

**Hungarian Hydrocarbon Stockpiling Association**

**SUPPLEMENTARY NOTES TO THE ANNUAL REPORT FOR 2021**

## 1. General information

**Name of business entity: Hungarian Hydrocarbon Stockpiling Association (hereinafter referred to as “Association”, “HUSA”)**

**Abbreviated company name: HUSA**

Website of the company: [www.husa.hu](http://www.husa.hu)

Registered seat: 2151 Fót, Fehérkő utca 7.

Year of establishment: 1993

Start of operations: 1993

Form of business organisation: other incorporated entity

Founder's asset (at the time of establishment): HUF 0

Owners: not applicable

Method of accounting: double entry book-keeping

Balance sheet: type „A”, balance sheet date (fiscal year=calendar year): 31 December

Closing date of balance sheet: January 31, 2022

Profit and loss statement: type „A”, nature of expense method

Currency of annual report: HUF

Core activities: Implementation of the stockpiling activities defined in *Act XXIII of 2013 on the strategic stockpiling of imported crude oil and petroleum products* (hereinafter referred to as “**Oil Stockpiling Act**”) and in *Act XXVI of 2006 on the strategic stockpiling of natural gas* (hereinafter referred to as “**Gas Stockpiling Act**”).

Dividend: not applicable due to the Association's legal position and purpose of operations.

Name and address of the person authorised to sign the annual report:

Dr. Béla Attila Bártfai

1014 Budapest, Bécsi kapu tér 7. 1. em. 5 a.

## 2. Rules of accounting, accounting policy

- 2.1. The Association keeps its books and records in compliance with *Act C of 2000 on Accounting* (hereinafter referred to as “**Accounting Act**”), in accordance with the discrepancies set forth in the Oil Stockpiling Act.

The Association possesses the regulations required for its operations including the Statutes consolidated with amendments, the Organisational and Operational Rules, the Cost Accounting Standards as part of the Accounting Policy, in addition to the Rules on Valuation and Inventory as well as the Cash Management Regulations, which are appendices to the Accounting Policy.

- 2.2. Section (1) of Article 32 of the Oil Stockpiling Act prescribes the preparation of an annual report irrespective of the balance sheet total, the amount of the net revenue and the Association's participations in other companies. The Association is not obliged to compile a consolidated annual report in line with the provisions of Article 10 of the Accounting Act, independent of the fact that it holds 100% participation in HEXUM Holding Zrt., since HUSA is not classified as enterprise, but as other incorporated entity, defined in a separate provision of law as laid down in point 4 q) of Section (1) of Article 3 of the Accounting Act. Accordingly, the Association also prepared annual reports in the previous years, with a content conforming to the principles of Article 15 of the Accounting Act. Under Section (1) of Article 37 of the Oil Stockpiling Act, a detailed business report on the annual fulfilment of the budget containing data and text is also drawn up in relation to the annual report.
- 2.3. Pursuant to point 11.4.2 of the Association's Statutes, the amount of the profit before taxation, which corresponds to the profit after taxation, enters the capital reserve, as no tax liability is incurred owing to the fact that the Association is not subject to corporate tax in accordance with Section (1) of Article 13 of the Oil Stockpiling Act.
- 2.4. The valuation procedures applied in the preparation of the annual report comply with the provisions of the Accounting Act as well as with the requirements prescribed in the Rules on Valuation, which constitutes an appendix to the Association's Accounting Policy.

In the balance sheet, intangible assets and tangible assets are recorded at a value corresponding to the difference between ordinary and extraordinary depreciation booked in consideration of the acquisition value and the residual value, whereas non-current financial assets are indicated at historical cost.

Depreciation is accounted for on a monthly basis.

For the valuation of inventories, the Association records its stocks at settlement price. The value of petroleum products presented in the balance sheet equals to the aggregate sum of the settlement price, its related price difference, the impairment and reversal of impairment on the balance sheet date. As of 2018, a new methodology was created for the valuation of inventories. The Oil Stockpiling Act and the Statutes prescribe the mandatory refreshment of stockpiled petroleum products every six years. With respect to this unique feature, on the balance sheet date, in the year-end valuation of crude oil and petroleum product stocks, the market price is determined based on the average of the quoted price of the current year and the quoted prices of the preceding five years in order to support the calculation of impairment. Impairment is calculated for the total volume of each type of stock.

As regards the disposal of natural gas stockpile, under the provisions of the Gas Stockpiling Act, the volume of natural gas to be sold, the method of disposal as well as the value of the stock based on which the price of natural gas is determined and cannot be sold at a lower price, are specified by

ministerial decree. The established value of the stock must correspond to the average acquisition value at the minimum. Impairment calculation for the natural gas stock is not applicable.

Receivables and liabilities are inspected and reconciled; their valuation complies with the Accounting Act. Receivables must be recorded in the balance sheet at historical cost, which implies the book value reduced with bad debts (point 10 of Section (4) of Article 3 of the Accounting Act) and impairment (Sections (1)-(2) of Article 55 of the Accounting Act), increased with the reversal of impairment (Section (3) of Article 55 of the Accounting Act.).

The Association's major liabilities are constituted by foreign exchange denominated loans disbursed by financial institutions. In the balance sheet, foreign exchange denominated loans are presented in the disbursed amount as well as in the sum reduced with repayments, converted to Hungarian forint in compliance with Section (2) of Article 60 of the Accounting Act.

The value of cash and cash equivalents is supported with bank statements. In the balance sheet, the value of bank deposits must be recorded corresponding to the value stated in the bank statement of the forint denominated deposit held at the financial institution on the balance sheet date of the fiscal year. The value of foreign exchange deposited on a foreign exchange account must be indicated corresponding to the value in the bank statement converted to forint in accordance with Section (2) of Article 60 of the Accounting Act.

The Association opted for the official exchange rate of the National Bank of Hungary for the balance sheet date valuation of its foreign exchange deposited on the foreign exchange account as well as its receivables and liabilities arising in foreign exchange (the most significant thereof are foreign exchange denominated loans).

2.5. Extraordinary items are defined in the Accounting Policy of the Association as follows:

Items related to economic events, which occur outside the usual business operations, in case their values (each item separately) reach or exceed 5% of total revenues, total costs and expenditures in the given fiscal year.

2.6. An error revealed by inspection or self-revision is classified as an error of significant value by the Association in case in the year the error was observed, the aggregate value of increase-decrease in the profit and loss and equity (irrespective of positive or negative sign) caused by the errors and consequences of errors established during inspections relevant to the same year exceed 2% of the balance sheet total of the inspected fiscal year. In 2021, no error of significant value was detected.

2.7. The Balance Sheet of the Association is prepared in version "A" in accordance with Annex 1 to the Accounting Act. Meanwhile, the Profit and Loss Statement is compiled with nature of expense method in version "A" in line with Annex 2 to the Accounting Act, with crude oil and natural gas contribution fee revenues presented separately under the heading "Other income". Pursuant to Section (3) of Article 32 of the Oil Stockpiling Act, in its internal accounting the Association keeps separate accounts of assets and liabilities, revenues and expenditures in relation to crude oil and petroleum product stockpiling, to natural gas stockpiling as well as to non-stockholding activities and presents the aforementioned figures in the Supplementary Notes to the Annual Report.

2.8. Under point 5.6 of the Statutes, a permanent auditor is appointed by the Association. Based on the approval of the General Meeting of the Association, audits are conducted by Gábor Gulyás (certified member of the Budapest Organisation of the Chamber of Hungarian Auditors, registration number: 007293, membership identity card number: 008751), registered auditor of International Consulting Team Audit Kft. (registered seat: 1117 Budapest, Fehérvári út 50-52., chamber registration number: 004122, company registration number: 01-09-998752). The annual fee of the audit is HUF 3 100 000.

International Consulting Team Audit Kft. provided no other services for the Association. As of May 1, 2020, the Association commissioned HEXUM Finance Kft. (registered seat: 2151 Fót, Fehérkő utca 7., company registration number: 13-09-204819) to supervise and manage the duties of accounting services as well as prepare the annual report. Of HEXUM Finance Kft., the person responsible for supervising and managing the tasks of accounting services is as follows:

Krisztina Kelenvölgyi (1119 Budapest, Etele út 27. 7/23.)  
Head of Accounting and Taxation at HEXUM Finance Kft.  
Registration number: 006205

### 3. Details and explanations of the Balance Sheet and Profit and Loss Statement

#### 3.1. Changes in intangible assets and tangible assets (HUF million)

	Gross value	Depreciation	Net value
<b>I. Intangible assets</b>			
<i>Concessions, licences and similar rights</i>			
- Opening value 01/01/2021	35	33	2
- Increase	0	0	
- Decrease	0	0	
- Closing value 31/12/2021	35	33	2
<i>Intellectual property products</i>			
- Opening value 01/01/2021	65	12	53
- Increase	0	13	
- Decrease - scrapping	1	0	
- Closing value 31/12/2021	64	25	39
<b>II. Tangible assets</b>			
<i>Other fixtures and fittings, tools and equipment, vehicles</i>			
- Opening value 01/01/2021	52	38	14
- Increase	10	9	
- Decrease - scrapping	15	15	
- Closing value 31/12/2021	47	32	15
<i>Assets in course of construction</i>			
- Opening value 01/01/2021	0	0	0
- Increase	20	0	
- Decrease - activation	10	0	
- Closing value 31/12/2021	10	0	10
<b>Total closing value 31/12/2021</b>	<b>146</b>	<b>90</b>	<b>66</b>

In 2020, in addition to ordinary depreciation, HUF 4 Mn extraordinary depreciation was booked under the heading "Land and buildings and rights to immovables". In 2021, HUF 1 Mn extraordinary depreciation was accounted for within "Intellectual property products".

#### 3.2. The Association's participations

In 2019, the Association acquired the 51% share package of MFB Fejlesztési Bank Zártkörűen Működő Részvénytársaság (hereinafter referred to as "MFB") in MMBF Földgáztároló Zártkörűen Működő Részvénytársaság (hereinafter referred to as "MMBF"). Furthermore, PETROTÁR Kft., PETROTÁR-PÉT INVEST Kft. and ÁMEI Zrt were fully acquired by OPAL Szolgáltató Zrt., which is in the sole ownership of HUSA. As a result of the above acquisitions, a corporate group of significant size was formed. Since the Association did not possess storage companies at the time of its foundation, neither the Oil Stockpiling Act nor the Statutes contained regulations in terms of control and exercise of ownership rights over the subsidiaries. Therefore, the establishment of the new corporate group required the formation of a corporate governance structure, which lays the foundations for control over

the corporate group as well as defines the regulations for the Association's exercise of founder's rights over the subsidiaries, adjusting to the best practice in corporate governance as well as to the changed economic environment. Moreover, the creation of a new operating system that ensures the fulfilment of the Association's stockholding responsibilities, besides adequately separating its duties from the business activities conducted by the subsidiaries was justified. In December 2019, a new corporate governance concept conforming to the national and international general, business and corporate law practices was approved by the General Meeting of the Association in agreement with the Board of Directors. Accordingly, on February 5, 2020, HEXUM Holding Zrt. (registered seat: 2151 Fót, Fehérkő utca 7.) was founded by the Association with a capital stock of HUF 70 Mn.

The Association transferred its participation in OPAL Szolgáltató Zrt. as an in-kind contribution to HEXUM Holding Zrt. at a market value of HUF 20 640 Mn on June 30, 2020. The Association's participation in MMBF was transferred to HEXUM Holding Zrt. as an in-kind contribution at a market value of HUF 38 210 Mn on November 30, 2020. The market values of both contributions were established based on company valuations prepared by an independent international consultant. Following the in-kind contributions, the name of OPAL Szolgáltató Zrt. was changed to HEXUM Tartálpark Zrt., whilst that of MMBF was altered to HEXUM Földgáz Zrt.

The core activity of HEXUM Holding Zrt. is asset management. Besides, it provides procurement, human resources management and management services at corporate group level.

The Association holds 25.9% participation in Terméktároló Zártkörűen Működő Részvénytársaság (registered seat: 2440 Százhalombatta, Olajmunkás utca 2.). Terméktároló Zrt. was founded in 1996, its majority owner is MOL Plc with 74.1% of the votes. The core activities of the company comprise the storing and stockpiling of petroleum products.

The headings related to participations contain the items below:

Participation (Company name)	Book value of participation 31/12/2021 (HUF million)	Ownership ratio	Remark
HEXUM Holding Zrt.	58 920	100.0%	Subsidiary
<b>Long-term participations in affiliated companies</b>	<b>58 920</b>		
TERMÉKTÁROLÓ Zrt.	8	25.9%	Associated company
<b>Long-term major participating interests</b>	<b>8</b>		
<b>Total</b>	<b>58 928</b>		

The equity of the affiliates on December 31, 2021 is demonstrated in the following table:

Company (HUF million)	Equity	Share capital	Capital reserve	Retained earnings	Tied-up reserve	Valuation reserve	Profit after taxation
HEXUM Holding Zrt.	60 358	58 920	0	-23	0	0	1 461
TERMÉKTÁROLÓ Zrt.	1 115	32	0	0	0	0	1 083

### 3.3. Inventories

Book value of inventories on December 31, 2021:

Product	Unit	Stored volume	Stock value (HUF million)	Proportion according to stock value (%)
Crude oil	ton	676 345	80 971	26.93%
Gasoline RON 95	15°C litre	336 670 603	43 740	14.55%
Gas oil EN 590	15°C litre	562 754 545	78 944	26.26%
JET-A1	15°C litre	2 511 950	332	0.11%
			<b>203 987</b>	
Natural gas	MWh	14 459 378	96 655	32.15%
			<b>300 642</b>	100.00%

In 2021, apart from the fulfilment of the mandatory gasoline and gas oil stock replacements prescribed by the relevant legislation, stockpiles of kerosene were procured.

Under Decree No. 59/2021 (15/12/2021) of the Ministry for Innovation and Technology on the level of the strategic natural gas reserve (hereinafter referred to as “Decree”), the level of the strategic natural gas stock was reduced from 15 374 000 MWh (~1 450 mcm) to 9 495 000 MWh (~900 mcm) effective as of December 16, 2021. Pursuant to the Decree, by December 31, 2021, the Association sold 879 166 MWh natural gas to the beneficiary specified in the Decree, namely MVM CEEnergy Zrt. besides a further volume of 4 999 834 MWh in January 2022.

In order to secure the supply of district heating, in line with the resolution of the Hungarian Energy and Public Utility Regulatory Authority (hereinafter referred to as “HEA”), 27 378.006 MWh strategic natural gas was sold to Győri Közszolgáltató és Vagyongazdálkodó Zrt. by December 31, 2021. Moreover, in conformity with Government Decree No. 296/2015 (13/10/2015) on the natural gas service of last resort and the procedure applicable as a result of a situation threatening the natural gas supply of consumers in the event of the impossibility of the natural gas trader’s operation as well as in alignment with the relevant resolutions of HEA, the Association sold altogether 8 078.023 MWh strategic natural gas to MVM Next Energiakereskedelmi Zrt. and EMOGÁ Észak-magyarországi Gáz Kereskedelmi Kft. appointed natural gas traders in order to ensure the natural gas supply of the consumers of JAS Budapest Zrt., a natural gas trader whose operation became impossible.



Changes in inventories in the current year – impairment (HUF million)

Product	Crude oil	Gasoline RON 95	Gas oil EN 590	JET-A1	Natural gas	Total
<b>Opening book value 01/01/2021</b>	<b>65 755</b>	<b>44 733</b>	<b>82 905</b>	<b>0</b>	<b>102 769</b>	<b>296 162</b>
Historical cost	79 539	52 550	93 670	0	102 769	328 528
Impairment	-13 784	-7 817	-10 765	0	0	-32 366
<b>Decrease in the current year</b>						
Historical cost	24 118	14 222	23 307	0	6 114	67 761
Impairment *	4 179	2 113	2 679	0	0	8 971
Reversal of impairment	5 535	1 541	2 342	0	0	9 418
<b>Increase in the current year</b>						
Historical cost	29 620	9 575	14 325	388	0	53 908
Impairment	0	0	0	-56	0	-56
<b>Closing book value 31/12/2021</b>	<b>80 971</b>	<b>43 740</b>	<b>78 944</b>	<b>332</b>	<b>96 655</b>	<b>300 642</b>
Historical cost	85 041	47 903	84 688	388	96 655	314 675
<b>Impairment</b>	<b>-4 070</b>	<b>-4 163</b>	<b>-5 744</b>	<b>-56</b>	<b>0</b>	<b>-14 033</b>

\* Derecognition of impairment related to disposal.

- 3.4. On the balance sheet date of December 31, 2020, the Association held HUF 31 Mn outstanding trade receivables from secondary capacity disposal. On December 31, 2021, the Balance Sheet contains HUF 1 382 Mn outstanding trade receivables derived from natural gas disposal in addition to HUF 9 516 Mn from crude oil and petroleum product sales.

In 2020 and 2021 alike, the heading “Receivables from affiliated companies” contains a supplier credit note for provision of business services issued by HEXUM Finance Kft., which was outstanding on the balance sheet date, on the one hand, and the reclassification of HEXUM Tartálpark Zrt.’s December contribution fee payment, on the other hand.

3.5. **Other receivables (HUF million):**

Description	31/12/2020	31/12/2021
Value added tax	2 423	15
Crude oil contribution fee account	1 868	2 119
Natural gas contribution fee account	1 415	1 467
booked impairment	-279	-384
Deferred technical VAT advances	300	49
Receivables from employees	6	9
Other receivables	0	2
<b>Other receivables</b>	<b>6 012</b>	<b>3 661</b>

Booked impairment, which is related to natural gas contribution fees, is of indicative nature.

In terms of natural gas contribution fees, impairment was accounted for in the case of the following partners:

The overdue debt to ENERGOTT Kft. is in enforcement proceeding as the company has failed to fulfil its contribution fee payment obligations by the due date for several years. Despite being granted the option of instalment payments on multiple occasions, the company failed to fully meet its payment obligations. In consideration of ENERGOTT Kft.'s attitude to contribution fee payments, the recognition of 100% impairment is reasonable. For the fiscal year of 2021, further HUF 60 Mn impairment was booked in addition to HUF 240 Mn recorded on December 31, 2020.

The natural gas trading licence of Kárpát-Gáz Kft. "In Liq." was withdrawn by the Hungarian Energy and Public Utility Regulatory Authority as of March 15, 2019. As a result, its membership status with the Association ceased on condition that the company is bound to settle its payment obligations incurred up to the cessation of its membership. On December 10, 2019, the liquidation of Kárpát Gáz Kft. was ordered in a final and binding judgement. The proof of claim by financial creditors was submitted for the whole amount of the company's liabilities to the Association. HUF 17 Mn impairment was booked for the entire payment obligation up to December 31, 2019.

With effect from January 31, 2021, DunaCent Kft. "In Liq." terminated its activity subject to contribution fee payments. Accordingly, its membership with the Association ceased with the prerequisite that the company settles its liabilities accumulated up to the cessation of its membership status. The full amount of Duna Cent Kft.'s contribution fee debt to the Association is overdue, for which the proof of claim by financial creditors was submitted to the liquidator by the given deadline. The settlement of the company's debts is not expected; therefore the recognition of 100% impairment is justified. In addition to HUF 17 Mn impairment accounted for in prior years, further HUF 5 Mn was booked in 2021.

The whole sum of Alfa-Nova Kft.'s contribution fee liabilities to the Association is overdue, a significant part thereof is in enforcement proceeding. Based on the request filed by ALFA-NOVA Kft., an instalment arrangement was authorised by the National Tax and Customs Administration, which was only partially fulfilled by the company. Since March 19, 2021, Alfa-Nova Kft. has failed to demonstrate willingness to pay. In consideration of the above, the settlement of the existing debt is not anticipated. In 2020, HUF 5 Mn impairment was recognised, whereas in 2021, additional HUF 35 Mn impairment was booked for the total liability.

JAS Zrt. "In Bk" has been in bankruptcy proceeding since November 23, 2021. The majority of its liabilities to the Association are overdue, for which the proof of claim by financial creditors was submitted to the bankruptcy trustee. On account of its balance sheet and willingness to cooperate, the company is presumed to settle 75% of its debts. Consequently, HUF 5 Mn impairment was accounted for in 2021.

3.6. **Accrued and deferred assets (HUF million):**

Description	31/12/2020	31/12/2021
Mediated services (transfer of legal expenses)	25	0
<b>Accrued income</b>	<b>25</b>	<b>0</b>
Capacity booking fees	0	1 299
Office rental fees, operational costs	3	5
Other personnel expenses	2	3
Subscription fees for technical periodicals	2	0
Other	2	1
<b>Accrued expenses</b>	<b>9</b>	<b>1 308</b>
<b>Accrued and deferred assets</b>	<b>34</b>	<b>1 308</b>

3.7. **The movements of equity are indicated in the table below:**

**CHANGES IN EQUITY (HUF million)**

**2021**

Capital element	Opening	Increase	Transfer	Closing
Share capital	-	-	-	-
Share capital unpaid	-	-	-	-
Capital reserve	190 713		- 2 155	188 558
Retained earnings	-	-	-	-
Tied-up reserve	-	-	-	-
Valuation reserve	-	-	-	-
Profit after taxation	- 2 155	26 492	2 155	26 492
<b>Equity</b>	<b>188 558</b>	<b>26 492</b>	<b>-</b>	<b>215 050</b>

3.8. In the fiscal year of 2016, a provision of HUF 11 Mn was created for a particular liability disputed by the Association. On December 3, 2019, a first instance judgement was delivered in the lawsuit, against which an appeal was submitted by the plaintiff. The case was dealt with by the Budapest Court of Appeal that upheld the first instance judgement. The Curia established that the petition for judicial review against the second instance judgement filed by the plaintiff was ill-founded. Therefore, the second instance non-appealable judgement was upheld by the Curia and the lawsuit was terminated on October 29, 2020. Furthermore, the previously created provision was released. In 2021, no provision was created.

3.9. The Association finances the fulfilment of its stockholding obligation prescribed by the Oil Stockpiling Act from stock financing loans.

The proportion of loans according to maturity on December 31, 2021:

Currency	Short-term maturity	Maturing in over 1 year				Total
	Within 1 year	Within 2 years	Within 3 years	Within 4 years	Within 5 years	
EUR	99 000 000	93 500 000	87 500 000	97 000 000	80 000 000	457 000 000
HUF million	36 531	34 502	32 288	35 793	29 520	168 633

### **3.10. Charges related to loans**

On June 15, 2015, the Association entered into a pledge and security agreement with the loan providing banks as a security for the loan agreements connected to the financing of stocks. In the aforementioned agreement, in connection with the stockpiling activities of the Association, lien was established and registered on the insurance revenues from insurance contracts concluded by the storage companies that are in contractual relations with the Association, on the one hand, and on the proceeds derived from the disposal of stocks not prescribed by legislation, on the other hand.

### **3.11. Off balance sheet liabilities**

The Association undertook HUF 2 Bn suretyship for HEXUM Tartálypark Zrt.'s investment loan contract of HUF 2 Bn with five years' duration (original maturity date: December 30, 2022). As regards the repayment of the loan, HEXUM Tartálypark Zrt. opted for the loan moratorium imposed in 2020 as a result of the COVID-19 pandemic. Accordingly, the duration of the loan was extended until October 30, 2023.

3.12. On December 31, 2021, outstanding trade payables totalled HUF 11 089 Mn, of which short-term liabilities to affiliated companies amounted to HUF 1 104 Mn, whereas short-term liabilities to companies linked by virtue of major participating interests added up to HUF 420 Mn to Terméktároló Zrt. Trade payables to external partners was equivalent to HUF 9 565 Mn. In 2021, the latter heading represented a significantly higher sum than in 2020, predominantly composed of the liability to MOL Plc arising from the procurement of petroleum products (HUF 9 555 Mn), the financial settlement thereof was delayed until January 2022.

Short-term liabilities to affiliated companies comprise trade payables to HEXUM Tartálypark Zrt. and HEXUM Holding Zrt. both in the current year and the base year.

**3.13. Other short-term liabilities (HUF million):**

Description	31/12/2020	31/12/2021
Natural gas and crude oil contribution fees	385	555
Taxes and contributions	12	11
Other	0	4
<b>Other short-term liabilities in total</b>	<b>397</b>	<b>570</b>

In the category of other short-term liabilities, the amount of contribution fee reclaims is recorded on the natural gas and crude oil contribution fee account.

**3.14. Accruals and deferred income (HUF million):**

Description	31/12/2020	31/12/2021
Proceeds from capacity disposal	25	1 478
<b>Accrued and deferred income</b>	<b>25</b>	<b>1 478</b>
Auditing fees	1	1
Other	0	1
<b>Deferred costs and expenses</b>	<b>1</b>	<b>2</b>
<b>Accruals and deferred income</b>	<b>26</b>	<b>1 480</b>

3.15. Pursuant to the applicable legislation, the Association has no such mandatory tasks concerning environmental protection that would require the creation of provision. Moreover, the Association has neither hazardous waste nor noxious substances in its possession, and holds no tangible assets directly intended for environmental protection.

3.16. Net sales revenue according to core activities (HUF million):

Description	01/01/2020- 31/12/2020	01/01/2021- 31/12/2021
Proceeds from disposal of stocks	21 573	65 519
Of which: Crude oil	10 779	20 043
Semi-finished petroleum products	0	4 705
Gasoline	2 705	12 225
Gas oil	8 089	20 603
Natural gas	0	7 943
Disposal of booked capacities	283	469
Proceeds from other disposals	31	4
<b>Net sales revenue</b>	<b>21 887</b>	<b>65 992</b>

3.17. Other income (HUF million):

Description	01/01/2020- 31/12/2020	01/01/2021- 31/12/2021
Crude oil contribution fees	21 299	26 481
Natural gas contribution fees	17 422	17 484
Reversal of impairment	9	9 418
Release of provision	11	0
Other	3	4
<b>Other income in total</b>	<b>38 744</b>	<b>53 387</b>

In 2021, the heading "Reversal of impairment" contains the reversal of impairment of stocks (see point 3.3 on Inventories), whereas in 2020, it included the reversal of impairment booked for contribution fees receivable.

3.18. The major proportion of value of services used is constituted by the storage costs of stocks (HUF million):

Description	01/01/2020- 31/12/2020	01/01/2021- 31/12/2021
Storage costs of stocks	27 120	26 460
Of which: Storage costs of oil stocks	13 536	14 258
Storage costs of gas stocks	13 584	12 202
Other services used	232	221
<b>Value of services used</b>	<b>27 352</b>	<b>26 681</b>

### **3.19. Personnel expenses**

The average statistical headcount of the Association is 9.81 persons. In the course of 2021, staff was paid HUF 233 Mn in wages and received fringe benefits worth HUF 5 Mn.

In 2021, HUF 25 Mn employee loan was disbursed. On December 31, 2021, employee loans totalled HUF 49 Mn.

All employees fall into the white collar category.

Members of the Board of Directors and the Supervisory Board of the Association received remuneration worth HUF 92 Mn. They were disbursed no guarantees, loans or advance payments.

Employee benefits booked in the current year totalled HUF 23 Mn.

Altogether HUF 52 Mn social contribution tax was accounted for on the total wage bill.

### **3.20. Extraordinary revenues, costs and expenditures:**

In 2020, the Association transferred its participations in HEXUM Tartálpark Zrt. and HEXUM Földgáz Zrt. as in-kind contributions to HEXUM Holding Zrt. The difference between the book value and the in-kind contribution value of the participations is indicated as finance income under the heading "Income from participating interests, foreign exchange gains".

In 2021, no extraordinary revenues or costs occurred.

#### 4. Cash-flow statement

##### Change in cash and cash equivalents resulting from ordinary activities (HUF million)

	01/01/2020- 31/12/2020	01/01/2021- 31/12/2021
<b>I. Cash flow from operations</b>	<b>17 551</b>	<b>31 044</b>
1.a Profit before taxation	-2 155	26 492
Of which: financial subsidies received for operations	0	0
Dividends received	-14 262	-293
Unrealised exchange rate difference	17 010	7 805
1 b. Adjustments to profit before taxation	2 748	7 512
1. Adjusted profit before taxation	593	34 004
2. Accounted depreciation	25	22
3. Accounted impairment and reversal	19 007	-9 256
4. Difference of provisions created and used	-11	0
5. Profit and loss on disposal of non-current assets	0	0
6. Change in trade payables	-6 820	9 652
7. Change in other short-term liabilities	-38	173
8. Change in accruals and deferred income	-37	1 454
9. Change in trade receivables	-31	-10 858
10. Change in current assets (w/o trade receivable, cash)	4 872	7 127
11. Change in accrued and deferred assets	-9	-1 274
12. Income taxes paid	0	0
13. Dividends paid, participations	0	0

##### Change in cash and cash equivalents resulting from investing activities (HUF million)

	01/01/2020- 31/12/2020	01/01/2021- 31/12/2021
<b>II. Cash flow from investing activities</b>	<b>-7 340</b>	<b>261</b>
14. Procurement of non-current assets	-11 602	-20
15. Disposal of non-current assets	0	0
16. Repayments, elimination, redemption of long-term debts and bank deposits	0	13
17. Long-term debts and bank deposits	0	-25
18. Dividends received, participations	4 262	293



**Change in cash and cash equivalents resulting from financing activities (HUF million)**

		<b>01/01/2020- 31/12/2020</b>	<b>01/01/2021- 31/12/2021</b>
<b>III. Cash flow from financing activities</b>		<b>-21 143</b>	<b>-25 763</b>
19.	Proceeds from equity issuance, increase of share capital	0	0
20.	Proceeds from issuance of bonds and debt securities	0	0
21.	Borrowings	10 648	167 504
22.	Cash and cash equivalents received definitely	0	0
23.	Repurchase of equity, decrease of share capital	0	0
24.	Repayments of bonds and debt securities	0	0
25.	Repayments of borrowings	-31 791	-193 267
26.	Cash and cash equivalents transferred definitely	0	0

**Change in cash and cash equivalents (lines I.+II.+III.)**

		<b>01/01/2020- 31/12/2020</b>	<b>01/01/2021- 31/12/2021</b>
<b>IV. Change in cash and cash equivalents</b>		<b>-10 932</b>	<b>5 542</b>
27.	Currency translation of foreign exchange denominated cash and cash equivalents	3	1
<b>V. Change in cash and cash equivalents according to balance sheet</b>		<b>-10 929</b>	<b>5 543</b>

## 5. Indicators of assets, financial position and revenues

### 5.1. Assets of the company

#### 5.1.1. Changes in the asset structure

Description	31/12/2020 HUF million	31/12/2021 HUF million	Proportion (%)		Change (%)
			2020	2021	2021/2020
Non-current assets	59 034	59 034	15.66	14.88	0.00
Current assets	317 931	336 480	84.33	84.79	5.83
Accrued and deferred assets	34	1 308	0.01	0.33	3 747.06
Total assets	376 999	396 822	100.00	100.00	5.26

#### 5.1.2. Changes in the liability structure

Description	31/12/2020 HUF million	31/12/2021 HUF million	Proportion (%)		Change (%)
			2020	2021	2021/2020
Equity (capital reserve)	188 558	215 050	50.01	54.19	14.05
Provisions	0	0	0.00	0.00	-
Liabilities	188 415	180 292	49.98	45.43	-4.31
Accruals and deferred income	26	1 480	0.01	0.37	5 592.31
Total liabilities	376 999	396 822	100.00	100.00	5.26

### 5.2. Indicators of assets

#### 5.2.1. Equity ratio

	31/12/2020		31/12/2021
$\frac{\text{Equity}}{\text{Total assets}}$	$\frac{188\,558}{376\,999} = 0.50$		$\frac{215\,050}{396\,822} = 0.54$

#### 5.2.2. Borrowed capital ratio

	31/12/2020		31/12/2021
$\frac{\text{Borrowed capital}}{\text{Total assets}}$	$\frac{188\,441}{376\,999} = 0.50$		$\frac{181\,772}{396\,822} = 0.46$

#### 5.2.3. Leverage ratio

	31/12/2020		31/12/2021
$\frac{\text{Borrowed capital}}{\text{Equity}}$	$\frac{188\,441}{188\,558} = 1.00$		$\frac{181\,772}{215\,050} = 0.85$

The Association was established with „0” founder's assets. Its assets are financed from short-term and medium-term loans.

#### 5.2.4. Coverage of non-current assets

	<b>31/12/2020</b>		<b>31/12/2021</b>
Equity+Long-term liabilities	305 034	= 5.17	347 152 = 5.88
Non-current assets	59 034		59 034

#### 5.2.5. Working capital

	<b>31/12/2020</b>		<b>31/12/2021</b>
Current assets – Current liabilities	245 992	= 1.30	288 290 = 1.34
Equity	188 558		215 050

The above indicators reflect that the Association's non-current assets are amply covered with long-term sources. Furthermore, the major part of current assets not financed from short-term sources is also covered with own resources.

### 5.3. Financial liquidity ratios

#### 5.3.1. Liquidity ratio

	<b>31/12/2020</b>		<b>31/12/2021</b>
Current assets	317 931	= 4.42	336 480 = 6.98
Current liabilities	71 939		48 190

A ratio higher than 1 indicates good liquidity position.

#### 5.3.2. Long-term indebtedness ratio

	<b>31/12/2020</b>		<b>31/12/2021</b>
Total debt	186 581	= 0.61	168 633 = 0.49
Long-term liabilities+Equity	305 034		347 152

### 5.4. Profitability indices

The calculation of profitability indices is practically irrelevant due to the non-profit nature of the Association.

## 6. Balance Sheet and Profit and Loss Statement of the Oil and Gas Sections

### BALANC SHEET "A" Assets

HUF million

Line no.	Description of item	Oil Section 31/12/2021	Gas Section 31/12/2021	Total
1	<b>A. Non-current assets</b>	20 736	38 298	59 034
2	I. INTANGIBLE ASSETS	20	21	41
3	1. Capitalised value of formation/ restructuring expenses			
4	2. Capitalised value of research and development			
5	3. Concessions, licences and similar rights	1	1	2
6	4. Intellectual property products	19	20	39
7	5. Goodwill			
8	6. Advance payments on intangible assets			
9	7. Adjusted value of intangible assets			
10	II. TANGIBLE ASSETS	13	12	25
11	1. Land and buildings and rights to immovables			
12	2. Plant and machinery, vehicles			
13	3. Other fixtures and fittings, tools and equipment, vehicles	8	7	15
14	4. Breeding stock			
15	5. Assets in course of construction	5	5	10
16	6. Advance payments on tangible assets in course of construction			
17	7. Adjusted value of tangible assets			
18	III. NON-CURRENT FINANCIAL ASSETS	20 703	38 265	58 968
19	1. Long-term participations in affiliated companies	20 675	38 245	58 920
20	2. Long-term loans to affiliated companies			
21	3. Long-term major participating interests	8		8
22	4. Long-term loans to companies linked by virtue of major participating interests			
23	5. Other long-term participations			
24	6. Long-term loans to other companies linked by virtue of participating interests			
25	7. Other long-term loans	20	20	40
26	8. Long-term debt securities			
27	9. Adjusted value of non-current financial assets			
28	10. Valuation margin of non-current financial assets			

## ASSETS (CONT.)

## BALANCE SHEET "A" Assets

HUF million

Line no.	Description of item	Oil Section 31/12/2021	Gas Section 31/12/2021	Total
29	<b>B. Current assets</b>	228 443	108 037	336 480
30	I. INVENTORIES	203 987	96 655	300 642
31	1. Raw materials and consumables			
32	2. Work in progress and intermediate goods			
33	3. Rearing animals, hogs and other livestock			
34	4. Finished products			
35	5. Goods	203 987	96 655	300 642
36	6. Advance payments on inventories			
37	II. RECEIVABLES	11 718	2 890	14 608
38	1. Trade receivables	9 516	1 382	10 898
39	2. Receivables from affiliated companies	45	4	49
40	3. Receivables from companies linked by virtue of major participating interests			
41	4. Receivables from other companies linked by virtue of participating interests			
42	5. Bills receivable			
43	6. Other receivables	2 157	1 504	3 661
44	7. Valuation margin of receivables			
45	8. Positive valuation margin of derivative instruments			
46	III. SECURITIES	0	0	0
47	1. Participations in affiliated companies			
48	2. Major participating interests			
49	3. Other participating interests			
50	4. Own shares and own partnership shares			
51	5. Debt securities held for trading			
52	6. Valuation margin of securities			
53	IV. CASH AND CASH EQUIVALENTS	12 738	8 492	21 230
54	1. Cash in hand, checks			
55	2. Cash at bank	12 738	8 492	21 230
56	<b>C. Accrued and deferred assets</b>	5	1 303	1 308
57	1. Accrued income			
58	2. Accrued expenses	5	1 303	1 308
59	3. Deferred expenses			
60	<b>Total assets</b>	249 184	147 638	396 822

## BALANCE SHEET "A" Liabilities

HUF million

Line no.	Description of item	Oil Section 31/12/2021	Gas Section 31/12/2021	Total
61	<b>D. Equity</b>	115 278	99 772	215 050
62	I. SHARE CAPITAL			
63	Of which: ownership shares repurchased at nominal value			
64	II. SHARE CAPITAL UNPAID (-)			
65	III. CAPITAL RESERVE	94 279	94 279	188 558
66	IV. RETAINED EARNINGS			
67	V. TIED-UP RESERVE			
68	VI. VALUATION RESERVE			
69	1. Valuation reserve for adjustments			
70	2. Fair value reserve			
71	VII. PROFIT AFTER TAXATION	20 999	5 493	26 492
72	<b>E. Provisions</b>	0	0	0
73	1. Provisions for contingent liabilities			
74	2. Provisions for future expenses			
75	3. Other provisions			
76	<b>F. Liabilities</b>	64 547	115 745	180 292
77	I. SUBORDINATED LIABILITIES	0	0	0
78	1. Subordinated liabilities to affiliated companies			
79	2. Subordinated liabilities to companies linked by virtue of major participating interests			
80	3. Subordinated liabilities to other companies linked by virtue of participating interests			
81	4. Subordinated liabilities to other economic entities			
82	II. LONG-TERM LIABILITIES	41 876	90 226	132 102
83	1. Long-term loans			
84	2. Convertible and equity bonds			
85	3. Debenture loans			
86	4. Investment and development credits			
87	5. Other long-term credits	41 876	90 226	132 102
88	6. Long-term liabilities to affiliated companies			
89	7. Long-term liabilities to companies linked by virtue of major participating interests			
90	8. Long-term liabilities to other companies linked by virtue of participating interests			
91	9. Other long-term liabilities			

LIABILITIES (CONT.)

**BALANCE SHEET "A" Liabilities**

HUF million

Line no.	Description of item	Oil Section 31/12/2021	Gas Section 31/12/2021	Total
92	III. CURRENT LIABILITIES	22 671	25 519	48 190
93	1. Short-term loans			
94	Of which: convertible and equity bonds			
95	2. Short-term credits	11 580	24 951	36 531
96	3. Advances received from customers			
97	4. Trade payables	9 560	5	9 565
98	5. Bills payable			
99	6. Short-term liabilities to affiliated companies	1 103	1	1 104
100	7. Short-term liabilities to companies linked by virtue of major participating interests	420	0	420
101	8. Short-term liabilities to other companies linked by virtue of participating interests			
102	9. Other short-term liabilities	8	562	570
103	10. Valuation margin of liabilities			
104	11. Negative valuation margin of derivative instruments			
105	<b>G. Accruals and deferred income</b>	1	1 479	1 480
106	1. Accrued and deferred income	0	1 478	1 478
107	2. Deferred costs and expenses	1	1	2
108	3. Deferred income			
109	<b>Total liabilities</b>	179 826	216 996	396 822

**PROFIT AND LOSS STATEMENT "A"**

(nature of expense method)

HUF million

Line no.	Description of item	Oil Section 01/01/2021- 31/12/2021	Gas Section 01/01/2021- 31/12/2021	Total 01/01/2021- 31/12/2021
1	01. Net domestic sales	57 578	8 414	65 992
2	02. Net external sales			
3	<b>I. Total net sales (01+02)</b>	57 578	8 414	65 992
4	03. Variation in inventories of finished goods and in work in progress			
5	04. Own work capitalised			
6	<b>II. Work performed by the company for its own purposes and capitalised (±03+04)</b>	0	0	0
7	<b>III. Other income</b>	35 901	17 486	53 387
8	Of which: impairment loss reversed	9 418	0	9 418
9	Contribution fees, Oil Section	26 481	0	26 481
10	Contribution fees, Gas Section	0	17 484	17 484
11	05. Raw materials and consumables	2	1	3
12	06. Value of services used	14 368	12 313	26 681
13	07. Cost of other services	3	3	6
14	08. Cost of goods sold	57 379	6 114	63 493
15	09. Value of services sold (mediated)	2	2	4
16	<b>IV. Material costs (05+06+07+08+09)</b>	71 754	18 433	90 187
17	10. Wages and salaries	163	162	325
18	11. Other personnel expenses	12	11	23
19	12. Contributions on wages and salaries	26	26	52
20	<b>V. Personnel expenses (10+11+12)</b>	201	199	400
21	<b>VI. Depreciation</b>	11	11	22
22	<b>VII. Other expenditures</b>	58	108	166
23	Of which: impairment loss	56	105	161
24	<b>A. PROFIT AND LOSS OF OPERATING ACTIVITIES (I±II+III-IV-V-VI-VII)</b>	21 455	7 149	28 604



PROFIT AND LOSS STATEMENT (CONT.)

**PROFIT AND LOSS STATEMENT "A"**

(nature of expense method)

HUF million

Line no.	Description of item	Oil Section 01/01/2021- 31/12/2021	Gas Section 01/01/2021- 31/12/2021	Total 01/01/2021- 31/12/2021
25	13. Dividends and profit-sharing receivable	293	0	293
26	Of which: from affiliated companies	293	0	293
27	14. Income from participating interests, foreign exchange gains			
28	Of which: from affiliated companies			
29	15. Income from non-current financial investments (equity shares, loans), foreign exchange gains			
30	Of which: from affiliated companies			
31	16. Other interests receivable and similar income	32	17	49
32	Of which: from affiliated companies			
33	17. Other finance income	2 158	4 652	6 810
34	Of which: valuation margin			
35	<b>VIII. Total finance income (13+14+15+16+17)</b>	2 483	4 669	7 152
36	18. Expenses and foreign exchange losses on participating interests			
37	Of which: to affiliated companies			
38	19. Expenses on non-current financial assets (equity shares, loans), foreign exchange losses			
39	Of which: to affiliated companies			
40	20. Interests (paid) payable and similar charges	257	553	810
41	Of which: to affiliated companies			
42	21. Losses on shares, securities, long-term loans and bank deposits			
43	22. Other finance expenses	2 682	5 772	8 454
44	Of which: valuation margin			
45	<b>IX. Total finance expenses (18+19+20+21+22)</b>	2 939	6 325	9 264
46	<b>B. FINANCE RESULT (VIII-IX)</b>	-456	-1 656	-2 112
47	<b>C. PROFIT BEFORE TAXATION (±A±B)</b>	20 999	5 493	26 492
48	<b>X. Tax liability</b>			
49	<b>D. PROFIT AFTER TAXATION (±C-X)</b>	20 999	5 493	26 492
50	<b>E. Profit after taxation deposited in capital reserve</b>	20 999	5 493	26 492

## 7. Events after the reporting period

The pandemic situation triggered by the coronavirus does not affect the Association's day-to-day operations significantly. Over the past two years, working practices were adjusted to the new state of affairs. The information technology system facilitates online consultations instead of in-person meetings. The electronic contribution fee declaration system and the use of certified electronic signature greatly contributed to the smooth functioning of day-to-day administration under the emergency circumstances.

Pursuant to Government Decree No. 57/2022 (28/02/2022) on measures relating to the regulated price of fuels, for the months of March, April and May, fuels the retail price thereof was maximised earlier on, are exempt from contribution fees payable to the Hungarian Hydrocarbon Stockpiling Association (HUSA) with the aim of mitigating the losses of fuel retailers. The Association is able to cover the arising estimated HUF 5.5-6.5 Bn revenue loss for 2022 from its available reserves (2021 budget reserve). Consequently the measure does not induce liquidity problems.

The Russo-Ukrainian war exerts no direct influence on the Association's day-to-day operations. Nonetheless, in the event of potential disruptions in the supply of crude oil, petroleum products and natural gas caused by the war, the Association is prepared to ensure supply continuity with the release of strategic reserves within the shortest time possible. The Russia-Ukraine war does not directly impact HUSA's funding and financial position, either. The coverage of the Association's loans is improved by surging crude oil and petroleum product prices. EURIBOR, which is the benchmark rate of the Association's loans, remained in the negative territory in spite of the rising yield environment, thus not increasing the Association's euro-denominated interest expenses. The Association's forint-denominated interest costs have increased due to the weaker than projected EUR/HUF exchange rate, yet, without jeopardising the fulfilment of the budget as financing costs account for solely 3% of the Association's total expenditures. HUSA is currently funded by 11 banks, and the Association is not aware that the operations of any of the financing banks are at risk as a result of being affected by the Russo-Ukrainian war. The Association seeks to diversify its liquid assets among its financing banks in order to minimise exposure to a single one. The Association's stable funding and liquidity are secured.

Budapest, May 4, 2022

Dr. Béla Attila Bártfai

CEO

Zsuzsanna Dávid

Deputy CEO