impairment	(136,909)	(55,114)	(126,617)	(63,225)	**(381,865)**
Net book value	**68,477**	**36,381**	**138,195**	**154,818**	**397,871**
From this net value of assets held for sale	-	-	-	-	**-**
					397,871
Net book value - at 1 Jan 2021	**68,477**	**36,381**	**138,195**	**154,818**	**397,871**
Additions	82,064	12,703	12,684	-	**107,451**
Acquisition of subsidiary	27	-	-	-	**27**
Amortisation for the year	(9,137)	(6,166)	5,586	-	**(9,717)**
Impairment	(3,034)	(168)	(46,445)	(1,479)	**(51,126)**
Reversal of impairment	-	-	-	-	**-**
Disposals	(28,339)	-	-	-	**(28,339)**
Revaluation of emission quotas	(374)	-	-	-	**(374)**
Disposal of subsidiaries	-	-	-	-	**-**
Exchange differences	4,485	104	9,382	12,898	**26,869**
Transfers and other movements	10,825	(6,749)	(7,945)	(3)	**(3,872)**
Closing net book value	**124,994**	**36,105**	**111,457**	**166,234**	**438,790**
At 31 Dec 2021					
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

Goodwill

Accounting policies

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

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

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

Goodwill (net book value)	31 Dec 2022 HUF million	31 Dec 2021 HUF million
Upstream	**130,907**	**113,495**
ACG field	130,907	113,495
Consumer services	**80,237**	**39,888**
Polish retail network (please refer to note 10)	29,028	-
Croatian retail network	19,759	18,267
Czech retail network	9,780	8,753
Hungarian retail network	7,972	7,972
Slovak network (please refer to note 10)	8,387	-
Romanian retail network	5,311	4,896
Downstream	**12,362**	**11,434**
Austrian wholesale and logistic	10,186	9,390
German plastic compounder	1,699	1,567
MOL Petrochemicals	477	477
Corporate	**1,308**	**931**
Croatian oil field services	1,007	931
Other production facilities	301	-
Total goodwill	**224,814**	**165,748**

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 2022 is HUF 3,175 million (2021: HUF 5,449 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 991 million in 2022 (2021: HUF 792 million).

Write-offs of dry-holes

Dry-holes	2022 HUF million	2021 HUF million
Norway	153	35,982
Hungary	14	3,196
Croatia	1,493	5,512
Pakistan	11,329	894
Romania	-	-
Total	**12,989**	**45,584**

Exploration Surghar-1 well, Tarnol well and DG Khan 1 well located in Pakistan were drilled in 2022. These wells did not achieve the objectives and have been classified as dry.

d) Depreciation, depletion and amortisation

Accounting policies

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

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

In 2022, 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) - 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

Impairments and write-offs (without dry-holes) - 2021* Restated	Upstream HUF million	Downstream HUF million	Consumer services HUF million	Corporate and other HUF million	Midstream HUF million	Total HUF million
Hungary	12,097	3,206	651	540	256	16,749
Croatia	6,801	25	578	2,265	-	9,669
United Kingdom	6,777	-	-	-	-	6,777
Slovakia	-	846	(423)	2	-	425
Other	1,591	(4)	47	0	-	1,634
Total	**27,266**	**4,073**	**853**	**2,808**	**256**	**35,256**

*Including the intersegment impact

In 2022 and 2021 impairment was accounted in:

- Upstream segment for production fields and for assets under construction.
  - 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.
  - In Hungary in 2021 impairment was recorded due to decrease in the value in use related mainly to Zala and Füzesgyarmat hubs (cash generating units) driven by the macro changes.
  - In the United Kingdom 2021 impairment relates mainly to Scolty-Crathes, Scott and Telford fields and was due to decrease in value in use.
  - In Croatia in 2021 impairment was due to reserve decrease in Žutica field.
  - Other line shows the impairment on Egypt cash generating unit.
- Downstream segment mainly for unutilised refinery assets.
  - In Hungary impairment was recorded on the catalysts and assets under construction in 2021 and in 2022.
  - In Slovakia impairment was recognised on assets under construction.
- Consumer services mainly for machineries and equipment in filling stations.

  - 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 Slovakia impairment reversal in 2021 was accounted for service stations reclassified to assets held for sale due to the future disposal to PKN Orlen Group.
- Corporate and other segment for innovative businesses and IT equipment.
  - In Croatia 2022 impairment reversal was recorded due to higher value in use in Crosco onshore and offshore assets.
  - In Croatia 2021 impairment was recognised for the Crosco assets.

Impairment indicators

During the financial year the following impairment indicators were identified: change in crude oil and gas prices, change in the discount factors, change in local regulation implementing new industry specific taxes.

Impairment test of Upstream assets

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

- Recoverable amount is calculated with the assumption of using the assets in long-term in the future.
- The recoverable amount of the asset (cash-generating unit) is the value in use.
- Discount rates: the 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 factors were calculated using the WACC premise plus country risk premium of the related country. Based on the above, the post-tax discount factors used for the impairment tests in 2022 were in the range from 6.0% to 20.5%.
- 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 pre-tax discount rates used in 2021 ranged from 5.4% to 8.9%.
- Brent oil and NCG gas price assumptions applied in the value in use models in 2021: real flat 50 USD/barrel and real flat EUR 15 MWh on 2021 basis.
- Brent oil and TTF gas price assumptions applied in the value in use models in 2022: 80 USD/barrel nominal flat on short term and continuous decrease from 72 USD/barrel, compensated by the 2% yearly USD inflation assumption on the long term and 83 EUR/MWh nominal flat on the short term and steady decrease from 32 EUR/MWh, compensated by the 2% yearly EUR inflation assumption on the long term.

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, gas price and the discount factor. The sensitivity analysis had no effect on impairment recognition.

Change in the present value of US assets	Change in present value HUF million
Brent oil price sensitivity	
-10% case	(201,675)
+10% case	202,020
Natural gas price sensitivity	
-10% case	(120,648)
+10% case	121,002
Discount factor sensitivity	
-1%point	146,694
+1%point	(130,862)

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 factors were calculated using the WACC premise plus country risk premium of the related country. Based on the above, the post-tax discount factors used for the impairment tests in 2022 were in the range from 5.9% to 9.4%.
- The pre-tax discount rates 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 pre-tax discount rates used in 2021 ranged from 6.2% to 9.9%.
- Brent oil and NCG gas price assumptions applied in the value in use models in 2021: real flat 50 USD/barrel and real flat EUR 15 MWh on 2021 basis.
- Brent oil and TTF gas price assumptions applied in the value in use models in 2022: 80 USD/barrel nominal flat on short term and continuous decrease from 72 USD/barrel, compensated by the 2% yearly USD inflation assumption on the long term and 83 EUR/MWh nominal flat on the short term and steady decrease from 32 EUR/MWh, compensated by the 2% yearly EUR inflation assumption on the long term.

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: Brent oil price, gas price, Co2 quota price and the discount factor. The sensitivity analysis had no effect on impairment recognition.

Change in the present value of the CGU	Change in present value HUF million
Brent oil price sensitivity	
-10% case	230,169
+10% case	(230,169)
Natural gas price sensitivity	
-10% case	273,271
+10% case	(273,271)
CO2 quota price sensitivity	
150 EUR/t case	(977,077)
Discount factor sensitivity	
-1%point	1,284,824
+1%point	(847,657)

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 2022 no impairment or impairment reversal on goodwill was recognised.

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 factor calculated using the weighted average cost of capital (WACC) rates and country risk premium (CRP) applied to discount the forecast cash flows reflecting risks specific to the segment for goodwill impairment calculation is 6.0%.

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 8.6%.

Brent oil price assumptions applied in the value in use models: 80 USD/barrel on short term and continuous decrease from 72 USD/barrel, compensated by the 2% yearly USD inflation assumption on the long term.

Impairment assessment of the assets of ACG:

- The recoverable amount of the asset (cash-generating unit) is the value in use.
- The value in use of the Azerbaijan assets is HUF 844,704 million.
- The book value of assets including goodwill is HUF 656,787 million.
- Sensitivity analysis of the key assumptions used in impairment test shows the following effects:
  - 1 percentage point increase in the pre-tax discount factor indicates a decrease of HUF 67,230 million, 1 percentage point decrease results in an increase of HUF 77,218 million in the NPV.
  - 5 USD growth in oil price indicates an increase of HUF 62,237 million, 5 USD drop in oil price indicates a decrease of HUF 62,237 million in NPV.
  - +/- 1 percentage point alteration in production indicates HUF 9,854 million difference in NPV.

Consumer Services and 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 factors calculated using weighted average cost of capital (WACC) rates and country risk premium (CRP) applied to discount the forecast cash flows reflecting risks specific to the segment and specific to the certain countries vary between 5.6% and 9.1% in Consumer services while 5.9% and 9.4% in Downstream in current year.

Pre-tax discount rates range from 7.2% to 11.3% in Consumer Service and from 8.7% to 11.0% in Downstream 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 2023-2025 and extrapolates cash flows for the following years based on an estimated growth rates varying between 2% and 3%.

Corporate and other

Impairment test for the Croatian oil field services related goodwill is performed applying the Upstream segment assumptions, and HUF 1,488 million impairment was recognised in 2021.

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) 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 26,298 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 229,165 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 not closed yet for the acquisition of the polish retail network purchase price allocation as the management is still seeking for more information to finalise the calculation, which could affect the deferred tax liability and the goodwill.

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

Lotos Paliwa

	1 Dec 2022 HUF million
Non-current assets	**203,792**
Intangible assets	14,272
Property, plant and equipment	188,819
Other non-current asset	701
Current assets	**53,377**
Inventories	12,161
Trade and other receivables	33,356
Cash and cash equivalents	2,018
Other current assets	5,842
Non-current liabilities	**(50,683)**
Non-current provisions	(1,127)
Long-term debt	(41,446)
Other non-current liabilities	(40)
Deferred tax liability	(8,070)
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	**144,347**
MOL Group's share of net assets	**144,347**
Goodwill on acquisition	
Fair value of consideration transferred	174,045
Less: fair value of identifiable net assets acquired	(144,347)
Goodwill on acquisition	**29,698**

Net cash outflow on acquisition of subsidiaries	
Consideration paid in cash	174,045
Net cash outflow	**174,045**

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 the combining operations and potential future prospects in both further organic growth and non-fuel sales. It will not be deductible for tax purposes.

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.

b) Other acquisitions closed in 2022

MOL Group acquired the 100% of Normbenz Slovakia s.r.o. by Slovnaft that includes 16 service stations in Slovakia operated under the Lukoil brand. The transaction has been closed on 2 May 2022.

MOL Group closed a transaction on 31 March 2022 acquiring 100% of Recrea Asset Management Zrt, a leading Hungarian plastic recycler company.

Both transactions were immaterial for the Group.

c) Ongoing acquisitions

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

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

On 31 October 2019, MOL Group has acquired 100% shareholding of Aurora Kunststoffe GmbH. As of 31 December 2022, the fair value of contingent consideration is HUF 4,171 million presented in trade and other payables, calculated by the most conservative approach.

11. Disposals

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

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 2022	31 Dec 2021 Restated
INA-Industrija nafte d.d.	51%	51%

	31 Dec 2022 HUF million	31 Dec 2021 Restated HUF million
Accumulated balances of material non-controlling interest	377,329	309,491
Profit/(Loss) allocated to material non-controlling interest	94,271	28,899

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	2022 HUF million	2021 Restated HUF million
Total operating income	1,855,124	1,080,719
Total operating expenses	(1,663,398)	(1,031,090)
Finance income/(expense), net	(6,398)	4,309
Profit/(loss) before income tax	**185,328**	**53,938**
Income tax (expense)/income	(69,875)	(9,143)
Profit/(loss) for the year	**115,453**	**44,794**
Total comprehensive income	**185,142**	**56,755**
Attributable to non-controlling interests	94,271	28,899
Dividends paid to non-controlling interests	(26,432)	-

Summarised statement of financial position	31 Dec 2022 HUF million	31 Dec 2021 Restated HUF million
Current assets	440,524	346,362
Non-current assets	958,632	819,548
Total assets	**1,399,156**	**1,165,910**
Current liabilities	(324,943)	(255,711)
Non-current liabilities	(333,160)	(302,376)
Total liabilities	**(658,103)**	**(558,087)**
Total equity	**741,053**	**607,823**
Attributable to owners of parent	363,724	298,332
Attributable to non-controlling interest	377,329	309,491

Summarised cash flow information	31 Dec 2022 HUF million	31 Dec 2021 Restated HUF million
Cash flows from operations	181,429	153,552
Cash flows used in investing activities	(65,195)	(121,195)
Cash flows used in financing activities	(100,680)	16,679
Increase/(decrease) in cash and cash equivalents	**15,554**	**49,036**

13. Other non-current assets

	31 Dec 2022 HUF million	31 Dec 2021 HUF million
Obligatory level of inventory required by state legislations	49,783	50,594
Advance payments for assets under construction	34,253	24,265
Prepaid fees of long-term rental fees	424	391
Advance payments for intangible assets	276	468
Other	819	1,125
Total	**85,555**	**76,843**

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 2022			31 Dec 2021		
	At cost	Net realisable value	Lower of cost or net realisable value	At cost	Net realisable value	Lower of cost or net realisable value
	HUF million	HUF million	HUF million	HUF million	HUF million	HUF million
Work in progress and finished goods	579,542	564,673	564,673	410,813	409,683	409,683
Purchased crude oil	212,399	211,926	211,926	122,998	122,737	122,737
Other goods for resale	126,098	122,987	122,987	80,929	79,622	79,622
Other raw materials	114,868	96,972	96,972	102,513	87,076	87,076
Purchased natural gas	4,052	4,052	4,052	3,680	3,680	3,680
Inventories classified as held for sale	(3,565)	(3,565)	(3,565)	-	-	-
Total	**1,033,394**	**997,045**	**997,045**	**720,933**	**702,798**	**702,798**

During the year 2022 HUF 6,677,045 million of inventories have been recognised as an expense, of which impairment of HUF 33,813 million has been recorded (2021: HUF 10,726 million), mainly on finished goods and raw materials. In 2022 HUF 28,793 million impairment was accounted for Downstream operation.

15. Other current assets

	31 Dec 2022	31 Dec 2021 Restated
	HUF million	HUF million
Prepaid and recoverable taxes and duties (excluding income taxes)	48,552	61,415
Advance payments	30,102	7,545
Prepaid expenses	13,804	12,204
Dividend receivable	3,526	-
Other	579	1,014
Total	**96,563**	**82,178**

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 2021 - Restated	**72,784**	**505,881**	**3,794**	**24,640**	**12,435**	**56,562**	**676,096**
Acquisition / (sale) of subsidiaries	-	4	(77)	-	(9)	(1)	**(83)**
Additions and revision of previous estimates	4,174	33,902	863	3,060	550	59,993	**102,542**
Unwinding of the discount	937	13,006	-	240	-	243	**14,426**
Currency differences	496	17,729	49	534	71	(2,843)	**16,036**
Provision used during the year	(3,649)	(408)	(2,594)	(2,322)	(4,940)	(29,724)	**(43,637)**
Balance as of 31 Dec 2021 - Restated	**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**
Current portion 31 Dec 2021	3,823	233	965	2,678	3,953	58,432	**70,084**
Non-current portion 31 Dec 2021	70,919	569,881	1,070	23,474	4,154	25,798	**695,296**
Current portion 31 Dec 2022	4,526	8,350	1,749	4,270	766	95,340	**115,001**

Provision for Environmental expenditures

As of 31 December 2022, provision of HUF 79,487 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. The amount reported as at 31 December 2022 also includes a contingent liability of HUF 20,219 million recognised upon acquiring IES S.p.A. (see Note 25).

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	(10.7)	(893)	10.4	873
MPK	(10.4)	(981)	9.9	936
INA	(9.4)	(1,348)	12	1,897
IES	(34.0)	(118)	34	118
Slovnaft	(41)	(8,806)	41	8,806
Total		**(12,146)**		**12,630**

Provision for Field abandonment

As of 31 December 2022, provision of HUF 454,436 million has been made for estimated total costs of plugging and abandoning wells upon termination of production. Approximately 8% of these costs are expected to be incurred between 2023 and 2027 and the remaining 92% between 2028 and 2076. The significant decrease in the liability is due to the divestment of UK portfolio (Note 19). The amount of the provision has been determined on the basis of management's understanding of the respective legislation, calculated at current prices and discounted using estimated risk-free real interest rates. Activities related to field suspension, such as plugging and abandoning wells upon termination of production and remediation of the area are planned to be performed by hiring external resources. Based on the judgement of the management, there will be sufficient capacity available for these activities in the area. As required by IAS 16 – Property, Plant and Equipment, the qualifying portion of the provision has been capitalised as a component of the underlying fields. Decommissioning rates used in the calculation of the liability are in a range of 3.4% and 6.0% 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 16%, while a decommissioning rate lower by one percentage point increases the provision by 20%.

Provision for Redundancy

As part of continuing efficiency improvement projects, MOL Plc., INA d.d., IES S.p.A. and other Group members decided to further optimise workforce. As the management is committed to these changes and the restructuring plan was communicated in detail to parties involved, the Group recognised a provision for the net present value of future redundancy payments and related tax and contribution. Relating to the restructuring of activities in Mantova, a provision for redundancy of HUF 9,145 million was recognised at IES S.p.A. in 2013 out of which HUF 520 million remained as of 31 December 2022. In 2015, a provision of HUF 9,804 million, in 2020, of HUF 6,269 million, and in 2022 of HUF 3,015 million was made for redundancy programme at INA d.d. out of which HUF 1,404 million remained as of 31 December 2022. The closing balance of provision for redundancy is HUF 2,814 million as of 31 December 2022 (31 December 2021: HUF 2,035 million).

Provision for Long-term employee benefits

As of 31 December 2022, the Group has recognised a provision of HUF 31,620 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.

	2022 HUF million	2021 HUF million
Present value of total long-term employee benefit obligation at the beginning of the year	**26,152**	**24,640**
Acquisitions / (disposals)	835	-
Past service cost	8,620	137
Current service cost	1,862	2,464
Interest costs	415	240
Provision used during the year	(1,777)	(2,322)
Net actuarial (gain) / loss	(2,604)	459
from which:		
Retirement benefit (See Note 8)	(1,615)	206
Jubilee benefit	(989)	253
Exchange adjustment	646	534
Other movements	(2,529)	-
Present value of total long-term employee benefit obligation at year end	**31,620**	**26,152**

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:

	2022 HUF million	2021 HUF million
Current service cost	1,862	2,464
Net actuarial (gain)/loss	(989)	253
Past service cost	8,620	137
Balance as at year end	**9,493**	**2,854**

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

	2022	2021
Discount rate in %	1.82 - 13.04	(0.59) - 4.80
Average wage increase in %	0.6 - 10.0	0.6 - 3.0
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	
	2022	2021	2022	2021
	HUF million	HUF million	HUF million	HUF million
Actuarial (gains)/losses arising from changes in demographic assumptions	374	843	48	(76)
Actuarial (gains)/losses arising from changes in financial assumptions	(4,412)	(1,540)	(1,129)	(428)
Actuarial (gains)/losses arising from experience adjustments	2,423	903	92	757
Total actuarial (gains)/losses	**(1,615)**	**206**	**(989)**	**253**

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

	Retirement benefits		Jubilee benefits	
	2022	2021	2022	2021
	HUF million	HUF million	HUF million	HUF million
Discount rate:				
0.5% decrease	3,016	856	938	206
0.5% increase	(2,031)	(789)	(745)	(194)
Termination rate:				
50% decrease	1,570	5,289	1,319	1,128
50% increase	(1,270)	(3,544)	(1,090)	(828)

Provision for legal claims

As of 31 December 2022, provision of HUF 5,796 million (31 December 2021: HUF 8,107 million) has been made for estimated total future losses from litigations.

Provision for emission quotas and other provisions

As of 31 December 2022, the Group has recognised a provision of HUF 80,482 million for the shortage of emission quotas (31 December 2021: 50,849 million). The amount reported as at 31 December 2022 also includes provision for estimated costs of UER quotas in the amount of HUF 2,487 million (31 December 2021: HUF 4,682 million). For further information regarding the calculation method of estimated cost please refer to the accounting policy section.

As of 31 December 2022, the Group had available 3,731,675 (31 December 2021: 3,865,641) free emission quotas granted by the Hungarian, Croatian and Slovakian authorities. The total emissions during 2022 amounted to equivalent of 5,775,073 tons of emission quotas (2021: 6,063,036 tons).

As of 31 December 2022, the Group has recognised a provision of HUF 4,710 million in relation to IFRS 9 requirements.

17. Other non-current liabilities

	31 Dec 2022 HUF million	31 Dec 2021 HUF million
Government grants received (see Note 9)	22,357	18,603
Received and deferred other subsidies	6,666	7,423
Deferred compensation for property, plant and equipment	4,045	3,806
Deferred income for apartments sold	1,409	1,343
Liabilities to government for sold apartments	338	499
Other	4,443	786
Total	**39,258**	**32,460**

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

18. Other current liabilities

	31 Dec 2022 HUF million	31 Dec 2021 HUF million
Taxes, contributions payable (excluding corporate tax any mining royalty)	233,770	180,812
Amounts due to employees	42,886	49,707
Mining royalty	23,878	479
Advances from customers	22,002	13,354
Custom fees payable	10,407	10,724
Fee payable for strategic inventory storage	4,171	5,116
Other accrued incomes	3,830	4,266
Government subsidies received and accrued (see Note 9)	2,789	1,185
Dividend payable	765	619
Other	6,392	2,525
Total	**350,890**	**268,787**

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 2021, assets held for sale contained mainly service stations located in Hungary and Slovakia.

As of 31 December 2022, assets held for sale contained service stations located in Hungary, Slovakia, Slovenia to be sold in 2023 and investment in joint venture Terra mineralna gnojiva. Management is committed to sell Terra, which owns 54.52% stake of Petrokemija, a mineral fertiliser producing company in Croatia. The sale process has begun in 2022 and will be finalised once the conditions from the sale contract are met.

Assets and liabilities held for sale	31 Dec 2022 HUF million	31 Dec 2021 HUF million
Assets		
Property, plant and equipment	27,696	15,237
Intangible assets	490	951
Investment in associated companies and joint ventures	11,004	-
Other non-current financial assets	275	-
Deferred tax assets	118	-
Inventories	3,565	-
Trade and other receivables	-	191
Other current assets	215	-
Assets classified as held for sale	**43,363**	**16,379**
Liabilities		
Deferred tax liabilities	-	3,409
Trade and other payables	2,161	11
Liabilities related to assets classified as held for sale	**2,161**	**3,420**

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:

	2022 HUF million	2021 HUF million
Net sales	118,983	101,984
Other operating income	84,797	680
Total operating income	**203,780**	**102,664**
Raw materials and consumables used	8,828	25,276
Employee benefits expense	638	647
Depreciation, depletion, amortisation and impairment	(17,291)	34,879
Other operating expenses	672	2,461
Change in inventory of finished goods and work in progress	0	-
Work performed by the enterprise and capitalised	0	-
Total operating expenses	**(7,153)**	**63,263**
Profit from discontinued operation	**210,933**	**39,401**
Finance income	23,377	1,149
Finance expense	8,900	3,330
Total finance expense, net	**14,477**	**(2,181)**
Share of after-tax results of associates and joint ventures	0	-
Profit/(Loss) before tax from discontinued operation	**225,410**	**37,220**
Income tax expense	2,113	(5,233)
Profit / (Loss) for the period from discontinued operations	**223,297**	**42,453**

	2022 HUF million	2021 HUF million
Profit/(Loss) before tax from discontinued operation	**225,410**	**37,220**
Cash flows from operations	**108,062**	**77,631**
Cash flows used in investing activities	**61,524**	**(7,405)**
Cash flows used in financing activities	**(120,161)**	**(11,412)**

	10 Nov 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
Income tax expense on gain	-
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. A regular way purchase or sale of financial assets is recognised using settlement date accounting.

Financial assets - Classification

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

Amortised cost

Financial instruments measured at amortised cost are those financial assets that 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 any loss allowance. Interest income is calculated using the effective interest method and is recognised in profit and loss. Changes in fair value are recognised in profit and loss when the asset is derecognised or reclassified.

Fair value through other comprehensive income – debt instrument

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

Fair value through other comprehensive income – equity instrument

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

Fair value through profit or loss

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

Fair value measurement

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

Derecognition of Financial Instruments

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

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

Hedging

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

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

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

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

Cash flow hedges

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

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

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

Hedges of a net investment

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

Impairment of Financial Assets

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

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

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

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

Additionally, the Group applies the simplified approach to recognise full lifetime expected losses from origination for trade receivables, IFRS 15 contract assets 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 robust 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.

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

Significant accounting estimates and judgements

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

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

20. Financial risk and capital management

Financial risk management

Since financial risk management is a centralised function at MOL Group, it is possible to integrate and measure all financial risks. As a result, Treasury liquidity and Financial Risk Report is 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 purposes:

Group Level Objectives: protection of financial ratios and targeted financial results

Business Unit Objectives: reducing the exposure of a business unit's 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 2022. As of 31 December 2022 the net debt/EBITDA is at 0.3x level (*2021: 0.6x*) while the net gearing is 11% (*2021: 18%*).

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions.

2x is the early warning indicator in net debt to EBITDA where MOL Group might consider making changes in its capital structure. Since the ratio is currently low (0.3x in 2022 Q4) 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 Group might consider making changes in its capital structure. Since the ratio does not differ from the 30% significantly (11% in 2022 Q4) there is no open decision point on it. For the calculation of the net gearing and net debt/EBITDA ratio please refer to section 20/C.

To maintain or adjust the capital structure, the 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 2022 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.

Foreign currency risk

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 Risk Management.

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 ensure both sufficient level of liquidity and financial flexibility for the Group.

The amount of undrawn major committed credit facilities	31 Dec 2022 HUF million	31 Dec 2021 HUF million
Long-term loan facilities available	1,186,071	1,079,285
Short-term facilities available	125,499	156,814
Total loan facilities available	**1,311,570**	**1,236,099**

The EUR 570 million revolving credit facility agreement that was signed by MOL Group Finance Zrt. (formerly: MOL Group Finance S.A. Bertrange, Zürich Branch) as Borrower and MOL Plc. as Guarantor on 26 September 2019 with 5 years original maturity and increased to EUR 780 million in 2020, and the maturity date of which was extended by one additional year in 2021 in the amount of EUR 760 million has been extended again by one year in the amount of EUR 585 million with unchanged margin levels. The new maturity date regarding the extended part of the facility is 26 September 2026.

The EUR 575 million revolving credit facility agreement was signed on 29 November 2021 by MOL Group Finance Zrt. as Borrower and MOL Plc. as Guarantor, with 5 years original maturity, has been extended by one additional year with unchanged margin levels in the amount of EUR 441 million. The new maturity date regarding the extended part of the facility is 29 November 2027.

INA - Industrija nafte, d.d. - signed the EUR 300 million revolving credit facility agreement with eight banking groups represented by international and domestic banks: BNP Paribas, ING Bank N.V. Hungary Branch, MKB Bank Nyrt, OTP banka d.d., Privredna banka Zagreb d.d., Raiffeisenbank Austria d.d., SMBC Bank EU AG, Tatra banka, a.s. and Zagrebačka banka d.d. The facility was arranged as a club-deal and can be used for general corporate purposes, including investments. The facility concluded in 2018 in the amount of USD 300 million has been refinanced with this new facility.

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**
Bank guarantees and other commitments*	977,233	-	-	-	**977,233**
Total Off-balance sheet commitments	**977,233**	**-**	**-**	**-**	**977,233**

* the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called

Maturity profile of financial liabilities based on contractual undiscounted payments 31 Dec 2021	Due within 1 month HUF million	Due between 1 and 12 months Restated HUF million	Due between 1 and 5 years HUF million	Due after 5 years HUF million	Total Restated HUF million
Borrowings	46,176	145,524	497,597	413,368	**1,102,665**
Transferred "A" shares with put&call options	-	182,419	-	-	**182,419**
Trade and other payables	460,549	387,703	-	-	**848,252**
Other financial liabilities	994	8,124	32,116	877	**42,111**
Non-derivative financial instruments	**507,719**	**723,770**	**529,713**	**414,245**	**2,175,447**
Derivatives	51,659	2,084	3,920	-	**57,663**
Total financial liabilities	**559,378**	**725,854**	**533,633**	**414,245**	**2,233,110**
Bank guarantees and other commitments*	149,373	-	-	-	**149,373**
Total Off-balance sheet commitments	**149,373**	**-**	**-**	**-**	**149,373**

* the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called

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	2022 HUF billion	2021 Restated HUF billion
Brent crude oil price (change by +/- 10 USD/bbl; with fixed crack spreads and petrochemical margin)		
Upstream	+45.4/-45.4	+42.7/-42.7
Downstream	-8/+8	-5.4/+5.4
TTF gas price (change by +/- 15 EUR/MWh; with fixed crack spreads and petrochemical margin)		
Upstream	+44.1/-44.1	+54.8/-54.8
Downstream	-52.6/+52.6	-57.3/+57.3
Gas Midstream	+2.2/-2.2	+2.7/-2.7
Exchange rates (change by +/- 15 HUF/USD; with fixed crack spreads)		
Upstream	+21.2/-21.2	+17.6/-17.6
Downstream**	-1.6/+1.6	-7.5/+7.5
Gas Midstream	n/a	+0.4/-0.4
Exchange rates (change by +/- 15 HUF/EUR; with fixed crack spreads/petrochemical margin)		
Upstream	+15.6/-15.6	+5.9/-5.9
Downstream**	+26.5/-26.5	+31/-31
Refinery margin (change by +/- 1 USD/bbl)		
Downstream	+41.6/-41.6	+34.9/-34.9
Integrated petrochemical margin (change by +/- 100 EUR/t)		
Downstream	+46.4/-46.4	+50.4/-50.4

*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 methodology of Downstream FX sensitivity was refined in 2022

c) Borrowings

Accounting policies

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

	31 Dec 2022 HUF million	31 Dec 2021 Restated HUF million
Long-term debt		
Eurobond €750 million due 2023	-	275,654
Eurobond €650 million due 2027	257,605	237,046
HUF bond HUF 28,400 million due 2029	28,576	28,599
HUF bond HUF 36,600 million due 2030	34,958	34,758
HUF bond HUF 35,500 million due 2031	35,415	35,404
HRK bond HRK 2,000 million due 2026	105,510	97,385
Schuldschein €130 million due between 2020-2027	19,987	18,409
Bank loans	12,126	11,764
Finance lease liabilities	156,082	127,137
Other	154	336
Total long-term debt	**650,413**	**866,492**
Short-term debt		
Eurobond €750 million due 2023	305,303	5,286
Eurobond €650 million due 2027	1,009	930
HUF bond HUF 28,400 million due 2029	146	146
HUF bond HUF 36,600 million due 2030	161	170
HUF bond HUF 35,500 million due 2031	486	486
HRK bond HRK 2,000 million due 2026	75	72
Schuldschein €130 million due between 2020-2027	180	21,434
Bank loans	129,089	121,604
Finance lease liabilities	31,289	34,809
Other	948	679
Total short-term debt	**468,686**	**185,616**
Gross debt (long-term and short-term)	**1,119,099**	**1,052,108**
Cash and cash equivalents	595,244	367,447
Current debt securities	7,295	845
Net Debt*	**516,560**	**683,816**
Total equity	**4,012,136**	**3,089,931**
Capital and net debt	**4,528,696**	**3,773,747**
Gearing ratio (%)**	**11.4%**	**18.1%**
Profit from operation	1,259,112	567,186
Depreciation, depletion, amortisation and impairment	475,533	478,856
Reported EBITDA from continuing operations	1,734,645	1,046,042
Net Debt/Reported EBITDA	**0.30**	**0.65**

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

Gross debt by currency	31 Dec 2022 HUF million	31 Dec 2021 HUF million
EUR	788,801	731,611
USD	6,078	65,365
HUF	136,782	133,480
HRK	110,434	110,851
CZK	12,577	10,411
Other	64,427	390
Gross debt	**1,119,099**	**1,052,108**

The following issued bonds were outstanding as of 31 December 2022:

	Ccy	Amount Issued (orig ccy, million)	Amount Issued (million HUF)	Coupon	Type	Cpn Freq	Issue date	Maturity	Issuer
Eurobond	EUR	750	300,188	2.6%	Fixed	Annual	28.04.2016	28.04.2023	MOL Plc.
Eurobond	EUR	650	260,163	1.5%	Fixed	Annual	08.10.2020	08.10.2027	MOL Plc.
HRK bond	HRK	2,000	106,220	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.

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

	31 Dec 2022		31 Dec 2021	
Leases as a lessee	Minimum lease payments HUF million	Lease liability HUF million	Minimum lease payments HUF million	Lease liability HUF million
Due within one year	33,984	31,289	36,294	34,809
Due later than one year but not later than five years	104,521	96,591	73,818	67,007
Due later than five years	65,909	59,491	79,133	60,130
Total	**204,414**	**187,371**	**189,245**	**161,946**
Future finance charges	17,043	n/a	27,299	n/a
Lease liability	**187,371**	**187,371**	**161,946**	**161,946**

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

	31 Dec 2022		31 Dec 2021	
Finance leases as a lessor	Minimum lease payments receivable HUF million	Lease receivable HUF million	Minimum lease payments receivable HUF million	Lease receivable HUF million
Due within one year	894	636	894	608
Due later than one year but not later than five years	4,531	3,779	3,889	2,902
Due later than five years	2,768	2,080	3,661	2,842
Residual value	n/a	1,487	n/a	1,554
Total	**8,193**	**7,982**	**8,444**	**7,906**
Future finance income	211	n/a	538	n/a
Lease receivable	**7,982**	**7,982**	**7,906**	**7,906**

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 2022. As of 31 December 2022, 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 2022 and 31 December 2021 is 79,013 HUF million and HUF 78,163 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.

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 2021	**819,424,825**	**(75,864,139)**	**(117,571,197)**	**-**	**625,989,489**	**1,059,424,825**
Share distribution for the members of the Board of Directors and participants of MRP	-	164,124	-	-	164,124	-
Settlement of share option agreement with Commerzbank A.G.	-	(888,250)	888,250	-	-	-
Settlement of share option agreement with ING Bank N.V.	-	(2,460,040)	2,460,040	-	-	-
Treasury share purchase by MOL Vagyonkezelő Kft.	-	(850,000)	-	-	(850,000)	-
Capital contribution to MOL New Europe Foundation	-	42,977,996	-	(42,977,996)	-	-
31 Dec 2021	**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**

Series "C" shares						
1 Jan 2021	**578**	**(578)**	**-**	**-**	**-**	**578**
31 Dec 2021	**578**	**(578)**	**-**	**-**	**-**	**578**
31 Dec 2022	**578**	**(578)**	**-**	**-**	**-**	**578**

Dividend

In April 2022 the Board of Directors on behalf of the 2022 Annual General Meeting of MOL Plc. approved to pay HUF 241,934 million dividend in respect of 2021, which equals to HUF 302.62 dividend per share. The total amount of reserves legally available for distribution based on MOL Plc.'s reconciliation of equity is HUF 2,081,599 million as of 31 December 2022 (31 December 2021(restated): HUF 1,859,123 million).

The approved dividend (HUF 241,934 million) and the dividend shown in the statement of changes in equity (HUF 191,285 million) are different because the following movements are not presented as dividend payments: dividend of shares under retransfer agreement (HUF 13,006 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 20,798 million) presented as a decrease in financial liability; dividend towards MOL Plc.'s Employee Share Ownership Programme Organisation (HUF 4,714 million) has no effect on the statement of financial position because the organisation is consolidated to the group; dividends of shares in OTP-MOL swap agreement(HUF 12,130 million) presented as change in fair value of derivative instruments.

Shares under retransfer agreement

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

Treasury share put and call option transactions

MOL Plc. has two option agreements concluded with financial institutions in respect of 68,727,610 pieces of series "A" shares ("Shares") as of 31 December 2022. Under the agreements, MOL Plc. holds American call options and the financial institutions hold European put options in respect of the Shares. The expiry of both the put and call options are identical.

Counterparty	Underlying pieces of MOL ordinary shares	Strike price per share	Expiry
ING Bank N.V.	34,281,056	EUR 6.7008	23 Jun 2023
UniCredit Bank AG	34,446,554	EUR 6.50706	23 Jun 2023

MOL agreed with ING Bank N.V**.** ("ING") on 20 June 2022, that the option rights in relation to 36,127,167 MOL Series "A" Ordinary shares ("Shares") under the share option agreement executed between ING and MOL on 24 February 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 34,281,056 Shares, with the effective date of 27 June 2022. The maturity date of both the call and put options is 23 June 2023, and the strike price of both options is EUR 6.7008 per Share.

MOL agreed with UniCredit Bank AG ("UniCredit") on 20 June 2022, that the option rights in relation to 39,041,393 MOL Series "A" Ordinary shares ("Shares") under the share option agreement executed between UniCredit and MOL on 28 February 2022 are 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 34,446,554 Shares, with the effective date of 27 June 2022. The maturity date of both the call and put options is 23 June 2023, and the strike price of both options is EUR 6.50706.

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.

The accounting treatment of the share swap agreement was revised, for more information please refer to Note 1.

21. Financial instruments

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	Other derivatives	509	-	-	-	**509**
	Other	-	-	20,732	-	**20,732**
	Interest rate derivatives	-	(570)	-	-	**(570)**
Total non-current financial liabilities		**509**	**(570)**	**671,145**	**n/a.**	**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**	**n/a.**	**1,701,774**
Total financial liabilities		**35,858**	**(567)**	**2,337,567**	**n/a.**	**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

31 Dec 2021 Carrying amount of financial instruments		Fair value through profit or loss Restated HUF million	Derivatives used for hedging hedge acc.* HUF million	Amortised cost Restated HUF million	Fair value through other comprehensive income Restated HUF million	Total carrying amount Restated HUF million
Financial assets						
Other non-current financial assets	Equity instruments	8,360	-	-	90,931	**99,291**
	Loans given	-	-	68,375	-	**68,375**
	Deposit	-	-	361	-	**361**
	Finance lease receivables	-	-	7,298	-	**7,298**
	Debt securities	-	-	-	19,393	**19,393**
	Commodity derivatives	2,418	-	-	-	**2,418**
	Other	-	-	30,951	-	**30,951**
Total non-current financial assets		**10,778**	**-**	**106,985**	**110,324**	**228,087**
Trade and other receivables		-	-	753,850	-	**753,850**
Finance lease receivables		-	-	169	-	**169**
Cash and cash equivalents		-	-	367,447	-	**367,447**
Debt securities		-	-	-	845	**845**
Other current financial assets	Commodity derivatives	43,199	-	-	-	**43,199**
	Loans given	-	-	848	-	**848**
	Deposit	-	-	67	-	**67**
	Finance lease receivables	-	-	608	-	**608**
	Foreign exchange derivatives	277	-	-	-	**277**
	Other derivatives	-	-	-	-	**-**
	Other	-	-	16,080	-	**16,080**
Total current financial assets		**43,476**	**-**	**1,139,069**	**845**	**1,183,390**
Total financial assets		**54,254**	**-**	**1,246,054**	**111,169**	**1,411,477**
Financial liabilities						
Borrowings (long-term debt)		-	-	739,349	-	**739,349**
Finance lease liabilities		-	-	127,143	-	**127,143**
Other non-current financial liabilities	Foreign exchange derivatives	-	-	-	-	**-**
	Other derivatives	3,895	-	-	-	**3,895**
	Other	-	-	32,994	-	**32,994**
	Interest rate derivatives	-	24	-	-	**24**
Total non-current financial liabilities		**3,895**	**24**	**899,486**	**n/a.**	**903,405**
Trade and other payables		-	-	848,241	-	**848,241**
Borrowings (short-term debt)		-	-	150,807	-	**150,807**
Finance lease liabilities		-	-	34,809	-	**34,809**
Other current financial liabilities	Transferred "A" shares with put&call options**	-	-	181,669	-	**181,669**
	Commodity derivatives	51,820	-	-	-	**51,820**
	Foreign exchange derivatives	30	-	-	-	**30**
	Other derivatives	1,527	-	-	-	**1,527**
	Other	-	-	9,117	-	**9,117**
	Interest rate derivatives	-	4	-	-	**4**
Total current financial liabilities		**53,377**	**4**	**1,224,643**	**n/a.**	**1,278,024**
Total financial liabilities		**57,272**	**28**	**2,124,129**	**n/a.**	**2,181,429**

*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. The managements' intention regarding these instruments which are measured as at fair value through other comprehensive income did not change, these instruments are not held for trading, so the Group elected the fair value through other comprehensive income measurement at recognition for these equity instruments. Investments in venture funds 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 2022 amounted to HUF 37,243 million (31 December 2021: HUF 29,762 million). The most significant items among debt securities are bonds issued by listed entities, banks and Croatian state bonds. For the changes in the other comprehensive income due to the valuation of debt instruments please refer to Note8.
Among other financial assets there is a HUF 60,800 million paid deposit related to the acquisition of Alteo Plc., for more information please refer to Note 29/c.
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 667,427 million, while their carrying amount is HUF 769,244 million as of 31 December 2022 (31 December 2021: fair value was HUF 708,965 million, carrying amount was HUF 715,936 million). HUF 521,126 million of the fair value of the issued bonds is categorised as Level 1 and HUF 146,301 million is categorised as Level 2.

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

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

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

Carrying amounts of hedging instrument			**2022** HUF million	**2021** HUF million
Net investment hedge	Liabilities	Borrowings	584,384	562,100
Cash flow hedge	Liabilities	Interest rate derivatives	(567)	28

Hedge of net investments in foreign operations

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

The notional amount of the EUR denominated borrowings are EUR 1,460 million and at balance sheet date no USD borrowing remained as a hedging instrument. (31 December 2021: EUR 1,530 million and USD 9 million). The weighted average hedged rates, where the weight is the balance of the hedging instrument, for the year are 391 HUF/EUR and 321 HUF/USD (31 December 2021: 358 HUF/EUR and 298 HUF/USD).

The movements of the currency translation reserve due to net investment hedging are the following:

Net investment in foreign operation	**Notes**	**2022** HUF million	**2021** HUF million
Opening Balance of the foreign currency translation reserve due to hedging, net of tax		**150,420**	**147,457**
Change in value of hedged item used to determine hedge effectiveness		47,475	4,042
Change in carrying amount of borrowings as a result of foreign currency movements recognised in other comprehensive income	8	(47,475)	(4,042)
Change in foreign currency translation reserve due to hedging, net of tax	8	34,768	2,963
Closing Balance of the foreign currency translation reserve due to hedging, net of tax		**185,188**	**150,420**

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

	31-Dec-2022				31-Dec-2021		
Fair value hierarchy	**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	**Level 1** Unadjusted quoted prices in active markets HUF million	**Level 2 Restated** Valuation techniques based on observable market input HUF million	**Total fair value Restated** HUF million
Financial assets							
Equity instruments	37,243	82,789	-	**120,032**	29,762	69,529	**99,291**
Debt securities	-	49,322	-	**49,322**	-	20,238	**20,238**
Commodity derivatives	-	62,933	-	**62,933**	-	45,617	**45,617**
Foreign exchange derivatives	-	-	-	**-**	-	277	**277**
Other derivatives	-	650	-	**650**	-	-	**-**
Other	-	-	55,413	**55,413**	-	-	**-**
Total financial assets	**37,243**	**195,694**	**55,413**	**288,350**	**29,762**	**135,661**	**165,423**
Financial liabilities							
Commodity derivatives	-	35,349	-	**35,349**	-	51,820	**51,820**
Foreign exchange derivatives	-	-	-	**-**	-	30	**30**
Other derivatives	-	509	-	**509**	-	5,422	**5,422**
Interest rate derivatives	-	(567)	-	**(567)**		28	**28**
Total financial liabilities	**-**	**35,291**	**-**	**35,291**	**-**	**57,300**	**57,300**

In 2021 there was no instrument with fair value categorised as Level 3 (valuation techniques based on significant unobservable market input).

Other financial assets (both current and non-current) relate to the disposal of MOL's UK portfolio which is classified as a financial asset and measured at fair value through profit or loss. The fair value 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 is considered a level 3 valuation under the fair value hierarchy. Future cash flows are estimated based on inputs including quoted Brent price and production volumes related to the disposed operations.

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 12,999 million, while a 10% decrease in the Brent oil price would result in a decrease of the contingent assets in the amount of HUF 12,961 million
- A 1 percentage point increase in the discount factor would result in a decrease of the contingent assets in the amount of HUF 526 million, a 1 percentage point decrease in the discount factor would result in a increase of the contingent asset in the amount of HUF 526 million
- A 10% increase in production would result in an increase of the contingent assets in the amount of HUF 2,742 million, a 10% decrease in production would result in a decrease of the contingent asset in the amount of HUF 2,742 million

The following table shows the changes in the value of level 3 financial assets for the period ended at 31 December 22:

	Amount HUF million
Opening Balance 1 January 2022	-
Additions	57,566
Gains/losses arising during the year	(2,153)
Closing Balance 31 December 2022	**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 and other receivables are initially recognised at fair value less transaction costs and subsequently measured at amortised cost less any provision for doubtful debts. A provision for impairment is made for expected credit losses and when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. Impaired receivables are derecognised when they are assessed as uncollectible.

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

Trade and other receivables	31 Dec 2022 HUF million	31 Dec 2021 HUF million
Trade receivables	803,634	563,964
Other receivables	127,877	190,055
Total	**931,511**	**754,019**

Trade receivables	31 Dec 2022 HUF million	31 Dec 2021 HUF million
Trade receivables (gross)	817,239	580,131
Loss allowance for receivables	(13,605)	(16,167)
Total	**803,634**	**563,964**

The gross amount of trade receivables increased significantly mainly due to the increase in net sales, while the loss allowance for receivables decreased by HUF 2,562 million 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	2022 HUF million	2021 HUF million
At 1 January	**16,167**	**22,206**
Additions	2,684	3,773
Reversal	(5,649)	(9,046)
Amounts written off	(233)	(765)
Foreign exchange differences	636	(1)
At 31 December 2022	**13,605**	**16,167**

	31 Dec 2022		31 Dec 2021	
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	**731,618**	**730,959**	**526,528**	**525,974**
Past due	**85,621**	**72,675**	**53,603**	**37,990**
Within 180 days	69,377	65,178	35,392	34,519
Over 180 days	16,244	7,497	18,211	3,471
Total	**817,239**	**803,634**	**580,131**	**563,964**

Current assets pledged as security

There are no current assets pledged as security as of 31 December 2022.

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 2022 HUF million	31 Dec 2021 HUF million
Short-term bank deposits	322,290	166,065
Demand deposit	250,065	188,222
Cash on hand	22,889	13,160
Total	**595,244**	**367,447**

Cash and cash equivalents pledged as security

The carrying amount of cash and cash equivalents pledged as security for liabilities is HUF 13,152 million as of 31 December 2022 (2021: HUF 11,667 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 977,233 million.

b) Capital and Contractual Commitments

The total value of capital commitments as of 31 December 2022 is HUF 299,287 million (31 December 2021: HUF 157,802 million), of which HUF 115,400 million relates to operation in Croatia, HUF 91,708 million to Hungarian operation and HUF 23,940 million to operation in Slovakia.

The most significant amounts relate to the Rijeka Refinery Upgrade Project (HUF 67,021 million). MOL is committed to the transformation of the refinery business and raising the competitiveness of the Rijeka Refinery. 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 relate to the development projects of the Izabela SE and Irena gas fields in the Adriatic Sea (HUF 14,601 million) and the replacement of condensing turbines with electric drive (HUF 9,517 million).

MOL has further commitments in upstream to drill and complete 16 wells, reach new oil reserves, improve reservoir pressure maintenance and cover annual work programme (HUF 62,325 million).

MOL Group's most significant commitment in Hungary relates to a polyol project of MOL Petrochemicals (HUF 36,747 million), which aims to become a major producer of polyether polyols (high-value intermediate products for the automotive, packaging and furniture industries) in Europe. Further substantial capital commitments in Hungary relate to a metathesis project (HUF 21,077 million) and to expanding the capacity of Maleic Anhydride Unit at Danube Refinery (HUF 9,819 million).

The largest investment commitment in Slovakia relates to a debottlenecking and process optimisation project in petrochemical business (HUF 16,596 million).

MOL Group has a take-or-pay contract with JANAF in the amount of HUF 6,544 million.

As part of corporate social responsibility MOL Group is committed to spending HUF 1,458 million via sponsorship agreements next year.

c) Unrecognised lease commitments

Unrecognised lease commitments*	31 Dec 2022 HUF million	31 Dec 2021 HUF million
Due within one year	2,266	1,867
Due later than one year but not later than five years	1,328	2,026
Due later than five years	306	274
Total	**3,900**	**4,167**

*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 21,614 million for which HUF 5,796 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. The contingent asset has not been recognised in the Statement of Financial Position.

CONCESSIONS (INA Group)

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

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

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

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

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

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

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.

Dana and Crescent vs. MOL Plc.

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

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

MOL's position is that the Claimants have no entitlement to Reserve Based Earn Out Payments, Production Based Earn Out Payments or Crude Oil Earn-Out Payments under the SSA. The facts are substantially the same as those being adjudicated in the JVA Arbitration, in which all of Dana and Crescent's claims were dismissed, but tested this time against MOL's obligations under the Share Sale Agreement as opposed to the Joint Venture Agreement. We received the Tribunal's final award on 16 December 2022 in which all claims of the Claimants were dismissed and MOL was awarded 100% of its costs.

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 72,701 million for the estimated cost as at 31 December 2022 for probable and quantifiable costs of rectifying past environmental damage (see Note 16). In addition, a provision of HUF 6,786 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 1,120 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 at 31 December 2022, on Group level the amount of environmental liabilities, recorded in the statement of financial position is HUF 20,219 million (31 December 2021: HUF 18,641 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	2022 HUF million	2021 HUF million
Cash consideration	(194,477)	(2,795)
Cash at bank or on hand acquired	796	384
Net cash outflow on acquisition of subsidiaries, joint operations	**(193,681)**	**(2,411)**

Analysis of net cash flow related to sale of subsidiaries, joint operations as business combinations	2022 HUF million	2021 HUF million
Cash consideration	9,415	1,101
Cash at bank or on hand disposed	(44,109)	(13)
Net cash inflow/(outflow) related to sale of subsidiaries, joint operations	**(34,694)**	**1,089**

Analysis of increas/decrease in other financial assets	2022 HUF million	2021 HUF million
Prepayments for business combination	-	(12,171)
Change of escrow account of decommissioning	(21,991)	-
Bought/sold bonds	(30,166)	(4,875)
Net change of given loans	(15,210)	(5,295)
Other changes	(15,864)	(5,521)
Total change in other financial assets	**(83,231)**	**(27,862)**

Analysis of cash flow related to joint ventures and associates	2022 HUF million	2021 HUF million
Cash consideration of acquisition and capital increase	(4)	-
Cash consideration of sale and capital decrease	-	-
Dividend from joint ventures and associates	21,206	27,755
Net movements of loans	(28,253)	(9,368)
Total	**(7,051)**	**18,387**

Analysis of other items	2022 HUF million	2020 HUF million
Fair value change - commodity	98,846	88,306
Write-off of inventories, net	33,813	10,726
Write-off of receivables, net	1,451	(11,475)
Other non-highlighted items	(22)	8,552
Total	**134,088**	**96,109**

	01 Jan 2022 balance Restated	**Cash flows used in financing activities**	**Non-cash changes**					**Non-financing CF related movements**	**31 Dec 2022 balance**
			Acquisitions/ Disposals	**Realised and non-realised FX**	**FV change on derivatives**	**Accrued Interest**	**New lease liabilities**		
	HUF million	**HUF million**	HUF million	HUF million	HUF million	HUF million	HUF million	HUF million	HUF million
Long-term debt	866,492	**(301,218)**	18,483	15,617	-	12,017	39,022	-	650,413
Other non-current financial liabilities	36,913	**(595)**	-	-	-	-	-	(15,647)	20,671
Short-term debt	185,616	**134,897**	-	141,498	-	6,675	-	-	468,686
Other current financial liabilities	244,167	**(19,357)**	-	15,645	933	-	-	(9,934)	231,454
Total Cash flows used in financing activities from financial liabilities		**(186,273)**							
Other items impacting Cash flows used in financing activities		**(192,983)**							
Total Cash flows used in financing activities		**(379,256)**							

The total cash outflow for leases in the period is HUF 24,532 million.

27. Earnings per share

Accounting policies

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

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

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

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

	Income HUF million	Weighted average number of shares	Earnings/(Loss) per share HUF
Basic Earnings Per Share cont.op. 2021 Restated	484,469	719,486,566	673.35
Diluted Earnings Per Share cont.op. 2021 Restated	484,469	724,847,017	668.37
Basic earnings per share attributable to owners of the parent (HUF) discont.op. 2021 Restated	42,453	719,486,566	59.00
Diluted earnings per share attributable to owners of the parent (HUF) discont.op. 2021 Restated	42,453	724,847,017	58.57
Basic Earnings Per Share 2021 Restated	526,922	719,486,566	732.36
Diluted Earnings Per Share 2021 Restated	526,922	724,847,017	726.94
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

28. Related party transactions

a) Transactions with associated companies and joint ventures

	31 Dec 2022 HUF million	31 Dec 2021 Restated HUF million
Trade and other receivables due from related parties	7,313	6,993
Long-term loans given to related parties	71,792	42,388
Long-term receivables from related parties due to finance lease	6,419	7,053
Short-term loans given to related parties	2,644	293
Short-term receivables from related parties due to finance lease	636	618
Trade and other payables due to related parties	14,461	14,139
Long-term liabilities to related parties due to finance lease	3,481	3,652
Short-term liabilities to related parties due to finance lease	541	497
Net sales to related parties	55,947	50,149

The Group purchased and sold goods and services with associated companies and joint ventures during the ordinary course of business in 2022 and 2021. 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 145 million in 2022 (2021: HUF 147 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

	2022 Number of shares	2021 Number of shares
Board of Directors	2,903,184	2,871,645
Chief Executives' and Management Committee (except Board of Directors members)	250,000	472,357
Senior Management (except Board of Directors, Chief Executives', Supervisory Board and Management Committee members)	233,305	121,341
Total	**3,386,489**	**3,465,343**

d) Transactions with Management, officers and other related parties

In 2022 entities controlled by the members of key management personnel purchased fuel and other retail services from MOL Group in the total value of HUF 3,921 million. MOL Group provided subsidies through sponsorship for sport organisations controlled by key management personnel in the total value of 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 1,557 million. All of the transactions were conducted under market prices and conditions.

Entities controlled by key management personnel hold 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.

	2022 HUF million	2021 HUF million
Salaries and wages	958	915
Other short-term benefits	896	658
Share-based payments	331	547
Total	**2,185**	**2,120**

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) Euro introduction in Croatia

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.

b) EU sanctions against Russia

In June 2022, the Council of the European Union adopted a sixth package of sanctions that, among others, prohibits the purchase, import or transfer of seaborne crude oil and certain petroleum products from Russia to the EU. The restrictions apply from 5 December 2022 for crude oil and from 5 February 2023 for other refined petroleum products.
A temporary exception is applied for imports of crude oil by pipeline into those EU member states that, due to their geographic situation, suffer from a specific dependence on Russian supplies and have no viable alternative options.
Moreover, Croatia specifically will benefit from temporary derogations concerning the import of Russian seaborne crude oil and vacuum gas oil respectively.

During the preparation of the consolidated financial statements the Group has taken into account all EU sanctions against Russia. Please refer to Note 1 for further information.

c) Takeover bid for the shares of Alteo Plc.

The Hungarian National Bank has approved the mandatory public takeover bid for the shares of Alteo Plc on 3 February 2023. The proposed purchase price defined in the mandatory public takeover bid is HUF 3,040 per share. The deadline for the declaration of acceptance regarding the mandatory public takeover bid commenced on 10 February 2023, and ended on 13 March 2023.

30. Appendices

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

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

- IFRS 17 Insurance Contracts including Amendments to IFRS 17 (effective for annual periods beginning on or after 1 January 2023 and endorsed by EU)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (effective for annual periods beginning on or after 1 January 2023 and endorsed by EU)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023 and endorsed by EU)
- Amendment to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from Single Transaction (effective for annual periods beginning on or after 1 January 2023 and endorsed by EU)
- Amendment to IFRS 17 Insurance contracts: Initial application of IFRS 17 and IFRS 9 – Comparative Information (effective for annual periods beginning on or after 1 January 2023 and endorsed by EU)
- Amendment to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current – Deferral of Effective Date and Non-current liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024 not yet endorsed by EU)
- Amendments to IFRS 16 Leases: Lease Liability in Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024 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 2022	Ownership 2021
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 Energy UK Ltd. [4]	United Kingdom	Exploration and production activity	-	100%
MOLGrowest (I) Ltd. [4]	United Kingdom	Exploration and production activity	-	100%
MOLGrowest (II) Ltd. [4]	United Kingdom	Exploration and production activity	-	100%
MOL Operations UK Ltd. [4]	United Kingdom	Exploration and production activity	-	100%
MOL UK Facilities Ltd. [4]	United Kingdom	Exploration and production activity	-	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 Jászárokszállás Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
MOL Mezőtúr Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
MOL Nordsjön B.V.	Netherlands	Exploration financing	100%	100%
MOL Norge AS	Norway	Exploration activity	100%	100%
MOL Nyírség-Dél Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
MOL Nyírség-Észak Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
MOL Okány-Nyugat Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
MOL Őrség Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
MOL Pakistan Oil and Gas Co. B.V. - Head Office	Netherlands	Exploration financing	100%	100%
MOL Pakistan Oil and Gas Co. B.V. - Branch Office	Pakistan	Exploration and production activity	100%	100%
MOL-RUSS Ooo.	Russia	Management services	100%	100%
MOL Somogybükkösd Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
MOL Somogyvámos Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
MOL SZMDK Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
MOL 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				
Croplin, d.o.o.	Croatia	Natural gas trading	49%	49%
IES S.p.A.	Italy	Refinery and marketing of oil products	100%	100%
Nelsa S.r.l.	Italy	Trading 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 BH d.d. [3]	Bosnia and Herzegovina	Trading of oil products	-	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 Heizöle GmbH	Austria	Trading of oil products	100%	100%
MOL Commodity Trading Kft.	Hungary	Financial services	100%	100%
MCT Slovakia s.r.o. [3]	Slovakia	Financial services	-	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-LUB Russ LLC	Russia	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. [2]	Hungary	Investment management	100%	-
Recrea Asset Management Zrt. [2]	Hungary	Business management	100%	-
ReMat Hulladékhasznosító Zrt. [2]	Hungary	Recycling and wholesale of waste	100%	-
ReMat Slovakia s.r.o. [2]	Slovakia	Recycling and wholesale of waste	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%
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%
SWS s.r.o. [4]	Slovakia	Transport support services	-	51%
Vúrup a.s.	Slovakia	Research and development	100%	100%

Company name	Country (Incorporation/Branch)	Range of activity	Ownership 2022	Ownership 2021
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%
MOL E-mobilitás Vagyonkezelő Kft.	Hungary	Investment management	100%	100%
MOL Fleet Holding Kft.	Hungary	Investment management	100%	100%
MOL Fleet Solution Flottakezelő Kft.	Hungary	Fleet management	100%	100%
MOL Limitless Mobility Holding Kft.	Hungary	Investment management	100%	100%
MOL Limitless Mobility Kft.	Hungary	Car sharing	100%	100%
MOL Polska sp. z o.o. [2]	Poland	Retail sale of fuel for motor vehicles at service stations	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. [2]	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 B.V. [3]	Netherlands	Oilfield services	-	49%
Nordic Shipping Ltd. [3]	Marshall Islands	Platform ownership	-	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	Romania	Oilfield services	49%	49%
Sea Horse Shipping Inc.	Marshall Islands	Platform ownership	49%	49%
Plavi Tim d.o.o.	Croatia	IT services	49%	49%
STSI integrirani tehnički servisi d.o.o.	Croatia	Repairs and maintenance services	49%	49%
INA Vatrogasni Servisi d.o.o.	Croatia	Firefighting services	49%	49%
MOL Aréna Kft.	Hungary	Investment management	100%	100%
MOL Biztonsági Szolgáltatások Kft. [2]	Hungary	Security services	100%	-
MOL CVC Investment Kft.	Hungary	Investment management	100%	100%
MOL GBS Magyarország Kft.	Hungary	Accounting services	100%	100%
MOL GBS Slovensko s.r.o.	Slovakia	Accounting services	100%	100%
MOL Group Finance 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. (former: MOL Ingatlankezelő 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 Magyarország Társasági Szolgáltató Kft.	Hungary	Company services	100%	100%
MOL Reinsurance Co. DAC	Ireland	Captive insurance	100%	100%
MOL RES Investments Zrt. (former: CEGE 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. [2]	Hungary	Transportation services	100%	-
MOL Vagyonkezelő Kft.	Hungary	Investment management	100%	100%
Multipont Program Zrt.	Hungary	Marketing agent activity	100%	100%
Neptunus Investment Kft.	Hungary	Investment management	100%	100%
Fonte Viva Kft.	Hungary	Mineral water production and distribution	100%	100%
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%
OT Industries-DKG Gépgyártó Zrt.	Hungary	Manufacturing of machinery and equipment	100%	100%
OT Industries Eszközhasznosító Kft.	Hungary	Leasing activity	100%	100%
OT Industries-KVV Kivitelező Zrt.	Hungary	Pipeline construction	100%	100%
Top Računovodstvo Servisi d.o.o.	Croatia	Accounting services	49%	49%
TVK Ingatlankezelő Kft.	Hungary	Real estate management	100%	100%

1) Fully consolidated because MOL Petrolkémia Zrt. and TVK Erőmű Kft. is the only costumer of Tisza-WTP Kft.; 2) Fully consolidated from 2022; 3) Liquidated in 2022; 4) Sold in 2022

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, the P&L effect of all commodity derivatives are eliminated.

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.

Clean CCS profit/(loss) from operation reconciliation	2022 HUF million	2021 Restated HUF million
Profit from operation	**1,259,112**	**567,186**
Inventory holding gain/(loss)	(82,167)	(139,733)
Impairment on raw materials and own-produced inventory	18,693	746
- thereof affects raw materials	134	(11)
- thereof affects own-produced inventory	13,426	454
- thereof affects purchased goods/products inventory	5,133	303
Cargo commodity derivatives	103,396	80,260
CO2 adjustment	4,111	637
CCS profit from operation	**1,303,145**	**509,097**
Impact of derivative transactions	(4,770)	8,045
Special items	(6,045)	18,677
Clean CCS profit from operation	**1,292,330**	**535,819**

Special items	2022 HUF million	2021 Restated HUF million
Profit from operation excluding special items	**1,253,067**	**585,863**
Upstream		
Impairment on Upstream assets in the Group	15,273	(17,089)
Environmental provision in INA Group	-	(4,295)
Total special items in Upstream	**15,273**	**(21,384)**
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)**	**-**
Corporate and Other		
Provision release for legal claims (Creditor Beta)		2,707
Provision release for legal claims (Creditor Gamma)	-	
Crosco impairment	-	
Total special items in Corporate and Other	**-**	**2,707**
Total impact of special items on profit from operation	**6,045**	**(18,677)**
Profit from operation	**1,259,112**	**567,186**

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 (PwC Könyvvizsgáló Kft.) for the statutory audit of the 2022 consolidated and separate financial statements of MOL Plc. is HUF 177 million. The auditor including its network charged HUF 119 million for other non-audit services, HUF 21 million for tax advisory services and HUF 12 million for other audit-related services to MOL Plc. and its subsidiaries for 2022 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

	2022						
	Electricity				Natural gas		
	Trading	Manufacturing			Transportation	Trading	
	MOL Plc.	TVK-Erőmű Kft.	MOL Solar Operátor Kft.	Total	FGSZ Földgázszállító Zrt.	MOL Commodity Trading Kft.	Total
	HUF million	HUF million	HUF million	HUF million	HUF million	HUF million	HUF million
Net sales	139,728	12,510	1,452	153,689	212,767	161,278	374,045
Other operating income	108	1	-	110	1,657	-	1,657
Total operating income	**139,836**	**12,510**	**1,452**	**153,798**	**214,424**	**161,278**	**375,702**
Raw materials and consumables used	142,684	10,422	129	153,235	140,603	157,778	298,381
Employee benefits expense	110	-	-	110	9,846	-	9,846
Depreciation, depletion, amortisation and impairment	764	389	612	1,765	19,651	-	19,651
Other operating expenses	87	1,100	16	1,203	4,283	150	4,433
Change in inventory of finished goods and work in progress	-	-	-	-	-	-	-
Work performed by the enterprise and capitalised	(611)	-	-	(611)	(1,017)	-	(1,017)
Total operating expenses	**143,034**	**11,912**	**757**	**155,703**	**173,366**	**157,928**	**331,294**
Profit/(Loss) from operation	**(3,198)**	**599**	**695**	**(1,904)**	**41,057**	**3,350**	**44,407**
Finance income	(1,015)	46	165	(804)	1,119	1,786	2,905
Finance expense	(11)	81	24	94	16,910	20	16,930
Total finance income/(expense)	**(1,004)**	**(35)**	**141**	**(898)**	**(15,791)**	**1,766**	**(14,025)**
Profit/(Loss) before tax	**(4,202)**	**564**	**836**	**(2,802)**	**25,267**	**5,116**	**30,383**
Income tax income/(expense)	-	(453)	(65)	(518)	(3,171)	-	(3,171)
Profit/(Loss) for the year	**(4,202)**	**111**	**771**	**(3,320)**	**22,095**	**5,116**	**27,211**

STATEMENT OF FINANCIAL POSITION

	31 Dec 2022						
		Electricity			Natural gas		
	Trading	Manufacturing			Transportation	Trading	
	MOL Plc.	TVK-Erőmű Kft.	MOL Solar Operátor Kft.	Total	FGSZ Földgázszállító Zrt.	MOL Commodity Trading Kft.	Total
	HUF million	HUF million		HUF million	HUF million	HUF million	HUF million
NON-CURRENT ASSETS							
Property, plant and equipment	2,501	2,533	7,498	12,532	281,091	-	281,091
Investment property	-	-	-	-	-	-	-
Intangible assets	-	503	-	503	4,194	-	4,194
Investments	-	-	-	-	-	-	-
Other non-current financial assets	-	2,218	2,279	4,497	7,600	-	7,600
Deferred tax asset	-	-	-	-	-	-	-
Other non-current assets	20	-	-	20	13	-	13
Total non-current assets	**2,521**	**5,254**	**9,776**	**17,552**	**292,898**	**-**	**292,898**
CURRENT ASSETS							
Inventories	604	45	32	681	11,334	1,507	12,841
Trade and other receivables	18,274	1,279	123	19,676	9,721	10,208	19,929
Securities	-	-	-	-	-	-	-
Other current financial assets	-	-	-	-	32	-	32
Income tax receivable	-	-	-	-	-	-	-
Cash and cash equivalents	-	19	-	19	13,378	2,779	16,157
Other current assets	57	26	13	96	1,706	3,342	5,048
Assets classified as held for sale	-	-	-	-	-	-	-
Total current assets	**18,935**	**1,369**	**168**	**20,473**	**36,171**	**17,836**	**54,007**
Total assets	**21,456**	**6,624**	**9,945**	**38,025**	**329,069**	**17,836**	**346,905**
EQUITY							
Share capital	442	700	105	1,247	17,396	24	17,420
Retained earnings and other reserves	687	-	8,461	9,148	58,177	441	58,618
Profit/(Loss) for the year	(4,202)	111	771	(3,320)	22,095	5,116	27,211
Technical income/(expense) for the period	5,429	2,606	-	8,086	6,861	217	7,078
Total equity	**2,356**	**3,417**	**9,337**	**15,161**	**104,529**	**5,798**	**110,327**
NON-CURRENT LIABILITIES							
Long-term debt	51	-	269	320	137,368	-	137,368
Other non-current financial liabilities	-	-	-	-	-	-	-
Non-current provisions	-	-	-	-	1,494	-	1,494
Deferred tax liabilities	-	-	112	112	18,389	-	18,389
Other non-current liabilities	-	0	-	0	11,601	-	11,601
Total non-current liabilities	**51**	**0**	**380**	**432**	**168,852**	**-**	**168,852**
CURRENT LIABILITIES							
Short-term debt	-	-	23	23	22,381	-	22,381
Trade and other payables	16,614	1,779	169	18,562	10,050	10,322	20,372
Other current financial liabilities	-	-	-	-	11,462	-	11,462
Current provisions	-	1,191	-	1,191	3,903	-	3,903
Income tax payable	-	236	16	252	(145)	-	(145)
Liabilities classified as held for sale	-	-	-	-	-	-	-
Other current liabilities	2,435	1	19	2,455	8,036	1,716	9,752
Total current liabilities	**19,049**	**3,207**	**227**	**22,483**	**55,687**	**12,038**	**67,725**
Total liabilities	**19,100**	**3,207**	**608**	**22,915**	**224,539**	**12,038**	**236,577**
Total equity and liabilities	**21,456**	**6,624**	**9,945**	**38,075**	**329,069**	**17,836**	**346,905**

	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 activities or in proportion to the direct asset.	-
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	-	-	-	Can be allocated directly to activities.	-
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 in proportion of fixed 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.	-
Deferred tax asset	-	-	-	-	-
Other non-current assets	Directly attributable other non-current assets and adding company level other non-current assets in proportion of the employee benefit expenses.	-	Can be allocated directly to the activities.	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.	Can be allocated directly to the activities.
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.	Can be allocated directly to the activities.
Securities	-	-	-	-	-
Other current financial assets	-	-	-	It is divided in proportion to the direct asset.	-
Income tax receivable	-	-	-	-	-
Cash and cash equivalents	-	Distributed in proportion of fixed assets.	Can be allocated directly to the activities.	It is divided in proportion to the direct asset.	Can be allocated directly to the activities.
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.	Can be allocated directly to the activities.	Provides accounting equation.	Value ensuring equality between allocated assets and liabilities and shareholder's equity.
Long-term debt	Can be allocated directly to the activities.	-	Can be allocated directly to the activities.	It is divided in proportion to the direct asset.	Value ensuring equality between allocated assets and liabilities and shareholder's equity.
Other non-current financial liabilities	-	-	-	-	-
Non-current provisions	-	Distributed in proportion to net sales revenue.	-	It is divided in proportion to the direct asset.	-
Deferred tax liabilities	-	-	Can be allocated directly to the activities.	It is divided in proportion to the direct asset.	-
Other non-current liabilities	-	Distributed in proportion of fixed assets.	-	It is divided in proportion to the direct asset.	-
Short-term debt	-	-	Can be allocated directly to the activities.	It is divided in proportion to the direct asset.	-
Trade and other payables	Can be allocated directly to the activities.	Distributed in proportion to net sales revenue.	Can be allocated directly to the activities.	It is divided in proportion to the direct asset.	Can be allocated directly to the activities.
Other current financial liabilities	-	Distributed in proportion of the net sales revenue, except of the directly attributable industrial tax and VAT liability.	-	It is divided in proportion to the direct asset.	-
Current provisions	-	Distributed in proportion to net sales revenue.	-	It is divided in proportion to the direct asset.	-
Income tax payable	-	Distributed in proportion to net sales revenue, except of the directly attributable industrial tax liability.	Can be allocated directly to the activities.	Distributed in proportion to profit before tax.	-
Liabilities classified as held for sale	-	-	-	-	-
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.	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.

2022 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 assessments 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 2 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 one-pager with a list of key Group-level material indicators, which are investment relevant and useful for decision making (page 152);
- 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 153) 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 23rd March 2022. This Sustainability Report and its related documents have been **externally assured** by Deloitte (page 180).

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 2018-2022 period can be obtained from the Data Library.

CLIMATE CHANGE & ENVIRONMENT	UNIT OF MEASURE	2022	2021	SASB	IPIECA	GRI	PAGE
Total Direct GHG (Scope 1)	mn tonnes CO_2 eq	6.64	6.77	EM-RM-110a.1	CCE-4	305-1	122
Total Direct GHG (Scope 1) under ETS	mn tonnes CO_2 eq	5.73	6.00	EM-RM-110a.1	CCE-4	305-1	123
Total Indirect GHG (Scope 2) - Location based – 2019-2021 data restated	mn tonnes CO_2 eq	0.59	0.71	EM-RM-110a.1	CCE-4	305-2	122
Total Indirect GHG (Scope 2) - Market based – 2019-2021 data restated	mn tonnes CO_2 eq	0.70	0.75	EM-RM-110a.1	CCE-4	305-2	122
Total Indirect GHG (Scope 3)	mn tonnes CO_2 eq	58.8	56.8	-	CCE-4	305-3	123
Methane (CH_4)	tonnes	1,964	2,147	EM-EP-110a.2	CCE-5	305-1	123
Total direct energy consumption	mn GJ	89.34	92.9	EM-RM-120a.1	CCE-6	302-1	123
Total indirect energy consumption	mn GJ	9.10	7.92	EM-RM-120a.1	CCE-6	302-2	123
Sulphur Dioxide (SO_2)	tonnes	4,643	3,409	EM-RM-120a.1	ENV-5	305-7	124
Nitrogen Oxides (NO_X)	tonnes	5,541	5,324	EM-RM-120a.1	ENV-5	305-7	124
Number of Spills (>1bbl)	number	41	44	EM-EP-160a.2	ENV-6	306-3	125
Volume of Spills (>1bbl) - HC content	m^3	984.96	316.1	EM-EP-160a.2	ENV-6	306-3	125
Total Water Withdrawal	thousand m^3	88,556	92,392	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	98,894	99,751	EM-RM-140a.1	ENV-2	303-4	125
Total Waste Generated	tonnes	169,288	162,775	EM-RM-150a.1	ENV-7	306-5	125
HEALTH & SAFETY	**UNIT OF MEASURE**	**2022**	**2021**	**SASB**	**IPIECA**	**GRI**	**PAGE**
Fatalities – own staff	number	1	0	EM-RM-320a.1	SHS-3	403-2	125
Fatalities – contractors (on- and off-site)	number	2	0	EM-RM-320a.1	SHS-3	403-2	125
Fatalities – third parties (work related)	number	3	2	EM-RM-320a.1	SHS-3	403-2	125
Lost Time Injury Frequency (own staff + contractors)	per 1 mn worked hours	1.14	1.07	EM-RM-320a.1	SHS-3	403-9	126
Total Recordable Injury Rate (own staff + contractors)	per 1 mn worked hours	1.4	1.27	EM-RM-320a.1	SHS-3	403-9	126
HAZMAT Transport Related Road Accidents	number	31	42	TR-RO-540Aa.1	SHS-4	403-9	126
HAZMAT Transportation Road Accident Rate	cases per driven mn km	0.33	0.42	TR-RO-540Aa.1	SHS-4	403-9	126
TIER 1 Process Safety Events	number	13	9	EM-RM-540a.1	SHS-6	11.8.3	127
TIER 2 Process Safety Events	number	18	32	EM-RM-540a.1	SHS-6	11.8.3	127
HSE Penalties	HUF million	24	19	-	-	2-27	127
PEOPLE & COMMUNITIES	**UNIT OF MEASURE**	**2022**	**2021**	**SASB**	**IPIECA**	**GRI**	**PAGE**
Number of Employees	number	24,277	24,291	-	-	2-7	128
o/w part-time	number	395	340	-	-	2-7	128
Employee turnover rate	%	13.0	11.7	CG-MR-310a.2	SOC-6	401-1	129
o/w Voluntary Turnover Rate	%	9.2	6.8	CG-MR-310a.2	SOC-6	401-1	129
o/w Non-voluntary Turnover Rate	%	3.9	4.9	CG-MR-310a.2	SOC-6	401-1	128
Proportion of women in total workforce	%	25.6	24.8	CG-MR-330a.2	SOC-5	405-1, 11.11.	128
Proportion of women in management (HAY 18 and above)	%	26.5	25.9	CG-MR-330a.2	SOC-5	405-1, 11.11	128
Average hours of training per employee	hours	29	24	-	SOC-7	404-1	128
Average training cost per employee	HUF thousand	104	75	-	SOC-7	404-1	128
Employees covered by collective agreement	%	92	91	-	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	184	344	RT-CH-210a.1	SOC-12	413-2	130
Donations in cash	HUF million	1,013	1,376	-	SOC-13	203-1	132
Ratio of local suppliers by number	%	86	85	-		204-1	
o/w Hungary	%	77	78	-		204-1	
o/w Slovakia	%	70	71	-		204-1	
o/w Croatia	%	86	81	-		204-1	
o/w Other	%	93	93	-		204-1	

INTEGRITY & TRANSPARENCY	UNIT OF MEASURE	2022	2021	SASB	IPIECA	GRI	PAGE
Ethics Reports	number	102	105	-	SOC-8	2-26, 406-1	131
Ethics Investigations	number	71	78	-	SOC-8	2-26, 406-1	131
Ethics Misconducts	number	22	21	-	SOC-8	2-26, 406-1	131
Security Investigations	number	1,663	1,688	-	SHS-7	2-26	132
Security Misconducts	number	1,387	1,331	-	SHS-7	2-26	132
Cyber Security Breaches	number	1	2	-	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	997	710	EM-RM-530a.1	GOV-5	2-28	133
Composition of the Supervisory Board				-		2-9	
o/w Number of board members	Number	13	15	-		2-9	
o/w Number of independent board members	Number	7	9	-		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:

TCFD DISCLOSURE OVERVIEW

	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
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B	Disclosure of greenhouse gas emissions Scope 1, 2 and 3	127-128
C	Targets used to manage climate related risks/opportunities, and performance against targets	126

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 *Strategic Outlook* 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 Risk Management Report 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: STRATEGY AND 2030 TARGETS [SASB: EM-RM-110a.2 / GRI: 305-1, 11.2.3. / IPIECA: CCE-4]

In Q1 2021, MOL Group published a revision to the Group's long-term strategy (detailed information about the update process can be found in MOL Group's 2020 Integrated Annual Report, the strategy's overview is available 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 2022 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 targets to decrease the direct carbon footprint (scope1+2) on current assets and operation base (2019 as the baseline) by 20% by 2030, relying on two main building blocks: continuous implementation of energy efficiency related projects (to contribute ~0.4 mtpa CO_2 reduction until 2030) and investing in emerging and low-carbon technologies (further CO_2 reduction target up to 1.4 mtpa). The latter block focuses on three main solutions: green hydrogen production – where first pilot project with 10 MW electrolyser capacity is under implementation in Danube refinery; utilizing potential CCS opportunities jointly with Upstream; and future product portfolio development.

To support the transition, and in response to the rapidly changing energy and carbon price environment the Downstream CO_2 Board launched in 2021, and CO_2 quota strategy development initiated to mitigate the financial impact of CO_2 emissions. Furthermore in 2022 in Downstream a new organization called New and Sustainable Business was created with dedicated ownership and focus on CO_2 emission reduction initiatives, scaling up existing non-traditional business lines (Recycling & Compounding), while also incorporating business development of new value chains (i.e: Hydrogen, Biogas) and driving Downstream in its low-carbon transition.

To minimize the direct impact of our operations on the environment we are active in, the Upstream business division aims to become net carbon neutral by 2030 with our scope 1 & 2 emissions, which accounted for 1.02 million tonnes of CO_2e in 2022. 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. We are continuously working on the maturation of CCUS projects as technical screening and assessment of different options are ongoing.

We are also seeking ways to limit our impact on the environment with projects that will also help achieve these strategic ambitions of the Group. Among other pursuits and in line with the World Bank's "Zero routine flaring by 2030" initiative, we aspire to eliminate flaring and venting activity in our operations. The upcoming regulation of the European Union on methane emissions, eliminating routine venting and flaring and also expected to touch upon further aspects, accelerates our efforts to meet these targets within the short term.

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).

Overall – including our 2022 performance - MOL Group managed to decrease its Scope 1+2 emissions by 10.1% compared to *2019 (base year of strategy setting)* level, getting us closer to achieving our 2030 sustainability targets.

In 2022, we opened 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 awarding the BREEAM Excellent level, among other 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 2022	FY 2021	SASB
DOWNSTREAM				
Total Direct GHG Emissions (Scope 1)	mn t CO_2-eq	5.64	5.89	EM-EP-110a.1
o/w under ETS	mn t CO_2-eq	5.56	5.81	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	2.0	1.42	EM-EP-320a.1
Process Safety Tier 1 Events	number	10	8	EM-EP-540a.1
UPSTREAM				
Total Direct GHG Emissions (Scope 1)	mn t CO_2-eq	0.97	0.85	EM-EP-110a.1
Fatalities (own staff + contractor)	Number	1	0	EM-EP-320a.1
Total Recordable Injury Rate (own staff + contractor)	per 1 mn worked hours	1.25	1.08	EM-EP-320a.1
Process Safety Tier 1 Events	number	3	0	EM-EP-540a.1
Volume of Spills (> 1 bbl)	m^3	31.1	46	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 the operational control 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 from non-operated Upstream assets are accounted for 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-equivalents (CO_2-eq) in 2022, a small decline compared to the 6.77 mn tonnes of CO_2-eq registered in 2021. Downstream continued to account for most of Scope 1 emissions (85%), with Upstream accounting for 15%.

SCOPE 1 and Scope 2 GHG EMISSIONS	UNIT OF MEASURE	2022	2021	SASB
Downstream	mn t CO_2-eq	5.64	5.89	-
o/w Refining	mn t CO_2-eq	3.3	3.35	EM-RM-110a.1
o/w Petrochemicals	mn t CO_2-eq	1.20	1.49	RT-CH-110a.1
o/w Power and Heat Generation	mn t CO_2-eq	1.10	1.01	IF-EU-110a.1
o/w Other Downstream	mn t CO_2-eq	0.04	0.04	-
Upstream	mn t CO_2-eq	0.97	0.85	EM-EP-110a.1
Others	mn t CO_2-eq	0.04	0.03	-
Total GHG Emissions Scope 1	mn t CO_2-eq	6.64	6.77	-
Total GHG Emissions Scope 2 (location based)	mn t CO_2-eq	0.59	0.71	-
Total GHG Emissions Scope 1+2	mn t CO_2-eq	7.23	7.48	

Emissions from the Group's **Downstream** operations slightly decreased compared to 2021, reaching 5.64 mn tonnes of CO_2-eq during 2022. The decline is due to several process optimization activities, the higher than usual planned turnarounds, both in refining and petrochemicals production. These contributed to the decrease of energy consumption in Production technologies, leading to a continuous decline in the CO_2 emissions of Downstream Production's refining and petrochemicals activities. Energy efficiency projects also reduced Downstream GHG emissions*:* several projects have been implemented during 2021 and 2022 with 0.11 mn tonnes of CO_2 reduction impact compared to our 2019 base year. This is in line with our 2025 target to reach at least 0.3 mn tonnes like-for-like CO_2 reduction compared to 2019. Efficiency improvement projects on our sites included replacement and modernization of several equipment (boilers, turbines, heat exchanger, etc.) and H_2 recovery.

In Group **Upstream**, there was a slight increase in Scope 1 emissions that is mostly attributable to INA's Upstream operations, related to the maintenance activity of the Enhanced Oil Recovery (EOR) project. Accordingly, in 2022 there were maintenance activities on the compressors during which not the total amount of CO_2 was injected. In addition, there was a minor increase in production as two new gas compressors were installed at our Pakistani operation.

Group-level methane emissions (mostly from Upstream) decreased from 2,147 tonnes (53.7 th tonnes of CO_2-eq) in 2021 to 1,964 tonnes (49.1 th tonnes of CO_2-eq) in 2022. The decline was due to a change in operational practices at INA Upstream: the excess methane was burnt on flares, which aligns with the aim of Upstream operations to provide procedures and solutions to use flaring instead of venting. GHG emissions from flaring increased by 34% (from 166 th tonnes of CO_2-eq in 2021 to 223 th tonnes of CO_2-eq in 2022). The main reasons behind the increase are the planned maintenance activities and the well workover/well test at one of our concession areas.

Location based Scope 2 emissions decreased from 0.71 mn tonnes of CO_2-eq in 2021 to 0.59 mn tonnes of CO_2-eq in 2022. Market based Scope 2 emissions (for EU) decreased from 0.75 mn tonnes of CO_2-eq in 2021 to 0.70 mn tonnes in 2022. Decrease in Scope 2 was driven by two factors: (1) less purchased electricity for production and (2) changing energy mix of countries resulted in decreasing emission factors for Scope 2 calculation.

Following last year's success, MOL LUB (Hungarian lubricants producer) successfully offset the 2022 GHG emissions of their Almásfüzítő site and became a verified neutral site of MOL Group for the 2nd time in a row.

GREENHOUSE GAS EMISSIONS: ETS [SASB: EM-RM-110a.1 / GRI 305-1 / IPIECA: CCE-4]

During 2022, 5.73 mn tonnes of CO2-eq of MOL Group's Scope 1 GHG emissions were covered by the European Union Emissions Trading System (ETS) regulation (or 86% of the total), a lower amount than the 6.01 mn tonnes of CO2-eq for 2021. Refining and petrochemicals accounted for the majority of Downstream emissions under ETS (78% of total verified ETS), with Power & Heat Generation accounting for 19% - overall, 97% of all Downstream emissions are covered by ETS, while Upstream accounted for 3%. Allocated amounts slightly increased to 3.62 mn tonnes of CO_2-eq, and traded amounts decreased to 2.09 mn tonnes. The number of sites as subject to ETS rules remained 12. The locations are as follows: 5 in Hungary (4 Downstream, 1 Upstream), 4 in Croatia (2 Downstream, 2 Upstream), 3 in Slovakia (2 Downstream and 1 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 110).

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	2022	2021	SASB
Refining - Production weighted average	t CO_2 / kt CWT	*33.7*	*36,15*	EM-RM-110a.1
Petrochemicals - Production weighted average	t CO_2 / t HVC	*0,78*	*1,19*	RT-CH-110a.1

In 2022 there was a slight decrease in the carbon intensity of the refineries, while petrochemical plants' carbon intensity also decreased. Variations typically are a result of a combination of factors, including change in production volumes, implementation of turnarounds and shutdowns. 2022 was a turnaround heavy year in refining and petrochemicals as well. The decrease in GHG intensity was mainly driven by the planned maintenance of our refineries, plus the unexpected and unplanned shutdowns, and the lower petrochemicals margin resulting in lower amount of produced and sold petrochemical products.

ENERGY CONSUMPTION [SASB: EM-RM-120a.1 / GRI 302, 11.1.2-4 / IPIECA: CCE-6]

Group direct and indirect energy consumption slightly decreased by 1.86 mn GJ, from 100.78 mn GJ in 2021 to 98.92 mn GJ in 2022, with most divisions registering a decline in energy consumption. The decrease was driven by MOL Group's strategic objectives focusing on asset efficiency improvement projects implemented during turnarounds. Downstream Production launched a program called "Promotion" in 2021 with asset equipment's energy efficient operation focus, starting to deliver first results. Major projects in MPC's SC1 unit also had decreasing effects on the energy consumption. Hungarian Upstream modernized the cooling unit in the Hajdúszoboszló gas plant.

The share of renewable energy remained below 0.5% as percentage of total energy consumed in 2022.

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 almost 95% of all measured Scope 3 emissions in 2022. 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	2022	2021
1	**Purchased goods and services**	tonnes CO_2-eq	2,004,138	2,081,670
	o/w purchased crude oil	tonnes CO_2-eq	1,497,662	1,635,607
	o/w purchased biofuel	tonnes CO_2-eq	506,477	446,063
2	**Capital Goods**	tonnes CO_2-eq	14	17,190
3	**Fuel and Energy Related Activities**		*accounted under Scope 1*	
4	**Upstream Transportation and Distribution** – 2021 figure restated	tonnes CO_2-eq	218,772	326,491
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**		*not measured*	
11	**Use of sold products**	tonnes CO_2-eq	55,597,335	53,297,650
	o/w sold refinery products (excl. naphtha)	tonnes CO_2-eq	51,590,139	49,287,432
	o/w sold natural gas	tonnes CO_2-eq	4,007,196	4,010,218
12	**End-of-life treatment of sold products**	tonnes CO_2-eq	645,073	714,529
13	**Downstream Leased Assets**		*not applicable*	
14	**Franchises**		*not applicable*	
15	**Investments** – 2021 figure restated	tonnes CO_2-eq	345,807	374,530
	Total GHG Emissions Scope 3	tonnes CO_2-eq	58,811,138	56,812,060

Scope 3 emissions increased to 59 mn tons of CO_2-eq in 2022, compared to the 57 mn tons of CO_2-eq registered in 2021. The YoY increase was mainly driven by a rise in refining product sales. Emissions from refinery products sold increased by over 2 mn tons of CO2-eq, mostly driven by the stronger demand generated from the Hungarian price cap regulation and motor fuel demand increase in other CEE markets. Accordingly, the Hungary-based increased fuel tourism combined with higher than-usual regional fuel demand led to 5% higher fuel sales in CEE 10 countries market. Scope 3 emissions from other value chain-related activities remained roughly flat or decreased slightly compared to 2021.

In the case of 'Category 2 – Capital Goods' – which is basically covering the steel and concrete purchases for construction – the significant decrease compared to 2021 is since the largest constructions (Polyol plant and MOL Campus) related works are in the last phase, or the project is already finished.

In the case of 'Category 4 – Upstream Transportation and Distribution' and 'Category 15 – Investments' the decrease in 2022 amount compared to 2021 is due to calculation errors, detailed within 'Restatements' on page 179, the above table already shows the updated numbers for 2021.

Regarding Category 12 – 'End of life treatment of sold products' – the decrease is derived from the lower amount of produced and sold petrochemical products.

EMISSIONS AND AIR QUALITY [SASB: EM-RM-120a.1 / GRI: 305, 11.3.2. / IPIECA: ENV-5]

During 2022, **sulphur dioxide** (SO_2) emissions increased to 4,643 tonnes compared to 3,409 tonnes emitted in 2021. The 36% YoY increase was driven by the turnarounds in Slovnaft Refinery where higher amount of sulphur rich off-gases were flared.

After the YoY decrease between 2020 and 2021, **Nitrogen oxides** (NO_x) emissions slightly bumped to 5,541 tonnes in 2022 from 5,324 tonnes in 2021. The main reason behind the increased amount compared to the previous year are the following: (1) the different load of equipment during the measurement campaigns, and (2) the new emissions sources implemented in MOL Pakistan.

2022 showed a decrease in **Carbon monoxide** (CO) emissions due to the turnarounds at MOL Petrochemicals and Danube Refinery, also driven by the better control of the combustion process at the combustion units at Slovnaft Refinery.

Particular Matter (PM) emissions slightly increased compared to the previous year, mainly due to higher fuel oil consumption at Rijeka Refinery.
The total amount of **Volatile Organic Compounds** (VOC) on the other hand decreased in case of the Downstream Production and Upstream activities as well. In case of Downstream, the emission was lower due to the turnarounds at MOL Petrochemicals and Danube Refinery and elimination of fugitive emission sources at Slovnaft. In case of Upstream, the reason is the overall reduction of the crude oil/condensate production at MOL Pakistan. 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** slightly decreased from 92.4 mn m³ in 2021 to 88.6 mn m³ in 2022, without any significant changes. There was also a slight decrease in water discharge data: 98.9 mn m³ in 2022 compared to 99.8 mn m³ in 2021.

EFFLUENTS	UNIT OF MEASURE	2022	2021	SASB
Total Petroleum Hydrocarbons (TPH)	tonnes	17	14	-
Chemical Oxygen Demand (COD)	tonnes	1,681	1,901	-
Biological Oxygen Demand (BOD)	tonnes	250	303	-
Suspended Solid (SS)	tonnes	536	614	-

TPH content of the effluents slightly increased, mainly at Slovnaft Refinery and INA E&P Offshore production where during the year higher concentration was measured in the effluents probably as an effect of more maintenance activity.

WASTE [SASB EM-RM-150a.1 - EM-EP-160a.2 / GRI 306, 11.5./ IPIECA: ENV-6 - ENV-7]

Due to the changes in reporting requirements defined by GRI, MOL Group's entire waste data collection structure was rebuilt during 2021. While the new structure helps to identify the composition and the production technology of the waste streams, comparison with previous years' detailed data is limited. The total amount of **waste generated** (incl. hazardous and non-hazardous) shows similar results to 2021: there is a slight increase from 163 th tonnes in 2021 to 169 th tonnes in 2022.

MOL Group puts great emphasis on waste treatment awareness, the following initiatives as of 2022 proving our commitment: besides being part of the European Waste Reduction week, waste collection days were organized to our colleagues at Százhalombatta and Tiszaújváros; MOL MPC joined the Jane Goodall foundation initiative ("Passzold vissza Tesó") involving the employees as well within the campaign; while we have also opened the used cooking oil (UCO) collection campaign at our workplaces (Logistics and Upstream operations).

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 152 locations (153 in 2021, 171 in 2020) that aimed assessing, observing, controlling and/or remediating, improving the status of the underground environment. Rijeka Refinery continued with sea protection activities (protective booms) and underground remediation (pumps and skimmers), while Slovnaft continuously operates a groundwater hydraulic protection system.

During 2022, 41 **spills** to the environment (of more than 1 bbl of hydrocarbon content), with a total hydrocarbon volume of 984.96 m³ were recorded across MOL Group. While the number of spills decreased (from the 44 spills in 2021), the total hydrocarbon volume increased significantly (from the recorded 316 m³ in 2021). The highest number of spills were recorded at the Group's Upstream operations, totalling at 30 spills to the environment during 2022 with a total hydrocarbon volume of 31.1 m³, albeit down from 34 spills in 2021 and with minor consequences compared to the amount of hydrocarbon (HC) spills registered in Downstream Production. In 2022, 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. Downstream Production Units (Refining and Petrochemical) registered 5 spills (10 in 2021) to the environment with a total volume of 906.95 m^3. One significant spill occurred in Rijeka Refinery, where 900 m^3 JET A-1 fuel leaked from a pipeline to the soil surface. Necessary actions were taken to remediate the area, and further actions were defined to prevent other similar events. No **offshore HC spills** were recorded in 2022.

HEALTH & SAFETY

FATALITIES [SASB: EM-RM-320a.1 - EM-RM-320a.2 / GRI 403, 11.9. / IPIECA: SHS-1 - SHS-2 - SHS-3]

In 2022, one employee and two contractor fatalities happened, which resulted in the Group's 'Zero fatality' goal not being met. The first fatal case happened in January 2022 with an employee of the security guard contractor of MOL Pakistan, who was killed at Manzalai-8 during a terrorist attack. The second fatality occurred with our own staff in June, in a road accident on S7 highway in Poland, where the colleague probably didn't notice a heavy vehicle, standing on the side of the road due to technical failure, and crashed into it. The last fatal accident happened to a contractor employee during a fuel tank cleaning activity at a Service Station in Debrecen, Hungary, in August. The activity was to ventilate a previously emptied underground tank, where the hydrocarbon vapors ventilated out accumulated on the surface and got ignited by an electric hand tool, although all parallel activities were banned. The flame flash caused so heavy injuries to the worker that he lost his life later in the hospital.

In addition, three third-party fatalities were also considered work-related, all of which were caused by non-preventable road accidents involving contracted hazardous material transport activities of MOL Group. The first sad event happened in February 2022, when a road tanker of hazardous material transportation contractor of MOL Romania was involved in a collision with a horse-cart which did not give priority for the tanker at an intersection; the driver of the horse-cart lost his life on the scene. The tanker's driver couldn't avoid the accident and was not considered responsible for the event. In the same month the second case happened as well, when the driver of our Moltrans Ltd. road tanker in Hungary turned to right in a busy intersection with traffic lights, in the outer lane. Suddenly a pedestrian – a woman in her 60s – stepped out from the right and got under the tanker losing her life at the scene. The driver of the tanker was not found responsible for the accident. The third event happened in Croatia in October. On a narrower road section with stone walls and buildings on the sides an oncoming third-party vehicle crossed into the opposite side of the road and ran frontally into our tank truck. The driver of the passenger car died in the accident, even though our driver tried to avoid the accident, but unfortunately, he couldn't. He suffered only minor 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 increase in Total Recordable Injuries (TRI) among own employees and contractors, reaching a combined 130 in 2022 (118 in 2021), however still far below the last "pandemic free" year (147 TRIs in 2019). Although the amount of worked hours was slightly decreasing from 2021 levels (by approx. 1 mn), the number of events somewhat increased, especially due to the increased turnarounds (TA) and other maintenance-relevant, mainly manual activities, an obvious consequence of the return to "normal industrial life" on sites after the significant restrictions in 2020 and partially 2021, too. As a result, MOL Group recorded a 10% increase in the Total Recordable Injury Rate (TRIR, measured by number of TRI cases per one million worked hours) for own staff and contractors (reaching 1.4 in 2022), exceeding the challenging 1.2 tolerable limit set for the year, being the same as the TRIR of the last "pre-Covid" year (2019 TRIR was 1.4 as well). Consequently, the TRIR for 2023 needs even further improvement, since the tolerable limit has been set to 1.1, while mid-term target until 2025 YE is still to keep it under 1.0.

TRIR - GROUP (OWN STAFF AND CONTRACTORS)	UNIT OF MEASURE	2022	2021	SASB
Upstream	cases/mn worked hours	1.25	1.08	EM-EP-320a.1
Downstream	cases/mn worked hours	2.00	1.42	EM-RM-320a.1
Retail	cases/mn worked hours	0.68	0.71	-
Group TRIR	cases/mn worked hours	1.40	1.27	-

While the increased on-site presence and the continuation of previously limited processes, like huge turnaround and other maintenance-relevant, mainly manual activities may have contributed to the increase in the number of events (not only in case of contractors, but own staff as well), all Business Units and sites initiated different actions to keep the numbers as close to tolerable limits as possible. These include different efforts to increase safety awareness, various Group-level and local actions initiated and implemented during the year, as well as the increased attention to health and safety among staff.

During 2022 the number of Lost Time Injuries (LTI) increased to 106 from 100 in 2021, resulting a 6.5% increase in Lost Time Injury Frequency (LTIF, measured by nr of LTI cases per one mn worked hours), to 1.14 during 2022 compared to the 1.07 LTIF recorded in 2021. Although the number of TRIs decreased from 147 cases in 2019, the last relevant and comparable year before COVID-19, to 130 cases in 2022, the performance expressed in TRIR is the same in both years – 1.40 (since not only the number of events, but the worked hours proportionally decreased as well). However, while the number of LTIs was 122 in 2019, resulting in a 1.16 LTIF value, compared to which the mentioned 106 LTI cases and 1.14 LTIF shows a slight improvement.

Consistently with the 2022 TRI numbers, LTIs were predominately driven by lower severity cases. Overall, the top causes of the personal injuries during 2022 were still slips, trips, falls (generally caused by human error and/or lack of attention), making up 38% of all injuries, followed by different finger and hand injuries (27%). The most common root for most of all cases were determined to be lack of attention/ care, but rule violations were identified in some cases as well. The smooth implementation of the new six Group-level Life Saving Rules introduced on 1 January 2020 continued 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 mobile application-based tool, called LEON, which is over a successful year in MOL Upstream, also piloted successfully in MOL Logistics, and planned to be extended for further Business Units in 2023. To improve the in-person contractor HSE trainings, INA Production has put into operation its demonstrational Training Center in Rijeka Refinery at the end of 2022, and Slovnaft Refinery also opened the already existing Center – used so far only for own staff – for contractors' work supervisors. 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: in 2022 we successfully closed the PPE tender with conclusion of new contracts, while the wear-test of new PPC garments from four different bidders was running for five months during the second half of 2022, covering all the affected Business Units in the three countries with the biggest operations. No occupational illnesses were recorded across the Group during 2022.

CONTRACTOR SAFETY [SASB: EM-RM-320a.1 - EM-RM-320a.2 / GRI: 403, 11.9. / IPIECA: SHS-1 - SHS-2 - SHS-3]

In 2022, two 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) decreased by 3.5% YoY, from 0.59 in 2021 to 0.57 in 2022 (almost reaching its level in 2019: 0.56). Total Recordable Injury Rate for contractors (measured by nr of TRI cases per one mn worked hours) increased by 10% YoY, from 0.77 in 2021 to 0.85 in 2022.

TRIR – CONTRACTOR	UNIT OF MEASURE	2022	2021	SASB
Upstream	cases/mn worked hours	1.48	0.30	EM-EP-320a.1
Downstream	cases/mn worked hours	0.90	0.90	EM-RM-320a.1
Retail	cases/mn worked hours	0.50	0.57	-
Group TRIR	cases/mn worked hours	0.85	0.77	-

During almost the same amount of contracted works in 2022 (contractor worked hours decreased by approx. 0.9 mn hours), a higher number of recordable injuries resulted in a higher Total Recordable Injury Rate compared to 2021. 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 2022 the inbuilt controls were audited with the aim of their further improvement, and performance-increasing actions were started. The OHS's focus on the Contractor Safety program in 2022 was on the effective hazard communication, enabling proper preparation according to the existing circumstances, before contractors' mobilization onto their worksites. The Covid-caused declining trend of on-site inspections has been reversed already in 2021, resulting in a 26% rise in the number of performed inspections, from 18,425 in 2020 to 23,151 in 2021, which in 2022 was further increased by almost 21% to 28,045 inspections. The ratio of successful pre-qualification contractor audits increased from 87% in 2021 to 97% in 2022, by 10 pp, (201 out of 231 in 2021 versus 156 out of 161 in 2022). Reflecting the decreased tolerance against any unsafe conditions, actions or safety rule violations, we increased both the number of banned workers from the different sites (from 49 in 2021 to 80 in 2022, increased by 63%), and number of initiated written warnings as well (from 447 in 2021 to 469 to 2022, increased by 5%).

ROAD SAFETY [SASB: TR-RO-540Aa.1 / GRI 403, 11.9. / IPIECA: SHS-4]

During 2022 MOL Group registered four work-related road accident fatalities, out of which one was own staff preventable and three non-preventable third-party 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 decreased to 0.33 in 2022 compared to 0.42 registered in 2021, by a remarkable 21.5%, despite an approx. 5.4% driven kilometres decrease. In comparison, previous years (except in 2020 when the pandemic outbreak occurred) RAR typically hovered around 0.5 (i.e. one accident for every 2 million driven km). In behind the number of HAZMAT transportation events decreased to 31 road accident (RA) cases registered in 2022, compared to 42 RAs in 2021, representing an even bigger, 26% decrease, showing a clear performance improvement. In 2022 Logistics continued to implement „Seeing-machines" which is suitable for drowsiness detection and to monitor distraction events, preventing serious accidents or minor collisions as well, however the project slowed down because of personal refusals of drivers and additional GDPR issues to be solved as well. 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 2022, the number of TIER 1 Process Safety Events (PSE) reached 13 across the Group, an increase from 9 cases registered in 2021. The increase was mainly driven by contribution of all PSM relevant businesses, however the events in Downstream Production (Refining, Petrochemical) were the prevailing ones.

TIER 1 PROCESS SAFETY EVENTS	UNIT OF MEASURE	2022	2021	SASB
Upstream	number	3	0	EM-EP-540a.1
Downstream	number	10	8	EM-RM-540a.1
o/w Downstream Production	number	7	7	RT-CH-540a.1
o/w Logistics	number	3	1	-
Retail	number	0	1	-
Total Tier 1 Process Safety Events		13	9	

There was no major fire or explosion, in most cases the reason was material release, accounting for 6 personal injuries. The seven Downstream Production cases (only in Refining) were related to loss of equipment integrity during normal operation or to improper preparation of equipment for maintenance work resulting in material release and personal injury. Retail operations registered no TIER 1 event in 2022. Of the 13 TIER 1 events, 1 was Severity 4 (high), 3 were classified as Severity 3 (medium), 5 cases as Severity 2 (low) and 4 case as Severity 1 (very low). Direct financial losses incurred during 2022 as a result of TIER 1 reached USD 1.2 mn compared to USD 860 th in 2021. Group-level TIER 1 PSE target for 2022 was set to seven, and a target of zero API TIER 1 events (explosion or spill) 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 fires and asset damages. In 2022 there was a decrease in the combined number of TIER 1+2 incidents (31) compared to 2021 (41) and MOL Group did not record any major industrial incidents. TIER 1 Process Safety Event Rate (PSER) for 2022 reached 0.42, whilst TIER 2 PSER reached 0.58. The TIER 3 DoSS (Demand on Safety System) was further reported to identify operational disturbances. Furthermore, the small and low severity incidents resulting in LOPC (Loss of Primary Containment) were requested to be analysed on primary causes. In 2021, the main focus of all process safety-relevant areas of MOL Group was on the implementation of the Process Safety Fundamentals in Logistics Operating companies and gap elimination identified in the previous year and preparation of the recommended practices in Hungarian, Slovak and Croatian operations. The follow-up of these internationally recognized good practices will remain in focus in 2023 Downstream Production introduced a new process safety road map and did preparatory work for bow-tie based quantitative risk management. 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 C6.

In 2022 new safety programs targeting both the workplace and process safety were initiated. The "Together in safety" program in Upstream and "SAFETY365 Awareness program" in Danube Refinery in downstream 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. The next is the joint initiative within Downstream, between Production and Logistics, that targets 6 shared areas reflecting either on existing things like fundamentals, slip&trip, safety tours, but bringing new initiatives as well like the operating discipline and the roll-out of LEON mobile application.

SARS-CoV-2 / COVID-19 [SASB: EM-RM-320a.2 / GRI 403 / IPIECA: SHS-1 - SHS-2]

In the first quarter of 2022 – similarly to whole years in 2020-2021 – MOL Group still continued paying attention on pandemic preparedness and the protection of staff in order to maintain business continuity. However, as the governments released all restrictions and measures in line with the abatement of the pandemic/epidemic, all the Group level measures first were as well restricted to local levels, then released.

Summarizing the whole period, the management of the pandemic succeeded that, during 2020, 2021, early 2022, the Group's operations and production continued without major interruptions or substantial internal spread of the virus, due to the continuous allocation of all needed resources, conscious approach and strict but reasonable measures.

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 in the face of a rapidly aging and retiring workforce in the core regions where MOL Group operates.

During 2022 we have reinforced the importance of Talent Management with MOL Group Leaders by revamping the Talent Management process which have resulted in more impactful and customer-oriented process, increased transparency over Talent Management, continued practice of regular People and Talent Discussions and regular annual education of Talent Owners with the aim to keep a closer and more regular look on internal talent pool, ensuring talent movement in line with the business strategy. Overall, with this aim during 2022 we have identified **688 talents** whose development, career, succession, retention and compensation were discussed and follow up actions have been agreed upon on local, divisional or Group level. We have conducted **Stay interviews** with selected 14 Group Enterprise Talents and followed up with MOL Group Top Management on agreed developmental and career actions of the **37 Group Talents and Exceptional Talents** in Q4. We have identified **MOL Leader of the Future profile** (Transformational Leadership Profile) with the support of Korn Ferry and can assess leadership potential towards this profile when needed. We have established **Talent Hub** as a one stop shop for MOL Group Leaders to educate themselves annually or on the spot with short e-learning videos and pdf documents.

In the new normal, after 2 years of semi remote work, MOL sought to ensure a continued strong talent pipeline. During 2022, 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 for **40 fresh graduates** from 4 countries, reaching a 40% 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 79% of the 2021 Growww participants graduated to **permanent roles** throughout the Group during 2022.

Furthermore, in order to maintain the link with educational institutions and students, MOL Group and its operating companies hosted over **272 summer interns** and offered **389 internships**. MOL Group actively collaborates with **18 universities, 16 vocational and secondary schools and 242 elementary schools**. In order to attract more candidates, we have identified the EVP (community, career, stability) that has been launched in 2021 and utilized it in recruitment campaigns. MOL Group and its operating companies received **18 employer branding awards** during 2022.

TRAINING AND DEVELOPMENT [GRI 404, 11.11.]

Training and development activities were continued in a hybrid way, after experiencing the effectiveness reached by this method in the period of COVID-19. Participation in traditional face-to-face trainings, both in-house and external, increased compared to 2021, to reach as a side effect networking and collaboration on development during 2022. Additionally, a large portion of trainings continued in a virtual environment. To ensure constant access to knowledge hub for all MOL Group employees, **MOL Group Academy (MGA)** established in Q3 2021 continued to operate in progressing trend as a knowledge sharing platform in the form of actual business, professional and leadership digital learnings, pre-recorded training sessions, internal trainings, uploaded learning materials. In the course of 2022 through **MGA, Ina & Slovnaft Academy** we organized 195 training courses for 6,927 participants from 15 countries which contributed to 14,971 learning hours. Accelerated focus on Strategy 2030+ and the raised need for upskilling/reskilling resulted in **21% increase in average training hours per employee** (29 in 2022 vs 24 in 2021) followed by 39% increase in average **training costs** which almost reached (0.4%) the pre-pandemic period (2022 vs 2019) indicating efficiency improvement as a result of 70-20-10 learning approach reinforced during 2021 (for training hours and training costs, difference in accounting is applied depending on the entity).

In 2022, the **Technical Competence and Career Development Program** within E&P started the new 2 years' cycle with the competency map's revision and update. The **TCCD** participants fulfilled their Assessment and Cross assessment in the Petroskills system. In **Growing Professional Skills Program** within DS area, the cycle continued in 2022 with the calibration process of the assessment results, identification of the strategic directions, but also trainings were organized based on the identified gaps. Within MOL Group around **1,700 white collar colleagues are enrolled in the TCCD/GPS program**, covering 12 countries, and involving in the program more than 450 Subject Matter Experts, Managers and Cross-assessors. During 2022, Consumer Services division deployed the **eSMILE mobile learning platform** to 16,000 Service Station (retail) hosts from 10 countries providing real time education and supporting the transformation of the retail business. In 2022 we extended the utilization of the digital learning platform **LEON "LearnOnline"** to blue collar colleagues in the Exploration & Production business unit, with **1,257 users** (Group BEX: 95, MOL LUB: 315, E&P: 847). We plan further extension to Downstream with **additional 2,440 licenses in 2023**. After a successful pilot in 2021, we have introduced **LinkedinLearning as off the shelf digital learning** solution to almost 2,000 employees across MOL Group in 2022. Digital learning behaviors and patterns of our employees showed a positive trend of spending on average **1.1h monthly** using these tools 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 (during working time or in free time). MOL Group continued to focus on **leadership development** to support Group leaders in executing the business strategy. Participation was lower due to restrictions, but most programs successfully continued in virtual settings. 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 in pre-pandemic set up, and more live gatherings which provided space for their stronger bounding into leadership network. 3 colleagues attended SEED **MBA** in 2022, and 6 attended Cotrugli MBA, further 60 talents participated in different SEED leadership development courses. In 2022 we have initiated The First Time Manager program in Hungary and also for MOL Group Operating company for 86 participants. As integral part of the Group's leadership development portfolio, the **Intensity** modular development courses were refreshed with new contents to support leadership development in new business environment created after the pandemic.

Over 700 colleagues throughout MOL Group completed the Social media and LinkedIn trainings enabling them to confidently promote MOL Group and themselves on social media as MOL Group professionals and building employer branding acumen to further enhance employee attraction and retention.

DIVERSITY [GRI 405-1, 11.11]

The 2020-2022 Diversity & Inclusion (D&I) framework actions were further implemented, along the 4 strategic pillars: **Age, Gender, Disability and Wellbeing.** More than 15 D&I events in core countries were organized in 2022, accessible to both white- and blue-collar employees, covering the advancement of employee mental health & wellbeing. During these occasions, external psychologists, mental health professionals and our own colleagues from MOL Group gave lectures or held individual consultations and workshops raising awareness of stress management, overcoming uncertainty, financial anxieties, cooperation and communication in difficult times, parents support and work-life balance. Loyalty Award and Lifetime Career Award continued, while the generation exchange program was revamped with pilot execution in 2023. 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. Independent third-party certification (Dadforce / Mamforce) continued in INA, and evaluation of family-friendly and gender non-biased policies implementation brought a result of 19% over market benchmark.

On **Group level 100+ leaders participated in unconscious bias training** ensuring better inclusion in their organization.

WORKFORCE GENDER BREAKDOWN	UNIT OF MEASURE	2022	2021	SASB
Proportion of women in total workforce	% of total	25.6	24.8	-
Women in all management positions (HAY 18 and above)	% of total	26.5	25.9	-
Women in junior management positions	% of total	28.6	28.8	-
Women in top management (maximum two levels from CEO, HAY 24 and above)	% of total	6.7	9.1	-
Women in management positions in revenue-generating functions (HAY 18 and above in business units)	% of total	20.6	20.3	-

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 2022, 37% 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 decreased to 6.7%, whilst the percentage of women of all management positions increased to 26.5%. Managerial female to male salary ratio edged closer to 100% in most of the categories (top mgmt. 68%, middle mgmt. 90%, first line mgmt. 92%) with differences mainly due to the fact, that within management categories, male managers are more present on higher internal grades. To achieve the targets and to regularly measure gender diversity, a semi-annual 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]

Following the completion of Employee Engagement Survey in Q4 2021, segment level action planning phase began in 2022 across the entire MOL Group with business teams identifying and committing to meaningful actions with the aim to further drive engagement and efficiency of their teams. On Group level, **20+ Employee Engagement results and action planning workshops** were delivered, and **767 actions defined**. **91% of actions started with 48% average progression and 21% got completed.** All segments systematically tackle engagement focusing on actions within direct influence of leaders. **Key action drivers** on Group level were addressing communication and information sharing on clarity of company's strategy; working relationships for teams' gatherings to boost cohesion and compensation / performance management reviews and adjustment. The **people listening framework** is being further reviewed in 2023 in order to further investigate the key drivers of people's experiences and to provide better tools for measuring and improving engagement.

10+ internal Group-level HR driven events with diverse scopes and target groups were organized throughout 2022, which helped accelerate relationships at scale & lift employee engagement. Most events were planned for online execution, but with Covid pandemic ease, most of them were reorganized offline. This further strengthened their **positive experience**, building a more **engaged MOL Group community.**

Employee Experience throughout the Employee Life Cycle of the employees was enhanced by carrying out a comprehensive review and upgrade of all Human Resources intranet service sites (MOL Group portal, INA companies, Slovnaft), to **provide up to date, reliable and relevant information and upgrade the customer experience,** aligning the human resources service and information level for all core countries.

In December 2022, 2500 Budapest based MOL Group employees moved in to **MOL Campus**, 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. In the new HQ MOL Group offers various people-centric solutions such as an enhanced onboarding experience, modern workshop spaces, relax room, gaming room and inspirational working areas (e.g. a real working garden) for colleagues who moved to one joint office from nine different office buildings.

The **total turnover** ratio at MOL Group-level in 2022 was **13%**, which is an increase of the overall turnover for 1.3 percentage points compared to 2021. Also, in line with general market trends present in most countries in 2022, voluntary turnover increased by 2.4 percentage points compared to year 2021, closing the year 2022 at **a voluntary turnover rate of 9.2%**. Increase of voluntary turnover was present in all 3 core operating countries, with stronger presence in Croatia (3.7%) and Hungary (2.1%), while Slovakian statistics is more stable and shows only slight increase of 0.6%.

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 2018 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 2022 with the participation of the MOL Group senior management. In 2022, the percentage of employees covered by **collective agreements** remained high at 92%. Trade Unions are active in the majority of MOL Group companies. 97.5% of the total headcount is employed by a MOL Group company with an existing trade union. 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 optimal distribution of the available budget through utilization of any non-taxable opportunities on local markets. Considering that year 2022 was also marked with pandemic and war challenges which required agility and flexibility from employer's side in terms of modalities of work and quicker reaction to changes in the working schedules, 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.

Two additional changes in our daily ways of working remained in focus of all employers in 2022, both largely influenced by the pandemic: **remote work** and **digitalization of admin processes**. MOL Group companies followed general market trends in this respect and continued to monitor our existing home office practices and also to further innovate digital solutions to support HR operations and increase the functionalities of internal Digital Forms.

Creating an overall **wellbeing strategy** for employees on MOL Group level and ensuring that the employees can fulfil themselves in every aspect of their life and achieve a healthy work-life balance remained in focus of MOL Group companies. Through internal and external channels, continuous communication campaigns towards employees are organized in order to ensure that they are informed on all available benefits, including health, female support, financial benefits, and professional development opportunities. MOL Group is putting strong emphasis on the 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 ~83% of total employee population, MOL Group companies 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).

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	2022	2021	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.

GRIEVANCES	UNIT OF MEASURE	2022	2021	SASB
Total Grievances Received (top 3 below)	number	184	344	RT-CH-210a.1
o/w Danube Refinery	number	60	142	RT-CH-210a.1
o/w Bratislava Refinery	number	39	68	RT-CH-210a.1
o/w MOL Pakistan	number	63	102	EM-EP-210b.1

Grievances are collected at major sites throughout the Group (full disclosure can be obtained from the Data Library). During 2022, 184 grievances were registered, a decrease from 344 in 2021. 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. In 2017, MOL Group published a Group-level Community Engagement Methodology Guide (CEG) to provide guidance to site-level management on how to plan and implement community engagement activities. 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 the CEG, MOL Group DS Production issued an internal process description (mandatory for all sites under the business unit) to ensure a uniform grievance handling practice. 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 reports. Since a significant number of complaints is connected to odour, we take measures to identify, reduce and eliminate the source of odour to the extent of our resources. For example, establishing continuous monitoring of the H_2S content of fuel gas to reduce SO_2 emissions complaints. A so-called “Electronic Nose” was installed for continuous monitoring and to provide data for investigations. In 2022, on Group-level, we focused on proper treatment of high sulphur fuel gas, however due to the above described reasons (turnarounds in Slovnaft Refinery where higher amount of sulphur rich off-gases were flared), emissions increased overall. As a further action we are focusing on the wastewater treatment with targeted investments in order to reduce other main emission sources. MOL Hungary also started to work on strengthening external communication to ensure that the activities with known impacts (e.g. odour and noise) are communicated in a timely manner. In 2023, our goal is to develop a mobile application to provide up-to-date information to the population. In case of Bratislava Refinery, we´ve seen a 43% reduction of grievances compared to 2021 (2022 – 39, 2021 – 68). Higher number of grievances in 2021 was affected by COVID lockdown, so the end of it had an impact on the decline. The majority of complaints in 2022 came during the period of general turnarounds. To improve communication, Slovnaft has launched previously an application called “Sused Slovnaft”, in which they can inform the users about planned as well as extraordinary events (to this date the app has approximately 2,500 downloads). We continue to hold community meetings every quarter, with ad-hoc meetings prior to major events describing the expected negative effects. 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 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.

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 2022 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 2022 MOL Group organised specific human rights related training in Russia and Pakistan (in 2023).

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]

The foundation of MOL Group’s ethics management system continues to be the Code of Ethics and Business Conduct (CoEBC), which was available in 13 languages across the Group at the end of 2022. In line with internal rules, every new employee hired by MOL Group during 2022 was informed about the CoEBC and was required to pass compulsory training. Partners (suppliers, service station operator partners, JVs, sponsorship and corporate giving contracts) are expected to demonstrate – in proportion to the operation size, complexity and risk environment – commitment to the principles of MOL Group’s Business Partner Code of Ethics (BPCE) ensuring ethical business conduct in MOL Group’s supply chain. MOL Group expects its business partners to cascade, apply and follow the above provisions also throughout the entire chain of their own suppliers, sub-contractors, service providers and business partners. The aggregated number of ethics (whistleblower) reports submitted via MOL Group’s ‘SpeakUp!‘ and to INA Ethics Council reached 102 during 2022 (full disclosure breakdown can be obtained from the Data Library). The annual number of cases is coming close to what MOL Group has received before the pandemic. In 2022, MOL Group ethics program focused on awareness raising with regular articles which intended to showcase real investigations in an anonymous way and ethics related trainings which are mandatory to all employees. In 2022, communication and training on ethics was continued to be extended to governance body members, as the subject of ethics was integrated into the yearly training package for members of the Board of Directors and 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 2022 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 2022. In April 2022 the Competition Agency of Montenegro initiated a proceeding against INA – Crna Gora d.o.o. and Jugopetrol akcionarsko društvo za istraživanje, eksploataciju i promet nafte i naftnih derivata – Podgorica. To date, the case is still ongoing. In 2022 the Slovenian competition authority issued a decision on the LPG market where INA Slovenija (among others) made commitments to the authority to resolve the concerns of the authority related to alleged concerted practice. In 2021, the Slovak Antimonopoly Office started an investigation into Slovnaft prices on wholesale and retail market of fuels. The investigation (in the form of monitoring of market) is ongoing with no specific outcome to date.

During 2022, 3 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 2022, 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. During 2022, no public (external) legal cases regarding corruption were brought against the organization or its employees, although for the latter, one proceeding is still ongoing in Croatia. Based on State Attorney Office's organized crime investigation initiated also against INA managers, an internal investigation was conducted in order to identify the potential fraudulent activities of INA Gas & Power department. It was established that the internal regulations were violated and by entering into contracts with different companies, significant financial and opportunity loss has been incurred to INA. Official State Attorney's Office investigation is still ongoing. In connection with this, INA strengthened its internal preventive and control measures, and has applied consequence management measures towards its employees and companies involved. Also, INA engaged an independent expert to review all relevant business processes and provide suggestions for strengthening them.

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 (page 77) and section 7. Income Taxes from the Financial Consolidated Statements (page 84). 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 a number of different channels, including volunteerism, sponsorships, donations, and other forms of economic support. In 2022, 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), a HUF 0.4 billion decrease from 2021.

Following MOL Group's corporate giving policy, MOL Hungary's main focus was on child healing and talent support programs, which were taken over by the MOL - New Europe Foundation established by MOL together with the Hungarian State in 2021 to provide more targeted and significant support for sport, culture, health, economic development and environmental protection. Therefore in 2022 a child healing and an urban tree-planting program were announced by the Foundation.

In line with the new strategy, MOL Hungary fosters strategic university links and supports local communities in the areas where it operates. As part of our sustainability efforts in 2022, MOL joined the Mastercard "Priceless Planet Coalition" initiative, where 50,000 trees were planted with our contribution and continued our cooperation with the Hungarian Food Bank Association and saved 16,799 kg of surplus food at service stations, which neutralised 41,997.5 kg CO_2 emissions (based on FAO Food Wastage Report).

INA's activities in 2022 aimed NGO institutions (hospitals, Green Belt projects), WRC Croatia Rally, Youth Sports Games as well as internal employee engagement programs (Sports games, Kids Day – one day at work with parents).

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 NGOs and foundations for socially weak families, incurably ill children and projects within University Hospital in Bratislava.

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 39% and reached 5,208 hours in 2022, comparing to 2021 (3,748 hours) which came from the lifting of the restrictions introduced during COVID-19.

SITE AND CYBER SECURITY [SASB: EM-EP-210b.1 - EM-EP-210b.2 / GRI 410 – 418, 11.20. / IPIECA: SOC-3]

During 2022, MOL Group carried out a total of 1,663 **security investigations**, a slight decrease of 1% YoY. MOL Group Security identified 1,387 cases of **misconduct** during 2022, a slight 4.2% YoY increase from 2021 (1,331). In line with previous years, the majority of misconducts (87%) were committed throughout the Group's service station network, the number of these misconducts (1,212) was higher compared to the previous year (1,199). The main causes of misconduct were authority price cap abuses, fuel and loyalty card 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. 9.2% of misconducts were misuses of corporate property, breaches of security rules or fraud at MOL Group companies, 1% of misconducts involved conflicts of interest, and 3% of misconducts related to security risks that concerned business partners.

In 2022, according to the Group's Annual Fraud Risk Assessment Plan, one Refinery Fuel Loss Risk Assessment was conducted to minimize loss in Hungary related to Danube Refinery. The Annual Fraud Risk Assessment Plan included several other Fraud Risk Assessments covering the follow-up Fraud Risk Assessments of Turnaround activities in Slovnaft, Summer events and in Hungary at MPC. We have also conducted Treasury related Fraud Risk Assessment to identify process gaps and mitigate the possible risks. Local Anti-Fraud experts conducted fraud risk assessment in INA regarding STSI Maintenance activity, in Hungary regarding Base Stations' cleaning process as well as a risk assessment regarding process of material movement during Turnaround Activity & routine maintenance. A Slovakian Anti-Fraud Expert also prepared a procurement relevant Fraud Risk Assessment in Slovnaft.

MOL Group's exposure to the risk of human right violation remained relatively minor during 2022 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. In Pakistan, the next training was scheduled to 2023.

On 26th January 2022, armed terrorists of Pakistani Taliban organization attacked the Manzalai-8 Well Head with heavy fire power. One of the armed security guards of the well was killed in action and one was kidnapped (none of them was a MOL Group employee). The kidnapped person had been held in captivity in Afghanistan for 5 months while the terrorists were negotiating for ransom. Mol Group was not involved in negotiation and paying ransom to terrorists. After 5 months of custody the victim was released. The terrorist attack didn't cause any damage or interruption at the well head from an operational point of view. The target of the terrorist group was not MOL Group, but they consider every uniformed security organization as an enemy. After the above terrorist attack, additional preventative measures were introduced. On 17th March, there was a second attack against the location but due to the strengthened defence capability, it was thwarted successfully without any casualties

In 2022, MOL Group encountered four minor incidents that were handled by MOL Group Cyber Security, neither of them caused any business interruption. There was a wave of new type of email attacks that affected several companies in the supply chain, the root cause was a new vulnerability that was not patched in time, however MOL Group itself was minimally affected due to security appliances that were fine-tuned to handle the new threat. Also all vulnerable components in the infrastructure were updated in time to avoid the possibility of further expansion. The second was a distributed denial-of-service attack, which was mitigated with specialized protection technology. The third was a scam/phishing attack that used MOL Group marketing material (available freely on the internet) and targeted subsidiaries and companies in the supply chain. The incident was handled using Cyber Threat Intelligence (CTI) platform and the scam scheme was disassembled. The Russian-Ukrainian War is an ongoing international conflict and within it even MOL Group was threatened by the Ukrainian Hacker Group (Anonymous). In 2022, one cyber security incident happened, a phishing campaign, which affected the whole region and was supposedly connected to the invasion of Ukraine by Russia. No entities were affected inside MOL Group due to a combination of awareness campaigns and specific security measures that prevented data theft.

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).

Responsible procurement aims to anchor as a fundamental element in all procurement activities driven by the category management sub-function. All category strategy must include the sustainability profile to better understand the social and environmental risks and opportunities. Sustainability risk assessment has been integrated in the Supplier risk and opportunity management and quarterly reviews are performed. MOL Group's key commitments in the framework of Responsible Procurement can be found in the Supplier Center on www.molgroup.info (For more information, please also see the Contractor Safety section).

CUSTOMERS [GRI 2-29, 416, 417]

A key component in MOL Group's 2030+ Strategy is the gradual shift from fuel to chemicals, which aims to move further along the value chain into semi-commodity and specialty chemicals. In this strategic move, customers and customer satisfaction are playing an important role in the sustainable transformation of the business model. Since 2018, a new group-wide unified B2B customer satisfaction tracking methodology is being used. This system constantly measures customer satisfaction across MOL Group countries spanning the wholesale product portfolio (including wholesale fuel and petrochemicals), with a total customer population of around 60,000 wholesale customers. The Group-level standardized survey (usually conducted by independent market research companies) provides an overarching methodology 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. MOL Group has set a group wide target of 95% customer satisfaction by 2022 amongst wholesale customers. The 2022 satisfaction will be measured in the beginning of 2023. As a key component in serving the Group's customers on the highest level, MOL Group continuously tracks their rate of satisfaction. In 2021, MOL Group achieved a 93.6% customer satisfaction, an increase from 89.4% in 2019. As was the case in 2018 and 2019, results show a mixed picture in terms of customer satisfaction per country (country breakdown is disclosed in the

Data Library). To reach the 95% target and reflecting on customer feedback in the 2019 Customer Satisfaction Survey, MOL Group made a number of changes since then. These changes include improving our digital solutions with additional roll-outs and development of Partner Portal and ISA (Internet Sales Application), as well as implementation of a new CRM system in B2B. Partner Portal is an online interface with all the important content, services and systems our customers may need for their day-to-day operation. They can view our Current Prices, manage their fuel card matters in Card Centre, start fuel wholesale and fuel card quotation and contracting online in our new E-Business system. They can also place their orders on the ISA online interface and find our current Terms and Conditions (GTC). All above serves the convenience of our B2B partners shifting from a traditional service towards self-service and paperless solutions.

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 a number of industry, trade and professional associations across the European Union. Membership expenses for EU trade associations reached EUR 997 th in 2022, an increase from EUR 710 th in 2021, with memberships remaining broadly unchanged. EU policy topics discussed during 2022 covered a wide a range of issues, including the EU's climate and energy policy framework addressing renewable energy, energy efficiency, and emissions trading, environmental legislation addressing circular economy, industrial emissions, corporate sustainability as well as energy security related legislation. Topics discussed at professional associations within the oil & gas, petrochemical and chemical industries, included but were not limited to industry decarbonization, low-carbon fuels, recycling, chemical products, as well as chemical safety. Membership fees for National Associations in Hungary, Slovakia, Croatia, Czechia, Poland, Austria, Slovenia, Romania, Bosnia, Serbia reached EUR 429 th in 2022. Full disclosure can be obtained from the GRI Reporting Table 2-28.

EU TAXONOMY REPORT

INTRODUCTION AND LEGAL BACKGROUND

Based on the Article 8 of the Regulation (EU) 2020/852 (Taxonomy Regulation)[4], 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[5] 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.

The Annex I of the Delegated Regulation (EU) 2021/2178 (Disclosure Delegated Act)[6] specifies the content and presentation of information to be disclosed. During the 2021 financial year, MOL Group had a mandatory reporting obligation to prepare the first EU Taxonomy report, focusing only on eligibility assessment. In line with the 'Disclosure Delegated Act' for the 2022 financial year, the non-financial undertakings that are subject to Articles 19a or 29a of Directive 2013/34/EU should already report their 'Taxonomy eligible activities', and also their 'Taxonomy-aligned activities'. However, the report should only cover the environmental objectives of climate change mitigation and climate change adaptation. The additional four, legally still not defined environmental objectives are not mandatory for the reporting covering the 2022 financial year.

Technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or adaptation, and for determining whether the activity causes no significant harm to any of the other environmental objectives is covered by Annex I and II of Delegated Regulation (EU) 2021/2139 (the Climate Delegated Act)[7].

Furthermore, based on the modifications implemented by Delegated Regulation (EU) 2022/1214 (Complementary Climate Delegated Act)[8] 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.

[4] 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
[5] 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)
[6] 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)
[7] 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 ((EU) 2021/2139)
[8] 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)

GENERAL APPROACH

For the 2022 financial year, MOL Group identified activities under the climate change mitigation environmental objective, therefore any allocation between different objectives was not necessary. While in the last years MOL Group implemented projects which contributed to climate adaptation, no such project has been identified in 2022. We are expecting projects to be listed in the future under the climate change adaptation environmental objective linked to 'adaptation solutions' reducing the most important physical climate risks (that were identified through Appendix A DNSH screening of the Climate Delegated Act). We have not identified activities that contribute to multiple objectives yet. When the delegated acts about the remaining four environmental objectives will be issued, such activities might be relevant, and a decision will be made about their categorization in time.

The relatively low proportion of aligned activities in the given KPIs are a result of a conservative approach MOL has taken in reporting, furthermore since the EU Taxonomy framework is not finalized yet, as the delegated act with the remaining four environmental objectives (*'TAXO4'*) is still not issued. Considering the market trends, the reported percentage of Taxonomy alignment is reasonable and justified. A recently published research[9] showed that *the turnover alignment with regard to the two climate objectives for the given company universe in overall mean come to 2.9%, with individual vendor means ranging from 0.1% to 5.4%*. Based on this research, the low alignment figures are not surprising and reflect the current gap to where the economy needs to transition regarding environmental sustainability. The study involved 200 firms, the sum of the top 50 large and mid-sized European and non-European companies.

In our assessment, we have been focusing on MOL Group's core activities and one-off projects not linked to the core business have been taken out from the analysis. Activities supporting the transition (CO_2 emission reduction) of the traditional oil and gas value chain (non-eligible target activities) have been considered during our eligibility and alignment assessment. This approach is in line with the recently published research[10] of Autorité des Marchés Financiers (AMF) titled 'Insights into the first taxonomy reporting by listed companies' standpoint, that the individually eligible activities can be counted, even for non-eligible target activities.

As of now, in line with the mandatory reporting obligation, only fully consolidated items have been accounted. Although joint ventures and associated companies could have been reported on a voluntary basis[11], we decided not to include them in this report, however we take the option to revise our approach in the upcoming years, depending on the evaluation of the EU Taxonomy framework.

Assets from discontinued operations (UK E&P assets) have been excluded from the assessment and KPI calculation.

In terms of financial instruments, MOL Group has not issued sustainability-linked or green bonds in the assessed periods.

ELIGIBILITY SCREENING

The screening covered MOL Group core businesses along the entire value chain (except joint ventures and associates).

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.

Technical screening criteria (TSC) monitoring

Pre-selected eligible activities were subject to a technical screening criteria (TSC) monitoring, as the first step to proving their alignment.

Do no significant harm (DNSH) screening

Activities fulfilling technical screening criteria were tested against the do no significant harm (DNSH) requirements of the remaining 5 environmental objectives. To prove the activities' alignment with the DNSH criteria, detailed assessment has been carried out.

Appendix A screening (i.*e. compliance with Climate change adaptation criteria*)[12] 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 risk management has been combined with the EU Taxonomy additional requirements – and integrated to a specific Appendix A framework.

For future climate scenarios, we used IPCC (Intergovernmental Panel on Climate Change) and EEA (European Environmental Agency) sources in our assessment – as referred in Appendix A requirements. Furthermore, to select the material physical climate risks, the European Climate Adaptation Platform (Climate-ADAPT)[13] database was used.

[9] Andreas G. F. Hoepner (2022). EU Green Taxonomy Data – A First Vendor Survey. The Economists' Voice.
[10] Autorité des Marchés Financiers (2022). Insights into the first taxonomy reporting by listed companies, p. 24.
[11] Page 21, Question 14, Draft Commission Notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of Taxonomy eligible and Taxonomy-aligned economic activities and assets (second Commission Notice)
[12] Appendix A (Generic Criteria for Climate Change Adaptation) of ANNEX I of Delegated Regulation (EU) 2021/2139, pp. 155-156
[13] The European Climate Adaptation Platform Climate-ADAPT (2022)

A conservative approach has been applied during the assessment and the worst-case scenario; the RCP 8.5 pathway was examined[14]. 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 our main operational countries, the applied scientific framework examined them as one region, so as Western and Central Europe (for example by the IPCC projections), and in the risk assessments we screened all material physical climate risks relevant to this area. The material physical climate risks are assessed in the scenarios as detailed above, taking into account the likelihood and impact on the Group and adaptation plan defined whenever necessary. It is also important to emphasize that activities identified as EU Taxonomy aligned are not material within the examined Group level KPIs (Turnover, OpEx, CapEx), as accounting for less than 5% of total.

During proofing compliance with criteria set out by **Appendix B**[15] (*i.e. compliance with Sustainable use and protection of water and marine resources criteria*) and **Appendix D**[16] (*i.e. compliance with Protection and restoration of biodiversity and ecosystems criteria*) screening, operational permits have been reviewed as well as if the given activities were located in or near biodiversity-sensitive areas (incl. Natura2000[17]).

Appendix C[18] (*i.e. compliance with Pollution prevention and control criteria*) screening conducted for the identified manufacturing activities. Criteria defined by the points ”a”-”e” have been assessed in details.

Since ‘f’ and ‘g’ points prematurely referencing ‘essential for the society’, as the criteria for the essentiality of chemicals is not defined yet in legal terms, we did not formally assess these points – in line with the guidance provided by the Platform on Sustainable Finance[19], also by German Chemicals Associations report[20].

Once the "essential use" will be defined by law, we will perform an assessment. However, MOL Group is always aiming to ensure full compliance with all the legislative requirements across its operations.

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[21] issued by the Platform on Sustainable Finance, focusing on human rights, anti-corruption, fair competition and taxation.

MOL Group respects fundamental human rights, its Code of Ethics and Business Conduct[22] includes the company's commitment. 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.

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).

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.

Regarding taxation, the company has an adequate governance structure in place to ensure full tax compliance and tax transparency.

FINANCIAL METHODOLOGY

In the assessment of EU Taxonomy eligible and aligned activities and calculation of the mandatory KPIs, as a main rule we followed the requirements defined by the ‘Disclosure Delegated Act’ (EU 2021/2178), however in some cases we applied materiality thresholds and simplification considerations as described in below sections.

KPI RELATED TO TURNOVER (TURNOVER KPI)

[14] DRAFT 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 (19 December 2022), page 68-69, Question 168

[15] 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

[16] Appendix D (Generic Criteria for DNSH to Protection and Restoration of Biodiversity and Ecosystems) of ANNEX I of Delegated Regulation (EU) 2021/2139

[17] Natura 2000 Network Viewer (2023) European Environment Agency source: https://natura2000.eea.europa.eu/

[18] 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

[19] Platform Usability Report , Platform recommendations on Data and Usability as part of Taxonomy reporting, 12 October 2022,

[20] EU Taxonomy: Points f) and g) of Appendix C of the Climate Delegated Act (2022) Verband der Chemischen Industrie e.V(VCI), Germany, VCI Report

[21] Final Report on Minimum Safeguards, PLATFORM ON SUSTAINABLE FINANCE, October 2022

[22] Code of Ethics and Business Conduct (2023) MOL Group

For the KPI calculation, the consolidation system was used for the reporting. 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 centres 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 the case of aligned, and non-aligned activities as well. To avoid double counting, only third-party external turnover is considered in the calculation.

No materiality threshold was 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 3 of the Consolidated Financial Statements of Annual Financial Report.

KPI RELATED TO OPERATING EXPENDITURE (OPEX KPI)

OpEx KPI was calculated only for the profit centers where sustainable turnover was identified as well.

In the case of OpEx KPI, the irrelevant 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'.

For the numerator calculation in the case of profit centers where both eligible and non-eligible OpEx was identified, OpEx related to the eligible products was collected and calculated only. 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 is applied in case of aligned, and non-aligned activities as well.

For the denominator calculation, the total Group level amount of the relevant general ledger accounts have been accounted.

Overall, we consider OpEx KPI as less material for the description of MOL Group's activities.

KPI RELATED TO CAPITAL EXPENDITURE (CAPEX KPI)

In the case of CapEx KPI, we used the central CapEx reporting and monitoring tool of MOL Group. Concerning the CapEx definition used in this database and the definitions used in the Taxonomy Regulation we must make the following comments: 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. We believe 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 (2022) has been considered.

In the case of CapEx KPI, we applied a materiality threshold of USD 100 thousand. The CapEx figure used as the denominator is comparable with the figure on page 41, 43 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.

CONTEXTUAL INFORMATION ABOUT KPIS

EU Taxonomy eligible activities in turnover is 9.0%, in OpEx 5.3%, in CapEx 15.4% for the year 2022.
EU Taxonomy aligned activities in turnover is 0.2%, in OpEx 1.2%, in CapEx 4.8% for the year 2022.
Relatively low percentages are partially a result of the previously demonstrated facts, that a significant part of MOL Group's activities is still related to the oil and gas industry, the EU Taxonomy legal framework is still not completed, and a conservative approach has been followed in the assessment and reporting.

TURNOVER

The eligible turnover proportion is lower in 2022 (9.0%) than in the previous year (14.5%). The lower proportion of eligible activities in 2022 than in 2021 were driven by the following factors. Over 95% of eligible turnover can be associated with MOL Group's petrochemicals business (*3.14 Manufacturing of organic basic chemicals* and *3.17 Manufacturing of plastics in primary form*). Activities linked to our main downstream production sites in the CEE region (Duna Refinery in Százhalombatta and MOL Petrochemicals in Tiszaújváros, Bratislava Refinery and Petrochemical unit in Slovakia and Rijeka Refinery in Croatia). During the year 2021, we experienced record price environment for plastics products, however in 2022 a significant drop was visible. Sales turnover reflected the unfavourable external environment coupled with decreased market demand. However, MOL Group's total turnover has been 36% higher in 2022 than in 2021, driven by the high oil price environment, crack spreads and the favourable refinery margin.

In the case of manufacturing activities (under Annex I/ 3.14 Manufacture of organic basic chemicals), a significant portion of the generated high value chemicals are related to internal consumption, supplying the plastic production of MOL Group, therefore this part of turnover and OpEx linked to 'own internal consumption' is not reflected in the EU Taxonomy reported KPIs.

The aligned turnover proportion is 0.2%.

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. 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 on five locations in Hungary.
- *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.

Turnover coming from *6. Transport* activity categories are linked to mobility solutions provided by different MOL Group companies.

- *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[23] could be proven to be aligned only partially, as only part of the car park is compliant with the 'low-and zero-emission light-duty vehicles' (lower than 50gCO_2/km emission) criteria.
- *6.15. Infrastructure enabling low-carbon road transport and public transport* enabling economic activity[24] is linked to our electric vehicle charging station network, covering 241[25] EV chargers in the CEE region. E-mobility is also one of the key pillars of our mobility solutions.

Eligible but not aligned activities are associated with the following activity categories:

- *3.14. Manufacture of organic basic chemicals*, linked to the high value chemicals (HVC) and aromatics production at our downstream and petrochemical production sites, namely Duna Refinery in Százhalombatta, MOL Petrochemicals in Tiszaújváros, Bratislava Refinery and Petrochemical unit in Slovakia and Rijeka Refinery in Croatia. Our technologies applied in our sites are not meeting the very ambitious GHG emission thresholds, which are reflecting the average value of the 10% most efficient installations in EU, and which is determined by installations with different technological setup and feedstock. It is important to emphasize that MOL Group is dedicated to decrease its Scope 1 and 2 CO_2 emission by 30% on the Group level and by 20% in Downstream (like-for-like on 2019 asset base) by 2030 – as stated in the ShapeTomorrow Strategy[26], February 2021.
- *3.17. Manufacturing of plastics in primary form*, in connection with our plastics production in MOL Petrochemicals in Tiszaújváros and in Bratislava Refinery and Petrochemical unit in Slovakia. In our production process the applied technology is non-compliant with the technical criteria defined by the EU Taxonomy, as it is not based on recycling or the use of renewable feedstock.
- *6.5. Transport by motorbikes, passenger cars and light commercial vehicles*, linked to our mobility activity, where vehicles were not compliant with 'low-and zero-emission light-duty vehicles' (lower than 50gCO2/km emission) criteria.

For details, please see *Table 1*.

[23] 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. We consider as a best solution to increase the zero and low carbon emission vehicles share within our portfolio. In that way based on the Article 10 of Regulation (EU) 2020/852 we regard this activity as transitional, as there are no technologically and economically feasible low-carbon alternatives for it.

[24] 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. Additionally which trough that supporting the European environmental target to phase out the ICE motors.

[25] Status as of 31 December 2022

[26] Shape Tomorrow Strategy (2021) MOL Group

Economic activities	Codes	Absolute turnover (USDmn)	Proportion of turnover (%)	Substantial contribution criteria: Climate change mitigation (%)	Climate change adaptation (%)	Water and marine resources (%)	Circular economy (%)	Pollution (%)	Biodiversity and ecosystem (%)	DNSH (Do No Significant Harm) criteria: 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)	Taxonomy-aligned proportion of turnover for 2022 (%)	Taxonomy-aligned proportion of turnover for 2021 (%)	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	3.17 (Annex I)/C20.16	18.1	0.1%	100%	-	-	-	-	-		Y	Y		Y	Y	Y	0.1%	N/A		
Electricity generation using solar photovoltaic technology	4.1 (Annex I)/D35.11	3.9	0.0%	100%	-	-	-	-	-		Y		Y		Y	Y	0.0%	N/A		
Material recovery from non-hazardous waste	5.9 (Annex I)/E38.32	29.3	0.1%	100%	-	-	-	-	-		Y				Y	Y	0.1%	N/A		
Operation of personal mobility device, cycle logistics	6.4 (Annex I)/N77.21	0.3	0.0%	100%	-	-	-	-	-		Y		Y			Y	0.0%	N/A		
Transport by motorbikes, passenger cars and light commercial vehicles	6.5 (Annex I)/N77.11	1.8	0.0%	100%	-	-	-	-	-		Y		Y	Y		Y	0.0%	N/A		T
Infrastructure enabling low-carbon road transport and public transport	6.15 (Annex I)/F42.11	0.9	0.0%	100%	-	-	-	-	-		Y	Y	Y	Y	Y	Y	0.0%	N/A	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**54.3**	**0.2%**														0.2%	N/A		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Manufacture of organic basic chemicals	3.14 (Annex I)/C20.14	625.5	2.4%																	
Manufacture of plastics in primary form	3.17 (Annex I)/C20.16	1,648.4	6.3%																	
Electricity generation from fossil gaseous fuels	4.29 (Annex I)/D35.11	0.9	0.0%																	
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	4.30 (Annex I)/D35.30	14.0	0.1%																	
Transport by motorbikes, passenger cars and light commercial vehicles	6.5 (Annex I)/N77.11	20.1	0.1%																	
Turnover of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**2,309**	**8.8%**																	
Total (A.1 + A.2)		**2,363**	**9.0%**														**14.5%** eligible in 2021			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		**23,968**	**91.0%**																	
Total (A + B)		**26,331**	**100%**																	

Table 1: Proportion of turnover from products or services associated with Taxonomy eligible and aligned economic activities

OPERATING EXPENDITURE (OPEX)

The eligible OpEx proportion in 2022 (5.3%) is in line with the level we reported in the previous year (5.1%).

The majority of EU Taxonomy eligible and aligned OpEx is related to maintenance activities. OpEx was considered where Taxonomy eligible turnover has been identified, therefore the same eligible and aligned activity categories are valid in the case of OpEx, like for the turnover.

The proportion of aligned activities is 1.2% on Group level.

For details, please see *Table 2*.

				Substantial contribution criteria						DNSH (Do No Significant Harm) criteria										
Economic activities	**Codes**	**Absolute OpEx (USDmn)**	**Proportion of OpEx (%)**	**Climate change mitigation (%)**	**Climate change adaptation (%)**	**Water and marine resources (%)**	**Circular economy (%)**	**Pollution (%)**	**Biodiversity and ecosystem (%)**	**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)**	**Taxonomy-aligned proportion of OpEx for 2022 (%)**	**Taxonomy-aligned proportion of OpEx for 2021 (%)**	**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	3.17 (Annex I)/C20.16	2.2	0.3%	100%	-	-	-	-	-		Y	Y		Y	Y	Y	0.3%	N/A		
Electricity generation using solar photovoltaic technology	4.1 (Annex I)/D35.11	0.5	0.1%	100%	-	-	-	-	-		Y		Y		Y	Y	0.1%	N/A		
Material recovery from non-hazardous waste	5.9 (Annex I)/E38.32	4.7	0.7%	100%	-	-	-	-	-		Y				Y	Y	0.7%	N/A		
Operation of personal mobility device, cycle logistics	6.4 (Annex I)/N77.21	0.5	0.1%	100%	-	-	-	-	-		Y		Y			Y	0.1%	N/A		
Transport by motorbikes, passenger cars and light commercial vehicles	6.5 (Annex I)/N77.11	0.4	0.1%	100%	-	-	-	-	-		Y		Y	Y		Y	0.1%	N/A		T
Infrastructure enabling low-carbon road transport and public transport	6.15 (Annex I)/F42.11	0.1	0.0%	100%	-	-	-	-	-		Y	Y	Y	Y	Y	Y	0.0%	N/A	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**8.4**	**1.2%**														1.2%	N/A		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Manufacture of organic basic chemicals	3.14 (Annex I)/C20.14	4.8	0.7%																	
Manufacture of plastics in primary form	3.17 (Annex I)/C20.16	18.3	2.6%																	
Electricity generation from fossil gaseous fuels	4.29 (Annex I)/D35.11	0.0	0.0%																	
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	4.30 (Annex I)/D35.30	1.7	0.2%																	
Transport by motorbikes, passenger cars and light commercial vehicles	6.5 (Annex I)/N77.11	4.6	0.7%																	
OpEx of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**29.4**	**4.2%**																	
Total (A.1 + A.2)		**37.8**	**5.3%**														**5.1%** eligible in 2021			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities (B)		**669**	**94.7%**																	
Total (A + B)		**706**	**100%**																	

Table 2: Proportion of OpEx from products or services associated with Taxonomy eligible and aligned economic activities

CAPITAL EXPENDITURE (CAPEX)

The eligible CapEx proportion in 2022 (15.4%) is in line with the previous year (15.5%).

The proportion of aligned CapEx spending is 4.8% on the Group level.

MOL Group in its Shape Tomorrow Strategy released in 2021 set the target to reach 50% of taxonomy aligned activities in its CapEx by the year 2030. Key pillars of this strategy are acceleration of fuel-to-chemicals transformation in Downstream to become a leading sustainable chemicals company in CEE, becoming a market-leading, digitally driven consumer goods retailer and complex mobility service provider in the region, as well as investing in new businesses such as waste integration and utilization, carbon capture, biofuels and hydrogen.

Similarly to the previous year a significant portion (over 65%) of eligible projects are linked to our petrochemicals business *(3.14 Manufacturing of organic basic chemicals* and *3.17 Manufacturing of plastics in primary form).*

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 CO_2 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.
- *3.17. Manufacturing of plastics in primary form,* linked to ReMat operations (for more details about ReMat, please see under Turnover, Aligned activities section).
- *4.1. Electricity generation using solar photovoltaic technology*, related to solar power plant constructions in Hungary 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.
- *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.
- 6.*6. Freight transport services by road,* covering the purchase of a fully electric truck. This truck is the second of its kind in Hungary and in the CEE region. The vehicle will manage the internal distribution of packed polymer products within the MOL Petrochemicals site in Tiszaújváros.
- *7.3. Installation, maintenance and repair of energy efficiency equipment,* related to heating system modernization by replacing an old, inefficient boiler in MOL Petrochemicals in Tiszaújváros to improve energy efficiency.
- *9.1. Close to market research, development and innovation,* linked to GRACE[27] (*GRowing Advanced industrial Crops on marginal lands for biorEfineries*) project. INA has been part of a consortium of 22 partners from EU countries. The research & development project's scope has been to demonstrate large-scale miscanthus and hemp production on land with low productivity, with contaminated soil or land which has been abandoned. The project has aimed to demonstrate how the supply of sustainable-produced raw materials for the growing European Bioeconomy can be secured.

Eligible but not aligned investments are associated with the following activity categories:

- *3.14. Manufacture of organic basic chemicals*, linked to capacity extension projects of our existing manufacturing business where our technologies applied are not meeting the very ambitious GHG emission thresholds, which are reflecting the average value of the 10% most efficient installations in the EU.
- *3.17. Manufacturing of plastics in primary form*, related to our Polyol Project in Tiszaújváros and polypropylene production extension in Bratislava. Both projects will use virgin materials in the production process, therefore not meeting the technical criteria defined by the EU Taxonomy.
- *4.3. Electricity generation from wind power,* related to an early-phase wind project, where it was not feasible to prove the alignment criteria set, due to the immaturity of project.
- *4.9. Transmission and distribution of electricity* linked to a transformer replacement at our Bratislava site, however not meeting the 100gCO2e/kWh greenhouse gas intensity requirement defined by the technical criteria of EU Taxonomy.
- *4.14. Transmission and distribution networks for renewable and low-carbon gases,* linked to our gas midstream operation, focusing on pipeline development related investments allowing and enabling transportation of hydrogen blended natural gas, however not all the project parts meeting technical criteria defined by EU Taxonomy.
- *5. Water supply, sewerage, waste management and remediation:* Water system developments were implemented during the year (*5.1. Construction, extension and operation of water collection, treatment and supply systems, 5.3. Construction, extension and operation of waste water collection and treatment, 5.4. Renewal of water collection, treatment and supply systems*),

[27] Source: https://www.grace-bbi.eu/

however replacement of old equipment did not result in the required energy efficiency in every case, defined by the EU Taxonomy technical screening criteria.

- *6.5. Transport by motorbikes, passenger cars and light commercial vehicles* is linked to purchase of new vehicles for our mobility services, not compliant with 'low-and zero-emission light-duty vehicles' (lower than 50gCO2/km emission) criteria.

For details, please see *Table 3*.

Although we are experiencing low eligible and aligned numbers based on the 2022 financial year, it is important to emphasize that MOL Group is committed to achieving its long-term target through the transformation of its business model.

MOL Group won[28] the Hungarian state concession tender for waste management services in July 2022 supporting our aspiration to become a key player in the circular economy. Based on the agreement MOL Group will be responsible for the collection and treatment of close to 5mn tonnes of municipal solid waste and will make related investments.

Furthermore, in December 2022 MOL Group announced[29] MOL RES Investments Ltd.'s intention to purchase a minority ownership stake in Alteo Plc., a publicly listed Hungarian company with a diverse portfolio of 69 MW renewable energy generation capacity composed of mainly wind and solar power plants. This acquisition would contribute for MOL Group to increase footprint in green power generation and trading. Approval from the relevant competition authorities received, and the transaction completed with the closing date of 22 March 2023.

Incompleteness of the EU Taxonomy framework also has an impact on the eligible and alignment numbers, as significant portion of the potentially sustainable activities are still not covered. Out of the six environmental objectives, only the climate related ones (Climate Change Mitigation and Climate Change Adaptation) are covered within a delegated act in force. Delegated acts related to the remaining four environmental objectives ('*TAXO4*'), also covering the majority of waste management related activities, are expected to be issued by the Commission during the year 2023.

[28] MOL wins concession for waste management services (2022). molgroup.info
[29] MOL Group to purchase ownership stake in Alteo Plc. (2022). molgroup.info

Economic activities	Codes	Absolute CapEx (USDmn)	Proportion of CapEx (%)	Substantial contribution criteria: Climate change mitigation (%)	Climate change adaptation (%)	Water and marine resources (%)	Circular economy (%)	Pollution (%)	Biodiversity and ecosystem (%)	DNSH (Do No Significant Harm) criteria: 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)	Taxonomy-aligned proportion of CapEx for 2022 (%)	Taxonomy-aligned proportion of CapEx for 2021 (%)	Category (E: enabling activity)	Category (T: transitional activity)
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Manufacture of hydrogen	3.10 (Annex I)/C20.11	7.6	0.5%	100%	-	-	-	-	-		Y	Y		Y	Y	Y	0.5%	N/A		
Manufacture of organic basic chemicals	3.14 (Annex I)/C20.14	27.7	1.9%	100%	-	-	-	-	-		Y	Y		Y	Y	Y	1.9%	N/A		
Manufacture of plastics in primary form	3.17 (Annex I)/C20.16	7.2	0.5%	100%	-	-	-	-	-		Y	Y		Y	Y	Y	0.5%	N/A		
Electricity generation using solar photovoltaic technology	4.1 (Annex I)/D35.11	7.8	0.5%	100%	-	-	-	-	-		Y		Y		Y	Y	0.5%	N/A		
Transmission and distribution networks for renewable and low-carbon gases	4.14 (Annex I)/H49.50	2.5	0.2%	100%	-	-	-	-	-		Y	Y		Y	Y	Y	0.2%	N/A		
Infrastructure enabling low-carbon road transport and public transport	6.15 (Annex I)/F42.11	2.0	0.1%	100%	-	-	-	-	-		Y	Y	Y	Y	Y	Y	0.1%	N/A	E	
Transport by motorbikes, passenger cars and light commercial vehicles	6.5 (Annex I)/N77.11	1.8	0.1%	100%	-	-	-	-	-		Y		Y	Y		Y	0.1%	N/A		T
Freight transport services by road	6.6 (Annex I)/H49.41	0.3	0.0%	100%	-	-	-	-	-		Y		Y	Y		Y	0.0%	N/A		T
Installation, maintenance and repair of energy efficiency equipment	7.3 (Annex I)/F43.22	14.6	1.0%	100%	-	-	-	-	-		Y			Y		Y	1.0%	N/A	E	
Close to market research, development and innovation	9.1 (Annex I)/M72.1	0.1	0.0%	100%	-	-	-	-	-		Y	Y	Y	Y	Y	Y	0.0%	N/A	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**71.7**	**4.8%**														4.8%	N/A		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Manufacture of organic basic chemicals	3.14 (Annex I)/C20.14	15.9	1.1%																	
Manufacture of plastics in primary form	3.17 (Annex I)/C20.16	105.6	7.1%																	
Transmission and distribution networks for renewable and low-carbon gases	4.14 (Annex I)/H49.50	8.1	0.5%																	
Electricity generation from wind power	4.3 (Annex I)/D35.11	0.3	0.0%																	
Transmission and distribution of electricity	4.9 (Annex I)/D35.12	2.8	0.2%																	
Electricity generation from fossil gaseous fuels	4.29 (Annex I)/D35.11	2.3	0.2%																	
Construction, extension and operation of water collection, treatment and supply systems	5.1 (Annex I)/E36.00	0.9	0.1%																	
Construction, extension and operation of waste water collection and treatment	5.3 (Annex I)/F42.99	1.2	0.1%																	
Renewal of water collection, treatment and supply systems	5.4 (Annex I)/E37.00	0.5	0.0%																	
Transport by motorbikes, passenger cars and light commercial vehicles	6.5 (Annex I)/N77.11	21.5	1.4%																	
CapEx of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**159.2**	**10.6%**																	
Total (A.1 + A.2)		**230.9**	**15.4%**														**15.5%** eligible in 2021			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)		**1,264**	**84.6%**																	
Total (A + B)		**1,495**	**100.0%**																	

Table 3: Proportion of CapEx from products or services associated with Taxonomy eligible and aligned economic activities

COMPLEMENTARY DELEGATED ACT

Reporting based on the Complementary Delegated Act is a new requirement compared to the reporting year 2021. The act has been published on 15 July 2022 by the European Commission. It defines 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* and *4.30 High-efficiency co-generation of heat/cool and power 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 Climate change mitigation (CCM)		OPEX Climate change mitigation (CCM)		CAPEX 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						
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						
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						
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	54.3	0.2%	8.4	1.2%	71.1	4.8%
8.	**Total applicable KPI**	**26,331**	**100.0%**	**706**	**100.0%**	**1,495**	**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 5: Taxonomy-aligned economic activities (denominator)

	Economic activities	TURNOVER Climate change mitigation		OPEX Climate change mitigation		CAPEX 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	54.3	100.0%	8.4	100.0%	71.7	100.0%
8.	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**54.3**	**100.0%**	**8.4**	**100.0%**	**71.7**	**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	0.9	0.0%	0.0	0.0%	2.3	1.4%
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	14.0	0.6%	1.7	5.9%		
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**	2,294.0	99.4%	27.7	94.1%	156.9	98.6%
8.	**Total amount and proportion of taxonomy eligible but not taxonomy- aligned economic activities in the denominator of the applicable KPI**	2,308.9	100.0%	29.4	100.0%	159.2	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*”)[30], 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*.

Please note that we keep the option to change this approach in the future, if further guidance will be provided by the Commission.

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	2,319	8.8%	55	7.9%	114	7.6%
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**	21,649	82.2%	613	86.8%	1,150	76.9%
8.	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI’**	23,968	91.0%	669	94.7%	1,264	84.6%

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

[30] 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 consolidates sustainability information based on a '**operational control approach**' consistent with the Greenhouse Gas Protocol. Under the operational control approach, MOL Group accounts for 100% of emissions from operations over which over which Group or one of its subsidiaries has operational control. Operational control defined as an operation where MOL Group or one of its subsidiaries (see page 139 for full list in Annual Report) has the full authority to introduce and implement its operating policies at the operation, thereby acting as the operator. MOL Group does not account for data from operations in which it owns an interest but has no control. In 2022 no new significant 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. Non-operated JVs are not included within the scope of this Sustainability Report. 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. HSE-related data is collected only at operations with significant potential health, safety and/or environmental impact through MOL Group's dedicated reporting system provided by Enablon. HSE **data coverage** is 93% in proportion to revenue, incorporates environmental, safety and energy-related data from all HSE-relevant companies within the portfolio. Human Resources (HR) data, including sustainability reporting-related information, is collected using the Group's SAP enterprise resource management system. The scope of HR data collection in terms of headcount and turnover is 100% (including non-operated JVs as well). Other HR data is collected at Group member companies with a headcount of over 100 employees. HR data coverage in proportion to revenue reached of 81% in 2022. Social investment data is collected from operations and subsidiaries which have approved corporate giving plans. This means that data was collected for almost all donations' activities, however it means a coverage of 95% of operations, since not all entities have donation activities. Ethics-related data reporting requirements have been extended to all consolidated companies with at least 20 full time employees. This represents coverage of 95% in proportion to revenue. INA Group covers all its subsidiaries itself, and reports INA Group-level consolidated data to Group Ethics Officer.

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 (*24 277* for MOL Group). Key operational and sustainability data for FGSZ is provided in the MD&A section of Gas Midstream (page 35). During 2022, 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 82 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:

Following the publication of MOL Group's 2030+ Shape Tomorrow Strategy (and the 2019 and 2020 Integrated Annual Reports), minor data corrections were made to the previously reported 2019 and 2020 GHG figures (all considered immaterial). The results shown from our 2021 Integrated Annual Report and its supporting documents are the corrected figures. A number of internal and external assessments are performed in order to audit compliance with internal regulations, to identify areas and opportunities for improvement, and to raise awareness.

Scope 2: Restatement of Scope 2 emissions for the period of 2019-2021 emissions was necessary due to an update in our reporting process

Scope 3 – Upstream Transportation and Distribution, Investment category: Restatements for Scope 3 – Upstream and Distribution, and Investments categories are the results of the revision of our Scope 3 calculation. In case of Upstream Transportation and Distribution, transportation distances were updated, while in case of Investments, more companies are included in the equity-based calculation.

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' ISAE3000 Revised standard. 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 2022 to 31 December 2022 (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 (GRI Standards 2021) - 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 Sustainability Reporting Guidelines 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 2 January 2023 – 13 April 2023 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.
- Compared the information included in the Sustainability Report to internal documentation of the Company.

We did not consider any information subsequent to 13 April 2023.
We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Inherent limitations

The process which the company 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 2022 to 31 December 2022 prepared by MOL Nyrt, have not been prepared, or compiled, in all material respects, in accordance with the EU Taxonomy and the GRI Standards 2021 issued by the Global Reporting Initiative.

Budapest, 24 April 2023

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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 2022 to 31 December 2022 (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 - 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 Sustainability Reporting Guidelines 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 2 January 2023 – 13 April 2023 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.
- Compared the information included in the Sustainability Chapter to internal documentation of the Company.

We did not consider any information subsequent to 13 April 2023.
We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Inherent limitations
The process which the company 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 2022 to 31 December 2022 prepared by MOL Nyrt., have been prepared in all material respects in accordance with the GRI Standards issued by the Global Reporting Initiative.

Budapest, 24 April 2023

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