

1. General information

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

Abbreviated company name: HUSA

Website of the company: 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 assets (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, 2023

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

Currency of the annual report: HUF

Core activities: Implementation of the strategic stockpiling activities defined in *Act XXIII of 2013 on the emergency stockpiling of imported crude oil and petroleum products* (hereinafter referred to as “**Oil Stockpiling Act**”) and in *Act XXVI of 2006 on the emergency 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 laid down 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 form 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 set forth 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 fulfilment of the annual budget containing data and text is also compiled 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 with regard to the fact that the Association is not subject to corporate tax in compliance 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 regard 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 the 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 stipulated 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 accordance 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 institutions on the balance sheet date of the fiscal year, whereas 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 compliance 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 for the valuation of 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 audit 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 sum of the absolute values 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 2022, no error of significant value was detected.
- 2.7. The Balance Sheet of the Association is prepared in version "A" in line with Annex 1 to the Accounting Act. Meanwhile, the Profit and Loss Statement is compiled with nature of expense method in version "A" in compliance with Annex 2 to the Accounting Act, with crude oil and natural gas contribution fee revenues indicated separately under the heading "Other income". Under 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. Pursuant to 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 additional accounting services for the Association for a net amount of HUF 400 000. 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 and prepare the annual report. The person responsible for the supervision and management of tasks within the scope of accounting services at HEXUM Finance Kft. 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 the Profit and Loss Statement

3.1. Changes in intangible assets and tangible assets (HUF Mn)

	Gross value	Depreciation	Net value
I. Intangible assets			
<i>Concessions, licences and similar rights</i>			
- Opening value 01/01/2022	35	33	2
- Increase	0	1	
- Decrease	0	0	
- Closing value 31/12/2022	35	34	1
<i>Intellectual property products</i>			
- Opening value 01/01/2022	64	25	39
- Increase	18	15	
- Decrease	0	0	
- Closing value 31/12/2022	82	40	42
II. Tangible assets			
<i>Other fixtures and fittings, tools and equipment, vehicles</i>			
- Opening value 01/01/2022	47	32	15
- Increase	6	8	
- Decrease - scrapping, disposal, donation	5	6	
- Closing value 31/12/2022	48	34	14
<i>Assets in course of construction</i>			
- Opening value 01/01/2022	10	0	10
- Increase	16	0	
- Decrease - activation	24	0	
- Closing value 31/12/2022	2	0	2
Total closing value 31/12/2022	167	108	59

In 2021, in addition to ordinary depreciation, HUF 1 Mn extraordinary depreciation was booked under the heading "Intellectual property products".

All depreciation accounted for in 2022 was ordinary straight-line depreciation.

3.2. The Association's participations

In 2019, the Association acquired the 51% share package of MFB Fejlesztési Bank Zárkörűen Működő Részvénytársaság (hereinafter referred to as "MFB") in MMBF Földgáztároló Zártkörűen Működő Részvénytársaság (hereinafter referred to as "MMBF"). Moreover, 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 in addition to defining the regulations for the Association's exercise of founder's rights over the subsidiaries, adjusting to the best practice in corporate governance and to the changed economic environment. Furthermore, 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 value of both contributions was established based on company valuations prepared by an independent international consultant. Subsequent to the in-kind contributions, the name of OPAL Szolgáltató Zrt. was changed to HEXUM Tartálpark Zrt., whereas that of MMBF was altered to HEXUM Földgáz Zrt.

The core activity of HEXUM Holding Zrt. is asset management. Furthermore, 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 activity of the company comprises the storing and stockpiling of petroleum products.

The headings related to participations contain the items below:

Participation (Company name)	Book value of participation 31/12/2022 (HUF million)	Ownership ratio	Remark
HEXUM Holding Zrt.	58 920	100.0%	Subsidiary
Long-term participation in affiliated company	58 920		
TERMÉKTÁROLÓ Zrt.	8	25.9%	Associated company
Long-term major participating interest	8		
Total	58 928		

The equity of the affiliates on December 31, 2022 is indicated in the table below:

Company (HUF Mn)	Equity	Share capital	Capital reserve	Retained earnings	Tied-up reserve	Valuation reserve	Profit after taxation
HEXUM Holding Zrt.	66 367	58 920	0	1 438	0	0	6 009
TERMÉKTÁROLÓ Zrt.	1 174	32	0	0	0	0	1 142

3.3. Inventories

Book value of inventories on December 31, 2022:

Product	Unit	Stored volume	Book value of stock (HUF million)	Proportion according to stock value (%)
Crude oil	ton	708 717	87 151	6.50
Gasoline RON 95	15°C litre	288 244 616	44 178	3.30
Gas oil EN 590	15°C litre	324 139 648	58 529	4.36
JET -A1	15°C litre	2 511 950	376	0.03
Petroleum products			190 234	14.19
Natural gas	kWh	20 584 167 774	1 150 249	85.81
Natural gas			1 150 249	
Total stocks			1 340 483	100.0

In 2022, joining the collective stock release instructed by the International Energy Agency (IEA), the Association sold 140 kt of crude oil. A portion of the emergency motor gasoline and gas oil stocks were released due to supply difficulties. In the frame thereof the Association disposed of 208.3 million litres of gas oil and 15.4 million litres of motor gasoline in total. The replenishment of the stocks commenced in the final quarter of 2022.

In the Gas Section, the stock replenishment set forth by Decree No 59/2021 (15/12/2021) of the Ministry of Innovation and Technology on the level of the emergency natural gas reserve was fulfilled by the Association with the procurement of 3 228 644 MWh of natural gas stock. The release of the emergency natural gas reserve was also implemented in order to ensure district heating, on the one hand, and to supply the customers of a natural gas trader unable to operate, on the other hand.

In consideration of the ongoing armed conflict and humanitarian disaster in the territory of Ukraine, Government Decree No 206/2022 (21/07/2022) on the establishment of the special natural gas reserve (hereinafter referred to as "Government Decree") mandated the establishment of a special natural gas reserve of maximum 7 880 511 MWh and designated the Association for the fulfilment of the task. The special natural gas reserve is owned by the Association, and it is maintained by HUSA until April 1, 2024 in compliance with the Government Decree. The Association conducted the establishment of the special natural gas reserve through MVM CEEnergy Zártkörűen Működő Részvénytársaság, a natural

gas trader supplying the universal service provider. The Association provided the necessary funding for the procurement of the special natural gas reserve from a bank loan.

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

Product	Crude oil	Gasoline RON 95	Gas oil EN 590	JET-A1	Natural gas	Total
Opening book value 01/01/2022	80 971	43 740	78 944	332	96 655	300 642
Historical cost	85 041	47 903	84 688	388	96 655	314 675
Impairment	-4 070	-4 163	-5 744	-56	0	-14 033
Decrease in the current year						
Historical cost	36 882	23 924	57 089	0	33 600	151 495
Impairment *	1 766	2 079	3 872	0	0	7 717
Reversal of impairment	2 304	1 035	0	44	0	3 383
Increase in the current year						
Historical cost	38 992	21 248	41 097	0	1 087 194	1 188 531
Impairment	0	0	-8 295	0	0	-8 295
Closing book value 31/12/2022	87 151	44 178	58 529	376	1 150 249	1 340 483
Historical cost	87 151	45 227	68 696	388	1 150 249	1 351 711
Impairment	0	-1 049	-10 167	-12	0	-11 228

* Derecognition of impairment related to disposal.

- 3.4. On the balance sheet date of December 31, 2021, the Association held HUF 1 382 Mn outstanding trade receivables from natural gas sales and HUF 9 516 Mn from crude oil and petroleum product disposal. On December 31, 2022, the Balance Sheet contained HUF 1 238 Mn outstanding trade receivables derived from natural gas disposal in addition to HUF 4 574 Mn from crude oil sales.

The heading "Receivables from affiliated companies" contains firstly, a supplier credit note for provision of services issued by HEXUM Finance Kft. in 2021, a supplier credit note for provision of services issued by HEXUM Finance Kft. in 2022 and one issued by HEXUM Holding Zrt. in the same year, which were outstanding on the balance sheet date. Secondly, it includes the reclassification of HEXUM Tartálypark Zrt.'s December contribution fee payments in both years.

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

Description	31/12/2021	31/12/2022
Value added tax	15	15 664
Crude oil contribution fees*	2 119	1 063
booked impairment	0	-1
Natural gas contribution fees*	1 851	4 058
booked impairment	-384	-461
Deferred technical VAT advances	49	58
Receivables from employees	9	8
Other receivables	2	4
Other receivables	3 661	20 393

*Historical cost of contribution fees, does not include impairment.

In terms of contribution fees, impairment was booked in the case of the following partners:

The liquidation proceeding of Kárpát-Gáz Kft. "In Liq." was completed with a resolution published on July 13, 2022. As a result, the receivable and the fully recognised impairment (HUF 17 Mn) were written off as bad debts.

Due to the lack of a bankruptcy settlement, the bankruptcy proceeding of JAS Zrt. "In Liq.", which commenced on November 23, 2021, transitioned into a liquidation proceeding as of September 9, 2022. The natural gas trading licence of the company was withdrawn by the Hungarian Energy and Public Utility Regulatory Authority (HEA) with its Resolution No H1920/2022 on May 4, 2022. The total outstanding contribution fee payable to the Association accounted for HUF 20 Mn on December 31, 2022. The entire sum is overdue and the proof of claim by financial creditors was duly filed to the liquidator by the specified deadline. Currently, the settlement of the outstanding debt is not expected. In 2022, the receivable was fully written off and HUF 15 Mn of impairment was accounted for in the current year. In 2021, HUF 5 Mn impairment had already been booked.

The natural gas trading licence of ISD-Power Kft. was suspended by HEA with its Resolution No H8025/2022, effective as of December 31, 2022. The total outstanding contribution fee liability towards the Association amounts to HUF 157 Mn according to the state of affairs on December 31, 2022, HUF 79 Mn thereof is overdue. Based on available information, the company is presumed to settle 50% of its debts. In 2022, HUF 79 Mn impairment was recognised.

The tax warehouse license of KBM-hal Hungária Kft. was terminated by the National Tax and Customs Authority (NAV) with its Resolution Reference No 4525762998, effective as of March 10, 2022. Consequently, the membership status of the company with the Association ceased on condition that it is bound to settle its payment obligations incurred up to the termination of its membership. According to the state of affairs on December 31, 2022, the outstanding contribution fee debt of KBM-hal Hungária Kft. to the Association totals HUF 2 Mn, the full amount thereof is overdue and under enforcement proceeding. Based on available information, the company is expected to settle 50% of its outstanding debts.

The outstanding liabilities of ENERGOTT Kft., DunaCent Kft. "In Liq." and Alfa-Nova Kft. were written off over the prior years. On December 31, 2022, their total debts recorded and fully written off equalled to HUF 362 Mn.

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

Description	31/12/2021	31/12/2022
Default interest	0	243
Compensation	0	9
Accrued income	0	252
Fees related to loans	0	273
Rental fee	5	4
Capacity booking fee	1 299	0
Other	4	1
Accrued expenses	1 308	278
Accrued and deferred assets	1 308	530

3.7. **The movements of equity are demonstrated in the following table:**

Capital element	Opening	Increase	Transfer	Closing
Share capital	-	-	-	-
Share capital unpaid	-	-	-	-
Capital reserve	188 558	-	26 492	215 050
Retained earnings	-	-	-	-
Tied-up reserve	-	-	-	-
Valuation reserve	-	-	-	-
Profit after taxation	26 492	36 619	-26 492	36 619
Equity	215 050	36 619	-	251 669

3.8. In the course of 2021 and 2022, no future expected obligation or future costs arose at the Association that would require the creation of provision. Pursuant to the relevant legislation, the Association has no such mandatory tasks in relation to environmental protection that would necessitate the creation of provision. Furthermore, the Association has neither hazardous waste nor noxious substance in its possession, and holds no tangible assets directly intended for environmental protection.

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

In compliance with the Government Decree on the special natural gas reserve, the Association concluded a syndicated loan agreement with the participation of 10 banks (see point 3.3) to secure the necessary financial resources for the establishment of the special natural gas reserve.

The proportion of loans according to maturity on December 31, 2022 is as follows:

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 million	2 335.4	199.0	172.0	147.0	158.5	3 011.9
HUF million	934 762	79 650	68 843	58 837	63 440	1 205 531

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 emergency 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 Tartálpark 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 Tartálpark Zrt. opted for the loan repayment 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, 2022, outstanding trade payables totalled HUF 37 753 Mn, of which short-term liabilities to affiliated companies made up HUF 748 Mn to HEXUM Tartálpark Zrt, whereas short-term liabilities to companies linked by virtue of major participating interests added up to HUF 426 Mn to Terméktároló Zrt. Trade payables to external partners corresponded to HUF 36 579 Mn. In 2022, the latter heading contains a significantly higher sum compared to 2021, which is predominantly attributable to the liabilities towards MOL Plc and OMV Ltd arising from the procurement of petroleum products, the financial settlement thereof was delayed until January 2023.

In the current year, short-term liabilities to affiliated companies comprise trade payables to HEXUM Tartálpark Zrt. (HUF 748 Mn) as well as interim dividend (HUF 1 000 Mn) received from HEXUM Holding Zrt.

3.13. Other short-term liabilities (HUF Mn):

Description	31/12/2021	31/12/2022
Taxes and contributions	11	13
Natural gas and crude oil contribution fees	555	1
Other	4	0
Other short-term liabilities in total	570	14

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

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

Description	31/12/2021	31/12/2022
Proceeds from capacity disposal	1 478	0
Accrued and deferred income	1 478	0
One-off fee of loan agreement related to natural gas reserve	0	1 043
Storage fee of natural gas reserve	0	565
Interest payable	0	136
Bank charges	0	8
Auditing fee	1	2
Other	1	1
Deferred costs and expenses	2	1 755
Accruals and deferred income	1 480	1 755

3.15. **Net sales revenue according to core activities (HUF Mn):**

Description	01/01/2021- 31/12/2021	01/01/2022- 31/12/2022
Proceeds from disposal of stocks	65 519	180 954
Of which: Gas oil	20 603	89 617
Gasoline	12 225	27 479
Crude oil	20 043	23 755
Semi-finished petroleum products	4 705	0
Emergency natural gas	7 943	40 103
Disposal of booked capacities	469	1 704
Proceeds from other disposals	4	7
Net sales revenue	65 992	182 665

In terms of crude oil and petroleum products, the year 2021 primarily contained proceeds derived from “routine” stock replacements, whereas the data for the year 2022 comprise the revenues from products sold during stock releases. In the case of natural gas, the values for 2021 and 2022 are essentially based on the volume of the sold ~550 mcm emergency reserve for each respective year.

3.16. **Other income (HUF Mn):**

Description	01/01/2021- 31/12/2021	01/01/2022- 31/12/2022
Crude oil contribution fees	26 481	8 907
Natural gas contribution fees	17 484	18 087
Reversal of impairment	9 418	3 383
Other	4	11
Other income in total	53 387	30 388

The heading "Reversal of impairment" comprises the reversal of impairment of stocks (see point 3.3 on Inventories).

3.17. **The major proportion of the value of services used is constituted by the storage costs of stocks (HUF Mn)**

Description	01/01/2021- 31/12/2021	01/01/2022- 31/12/2022
Storage costs of stocks	26 460	27 605
Of which: Storage costs of oil stocks	14 258	13 447
Storage costs of natural gas reserve	12 202	14 158
Other services used	221	594
Value of services used	26 681	28 199

3.18. **Personnel expenses**

The average statistical headcount of the Association is 9.29 persons. In the course of 2022, staff was paid HUF 271 Mn in wages and received fringe benefits worth HUF 4 Mn.

In 2022, HUF 21 Mn employee loan was disbursed. On December 31, 2022, employee loans totalled HUF 60 Mn.

All employees fall into the white collar category.

Members of the Board of Directors and the Supervisory Board of the Association received HUF 115 Mn in honorariums. They were disbursed no guarantees, loans or advance payments.

Employee benefits booked in the current year totalled HUF 38 Mn.

Altogether HUF 30 Mn social contribution tax was accounted for on the total wage bill.

3.19. **Extraordinary revenues, costs and expenditures:**

In 2021 and 2022, no extraordinary revenues, costs or expenditures occurred.

4. Cash-flow statement

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

		01/01/2021- 31/12/2021	01/01/2022- 31/12/2022
I. Cash flow from operations		31 044	-992 368
1.a	Profit before taxation	26 492	36 619
	Of which: financial subsidies received for operations	0	0
	Dividends received	-293	-281
	Unrealised exchange rate difference	7 805	-4 396
1 b.	Adjustments to profit before taxation	7 512	-4 677
1.	Adjusted profit before taxation	34 004	31 942
2.	Accounted depreciation	22	24
3.	Accounted impairment and reversal	-9 256	5 007
4.	Difference of provisions created and used	0	0
5.	Profit and loss on disposal of non-current assets	0	0
6.	Change in trade payables	9 652	26 664
7.	Change in other short-term liabilities	173	-556
8.	Change in accruals and deferred income	1 454	275
9.	Change in trade receivables	-10 858	5 086
10.	Change in current assets (w/o trade receivables, cash)	7 127	-1 061 588
11.	Change in accrued and deferred assets	-1 274	778
12.	Income taxes paid	0	0
13.	Dividends paid, participations	0	0

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

		01/01/2021- 31/12/2021	01/01/2022- 31/12/2022
II. Cash flow from investing activities		261	1 275
14.	Procurement of non-current assets	-20	-17
15.	Disposal of non-current assets	0	0
16.	Repayments, elimination, redemption of long-term loans and bank deposits	13	-10
17.	Long-term loans and bank deposits	-25	21
18.	Dividends received, participations	293	1 281

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

		01/01/2021- 31/12/2021	01/01/2022- 31/12/2022
III. Cash flow from financing activities		-25 763	1 041 297
19.	Proceeds from equity issuance, increase of share capital	0	0
20.	Proceeds from issuance of bonds and debt securities	0	0
21.	Borrowings	167 504	1 047 454
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	-193 267	-6 157
26.	Cash and cash equivalents transferred definitely	0	0

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

		01/01/2021- 31/12/2021	01/01/2022- 31/12/2022
IV. Change in cash and cash equivalents		5 542	50 204
27.	Currency translation of foreign exchange denominated cash and cash equivalents	1	-3
V. Change in cash and cash equivalents according to balance sheet		5 543	50 201

5. Indicators of assets, financial position and revenues

5.1. Assets of the company

5.1.1. Changes in the asset structure

Description	31/12/2021 HUF Mn	31/12/2022 HUF Mn	Proportion (%)		Change (%)
			2021	2022	2022/2021
Non-current assets	59 034	59 040	14.88	3.94	0.01
Current assets	336 480	1 438 152	84.79	96.02	327.41
Accrued and deferred assets	1 308	530	0.33	0.04	-59.48
Total assets	396 822	1 497 722	100.00	100.00	277.43

5.1.2. Changes in the liability structure

Description	31/12/2021 HUF Mn	31/12/2022 HUF Mn	Proportion (%)		Change (%)
			2021	2022	2022/2021
Equity (capital reserve)	215 050	251 669	54.19	16.80	17.03
Provisions	0	0	0.00	0.00	-
Liabilities	180 292	1 244 298	45.44	83.08	590.16
Accruals and deferred income	1 480	1 755	0.37	0.12	18.58
Total liabilities	396 822	1 497 722	100.00	100.00	277.43

5.2. Indicators of assets

5.2.1. Equity ratio

	31/12/2021		31/12/2022
Equity	215 050	= 0.54	251 669
Total assets	396 822		1 497 722
			= 0.17

5.2.2. Borrowed capital ratio

	31/12/2021		31/12/2022
Borrowed capital	181 772	= 0.46	1 246 053
Total assets	396 822		1 497 722
			= 0.83

5.2.3. Leverage ratio

	31/12/2021		31/12/2022
Borrowed capital	181 772	= 0.85	1 246 053
Equity	215 050		251 669
			= 4.95

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

	31/12/2021		31/12/2022	
Equity+Long-term liabilities	347 152	= 5.88	522 438	= 8.85
Non-current assets	59 034		59 040	

5.2.5. Working capital

	31/12/2021		31/12/2022	
Current assets – Current liabilities	288 290	= 1.34	464 623	= 1.85
Equity	215 050		251 669	

5.3. Financial liquidity ratios

5.3.1. Liquidity ratio

	31/12/2021		31/12/2022	
Current assets	336 480	= 6.98	1 438 152	= 1.48
Current liabilities	48 190		973 529	

A ratio higher than 1 indicates good liquidity position.

5.3.2. Long-term debt ratio

	31/12/2021		31/12/2022	
Total debt	168 633	= 0.49	1 205 531	= 2.31
Long-term liabilities+Equity	347 152		522 438	

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

BALANCE SHEET "A" Assets

HUF million

Line no.	Description of item	Oil Section 31/12/2022	Gas Section 31/12/2022	Total 31/12/2022
1	A. Non-current assets	20 740	38 300	59 040
2	I. INTANGIBLE ASSETS	22	21	43
3	1. Capitalised value of formation/ restructuring expenses			
4	2. Capitalised value of research and development			
5	3. Concessions, licences and similar rights	1	0	1
6	4. Intellectual property products	21	21	42
7	5. Goodwill			
8	6. Advance payments on intangible assets			
9	7. Adjusted value of intangible assets			
10	II. TANGIBLE ASSETS	8	8	16
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	7	7	14
14	4. Breeding stock			
15	5. Assets in course of construction	1	1	2
16	6. Advance payments on tangible assets in course of construction			
17	7. Adjusted value of tangible assets			
18	III. NON-CURRENT FINANCIAL ASSETS	20 710	38 271	58 981
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	0	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	27	26	53
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 31/12/2022	Gas Section 31/12/2022	Total 31/12/2022
29	B. Current assets	232 902	1 205 250	1 438 152
30	I. INVENTORIES	190 234	1 150 249	1 340 483
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	190 234	1 150 249	1 340 483
36	6. Advance payments on inventories			
37	II. RECEIVABLES	13 280	12 958	26 238
38	1. Trade receivables	4 574	1 238	5 812
39	2. Receivables from affiliated companies	26	7	33
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	8 680	11 713	20 393
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	29 388	42 043	71 431
54	1. Cash in hand, checks			
55	2. Cash at bank	29 388	42 043	71 431
56	C. Accrued and deferred assets	239	291	530
57	1. Accrued income	236	16	252
58	2. Accrued expenses	3	275	278
59	3. Deferred expenses			
60	Total assets	253 881	1 243 841	1 497 722

BALANCE SHEET "A" Liabilities

HUF million

Line no.	Description of item	Oil Section 31/12/2022	Gas Section 31/12/2022	Total 31/12/2022
61	D. Equity	129 363	122 306	251 669
62	I. SHARE CAPITAL			
63	Of which: ownership shares repurchased at nominal value			
64	II. SHARE CAPITAL UNPAID (-)			
65	III. CAPITAL RESERVE	107 525	107 525	215 050
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	21 838	14 781	36 619
72	E. Provisions	0	0	0
73	1. Provisions for contingent liabilities			
74	2. Provisions for future expenses			
75	3. Other provisions			
76	F. Liabilities	125 108	1 119 190	1 244 298
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	58 757	212 012	270 769
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	58 757	212 012	270 769
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 31/12/2022	Gas Section 31/12/2022	Total 31/12/2022
92	III. CURRENT LIABILITIES	66 351	907 178	973 529
93	1. Short-term loans			
94	Of which: convertible and equity bonds			
95	2. Short-term credits	28 097	906 665	934 762
96	3. Advances received from customers			
97	4. Trade payables	36 572	7	36 579
98	5. Bills payable			
99	6. Short-term liabilities to affiliated companies	1 248	500	1 748
100	7. Short-term liabilities to companies linked by virtue of major participating interests	426	0	426
101	8. Short-term liabilities to other companies linked by virtue of participating interests			
102	9. Other short-term liabilities	8	6	14
103	10. Valuation margin of liabilities			
104	11. Negative valuation margin of derivative instruments			
105	G. Accruals and deferred income	32	1 723	1 755
106	1. Accrued and deferred income			
107	2. Deferred costs and expenses	32	1 723	1 755
108	3. Deferred income			
109	Total liabilities	254 503	1 243 219	1 497 722

PROFIT AND LOSS STATEMENT "A"

(nature of expense method)

HUF million

Line no.	Description of item	Oil Section 31/12/2022	Gas Section 31/12/2022	Total 31/12/2022
1	01. Net domestic sales	140 855	41 810	182 665
2	02. Net external sales			
3	I. Total net sales (01+02)	140 855	41 810	182 665
4	03. Variation in inventories of finished goods and in work in progress			
5	04. Own work capitalised			
6	II. Work performed by the company for its own purposes and capitalised (±03+04)	0	0	0
7	III. Other income	12 296	18 092	30 388
8	Of which: impairment loss reversed	3 383	0	3 383
9	Contribution fees, Oil Section	8 907	0	8 907
10	Contribution fees, Gas Section	0	18 087	18 087
11	05. Raw materials and consumables	2	1	3
12	06. Value of services used	13 575	14 624	28 199
13	07. Cost of other services	58	58	116
14	08. Cost of goods sold	110 179	33 601	143 780
15	09. Value of services sold (mediated)	3	3	3
16	IV. Material costs (05+06+07+08+09)	123 817	48 287	172 104
17	10. Wages and salaries	193	193	386
18	11. Other personnel expenses	17	21	38
19	12. Contributions on wages and salaries	15	15	30
20	V. Personnel expenses (10+11+12)	225	229	454
21	VI. Depreciation	12	12	24
22	VII. Other expenditures	8 302	99	8 401
23	Of which: impairment loss	8 296	94	8 390
24	A. PROFIT AND LOSS OF OPERATING ACTIVITIES (I±II+III-IV-V-VI-VII)	20 795	11 275	32 070

PROFIT AND LOSS STATEMENT (CONT.)

PROFIT AND LOSS STATEMENT "A"

(nature of expense method)

HUF million

Line no.	Description of item	Oil Section 31/12/2022	Gas Section 31/12/2022	Total 31/12/2022
25	13. Dividends and profit-sharing receivable	281	0	281
26	Of which: from affiliated companies			
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	2 665	126	2 791
32	Of which: from affiliated companies			
33	17. Other finance income	-1 248	17 585	16 337
34	Of which: valuation margin			
35	VIII. Total finance income (13+14+15+16+17)	1 698	17 711	19 409
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	534	8 163	8 697
41	Of which: to affiliated companies			
42	21. Losses on shares, securities, long-term loans and bank deposits			
43	22. Other finance expenses	121	6 042	6 163
44	Of which: valuation margin			
45	IX. Total finance expenses (18+19+20+21+22)	655	14 205	14 860
46	B. FINANCE RESULT (VII-IX)	1 043	3 506	4 549
47	C. PROFIT BEFORE TAXATION (±A±B)	21 838	14 781	36 619
48	X. Tax liability			
49	D. PROFIT AFTER TAXATION (±C-X)	21 838	14 781	36 619
50	E. Profit after taxation deposited in capital reserve	21 838	14 781	36 619

7. Events after the reporting period

With Government Decree No 260/2022 (21/07/2022) on the establishment of the special natural gas reserve, the Government of Hungary mandated the Association to establish a special natural gas stock in addition to the emergency natural gas reserve, to the extent of its available financial resources. In compliance with the decree, the Association established and stockpiled the special natural gas reserve, which it was expected to maintain until April 1, 2023. Nevertheless, Government Decree No 101/2023 (29/03/2023) on the amendment of Government Decree No 260/2022 (21/07/2022) on the establishment of the special natural gas reserve modified the deadline of maintaining the special natural gas reserve to April 1, 2024. Accordingly, the Association initiated negotiations with the bank consortium financing the special natural gas reserve about extending the maturity date of the loan by one year until April 30, 2024 as well as about the amendment of the service contract with the natural gas trader designated by the decree to stockpile the reserve. The amended loan agreement and service contract were signed by the end of April 2023.

Budapest, May 3, 2023

Dr. Béla Attila Bártfai
CEO

Zsuzsanna Dávid
Deputy CEO