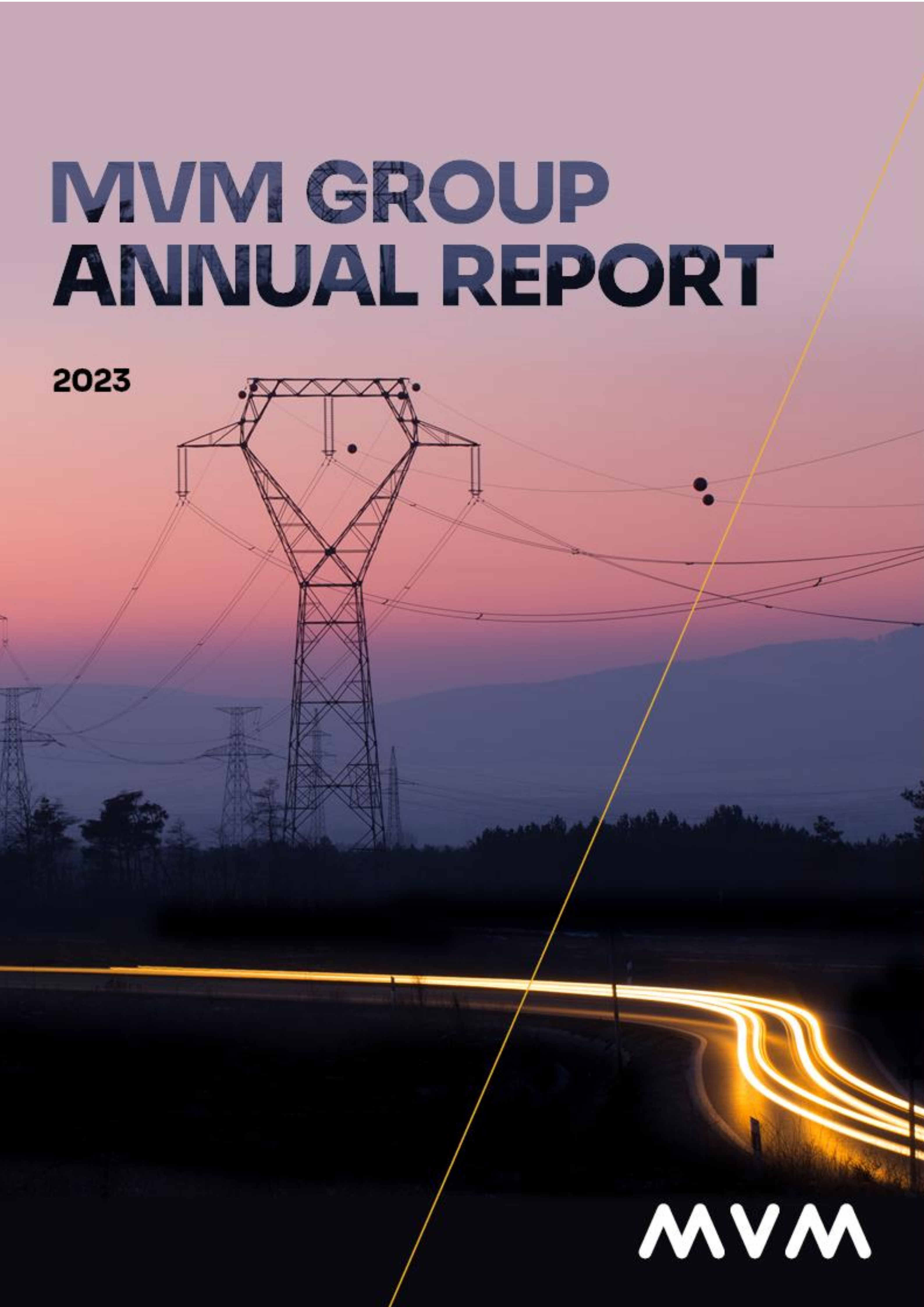
This annual report is based on the Group’s annual report published in accordance with Commission Regulation (EU) 2019/815, XBRL-tagged in XHTML format which is the same as the human-readable version, but does not qualify as the Company's official audited annual report.

MVM GROUP ANNUAL REPORT

2023



Content

MVM Energetika Zártkörűen Működő Részvénytársaság

Consolidated Financial Statements

of the MVM Group

Prepared in Accordance with International Financial Reporting Standards as Adopted by the EU

2023

Budapest, 24 April 2024

Károly Tamás Mátrai

Chief Executive Officer

László Fazekas

Deputy CEO, Chief Financial Officer

Contents

I. Consolidated Financial Statements

1. Consolidated Statement of Financial Position

Consolidated Statement of Financial Position *(in HUF million)*	Note III.	31.12.2023	31.12.2022
Property, plant and equipment	1.	2,520,947	2,728,950
Investment property	2.	3,884	664
Goodwill	3.	98,662	96,678
Other intangible assets	3.	259,485	272,701
Interests in associates and joint ventures	5.	204,411	193,691
Interests in other entities	6.	2,588	2,712
Non-current loans and receivables	7.	14,478	11,556
Derivative financial assets	28.	27,099	167,776
Deferred tax assets	8.	82,376	60,236
Non-current assets		**3,213,930**	**3,534,964**
Inventories	9.	665,022	860,380
Derivative financial assets	28.	208,995	656,076
Trade receivables and other non-derivative financial assets	28.	1,672,926	1,444,885
Other non-financial assets	10.	929,855	1,253,131
Current tax assets		15,319	25,607
Non-current assets held for sale	11.	1,519	4,631
Restricted cash	12.	72,304	110,165
Cash and cash equivalents	13.	245,582	407,530
Current assets		**3,811,522**	**4,762,405**
Total assets		**7,025,452**	**8,297,369**

Consolidated Statement of Financial Position *(in HUF million)*	*Note* III.	31.12.2023	31.12.2022
Share capital	14.	849,379	849,379
Capital reserve	14.	51,892	51,892
Retained earnings	14.	482,705	224,061
Other reserves	14.	552,608	1,108,862
Equity attributable to the owners of the Company		**1,936,584**	**2,234,194**
Non-controlling interests	4.	142	165
Equity		**1,936,726**	**2,234,359**
Non-current loans and borrowings	15.	1,333,217	1,305,358
Non-current derivative financial liabilities	28.	71,850	85,211
Non-current provisions	18.	128,332	120,733
Deferred tax liabilities	8.	336,494	596,029
Liabilities related to long-term employee benefits	17.	22,898	17,332
Other non-current financial liabilities	16.	53,040	83,575
Non-current liabilities		**1,945,831**	**2,208,238**
Current loans and borrowings	15.	329,883	150,627
Current derivative financial liabilities	28.	496,411	637,365
Trade payables and other non-derivative financial liabilities	28.	688,753	1,162,233
Current provisions	18.	55,663	73,123
Liabilities related to short-term employee benefits	17.	32,188	35,164
Current tax liabilities		173,988	38,771
Other current non-financial liabilities	19.	1,366,009	1,757,489
Current liabilities		**3,142,895**	**3,854,772**
Liabilities		**5,088,726**	**6,063,010**
Total equity and liabilities		**7,025,452**	**8,297,369**

2. Consolidated Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income *(in HUF million)*	**Note III.**	**2023**	**2022**
Sales revenue	20.	5,079,039	7,647,782
Other operating income	21.	1,238,002	699,761
Operating expenses		5,672,486	*8,134,713*
Material-type expenses	22.	4,676,215	7,270,183
Staff costs	23.	307,447	263,459
Depreciation/Amortisation	1.,2.,3.	265,926	240,517
Recognition and release of provisions	18.	-23,535	-28,599
Recognition and reversal of impairment	24.	27,374	87,789
-of which recognition and reversal of impairment under IFRS 9	*24.*	*11,224*	*12,553*
Payment to Central Nuclear Financial Fund (hereinafter referred to as: CNFF)	25.	31,070	27,017
Other operating expenses	26.	477,692	353,217
Own performance capitalised		-89,703	-78,870
Operating profit		**644,555**	**212,830**
Finance income	27.	422,534	492,777
Finance costs	27.	525,334	592,759
Net finance costs		**-102,800**	***-99,982***
Share of profit/loss of associates and joint ventures	5.	3,817	-3,583
Profit before tax		**545,572**	**109,265**
Income tax expense	8.	176,450	36,521
Profit after tax		**369,122**	**72,744**
Profit after tax attributable to the owners of the Company		**369,160**	**72,979**
Loss after tax attributable to non-controlling interests		**-38**	**-235**
Other comprehensive income that cannot be accounted for in profit or loss in subsequent periods:		***-197,127***	***222,881***
Revaluation of tangible assets (net of tax)	8.	-195,664	220,929
Revaluation of employee benefits (net of tax)	8.	-1,352	1,528
Changes in fair value of interests measured at fair value through other comprehensive income (net of tax)	8.	-111	424
Other comprehensive income that can be accounted for in profit or loss in subsequent periods:		***-361,607***	***-216,842***
Foreign currency translation differences (net of tax)		-99,099	115,892
Change in cash flow hedge (net of tax)	8.	-261,988	-332,734
Equity-accounted investees – share of OCI		-520	0
Other comprehensive income for the year, net of tax		**-558,734**	**6,039**
Total comprehensive income		**-189,612**	**78,783**
Total comprehensive income attributable to the owners of the Company		**-189,562**	**79,001**
Total comprehensive income attributable to non-controlling interests		**-50**	**-218**

3. Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows *(in HUF million)*	**Note III.**	**2023**	**2022**
Profit for the period (profit after tax)		369,122	72,744
Depreciation/ Amortisation	1., 2., 3.	265,926	240,517
Impairment and scrapping of property, plant, equipment and intangible assets	24.	6,743	11,030
Impairment of goodwill	24.	0	237
Development grant received	21.	-14,332	-6,515
Impairment (+)/reversal (-) of purchased CO_2 allowances		47	0
Impairment of inventories (+) and reversal thereof (-)	24.	8,060	63,242
Impairment of receivables (+) and reversal thereof (-), derecognition of bad debts	24.	12,564	13,561
Impairment of non-current assets held for sale	24.	7	7
Gain (-)/Loss (+) on the derecognition of property, plant and equipment and other intangible assets		7,345	1,137
Gain (-)/Loss (+) on the derecognition of non-current assets held for sale		-24,689	-121,942
CO_2 allowances used		85,685	103,945
Changes in allocated CO_2 allowances		-189	107
Green certificate generated in the reporting year	21.	-655	-596
Share of profit (-)/loss (+) of equity-accounted investees, net of tax	5.	-3,817	3,583
Gains/Losses on the sale of interests in associates and joint ventures		6	-106
Gain (-)/Loss (+) on the derecognition of interests in other entities		-14	0
Unrealised foreign exchange gains (-)/losses (+)		-11,376	6,564
Negative goodwill	31.	-100	-1,793
Dividends received	27.	-119	-36
Interest income	27.	-31,651	-8,706
Interest expense	27.	102,751	70,678
Income tax expense	8.	176,450	36,521
Cash flows from operating activities before changes in working capital		**947,764**	**484,179**
Changes in inventories	9.	187,350	-804,402
Purchase of CO_2 allowances	3.	-94,771	-115,487
Changes in trade receivables and other non-derivative financial assets		58,803	-459,740
Changes in other non-financial assets	10.	320,790	-527,323
Changes in trade payables and other non-derivative financial liabilities		-471,943	51,451
Changes in provisions	18.	-26,303	-31,145
Changes in other non-current financial liabilities	16.	-33,563	63,376
Changes in other non-financial liabilities	19.	-467,020	662,403
Changes in liabilities related to employee benefits	17.	-2,135	11,030
Changes in derivative financial assets and liabilities	28.	5,270	-232,848
Changes in restricted cash	12.	37,861	-24,642

Consolidated Statement of Cash Flows *(in HUF million)*	Note III.	2023	2022
Cash flows from operating activities		**462,103**	**-923,148**
Income tax paid		-84,452	-43,928
Net cash flows from operating activities		**377,651**	**-967,076**
Dividends received		7,327	2,545
Interest received		30,302	8,515
Acquisition of property, plant and equipment, intangible assets		-336,196	-329,123
Sale of property, plant and equipment, intangible assets		2,420	1,993
Sale of non-current assets held for sale		29,181	129,367
Development grant received		84,194	59,867
Granting and repayment of loans		-1,004	-278
Acquisition of subsidiaries and business units, net of cash received	31.	-45,233	14,819
Proceeds from sale of associates and joint ventures, disinvestment		3	245
Acquisition of interests in associates and joint ventures	5.	-16,617	-17,935
Sale of interests in other entities	6.	14	0
Cash flows from investing activities		**-245,609**	**-129,985**
Dividends, interim dividends paid	4.,14.	-417,058	-7,515
Interest paid		-88,368	-47,739
Capital increase	14.	0	41,000
Transactions with the shareholder		0	-27,892
Loans and borrowings	15.	2,674,132	1,995,033
Repayment of loans and borrowings	15.	-2,456,319	-1,204,476
Payment of lease liability		-10,051	-8,231
Transactions with non-controlling interests	4.	37	-107
Cash flows from financing activities		**-297,627**	**740,073**
Net decrease in cash and cash equivalents		-165,585	-356,988
Cash and cash equivalents at the beginning of the year	13.	404,556	764,650
Effect of movements in exchange rates on cash held		5,225	-3,106
Cash and cash equivalents at the end of the year	**13.**	**244,196**	**404,556**

4. Consolidated Statement of Changes in Equity

(in HUF million)	Note III.	*Attributable to the owners of the Company*											*Attributable to non-controlling interests*	*Total*
					Reserves									
		Share capital	Capital reserve	Retained earnings	Allocated reserve	Cash flow hedges	Revaluation reserve of tangible assets	Fair value reserve	Translation reserve related to foreign currencies	Reserve for employee benefits	Total other reserves	Total		
Balance at 1 January 2022		**796,613**	**51,892**	**171,335**	**2,721**	***327,635***	**749,575**	**606**	**26,328**	***-1,263***	**1,105,602**	**2,125,442**	**6,884**	**2,132,326**
Profit/Loss for the reporting period		*0*	*0*	*72,979*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*72,979*	*-235*	*72,744*
Other comprehensive income		*0*	*0*	*0*	*0*	*-332,734*	*220,929*	*424*	*115,878*	*1,525*	*6,022*	*6,022*	*17*	*6,039*
Total comprehensive income		*0*	**0**	**72,979**	**0**	**-332,734**	**220,929**	**424**	**115,878**	**1,525**	**6,022**	**79,001**	**-218**	**78,783**
Reclassification from other comprehensive income to retained earnings		*0*	*0*	206	0	0	0	0	0	-206	-206	0	*0*	*0*
Capital increase	14.	41,000	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	41,000	*0*	41,000
Recognition/Release of allocated reserve		*0*	*0*	2,439	-2,439	*0*	*0*	*0*	*0*	*0*	-2,439	0	*0*	*0*
Derecognition of revalued assets		*0*	*0*	104	0	*0*	-104	*0*	*0*	*0*	-104	*0*	*0*	*0*
Transactions with the shareholder	14.	11,766	*0*	-15,460	0	*0*	*0*	*0*	*0*	-13	-13	-3,707	*-6,421*	-10,128
Transactions with non-controlling interests	4.	*0*	*0*	*-42*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*-42*	-65	-107
Dividend payment		*0*	*0*	-7,500	*0*	*0*	*0*	*0*	*0*	*0*	*0*	-7,500	-15	-7,515
Balance at 31 December 2022		**849,379**	**51,892**	**224,061**	**282**	**-5,099**	**970,400**	**1,030**	**142,206**	**43**	**1,108,862**	**2,234,194**	**165**	**2,234,359**

(in HUF million)	Note III.	Attributable to the owners of the Company												*Attributable to non-controlling interests*	*Total*
						Reserves									
		Share capital	Capital reserve	Retained earnings	Allocated reserve	Cash flow hedges	Revaluation reserve of tangible assets	Fair value reserve	Translation reserve related to foreign currencies	Reserve for employee benefits	Reserve for valuation of associates	Total other reserves	Total		
Balance at 1 January 2023		**849,379**	**51,892**	**224,061**	**282**	**-5,099**	**970,400**	**1,030**	**142,206**	**43**	*0*	**1,108,862**	**2,234,194**	**165**	**2,234,359**
Profit/Loss for the reporting period		*0*	*0*	*369,160*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*369,160*	*-38*	*369,122*
Other comprehensive income		*0*	*0*	*0*	*0*	*-261,988*	*-195,664*	*-111*	*-99,087*	*-1,352*	*-520*	*-558,722*	*- 558,722*	*-12*	*-558,734*
Total comprehensive income		*0*	*0*	**369,160**	*0*	**-261,988**	**-195,664**	**-111**	**-99,087**	**-1,352**	***-520***	***-558,722***	**-189,562**	**-50**	**-189,612**
Reclassification from other comprehensive income to retained earnings		*0*	*0*	*75*	*0*	*0*	*0*	*0*	*0*	-75	*0*	-75	0	*0*	*0*
Recognition/Release of allocated reserve		*0*	*0*	-2,589	2,589	*0*	*0*	*0*	*0*	*0*	*0*	2,589	0	*0*	*0*
Derecognition of revalued assets		*0*	*0*	*46*	*0*	*0*	-46	*0*	*0*	*0*	*0*	-46	*0*	*0*	*0*
Transactions with non-controlling interests	4.	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*37*	37
Dividend payment	14.	*0*	*0*	-108,048	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	-108,048	-10	-108,058
Balance at 31 December 2023		**849,379**	**51,892**	**482,705**	**2,871**	***-267,087***	**774,690**	**919**	**43,119**	***-1,384***	**-520**	**552,608**	**1,936,584**	**142**	**1,936,726**

II. Notes to the consolidated financial statements – General

1. Introduction of the Group

MVM Energetika Zártkörűen Működő Részvénytársaság (formerly MVM Magyar Villamos Művek Zártkörűen Működő Részvénytársaság, hereinafter referred to as MVM Zrt., Company or the Parent company) was formed on 31 December 1991 through transformation of its legal predecessor Magyar Villamos Művek Tröszt (hereinafter referred to as MVM Tröszt). MVM Zrt. is a Hungarian-registered private company limited by shares. Its owner is the Hungarian State which holds 100% of its shares; ownership rights and obligations pertaining to the shares of the State have been exercised by the Ministry of Energy since 1 December 2022.

Registered office of MVM Zrt. is Hungary, 1031 Budapest, Szentendrei út 207-209. There were no changes in the Company's name or registered office during the current year.

MVM Zrt. and the companies controlled by it (hereinafter referred to as MVM Group or Group) form together a vertically integrated national energy group, the operation of which covers the entire Hungarian energy sector. Subsidiaries, associated companies and joint ventures included in the consolidation scope of the Group as well as the method of consolidation are presented in Note III. 38. With its power plants, electricity transmission network, natural gas and electricity distribution network as well as its natural gas trading (from wholesale to universal services) and electricity trading (from wholesale to direct sale to consumers), as a competitive strategic holding MVM is a dominant participant of the Hungarian electricity and natural gas market. The MVM Group undertakes a role in the energy sector of the region, in particular in the natural gas and electricity trading market of the Czech Republic through innogy Česká republika a.s. and its subsidiaries, and in ensuring secure gas supply for Hungary by operating its four underground natural gas storing facilities.

2. Statement of compliance and basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (hereinafter referred to as EU) (hereinafter referred to as EU IFRSs).

These financial statements were approved by the Board of Directors of MVM Zrt. on 10 April 2024.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following items, which are stated at fair value:

- derivative transactions measured at fair value – derivative transactions in effective cash flow hedges, or derivative transactions that are not designated as hedging relationships (Note II.3. d));
- equity instruments measured at fair value through other comprehensive income (Note II.3. d));
- nuclear technology assets (Note II.3. j).

In accordance with IFRSs, the provisions of the Hungarian Act on Accounting are applied by the Group to matters not regulated by IFRSs.

The financial year corresponds to the calendar year. The Group prepares the consolidated financial statements on a going concern basis.

Functional and presentation currency

These consolidated financial statements are presented in Hungarian forint, which is the Company's functional currency. In the consolidated financial statements, financial information presented in forint has been rounded to the nearest million ("HUF million"), while information presented in other currencies has been rounded to one currency unit.

Recorded data of the person responsible for directing and managing bookkeeping-related tasks

Public data of the person responsible for directing bookkeeping-related tasks in relation to the consolidated financial statements:

Viktória Kovács

Address: 1131 Budapest, Madarász Viktor utca 27.

Qualified accountant registration number: 179762

Persons authorised to sign the consolidated financial statements

Name	Address
Authorised to sign jointly:	
Károly Tamás Mátrai CEO - primary signatory	1025 Budapest, Verecke út 88/A
László Fazekas Deputy CEO, Chief Financial Officer secondary signatory	1138 Budapest, Turóc utca 7. 5. em. 3.

Audit

Based on Section 155 (2) of the Act on Accounting, MVM Zrt. must be audited.

Auditor of the Company: Deloitte Könyvvizsgáló és Tanácsadó Kft.

Individual responsible for the audit:

Tamás Horváth auditor

Mother's maiden name: Veronika Grósz

Address: 1029 Budapest, Bölény u. 16.

Chamber of Hungarian Auditors registration number: 003449

The consolidated financial statements are also disclosed on the website of MVM Zrt. (https://mvm.hu/Befektetoknek/PenzugyiBeszamolok).

3. Significant accounting policies

a) Business combinations and goodwill

Business combinations are accounted for using "acquisition accounting" as at the acquisition date. Control exists if the MVM Group is exposed (or has rights) to variable returns from its involvement with the company (subsidiary) and is able to use its power over the company to affect those returns.

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

Goodwill is measured as at the acquisition date as follows:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of pre-existing equity interest of the acquirer in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the difference arising upon acquisition is negative, the MVM Group reassesses whether all assets acquired and liabilities assumed have been identified, and it revises the measurement performed to determine the amounts to be recognised. If the difference is still negative it is recognised immediately in profit or loss.

The Group rates, classifies and allocates to host contracts, if applicable, the assets acquired and liabilities assumed, including embedded derivatives identified in the contracts of the acquiree, on the basis of their contractual terms, economic and related conditions as at the acquisition date.

The consideration transferred does not include the amounts paid by the acquirer to the acquiree to settle transactions that occurred between them prior to the acquisition. These amounts are recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt and equity securities, incurred in connection with the business combination are recognised in profit or loss as incurred.

Any contingent consideration payable by the acquirer is measured at fair value at the acquisition date. If the MVM Group classifies the contingent consideration as equity, then it is not re-measured subsequently and its settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

For goodwill, impairment is assessed at least annually or if an indication exists that the cash-generating unit might be impaired. For impairment testing, MVM Group allocates goodwill to its one or more cash-generating units that are expected to benefit from the synergies of the combination, irrespective of the fact whether other assets or liabilities have been allocated to those units. In assessing impairment, the present value of expected future cash flows from the cash-generating unit is compared to the carrying amount of the net assets of the unit including goodwill.

For option or forward transactions with owners holding non-controlling interests the MVM Group applies the so called present access method, that is, the interests forming the base of the option or forward transaction are not presented as if they had been obtained at the date of acquisition.

As a result, liabilities arising from the option or forward transactions are not included in the consideration paid but are treated by the Group as separate financial liabilities.

Business combinations of jointly controlled entities

A business combination involving jointly controlled entities or businesses is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

The Group accounts for transactions between jointly controlled entities at the carrying amount of the acquiree in its consolidated financial statements upon initial recognition of assets and equity and liabilities. During the method of accounting for the carrying amount, the profit or loss on transactions between jointly controlled entities is accounted for in retained earnings within equity.

Non-controlling interests

Non-controlling interests in an acquiree are measured at the proportionate share of the acquiree's identifiable net assets.

Changes to the MVM Group's interests in its subsidiaries which do not result in the loss of control over the given subsidiary are accounted for as transactions with owners in their capacity as owners. The non-controlling interests are adjusted by the proportionate amount of the identified net assets of the subsidiary. The adjustments have no impact either on the profit or loss or on the value of goodwill.

b) Basis of consolidation

The consolidated financial statements include the financial statements of MVM Zrt. and of all those enterprises in which the Company has direct or indirect controlling influence (subsidiaries), as well as the equity-accounted associated companies and joint ventures of the MVM Group. The Company and its subsidiaries form together the “MVM Group”.

Subsidiaries

Subsidiaries are companies controlled directly or indirectly by the Company. Control is construed as defined in the first paragraph of section a) above.

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

The subsidiaries are first consolidated on the last day of the month of their establishment or acquisition, provided there has been no significant change in the circumstances between the acquisition date and the last day of the acquisition month. If there has been a significant change in the circumstances between the acquisition date and the last day of the acquisition month, the first consolidation takes place as of the acquisition date.

The task of consolidating capital in a full consolidation must be stopped if a subsidiary consolidated fully in the previous year is no longer consolidated using the full consolidation method. The capital is not consolidated and the previously consolidated company is removed from the full consolidation as of the first day of the month in which the change took place, provided there were no significant alterations in the circumstances between the day of the change and the first day of the month of the change. Otherwise, the entity is removed as of the day of the change. If the capital consolidation is discontinued because a subsidiary previously consolidated in full is subject to insolvent or voluntary liquidation proceedings, then the removal is based on the financial statements ending the company’s activity, and when the insolvent or voluntary liquidation becomes final it is exempt from inclusion in the full consolidation.

Associates

A company is considered an associate if the MVM Group holds directly or indirectly at least 20% but less than 50% of the voting rights and has significant but non-controlling influence in the company. Influence is considered significant, if MVM Group has the power to participate in the financial and operating policy decisions of the entity. Associates are accounted using the equity method and are recognised initially at cost.

The consolidated financial statements of the MVM Group include the MVM Group's proportionate share of the profit or loss and other comprehensive income for the reporting year of the equity-accounted investees.

When the MVM Group’s share of the losses of the associate exceeds the interest in the equity-accounted investee, the carrying amount of the investment must be reduced to zero. Losses exceeding the carrying amount of the investment are accounted for only when and to the extent that the MVM Group has made payments on behalf of the associate or has an obligation relating to this.

Joint arrangements

Joint arrangements are arrangements whereby the MVM Group has joint control with one or more parties over an enterprise. Joint control is the contractually agreed sharing of control over an enterprise which exists only when the decisions about the relevant activities require the unanimous consent of the parties sharing control. Types and accounting treatment of such arrangements are:

- Joint operation – A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The proportionate share in each asset, liability, income and expense of the joint operation is recognised in the consolidated financial statements of the MVM Group. In the period covered by these financial statements the MVM Group had no interests in joint operations.

- Interest in joint ventures (joint venture) – A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Such interests are accounted for by the MVM Group using the equity method.

Eliminations during consolidation

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

Loss of control

On the loss of control over a subsidiary, the assets and liabilities of the subsidiary, any non-controlling interests and the components of equity deriving from accumulated other comprehensive income are derecognised from the financial statements of the MVM Group at the date when the control by the Group ceases. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the MVM Group retains a non-controlling interest in a previous subsidiary after losing control, then such interest is remeasured at fair value at the date that the control is lost. Subsequently, the retained interest is accounted for as an equity-accounted investee or as a financial asset measured at fair value through other comprehensive income, depending on the level of influence retained.

c) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of MVM Group entities at exchange rates at the dates of the transactions.

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

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

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Gains and losses arising on re-measurement are included in the consolidated profit or loss, except available-for-sale equity instruments, which are presented in other comprehensive income. Non-monetary items measured at cost are translated into the functional currency using the exchange rate valid on the date of the transaction.

Foreign operations

Assets and liabilities of foreign operations, including any goodwill and fair value adjustments arising on acquisition, are translated to the reporting currency, i.e. forint, at the exchange rate at the reporting date. The income and expenses of foreign operations are translated to the presentation currency at the monthly average exchange rate.

Foreign currency differences are recognised in other comprehensive income, and are presented in the foreign currency translation reserve in equity. When a foreign operation is disposed of, in part or in full, the relevant amount in the translation reserve is transferred to profit or loss.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation recognised in other comprehensive income and presented in the translation reserve in equity, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation.

d) Financial instruments

(i) Non-derivative financial instruments

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

Non-derivative financial instruments are recognised initially at fair value plus or minus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

The MVM Group is required to recognise a financial asset or a financial liability in its balance sheet when and only when the contractual provisions of the instrument become relevant to it.

Financial assets are derecognised when the MVM Group's contractual rights to the cash flows from the asset expire, or when it transfers such rights in transaction in which substantially all risks and rewards of ownership of the financial asset are transferred.

The MVM Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and financial liabilities are recognised on a net basis in the statement of financial position when and only when the MVM Group has a legal right to offset the amounts, and it intends either to settle them on a net basis, or to realise the assets and settle the liabilities simultaneously.

Financial assets

The Group classifies its financial assets into the following categories, based on the business model applied to manage financial assets as well as contractual cash flow characteristics of the financial asset:

1. Financial assets measured at amortised cost

A financial asset is classified as measured at amortised cost, if:

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

Financial assets measured at amortised cost are recorded in the books at fair value and are measured subsequently at amortised cost using the effective interest method.

The Group classifies the following assets into the amortised cost category:

- non-current loans and receivables;
- trade receivables and other non-derivative financial assets;
- restricted cash;
- cash and cash equivalents.

2. Debt instruments measured at fair value through other comprehensive income ("FVOCI")

A financial asset is classified into this category, if:

a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
b. 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.

No financial assets were classified into this category by the Group.

3. Financial assets measured at fair value through profit or loss ("FVTPL")

Financial assets of the Group that cannot be classified into either of the above categories are classified into this category, namely:

- debt instruments that either fail to meet the SPPI criterion or are considered held for trading based on the business model of the Group;
- debt instruments that were irrevocably designated as measured at fair value through profit or loss upon initial recognition;
- equity instruments that are held by the Group for trading, that is, which have been acquired for the purpose of reselling them immediately or in the near term.

Financial assets at fair value through profit or loss are recorded at fair value following initial recognition as well. Gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are recognised in the statement of profit or loss in the year when they are incurred. The Group classifies only derivative financial instruments not subject to hedge accounting into this category.

Of equity instruments, those financial assets (interests) are measured at fair value through other comprehensive income ("FVOCI") which:

a. those are not held for trading;
b. the Group makes an irrevocable election to measure the equity instrument at fair value through other comprehensive income ("FVOCI option").

FVOCI equity instruments are measured at fair value both upon initial recognition and subsequently. Changes in the fair value of financial assets classified into this category are accounted for in the fair value reserve within other comprehensive income, whereby amounts resulting from the changes in the fair value may not be reclassified into profit or loss even upon the derecognition of the instrument.

On initial recognition, on its discretion the Group chose to measure equity instruments at fair value through other comprehensive income. The management's intent relating to the instruments did not change and these instruments are not held for trading, therefore the Group chose the measurement through other comprehensive income.

Financial liabilities

The Group classifies financial liabilities as follows:

- financial liabilities measured at amortised cost;
- financial liabilities measured at fair value through profit or loss.

For financial liabilities measured at fair value through profit or loss, attributable transaction costs are recognised in profit or loss when incurred, while financial liabilities carried at amortised cost are recorded at fair value less directly attributable transaction costs. Financial liabilities are derecognised when contractual obligations are discharged, cancelled or expire.

Financial liabilities measured at amortised cost

The financial liabilities at amortised cost category includes all financial liabilities which are not classified as financial liabilities at fair value through profit or loss.

(a) Loans and other borrowings

Loans and borrowings are recognised initially at fair value less transaction costs. If identified borrowing costs incur before the disbursement of the loan or, in the case of revolving loans, the costs related to the drawing of the whole facility and there is no open drawdown of the facility as of the given reporting date, borrowing costs are transferred to other non-financial assets when incurred/upon periodic repayment. In subsequent periods these are recognised at amortised cost using the effective interest method that takes planned drawdowns and repayments into account. Effective interest is accounted for in profit or loss (as finance costs) over the term of the loan. If the loan is not expected to be drawn, borrowing costs are accounted for in profit or loss (as finance costs) over the period when the loan can be drawn, using the straight-line method.

(b) Trade and other payables

Trade and other payables (including deferrals and accruals) are recognised initially at fair value. In subsequent periods these are recognised at amortised cost using the effective interest method.

Financial liabilities measured at fair value through profit or loss

As currently the MVM Group does not intend to measure non-derivative financial instruments at fair value, only derivative financial instruments not subject to hedge accounting are classified into this category.

(ii) Derivative financial instruments

The MVM Group enters into forward non-hedging and hedging foreign exchange, natural gas, electricity, heating and diesel oil sale and purchase transactions, as well as swap and option transactions. The MVM Group applies the provisions of IAS 39 to hedges.

To manage interest rate risk connected to loans, MVM Group enters into interest rate swap transactions that are not designated as hedge relationships.

Forward and option transactions whereby the objective of initiating, entering into and maintaining the transaction is the purchase, sale or use of the commodity that is the subject of the transaction, and such objective is expected to be fulfilled by transferring (delivering) the commodity that is subject of the transaction when the transaction is closed, are not considered derivative transactions. The Group records these transactions separately from trading transactions in its trading books. Such are the following:

- sale of electricity generated/purchased by the Group;
- purchases to cover the Group's own CO_2 allowance demand.

Exceptions to the above rule are delivery transactions entered into by the Group, when the purpose of the transaction is not the purchase, sale or use of the commodity that is the subject of the transaction, but which were entered into to make profit from short-term price movements. These transactions are considered by the Group part of its normal business; accordingly it recognises their net (realised and unrealised) profit or loss in revenue.

Derivative transactions not subject to hedge accounting are initially recognised and subsequently measured at fair value. Attributable transaction costs are recognised in profit or loss when incurred. Fair value upon initial recognition and fair value changes following initial recognition are recognised in profit or loss.

Derivative transactions subject to hedge accounting are cash flow hedges and relate to the Group's gas and electricity purchase and sale contracts forecast with high probability.

Hedging transactions are designated as hedges upon entering into the transaction, and the hedged transaction or transactions (item or items) as well as its specific risk are clearly attributed to them. Hedges and the attributed hedged transactions (items) are recorded by the Group using hedging documentation supporting the sub-ledger records that contains the type of risk hedged, the expiry date of the hedging relationship, the general measurement procedure used for measuring the transactions, its conditions and that the time value is considered, as well as the method for and dates and results of measuring (analysing) hedge effectiveness.

When entering into a hedge transaction the Group ensures hedge effectiveness. Hedge effectiveness is measured upon expiry of the hedge as well as on the reporting date.

In case of cash flow hedges the effective portion of the gain or loss on the hedge is recognised directly in other comprehensive income, while the ineffective portion is recognised in profit or loss. The amounts booked in other comprehensive income have to be reclassified into profit or loss when the hedged transaction affects profit or loss, for example when the forecast sale or purchase occurs. If the hedged transaction is the acquisition of a non-financial asset or liability, the amount booked in other comprehensive income shall be considered in the cost of the non-financial asset or liability.

If the hedging transaction expires or is sold, terminated or exercised, or the hedging designation is withdrawn, the amounts previously accounted for in other comprehensive income remain in other comprehensive income until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, these amounts shall be reclassified to profit or loss. For effective hedges, directly attributable transaction costs are accounted for in profit or loss when incurred. The replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination if such replacement or rollover is part of the documented hedging strategy.

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative.

Derivatives embedded in a host contract that is considered a financial asset are not separated from the host contract; in such cases the SPPI test is applied to the entire hybrid contract (consisting of an embedded derivative and a host contract).

e) Cash and cash equivalents

For the purposes of the statement of cash flows, cash include cash on hand and demand deposits, while cash equivalents comprise short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

f) Statement of cash flows

The Group prepares the consolidated statement of cash flows using the indirect method.

For the purposes of the statement of cash flows, overdraft facilities are recognised as part of cash and cash equivalents.

Items related to the payment of lease liabilities are classified into financing cash flows.

g) Restricted cash

Restricted cash comprises funds that are restricted in some way, generally managed separately from unrestricted cash in order to cover some specific objective. The category of restricted cash includes funds held without any effective right of access (e.g. security deposit), but funds that are technically unrestricted, whose use is limited by law or a valid contract, should be treated as restricted cash too. This includes the fees collected by MAVIR ZRt. as part of system operation activity according to the provisions of the Act on Electricity, see Note II.3. aa).

h) Equity

The MVM Group classifies ordinary shares as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

The MVM Group considers amounts paid as interim dividend as payments to owners and directly recognises such amounts as a reduction in retained earnings, if, on the reporting date, the owners no longer can be required to repay the interim dividend based on legal regulations.

Capital increase provided by the shareholders but not yet registered by the Court of Registration is recognised in shareholders' equity as Unregistered contributed capital.

i) Dividend paid to shareholders

A dividend liability is recognised when it is approved for payment by the shareholder. The amount of the dividend is recognised directly as a reduction in retained earnings.

The Group recognises amounts paid as interim dividend as receivables from shareholders until those are finally approved by the shareholder based on the annual financial statements prepared following the payment of the interim dividend.

j) Property, plant and equipment

Initial recognition

Property, plant and equipment are initially recognised at cost. Cost includes expenses that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the assets and restoring the site on which they are located, as well as borrowing costs attributable to the acquisition, construction or production of a qualifying asset.

Purchased software that is an integral part of the operation of equipment increase the cost of the equipment.

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

Subsequent expenditure

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

Subsequent measurement

Tangible assets are measured at cost less accumulated depreciation and accumulated impairment, except for nuclear technology assets, to which the revaluation model is applied.

When applying the revaluation model, if the fair value of the asset is higher than its carrying amount and thus a valuation surplus arises, the surplus is recognised in the other comprehensive income. If such surplus reverses a negative revaluation difference recognised previously in profit or loss for the year, then the surplus is recognised in profit or loss for the year up to the amount of the negative difference recognised previously and the remaining surplus is recognised in the other comprehensive income.

(All figures are in HUF million except if otherwise indicated)

If during valuation the fair value of the asset is lower than its carrying amount and thus a negative revaluation difference arises, this amount is recognised in other comprehensive income up to the positive amount of the revaluation reserve recognised in other comprehensive income; and afterwards it is recognised in profit or loss for the year.

Depreciation

Depreciation is accounted for based on the cost less residual value or revalued amount of the assets from the date when the assets are completed and are ready for use. Residual value is assessed only for production and non-production vehicles as well as property. For the other assets, due to their nature, no residual value is assessed by the MVM Group.

Depreciation is accounted for using the straight-line method or in proportion to performance based on the estimated useful lives of the individual components of property, plant and equipment, as these reflect best the expected timing of future economic benefits embodied in the assets. Land is not depreciated.

The estimated useful lives for the reporting and comparative periods in the case of straight-line depreciation are as follows:

• Property	35-50 years
• Technological assets	15-50 years
• Transmission and distribution network	3-50 years
• Storage assets	3-50 years
• Technical machinery, equipment	5-35 years
• Other machinery, equipment	2-8 years

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

The MVM Group may change the depreciation rates for any tangible asset if a material change occurs in their expected useful life, the value of the asset or in the expected residual value. A change is considered material if the useful life changes by more than 10% or if the residual value changes by more than 20%.

The cushion gas owned by the Group, which is the mobile gas classified as cushion gas (mobile gas is natural gas stocks put into the storage facilities and afterwards taken out in line with client demand), serves the Group's provision of services over more than one year, therefore it is recognised among property, plant and equipment. Cushion gas is in the underground gas storage facilities. As the majority of the cushion gas can be produced technologically and sold, and its expected residual value at the time when the storage facilities will be closed is higher than its carrying amount, no depreciation is booked on the cushion gas in the financial statements. On each reporting date MVM Group assesses based on market information whether there is any indication that the cushion gas may be impaired and it accounts for impairment if objective evidence exists.

The energy production cycle – useful life – of the nuclear fuel assemblies used by the Group is generally 3-5 years, therefore these are treated in accordance with the provisions of IAS 16 Property, plant and equipment. The Group determines the depreciation of nuclear fuels using the units of production method that most closely reflects the expected pattern of consumption of the future economic benefits embodied in the fuel.

Derecognition

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income or other expenses in profit or loss.

k) Investment property

MVM Group classifies property as investment property when it is held either to earn rental income or for capital appreciation or for both, but not for:

- use in the production or supply of goods or services or for administrative purposes; or
- sale in the ordinary course of business.

Investment property is measured based on the cost model; Note II.3.f) applies to these assets as well in respect of the depreciation method and useful lives.

l) Intangible assets

Initial recognition

The MVM Group recognises an intangible asset if it meets the definition of an intangible asset (identifiable non-monetary asset without physical substance) and the recognition criteria set forth in the Conceptual Framework.

An intangible asset can be acquired or internally generated.

Cost includes expenses that are directly attributable to the acquisition of the asset, such as the purchase price and the costs of preparing the intangible asset for its intended use.

In the case of internally generated intangible assets, the costs of the research phase shall be accounted for as expenses, while in the development phase it shall be considered when the items meet the six recognition criteria listed in IAS 38. The cost of an internally generated intangible asset includes all costs incurred from the date when the intangible asset first meets the recognition criteria and that are unavoidable for the asset to be capable of operating in the manner intended by management. Furthermore, the cost of and internally generated intangible asset also includes the fees to register a legal right.

Measurement

The MVM Group does not record amortisation for intangible assets with an indefinite useful life or that are not yet ready for use, but every year it performs an impairment test.

Goodwill is recognised at cost less accumulated impairment losses. Impairment losses recognised in respect of goodwill are recognised in profit or loss and are not reversed in a later period. Goodwill arising upon acquisition of interests in joint ventures and associates is presented in “Interests in associates and joint ventures”. At the date of disposal of an MVM Group entity the related goodwill is considered to be part of the MVM Group's share of net assets when calculating the gain or loss on the disposal.

Other intangible assets recognised by the MVM Group which have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

In the case of acquisitions MVM Group recognises the value of customer relations obtained through the acquisition, if these have contractual or legal background or meet the criterion for separate recognition. In the case of acquisitions the MVM Group also recognises the value of the brand, if it is separately identifiable and the MVM Group does not plan to discontinue the use of it.

Subsequent expenditure

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

Amortisation

Amortisation is accounted for based on cost less residual value of assets in profit or loss using the straight-line method over the estimated useful lives of intangible assets from the date that they are available for use. Customer relations are an exception, which are amortised typically using the diminishing-balance method, taking assumed churn into account.

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

- rights and concessions 2-34 years
- intellectual property 3-5 years

Generally, the Group does not consider residual values for intangible assets.

The amortisation method, useful lives and residual values are reviewed on each reporting date and are adjusted if necessary.

Derecognition

Gains and losses on disposal of an intangible asset are determined by comparing the proceeds from disposal with the carrying amount of intangible assets, and are recognised net within other operating income or other operating expenses in profit or loss.

m) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies IFRS 16 to all leases, including leases of right-of-use assets in a sublease, except for:

- leases to explore for or use minerals, oil, natural gas and similar non-regenerative resources;
- leases of biological assets within the scope of IAS 41 Agriculture held by the lessee;
- service concession arrangements within the scope of IFRIC 12 Service Concession Arrangements;
- licences of intellectual property granted by the lessor within the scope of IFRS 15 Revenue from Contracts with Customers; and
- rights held by the lessee under licensing agreements within the scope of IAS 38 Intangible Assets for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights.

The Group acting as a lessor

Finance lease

Lease contracts are presented as finance leases if the lease transfers substantially all the risks and rewards incidental to ownership to the lessee. All other lease contracts are presented as operating leases.

A finance lease is a transaction in which the Group transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

Amounts due from the lessee under a finance lease are presented as receivables at an amount equal to the Group's net investment in the lease.

During the term of a finance lease, all lease payments received are split between principal repayment of the liability and interest income, to produce a constant rate of return on the net investment in the finance lease. The interest income element of the finance lease is recognised as Interest income. Initial measurement of finance lease receivables includes direct costs, such as commissions.

Operating lease

An operating lease is a transaction that does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. For operating leases, lease payments are accounted for in the income statement.

The Group acting as a lessor reports an asset subject to an operating lease contract in the balance sheet as a tangible or intangible asset based on the nature of the asset. The Group accounts for depreciation or amortisation on these over their entire useful life.

Lease payments received from operating leases are recognised as income on a straight-line basis over the term of the lease.

The Group acting as a lessee

Initial recognition in the balance sheet

The Group as a lessee recognises a right-of-use asset and a lease liability at the commencement date. Exceptions to the above rule are short-term leases (where the lease term is less than one year) and leases for which the value of the underlying asset when new is less than HUF 1.5 million. The Group accounts for lease payments paid for these short-term and/or low-value leases as operating costs on a straight-line basis over the term of the lease.

The Group separates non-lease components (e.g. maintenance costs of leased property) from lease components, and does not use the practical expedient in IFRS 16.15. An exception to this are the motor vehicles leased by the Group, for which non-lease components are taken into account in the determination of the total cash flows of the lease.

At the commencement date, the lease liability is measured at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease, or if it is not set forth in the contract, the Group's incremental borrowing rate.

At the commencement date, the right-of-use-asset is measured at the amount of the initial measurement of the lease liability, plus any lease payments made at or before the commencement date, less any lease incentives received as well as any initial direct costs incurred by the Group and an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).

On initial recognition the assets and liabilities from the lease are stated in the balance sheet at present value. The measurement takes non-cancellable lease payments (including payments linked to inflation) into account, and includes items payable in the periods covered by an option if the Group is reasonably certain to exercise the option to extend the lease or not to exercise the option to terminate the lease.

The commencement date of the lease is the date on which the lessor makes an underlying asset (e.g. property, plant or equipment subject to the lease) available for use by the Group. On the commencement date the lease term commences and a lease liability and a right-of-use asset are recorded in the balance sheet.

To determine whether the Group is reasonably certain to exercise the option to extend the lease or not to exercise the option to terminate the lease, the Group considers all relevant facts and circumstances that may create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

<u>Revision of lease contracts</u>

<u>Remeasurements</u>

Under IFRS 16, a lease liability shall be remeasured, if the change in the conditions relating to the lease contract is based on existing contractual provisions, i.e. that have formed part of the contract since initial recognition.

The Group as a lessee revises the lease term, that is, whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the Group; and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

<u>Lease modifications</u>

A lease modification is a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term). A modification may also arise only from a change in the consideration. The effective date of the modification is the date when both parties agree to the lease modification. The Group shall account for a lease modification as a separate lease if both:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If these criteria are met, the modification is deemed a new lease separate from the original lease.

An agreement on the right to use one or more additional assets is booked as a separate lease, for which the requirements of IFRS 16 apply, irrespective of the original lease.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification the Group as a lessee accounts for the modification by remeasuring the lease liability by using a discount rate determined on that date.

For lease modifications that decrease the scope of the lease, the Group decreases the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognises a gain or loss that reflects proportionally the decrease in the scope.

For all other lease modifications the Group as a lessee makes a corresponding adjustment to the right-of-use asset.

Upon the modification of a lease, the revised lease payments are always discounted using a revised discount rate.

Presentation of leases in the consolidated financial statements

Right-of-use assets from lease contracts are recognised in the balance sheet within Property, plant and equipment, while lease liabilities are included in Other non-current financial liabilities and Trade payables and other non-derivative financial liabilities.

In the income statement, the depreciation charge for right-of-use assets is presented within Depreciation and amortisation, while the interest expense on the lease liabilities is recognised within Finance expenses.

In the statement of cash flows, the Group presents interest calculated and paid on the lease liability within Net cash from operating activities, while cash payments for the principal portion of the lease liability are included in Cash flows from financing activities.

n) Inventories

Inventories are recognised at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of potential completion and sale.

The difference between the net realisable value of a given item of inventories (group/item no.) known as at the reporting date and its carrying amount is considered significant if the net realisable value deviates from the carrying amount by at least 10%, provided that this difference is no less than HUF 10 million, or, irrespective of the % value, if the difference reaches HUF 100 million. In such case the difference is accounted for as impairment.

Purchased inventories

The cost of purchased inventories is determined based on average weighted purchase price and it includes expenses directly related to the acquisition of inventories, and other costs incurred in bringing them to their existing location and condition.

Self-manufactured inventories

The cost of self-manufactured inventories is determined based on their direct production prime cost on the reporting date and it includes production or conversion costs, and other costs incurred in bringing them to their existing location and condition. The cost of self-manufactured inventories and work in progress includes their share of production overheads based on normal operation capacity.

o) Carbon dioxide (CO_2) allowance

Several member firms of the MVM Group is a member of the European Emission Trading System (EU ETS) since they emit significant quantities of greenhouse gases during operation. Within the EU ETS system, power plants producing electric energy are no longer entitled to emission allowances allocated free of charge by the member states, except for power plants that transmit the produced energy in form of useful heat, district heat. These allowances are valid until the end of a pre-determined emissions period. The allowances are credited each year based on the National Allocation Plan. The MVM Group must settle its liability incurred based on actual emissions by surrendering the emission allowances. If the MVM Group decides to sell the emission allowances received, the gains or losses on sale are recognised as other operating income or expenses.

In the case of emission allowances (CO_2 allowances) fair value less costs to sell is a good approximation of the recoverable amount; as costs to sell are insignificant, the MVM Group considers price quoted on an active market as of the reporting date to be the recoverable amount of emission allowances, if available, otherwise the market price determined based on available information is taken into account.

Emission allowances received free of charge are measured initially at fair value as of the acquisition date, which is the market price quoted on an active market. These allowances received free of charge are presented as emission allowances as intangible assets in non-current assets at the same time as accounting for the government grants received in the form of allowances for surrendering the emission obligation as deferred income. Emission allowances purchased from third parties are initially measured at the amount paid for the allowances. Afterwards all emission allowances are measured at cost less impairment. Emission allowances are not amortised.

Emission allowances can be sold on the market while valid. Emission allowances used for trading are recognised at fair value less costs to sell among inventories. Emission allowances are derecognised when sold, or when surrendered to settle the liability based on actual emissions.

The MVM Group recognises provisions for liabilities which arise on account of actual emissions. The provisions are measured based on best estimates relating to expenses necessary to settle the obligation existing on the reporting date. The deferred income related to the government grant is released (recognised in profit or loss) in the period when the surrendering obligation due to related emission is recognised. The release of deferred income is accounted for as a reduction in the recognised expense.

p) Green certificates

Green certificates are a form of grant for producers of renewable energy in Romania. Parallel to the electricity they produce, producers are entitled to green certificates for a specific amount of generated electricity, which they can sell separately under the terms defined in legislation.

Green certificates received are accounted for as government grants. The government grant is recorded in the books when the conditions for acquiring the green certificate are met with an adequate level of certainty, in other words, the electricity necessary for the certificate has been produced. At that point, the green certificate is recorded as an asset, against 'Other operating income'.

The MVM Group measures green certificates at fair value as at the date of initial acquisition, which is the market price quoted on the active market, as costs sell are insignificant.

The green certificates received free of charge are recognised by the MVM Group as intangible assets until the recognition criteria of the assets held for sale are satisfied.

Green certificates recognised as intangible assets are not amortised. The recoverable amount of the green certificates recorded as assets is measured by the MVM Group — similarly to initial recognition — based on the market price quoted on the active market on the reporting date, and impairment is recognised if necessary.

Revenue from the sale of green certificates is recognised under 'Other operating income', net of the carrying amount of the related intangible asset.

q) Impairment

<u>Financial assets</u>

Based on the new impairment model introduced by IFRS 9, the Group classifies financial assets in the amortised cost and the FVOCI debt instruments categories, loan commitments and financial guarantee contracts as well as contract assets into one of the following three stages, depending on the change in the initial credit quality of the instrument:

1. Performing (Stage 1);
2. Underperforming (Stage 2);
3. Non-performing (Stage 3).

Based on the model, upon initial recognition of the instruments the Group recognises impairment for losses estimated on the basis of default events expected to occur during the next 12 months. If the credit quality of the instrument deteriorates significantly, the instrument is reclassified into Stage 2 (underperforming), and impairment is assessed at the lifetime expected loss. The Group assesses significant deterioration based on ratings assigned by rating agencies and its own rating models.

The next step is classification into the non-performing stage in cases when objective evidence of impairment exists. There is a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when cash flows expected from the financial asset are more than 30-90 days past due. In such case the Group assesses on a case-by-case basis whether the credit risk of the financial asset has increased significantly.

The three-stage model detailed above is applied by the MVM Group to Non-current loans and receivables, Restricted cash and Cash and cash equivalents.

For financial assets classified into the Cash and cash equivalents and Restricted cash categories the MVM Group does not materially differentiate in the risk management procedures, those are all treated as exposures to credit institutions. The risk management procedures of the Group include initial and subsequent rating of these credit institutions based on applicable internal policies and also the establishment of individual limits for these credit institutions. The ratings derived at based on the internal rating system applied by the MVM Group indicated low credit risk for all credit institutions, therefore the Group did not booked impairment on these.

The risk management procedures of the Group include initial and subsequent rating of these credit institutions based on applicable internal policies and also the establishment of individual limits for these credit institutions.

Taking advantage of the option provided by IFRS 9, the Group applies a simplified model to financial assets classified as trade receivables and other non-derivative financial assets; that is, upon recognition it accounts for lifetime expected credit loss instead of 12-month expected credit loss for trade receivables and contract assets that do not contain a significant financing component. For trade receivables, contract assets and lease receivables containing a significant financing component the Group also opted to account for lifetime expected credit losses upon recognition.

For key clients of its member companies and for state-owned companies the Group assesses the amount of lifetime expected credit loss individually. For other trade receivables, necessary impairment is assessed on a portfolio basis, i.e. for the purposes of determining the amount of expected credit loss, trade receivables and contract assets are grouped on the basis of the products sold underlying the trade receivable (electricity, natural gas), the market segment of the trade debtor (competitive market, universal services) and the number of days in default. Contract assets relate to not invoiced performance and substantially have the same risk characteristics as trade receivables related to contracts of the same type. Consequently, the Group concluded that the expected credit loss rate of trade receivables is a reasonable estimate of the loss rate for contract assets.

Expected loss rates are based on historical receipt and default data of the last three years and on historical losses observable in the given period. Historical loss rates are adjusted to reflect both current and forward-looking information. Such information may include for example internal changes affecting risk management and collection processes, as well as external extreme changes affecting solvency of customers, e.g. in the unemployment rate or average wages. The Group reviews the mentioned forward-looking information and its effect on expected losses annually. The effect of forward-looking information on impairment is not significant.

In the statement of comprehensive income, impairment and reversal thereof accounted for in the reporting year is recognised under ’Recognition and reversal of impairment’, while income received from impaired receivables settled financially in the reporting year is recognised under ’Other operating income’.

Non-financial assets

Except for inventories and deferred tax assets, the carrying amount of non-financial assets are reviewed on every reporting date to assess whether any indication of impairment exists. If any such indication exists then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("cash-generating unit"- hereinafter referred to as "CGU").

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Assets not involved directly in production do not generate separate cash flows. If there is an indication that such an asset may be impaired, then the recoverable amount is determined for the CGU to which the asset belongs.

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

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

r) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately prior to the classification as held for sale the assets (or components of the disposal group) are re-measured in accordance with the Group's accounting policies to measure the assets (or disposal group) at the lower of the carrying amount and the fair value less costs to sell. No depreciation is booked on assets held for sale.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are recognised up to the extent of any cumulative impairment loss.

s) Employee benefits

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The amount of contributions payable to a defined contribution plan is recognised as a liability in the periods during which related services are rendered by the employees. The amount of the contribution is recognised in profit or loss in the staff costs line item. Prepaid contributions are recognised as assets to the extent that cash refund or a reduction in future payments is available. The Group makes payments to pension and other welfare funds under defined contribution plans.

Defined benefit plans and other long-term employee benefits

Some entities within the MVM Group provide other long-term benefits to their employees under collective agreements (anniversary and long-service benefits as well as other benefits). In addition, they provide non-pension benefits due at the time of retirement (e.g. average earnings and bonus for retiring employees).

The amount of net benefit liability related to defined benefit plans and other long-term employee benefits agrees with the present value of expected future payments necessary to fulfil the obligations from the reporting year and prior-period services of the employees. The discount rate is calculated based on the risk-free HUF interest rate (ÁKK Government Debt Management Agency HUF yield curve) as of the reporting date. The calculation is performed annually by an actuary using the projected unit credit method.

The MVM Group determines the net interest on the net benefit liability as the product of the net benefit liability and the discount rate, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in the finance costs line item.

Actuarial gains and losses from defined benefit plans are recognised in other comprehensive income, while actuarial gains and losses from other long-term employment benefit plans are recognised as employee costs in profit or loss in the staff costs line item.

In case of a plan amendment or a curtailment, the change in the benefit related to past service and the gain or loss on the curtailment is recognised immediately in profit or loss. Gains and losses arising upon settlement of employment benefit plans are recognised upon settlement.

Upon reduction or settlement of the defined benefit plan, previously recognised accumulated other comprehensive income deriving from actuarial gains and losses is transferred to retained earnings within equity in proportion to the share of the settlement or reduction of the net liability recognised as at the first day of the given year plus net interest accounted for during the year.

Termination benefits

Termination benefits are recognised as a liability and an expense when the MVM Group is demonstrably committed to a detailed formal plan to terminate employment before the normal retirement date or to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy, and it can no longer withdraw the offer of those benefits, or it recognises costs for a restructuring that involves the payment of termination benefits.

Short-term employee benefits

Short-term employee benefit obligations (including electricity price discounts provided to employees) are measured on an undiscounted basis and are recognised as costs when the related service is provided. Short-term employee benefits are recognised in profit or loss as staff costs.

The amount payable is recognised as a liability if the Group has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

t) Provisions

A provision is recognised if, as a result of a past event, the MVM Group has a present obligation (legal or constructive), and it is probable that an outflow of resources embodying economic benefits will be required to fulfil the obligation, furthermore, the amount of the obligation can be estimated reliably. Provisions are reviewed at the reporting date in light of the current best estimate.

Obligation to surrender emission allowances

The MVM Group recognises provisions for the full liability to surrender (settle) emission allowances based on actual carbon dioxide emissions, the amount of which is measured to the extent of emission allowances existing at the reporting date (received free of charge and purchased by the reporting date) (covered emission) based on their carrying amount and for liabilities not covered by existing emission allowances based on market value of emission allowances as at the reporting date, since such liabilities can be settled by purchasing emission allowances.
Provisions for the obligation to surrender emission allowances are recognised within other material costs.

Onerous contracts

The MVM Group recognises provisions for onerous contracts when benefits expected from the contracts are lower than unavoidable costs related to the fulfilment of contractual obligations. Unavoidable costs are the lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

The amount of the provision reflects the MVM Group's best estimate.

Provisions for environmental protection liabilities and recultivation

Provisions for environmental protection costs are recognised if environmental remediation is probable and related costs are reliably measurable. The provision is recognised as the (legal or constructive) obligation arises.

The MVM Group recognised recultivation provisions for expected costs at the end of the operating life in relation to environmental restoration of sites, decommissioning of power plants and mine closures.

The recognised amount represents the best estimate of expenses necessary to fulfil such liabilities at the current reporting date and price level. Where the impact of the time value of money is significant the provision equals amount of expenses expected to be necessary to settle the liability discounted to present value.

The initial estimated recultivation cost is presented in the value of the asset classified into property, plant and equipment and is depreciated over the useful life of the asset, if the remediation obligation arises at the same time as the relevant asset is initially recognised. If the obligation arises continuously during use, the provision is recognised in profit or loss at the time when the obligation arises.

Changes in a decommissioning, restoration or similar liability already recognised and accounted for as part of cost of the related asset, which result from the change in timing or amount of resources estimated to be needed for settlement or from change in the discount rate are treated as follows:

- If the related asset is measured using the cost model, changes to the liability are added to or deducted from the cost of the related asset in the reporting period. The amount deducted from the cost of the asset cannot exceed the carrying amount of the asset. If the reduction in the liability exceeds the carrying amount of the asset, the surplus is immediately recognised in profit or loss. If the cost of the asset increases as a result of the adjustment, an impairment test is performed concerning the asset.
- The provision recognised is reviewed every year to ensure that it reflects appropriately the changes in expected expenses.

Provisions for decommissioning of nuclear installations and waste management

Under the recommendations of the European Parliament, the Council and the Commission (2006/851/Euratom EU directive – hereinafter referred to as the directive), EU member states must ensure that sufficient financial resources are available for the decommissioning of nuclear installations and waste management.

The directive requires member states to establish a so called decommissioning fund, which covers the expenditure necessary for decommissioning nuclear installations.

The fund can be "internal" or "external". Internal fund means a fund managed by the company supervising the nuclear installation, while external fund means a fund managed by an entity independent from the company supervising the nuclear installation.

Under Act of 2006 on Nuclear Energy, the Hungarian Government is responsible for tasks related to temporary storage and final disposal of radioactive waste and spent nuclear fuel as well as to decommissioning nuclear equipment. Final disposal of radioactive waste, establishment and operation of storage facilities for temporary and final storage of spent fuel of nuclear reactors as well as decommissioning of nuclear installations is performed by Radioaktív Hulladékokat Kezelő Nonprofit Kft. (hereinafter referred to as: RHK Kft.). The financial source of the activities of RHK Kft. is the Central Nuclear Financial Fund (hereinafter referred to as: Fund or CNFF).

Payments to the Fund have to be determined so that those cover the costs incurred in relation to the storage of radioactive waste generated before the establishment of the Fund, costs of temporary storage and final disposal of radioactive waste placed centrally at assigned institutions based on legal regulations after the Fund has been established, as well as costs of decommissioning nuclear facilities. The MVM Group makes payments to the Fund annually. The annual amount payable is stipulated in the Act on State Budget at an amount calculated by RHK Kft. and approved by the Government.

Point 17 of Section 7 of the EU directive sets forth that in this situation, as the company operating the nuclear installation has no influence on the financial management of an external decommissioning fund, if the invested amount did not cover the necessary amount, in effect the member state is responsible.

Based on the above, in the MVM Group's opinion the transaction falls in the scope of IFRIC 6, that is, payment liabilities related to the final disposal of radioactive waste and the establishment and operation of storage facilities for temporary storage and final disposal of spent fuels of nuclear reactors as well as decommissioning of nuclear installations are charged on current market participants (those present in the given period) and accordingly MVM Group fulfils its liabilities for the reporting period by paying the reporting year liability imposed on it, therefore it has no further provisioning obligation.

u) Contingent assets and liabilities

Contingent assets

Contingent assets are possible assets that i) arise from past events and ii) whose existence will be confirmed only by the occurrence (or non-occurrence) of one or more uncertain future events not wholly within the control of the Group.

Such assets usually arise from unplanned or unexpected events that give rise to the possibility of an inflow of economic benefits.

The Group does not recognise contingent assets; however, it discloses them where an inflow of economic benefits is probable.

Contingent assets are assessed continually, and if, and only if, it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs.

Contingent liabilities

A contingent liability is disclosed in the Notes, if

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence (or non-occurrence) of one or more uncertain future events not wholly within the control of the Group; or
- there is a present obligation that arises from past events but is not recognised under provisions because:
    - it is not probable that it will result in an outflow of resources embodying economic benefits; or
    - the amount of the obligation cannot be estimated reliably.

A contingent liability may not be disclosed in the Notes either, if an outflow of resources embodying economic benefits is only possible rather than probable.

The Group reviews the conditions of assessment of the contingent liability annually, and in case of any changes in the conditions (for example, an outflow of future economic benefits becomes probable), it changes the accounting treatment of the transaction in the period in which the change occurs.

v) Revenue

The consideration calculated for recognising revenue does not include amounts collected on behalf of others, such as VAT, or amounts obtained and paid by the Group as an agent.

An agreement is considered a contract generating revenue if it has been approved by the parties to the contract and the rights and payment obligations of the parties can be identified. Furthermore, the following two criteria has to be met: (a) the contract has commercial substance and (b) it is probable that the Group will collect the consideration. Multiple contracts are considered a single contract, if the contracts have been negotiated as a package; or the amount to be paid in one contract depends on any element of another contract; or obligations in two or more contracts can be considered a single performance obligation.

Those performance obligations promised in a contract are considered goods or services sold, from which the customer can benefit either on their own or together with other goods/services that are readily available on the market, and the good/service does not depend significantly from other contractual obligations.

In the case of contracts with multiple elements revenue is allocated primarily based on the stand-alone selling price. If the Group typically does not sell certain goods or services separately, allocation is based on the typical market pricing of competitors that are active on the same market. If no such information is available either, the allocation is based on the production cost of the particular service of the Group plus a margin customary on the given market.

In the case of contracts with more than one performance obligations, any discounts applied relate typically to the entire contract, thus each obligation shares the revenue reducing effect of the discounts. Contracts with variable consideration typically belong to a separately identifiable performance obligation of the contracts, thus the variable consideration generally affects only the amount of revenue accounted for in relation to a particular obligation.

The Group typically sells services, installations as well as electricity and natural gas, therefore there is no significant risk of the customer returning the goods purchased, thus its estimation when determining the revenue accounted for in connection with the sale does not represent a risk.

As a main rule, the Group accounts for the revenue allocated to an obligation upon transferring the control of the contractual performance obligations, i.e. at a point in time, except for the following cases which result in recognising revenues over time.

If the customer uses the service provided by the Group (e.g. sale of electricity or natural gas) over time, then revenue is recognised over time.

If in a longer project the customer has the control during the whole project (that is, it has free disposition over the intangible or tangible asset being created during the construction/development of the asset), revenue is recognised over time in proportion to performance. Such cases typically include construction and installation projects carried out on land owned by the customer.

If a longer project is carried out under the control of the Group, but in the case of a breach of contract by the customer the Group would not have a real alternative to sell the output of the project (the product) to anyone else, revenue is also recognised over time, if the Group has a contractual right to receive the consideration for pro-rated partial performance.

When revenue is recognised over time, the Group uses (a) for electricity and natural gas sale contracts a method based on invoicing, and (b) for long-term construction/installation contracts the input method; in this latter case revenue is recognised in proportion to costs already incurred relative to the total expected costs of the satisfaction of the obligation. If the outcome of the contract to be performed during the period cannot be estimated reliably, revenue is recognised only up to the extent of contractual costs expected to be recovered. The Group chose the input method because more accurate information is available to the calculation of inputs, thus it provides more reliable results than the output method which would require significantly more estimates, thus it would be less reliable.

In the case of performance obligations satisfied at a point in time the Group recognises the revenue allocated to the obligation when the product is physically transferred to the customer.

When the amount of the expected revenue is uncertain, revenue is recognised to the extent that subsequent actual consideration does not result in a significant decrease in the revenue recognised so far.

The activities of the Group are typically invoiced monthly or quarterly, therefore the length of time between when the contractual obligations are satisfied and when the consideration is received is not significant, thus the Groups's contracts with customers do not contain a significant financing component.

Uncertainties deriving from estimating variable consideration do not threaten the reliability of the annual financial statements, as services and implementation contracts are substantiated by periodical settlements based on measured performance; the value of contracts spanning annual reporting periods considerably and requiring estimates in the long run is not significant.

Non-cash consideration is not common for the Group's contracts with customers, therefore the measurement of its fair value does not represent a risk when revenue is recognised.

The Group recognises incremental costs of obtaining contracts with customers (e.g. agent commissions) as an asset in its balance sheet (Other non-financial assets), if the term of the related contract exceeds 12 months. The Group has no significant such costs, thus the value of assets from the capitalisation of those costs is also insignificant. After any capitalisations, these costs are expensed over the term of the contract, typically using straight-line amortisation (taking into account the dynamics of contractual revenues), or impairment may be recognised, if the expected profit content of the contract as at the date of preparation of the financial statements is not expected to cover the carrying amount of the capitalised cost.

Costs to fulfil the Group's contracts with customers are typically accounted for and presented in accordance with the rules of tangible assets, intangible assets and inventories, in the way described and presented in the sections related to such assets.

Consumers have to pay a system access fee when they connect to the electricity and/or natural gas network, based on the actual cost for expanding the network. The performance obligation is the connection service whose benefits the consumer will continuously enjoy over the expected useful life. This is why the amount from the system access fees is accrued and only recognised as revenue over the expected useful life for the given consumption point. The accrued system access fees are recognised in the balance sheet under other current non-financial liabilities. On paying the system access fee the consumer gains the right at the given connection point to use the available output; this right can be transferred with the consumption point. The network development contribution is a contract recognised “over time”, since the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

w) Grants received

A government grant can be recognised only if there is reasonable assurance that the MVM Group will comply with the conditions attaching to it and will receive the grant. According to IAS 20, receipt of a grant does not of itself provide conclusive evidence that the conditions attaching to the grant will be fulfilled.

The MVM Group does not reduces the carrying amount of the asset by the grants received in relation to the asset, but recognises the amount of grant as deferred income and accounts for it in other operating income in proportion to the depreciation of the asset.

The MVM Group accounts for grants that become receivable as compensation for costs and expenses against operating income. If the grant affects more than one year, only the part attributable to the reporting year is recognised as other income when the conditions are fulfilled, and the part related to subsequent years is recognised as deferred income.

Amounts received from the Hungarian State provided to the MVM Group by the state as the owner are not considered government grants. These transactions are considered equity transactions.

x) Own performance capitalised

On the one hand, own performance capitalised includes changes to self-manufactured inventories of the Group (work in progress, semi-finished and finished products, services in progress taken into inventory), as an item reducing operating expenses if it is an addition and an item increasing operating expenses if it is a decrease.

On the other hand, the Group presents here as an item reducing operating costs the prime cost calculated retrospectively of tangible assets produced by the member firms for their own purposes (self-manufactured property, plant and equipment) and of constructions capitalised and constructions in progress between the member firms (property, plant and equipment manufactured within the Group).

y) Tariff adjustment

Certain surplus costs of the MVM Group related to transmission system operation, universal service provision and natural gas wholesale as compared with budgets approved by the regulatory authority are compensated by the regulator through increasing in the next years, or if the costs fell short of the budget by reducing future prices. These surplus costs or cost shortfalls compared to budget to be included in future prices do not meet the definitions of an asset or a liability under IFRSs. Therefore assets and liabilities deriving from future price changes are not recognised in the reporting year financial statements.

z) Finance income and costs

Finance income comprises the following: interest income on funds invested (including FVOCI financial assets), dividend income, exchange gains on foreign exchange items, measurement gain on fair valuation of derivative financial instruments, gains on the disposal of FVOCI financial assets. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the MVM Group's right to receive dividend is established, which in the case of quoted securities is the ex-dividend date, while for unlisted securities it is the date when the relevant authorised body makes decision relating to distribution.

Finance costs comprise the following: interest expense on borrowings, unwinding of the discount on provisions, exchange losses on foreign exchange items, measurement loss on fair valuation of derivative financial instruments, and impairment losses recognised on FVOCI financial assets. Interest expense is recognised as it accrues in profit or loss, using the effective interest method.

aa) Settlements arising from performing tasks by MAVIR ZRt. required by the Act on Electric Energy[1]

Fees collected to support discount-rate electricity supply

Employees who currently work or who had worked before retirement at companies operating in the energy sector as well as widow(er)s of such employees are entitled to discount-rate electricity. The discount varies between 37-60% depending on consumption.

Universal service providers apply the discount tariffs to the entitled persons. The difference between the discount and the full price is paid by:

a) the employer, for employees who currently work at companies operating in the energy sector;
b) the employer of the passed away spouse, for widow(er)s;
c) MAVIR ZRt. in other cases (retired persons)

to the universal service providers.

In the case c) above MAVIR ZRt. collects the relevant amounts from the regulated tariffs. Amounts collected but not transferred to universal service providers are kept on a separate account and are recognised as liabilities.

Items related to fees collected to support discount-rate electricity supply are recognised in balance sheet items 'Trade receivables and other non-derivative financial assets'/'Trade payables and other non-financial liabilities', or 'Other non-financial assets/liabilities' and 'Restricted cash'.

Fees to support the stranded costs of conversion of the cogeneration process

The fee to support the stranded costs of conversion of the cogeneration process include amounts to be kept by MAVIR ZRt. on a separate account as required by the Electric Energy Act to support renewable and cogeneration power plants. The items related to the fee to

[1] Act No LXXXVI of 2007 on Electric Energy

support the stranded costs of conversion of the cogeneration process are recognised in the same balance sheet items as the fees collected to support discount-rate electricity supply.
Items related to fees to support the stranded costs of conversion of the cogeneration process are recognised in balance sheet items 'Trade receivables and other non-derivative financial assets'/'Trade payables and other non-derivative financial liabilities', or 'Other non-financial assets/liabilities' and 'Restricted cash'.

Feed-in Tariff System

MAVIR ZRt., as a licensee of transmission network and transmission system operation, established a balance group (hereinafter referred to as: feed-in tariff balance group) for the settlement of electricity subject to the feed-in obligation under the Act on Electricity, as defined in the commercial policy, and has been operating it since 1 January 2008. According to the legislation, MAVIR ZRt., in charge of the feed-in tariff balance group, is responsible for:

- the receipt and settlement of electricity generated by producers subject to the feed-in obligation (feed-in tariff producers),
- sale and settlement on the organised electricity market (HUPX) of the scheduled amount of electricity to be received mandatorily,
- the determination, allocation and accounting of the feed-in tariff cash to be paid by the cost bearers (balance group representatives) specified in Section 13 (1) of the Act on Electricity,
- balancing of the feed-in tariff balance group, settlement of balancing, including settlement of amount of electricity of the feed-in tariff balance groups (self-scheduling feed-in tariff producers or scheduling group representatives) under self-scheduling management and the settlement of the regulatory surcharges.

While operating the FIT balance group, MAVIR ZRt. may have neither expenses nor incomes from this activity. The items related to the Feed-in Tariff System are recognised in balance sheet items 'Trade receivables and other non-derivative financial assets'/'Trade payables and other non-financial liabilities', or 'Other non-financial assets/liabilities' and 'Restricted cash'.

Premium Tariff System

According to Section 13 (6) of the Electricity Act, it is the task of the transmission system operator (hereinafter referred to as: Recipient) to determine and account for the premium tariff in relation to electricity subject to the premium tariff, and to determine, distribute and account for in accordance with the law the premium cash payable by the entities defined in Section 13 (1) required to pay the premium cash.

Producers of electricity (generated from renewable sources) subject to the premium tariff (hereinafter referred to as: Premium Producers) shall be entitled to join the Premium Tariff Scheme, provided other statutory conditions apply. Only newly constructed producers of electricity using renewable energy may request the premium tariff and enter tenders. With the exception of biomass and biogas power plants, expired FIT entitlements may not be extended with the premium tariff. The support may only be provided in the form of premium. The power plants sell the electricity on the market themselves. The market benchmark price determined retrospectively every month (HUPX average price) is supplemented to the supported price. The Agency determines the level of eligibility for the tariff allocated to the power plants above 0.5 MW but below 1 MW (with the exception of wind power plants). All wind power plants and all power plants with a capacity higher than 1 MW may only receive the premium tariff in tendering procedures.

MAVIR ZRt. may not incur any expenses or income from operating the Premium Tariff Scheme. The items related to the Premium Tariff Scheme are recognised in balance sheet items 'Trade receivables and other non-derivative financial assets'/'Trade payables and other non-financial liabilities', or 'Other non-financial assets/liabilities' and 'Restricted cash'.

Distribution balancing and payment settlement system

The distribution balancing payment settlement system prescribed by Section 142 of the Electricity Act was implemented from 1 January 2019:

To allow distributors to share in the revenue from the distribution tariff and the street lighting distribution tariff in proportion to their reasonable costs, a transparent accounting system for balancing payments between distributors (hereinafter "balancing payment") should be in place, linked to the network access fees. The settlement system is operated through a separate account established for this purpose by the transmission system operator, with funds that distributors are obliged to pay into the separate account and the funds that the transmission system operator is obliged to pay to distributors from the separate account.
The balancing payment does not constitute revenue for the transmission system operator, the transmission system operator may not use it for any other purpose and is obliged to keep it separate from its other funds. The transmission system operator shall recognise as a liability the funds held in the special account set up to execute the balancing payment and the net return less the costs of handling the funds.
The items related to the Distribution balancing payment settlement system are recognised in balance sheet items 'Trade receivables and other non-derivative financial assets'/'Trade payables and other non-financial liabilities', or 'Other non-financial assets/liabilities' and 'Restricted cash'.

Renewable and storage support schemes

Based on Government Decree 382/2023 (VIII.14) on the different application of the Act on Electricity in times of emergency, the Government introduced a compulsory feed-in tariff system and a premium tariff system to promote the use of renewable energy sources and waste as an energy source, as well as a system of revenue compensation from 1 January 2026 for electricity storage facilities, the detailed rules of which are laid down in Government Decree No. 389/2007 (XII.23) on the compulsory feed-in and purchase price of electricity produced from renewable energy sources or waste and cogenerated electricity (feed-in tariff decree), Government Decree 299/2017 (X.17) on the mandatory feed-in and premium tariff support of electricity produced from renewable energy sources (METÁR Decree), NFM Decree 63/2016 (XII.28) on the detailed rules for the determination and payment of the amount of funds required to finance the operating support of electricity produced from renewable energy sources (Financing Decree), MEKH Decree 17/2023 (XI.21) on the detailed rules for the compensation of revenues of electricity storage facilities (Revenue Compensation Decree), the Trading Rules of the Hungarian Electricity System, and the Business Policy of MAVIR ZRt.

bb)Income tax

The MVM Group accounts for corporation tax, local business tax, innovation contribution, income tax of energy suppliers, small business tax and the special tax for electric energy producers as income tax, since these taxes are based on taxable profit.

Corporation tax is assessed based on taxable profit of the individual companies calculated in accordance with local rules; the tax rate varies by country. Effective from 1 January 2017, the corporation tax rate is 9% in Hungary.

Local business tax is payable by entities operating in Hungary to local governments. The base of the tax is revenue less certain production costs and costs of sale. The typical rate is 1-2% and is determined by the competent local government at the location of the entity's operations.

Innovation contribution is a tax assessed at 0.3% payable by entities operating in Hungary to the state budget; its base is substantially the same as that of the local business tax.

The income tax of energy suppliers is an income tax payable by enterprises performing energy supply (generation, trading or distribution of energy) in Hungary; its base is the taxable profit of the enterprise, however, this can be different as the taxable profit for corporation tax purposes. The tax is assessed at 31%, except for 2023 and 2024, when it is assessed at 41%.

The small business tax is an alternative to corporate tax for smaller companies, which is based on the income withdrawn from the business plus the amount of staff costs. The tax rate is 10%.

A special tax of 65% for electric energy producers is levied on producers of electricity from power plants with an installed capacity exceeding 0.5 MW, subject to the exceptions laid down in the legislation. The tax is based on the extra income that eligible producers realise on the market above the subsidised price.

Income tax expense comprises current tax expense and deferred tax expense. Income tax expense is recognised in profit or loss, except that the amount of tax relating to items recognised in other comprehensive income or directly in equity is presented in other comprehensive income or in equity.

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

An entity within the MVM Group shall offset current tax assets and current tax liabilities if, and only if, the entity:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, as well as for tax losses carried forward.

The tax base of an asset is the amount that will be deductible for tax purposes against any taxable economic benefits that will flow to an entity when it recovers the carrying amount of the asset. If those economic benefits will not be taxable, the tax base of the asset is equal to its carrying amount.

The tax base of a liability is its carrying amount, less any amount that will be deductible for tax purposes in respect of that liability in future periods.

A deferred tax liability may not be recognised, if taxable temporary differences arise from:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not considered a business combination, and at the time of the transaction, affects neither accounting profit or nor taxable profit (tax loss);
- for differences associated with investments in subsidiaries, associates and joint ventures, to the extent that it is probable that the temporary difference will not reverse in the foreseeable future, and the MVM Group is able to control the timing of the utilisation of the temporary difference.

A deferred tax asset may not be recognised, if deductible taxable temporary differences arise from:

- the initial recognition of an asset or liability in a transaction which is not considered a business combination, and at the time of the transaction, affects neither accounting profit or nor taxable profit (tax loss);
- for differences associated with investments in subsidiaries, associates and joint ventures, to the extent that it is probable that the temporary difference will not reverse in the foreseeable future, or if taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax is measured at the tax rates enacted or substantively enacted at the reporting date that are expected to be applied to temporary differences when they reverse.

Deferred tax assets and deferred tax liabilities may be offset if, and only if:

- there is a legally enforceable right to set off current tax assets against current tax liabilities; and
- they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

A deferred tax asset (including any assets related to losses carried forward) is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference or the loss carried forward can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group’s taxes assessed by the tax authorities and other statutory fiscal obligations are not income taxes if they are not based on reporting-year profits. These liabilities are recognised in the Group’s consolidated financial statements when the tax can be levied based on the activity defined in the applicable legislation. If the activity takes place over a certain period, the tax is also accounted for on a gradual basis. Such liabilities include, for example, taxes payable by the Group on certain types of assets or certain extra-profit taxes based on the results of operations in previous periods.

cc) Operating segments

The decision makers of the MVM Group monitor the performance of the Group members by member firm during day-to-day operation, based on financial statements prepared in accordance with these accounting policies. In line with this, the significant segments – which are in effect the member firms of the MVM Group – are presented in the financial statements.

dd) Accounting for mineral exploration and field development costs, and joint arrangements

Hydrocarbon exploration and production accounting is carried out in accordance with the requirements of IFRS 6 – Exploration for and Evaluation of Mineral Resources, following the principles set out therein and applying the "successful efforts" method as follows.

The MVM Group measures all exploration and evaluation assets at cost less accumulated depreciation and impairment. Geological hydrocarbon fields are considered to be cash-generating units.

Licensing costs

Amounts spent on acquiring exploration rights are recognised as exploration and evaluation assets under intangible assets, and amortised on a straight-line basis over the expected duration of the exploration. All licences are reviewed annually to determine whether the MVM Group plans to carry out further exploration activities. If no further activity is planned, the carrying amount of the licence is written off.

If a hydrocarbon reserve is identified that can be extracted in an economically viable manner (proven reserves) and a decision is made to develop the field, the cost less accumulated amortisation is reclassified to property, plant and equipment together with other exploration costs (see next section).

Exploration costs

Geological and geophysical exploration costs are charged to profit or loss when incurred.

Costs directly related to hydrocarbon exploration drilling are recognised as exploration and evaluation assets under intangible assets when incurred. These costs include wages and salaries, used materials, fuels, the cost of drilling equipment, including depreciation, and payments to contractors.

If there are no meaningful hydrocarbon reserves discovered, the exploration costs are written off as failed drilling.

In the event of a hydrocarbon discovery that is expected to result in a proven reserve, the costs are still recognised under exploration and evaluation assets, even if additional well drilling or delineation activities (exploratory or exploratory-type stratigraphic test drilling) are required to bring the field into commercial production. All exploration and evaluation assets are reviewed at least once a year from a technical, commercial and financial perspective to confirm the MVM Group's intention to continue to develop the field or to sell the asset. Otherwise, the exploration and evaluation assets are written off.

When proven hydrocarbon reserves are identified, and the MVM Group decides to develop the field, the related costs are reclassified to property, plant and equipment.

If the exploration success cannot be determined based on data available at the time the financial statements are prepared, the exploration and evaluation assets related to the field may only remain under intangible assets for more than one year if

- The exploration is expected to result in a reserve that adequately justifies its completion, and
- The MVM Group is committed with regard to evaluating the reserves and the economic and operational feasibility of the project, i.e.
    - expenditure for the evaluation of reserves and further developments are included in its business plan;
    - it is negotiating with partners, relevant public bodies (e.g. Mining Authority) or potential business partners;
    - it has a contract or an approved plan for additional seismic measurements, exploration and field development work programme activities;
    - it prepares logistics and other infrastructure plans.

Field development costs

Costs related to constructing, establishing and commissioning geological field infrastructure (including pipelines, processing equipment, storage facilities) and for the drilling of production and delineation wells (including wells considered unsuccessful) are recorded under property, plant and equipment.

The depreciation of the property, plant and equipment associated with each hydrocarbon field is accounted for using the unit of production method, based on the proven developed reserves of hydrocarbons, in proportion to the production for the year.

The field development phase starts once the related project has been approved by the MVM Group. Any geological and geophysical costs that may still be incurred at this stage are also capitalised.

A hydrocarbon field may be subject to a trial production period, lasting up to several years with due consideration of technological and economic efficiency aspects and the requirements of the Mining Act. The depreciation in line with production must commence no later than one year after the start of the trial production.

For assets of hydrocarbon fields already in production, the depreciation in line with production is calculated based on the quantity extracted and the proven reserve in production:

- during the year: based on the opening proven reserve in production and the quantities extracted so far during the given year
- at the end of the year: based on the opening proven stock “counted back” from the closing proven stock plus the quantity extracted during the given year.

Significant accounting estimates and assumptions

The MVM Group makes assumptions when evaluating exploration and evaluation assets and deciding whether to proceed with exploration activities, or whether it is capable of doing so.

The level of proven reserves for every hydrocarbon field is considered an accounting estimate; these estimates are reviewed and reflected prospectively in the financial statements.

Joint arrangements on hydrocarbon exploration and production

Where there are several partners (joint ventures), the parties usually enter into a Joint Operating Agreement (JOA). These designate the party that will act as the operator for the day-to-day management tasks related to the joint arrangement. The JOA sets out the rights and obligations of the parties and provides guidance on how costs are shared.

If the MVM Group, as an operator, is reimbursed by other parties for costs shared in the joint arrangement, then it acts as an agent in accordance with IFRS 15 and so this has no impact on profit or loss. That said, the balance sheet must show the total liabilities incurred in connection with the activities under the joint arrangement, and the receivables from non-operator parties in respect of their share of these liabilities. The two items cannot be offset against each other.

There are two types of joint arrangement according to the rights and obligations of the parties exercising joint control over the arrangement, see the Note II. 7. b). Only the features related to hydrocarbon exploration and production are highlighted below.

a.) Joint operation

A joint operation is a joint arrangement where the parties involved have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Any joint arrangement not structured through a separate vehicle is a joint operation. In this case, without establishing a separate vehicle, the parties use their own or the jointly controlled assets for the joint operation. For example, they can agree to be separately responsible for a stage of the exploration or production using their own assets and fulfilling the liabilities incurred. They can also agree on how to share the revenues and expenses of the joint operation. Accordingly, when the MVM Group participates in a joint operation, it only recognises its own assets, liabilities, income and expenses, including its share of the joint costs. It is not necessary for the MVM Group to share in the assets of the joint operation in the same proportion as its liabilities, but this should be taken into account when preparing the financial statements.

b.) Joint venture

A joint venture is a joint arrangement where the MVM Group has rights to the net assets of the joint arrangement. Interests in joint ventures are accounted for using the equity method.

Joint arrangements for hydrocarbon exploration and production through a separate legal vehicle can be both joint operations and joint ventures. The following factors are considered to determine this:

- Legal form of the joint arrangement

If the legal form of the arrangement does not confer separation between the parties and the separate vehicle, the assets and liabilities held in the separate vehicle are deemed the parties' assets and liabilities. Therefore, by virtue of its legal form, the joint arrangement constitutes a joint operation. For example, in an entity without a legal personality, the rights to the assets and the obligations for the liabilities are the rights and obligations of the parties sharing control, and accordingly, the arrangement is a joint operation.

• Contract terms

If the type of joint arrangement does not transpire clearly from the legal form, it must be assessed whether there are terms in the JOA that give the parties rights to the assets of the arrangement or make them liable for the liabilities of the arrangement.

• Other facts and circumstances

Even if the legal form and terms of the contractual agreement do not indicate that the parties to the arrangement have rights to the assets and obligations for the liabilities, there may be other facts and circumstances that would qualify the arrangement as a joint operation. The facts and circumstances must demonstrate that the parties sharing control are entitled to the full economic benefits of the arrangement, and that the settlement of the liabilities of the arrangement is solely dependent on the financial performance of the parties.

• Facts and circumstances indicating a joint operation:

- Funding for the joint arrangement is provided solely by the parties sharing control.
- The parties sharing control are obliged to purchase substantially all of the production from the joint arrangement. As a result, the parties are entitled to substantially all of the economic benefits of the arrangement, and the liabilities of the arrangement are, in substance, satisfied by the cash flows received from the parties.

• Facts and circumstances indicating a joint venture:

- The joint arrangement has separate licences for the activity.
- The joint arrangement undertakes obligations vis-a-vis the authority (start of production, liquidation obligations). Failure to comply with these only affects the assets of the joint arrangement (e.g. loss of a licence or security deposit) and the parties sharing control cannot be held to account.
- The liability of the parties sharing control in the joint arrangement is limited to the extent of their capital, and they undertake nothing vis-a-vis third parties.
- The assets of the joint arrangement are not “tagged” between the owners.
- The joint arrangement concludes contracts, pays taxes and contributions on its own behalf.

ee) Fair value measurement

Accounting policies and disclosures of the MVM Group require the determination of fair value of financial and non-financial instruments.

According to IFRS 13 fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values have been determined for measurement and disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the individual notes.

Equity instruments measured at fair value through other comprehensive income

Fair value of these financial assets is determined with reference to their closing bid price quoted on an active market valid on the reporting date.

Financial assets measured at amortised cost

Fair value of financial assets measured at amortised cost is determined for disclosure purposes based on present value of future cash flows discounted at market rate as of the reporting date.

Fair value of non-financial assets

When measuring the fair value of non-financial assets the MVM Group takes into account the ability of market participants to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant, that would use the asset in its highest and best use which is physically possible, legally permissible and financially feasible.

For this reason the MVM Group applies individual models at asset level for measuring the fair value of non-financial assets.

Financial liabilities measured at amortised cost

Fair value of financial liabilities measured at amortised cost is determined for disclosure purposes based on present value of future principal and interest cash flows discounted at market rate as of the reporting date.

Derivative transactions

The fair value of electricity- and natural gas related forward transactions is measured based on quoted market prices if available. If quoted market price is not available, fair value is estimated based on the present value of the difference between the contract price and the forward prices on the reporting date discounted to the remaining period.

The MVM Group applies discounted cash flow value to calculate fair values related to arm's length interest, foreign exchange and natural gas-related commodity type transactions. Fair value is estimated based on the present value of the difference between the contract price and the forward prices on the reporting date discounted to the remaining period.

4. Early adopted standards

In relation to 2023 and 2022 the MVM Group did not use the option to early adopt standards not yet effective.

5. Impact of new and revised standards effective from 1 January 2023 on the financial statements

5.1 Impact of other new and revised standards effective from 1 January 2023 on the financial statements

Initial application of new and amended IFRS standards and interpretations in the reporting period:

(All figures are in HUF million except if otherwise indicated)

IASB AND IFRS IC DOCUMENTS	Adopted by the EU effective from
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts (date of issue: 25 June 2020).	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 – Disclosure of Accounting Policies (date of issue: 12 February 2021)	1 January 2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates (date of issue: 12 February 2021)	1 January 2023
Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (date of issue: 7 May 2021)	1 January 2023
Amendment to IFRS 17 Insurance Contracts – Initial Application of IFRS 17 and IFRS 9 – Comparative Information (date of issue: 9 December 2021)	1 January 2023

The amendments have no significant impact on the financial statements of the Group in the current or future reporting periods or on foreseeable future transactions.

6. New standards, amendments to standards and interpretations not yet effective

Standards adopted by the EU

The standards, standard amendments and interpretations presented below were not applied in the financial statements since they are not yet in force for the financial year ended 31 December 2023, and the Group did not elect to early apply them either. (Application of the standards, amendments to standards and interpretations will be mandatory for annual periods beginning on or after the dates in brackets.)

The amendments are as follows:

- Amendments to IAS 1 *Presentation of Financial Statements* – Classification of Liabilities as Current or Non-current; (Effective for financial years beginning on or after 1 January 2024)
- Amendments to IFRS 16 *Leases* – Lease Liability in a Sale and Leaseback; (Effective for financial years beginning on or after 1 January 2024)

The above-mentioned standards and amendments to standards are not expected to have a significant impact on the profit or loss, financial position and financial statements of the Company.

Standards not yet adopted by the EU

The standards, amendments to standards and interpretations below were not applied in these consolidated financial statements, as these have not yet been adopted by the EU. Their application and effective date depends on adoption by the EU.

New standards and amendments are as follows:

- Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* in relation to the exchangeability of currencies and additional requirements for lack of exchangeability

- Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* in relation with supplier finance arrangements (reverse factoring transactions)

These standards, amendments and interpretations are not expected to have significant impact on the consolidated financial statements of the Group in the future.

7. Significant accounting judgements and estimates

Use of estimates and judgements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements on the below areas is described in this Note:

a) Measurement of the fair value of nuclear technology assets

The Group elected to use the revalued amount model for the nuclear technology assets of MVM Paksi Atomerőmű Zrt. Accordingly, on each reporting date it measures the fair value of items within this asset group without involving an independent appraiser. The revaluation gain or loss was recognised in the revaluation reserve.

For these assets, due to the lack of available fair value, fair value is based on the depreciated replacement cost (DRC). As a first step, replacement cost new (RCN) is determined and is allocated to the individual assets. In the next step these values are reduced taking into account physical deterioration. Finally, the effect of functional and economic obsolescence is taken into account by setting the recoverable amount as the upper limit for the fair value of the assets based on a discounted cash flow model. For 2023 and 2022 the fair values of the assets were the amounts derived from the discounted cash flow model prepared by the MVM Group, as its recoverable amount was lower than the depreciated replacement cost.

Main assumptions used in measurement and fair values as of the reporting dates presented in the financial statements are as follows:

Description	31.12.2023	31.12.2022
WACC	2024: 10.3% 2025-2028: 9.1% From 2029: 8.7%	2023: 8.8% 2024-2027: 9.2% From 2028: 10.5%
HUF/EUR rate	2024: 386.8; 2025: 385.2; 2026: 389; 2027: 392.9; 2028: 396.9; 2029: 400.8; 2030: 404.8; 2031: 408.9; 2032: 413.0; 2033: 413; 2034: 413; 2035: 413; Subsequently adjusted for EUR-HUF inflation difference	2023: 392.2; 2024: 390; 2025: 393.9; 2026: 397.84; 2027: 401.82; After 2027 adjusted for EUR-HUF inflation difference
Electricity price used	In relation to the end of 2023: 70% PPC price level (annual universal service provision electricity consumption ~10.8 TWh, ~ 70% of annual electricity sales of MVM Paksi Atomerőmű Zrt.) and 30% power exchange price level. The power exchange price level uses HUPX annual moving average prices until 2026, afterwards the long-term nominal electricity price level forecast prepared by the Boston Consulting Group (BCG) for the MVM Group. In relation to the end of 2022: For 2023 the model takes into account 70% PPC price level (annual universal service provision electricity consumption ~10.8 TWh, ~ 70% of annual electricity sales of MVM Paksi Atomerőmű Zrt.) and 30% power exchange price level. The power exchange price level uses HUPX annual moving average prices until 2025, afterwards EEX annual moving average prices adjusted for EEX-HUPX spread, from 2028 until the end of the useful life EEX prices adjusted for the Eurozone producer price index.	
Production volume used	For both years based on the available business plan containing a 1-year plan and a 4-year outlook, thereafter based on a long-term estimate that takes the useful lives of the individual blocks into account.	
Expected useful lives of nuclear assets	Block 1: 2032	
	Block 2: 2034	
	Block 3: 2036	
	Block 4: 2037	
Fair value (in HUF million)	**829,888**	**1,255,191**

During the measurement, the effect of changes in factors that have the greatest impact on the value of the model, such as electric energy prices, exchange rate and WACC, is continuously assessed and presented to management.

The following table presents sensitivity of the fair value calculated by the discounted cash flow model applied to assumptions materially influencing the fair value:

Fair value changes *(in HUF million)*	31.12.2023	31.12.2022
Electric energy price change		
5% increase	102,716	124,520
5% decrease	-102,716	-124,520

Fair value changes *(in HUF million)*	31.12.2023	31.12.2022
WACC change		
1 percentage point increase	-56,138	-74,752
1 percentage point decrease	61,278	81,691

Fair value changes *(in HUF million)*	31.12.2023	31.12.2022
Changes in HUF/EUR rate		
2% HUF/EUR increase (In 2022 5%)	15,181	62,149
2% HUF/EUR decrease (In 2022 5%)	-15,181	-62,149

Operating expenses are considered unobservable parameters in determining fair value; these can be estimated with great certainty, therefore their expected changes do not result in significant changes in the calculated fair values.

b) Measurement of assets acquired and liabilities assumed during the acquisition of Magyar Földgáztároló Zrt. as well as goodwill

MVM Group performed an impairment test of Magyar Földgáztároló Zrt. based on a combination of the value in use and the fair value less costs of disposal. The value was calculated at replacement value for the Zsana, Kardoskút and Pusztaederics sites and at liquidation value for the Hajdúszoboszló site. The consolidated net asset value of Magyar Földgáztároló Zrt. totals HUF 250,453 million (of which goodwill amounts to HUF 29,780 million), while the net asset value in the impairment test totals HUF 509,329 million, therefore the Group booked no impairment on the value of goodwill related to the acquisition of Magyar Földgáztároló Zrt.

The model underlying the calculation relating to 2023 contains some major assumptions that in their present form involve significant uncertainty and have an impact on the estimated asset value. These are:

- TTF price: its increase/decrease by 10% has an effect of HUF +35,949/-35,949 million (in the calculations TTF price was assumed to be 46.87 EUR/MWh for 2024, 44.97 EUR/MWh for 2025, 35.59 EUR/MWh for 2026 and 29.23 EUR/MWh for 2027);
- HUF/EUR rate: its increase/decrease by 2% has an effect of HUF +8,368/-8,368 million (in the calculations the exchange rate was assumed to be 385 HUF/EUR for 2024, 385.2 HUF/EUR for 2025, 389 HUF/EUR for 2026 and 392.9 HUF/EUR for 2027);
- Quantity of produced cushion gas: its increase/decrease by 10% has an effect of HUF +19,079/-19,079 million (in the calculations the assumption for produced cushion gas was 1,582 million m^3 15°C);
- WACC: its increase/decrease by 1 percentage point: has an effect of HUF -12,280 /+12,726 million (in the calculations WACC was assumed to be 10% for medium term and 10.2% for long term).

The MVM Group used 11.4% WACC for medium term and 9% WACC for long term for 2022 in the calculations.

c) Measurement of customer relations, brand and goodwill of innogy Energie s.r.o

On 30 October 2020, as part of the acquisition of innogy Česká republika a.s., its subsidiary, innogy Energie s.r.o.-t ("iEnergie") was also acquired by the MVM Group. During the allocation of the purchase price to iEnergie, as a separate CGU, significant hidden intangible assets were identified and recorded, of which customer relations (HUF 162,835 million) and the brand name (HUF 18,238 million) represent the highest amounts and involve material estimates.

Measurement of customer relations

The MVM Group determined that the customer relations generate future economic benefits, and they meet the identifiability criteria for intangible assets, i.e. are controllable and separable.

Customer relations were measured using the Multi-period Excess Earnings Method (hereinafter referred to as the "MEEM" method). The fundamental principle underlying the method is that the value of an intangible asset equals the excess earnings generated by it less contributory asset charges. Contributory asset charges (hereinafter referred to as "CAC") are based on the concept that the intangible asset practically rents or leases from a hypothetical third party the assets that are necessary for it to generate income. For this hypothetical lease it has to pay an appropriate fee; the value of the intangible asset is the after-tax discounted cash flow remaining after the payment of such fee. In the MEEM method the present value of future tax benefits was also taken into account.

During the calculations pertaining to customer relations, the MVM Group calculated with the following dropout rates, reflecting the proportion of customers anticipated to leave the company: natural gas B2C: 7.14%, natural gas B2B: 10.77%, electricity B2C: 7.33%, electricity B2B: 9.88%, other: 8.78% (estimated as the average of the former). Note that the B2C segment accounts for the vast majority of the gross margin. The CAC fee was defined at 0.7% of revenue during the calculations. The MVM Group calculated with a 5.7%-6.3% WACC.

The MVM Group writes down customer relations until 2053 with diminishing-balance amortisation based on the dropout rate applied. The value of customer relations at the end of 2023 amounted to HUF 141,705 million, while at the end of 2022 to HUF 167,139 million (the growth since the acquisition was attributable to FX revaluation). The 2023 decrease resulted from FX revaluation in an amount of HUF 13,297 million and amortisation in an amount of HUF 12,137 million.

Brand name

As part of the acquisition, the MVM Group simultaneously acquired the right for the companies acquired to continue the use of the "innogy" brand name. The management of the MVM Group does not plan to change the company's image or to introduce a new brand name; the acquisition of it was a material consideration in the transaction, thus it was identified as a separable intangible asset.

The value of the brand name was determined using the Relief-from-Royalty (hereinafter referred to as "RfR") method. Under the RfR method, the amount of royalty that would be paid to the owner of the brand is determined, and the payment of this amount can be avoided by purchasing the brand name.

The pre-tax royalty rate was determined as 0.5% of revenue, based on the RoyaltySource database. The MVM Group take the following into account in determining the royalty rate:

- iEnergie is active on the natural gas and electricity sales market. Considering that these are homogeneous products, the brand name has a more limited effect on the choice of the service provider than in general in the case of other products.
- "innogy" is a recently introduced regional brand name in the Czech Republic.

The net revenue expected to be generated based on the brand name was determined based on the business plans of iEnergie. The 19% corporation tax rate was then applied to the royalty saving thus calculated. The cash flow associated with the estimated royalty was discounted using 5.7%-6.3% WACC.

In accordance with generally accepted valuation principles, the useful life of the "innogy" brand name was estimated by the MVM Group to be 15 years. At the end of 2022 the value of the brand name was HUF 19,206 million (the increase relative to the acquisition is due to FX revaluation). In 2023 HUF 1,182 million amortisation and HUF -1,490 million FX revaluation was recognised in relation to the brand name, resulting in a closing carrying amount of HUF 16,534 million.

Goodwill

The MVM Group recorded goodwill of HUF 58,140 million in its books at the end of 2020 in connection with the acquisition of the iEnergie cash-generating unit (hereinafter referred to as: iEnergie CGU). The iEnergie CGU comprises Innogy Energie s.r.o., Innogy Zákaznické služby s.r.o. ("iZS") and 87.1% of the balance sheet of Innogy Česká Republika a.s. ("iCR"). At the end of 2023 and 2022, the MVM Group conducted a goodwill impairment test using the value-in-use method. At the end of 2023 and 2022 the value in use of the iEnergie CGU was determined on the basis of the 2024-2028 and 2023-2027 business plans. In both years the measurement also took into account a terminal value with an assumed growth rate of 0% and an EBIT margin of 4.5% (2022: 5.1%) for iEnergie. For the discounting, the MVM Group used a WACC rate of 7.7% for 2023 and 10.1-11.8% for 2022. Under these assumptions, the recoverable amount of the iEnergie CGU is HUF 420,011 million (at 15.48 CZK/HUF 2023 year-end exchange rate) at the end of 2023, and HUF 288,970 million (at 16.58 CZK/HUF 2022 year-end exchange rate) at the end of 2022. The carrying amount of the iEnergie CGU (including goodwill) is HUF 267,048 million for 2023 and HUF 194,835 million for 2022. On this basis it was not necessary to recognise impairment on the goodwill in either years.

d) Recovery of deferred tax assets

Recovery of deferred tax assets is dependent on future taxable profits of the individual Group entities. The Group substantiates the availability of future taxable profits with a business plan broken down by member firm that is prepared for a period for which the Group is able to prepare a reliable plan.

e) Consolidation of MAVIR ZRt.

When reviewing the inclusion of MAVIR ZRt. in the consolidation, the Group took the rules of the EU's Third Energy Package into consideration, particularly, the provisions of the Electricity Act on the operation of vertically integrated electricity companies, and the content of Resolution 200/2012 of the Hungarian Energy and Public Utility Regulation Authority (HEPURA) on the certification of MAVIR ZRt.

The MVM Group owns 100% of the voting shares in MAVIR ZRt. In MAVIR ZRt.'s case, the Supervisory Board is the board controlling the relevant activities, whose members are elected by the general meeting. The Electricity Act stipulates certain restrictions regarding the election of the independent members of the Supervisory Board; the MEKH verifies compliance with these conditions and approves the appointment of independent members. Based on an examination of the current situation it is clear that the provisions of the Electricity Act were complied with in the case of supervisory board members, and the Supervisory Board has the required number of independent members. Consequently, the company found that MAVIR ZRt. complies with the ITO provisions of the Electricity Act. That said, owing to the differences between the Electricity Act's rules on independence and the control concept of IFRS 10, the consolidation conditions in IFRS 10 also apply. On the strength of the information and material currently available, we cannot rule out with complete certainty that the competent bodies will not subsequently review compliance with the ITO model on account of the consolidation based on IFRS 10.

f) Accrual of universal service revenue

The Group recognises revenue from universal service provision of electricity (HUF 12,175 million) and natural gas (HUF 62,380 million) used by consumers by the end of the reporting period but not yet invoiced, under trade receivables and other non-derivative financial assets. Based on Government Decree 259/2022 (VII.21) on the determination of certain universal-service tariffs, from 1 August 2022 retail customers can benefit from reduced tariffs up to 2,523 kWh per metering point per year in the case of electricity, and up to 63,645 MJ/year per consumption point in the case of natural gas. Non-retail customers entitled to the universal service are billed in the manner set out in Government Decree 217/2022 (VI.17); they can benefit from reduced tariffs up to a consumption of 4,606 kWh/year for electricity, and up to 54,810 MJ/year for natural gas. Consumption exceeding these quantities are billed at the market price determined by the Hungarian Energy and Public Utility Regulatory Authority (MEKH) in the case of retail customers, and at the price published by MVM Next Zrt. in the case of non-retail customers.

The accrual of universal-service revenue from electricity and natural gas is based on the difference between the quantity sold and the quantity invoiced. The quantity sold is based on the data measured in the distribution system, while the billed data is determined based on reports extracted from the different billing systems. The quantity below and above the average consumption to be accrued is determined in proportion to the actual invoicings. The amount of accruals is calculated based on the regulated prices in force at the time.

8. Changes in accounting policies and disclosures

a) Changes in accounting policies

The Group did not change its accounting policies in 2023.

b) Changes in disclosures, reclassifications

In order to present the data in the consolidated financial statements in a more transparent manner, a material presentation amendment was made in the consolidated statement of cash flows compared to the previous period.

As the Group recognises its use of CO_2 allowances under material-type expenses, the purchase of allowances is also recognised as part of Cash flows from operating activities instead of Cash flows from investing activities as it was recognised previously.

The amendment to the accounting policies is presented retrospectively by the Group in accordance with the provisions of IAS 8 – Accounting policies, changes in accounting estimates and errors. The impact of the amendment on the given line items of the previous year's financial statements is as follows.

Consolidated statement of cash flows ***(in HUF million)***	**2022 Disclosed**	**2022 adjusted**
Purchase of CO_2 allowances	-	-115,487
Net cash flows from operating activities	**-851,589**	**-967,076**
Acquisition of property, plant and equipment, intangible assets	-444,610	-329,123
Cash flows from investing activities	**-245,472**	**-129,985**
Net increase/decrease in cash and cash equivalents (unchanged)	**-356,988**	**-356,988**

c) Disclosures related to material errors

Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. An error discovered during the audit of the data of a financial year closed with approved financial statements is deemed material if, in the year when discovered during the audit, the total of all errors (whether negative or positive) for a given financial year and the impacts thereof - increasing or decreasing profit or loss, equity - exceeds 2 per cent of total assets in the year audited. If a material error is found, recognition, measurement and disclosure of amounts of elements of financial statements are corrected as if a prior period error had never occurred (retrospective restatement), if it is not impracticable according to the terms of IAS 1.

The Group did not correct any material errors related to previous periods in relation to the financial year ended 31 December 2023.

III. Notes to the financial statement items

1. Property, plant and equipment

(in HUF million)	Property	Nuclear technology assets	Technical machinery, equipment	Other machinery, equipment	Construction in progress	Total
Gross value						
Balance at 1 January 2022	**1,025,984**	**1,696,102**	**599,029**	**76,959**	**114,026**	**3,512,100**
of which ROU at 1 January 2022	**42,198**	**-**	**1,264**	**12,946**	**-**	**56,408**
Purchase	-	-	-	-	315,567	**315,567**
Capitalisation	156,298	32,652	44,402	8,799	-242,151	**-**
ROU Initial recognition 2022 contracts	1,028	-	22	5,415	-6,465	**-**
Assets acquired in business combination (see Note III.31.)/ assets acquired in transactions with the parent company	16,734	-	4,080	340	15,298	**36,452**
Other increases*	7,160	86	70,191	628	5,074	**83,139**
Result of revaluation through other comprehensive income	-	395,967	-	-	-	**395,967**
Derecognitions	-11,402	-20,725	-35,203	-2,827	-1,338	**-71,495**
Translation difference	6,106	-	2,194	2,043	352	**10,695**
Other decreases*	-14,497	-	-69,515	-1,119	-5,359	**-90,490**
ROU Revaluation	-292	-	4	-12	-	**-300**
ROU Adjustment	237	-	-164	-37	-	**36**
Balance at 31 December 2022	**1,187,356**	**2,104,082**	**615,040**	**90,189**	**195,004**	**4,191,671**
of which ROU at 31 December 2022	**51,473**	**-**	**1,157**	**18,188**	**-**	**70,818**

(in HUF million)	Property	Nuclear technology assets	Technical machinery, equipment	Other machinery, equipment	Construction in progress	Total
			Gross value			
Balance at 1 January 2023	**1,187,356**	**2,104,082**	**615,040**	**90,189**	**195,004**	**4,191,671**
of which ROU at 1 January 2023	**51,473**	**-**	**1,157**	**18,188**	**-**	**70,818**
Purchase	-	-	-	-	324,717	**324,717**
Capitalisation	118,922	38,094	101,934	13,147	-272,097	**-**
ROU Initial recognition 2023 contracts	2,456	-	9	5,628	-8,093	**-**
Assets acquired in business combination (see Note III.31.)/ assets acquired in transactions with the parent company	1,996	-	43,404	52	-	**45,452**
Other increases*	1,960	-	5,208	210	5,066	**12,444**
Result of revaluation through other comprehensive income	-	-331,538	-	-	-	**-331,538**
Derecognitions	-7,034	-20,215	-9,896	-2,201	-2,123	**-41,469**
Translation difference	-3,912	-	-1,430	-1,310	-224	**-6,876**
Other decreases*	-5,388	-	-8,574	-96	-6,507	**-20,565**
ROU Revaluation	193	-	5	197	-	**395**
ROU Adjustment	207	-	-297	532	-	**442**
Balance at 31 December 2023	**1,296,756**	**1,790,423**	**745,403**	**106,348**	**235,743**	**4,174,673**
of which ROU at 31 December 2023	**55,899**	**-**	**835**	**24,128**	**-**	**80,862**

(in HUF million)	Property	Nuclear technology assets	Technical machinery, equipment	Other machinery, equipment	Construction in progress	Total
Depreciation						
Balance at 1 January 2022	**232,774**	**751,432**	**284,688**	**45,052**	**477**	**1,314,423**
of which ROU at 1 January 2022	**11,240**	-	**325**	**4,231**	**-**	**15,796**
Depreciation for the year	42,862	118,051	38,321	10,141	-	**209,375**
- of which ROU depreciation	4,976		172	3,422		**8,570**
Other increases*	4,565	-	42,822	23	-	**47,410**
Impairment recognised in profit or loss	380	-	1,065	10	2,386	**3,841**
Reversal of impairment recognised in profit or loss	-	-	-	-10	-77	**-87**
Derecognitions	-10,114	-20,592	-34,130	-2,477	-44	**-67,357**
Translation difference	2,283	-	1,265	1,236	15	**4,799**
Other decreases*	-4,444	-	-43,762	-391	-	**-48,597**
ROU Revaluation	-200	-	-	-28	-	**-228**
ROU Adjustment	-410	-	-21	-427	-	**-858**
Balance at 31 December 2022	**267,696**	**848,891**	**290,248**	**53,129**	**2,757**	**1,462,721**
of which ROU at 31 December 2022	**15,624**	**-**	**469**	**6,984**	**-**	**23,077**

(in HUF million)	Property	Nuclear technology assets	Technical machinery, equipment	Other machinery, equipment	Construction in progress	Total
Depreciation						
Balance at 1 January 2023	**267,696**	**848,891**	**290,248**	**53,129**	**2,757**	**1,462,721**
of which ROU at 1 January 2023	**15,624**	**-**	**469**	**6,984**	**-**	**23,077**
Depreciation for the year	46,434	131,797	41,545	11,896	-	**231,672**
- of which ROU depreciation	5,452	-	95	4,483	-	**10,030**
Other increases*	1,118	-	2,062	170	-	**3,350**
Impairment recognised in profit or loss	-	-	309	7	1,633	**1,949**
Reversal of impairment recognised in profit or loss	-	-	-86	-3	-297	**-386**
Derecognitions	-2,373	-20,153	-8,036	-2,140	-1,178	**-33,880**
Translation difference	- 1,547	-	-846	-846	-12	**-3,251**
Other decreases*	-917	-	-5,586	-67	-	**-6,570**
ROU Revaluation	-303	-	-	-31	-	**-334**
ROU Adjustment	-593	-	-175	-777	-	**-1,545**
Balance at 31 December 2023	**309,515**	**960,535**	**319,435**	**61,338**	**2,903**	**1,653,726**
of which ROU at 31 December 2023	**19,734**	**-**	**372**	**10,214**	**-**	**30,320**

Net value						
Balance at 31 December 2022	**919,660**	**1,255,191**	**324,792**	**37,060**	**192,247**	**2,728,950**
of which ROU at 31 December 2022	**35,849**	**-**	**688**	**11,204**	**-**	**47,741**
Balance at 31 December 2023	**987,241**	**829,888**	**425,968**	**45,010**	**232,840**	**2,520,947**
of which ROU at 31 December 2023	**36,165**	**-**	**463**	**13,914**	**-**	**50,542**

** These line items include reclassifications between tangible assets, reclassifications into investment property, assets held for sale or inventories, as well as changes in assets due to sale of equity accounted investees.*

The carrying amount of the technology assets as at each reporting date had these assets not been revalued would have been the following:

(in HUF million)	31.12.2023	31.12.2022
Carrying amount of nuclear technology assets without revaluation	147,524	145,990

Nuclear technology assets

The value of technology assets decreased by HUF 425,303 million as compared with the previous year. For details of fair value measurement of technology assets see Note III. 29, while disclosures related to revaluation through other comprehensive income are included in Note II. 7. a). Capitalisations in the reporting year mainly result from renovation and modernisation work.

Property

Property mainly comprises the distribution and transmission networks as well as properties.

The sites of the Group (Budapest Szentendrei út), the buildings and related land of power plants in Vértesi Erőmű Zrt. and MVM Balance Zrt., as well as properties of MVM Zrt. and properties for other than nuclear technology purposes of MVM Paksi Atomerőmű Zrt. represent a major part. Furthermore, the cushion gas owned by the Group also represents a considerable part (HUF 206,780 million).

Construction in progress

MVM Paksi Atomerőmű Zrt. accounts for 46% of the Group's construction in progress. A major item in terms of the amount concerned is unused nuclear fuel. Assets under construction belonging to transmission activity amounted to HUF 43,121 million.

Mortgages registered on property, plant and equipment

At MVM ZG Solar Kft., MVM ZG Solar Star Kft. and Raaba Energy Kft. there is collateral complying with market standards and normal for project financing by banks, including, among others, lien on real estate and movable properties.

Capitalised borrowing costs

Capitalised borrowing costs amounted to HUF 9,639 million in 2023 and HUF 6,249 million in 2022.

Commitments to acquire property, plant and equipment

The Group had the following commitments to acquire property, plant and equipment as at the end of the periods under review:

(in HUF million)	31.12.2023	31.12.2022
Commitments to acquire property, plant and equipment	64,156	72,264

2. Investment property

This line item includes the land in Balatonfüred owned by MVM Paksi Atomerőmű Zrt. and held for unspecified purpose, the land at Vásárosnamény owned by MVM Zrt., as well as Hotel Astra Vendégház in Budapest District 1 which is leased out and Budapesti Elektromos Művek Headquarters purchased in 2023 and also held for renting, both owned by MVM Ingatlankezelő Kft.

In the period concerned HUF 212 million income from rental and HUF 182 million direct operating expenses arose in relation to the investment properties of the Group.

Changes in the gross value and depreciation of investment property are presented in the following table:

Investment property (in HUF million)	
Gross value	
Balance at 1 January 2022	**980**
Purchase	**-**
Other increases	**-**
Derecognition	**-**
Other decreases	**-**
Balance at 31 December 2022	**980**
Balance at 1 January 2023	**980**
Purchase	**-**
Other increases	**3,595**
Derecognition	**-**
Other decreases	**340**
Balance at 31 December 2023	**4,235**
Depreciation	
Balance at 1 January 2022	**312**
Depreciation for the year	**4**
Other increases	**-**
Derecognition	**-**
Other decreases	**-**
Balance at 31 December 2022	**316**
Balance at 1 January 2023	**316**
Depreciation for the year	**96**
Other increases	**-**
Derecognition	**-**
Other decreases	**61**
Balance at 31 December 2023	**351**
Net value	
Balance at 31 December 2022	**664**
Balance at 31 December 2023	**3,884**

The market values of the properties do not differ significantly from their carrying amounts. The market value was determined using the comparable uncontrolled price method, based on property prices specific to given regional areas.

3. Goodwill and other intangible assets

(in HUF million)	Goodwill	Rights and concessions	Intellectual property	Other intangible assets				Total
				Customer relations	CO_2 allowance**	Other	Total	
Gross value								
Balance at 1 January 2022	**106,506**	**121,690**	**46,930**	**184,738**	**2,992**	**29,118**	**385,468**	**491,974**
Additions	-	13,409	8,306	-	115,487	-	**137,202**	**137,202**
Assets acquired in business combination (see Note III.31.)/ assets acquired in transactions with the parent company*	1,313	865	1,016	1,234	-	-	**3,115**	**4,428**
Other increases*	-	835	4,342	-	1,381	-	**6,558**	**6,558**
Derecognition	-	-1,631	-914	-	-105,205	-199	**-107,949**	**-107,949**
Translation difference	-	7,337	301	21,081	29	-	**28,748**	**28,748**
Other decreases*	-	-4,751	-279	-	-	-1,642	**-6,672**	**-6,672**
Balance at 31 December 2022	**107,819**	**137,754**	**59,702**	**207,053**	**14,684**	**27,277**	**446,470**	**554,289**

Balance at 1 January 2023	**107,819**	**137,754**	**59,702**	**207,053**	**14,684**	**27,277**	**446,470**	**554,289**
Additions	-	22,290	5,160	-	94,771	688	**122,909**	**122,909**
Assets acquired in business combination (see Note III.31.)/ assets acquired in transactions with the parent company*	1,984	-	-	-	-	-	**-**	**1,984**
Other increases*	-	10,030	20	-	1,375	-	**11,425**	**11,425**
Derecognition	-	-4,458	-3,662	-	-73	-	**-8,193**	**-8,193**
Use	-	-	-	-	-86,715	-	**-86,715**	**-86,715**
Translation difference	-	-4,470	-168	-13,326	-5	-	**-17,969**	**-17,969**
Other decreases*	-	-4,937	-9,239	-	-	-99	**-14,275**	**-14,275**
Balance at 31 December 2023	**109,803**	**156,209**	**51,813**	**193,727**	**24,037**	**27,866**	**453,652**	**563,455**

(in HUF million)	Goodwill	Rights and concessions	Intellectual property	Other intangible assets: Customer relations	Other intangible assets: CO_2 allowance**	Other intangible assets: Other	Other intangible assets: Total	Total
Amortisation								
Balance at 1 January 2022	**10,904**	**55,182**	**31,399**	**20,810**	**538**	**26,683**	**134,612**	**145,516**
Amortisation for the year	-	11,892	3,736	15,356	-	154	**31,138**	**31,138**
Other increases*	-	4,000	429	2,491	-	-	**6,920**	**6,920**
Impairment recognised in profit or loss	237	594	3,047	-	309	-	**3,950**	**4,187**
Reversal of impairment recognised in profit or loss	-	-1	-	-	-	-	**-1**	**-1**
Derecognition	-	-1,395	-984	-	-	-23	**-2,402**	**-2,402**
Other decreases*	-	-	-9	-	-	-	**-9**	**-9**
Translation difference	-	-376	-63	-	-	-	**-439**	**-439**
Balance at 31 December 2022	**11,141**	**69,896**	**37,555**	**38,657**	**847**	**26,814**	**173,769**	**184,910**
Balance at 1 January 2023	**11,141**	**69,896**	**37,555**	**38,657**	**847**	**26,814**	**173,769**	**184,910**
Amortisation for the year	-	14,195	4,674	15,186	-	103	**34,158**	**34,158**
Impairment recognised in profit or loss	-	1,746	788	-	309	-	**2,843**	**2,843**
Reversal of impairment recognised in profit or loss	-	-9	-	-	-39	-	**-48**	**-48**
Other increases*	-	3,252	-	-	-	-	**3,252**	**3,252**
Derecognition	-	-4,235	-3,583	-	-	-	**-7,818**	**-7,818**
Translation difference	-	-2,222	-59	-2,608	-	-	**-4,889**	**-4,889**
Other decreases*	-	-3,635	-3,454	-	-	-11	**-7,100**	**-7,100**
Balance at 31 December 2023	**11,141**	**78,988**	**35,921**	**51,235**	**1,117**	**26,906**	**194,167**	**205,308**
Net value								
Balance at 31 December 2022	**96,678**	**67,858**	**22,147**	**168,396**	**13,837**	**463**	**272,701**	**369,379**
Balance at 31 December 2023	**98,662**	**77,221**	**15,892**	**142,492**	**22,920**	**960**	**259,485**	**358,147**

* These line items include reclassifications between intangible assets or reclassifications into assets held for sale, as well as changes in assets due to sale of equity accounted investees.

** Effective from 1 January 2022, CO_2 allowance has been removed from the 'other' category within other intangible assets and has been presented as a separate line item.

Goodwill

The amount of goodwill as at 31 December 2023 derives mainly from the acquisition of the following companies in previous years, taking impairment accounted for also into account:

- innogy Česká republika a.s. HUF 58,140 million
- Magyar Földgáztároló Zrt. HUF 29,780 million

The HUF 1,984 million rise in goodwill in the reporting year relates to acquisitions in the reporting year, which is described in Note III. 31.

In the reporting year the Group deemed the recovery of the goodwill as substantiated. Details of the goodwill impairment test are described in Note II.7 c) for innogy Energie s.r.o and in Note II.7 b) for Magyar Földgáztároló Zrt.

Rights and concessions

Rights and concessions primarily include purchase of rights and concessions and acquisitions of licences necessary for performing IT and administration services, as well as internally generated system developments which create new functions. Furthermore, this item also includes the right to use the innogy brand name (HUF 16,534 million).

Intellectual property

Intellectual property primarily includes software owned by Group entities.

Customer relations

Customer relations mainly represent the value of customer relations identified and recognised during the acquisition of innogy Energie s.r.o in 2020 and NGBS Hungary Kft. in 2022.

4. Disclosures in relation to non-controlling interests related to subsidiaries

The Group recognises companies controlled by it as subsidiaries, see Note III. 38. The Hungarian-registered subsidiaries of the Group perform their primary activities in Hungary. The foreign resident subsidiaries of the Group operate mainly in the Czech Republic, Serbia, Croatia, Austria, Slovakia, Romania, Switzerland, Macedonia and China.

The following table shows the changes in non-controlling interests in accordance with the consolidated statement of changes in equity:

(in HUF million)	MAVIR ZRt.	Rába Energia-szolgáltató Kft.	„FLOGISTON” Kft.	Kapos CNG Kft.	European Power Services Zrt.	innogy Energetika Plhov-Náchod s.r.o.	Mobiliti VOLÁNBUSZ Kft.	Total
Balance at 1 January 2022	**6,550**	**31**	**65**	**-**	**110**	**121**	**7**	**6,884**
Non-controlling interest accounted for during acquisition / acquisition of interests	**-6,421**	**-**	**-65**	**-**	**-**	**-**	**-**	**-6,486**
Profit/Loss for the year attributable to non-controlling interest	-132	2	-	-	-105	2	-2	**-235**
Other comprehensive income attributable to non-controlling interest	3	-	-	-	-	14	-	**17**
Cumulative translation difference	-	-	-	-	-	*14*	-	***14***
Actuarial profit/loss on employee benefits	*3*	-	-	-	-	-	-	***3***
Total comprehensive income	**-129**	**2**	**-**	**-**	**-105**	**16**	**-2**	**-218**
Dividend	**-**	**-11**	**-**	**-**	**-**	**-4**	**-**	**-15**
Balance at 31 December 2022	**-**	**22**	**-**	**-**	**5**	**133**	**5**	**165**

(in HUF million)	Rába Energia-szolgáltató Kft.	Kapos CNG Kft.	European Power Services Zrt.	innogy Energetika Plhov-Náchod s.r.o.	Mobiliti VOLÁNBUSZ Kft..	SERBHUNGAS d.o.o.	Total
Balance at 1 January 2023	**22**	**-**	**5**	**133**	**5**	**-**	**165**
Non-controlling interest accounted for during acquisition / acquisition of interests	**-**	**-**	**-**	**-**	**-**	**37**	**37**
Profit/Loss for the year attributable to non-controlling interest	6	-	-16	3	1	-32	-38
Other comprehensive income attributable to non-controlling interest	-	-	-	-12	-	-	-12
Cumulative translation difference	-	-	-	*-12*	-	-	*-12*
Total comprehensive income	**6**	**-**	**-16**	**-9**	**1**	**-32**	**-50**
Dividend	**-8**	**-**	**-**	**-2**	**-**	**-**	**-10**
Balance at 31 December 2023	**20**	**-**	**-11**	**122**	**6**	**5**	**142**

Hungarian-Serbian joint venture SERBHUNGAS d.o.o. was established in 2023 with an MVM CEEnergy Zrt. stake of 50.56%. The Group recorded HUF 37 million as a non-controlling interest in the net assets attributable to minority shareholders upon establishing the company.

The tables below present summary financial information on subsidiaries which have non-controlling interests, before eliminating intra-group items. Due to significant consolidation adjustments the below figures cannot be compared to the amounts included in the financial statements and are for disclosure purposes only.

(in HUF million)	31.12.2022				
	Rába Energia-szolgáltató Kft.	**Kapos CNG Kft.**	**European Power Services Zrt.**	**innogy Energetika Plhov-Náchod s.r.o**	**Mobiliti VOLÁNBUSZ Kft.**
Registered office	Hungary	Hungary	Hungary	Czech Republic	Hungary
Non-controlling interests	3.33%	0.37%	50.00%	7.00%	5.00%
Non-current assets	451	67	35	2,152	1,856
Current assets	5,969	43	975	1,857	1,966
Non-current liabilities	247	2	12	731	1,648
Current liabilities	5,828	26	553	1,378	2,090
Net assets	**345**	**82**	**445**	**1,900**	**84**

Revenue	23,383	46	1,989	4,831	121
Profit or loss	220	12	59	27	-55
Total comprehensive income	**220**	**12**	**59**	**218**	**-55**

Operating cash flow	6	19	-82	102	-733
Investment cash flow	-6	-	-1	-213	-1,541
Financing cash flow	-	-19	-	464	2,274
Net change in cash and cash equivalents	**-**	**-**	**-83**	**353**	**-**

(in HUF million)	31.12.2023					
	Rába Energia-szolgáltató Kft.	Kapos CNG Kft.	European Power Services Zrt.	innogy Energetika Plhov-Náchod s.r.o	Mobiliti VOLÁN-BUSZ Kft.	SERBHUN-GAS d.o.o.
Registered office	Hungary	Hungary	Hungary	Czech Republic	Hungary	Serbia
Non-controlling interests	3.33%	0.37%	50.00%	7.00%	5.00%	49.44%
Non-current assets	152	55	89	2,155	2,320	4
Current assets	1,941	35	1,398	2,067	755	379
Non-current liabilities	96	2	39	817	1,453	1
Current liabilities	1,596	9	936	1,662	1,503	373
Net assets	**401**	**79**	**512**	**1,743**	**119**	**9**

Revenue	14,679	46	2,538	6,643	622	8
Profit or loss	271	9	68	30	45	-67
Total comprehensive income	**271**	**9**	**68**	**-123**	**45**	**-67**

Operating cash flow	21	25	102	658	1,037	295
Investment cash flow	-21	-6	-	-441	-844	-3
Financing cash flow	-	-19	-	34	-193	76
Net change in cash and cash equivalents	**-**	**-**	**102**	**251**	**-**	**368**

5. Interests in associates and joint ventures

As at the reporting date of the 2022 and 2023 financial years, associates and joint ventures included the following enterprises, together with carrying amounts calculated using the equity method:

(in HUF million)	31.12.2023		31.12.2022	
Name of associate	**%**	**Carrying amount**	**%**	**Carrying amount**
AGRI LNG Project Company SRL	25.00%	-	25.00%	-
Drone Technologies Kft. [(a)]	-	-	25.00%	1
Dunamenti Erőmű Zrt.	25.00%	7,019	25.00%	9,325
Kecskeméti Termostar Kft.	30.49%	699	30.49%	727
Komunálinfo Zrt.	42.42%	61	42.42%	25
Poizo Kft. [(a)]	-	-	24.90%	-
Smart Charging Kft.	23.61%	24	23.61%	27
Teplo Votice, s.r.o.	20.00%	22	20.00%	22
E.ON Hungária ZRt.	25.00%	154,049	25.00%	160,161
Elektromontaža d.o.o. Kraljevo	33.40%	3,612	33.40%	2,805
Energotehnika Južna Bačka d.o.o. Novi Sad	33.40%	10,029	33.40%	9,765
Rollin Technologies Zrt.	24.91%	13	24.91%	19
Vilii Fly Kft.	24.90%	82	24.90%	103
Total associates		**175,610**		**182,980**
Name of joint venture				
Corvinus Energy Kft.	50.00%	24,053	50.00%	10,711
OGD Berettyóújfalu Koncessziós Kft. [(b)]	50.00%	4,748	-	-
Total joint ventures		**28,801**		**10,711**
Total associates and joint ventures		**204,411**		**193,691**

(a) Poizo Kft. was wound up on 11 January 2023 and Drone Technologies Kft. on 30 November 2023 through voluntary liquidation.

(b) In December 2023 the number of joint ventures increased: MVM CEEnergy Zrt. acquired 50% ownership in OGD Berettyóújfalu Koncessziós Kft. the core activities of which are exploration, field development and oil and natural gas field extraction.

The reporting date of the financial statements of the above companies is 31 December.

Among associates and joint ventures the interests in Dunamenti Erőmű Zrt., E.ON Hungária ZRt. and Corvinus Energy Kft. are considered individually significant.

Dunamenti Erőmű Zrt. started operations on 1 January 1992; its core activity includes production and trade of electricity, production of heat energy and services related to the core activity. The majority (74.92%) owner of Dunamenti Erőmű Zrt. is MET Danube Holding AG, a member of the MET Holding Group. 25% of shares is held by the MVM Group, while 0.08% of shares is held by minority shareholders. In 2023 the company generated profit.

E.ON Hungária Zrt. coordinates the operations of the subsidiaries of the E.ON Hungária Group engaged in trading, network and other activities. Given that part of the E.ON Hungária Group's activities are subject to regulated prices, the differences between the regulated prices and the actual costs have a significant impact on its profitability in addition to energy price developments.

The carrying amount of the interest in E.ON Hungária Zrt. changed in 2023 due to the Group's share of the loss for the reporting year of the associate (HUF -6,112 million).

Corvinus Energy Kft. is a 50-50% joint venture between MVM CEEnergy Zrt. and Horizon General LLC. Corvinus Energy Kft. (and its wholly owned mining companies, HHE Sarkad Kft. and from December 2023 HHE Gyulavári Kft.) conducts hydrocarbon exploration and production activities in Békés county, at the Nyékpuszta site near Sarkad. The drilling of the first well was completed in March 2022, and production started in February 2023. The two additional wells drilled during 2023 as part of the project were brought into production in December 2023 and January 2024 respectively. Natural gas and condensate (light oil) production is still ongoing within the Corvinus project.

The carrying amount of the interest in Corvinus Energy Kft. changed in 2023 due to the capital increases (+ HUF 12,778 million) and the Group's share of the profit for the reporting year of the associate (+ HUF 564 million).

Main financial information of associates and joint ventures classified as individually significant is as follows:

(in HUF million)	31.12.2023		
	Dunamenti Erőmű Zrt.	**Corvinus Energy Kft.**	**Total**
Main location of activity	Hungary	Hungary	
Ownership share	25.00%	50.00%	
Current assets	43,185	6,669	
Non-current assets	12,684	41,202	
Current liabilities	24,256	5,879	
Non-current liabilities	3,536	1,005	
Net assets	**28,077**	**40,987**	
Group's share of net assets	**7,019**	**24,053***	
Impairment booked based on company valuation	**0**	**0**	
Carrying amount in the consolidated statement of financial position	**7,019**	**24,053**	**31,072**
Revenue	96,011	11,455	
Profit after tax	7,779	1,127	
Total comprehensive income	5,763	1,127	
Group's share from profit or loss	**1,945**	**564**	
Group's share from total comprehensive income	**1,441**	**564**	
Profit/Loss attributable to the Group booked in the profit/loss of associates	**1,945**	**564**	**2,509**
Of which: dividends received	**3,746**	**0**	**3,746**

* In the case of farm-in agreements, the Group recognises amounts spent by it in the exploration phase that can be capitalised as exploration and evaluation assets based on its accounting policies as the Group's share of the net assets of the joint venture.

(in HUF million)	31.12.2023 E.ON Hungária ZRt.
Main location of activity	Hungary
Ownership share	25.00%
Current assets	299,666
Intangible assets	28,291
Right-of-use assets	7,388
Tangible assets	983,948
Investments	10,011
Provisions	12,112
Financial liabilities	156,473
Trade liabilities, accrued expenses and deferred income	307,862
Deferred tax liabilities	138,357
Other current liabilities	205,667
Net assets	**508,833**
of which: attributable to NCI	**112,064**
Adjusted net assets (net of attributable to NCI)	**396,769**
Group's share of net assets	**99,192**
Impairment booked based on company valuation	**0**
Goodwill	**54,857**
Carrying amount in the consolidated statement of financial position	**154,049**
Group's share from profit or loss*	**-1,290**
Reversal of impairment booked based on company valuation	**0**
Profit/Loss attributable to the Group booked in the profit/loss of associates	**-1,290**
Of which: dividends received	**4,822**

* Profit/Loss attributable to the Group equals the total comprehensive income attributable to it.

(in HUF million)	31.12.2022		
	Dunamenti Erőmű Zrt.	Corvinus Energy Kft.	Total
Main location of activity	Hungary	Hungary	
Ownership share	25.00%	50.00%	
Current assets	72,479	6,979	
Non-current assets	13,758	16,516	
Current liabilities	45,216	6,364	
Non-current liabilities	3,722	209	
Net assets	**37,299**	**16,922**	
Elimination of interim profit or loss	**0**	**0**	
Adjusted net assets	**37,299**	**16,922**	
Group's share of net assets	**9,325**	**10,711***	
Impairment booked based on company valuation	**0**	**0**	
Carrying amount in the consolidated statement of financial position	**9,325**	**10,711**	**20,036**
Revenue	206,420	0	
Profit after tax	14,855	-674	
Changes in interim profit or loss	0	0	
Adjusted profit or loss	14,855	-674	
Group's share from profit or loss**	**3,714**	**-337**	
Reversal of impairment booked based on company valuation	**0**	**0**	
Profit/Loss attributable to the Group booked in the profit/loss of associates	**3,714**	**-337**	**3,377**
Of which: dividends received	**0**	**0**	**0**

* In the case of farm-in agreements, the Group recognises amounts spent by it in the exploration phase that can be capitalised as exploration and evaluation assets based on its accounting policies as the Group’s share of the net assets of the joint venture.

** Profit/Loss attributable to the Group equals the total comprehensive income attributable to it.

(in HUF million)	31.12.2022 E.ON Hungária ZRt.
Main location of activity	Hungary
Ownership share	25.00%
Current assets	463,925
Intangible assets	21,508
Right-of-use assets	7,978
Tangible assets	928,844
Investments	9,574
Provisions	73,983
Financial liabilities	66,797
Trade liabilities, accrued expenses and deferred income	351,567
Deferred tax liabilities	181,943
Other current liabilities	213,957
Net assets	**543,582**
Elimination of interim profit or loss	**0**
Adjusted net assets	**543,582**
Group's share of net assets	**135,896**
Impairment booked based on company valuation	**0**
Goodwill	**24,265**
Carrying amount in the consolidated statement of financial position	**160,161**
Group's share from profit or loss	**-7,749**
Reversal of impairment booked based on company valuation	**0**
Profit/Loss attributable to the Group booked in the profit/loss of associates	**-7,749**
Of which: dividends received	**5,820**

Aggregated financial information of other, individually not significant associates and joint ventures:

(in HUF million)	31.12.2023	31.12.2022
Interests in associates and joint ventures that are individually not significant	19,290	13,494
Share of profit/loss of associates and joint ventures that are individually not significant	2,598	789
Total comprehensive income from associates and joint ventures that are individually not significant	2,582	789

6. Interests in other entities

In the Group's consolidated statement of financial position significant items within interests in other entities as at the reporting date include the interest in PannErgy Nyrt., which is 8.38% of share capital and was acquired by the Group in 2019 in an OTC transaction. The MVM Group has no significant influence in the company.

The value of interests in other entities decreased in the reporting year in the case of PannErgy Nyrt., due to the change in the fair value. The effect of the change in the fair value was recognised through other comprehensive income, based on the decision of the Group.

Changes to the value of interests in the period covered by the financial statements:

(in HUF million)	Interest in PannErgy Nyrt.	Interests in other entities	Total
Balance at 31 December 2022	**2,204**	**508**	**2,712**
Acquisition/ Assets acquired in business combination	-	-	-
Reclassification	-	-	-
Effect of measurement through other comprehensive income	- 109	- 15	- 124
Balance at 31 December 2023	**2,095**	**493**	**2,588**

7. Non-current loans and receivables

(in HUF million)	2023	2022
Long-term debt securities	4,909	4,909
Loans granted to employees	1,501	1,486
Other non-current receivables	8,068	5,161
Total	**14,478**	**11,556**

A more significant increase of HUF 2,034 million, resulting from the discounting effect, was recorded in respect of reimbursement claims related to environmental costs in the context of the remediation of the Óbuda Gas Plant, recognised under other non-current receivables.

8. Income taxes

As described in Note II. 3. bb), the Group accounts for corporation tax, local business tax, innovation contribution and income tax of energy suppliers, small business tax as well as special tax for electric energy producers as income tax. The tax bases for the individual tax types are assessed based on profit or loss calculated on a net basis but using different calculation methods, therefore the tax bases are different. MVM Zrt. is not subject to the income tax of energy suppliers, the small business tax and the extra-profit tax of photovoltaic producers, some of its subsidiaries are subject to these taxes.

Income tax rates of the Group in Hungary in the financial years concerned were as follows:

Current tax rate	2023	2022
Corporation tax	9%	9%
Local business tax	2%	2%
Innovation contribution	0.3%	0.3%
Income tax for energy suppliers	31%/41%	31%/41%
Small business tax	10%	10%
Special tax for electric energy producers	65%	65%

The income tax rate is 25% in Austria, 19% in the Czech Republic, 12%/20% in Croatia, 25% in China, 10% in Macedonia, 16% in Romania, 21% in Switzerland, 15% in Serbia and 22% in Slovakia. In the Czech Republic and Slovakia, energy trading companies are also subject to an extra-profit tax, in the Czech Republic with a 60% rate on tax bases exceeding the average income tax base for 2018-2021 by more than 20%, while in Slovakia the tax rate is 0.363% per month on 99% of the pre-tax profit.

When assessing deferred tax liabilities and assets, the Group calculates the deferred tax of the individual Group companies for the individual tax types using expected current tax rate of the given company calculated based on the above tax rates enacted or substantively enacted at the reporting date.

The amount of deferred tax includes the deferred tax relating to the above six tax types that are considered income taxes (if the given company is subject to the particular tax type).

Income tax recognised in profit or loss for the period

The income tax recognised in the consolidated financial statements in profit or loss for the period in the financial years ended 31 December 2023 and 2022 comprises the following components:

Tax recognised in profit or loss for the period *(in HUF million)*	31.12.2023	31.12.2022
Current tax		
Tax for the year	234,434	77,950
Effect of tax loss	- 2,349	- 3,478
Adjustments for prior years	- 4,671	- 154
Total	**227,414**	**74,318**
Deferred tax expense / (income)		
Origination and reversal of temporary differences*	- 120,515	- 19,321
Effect of tax rate changes*	23,487	- 21,456
Deferred tax assets recognised in the reporting year for previously unrecognised tax losses	- 2,974	- 3,217
Write-off of deferred tax assets recognised previously for tax losses	1,883	3,224
Tax effect of previously unrecognised temporary differences	- 2,373	- 1,078
Temporary differences, for which no deferred tax asset was recognised in the reporting year	52,938	5,556
Adjustments for prior years	- 3,410	- 1,505
Total	**- 50,964**	**- 37,797**
Total	**176,450**	**36,521**

** For rows marked with an asterisk (*) prior-year data were reclassified.*

The current tax for the year includes the income taxes payable for the given year determined based on tax laws, calculated net of tax losses (tax loss carry-forwards) and prior-year tax effects. The effect of tax loss line item includes the tax effect of the tax loss carry-forward in the given year, which shows the amount by which the tax loss carry-forward used in the year reduced the current-year tax payment liability.

The increase in current tax expense derived mostly from the higher corporation tax and to a smaller extent from the rise in the income tax for energy suppliers, in line with the higher profit before tax of the Group.

Income tax recognised in other comprehensive income

Tax recognised in other comprehensive income *(in HUF million)*	**31.12.2023**			**31.12.2022**		
	Before tax	**Tax**	**Net of tax**	**Before tax**	**Tax**	**Net of tax**
Revaluation of property, plant and equipment	- 331,538	135,874	- 195,664	395,967	- 175,038	220,929
Cash flow hedges	- 355,275	93,287	- 261,988	- 531,076	198,342	- 332,734
Employee benefits	- 2,117	765	- 1,352	2,359	- 831	1,528
Interests measured through other comprehensive income	- 124	13	- 111	470	- 46	424
Total	**- 689,054**	**229,939**	**- 459,115**	**- 132,280**	**22,427**	**- 109,853**

The value of cash flow hedges accounted for in other comprehensive income can be considered in the tax base only upon accounting for the transaction in profit or loss, therefore the Group recognises deferred tax assets and deferred tax liabilities related to the transactions and accounted for in other comprehensive income.

The value of employee benefits accounted for in other comprehensive income is the actuarial profit or loss on benefits related to retirement; it can be taken into account in the tax base in the period of actual payment.

The impact on profit or loss of revaluation of interests measured at fair value through other comprehensive income is at the same time taxable income up to the extent of impairment reversal recognised by tax laws as well as of gain or loss on sale; the attributable current tax is presented in the other comprehensive income. Furthermore, the deferred tax liability attributable to the portion of revaluation exceeding the impairment reversal recognised by tax laws, as taxable temporary difference, is also included in other comprehensive income.

(All figures are in HUF million except if otherwise indicated)

Income tax accounted for directly in equity

No income tax was recognised directly in equity either in the reporting year or in the previous year.

Reconciliation of effective tax rate

The table below presents quantitative reconciliation of income tax expense calculated based on accounting profit and the income tax expense recognised in profit or loss for the year, as well as the applicable tax rate of the Group and the average effective tax rate.

Reconciliation of effective tax rate	31.12.2023	31.12.2022
Profit for the period	369,122	72,744
Income tax expense	*176,450*	*36,521*
Profit before tax	**545,572**	**109,265**
Tax calculated using the Company's domestic tax rate	61,650	12,347
Effect of tax rates in foreign jurisdictions	33,232	4,162
Effect of different tax rates*	16,515	73,156
Effect of different tax bases	11,293	18,496
Effect of tax rate changes*	23,487	- 21,456
Non-deductible expenses	101,032	24,588
Tax-exempt income	- 490,976	- 171,512
Tax allowances	-	- 522
Deferred tax assets recognised in the reporting year for previously unrecognised tax losses	- 2,974	- 3,217
Write-off of deferred tax assets recognised previously for tax losses	1,883	3,224
Reporting-year tax losses for which no deferred tax asset was recognised	377,992	94,522
Tax effect of previously unrecognised temporary differences	- 2,373	- 1,078
Temporary differences, for which no deferred tax asset was recognised in the reporting year	52,938	5,556
Adjustments for prior years	- 7,249	- 1,759
Other	-	14
Total income tax expense	**176,450**	**36,521**

** For rows marked with an asterisk (*) prior-year data were reclassified.*

The income tax calculated based on profit or loss before tax and using the applicable tax rate is included in line item 'Tax calculated using the Company's domestic tax rate' in the reconciliation of effective tax rate. The applicable tax rate is the current tax rate of the parent company (MVM Zrt.) based on the decision of the Group; it includes corporation tax (in both years 9%), local business tax (in both years 2%) and innovation contribution (in both years 0.3%). MVM Zrt. is not subject to the other income taxes, therefore the applicable tax rate does not include these types of tax.

(All figures are in HUF million except if otherwise indicated)

In the effect of different tax rates line item in the reconciliation of effective tax rate the Group recognises the effect of the difference between the applicable tax rates of the member companies and the applicable tax rate of the Group. The most significant item within the effect presented in this row is that the applicable tax rate of the Group does not contain the income tax of energy suppliers, instead, its effect is presented in this row.

The effect of different tax bases included in the reconciliation of effective tax rate arises from the tax base of other income taxes different from the base of the corporation tax.

The effect of tax rate changes arises due to the difference between the current tax rate and the tax rate expected when deferred tax assets/liabilities reverse. The reporting-year difference results basically from the 41% rate of the income tax for energy suppliers extended for 2024. In addition, the income tax of energy suppliers is only payable in proportion to taxable revenue, which ratio in the period of reverse may differ from the ratio of actual taxable revenue in the reporting year and the expected taxable revenue in previous years.

Non-deductible expenses and tax-exempt income represent the effect of individual permanent differences in the given year. Non-deductible expenses include treating grants as expenses that cannot be deducted for the purposes of income tax of energy suppliers, impairment that cannot be considered in the tax base in future periods either, as well as the effect of tax inspections related to previous periods. Tax exempt revenues include grants received that are not taxable for the purposes of income tax of energy suppliers, tax exempt dividends as well as effects of tax inspections related to previous periods. The income tax effect of tax inspections is included in the 'Adjustments for prior years' row.

The tax effect of previously unrecognised temporary differences line item includes the tax effect of unrecognised temporary differences arisen in previous years which, however, are recognised in the reporting year due to changes in expected recovery.

The temporary differences for which no deferred tax asset was recognised in the reporting year line item includes the tax effect of unrecognised deductible temporary differences arising in the reporting year and temporary differences recognised in previous years that are unrecognised in the reporting year due to changes in expected recovery.

Unrecognised temporary differences

Deferred tax assets have not been recognised in respect of the following items:

Unrecognised deductible temporary differences	31.12.2023	31.12.2022
Deductible temporary differences for which no corporation tax was recognised	20,784	20,546
Deductible temporary differences for which no income tax of energy suppliers was recognised	403,954	48,580
Corporation tax loss carried forward*	96,621	124,663
Tax loss carried forward in respect of income tax for energy suppliers*	1,385,254	408,170

** The prior-year figure of the rows marked with an asterisk (*) was adjusted because of self-revision.*

No deferred tax asset was recognised on the items presented in the table, as in the management's opinion – taking business plans into account – it is not probable that taxable profit will be available in future periods against which the temporary differences can be utilised to realise tax benefits.

(All figures are in HUF million except if otherwise indicated)

The main reason behind the change in unrecognised deductible temporary differences is the change in tax losses carried forward. Effective from 2021 tax losses can be carried forward in the case of the income tax for energy suppliers as well, thus a part of tax losses is included as unrecognised temporary differences.

Tax losses by expiry date:

Expiry of unrecognised tax loss	31.12.2023	31.12.2022
2023	-	14,158
2024	2,340	2,358
2025	43,781	42,956
2026*	62,226	59,168
2027*	386,460	336,881
2028	924,578	1,442
2029	196	-
2030	-	75,870
Unlimited	62,294	-
Total	**1,481,875**	**532,833**

** The prior-year figure of the rows marked with an asterisk (*) was adjusted because of self-revision.*

Effective from 1 January 2015, in Hungary corporation tax loss can be carried forward for 5 years; however, tax losses produced up to 31 December 2014 can be utilised without time limitation under the amendment to law passed in 2023 (the previous regulation allowed their use until 2030). Based on rules in effect on 31 December 2023 the loss carried forward can be utilised only up to 50% of the positive tax base for the given year. Effective from 2021, tax losses in respect of income tax for energy suppliers can also be carried forward in accordance with the rules applicable to the corporation tax base. HUF 1,415,200 million of tax losses expiring between 2023 and 2029 relate to Hungarian subsidiaries.

In Austria and Macedonia tax loss can be carried forward without any time limit, but in Austria it can be utilised only up to 75% of the positive tax base for the given year. If the company is liquidated, the tax loss cannot be utilised. In Slovakia tax losses can be carried forward for 4 years. In Romania the limit for using losses carried forward is 7 years, while in China it is 5 years.

Deferred tax on investments in subsidiaries, associates and joint ventures and on goodwill

The Company did not recognise deferred tax on interest in subsidiaries, associates and joint ventures and on goodwill, as potential dividends and the result from the sale of reported interests are tax exempt, and no reversal of the temporary difference is expected.

Disputed tax balances

As at the reporting date the Group has no disputed tax balances.

(All figures are in HUF million except if otherwise indicated)

Deferred tax assets and tax liabilities

Recognised deferred tax assets and liabilities

The balance as of 31 December 2023 and 2022 of deferred tax presented in the consolidated balance sheet and recognised in the comprehensive income includes the following items:

Recognised deferred tax assets and liabilities	31.12.2023			31.12.2022		
	Assets	Liabilities	*Net*	Assets	Liabilities	*Net*
Property, plant and equipment	270,196	- 619,383	*- 349,187*	229,968	- 768,288	*- 538,320*
Other intangible assets	1,330	- 36,706	*- 35,376*	1,051	- 40,453	*- 39,402*
Investment property	102	- 136	*- 34*	203	-	*203*
Interests in other entities	2	- 79	*- 77*	-	- 89	*- 89*
Non-current loans and receivables	258	- 187	*71*	87	- 132	*- 45*
Inventories	1,351	- 1,731	*- 380*	3,381	- 8,914	*- 5,533*
Derivative financial assets	368	- 2,178	*- 1,810*	7,829	- 40,597	*- 32,768*
Trade receivables and other non-derivative financial assets	35,014	- 7,035	*27,979*	30,185	- 6,069	*24,116*
Other non-financial assets	36,334	- 1,996	*34,338*	16,302	- 681	*15,621*
Non-current assets held for sale	-	- 30	*- 30*	-	- 1,070	*- 1,070*
Non-current loans and borrowings	-	- 378	*- 378*	264	- 60	*204*
Provisions	48,383	- 18,894	*29,489*	58,046	- 23,757	*34,289*
Liabilities related to employee benefits	10,915	- 2,231	*8,684*	7,866	- 1,477	*6,389*
Other non-current financial liabilities	4,744	- 391	*4,353*	4,613	- 898	*3,715*
Current loans and borrowings	1	- 6	*- 5*	99	- 3,300	*- 3,201*
Derivative financial liabilities	83,235	- 317	*82,918*	21,121	- 7,786	*13,335*
Trade payables and other non-derivative financial liabilities	2,108	- 352	*1,756*	2,588	- 3,514	*- 926*
Other current non-financial liabilities	115	- 59,343	*- 59,228*	80	- 14,790	*- 14,710*
Tax allowances	-	-	-	-	-	-
Tax loss carried forward	2,799	-	*2,799*	2,399	-	*2,399*
Tax assets/Tax liabilities before offsetting	**497,255**	**- 751,373**	**- 254,118**	**386,082**	**- 921,875**	**- 535,793**
Set off tax	- 414,879	414,879	-	- 325,846	325,846	-
Net tax asset/tax liability	**82,376**	**- 336,494**	**- 254,118**	**60,236**	**- 596,029**	**- 535,793**

The main item within recognised deferred tax liabilities derives from the revaluation of nuclear technology assets. The decrease in deferred tax liabilities related to tangible assets resulted from the fall in revaluation, as well as from the decrease due to deferred tax liabilities that reversed owing to depreciation attributable to the higher revalued amount; furthermore, this item also includes the deferred tax attributable to right-of-use assets recognised under IFRS 16 Leases that may not be recognised under tax laws.

The main item contributing to the increase in deferred tax assets related to trade receivables and other non-derivative financial assets as well as other non-financial assets derives from changes in tariff regulation deferred expenses and accrued income.

The fall in deferred tax liabilities and the rise in deferred tax assets related to derivative financial assets and liabilities as well as other non-financial assets was caused by the valuation as at the reporting date of effective cash flow hedges.

The most significant items within the increase in deferred tax liabilities related to other current non-financial liabilities derives also from the change in tariff regulation accruals and deferrals.

(All figures are in HUF million except if otherwise indicated)

Analysis of changes in net deferred tax assets and tax liabilities:

Recognised deferred tax assets and liabilities	Balance 01.01.2022	Recognised in profit or loss for the period	Recognised in other comprehensive income	Recognised directly in equity	Acquired in business combination	Translation difference	Balance at 31 December 2022
Property, plant and equipment	**- 388,253**	25,495	- 175,038	- 239	- 36	- 249	**- 538,320**
Other intangible assets	**- 36,945**	1,748	-	137	- 196	- 4,146	**- 39,402**
Investment property	**- 38**	241	-	-	-	-	**203**
Interests in other entities	**- 47**	- 1	- 41	-	-	-	**- 89**
Non-current loans and receivables	**- 253**	208	-	-	-	-	**- 45**
Inventories	**3,163**	- 8,676	-	-	-	- 20	**- 5,533**
Derivative financial assets	**- 206,116**	7,972	166,341	-	-	- 965	**- 32,768**
Trade receivables and other non-derivative financial assets	**7,083**	16,906	-	5	13	109	**24,116**
Other non-financial assets	**9,286**	4,183	2,068	-	-	84	**15,621**
Non-current assets held for sale	**51**	- 1,121	-	-	-	-	**- 1,070**
Non-current loans and borrowings	**223**	- 19	-	-	-	-	**204**
Provisions*	**39,713**	- 5,559	-	87	-	48	**34,289**
Liabilities related to employee benefits	**6,666**	524	- 831	4	-	26	**6,389**
Other non-current financial liabilities	**3,615**	- 280	-	327	3	50	**3,715**
Current loans and borrowings	**677**	- 3,881	-	-	-	3	**- 3,201**
Liabilities due to derivative transactions	**- 17**	- 4,970	18,326	-	-	- 4	**13,335**
Trade payables and other non-derivative financial liabilities	**1,894**	- 2,928	-	88	2	18	**- 926**
Other current non-financial liabilities	**- 41,395**	15,062	11,607	9	-	7	**- 14,710**
Tax allowances	**676**	- 676	-	-	-	-	**-**
Tax loss carried forward	**8,733**	- 6,431	-	80	-	17	**2,399**
Total	**- 591,284**	**37,797**	**22,432**	**498**	**- 214**	**- 5,022**	**- 535,793**

** The Recultivation provisions and Other provisions line items presented separately in the previous year were combined.*

(All figures are in HUF million except if otherwise indicated)

Recognised deferred tax assets and liabilities	Balance 01.01.2023	Recognised in profit or loss for the period	Recognised in other comprehensive income	Recognised directly in equity	Acquired in business combination	Translation difference	Balance at 31 December 2023
Property, plant and equipment	**- 538,320**	54,939	135,874	-	- 1,847	167	**- 349,187**
Other intangible assets	**- 39,402**	1,593	-	-	-	2,433	**- 35,376**
Investment property	**203**	- 237	-	-	-	-	**- 34**
Interests in other entities	**- 89**	2	10	-	-	-	**- 77**
Non-current loans and receivables	**- 45**	116	-	-	-	-	**71**
Inventories	**- 5,533**	5,114	-	-	-	39	**- 380**
Derivative financial assets	**- 32,768**	- 5,563	35,328	-	-	1,193	**- 1,810**
Trade receivables and other non-derivative financial assets	**24,116**	3,940	-	-	-	- 77	**27,979**
Other non-financial assets	**15,621**	20,844	- 2,067	-	-	- 60	**34,338**
Non-current assets held for sale	**- 1,070**	1,040	-	-	-	-	**- 30**
Non-current loans and borrowings	**204**	- 582	-	-	-	-	**- 378**
Provisions	**34,289**	- 4,774	-	-	-	- 26	**29,489**
Liabilities related to employee benefits	**6,389**	1,549	765	-	-	- 19	**8,684**
Other non-current financial liabilities	**3,715**	667	-	-	-	- 29	**4,353**
Current loans and borrowings	**- 3,201**	3,200	-	-	-	- 4	**- 5**
Liabilities due to derivative transactions	**13,335**	5,127	65,548	-	-	- 1,092	**82,918**
Trade payables and other non-derivative financial liabilities	**- 926**	2,694	-	-	-	- 12	**1,756**
Other current non-financial liabilities	**- 14,710**	- 38,990	- 5,522	-	-	- 6	**- 59,228**
Tax allowances	**-**	-	-	-	-	-	**-**
Tax loss carried forward	**2,399**	285	-	-	122	- 7	**2,799**
Total	**- 535,793**	**50,964**	**229,936**	**-**	**- 1,725**	**2,500**	**- 254,118**

** Main items of the change in deferred tax recognised in other comprehensive income include the reporting-year effect of the revaluation of nuclear technology assets and derivative transactions entered into with cash flow hedging purposes. Details of deferred taxes acquired in business combination are presented in Note III. 31. The translation difference resulted from the FX translation of deferred tax balances of companies with a functional currency different from the reporting currency of the Group.*

9. Inventories

(in HUF million)	31.12.2023	31.12.2022
Goods	633,270	825,406
Raw materials	14,301	17,803
Finished products and work in progress	4,921	4,837
Other materials	12,530	12,334
Total	**665,022**	**860,380**

The decrease in inventories was mainly influenced by the change in the Group's natural gas stocks, which in turn was largely due to the decrease in purchase prices. In terms of volumes, the Group accumulated lower stock levels than the previous year, due to the milder weather and gas consumption levels stemming from conscious consumer behaviour.

The impairment recorded and reversed on inventories in 2023 amounted to HUF 8,060 million, a significant part of which is the impairment of power plant spare parts and of natural gas inventories.

10. Other non-financial assets

(in HUF million)	31.12.2023	31.12.2022
Receivables related to stock exchange transactions	741,092	1,050,478
VAT receivables	124,681	132,588
Advances given	26,022	30,590
Spare parts and accessories	19,370	18,010
Prepayments	11,378	9,793
Receivables arising from Electricity Act settlements	2,670	8,748
Incremental costs of obtaining contracts with customers	1,931	818
Other receivables from authorities	724	523
Miscellaneous receivables	1,987	1,583
Total	**929,855**	**1,253,131**

<u>Receivables related to stock exchange transactions</u>

The significant change in receivables related to stock exchange transactions results from the decrease in the prices of open bulk commodity forward transactions relative to the previous year.

<u>VAT receivables</u>

A significant item within value added tax receivables is the VAT receivable related to advances from customers.

<u>Advances given</u>

Significant items within advances given include advances related to purchase of nuclear fuel inventories, natural gas and electricity, as well as sponsor activity.

Spare parts and accessories

The majority of spare parts and accessories are necessary for the Group's generation of electricity, and serve the activity of the enterprises in the short term.

11. Non-current assets held for sale

Non-current assets held for sale include green certificates, cushion gas, industrial site assets, gas turbines, motor vehicles, power turbines, consumption meters, lights and other assets; their amount in the reporting year was as follows.

- Green certificates that are available for immediate sale total HUF 711 million.
- The volume of technological cushion gas to be sold next year during the forced replacement of cushion gas is considered an asset held for sale; its carrying amount as at the reporting date is HUF 498 million.
- The Group classified the industrial site in Tuzsér and the related assets as held for sale, their amount as at the reporting date totalled HUF 168 million.
- Assets held for sale also include gas turbines (HUF 69 million), motor vehicles (HUF 47 million), power turbines (HUF 17 million), consumption meters and lights (HUF 8 million), other assets (HUF 1 million).

The main reason for the HUF 3,112 million decrease relative to the previous year is the prior-year mobile gas which was sold in 2023.

12. Restricted cash

Composition of restricted cash:

(in HUF million)	31.12.2023	31.12.2022
MÁK electricity networks development and other advance for grant	31,694	30,699
Fees to support the stranded costs of conversion of the cogeneration process	11,455	18,940
Feed in Tariff restricted deposit account	5,035	24,261
Other restricted cash	24,120	36,265
Total	**72,304**	**110,165**

The HUF 37,861 million reporting-year decrease in restricted cash was primarily attributed to the change in the balance of the Feed in Tariff restricted deposit account.

The lower cash balance for the Feed-in Tariff is due to a decrease in the market trading price, and the previous year’s closing balance included an accumulated surplus of revenue that was later paid out.

The decrease in the cogeneration restructuring fee is due to more accurate knowledge of the expected district heating subsidy needs, hence the claim from the utility cost reduction fund and its currently unused amount are lower.

Other restricted cash includes securities deposited for grid connections and restricted security deposit accounts of project companies.

13. Cash and cash equivalents

Cash and cash equivalents (in HUF million)	31.12.2023	31.12.2022
Petty cash, cheques	42	42
Bank deposits	245,540	407,488
Cash and cash equivalents	**245,582**	**407,530**
Overdraft facilities (see Note III.15.)	- 1,386	-2,974
Cash and cash equivalents in the statement of cash flows	**244,196**	**404,556**

14. Share capital and reserves

Share capital

Share capital of MVM Zrt. consists of 106,172,431 ordinary shares, which were fully paid to the Company. The face value of shares is HUF 8,000 each.

All of the shares of the Company is owned by the Hungarian State, it exercises its ownership rights and obligations as a sole shareholder since 1 December 2022 by the Ministry of Energy, previously by NVTNM and the Ministry for Technology and Industry.

In 2022 the owner increased capital through HUF 41,000 million cash contribution and HUF 11,766 million non-cash contribution (in-kind contribution of MAVIR ZRt. shares).

In 2023 the share capital has not changed.

(number)	Ordinary shares	of which Treasury shares
Number as at 31 December 2021	**99,576,623**	**-**
Number as at 31 December 2022	**106,172,431**	**-**
Number as at 31 December 2023	**106,172,431**	**-**

Capital reserve

The capital reserve comprises on the one hand the HUF 31,257 million originated upon the transformation of MVM Tröszt into a business association, on the other hand, the HUF 20,635 million transferred from retained earnings to the capital reserve in 2020. The value of the capital reserve rarely changes because the capital reserve is not directly distributable, the amount can change only in certain cases (withdrawal form capital reserve accompanied by asset withdrawal and transfer to other components of equity).

Retained earnings

Retained earnings of the Group comprises the accumulated earnings of previous years less dividends paid to owners.

The following dividends were paid:

(in HUF million)	2023	2022
Dividends paid	108,048	7,500
Dividend per share at MVM Zrt. (HUF/share)	1,018	71

Based on its Resolution 24/2022 (IV.28.), in 2022 the sole shareholder of MVM Zrt. decided to distribute HUF 7,500 million dividend in cash benefit.

Based on its Resolution 25/2023 (IV.25.), in 2023 the sole shareholder of MVM Zrt. decided to distribute HUF 108,048 million dividend in cash benefit.

On 4 August 2021 MVM Zrt. concluded a contract with Antenna Hungária Zrt., over which the owner rights are exercised by NVTNM, on the sale of the business share of AH NET Zrt., the wholly owned subsidiary of MVM Zrt. The transaction was closed on 17 November 2021. Since the sale was considered a transaction between jointly controlled entities, the gain or loss on the transaction was recognised in retained earnings within equity.

Following the close of the sale and purchase agreement between MVM Zrt. and Antenna Hungária Zrt. for the shares of AH NET Zrt., the parties subsequently identified issues that needed to be resolved. To this end, the parties signed an agreement on 2 February 2022 to restore the situation that existed prior to 17 November 2021, thus AH NET Zrt. was reincluded in the MVM Group as at 4 February 2022; the gain or loss on the transaction was also recognised in retained earnings within equity.

Gain/Loss on the assignment of the business share and the repurchase, as well as on the contribution in kind described above was recognised in equity.

On the basis of the interim balance sheet of MVM Zrt. for the period ended 30 June 2023, based on its Resolution 87/2023 (XI.24.) the sole shareholder of the Company decided to distribute HUF 309,000 million interim dividend, which was paid through cash transfer. Based on the accounting policies of the Group this is recognised as at the reporting date as receivable from the owners.

The Board of Directors of MVM Zrt. proposes to approve as dividend an amount equal to the interim dividend from MVM Zrt.'s free retained earnings supplemented with the profit after tax for 2023, but the final amount of the dividend will be decided on by the Ministry of Energy.

Before the date of authorisation of the financial statements for issue, the Board of Directors of MVM Zrt. did not propose or approve any dividend not recognised by the Group as distributions to owners.

Allocated reserve

The allocated reserve comprises equity components of the Group to be recognised as allocated reserve in accordance with the law.

Other reserves – Fair value reserve

The Group primarily records its interest in PannErgy Nyrt. as FVOCI assets.

Other reserves – Revaluation reserve of tangible assets

Revaluation reserve includes the result from revaluing the nuclear technology assets of MVM Paksi Atomerőmű Zrt. using the revaluation method; it is non-distributable.

The significant accounting judgements regarding the measurement of the fair value of tangible assets are detailed in Note II.7.a).

Other reserves – Cash flow hedge valuation reserve

To mitigate its financial risks the Group enters into hedging derivative (typically commodity and foreign exchange) transactions and designates them as cash flow hedging relationships. The Group performed a hedge effectiveness test for hedging derivative transactions open as of the reporting date, based on which all transactions are considered effective.

Other reserves – Reserve for employee benefits

Actuarial gains and losses arising from defined benefit plans (post-employment benefits) are accounted for in other comprehensive income.

15. Loans and borrowings

Non-current loans and borrowings

(in HUF million)	Non-current bank loans	Non-current bond liabilities
01.01.2022	**386,744**	**235,666**
Increase	1,878,387	636
Increase due to acquisition/loss of control	**-**	-
Repayment	- 1,186,464	-
Reclassification into current loans	- 23,305	-
FX revaluation	- 1,753	15,447
31.12.2022	**1,053,609**	**251,749**
Increase	2,146,882	255,484
Increase due to acquisition/loss of control	-	-
Repayment	- 2,121,350	-
Reclassification into current loans	- 246,674	-
FX revaluation	- 342	- 6,141
31.12.2023	**832,125**	**501,092**

Non-current loans and bond liabilities of the Group outstanding at end of reporting period: HUF 1,333,217 million, influenced by the following main factors:

- Bond liabilities changed as follows as a result of issue of bonds performed during one auction in 2023:
    - The nominal value of the fixed-rate bonds with a term of 5 years issued under an international bond auction (hereinafter referred to as USD bond) is USD 750 million. The funds raised as a result of the issue will contribute to implementing the MVM Group’s green investments.

  - In addition, the carrying amount of the bonds was affected by the unwinding of discount and the FX exchange rate differences.

- Foreign currency investment loans (current and non-current) with the European Investment Bank (EIB) amount to EUR 154 million, maturing in 2025, 2027, 2036 and 2037, and are designed to finance the reinforcement and expansion of the transmission network owned by MAVIR ZRt. No FX amounts were drawn in the reporting period.

- Most significant items from investment loans drawn in HUF (total amount of current and non-current liabilities, net of upfront loan costs, is HUF 144.4 billion):

  - Loans concluded with EIB for a term of 15 years each (maturing in 2027-2038) were drawn under the investment credit facility agreements for the financing of the strengthening and expansion of the electricity transmission network owned by MAVIR ZRt., the renovation of the storage facilities owned by Magyar Földgáztároló Zrt. and network development constructions of MVM Démász Áramhálózati Kft. and MVM Émász Áramhálózati Kft.

  - Furthermore, the 15-year loan agreement with the International Investment Bank (IIB), taken over by the Hungarian Development Bank (MFB) on 30 March 2022, and the 15-15-year loan agreements with the MFB both concluded to finance the gas network development investments of MVM Főgáz Kft. and MVM Égáz-Dégáz Zrt. in 2020-2023, for which additional drawdowns of HUF 17.2 billion were made during the reporting year.

- On 14 October 2022, the Company entered into a EUR 250 million revolving credit agreement with ICBC Austria Bank GmbH for a 3-year term for general corporate finance purposes. After repayment of the total amount drawn down during the reporting period, the new drawdowns up to the end of the period resulted in a liability (net of upfront loan costs) of HUF 95.7 billion (EUR 250 million).

- On 6 May 2022, a EUR 350 million multi-currency revolving credit facility agreement for general corporate finance was signed with Bank of China Limited Magyarországi Fióktelepe. The existing contract was terminated at the same time. Taking the drawdowns and repayments made during the reporting period into account, the outstanding amount of long-term loans (net of upfront loan costs) at the end of the reporting period is HUF 134 billion (EUR 350 million).

- In 2017, originally signed with UniCredit Bank as agent and creditor and with 12 other creditors, HUF 122 billion of the HUF 347 billion revolving credit agreement for refinancing and general corporate financing purposes, which has since been amended several times, was reclassified to short-term, so after the drawdowns and repayments of the reporting year at the end of the period, the outstanding amount of long-term loans was HUF 225 billion.

- On 25 March 2021 the Group signed a loan agreement with a consortium consisting of three Hungarian banks with OTP Bank Nyrt. as the agent, for a total amount of HUF 100 billion. The term of the loan is 10 years; this non-current funding will assist the MVM Group in implementing its business strategy. The loan outstanding at the end of the period totals HUF 74 billion (net of upfront loan costs), its current portion amounts to HUF 10 billion.

- A EUR 500 million revolving credit agreement was concluded in 2022 (with OTP Bank as agent and 11 banks) for refinancing and general corporate finance, expiring in 2026, of which the non-current debt outstanding at the end of the reporting period (net of upfront loan costs) after drawdowns and repayments in the reporting year is HUF 134 billion (EUR 350 million).
- The amount of the non-current loan outstanding as at the end of the reporting year of MVM ZG Solar Kft. under the agreement concluded with MFB to replace the shareholder outstanding debt and to finance in part the purchase price of Mátrai Fotovoltaikus Erőmű as per the purchase contract, totals HUF 18.6 billion (net of upfront loan costs).

Current loans and borrowings

In HUF million	Overdraft facility	Portion of non-current loans reclassified into current loans	Other current borrowings and loans	Accrual of interest payable	Total
01.01.2022	**1,388**	**18,048**	**2,500**	**1,584**	**23,520**
Increase	1,586	-	116,010	3,688	**121,284**
Increase due to acquisition/loss of control	-	-	230	-	**230**
Decrease	-	-	-	-	**-**
Reclassification	-	23,302	3	-	**23,305**
Repayment	-	- 17,952	- 60	-	**- 18,012**
FX revaluation	-	300	-	-	**300**
31.12.2022	**2,974**	**23,698**	**118,683**	**5,272**	**150,627**
Increase	-	-	271,766	6,210	**277,976**
Increase due to acquisition/loss of control	-	-	-	-	**-**
Decrease	- 1,588	-	-	- 5,272	**- 6,860**
Reclassification	-	246,674	-	-	**246,674**
Repayment	-	- 72,059	- 262,910	-	**- 334,969**
FX revaluation	-	159	- 3,724	-	**- 3,565**
31.12.2023	**1,386**	**198,472**	**123,815**	**6,210**	**329,883**

Current loans also include the revolving credit taken out by the Group from Vseobecná úverová bank in Slovakia (HUF 15,311 million), from Erste Bank (HUF 2,500 million) and from K&H Bank (HUF 26,300 million), as well as the liability to Citigroup Global Markets Limited (HUF 47,848 million) and to China Construction Bank (HUF 49,761 million).

(All figures are in HUF million except if otherwise indicated)

Non-current bank loans

Type of loan	Currency	Nominal average interest rate (31.12.2023)	Nominal average interest rate (31.12.2022)	Year of maturity (31.12.2023)	Balance			Balance		
					31.12.2023	Of which non-current	Of which current	31.12.2022	Of which non-current	Of which current
Loans with floating and fixed interest rates	HUF	13.03%	8.34%	2024-2038	**608,373**	451,842	156,531	**693,297**	673,423	19,874
Loans with floating and fixed interest rates	EUR	3.69%	2.04%	2024-2037	**422,179**	380,243	41,936	**383,973**	380,149	3,824
Borrowings from local governments	CZK	-	-	-	**45**	40	5	**37**	37	
	Total				**1,030,597**	**832,125**	**198,472**	**1,077,307**	**1,053,609**	**23,698**

Issued bonds

Type	Currency	Coupon	Amount issued in original currency, million	Date of maturity	Balance			Balance		
					31.12.2023	Of which non-current	Of which current	31.12.2022	Of which non-current	Of which current
NKP bond	HUF	3.25%	55,000	03.09.2031	**54,199**	54,199	-	**54,082**	54,082	-
EUR bond	EUR	0.88%	500	18.11.2027	**189,509**	189,509	**-**	**197,667**	197,667	**-**
USD bond	USD	7.5%	750	09.06.2028	**257,384**	257,384	-	-	-	-
	Total				**501,092**	**501,092**	-	**251,749**	**251,749**	-

Loan collateral

Loan	Borrower	Collateral
MFB Project loan	MVM ZG Solar Kft.	Collateral complying with market standards and normal for project financing: framework mortgage on all properties, business shares, assets, bank account and other receivables of the company. Amount of principal debt as at 31 December 2023: HUF 20,457 million.
KHB project loan	MVM ZG Solar Star Kft.	Collateral complying with market standards and normal for project financing: framework mortgage on all properties, business shares, assets, bank account and other receivables of the company. Amount of principal debt as at 31 December 2023: HUF 2,734 million.
Erste Project loan	Raaba Energy Kft.	Collateral complying with market standards and normal for project financing: framework mortgage on all properties, business shares, assets, bank account and other receivables of the companies. Amount of principal debt as at 31 December 2023: HUF 4,395 million.

The other loans of MVM Zrt. are unsecured short-, medium- and long-term loan contracts, in which MVM Zrt. does not provide any collateral right to the banks, and therefore it has to comply with standard market covenant clauses and financial covenants, the breaching of which may result in the termination of the loan contracts.

Loan covenants

In 2022 and 2023 the Group complied with all loan covenants. Based on the loan agreements, the ratio of adjusted EBITDA to interest expenses must exceed 3, the ratio of adjusted net debt to net asset value must be less than 0.9, and the ratio of net debt to EBITDA must be less than 4.5.

16. Other non-current financial liabilities

(in HUF million)	2023	2022
Long-term finance lease	21,972	20,514
Liabilities due to financial support	24	102
Other non-current liabilities	31,044	62,959
Total	**53,040**	**83,575**

Liabilities due to financial support substantially include contractual commitments undertaken free of charge towards foundations by the Group in the context of its corporate social responsibility.

The change in other non-current liabilities is because MVM CEEnergy Zrt. acquired part of its natural gas reserves in the previous year under a deferred payment scheme, which was repaid in 2023 in line with the payment schedule. The resulting liability as at the reporting date amounted to HUF 29,957 million.

17. Employee benefits

Liabilities related to long-term employee benefits

Most members of the Group provide other long-term benefits to their employees under collective agreements. The scope and extent of benefits varies with member firms. The MVM Group provides the following anniversary, long-service and other benefits to its employees:

- Anniversary bonus;
- Long-service/Career/Loyalty bonus;
- Bonus for volunteer firefighters;
- Other benefits.

For retiring employees the MVM Group provides the following post-employment benefits, the scope and extent of which varies with member firms:

- Bonus for retiring employees;
- Average earnings for retiring employees;
- Voluntary pension fund.

The MVM Group does not allocate a legally separate fund to cover liabilities related to the above future employee benefits, thus the present value of the whole commitment is recognised among liabilities.

The following table shows changes in the present value of defined benefit obligations:

(in HUF million)	2023	2022
Defined benefit obligation at the beginning of the period	**21,008**	**24,731**
of which: current portion	*3,676*	*3,272*
Increase due to acquisition/loss of control	-	38
Interest costs	2,566	757
Current service costs	5,230	1,406
of which: extension	*1,057*	-
Payments in the current period	-5,095	-4,723
Curtailments	-	-
Actuarial (gains) losses	3,437	-1,201
of which: recognised in other comprehensive income	*-2,117*	*-2,358*
Decrease due to acquisition/loss of control	-	-
Defined benefit obligation at the end of the period	**27,146**	**21,008**
of which: current portion	*4,248*	*3,676*

The following table shows the present value of defined benefit obligations by maturity:

(in HUF million)	2023	2022
0-1 year	4,248	3,676
1-2 years	1,784	1,952
3-5 years	6,241	5,004
6-10 years	7,850	5,434
11-15 years	4,051	2,888
16-20 years	1,853	1,289
21-25 years	657	467
Over 26 years	462	298
Total	**27,146**	**21,008**

Of the items recognised in net profit in relation to the defined benefit plan, the current service costs, actuarial gains and losses related to benefits not connected to retirement and the effect of curtailment presented as correction of booked expenses are recognised as ‘Staff costs’, while interest expenses are recognised as ‘Finance costs’.

Actuarial gains and losses on benefits connected to retirement are presented in other comprehensive income.

The reporting-year amount deriving from actuarial gains and losses arising upon reduction or settlement of the defined benefit plan and transferred into retained earnings within equity from accumulated other comprehensive income recognised previously totalled HUF 251 million (gain accounted for previously).

Expenses recognised in the statement of profit or loss in relation to defined benefit plan *(in HUF million)*	2023	2022
Staff costs	6,550	2,563
Finance costs	2,566	757
Total	**9,116**	**3,320**

Actuarial assumptions

The Group used the following basic actuarial assumptions when assessing liabilities related to the defined benefit plan.

Actuarial assumptions	2023	2022
Discount rate at 31 December	6.6284%	13.0415%
Wage increase over the rate of inflation after the year following the reporting year	0.00%	3.00%
Inflation	3.00%	3.00%

The discount rate is set in line with the yield on Hungarian government securities; it increased due to changes in market processes. The annual rate of leaving is determined by gender, employment category (manual-non-manual) and number of years of service. Life expectancy assumptions are based on the 2020 life expectancy table of the Hungarian Central Statistical Office. The elements of the defined benefit plan are not annuities but mostly one-off payments, therefore life expectancy assumptions are not considered a significant factor and accordingly are not disclosed.

We performed a sensitivity analysis in relation to the changes in the main actuarial assumptions of the liability related to the defined benefit plan, separately for the individual conditions, assuming that all other parameters remain constant. The results are presented in the table below:

Subject of the sensitivity analysis	Assumed change	Change in liability, expressed in %, in case of a positive shift in the subject of the sensitivity analysis	Change in liability, expressed in %, in case of a negative shift in the subject of the sensitivity analysis
Discount rate	+/-30 basis points	-2%	+2%
Wage increase over the rate of inflation after the year following the reporting year	+/-100 basis points	+7%	-7%
Rate of leaving*	+/-10%	-1%	+1%

** Assuming uniform changes irrespective of gender, manual – non-manual position and years in service.*

Liabilities related to short-term employee benefits

(in HUF million)	2023	2022
Income settlement	11,563	10,356
Other settlements related to employees	1,492	1,349
Current portion of obligations related to defined benefit plans	4,248	3,676
Accrued staff costs	14,885	19,783
Accrual of 13th month wages and contributions	*316*	*1,530*
Accrual of bonuses and related contributions	*6,853*	*8,536*
Accrual of other staff benefits	*7,716*	*9,717*
Total	**32,188**	**35,164**

18. Provisions

(in HUF million)	Recultivation and environmental protection obligations	Onerous contracts	CO_2 allowance	Other	Total
Balance at 1 January 2022	**104,233**	**77,172**	**10,025**	**14,594**	**206,024**
Reclassification/ Change against reimbursement receivable	-476	-	-	-282	-758
Provisions recognised during the period	27,746	21,453	7,683	14,922	71,804
Provisions used during the period	- 2,729	-37,230	- 10,231	- 5,851	- 56,041
Provisions released during the period	- 11,293	- 32,881	-	- 2,736	- 46,910
Change due to business combination	-	-	-	1,063	1,063
Unwind of discount	5,933	12,275	-	-	18,208
Remeasurement	-	-	6	460	466
Balance at 31 December 2022	**123,414**	**40,789**	**7,483**	**22,170**	**193,856**
Of which: current	8,400	38,293	7,483	18,947	73,123
Of which: non-current	115,014	2,496	-	3,223	120,733
Reclassification/ Change against reimbursement receivable	1,690	-	-	336	2,026
Provisions recognised during the period	18,819	1,076	4,900	20,796	45,591
Provisions used during the period	-5,473	-31,833	-1,910	-11,878	-51,094
Provisions released during the period	-8,599	-	-5,758	-6,443	-20,800
Change due to business combination	-	-	-	41	41
Unwind of discount	12,599	1,881	-	-	14,480
Remeasurement	-	-	-2	-103	-105
Balance at 31 December 2023	**142,450**	**11,913**	**4,713**	**24,919**	**183,995**
Of which: current	21,669	8,653	4,713	20,628	55,663
Of which: non-current	120,781	3,260	-	4,291	128,332

Changes in provisions

(in HUF million)	2023	2022
Provisioning (without CO_2)	40,691	64,121
Use of provisions (without CO_2)	-49,184	- 45,810
Release of provisions (without CO_2)	-15,042	-46,910
Recognition and release of provisions (statement of profit or loss)	-23,535	- 28,599

Recultivation provisions

(in HUF million)	31.12.2023	31.12.2022
Provision for recultivation of natural gas storage facilities	46,268	30,589
Provision for recultivation of Óbudai Gázgyár	35,342	28,471
Provision for mine closure and environmental protection liabilities related to Mátra power plant	34,545	42,002
Provision for long-term handling of liquid radioactive waste	13,332	9,792
Provision for power plant closure and recultivation at Oroszlány	12,928	12,525
Other	35	35
Total	**142,450**	**123,414**

Recultivation provisions were recognised due to liabilities of the MVM Group arising from legal regulations related to environmental protection.

Provision for recultivation of natural gas storage facilities

The provision for the full recultivation of the four storage facilities of the MVM Group (Hajdúszoboszló, Zsana, Kardoskút, Pusztaederics) amounts to HUF 44,418 million within the total balance (in 2022: HUF 29,438 million). Specific data (liquidation of wells, recultivation costs) for the calculation of the recultivation provisions were provided by a technical plan approved by the competent mining office. The value of the provision increased by HUF 4,109 million as a result of interest effect and by HUF 10,871 million due to change in estimate. The change in estimate is mainly caused by the increase in the provision owing to the decrease in the risk-free interest rate, which was mitigated by the change in provision owing to the expected fall in the industry producer price index. The total number of wells to be liquidated is 246 (2022: 246), which includes active and observation wells. The business assumptions used for the closure of storage facilities did not change, the expected year of the recultivation is 2030 for Hajdúszoboszló and Pusztaederics, 2031 for Kardoskút and 2047 for Zsana.

In addition, HUF 213 million (2022: HUF 164 million) well recultivation provision was recognised for one well in connection with field abandonment work expected in 2023. Furthermore, HUF 1,637 million (2022: HUF 987 million) environmental protection provision was recognised in relation to site soil contamination, based on measurements and expert opinions.

Provision for recultivation of Óbudai Gázgyár

The Group recognised a provision for expected costs of remediation intervention of the soil and groundwater contamination in the area of the former Óbudai Gázgyár (and in a smaller part at the sites in South Pest).

E.ON Beteiligungen GmbH and the Municipality of Budapest undertook to reimburse to the MVM Group HUF 8,750 million and HUF 1,500 million of the costs related to the known pollution in the territory of Óbudai gázgyár; this receivable is recognised at present value under Non-current loans and receivables.

In 2023 the value of the provision increased by HUF 1,001 million as a result of interest effect and by HUF 5,887 million as a result of the change in estimate; furthermore, HUF 17 million was used from the provision recognised previously, and as a joint effect, the balance of the provision as at the reporting date was HUF 35,342 million (2022: HUF 28,471 million). The main reason for the change in estimate was the increase in the provision due to the decrease in the risk-free interest rate. No changes were made to the technical content authorised for implementing the remediation. A public procurement tender for the recultivation tasks has been prepared, but has yet to be approved and launched.

Provision for mine closure and environmental protection liabilities related to Mátra power plant

In 2023 the MVM Group revised its liabilities and ordered new studies to support its mine closure and environmental protection liabilities related to the Mátra power plant, according to which work will be completed by 2032. (There is no legal obligation to dismantle the plant. Most of the power plant site will remain in use after the lignite operations are terminated, since the new production unit(s) will use the existing roads, structures and buildings, and preservation work is ongoing.)

In 2023 HUF 3,760 million provision was used, HUF 8,599 million provision was released and HUF 4,902 million interest effect was accounted for, resulting in HUF 34,545 million reporting-date balance of the provision. In 2023 the change in estimate is caused primarily by the fall in recultivation costs due to inflation and deriving from the new assumptions, which is counterbalanced by the effect of the decrease in risk-free interest rates used for discounting. The risk-free HUF yield curve was used as discount rate in the calculations.

Provision for long-term handling of liquid radioactive waste

MVM Paksi Atomerőmű Zrt. recognised a provision for the obligation of handling low and medium activity liquid waste generated during production. The use and recognition of the provision due to waste generated are continuous; from 2020 processing has been carried out at an increased rate as compared with previous years owing to the implementation of a new technology. The estimate for the amount of the provision is affected by the planned costs of waste processing, the expected industry producer price index and the average interest used in discounting.

In 2023 HUF 130 million provision was used, HUF 2,795 million provision was recognised and HUF 875 million interest effect was accounted for, resulting in HUF 13,332 million reporting-date balance of the provision (2022: HUF 9,792 million).

The reason for the change in estimate of the provision is the increase in the provision due to the decrease in the interest used for discounting, which was mitigated by the change in provision owing to the expected fall in the industry producer price index.

The amount paid by the MVM Group to the Fund in relation to decommissioning and waste management of nuclear installations does not cover the resources expected to be necessary to fulfil the above obligations, therefore the Group is required to recognise provisions for these.

Provision for power plant closure and recultivation at Oroszlány

The provision for the recultivation of the power plant at Oroszlány and the slurry fields, as well as for related other recultivation and environmental protection obligations amounted to HUF 12,525 million as at the end of 2022.

In 2023 the value of the provision increased by HUF 1,711 million as a result of interest effect, decreased by HUF 1,517 million due to use, and grew by HUF 209 million as a result of change in estimate and reclassification from the other provision category, resulting in HUF 12,928 million balance as at the reporting date.

Vértesi Erőmű Zrt. has not produced or sold electricity and thermal energy since 1 January 2016. The Hungarian Energy and Public Utility Regulatory Authority revoked the operating licence of Vértesi Erőmű Zrt. as an electricity producer and district heating producer with regard to the Oroszlány Power Plant from 5 September 2022.

On 9 September 2022, the Veolia Group took over the assets of the Oroszlány Power Plant. The new owner aims to refurbish and modernise the plant, and then re-commission it as a dual-fuel plant, based on mostly biomass and a small amount of selected waste that can no longer be utilised but can be prepared for energy purposes (SRF). The Group provides the necessary slurry store for this activity, so the recultivation of the secondary waste disposal slurry fields 5-6 of the Oroszlány Power Plant is not expected to start, and therefore no provisioning is expected in this case.

Provisions for onerous contracts

(in HUF million)	31.12.2023	31.12.2022
Provisions for onerous contracts	11,913	40,789
Total	**11,913**	**40,789**

Provision recognised for long-term onerous contracts

This line item contains the costs of the capacity allocated in the Szeged-Arad gas pipeline until 2030 that are not likely to be recovered, discounted as of the reporting date (2023: HUF 3,646 million, 2022: HUF 2,496 million).

There are also provisions for the Group's existing onerous natural gas trading contracts and for statutory obligations, in the context of which unavoidable losses are foreseeable over the business planning horizon. Provisions were determined based on current medium-term business plan of the Group and assumptions to the best of its knowledge, discounted as of the reporting date. (In 2023: HUF 8,267 million, in 2022: HUF 38,293 million).

19. Other current non-financial liabilities

(in HUF million)	31.12.2023	31.12.2022
Liabilities related to stock exchange transactions	708,112	1,095,119
Advances for grants and deferral thereof	279,212	233,344
Liabilities related to contracts with customers	224,652	185,391
Related to central budget	130,979	201,595
VAT	*116,862*	*188,753*
Other taxes and contributions related to employees	*6,726*	*5,981*
PIT	*3,151*	*2,727*
Energy tax	*2,420*	*2,368*
Water use fee	*1,295*	*1,342*
Other tax liability	*525*	*424*
Liabilities from FIT settlement	7,028	6,758
Extra-profit tax	4,471	14,858
Accrual of capacity auction gain/loss	3,915	8,064
Customs duties	2,485	3,427
Other	5,155	8,933
Total	**1,366,009**	**1,757,489**

The change in other current non-financial liabilities as compared with the previous period resulted primarily from the decrease in liabilities related to stock exchange transactions and in VAT liabilities.

This was slightly counterbalanced by the rise in liabilities related to contracts with customers, in advances for grants related to assets and in accrued expenses and deferred income.

The decrease in the liabilities related to stock exchange transactions is the result of price changes in open futures contracts, as the previously high-priced contracts, mainly for 2023, expired during the year and the futures prices decreased steadily during the reporting year, with the previous contracts being replaced by open contracts for 2024 and 2025 at lower prices.

The increase in the liability related to contracts with customers is because of changes in deferred income due to pre-invoicing and changes in advances from customers.

Grants

As at the end of 2023, advances for grants amounted to HUF 75,186 million (2022: HUF 59,880 million), deferrals related to grants and network development contributions totalled HUF 162,303 million (2022: HUF 135,973 million), while deferrals related to other assets was HUF 41,723 million (2022: HUF 37,491 million).

HUF 1,159,471 million of government and EU grants were disbursed in 2023, the most significant items of which are:

- The Group is entitled to compensation for protecting utility payments under Government Decree 289/2022 (VIII.5.) “on the protection of utility payments ensuring the universal electricity and natural gas service under unchanged conditions during the state of emergency”. The compensation is settled in accordance with the contract signed with the designated Ministry and the relevant legislation. During 2023 HUF 1,002,026 million subsidy was disbursed to the MVM Group as compensation for protecting utility payments in Hungary (including subsidies received as compensation for network access fees affecting distributors) and HUF 61,799 million due to the Czech price cap, of which as at the end of 2023 HUF 37,107 million was recognised as deferred income.
- The MVM Group received HUF 40,334 million grant in 2023 for PV power plants to be built under the KEHOP tender.
- The MVM Group received HUF 11,862 million as an advance for grant for the development of electricity networks in its service area in 2023 under the RRF-6.1.1-21 tender “Ensuring a flexible and secure electricity network for integrating weather-dependent renewable energy sources in the electricity distribution area”.

In the reporting year the Group had to repay HUF 1,177 million grant, of which HUF 649 million related to the GINOP-3.4.1-15 “Development of (Next Generation Access (NGA)) and Backhaul Networks” Superfast Internet Programme, and HUF 183 million to the KEHOP-5.1.1-17-2021-00008 “Establishment of a photovoltaic power plant in Debrecen” project. In addition, the MVM Group reimbursed the funding advance to the NRDI Office (HUF 178 million) in respect of grant application No 2020-3.1.1-ZFR-VHF-2020-00004 “Establishment of a flexible, innovative energy storage solution integrated into a virtual power plant providing system-level control services at the Litér Gas Turbine Power Plant”, as the project could not be completed by the deadline set out in the Grant Document.

In addition, the amount of grants was shaped by disbursement of other than state or EU grants, repayment of previous grant amounts and by the amount of release in proportion to the depreciation of assets purchased from the grants.

20. Sales revenue

(in HUF million)	2023	2022
Sale of natural gas*	2,475,367	5,112,662
Sale of electricity*	1,716,300	1,869,426
Transmission, system operation, system-level services*	500,114	372,876
Revenue from natural gas and electricity distribution*	172,961	118,755
Economic, IT, engineering and other services*	112,723	91,013
Sale of heat*	56,534	52,091
Storage revenue	24,868	14,286
Network, technological installation	20,172	16,673
Total	**5,079,039**	**7,647,782**

* The comparative data was reclassified between the categories for a more transparent presentation.

Revenue by geographical region:

(in HUF million)	2023	2022
To EU countries	**4,857,858**	**6,270,557**
- *of which*		
Hungary	3,090,301	4,373,730
Czech Republic	1,014,568	981,463
Luxemburg	305,999	513,608
Slovakia	153,221	141,947
Croatia	152,896	97,116
To non-EU countries	**147,770**	**344,727**
- *of which*		
Switzerland	75,600	74,189
United Kingdom	32,630	56,361
Serbia	13,045	205,528
Revenue outside the scope of IFRS 15 and IFRS 16	73,411	1,032,497
Total	**5,079,039**	**7,647,781**

Net sales revenue fell by HUF 2,568,743 million (-34%) as compared with the previous year, primarily due to the decrease in revenue from natural gas and electricity trade.

Sale of natural gas

The decrease in revenue from natural gas sales (HUF -2,637,295 million) is mainly due to the lower natural gas prices in 2023 compared to the previous year. The highly volatile and upwards trend in 2022 of pricing on the TTF gas exchange, the benchmark for the European gas market, was reversed in 2023. The TTF quoted price fell from EUR 80/MWh at the beginning of the year to EUR 30-60/MWh during the year, and there were no such significant movements during 2023 as in the previous year. Consequently, the revenues on the retail and wholesale gas markets, the main areas of activity for the MVM Group, dropped considerably. In addition to lower prices, the year-on-year decline in sales volumes also contributed to the lower revenue. The fall in the wholesale segment and in the volume of natural gas sold under the universal service arrangement was slightly offset by an increase in the volume sold to end-users.

Sale of electricity

Electricity purchased from Hungarian power plants plays a key role in the purchasing portfolio. However, energy supplied by both domestic and foreign commercial partners still remains a feature.

The Group is present on all commercial platforms in the liberalised wholesale market, which enables transparent wholesale purchases. The Group buys the available transfer capacity required for the purchase of any import resources at the auction of transmission system operators.

Sales via electric energy contracts concluded with universal service providers play a significant role too, as well as auction sales to electric energy traders and large consumers under terms and conditions and within the limits set by the provisions of resolution No. 747/2011 issued by HEPURA which relates to MVM Zrt. as a licensed operator dominant in the market.

In addition, the Group provides system-level services to the Hungarian electric energy system to ensure the safety of supplies. (e.g. frequency control, voltage and reactive power control, black-start).

Electric energy trade also includes universal and street lighting services.

At consolidated level, sales revenue for the reporting period from the electricity trading segment fell by HUF 153,126 million.

The decrease in revenue from electricity trading, similar to the decrease in revenue from natural gas sales, is mainly attributable to the lower level of electricity prices. In addition to the reduction in prices, the decrease in sales volumes, mainly in the wholesale segment, also contributed to the lower revenue.

Transmission, system operation, system-level services

The Group is responsible to balance consumption and production. Furthermore, as transmission system operator it supervises and directs the smooth operation of the electric energy system, is responsible for its safe operation and has control over reserves necessary for controlling the national electricity grid as well as over cross-border transmission lines and network capacities.

Sales revenue from transmission and system operation services changed mainly due to the increase in transmission tariffs.

Natural gas and electricity distribution

The Group's two electricity and two natural gas distribution companies ensure the supply of electricity and natural gas to customers, as well as the maintenance, network development and operation of the distribution network.

The year-on-year increase in distribution revenue was driven by the increase in distribution tariffs, despite a fall in the distributed volumes (generally the volume of distributed natural gas).

In relation to its construction contracts in progress as of 31 December 2023 the Group recognised and invoiced the following sales revenue and costs on a cumulative basis until the end of 2023:

(in HUF million)	31.12.2023	31.12.2022
Aggregate amount of sales revenue of projects accounted for until the end of the year	24,148	30,442
Aggregate amount of costs of projects accounted for until the end of the year	23,411	27,233
Aggregate amount of profit realised on the projects until the end of the year	737	3,208
Aggregate billings until the end of the year in connection with projects	20,183	30,493
Net receivables/liabilities related to contracts with customers	3,965	-52

The following table presents the consideration (revenue) allocated to performance obligations not yet satisfied or satisfied only in part and included in customer contracts of the Group that cover a period longer than 1 year; the related revenues will also be accounted for by the Group in subsequent periods:

(in HUF million)	31.12.2023	31.12.2022
Due in 2023	-	4,995
Due in 2024	25,932	1,456
Due in 2025	3,055	-
Due in 2026	1,247	-
Total	**30,234**	**6,451**

Reporting-year changes in receivables from customer contracts as well as contract assets and liabilities:

(in HUF million)	Accrued trade receivables and revenue	Contract assets	Contract liabilities
Balance at 1 January 2022	**456,710**	**1,817**	**126,031**
Revenue accounted for in the reporting year of the balance at the beginning of the year of contract liabilities	-	-	- 4,393
Adjustment of revenues accounted for in a previous period – due to revision of the estimated proportion of performance over time	-98	-26	-30
Adjustment of revenues accounted for in a previous period – due to revision of the estimate for variable consideration	-	-	-230
Adjustment of revenues accounted for in a previous period – due to contract modification	25	19	- 55
Increase due to acquisitions (business combinations)	30,199	17	-2,353
Change in impairment of contract assets	-	30	-
Reclassification of contract assets into receivables	1,307	-1,307	-
Other changes	458,380	1,296	66,421
Balance at 31 December 2022	**946,523**	**1,846**	**185,391**

(in HUF million)	Accrued trade receivables and revenue	Contract assets	Contract liabilities
Balance at 1 January 2023	**946,523**	**1,846**	**185,391**
Revenue accounted for in the reporting year of the balance at the beginning of the year of contract liabilities	-	-	10,639
Adjustment of revenues accounted for in a previous period – due to revision of the estimated proportion of performance over time	470	-13	-1,243
Adjustment of revenues accounted for in a previous period – due to revision of the estimate for variable consideration	-	-	-59
Adjustment of revenues accounted for in a previous period – due to contract modification	70	19	160
Increase due to acquisitions (business combinations)	1,233	-	-14
Change in impairment of contract assets	-26	-13	-
Reclassification of contract assets into receivables	-787	-	-
Other changes	-206,947	7,734	29,778
Balance at 31 December 2023	**740,562**	**9,573**	**224,652**

21. Other operating income

(in HUF million)	2023	2022
Grants	1,175,747	555,918
Intangible and tangible assets sold	25,009	122,990
Net compensation due to distributors	17,049	7,108
Damage, indemnity, penalties, fines	11,743	6,399
Forgiven liabilities, assets received free of charge	3,621	2,359
Income related to CNG	1,669	900
Impaired receivables settled financially	969	794
Green certificate generated in the reporting year	655	596
Income accounted for in connection with business combination	100	1,793
Other income	1,440	904
Total	**1,238,002**	**699,761**

Grants

The most significant item among the grants is the subsidy for protecting utility payments amounting to HUF 1,123,226 million, which is detailed in Note III.19.

From 2023 onwards, a significant item under other income is the business-rescue compensation amounting to HUF 15,983 million. Based on Government Decree 238/2023 (VI.19) on issues related to the competitive pricing of electricity, the Group received budgetary compensation for the loss suffered due to the competitive end-user price capped by law (business-rescue measure).

Other significant items include a subsidy of HUF 10,763 million for the operation of district heating services, and a subsidy of HUF 14,332 million for tangible assets and implementation of intangible assets.

Intangible and tangible assets sold

In 2023 the MVM Group realised HUF 24,277 million gain on sale of cushion gas in storage.

Net compensation due to distributors

The net compensation payable to electricity distributors shall be the net amount of the compensation payable by the transmission system operator and the compensation payable by electricity distributors to the transmission system operator. The reason for the reporting-year increase is the fact that the volume of nationwide available energy as well as the proportion of the compensation due to electricity distributors increased considerably as compared to the previous year.

Income related to CNG

Under Czech rules, companies that sell petrol must offset the pollutant (CO_2) emissions that come from petrol consumption. Petrol-selling companies can also meet their emission-reduction obligations by subsidising companies that sell compressed natural gas (CNG). This is why the Group received HUF 1,669 million grant in 2023. In exchange for this grant, the Group issues certificates accepted by the Czech authorities as proof of compliance with the required emission reduction.

Income accounted for in connection with business combination

Business combinations are accounted for using “acquisition accounting” as at the acquisition date. In 2023 this line item includes the negative goodwill on the acquisition of EKS Service Kft.

22. Material-type expenses

(in HUF million)	2023	2022
Purchase of natural gas	*2,876,561*	*5,152,276*
Purchase of electric energy	*1,322,581*	*1,594,595*
Total purchase cost of resold energy	**4,199,142**	**6,746,871**
System-level services	*105,301*	*166,904*
Control energy	*66,259*	*65,891*
Purchase of energy for transmission losses	*48,066*	*19,593*
Other system operation costs	*3,635*	*3,163*
Total system operator activity costs	**223,261**	**255,551**
Costs of electric energy and purchased energy used for heat production	**71,450**	**81,498**
Costs of maintenance and other materials	**100,793**	**86,518**
Costs of CO_2 allowances	**81,569**	**99,745**
Total material-type expenses	**4,676,215**	**7,270,183**

Purchase cost of resold energy

Purchase cost of resold energy decreased significantly (- HUF 2,547,729 million) as compared to the previous year.

Natural gas purchases decreased by HUF 2,275,715 million due to a fall in natural gas prices and the decrease in volume compared to the previous year.

The cost of electricity purchases decreased by HUF 272,014 million due to the reasons presented in relation to electricity sales revenue.

Expenses related to system operation activity

The 37% decrease in the amount of system-level services was caused by the fall in annual average prices of aFRR products and of mFRR and RR reserve products, while the average price of FCR products increased.

Control energy expenses were at the prior-year level.

The amount of energy purchased for transmission losses rose by 145%. Average purchase prices grew by 128% and the purchased volume by 5GWh.

Costs of electric energy and purchased energy used for heat production

Costs of electric energy and purchased energy used for heat production decreased primarily due to the fall in costs of natural gas use (2023: HUF 65,351 million, 2022: HUF 74,940 million).

Costs of maintenance and other materials

Costs of maintenance and other materials grew by HUF 14,275 million, mainly due to the increase in spare parts (+ HUF 2,762 million), maintenance costs (+ HUF 4,695 million) and other raw material costs (+ HUF 6,152 million).

Costs of CO_2 allowances

Major items within material costs of CO_2 allowance include the balance of the value of allowances used and the balance of provisions recognised and used for settlement obligation.

The decrease in the material cost of CO_2 allowance is owing to the decrease in production.

23. Staff costs

(in HUF million)	2023	2022
Wage costs	227,535	201,593
Wage contributions	37,458	29,048
Other staff costs	42,454	32,818
Total	**307,447**	**263,459**

In total, staff costs grew by HUF 43,988 million as a result, on the one hand, of average headcount growth, on the other hand, of the payment of basic wage increase in a uniform fix amount by company, retrospectively to 1 January, accepted within the MVM Group, based on the wage agreement for 2023. The average wage increase at Group level was 10%, and supplements of a fix amount were also raised by 10%. Furthermore, the single lump sum payment set forth in the supplementary wage agreement and a one-off SZÉP Card allowance also contributed to the growth in staff costs.

Amounts paid to pension and other welfare funds based on defined contribution plans are recognised as other staff costs. Expenses accounted for based on defined contribution plans amounted to HUF 10,987 million in 2023 (2022: HUF 9,907 million).

Average Group-level headcount

Average headcount (persons) *Staff category **	2023	2022
Manual	6,428	6,159
Non-manual	12,263	11,883
Total payroll staff	*18,691*	*18,042*
Not on the payroll	*33*	*46*
Total	**18,724**	**18,088**

** The average headcount is the average over 12 months of the average monthly headcount, irrespective of the operation period of the member firm in the reporting year.*

24. Recognition and reversal of impairment

(in HUF million)	2023	2022
Impairment of non-current assets	7,138	11,067
Impairment of intangible assets	*2,534*	*3,878*
Impairment of tangible assets	*1,949*	*3,841*
Scrapping of intangible assets	*314*	*283*
Scrapping of tangible assets	*2,341*	*3,065*
Reversed impairment of non-current assets	-395	-88
Reversed impairment of intangible assets	*-9*	*-1*
Reversed impairment of tangible assets	*-386*	*-87*
Impairment of non-current assets held for sale	7	7
Impairment of inventories (see Note III.9.)	8,104	63,290
Reversed impairment of inventories (see Note III.9)	-44	-48
Impairment and reversal on other non-financial assets, bad debts	1,340	1,008
Recognition and reversal of impairment outside the scope of IFRS 9	***16,150***	***75,236***
Impairment of receivables	21,358	19,134
Reversed impairment of receivables	-10,134	-6,581
Impairment within the scope of IFRS 9	***11,224***	***12,553***
Total	**27,374**	**87,789**

In 2023 the HUF 1,609 million impairment of non-current assets related to central smart metering services is considered to be individually significant.

The majority of the reporting-year booked impairment (HUF 21,358 million) as well as reversed impairment (HUF -10,134 million) comprises impairment of trade receivables of E.ON Áramszolgáltató Kft. and MVM Next Energiakereskedelem Zrt. (HUF 17,605 million) and reversal of impairment of trade receivables of MVM Next Energiakereskedelem Zrt. (HUF -8,115 million).

25. Payments to the Central Nuclear Financial Fund (CNFF)

(in HUF million)	2023	2022
Payment to the CNFF	31,070	27,017

MVM Paksi Atomerőmű Zrt. paid the amount specified in the Budget Act and equalling the 2023 figure (HUF 31,070 million) to the Central Nuclear Financial Fund. The amount of the payment increased by HUF 4,053 million as compared with the previous year.

26. Other operating expenses

(in HUF million)	2023	2022
Expenses related to distribution and universal service provision	173,308	84,687
Public utility charges, telecommunication services	65,172	61,736
Costs of technical, IT and operating services	61,616	54,941
Fees paid to authorities, insurance premiums, membership fees and taxes	47,115	49,646
Subcontractors' performance, mediated services, cost of materials sold	45,954	40,134
Marketing costs	23,531	20,480
Advisory costs	8,600	7,394
Rental and other fees	3,891	3,047
Penalties, indemnity, fines, repair costs paid and other punitive expenses	4,293	1,898
Financial support granted	2,408	1,728
Loss on intangible and tangible assets sold	3,359	35
Other operating expenses	38,445	27,491
Total	**477,692**	**353,217**

The increase in other operating expenses of HUF 124,475 million is mainly due to the increase in network and metering losses, corrective gas and volume variances, technical, IT, operational and utility services costs, and other operating expenses of the companies acquired in 2022.

27. Finance income and finance costs

Finance income

(in HUF million)	2023	2022
Foreign exchange gain	289,090	379,587
Gain on derivative transactions not subject to hedge accounting	93,115	100,259
Interest income	31,651	8,706
Dividends received	119	36
Other finance income	8,559	4,189
Total	**422,534**	**492,777**

Finance income decreased as compared with the previous period, largely due to the change in foreign exchange gain and interest income.

A significant part of other financial income comprises compensation for recovery costs and booked default interest.

Finance costs

(in HUF million)	2023	2022
Foreign exchange loss	280,921	364,046
Loss on derivative transactions not subject to hedge accounting	140,298	151,109
Interest expense on loans, borrowings	83,140	51,427
Interest expense due to change in the time value of provisions (see Note III. 18.)	14,480	18,208
Other interest expense	5,131	1,043
Other finance costs	1,364	6,926
Total	**525,334**	**592,759**

Finance costs decreased as compared with 2022, primarily as a result of the fall in realised exchange losses on assets and liabilities denominated in foreign currencies.

The main items within derivative transactions are realised and unrealised gain and loss on interest rate swap and FX derivative transactions not subject to hedge accounting. The year-on-year decrease is due to more favourable market prices compared to the dealing prices of transactions not subject to hedge accounting.

28. Financial instruments

Risk management

The Group's CEO is responsible for setting the risk management guidelines and frameworks for the Group. When meeting such responsibility, he relies extensively on facts discovered by the Group Risk Management Directorate of MVM Zrt. in relation to the various risks as well as on their recommendations aimed at managing the risks. The principles, procedures and methods set forth in relation to the risk management system implemented by the Group ensure identification, analysis, evaluation and continuous monitoring of risks to which the Group is exposed as well as development of necessary action plans.

The Deputy CEO, Chief Financial Officer is responsible for reviewing risk management policies and systems, as well as adjusting them if necessary to changed market environment and group activities.

Integrated Enterprise Risk Management (ERM)

To identify and assess risks that threaten the achievement of organisational objectives and to mitigate them as far as possible, the MVM Group operates an integrated Enterprise Risk Management system.

This includes

- identifying, correcting and managing events and risks that could hinder the achievement of the objectives,
- helping management to manage risks, and
- regulating the processes needed to achieve the above.

The integrated risk management procedure sets out the actions to be taken in relation to each risk – and how to take them – to reduce or eliminate the risks, and how to monitor the completion of the actions on an ongoing basis.

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

- credit risk (counterparty risk);
- liquidity risk;
- market risk (including foreign exchange risk, interest rate risk, equity price risk and commodity price risk arising from trading commodities).

This Note presents information about the Group's exposure to the above risks, the Group's objectives, rules and processes for measuring and managing risk.

Carrying amount of financial instruments of the Group by category:

(in HUF million)	Carrying amount	
	31.12.2023	31.12.2022
Non-current loans and receivables	14,478	11,556
Trade receivables and other non-derivative financial assets	1,672,926	1,444,885
Restricted cash	72,304	110,165
Cash and cash equivalents	245,582	407,530
Total financial assets measured at amortised cost	**2,005,290**	**1,974,136**
Derivative financial assets measured at fair value through profit or loss	**129,560**	**380,601**
Financial assets arising from cash flow hedges	**106,534**	**443,251**
Interests measured at fair value through other comprehensive income	**2,588**	**2,712**
Non-current loans and borrowings	1,333,217	1,305,358
Other non-current financial liabilities	53,040	83,575
Current loans and borrowings	329,883	150,627
Trade payables and other non-derivative financial liabilities	688,753	1,162,233
Total financial liabilities measured at amortised cost	**2,404,893**	**2,701,793**
Derivative financial liabilities measured at fair value through profit or loss	**158,702**	**387,052**
Financial liabilities arising from cash flow hedges	**409,559**	**335,524**

The 2023 gain on derecognition of financial assets measured at amortised cost (including gain/loss on receivables sold through factoring) total HUF 223 million (2022: HUF 3 million gain).

a) Credit risk (counterparty risk)

Credit risk is the risk of financial loss if a customer or counterparty fails to meet its contractual obligations in full and/or on time. For the Group this primarily means risk from non-payment/non-performance by its commercial or financial partners. The risk arises primarily from financial - economic factors, such as insolvency of the partner, or for technical - commercial or administrative reasons.

Furthermore, because of increasing outstanding receivables due to rising sales volumes and market prices, the electric energy and natural gas market trade debtors as well as banks and investment partners, where the current liquidity surplus of variable amount and composition is deposited represent counterparty risk for the Group.

To mitigate the above risk the Group applies various procedures and measures:

- preliminary review of creditworthiness of new partners; periodic review of existing partners;
- establishing individual partner limits and ongoing checking of adherence to such limits, monitoring of any breaches of limit, developing action plans;
- establishing partner limits for treasury partners based on an internal model, taking the data of external rating agencies into account, and continuous monitoring thereof;
- for treasury partners, in addition to the ISDA contracts that provide the legal background of hedge transactions, the use of a Credit Support Annex that requires in the case of all partners two-way margining on a weekly basis, based on the current market value (MtM) of the transactions concluded;
- regular review and modification if necessary of the recorded partner limits, taking into account past experience and available information relating to the partner;
- continuous reconciliation of cash flows required from the partner and cash flows that can actually be realised;
- continuous check of the changes in outstanding receivables;
- application of collection measures;
- requesting financial collateral in advance to secure the exposure in the case of partners considered risky and those who fail to meet the required rating category.

Based on the internal credit risk management procedures of the Group and the related contracts, in certain cases collateral may be requested from the debtor to secure an existing or future outstanding receivable. Preferred collateral securing outstanding receivables is mainly bank guarantees or sureties provided by the partner's parent company/related company, as well as advances which are required by the Group primarily from partners considered risky and in all cases when the credit facility approved for the given partner is not sufficient with regard to the given partner/transaction.

The Group seeks to manage the ever-changing market/economic conditions by periodically reviewing and adjusting the counterparty rating model in a manner consistent with the Group's risk appetite (e.g. critical sectors have been identified where a more stringent limit-setting methodology is applied, i.e. lower limits may be issued in these segments).

The uncertain economic environment fuelled by the war in Ukraine as well as the price volatility on the energy market and the risk factors caused by high prices are being addressed by the Group through more stringent counterparty rating methodology and the inclusion of more guarantees.

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Maximum value as at 31 December of assets exposed to credit risk is presented in the following table:

Maximum credit risk exposure ***(in HUF million)***	**31.12.2023**	**31.12.2022**
	Gross carrying amount	**Gross carrying amount**
Non-current loans and receivables	14,479	11,557
Derivative financial assets (non-current)	27,099	167,776
Derivative financial assets (current)	208,995	656,076
Trade receivables and other non-derivative financial assets	1,712,218	1,478,613
Restricted cash	72,304	110,165
Cash and cash equivalents	245,582	407,530
Maximum credit risk exposure	**2,280,677**	**2,831,717**
Exposures secured by collateral	**508,252**	**649,072**
Net credit risk exposure	**1,772,425**	**2,182,645**

Collection policy

The Group continuously monitors overdue outstanding receivables and sends reminders to its partners in default. If the partner fails to pay despite several reminders, the Group uses all legal means to ensure recovery of past due receivables to the greatest extent possible.

In spite of the market difficulties, in 2023 there was no significant deterioration in the general payment behaviour.

Rating of receivables and impairment

The following tables present the amount of impairment allocated on trade receivables and non-current loans and receivables by maturity as well as changes to impairment in the reporting year.

The table below shows cost and impairment of non-current loans and receivables by maturity:

(in HUF million)	31.12.2023			31.12.2022		
	Cost	Impairment	Carrying amount	Cost	Impairment	Carrying amount
Not past due	14,479	1	14,478	11,556	-	11,556
Past due	-	-	-	1	1	-
Between 1 - 30 days	-	-	-	-	-	-
Between 31 - 90 days	-	-	-	-	-	-
Between 91 - 180 days	-	-	-	-	-	-
Between 181 - 365 days	-	-	-	-	-	-
Over 1 year	-	-	-	1	1	-
Total	**14,479**	**1**	**14,478**	**11,557**	**1**	**11,556**

Changes of impairment charged on non-current loans and receivables:

Changes in charged impairment *(in HUF million)*	2023	2022
Opening balance at 1 January	1	2
Impairment recognised in the reporting year	-	-
Impairment derecognised in the reporting year	-	1
Reversal of reporting-year impairment	-	-
Balance of impairment account at 31 December	**1**	**1**

In 2023 and in 2022 the MVM Group measured non-current receivables and assessed impairment for them based on the incurred loss model and the expected credit loss model individually. All such impaired receivables belong to the non-performing stage.

The following table shows cost and impairment of trade receivables and other non-derivative financial assets by maturity:

Trade receivables and other non-derivative financial assets *(in HUF million)*	**31.12.2023**			**31.12.2022**		
	Cost	**Impairment**	**Carrying amount**	**Cost**	**Impairment**	**Carrying amount**
Not past due	**1,619,825**	**4,215**	**1,615,610**	**1,391,964**	**5,647**	**1,386,317**
Past due	**92,393**	**35,077**	**57,316**	**86,649**	**28,081**	**58,568**
Between 1 - 30 days	28,866	984	27,882	44,676	2,742	41,934
Between 31 - 90 days	15,894	2,003	13,891	12,330	1,756	10,574
Between 91 - 180 days	8,406	2,801	5,605	5,845	2,634	3,211
Between 181 - 365 days	14,989	8,233	6,756	6,597	4,251	2,346
Over 1 year	24,238	21,056	3,182	17,201	16,698	503
Total	**1,712,218**	**39,292**	**1,672,926**	**1,478,613**	**33,728**	**1,444,885**

Changes in impairment recognised on trade receivables and other non-derivative financial assets:

Changes in charged impairment (in HUF million)	**2023**		**2022**	
	Individual	**Collective**	**Individual**	**Collective**
Opening balance at 1 January	**5,051**	**28,677**	**3,418**	**15,069**
Change due to acquisition/loss of control	13	-	86	3,070
Impairment recognised in the reporting year	812	20,546	1,371	17,763
Exchange difference of impairment	-82	-885	133	1,629
Derecognised impairment, other changes	-1,132	-3,574	183	-2,413
Reversal of reporting-year impairment	-1,151	-8,983	-140	-6,441
Balance of impairment account at 31 December	**3,511**	**35,781**	**5,051**	**28,677**
		39,292		**33,728**

In 2023 the recognition and reversal of impairment on trade receivables and other non-derivative financial assets decreased by HUF 1,329 million, which is primarily due to the increase in reversal of impairment of individually assessed receivables. This is mainly driven by the change in the estimate of impaired receivables from individual construction contracts.

In 2023 and 2022 the MVM Group measured receivables and assessed incurred and expected credit loss individually as well as collectively. The majority of individually impaired trade receivables and other non-derivative financial assets belong to the non-performing stage. A detailed description of the methods used to assess impairment is included in Note II.3. q).

(All figures are in HUF million except if otherwise indicated)

The Group applies the following impairment rates for collective assessment of impairment in the case of trade receivables and other non-derivative financial assets:

Past due category	Impairment %
Not past due	0.00 – 2.22%
Between 1 - 30 days	0.00 – 25.1%
Between 31 - 90 days	0.00 – 47.74%
Between 91 - 180 days	0.00 – 62.16%
Between 181 - 365 days	15.77 – 92.56%
Over 1 year	100%

b) Liquidity risk

Liquidity risk is the risk that the Group will be unable to settle its financial liabilities when they fall due.

Management of liquidity risk

The Group's approach to managing liquidity is to ensure, where possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group prescribes for its entities that they must maintain a strong liquidity position and shape the liquidity profiles of their assets, liabilities and contingent liabilities to ensure balanced cash flows and the settlement of all obligations when due.

The objective of the Group is that the aggregated value of its cash, cash equivalents and other easy-to-sell investments exceed at all times the amount of expected cash outflows related to its financial liabilities. Compliance with the above objective is continuously monitored with the help of regular cash flow forecasts, based on which amounts, maturities and dates of performance of expected cash inflows related to receivables and cash outflows related to liabilities are compared.

To ensure efficient and as cost-effective as possible management of liquidity risk the Group uses cash pool accounts which ensure daily liquidity of the members involved in the cash pool; bank credit facilities are also available for the Group to cover potential unexpected illiquidity. The available financing portfolio provides appropriate conditions to ensure liquidity as well as financial flexibility for the Group.

Unused credit facilities of the Group at the end of the periods under review:

Credit facility	Expired (31.12.2023)	31.12.2023		31.12.2022	
		Original currency, million*	In HUF million	Original currency, million*	In HUF million
EUR credit facility	2024-2041	443.793	169,875	246.491	98,658
HUF credit facility	2024	644,768	644,768	183,103	183,103
USD credit facility	2024	3	1,150	3	1,150
CZK credit facility	without expiry	870	13,468	-	-
RON credit facility	2024	9	669	9	704
Multi-currency credit facility	2027	21,053	21,053	14,754	14,754

*In the case of the multi-currency credit facility the amount of the credit facility is shown in HUF million in the 'Original currency' column.

Financial liabilities by maturity (principal and interest cash flows) as of 31 December 2023:

Financial liabilities *(in HUF million)*	**Non-derivative financial liabilities**			**Derivative financial liabilities**				**Total financial liabilities**
	Other non-current financial liabilities	**Current and non-current loans and borrowings**	**Trade payables and other non-derivative financial liabilities**	**Transactions not subject to hedge accounting**		**Transactions subject to hedge accounting**		
				Inflow	**Outflow**	**Inflow**	**Outflow**	
Carrying amount	**53,040**	**1,663,100**	**688,753**	**158,702**		**409,559**		**2,973,154**
Contractual cash flows	53,241	2,007,909	688,538	107,252	270,148	303,810	722,154	3,330,928
0-1 month	-	49,146	534,450	100,250	101,404	66,851	68,474	586,373
1-12 months	-	373,515	154,088	7,002	132,963	222,870	599,899	1,030,593
1-2 years	22,138	196,478	-	-	18,805	12,118	49,835	275,138
2-5 years	31,103	1,126,092	-	-	16,975	1,971	3,946	1,176,145
Over 5 years	-	262,678	-	-	1	-	-	262,679

Financial liabilities by maturity (principal and interest cash flows) as of 31 December 2022:

Financial liabilities *(in HUF million)*	**Non-derivative financial liabilities**			**Derivative financial liabilities**				**Total financial liabilities**
				Transactions not subject to hedge accounting		**Transactions subject to hedge accounting**		
	Other non-current financial liabilities	**Current and non-current loans and borrowings**	**Trade payables and other non-derivative financial liabilities**	**Inflow**	**Outflow**	**Inflow**	**Outflow**	
Carrying amount	**83,575**	**1,455,985**	**1,162,233**	**387,052**		**335,524**		**3,424,369**
Contractual cash flows	86,660	1,784,660	1,163,207	469,026	862,807	551,283	893,148	3,770,173
0-1 month	-	16,733	741,078	290,708	306,258	12,187	18,109	779,283
1-12 months	-	247,023	422,129	178,318	518,006	507,063	791,950	1,293,727
1-2 years	69,341	474,443	-	-	28,106	29,848	76,671	618,713
2-5 years	10,569	798,915	-	-	10,437	2,185	6,418	824,154
Over 5 years	6,750	247,546	-	-	-	-	-	254,296

Financial receivables by maturity (principal and interest cash flows) as of 31 December 2023:

Financial receivables *(in HUF million)*	**Non-derivative financial assets**		**Derivative financial assets**				**Total financial receivables**
	Non-current loans and receivables	**Trade receivables and other non-derivative financial assets**	**Transactions not subject to hedge accounting**		**Transactions subject to hedge accounting**		
			Inflow	**Outflow**	**Inflow**	**Outflow**	
Carrying amount	**14,478**	**1,672,926**	**129,560**		**106,534**		**1,923,498**
Contractual cash flows	14,478	1,672,926	473,414	340,807	268,481	159,801	1,928,691
0-1 month	-	813,979	265,305	262,965	1,367	1,324	816,362
1-12 months	-	858,947	184,420	77,798	256,343	152,437	1,069,475
1-2 years	271	-	21,965	44	7,328	2,950	26,570
2-5 years	4,902	-	1,724	-	3,443	3,090	6,979
Over 5 years	9,305	-	-	-	-	-	9,305

Financial receivables by maturity (principal and interest cash flows) as of 31 December 2022:

Financial receivables ***(in HUF million)***	**Non-derivative financial assets**		**Derivative financial assets**				**Total financial receivables**
	Non-current loans and receivables	**Trade receivables and other non-derivative financial assets**	**Transactions not subject to hedge accounting**		**Transactions subject to hedge accounting**		
			Inflow	**Outflow**	**Inflow**	**Outflow**	
Carrying amount	**11,556**	**1,444,885**	**380,601**		**443,251**		**2,280,293**
Contractual cash flows	11,556	1,444,885	435,249	47,693	553,047	98,836	2,298,208
0-1 month	-	594,323	41,514	37,140	65	-	598,762
1-12 months	-	850,562	351,423	10,473	415,474	95,602	1,511,384
1-2 years	285	-	32,623	80	120,087	3,234	149,681
2-5 years	5,273	-	9,689	-	17,421	-	32,383
Over 5 years	5,998	-	-	-	-	-	5,998

c) Market risk

Market risk is the risk that changes in market prices – such as exchange rates, interest rates and commodity prices – will affect the Group's profit or loss and the fair values of financial instruments reported in the financial statements. The objective of market risk management is to ensure that the planned profit or recovery that can be achieved during the performance of the individual business activities (energy trading, services, implementation, etc.) should be influenced by relevant market factors, such as exchange rates, interbank interest rates or changes in commodity prices only up to a tolerable extent.

Market risk management policy and guidelines are specified at group level involving the companies concerned and are reviewed periodically.

It is the joint and coordinated responsibility of the Group Risk Management Directorate of MVM Zrt. and the companies to ensure management of market risks as well as full compliance with internal procedures and legal regulations.

The Group Risk Management Directorate of MVM Zrt. measures and reports sensitivity analyses relating to the commodity price risks present in the Group on a weekly basis, in individual cases it performs scenario analysis and stress tests. In terms of market risk the Group is primarily exposed to risks arising from changes to the price of electric energy, natural gas, primary energy resources and emission allowances, currency risks as well as risks derived from changes to interest rates.

Commodity price risk

Electric energy trading business line

Due to its electric energy trading activity the MVM Group faces various market commodity risks during its operation, such as risks arising from changes to the price of electric energy, primary energy resources and emissions allowances. The risk deriving from electricity price fluctuations affects both divisions of the electric energy wholesale activities: wholesale covered by assets and own-account trading.

Open positions from asset-backed wholesale activities, which are expected to be settled upon the delivery of the underlying commodity at the close of the transaction, do not qualify as derivatives under IFRS 9, since the purpose of such activities is to sell electricity generated by the Group's power plants or purchased from other power plants and other traders and organised markets to end-consumers through the MVM Group's retail electricity business.

To reduce commodity price risk, longer open positions (more than 1 month) of foreign retail electricity companies belonging to the Group are hedged (and subsequently delivered) on a back-to-back basis by the wholesaler. The purpose of asset-based trading is therefore to ensure the wholesale activity necessary for the sale of electricity generated by the company's own and other contracted power plants and to meet the needs of end-consumers at all times.

To a limited extent, the MVM Group carries out own-account trading as well, which is aimed at achieving short-term exchange gains and taking advantage of geographical and timing pricing ineffectiveness, opportunities to realise arbitrage. These transactions are considered financial instruments held for trading and are measured at fair value through profit or loss.

In order to manage risks effectively, both short-term and long-term market commodity risks are measured, valued and reported on a daily and weekly basis.

To mitigate the commodity price risk of the electric energy wholesale division, in line with the hedging policy approved by the owner for asset-based activities, some part of the open positions are regularly closed basically on OTC market or on stock exchange with forward and futures financial commodities. The hedging policy also takes into account the volumes sold on mandatory sale auctions organised quarterly based on regulatory provisions due to the SMP status of the electric energy wholesale business line.

Due to different risks and accounting treatment, risks of own-account trading are measured separately from asset-based trading according to a separate limit structure. The Group developed a Value at Risk (VaR) type risk measurement technique to measure market risks of own-account trading. VaR estimates the potential highest loss of open positions at a statistical confidence level determined for a given period, assuming “normal” market conditions.

For measuring market risks of own-account trading the VaR calculated at 95% on a 100-day sample was approved.

On 31 December 2023 the portfolio-level daily VaR limit of own-account trading amounted to EUR 5,000,000 (HUF 1,914 million). This means that the (estimated) market risk of the MVM Group from own-account trading at 95% confidence level and considering the historical price of 100 days amounted to EUR 5,000,000 (HUF 1,914 million). On 31 December 2022 the portfolio-level VaR of own-account trading amounted to EUR 2,100,000 (HUF 841 million).

Natural gas trading business line

Typically two pricing methods are common on the regional natural gas market: indexing to European liquid gas exchanges and trading at fixed prices. Of the gas exchanges, the price quotations of the largest Dutch TTF exchange that determines the European price level, the Austrian VTP exchange that influences the Hungarian price level based on its physical proximity and liquidity and the German THE exchange that is widespread mainly on Czech and Slovakian markets are typical in the wholesale segment, while sale at fixed prices may derive mainly from needs connected to retail trading.

Measuring and managing market risks of natural gas trade is very important for the Group, as the pricing of products requested by consumers often differs from the pricing of purchasing sources. For this reason the Group continuously monitors the composition of its purchase and sales portfolios and manages it actively while adhering to the set limit structure. In order to manage risks effectively, both short-term and long-term market commodity risks are measured, valued and reported on a daily and weekly basis. To mitigate its financial risks the Group enters into hedging derivative (typically commodity and foreign exchange swap/forward) transactions and designates a part of them as cash flow hedging relationships.

Through regulatory prices relating to the universal service provision the Group undertakes the wholesale risks of the supply chain which result from the difference between the recognised specific natural gas price taken into account when determining the justified amount of the purchase cost of natural gas and the actual purchase cost. Due to the significant flexibility deriving from consumption depending on temperature, this risk can be managed with limited efficiency.

Sensitivity analysis for derivative commodity transactions:

The following increases as of the reporting date in future prices of commodity transactions entered into by the natural gas division would have increased equity and profit or loss as shown in the table below.

(in HUF million)	31.12.2023		31.12.2022	
	Rate of strengthening (%)	Amount	Rate of strengthening (%)	Amount
Equity	*25%*	148,428	*60%*	602,763
Profit or loss	*25%*	-2,582	*60%*	-10,579

The analysis is based on the assumption that all other variables remain constant. A fall in the future prices would have an equal but opposite effect on equity and profit or loss.

Foreign exchange risk

The functional and presentation currency of the MVM Group is the Hungarian forint. The Group's significant regional presence and the euro-based price quotations of its main markets constitute a significant foreign exchange exposure. In accordance with the risk management guidelines, subsidiaries seek to establish natural hedge positions in foreign currency, i.e. applying the principle of FX purchase/liability versus FX sale/asset. If this is not possible for some reason, the net foreign exchange position is hedged with a derivative – generally a forward purchase/sale of foreign exchange. The amount of foreign exchange risk that subsidiaries can take on is capped by a limit system or hedge path.

During the long-term management of the Group's FX balance sheet items, the expected probabilities of FX appreciation and depreciation based on historical exchange rate movements and the current hedging cost of the given hedging direction are considered.

Similar to commodity risk, the effective time horizon for managing FX risk is typically 1-2 years at most, which means, just like all market participants, the Group will have to adapt to a changed exchange-rate environment in the medium to long term.

Foreign exchange rate exposures

Exposure of the Group as of 31 December 2023 by currency, without functional currency:

Exposure to foreign exchange risk *(in HUF million)*	**31.12.2023**						
	EUR	**USD**	**CNY**	**CZK**	**RON**	**RSD**	**Other currency**
Interests in associates and joint ventures	4,702	-	-	22	-	13,641	-
Interests in other entities	323	-	-	-	-	-	-
Non-current loans and receivables	-	-	-	-	91	1	-
Derivative financial assets (non-current)	26,828	271	-	-	-	-	-
Derivative financial assets (current)	208,811	184	-	-	-	-	-
Trade receivables and other non-derivative financial assets	671,721	-	7 601	25,409	4,504	8	63
Restricted cash	3,889	-	-	-	-	-	-
Cash and cash equivalents	207,161	581	2,736	3,050	1,972	1,562	1,567
Total financial assets	**1,123,435**	**1,036**	**10,337**	**28,481**	**6,567**	**15,212**	**1,630**
Non-current loans and borrowings	571,446	257,536	-	40	-	-	-
Non-current derivative financial liabilities	71,850	-	-	-	-	-	-
Other non-current financial liabilities	31,149	-	32	2,179	563	1	-
Current loans and borrowings	157,172	1,224	-	7	10	-	1
Current derivative financial liabilities	496,410	1	-	-	-	-	-
Trade payables and other non-derivative financial liabilities	430,601	731	2,630	49,875	694	352	189
Total financial liabilities	**1,758,628**	**259,492**	**2,662**	**52,101**	**1,267**	**353**	**190**
Net exposure	**-635,193**	**-258,456**	**7,675**	**-23,620**	**5,300**	**14,859**	**1,440**

Exposure of the Group as of 31 December 2022 by currency, without functional currency:

Exposure to foreign exchange risk *(in HUF million)*	**31.12.2022**						
	EUR	**USD**	**CNY**	**CZK**	**RON**	**HRK**	**Other currency**
Interests in associates and joint ventures	-	-	-	22	-	-	1
Interests in other entities	338	-	-	-	-	-	-
Non-current loans and receivables	-	-	-	-	71	-	-
Derivative financial assets (non-current)	167,776	-	-	-	-	-	-
Derivative financial assets (current)	656,068	8	-	-	-	-	-
Trade receivables and other non-derivative financial assets	554,082	1	2,072	38,750	6,739	6	16
Restricted cash	3,472	-	-	-	-	-	-
Cash and cash equivalents	277,033	1,215	884	5,057	4,646	1,752	1,271
Total financial assets	**1,658,769**	**1,224**	**2,956**	**43,829**	**11,456**	**1,758**	**1,288**
Non-current loans and borrowings	568,893	-	-	37	-	-	-
Non-current derivative financial liabilities	85,211	-	-	-	-	-	-
Other non-current financial liabilities	63,136	-	77	2,311	597	-	-
Current loans and borrowings	22,337	-	-	1,528	8	-	-
Current derivative financial liabilities	637,349	16	-	-	-	-	-
Trade payables and other non-derivative financial liabilities	664,904	904	2,167	97,902	585	106	121
Total financial liabilities	**2,041,830**	**920**	**2,244**	**101,778**	**1,190**	**106**	**121**
Net exposure	**-383,061**	**304**	**712**	**-57,949**	**10,266**	**1,652**	**1,167**

Analysis of exchange-rate sensitivity

The appreciation in the HUF at the reporting date vis-à-vis the following currencies would have increased (positive amounts) or decreased (negative amounts) equity and profit as shown in the following table in HUF million. The analysis was based on exchange rate changes deemed reasonably possible by the Group on the reporting date. The analysis assumes that all other variables remain constant, including interest rates and other currencies included in the table. The analysis is based on the same principles as for comparative data, with the exception of the exchange rate fluctuation deemed reasonably possible, which is different, as demonstrated in the table below.

Currency	31.12.2023			31.12.2022		
	Rate of strengthening (%)	Equity	Profit or loss	Rate of strengthening (%)	Equity	Profit or loss
Against EUR	*2*	*12,704*	*6,730*	*5*	*19,153*	*24,539*
Against USD	*3*	*7,754*	*7,765*	*10*	*-30*	*-31*
Against CNY	*4*	*-307*	*-307*	*5*	*-36*	*-36*
Against CZK	*2*	*472*	*473*	*5*	*2,897*	*2,897*
Against RON	*2*	*-106*	*-106*	*5*	*-513*	*-513*
Against HRK	*n/a*	*n/a*	*n/a*	*4*	*-66*	*-66*
Against RSD	*2*	*-297*	*-24*	*-*	*-*	*-*

If the HUF were to weaken as of the reporting date against the currencies above, this would have the same but opposing effect on equity and profit or loss, provided that all other variables remain constant.

In the table above, the change in profit or loss is also included in the amount of the change in equity.

Interest rate risk

The MVM Group is exposed to changes in interest rates in the context of its business activities and financial transactions. MVM Zrt. provides the necessary financing for the members of the MVM Group – with the exception of certain project financing transactions – in the form of a parent company loan. Such parent company loans are usually linked to benchmarks bearing variable interest. Accordingly, the member companies of the MVM Group are exposed to risks related to changes in reference rates. MVM Zrt. also uses external financing in addition to the financing needs of individual members of the Group to finance acquisitions and group-wide capex.

The MVM Group manages the interest rate risks stemming from its financing activities by choosing the type of interest rate used for the financing source and by using interest rate derivatives, typically interest rate swaps.

The interest rate structure of the interest-bearing financial instruments of the Group as at the reporting date was as follows:

Fixed-rate instruments *(in HUF million)*	**Carrying amount**	
	31.12.2023	**31.12.2022**
Non-current loans and receivables	14,478	11,556
Restricted cash	72,304	110,165
Cash and cash equivalents	245,582	407,530
Total financial assets	**332,364**	**529,251**
Non-current loans and borrowings	641,000	498,040
Other non-current financial liabilities	30,161	63,061
Current loans and borrowings	7,016	16,680
Total financial liabilities	**678,177**	**577,781**

Floating-rate instruments *(in HUF million)*	**Carrying amount**	
	31.12.2023	**31.12.2022**
Current derivative financial assets	1,821	1,480
Total financial assets	**1,821**	**1,480**
Non-current loans and borrowings	692,217	807,318
Other non-current financial liabilities	22,879	20,514
Current loans and borrowings	322,867	133,947
Current derivative financial liabilities	8,870	-
Trade payables and other non-derivative financial liabilities	8,026	7,234
Total financial liabilities	**1,054,859**	**969,013**

Fair value sensitivity analysis for fixed-rate financial instruments

The Group generally does not have fixed-rate financial assets and liabilities which are measured at fair value through profit or loss. Therefore a change in the interest rate as at the reporting date would not affect the Group's equity and profit or loss.

Cash flow sensitivity analysis for floating-rate financial instruments

The following increases/decreases in interest rates as of the reporting date would have decreased/increased equity and profit or loss as shown in the table below. This analysis assumed that all other variables, including foreign exchange rates, remain constant.

(in HUF million)	31.12.2023			31.12.2022		
	Increase (basis points)	Equity	Profit or loss	Increase (basis points)	Equity	Profit or loss
Floating-rate instruments (HUF)	*200*	-6,608	-6,608	*400*	-7,458	-7,458
Floating-rate instruments (EUR)	*100*	-3,453	-3,453	*100*	-438	-438

In the table above, the change in profit or loss is also included in the amount of the change in equity.

Share price risk

The Group is exposed to share price risk which derives from the change of listed price of financial assets measured at fair value through other comprehensive income. These interests are companies listed on the Budapest Stock Exchange, in 2023 PannErgy Nyrt.

Sensitivity analysis of price of financial assets measured at fair value through other comprehensive income:

The following increases in the closing stock exchange price of listed interests included in FVOCI financial assets would have increased equity and profit or loss as shown in the table below. The analysis is based on the assumption that all other variables remain constant.

(in HUF million)	31.12.2023			31.12.2022		
	Rate of strengthening (%)	Equity	Profit or loss	Rate of strengthening (%)	Equity	Profit or loss
PannErgy Nyrt.	10	209	-	10	220	-
Interests in other entities	10	50	-	10	51	-

Hedge accounting

To mitigate the Group's financial risks associated with gas trading, the Group enters into derivative natural gas commodity swaps and hedges some of them in cash flow hedges. The fair value of these hedges was HUF -315,175 million at the end of 2023, and HUF 103,413 million at the end of 2022. As a result of the hedging strategy, by the end of 2023:

- 84% of all bid swaps and 97.7% of all ask swaps were concluded at average prices of 52 and 50 EUR/MWh respectively for 2024;
- 15% of all bid swaps and 2.2% of all ask swaps were concluded at average prices of 55 and 54 EUR/MWh respectively for 2025;
- 1% of all bid swaps and 0.1% of all ask swaps were concluded at average prices of 44 and 46 EUR/MWh respectively for 2026.

To mitigate the Group's financial risks associated with electricity trading, the Group enters into derivative electricity commodity transactions and hedges some of them in cash flow hedges. The fair value of these hedges was HUF 23,928 million at the end of 2023 (2022: HUF 24,667 million). The electricity transactions included in hedge accounting as at 31 December 2023 cover the delivery period 2024-2025. The average price of these purchase-type hedges is 87 EUR/MWh for 2024 delivery, and 89 EUR/MWh for 2025 delivery. The average price of the sales-type hedges is 303 EUR/MWh for 2024 delivery. The largest part of the purchase-type hedges – 81% – relates to deliveries in 2024, and 19% to deliveries in 2025. All of the sales-type hedges relate to 2024 deliveries.

To mitigate the Group's financial risks associated with gas and electricity trading, the Group enters into derivative FX forwards, and hedges some of them in cash flow hedges. The fair value of these hedges was HUF -11,778 million at the end of 2023, and HUF -20,353 million at the end of 2022. As a result of the hedging strategy, by the end of 2023:

- 92% of all EUR bid transactions and 97% of all EUR ask transactions were concluded at an average exchange rate of 398 and 432 HUF/EUR respectively for 2024;
- 5% of all EUR bid transactions and 3% of all EUR ask transactions were concluded at an average exchange rate of 406 and 457 HUF/EUR respectively for 2025;
- 2% of all EUR bid transactions were concluded at an average exchange rate of 422 HUF/EUR for 2026;
- 1% of all EUR bid transactions were concluded at an average exchange rate of 427 HUF/EUR for 2027.

In 2023 and 2022, the equity portion of the above hedges was included in the value of inventories for commodity and FX transactions related to the purchase of natural gas, and under sales revenue for commodity and FX transactions related to the sale of natural gas and electricity. At the end of 2023, an ineffective portion of HUF 214 million was recognised in the sales revenue related to hedges. For 2022 this amount was HUF -249 million.

d) Fair value of financial instruments

The following table presents fair values and carrying amounts of financial instruments:

(in HUF million)	31.12.2023		31.12.2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current loans and receivables	14,478	14,478	11,556	11,556
Trade receivables and other non-derivative financial assets	1,672,926	1,672,926	1,444,885	1,444,885
Restricted cash	72,304	72,304	110,165	110,165
Cash and cash equivalents	245,582	245,582	407,530	407,530
Total financial assets measured at amortised cost	**2,005,290**	**2,005,290**	**1,974,136**	**1,947,136**
Interests in other entities	2,588	2,588	2,712	2,712
Total financial assets measured at fair value through other comprehensive income	**2,588**	**2,588**	**2,712**	**2,712**
Derivative financial assets (non-current)	27,099	27,099	167,776	167,776
Derivative financial assets (current)	208,995	208,995	656,076	656,076
Non-current derivative financial liabilities	71,850	71,850	85,211	85,211
Current derivative financial liabilities	496,411	496,411	637,365	637,365
Total derivative financial assets and liabilities	**-332,167**	**-332,167**	**101,276**	**101,276**
Non-current loans and borrowings	1,333,217	1,295,172	1,305,358	1,237,687
Other non-current financial liabilities	53,040	53,040	83,575	83,575
Current loans and borrowings	329,883	328,252	150,627	146,082
Trade payables and other non-derivative financial liabilities	688,753	688,753	1,162,233	1,162,233
Total other financial liabilities	**2,404,893**	**2,365,217**	**2,701,793**	**2,629,577**

The best estimate of the fair value of non-current loans and receivables is their carrying amount.

Fair values of interests in PannErgy Nyrt. recorded among interests in other entities were measured based on closing prices of the Budapest Stock Exchange. The carrying amount of not listed interests in other entities well approximates their fair value.

Fair values of derivative financial assets measured at fair value were determined based on quoted stock exchange data at the location of the transaction, using the discounted cash flow method.

The carrying amount of cash, trade and other non-derivative financial receivables as well as trade payables and other non-derivative financial liabilities more or less approximates their market value due to their current nature.

A part of non-current and current loans bears floating interest, their fair value does not differ significantly from their amortised cost; their carrying amount more or less approximates their fair value. For non-current and current loans bearing fixed rate, fair value assessed for disclosure purposes on the individual reporting dates was measured using the discounted cash flow method, using the floating interest rate of loans with similar risk.

Other non-current financial liabilities include primarily grants provided based on contracts as well as non-current lease liabilities, which are stated at discounted present value, therefore their fair value approximates their carrying amount.

Fair value hierarchy

The table below analyses financial instruments measured at fair value, by valuation method. The different levels of the fair value hierarchy have been defined as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the financial asset or liability either directly (i.e. as prices) or indirectly (i.e. can be derived from prices);
- Level 3: inputs for the financial asset or liability that are not based on observable market data (unobservable inputs).

(All figures are in HUF million except if otherwise indicated)

Description	31.12.2023			31.12.2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Interests in other entities	2,588			2,712		
Derivative financial assets (non-current)	-	27,099	-	-	167,776	-
Derivative financial assets (current)	-	208,995	-	-	656,076	-
Total financial assets measured at fair value	**2,588**	**236,094**	**-**	**2,712**	**823,852**	**-**
Non-current derivative financial liabilities	-	71,850	-	-	85,211	-
Current derivative financial liabilities	-	496,411	-	-	637,365	-
Total financial liabilities measured at fair value	**-**	**568,261**	**-**	**-**	**722,576**	**-**
Fixed-rate loans and borrowings	-	648,016	-	-	442,504	-
Total financial liabilities not measured at fair value where fair value is measured for disclosure purposes	**-**	**648,016**	**-**	**-**	**442,504**	**-**

Except for the categories presented, the fair value of financial instruments equals the carrying amount.

In the above periods no reclassifications were made between levels.

e) Capital management

The Group aims to establish a strong equity position to retain the confidence of investors, creditors and the market and support the future development of its business activities. The management constantly monitors the yields achieved, which are supported by the operating profit and the profit before tax, as well as performing to the ratios relating to financial covenants. The management also monitors the share capital/equity ratios of the Company and its Hungarian subsidiaries to ensure they comply with the level required by Section 3:133. (2) of Act V of 2013 on the Hungarian Civil Code (hereinafter referred to as Civil Code), as well as for limited liability companies by Section 3:161. (4) and for companies limited by shares by Section 3:212. (2).

By managing its capital the Group strives towards achieving a balance between the highest possible profit, dividend and liabilities as well as a strong equity position.

The Group aims to keep the financial ratios at the levels permitted by the contracts.

In relation to the end of 2023 and 2022 decision makers and credit institutions monitor financial information according to IFRSs, thus the tables below also present this information.

Of the indicators related to financial covenants the ratio of adjusted net debt to net asset value relates to capital management. Based on the loan agreements, this ratio shall be lower than 0.9, irrespective of the applicable financial reporting framework. This criterion was met in both 2023 and 2022.

29. Fair value of non-financial instruments

Only the technological assets of MVM Paksi Atomerőmű Zrt. are measured at fair value corresponding to Level 3 of the fair value hierarchy. Fair value measurement is described in Note II.7.a). The measurement is a recurring measurement. The effect of measurements on profit or loss or other comprehensive income for the period is included in the statement of comprehensive income.

30. Related party transactions

Parent company and ultimate controlling party

As at 1 December 2022 the Ministry of Energy was appointed to exercise the ownership rights over MVM Zrt., as a state-owned company.

Apart from the dividend and interim dividend, the MVM Group had no other transactions with the parent company in 2023.

Transactions with key management personnel

Key management personnel are the persons who have, either directly or indirectly, authority and responsibility with respect to planning, directing and controlling the activities of the entity, including managing and other directors.

The Group considers officers charged with management, members of the supervisory board, members of the board of directors and the chairperson of the works council of MVM Zrt. and the subsidiaries key management personnel.

Key management personnel received the following benefits:

(in HUF million)	2023	2022
Short-term benefits	5,014	4,862

Transactions with other related parties

For the purposes of the Group receivables from and liabilities to as well as transactions with associates and joint ventures qualify as transactions with other related parties.

Associates and joint ventures are presented in Note III. 5.

Of associates, transactions with Dunamenti Erőmű Zrt. and E.ON Hungária ZRt. as well as the companies controlled by them are considered significant. In 2022 transactions with Panrusgáz Zrt. “u.v.l.” were no longer considered significant, because the company dissolved on 2 January 2023 through voluntary liquidation.

In the case of Dunamenti Erőmű Zrt. related-party transactions relate to the purchase of electric energy produced by the power plants.

E.ON Hungária ZRt. became an associate on 15 December 2021 (date of inclusion: 31 December 2021). The Group primarily has contacts with the distribution and energy trading companies controlled by E.ON Hungária ZRt.

Of joint ventures, transactions with Corvinus Energy Kft. and the companies controlled by it are considered significant. Corvinus Energy Kft. became a joint venture on 23 November 2021. It provides natural gas production services to the Group.

Items with other associates are recognised on an aggregate basis.

(in HUF million)	31.12.2023		
	Dunamenti Erőmű Zrt.	Corvinus Group	E.ON Hungária Group
Income from associates	3,151	326	429,861
Costs to associates	20,064	4,310	74,022
Trade receivables and other non-derivative financial assets	302	45	46,669
Trade payables and other non-derivative financial liabilities	7,039	1,233	11,405

(in HUF million)	31.12.2022		
	Dunamenti Erőmű Zrt.	Panrusgáz Zrt. “u.v.l.”	E.ON Hungária Group
Income from associates	2,394	14	368,981
Costs to associates	31,918	14	98,669
Trade receivables and other non-derivative financial assets	187	-	51,405
Trade payables and other non-derivative financial liabilities	6,117	-	16,636

Transactions with other associates not significant individually

(in HUF million)	31.12.2023	31.12.2022
Sales revenue from associates	9,885	5,192
Costs to associates	572	1,841
Trade receivables and other non-derivative financial assets	505	2,703
Trade payables and other non-derivative financial liabilities	138	108

Several Group companies have transactions with external partners over which the Hungarian State has significant influence.

The following transactions are deemed individually significant considering their volume:

Sales revenue from transmission system operation fees of the Group in 2023 from Magyar Állam Vasutak Zrt. amounted to HUF 4,431 million, from Északmagyarországi Regionális Vízművek ZRt. to HUF 848 million, from Tiszamenti Regionális Vízművek Zrt. to HUF 350 million and from Duna Menti Regionális Vízmű Zrt. to HUF 140 million.

MVM NET Zrt. had HUF 11,605 million and HUF 194 million sales revenue in the reporting year under the contracts concluded with Nemzeti Infokommunikációs Szolgáltató Zrt. and Nemzeti Útdíjfizetési Szolgáltató Zrt., which relates to use of network, leased line services and the provision of integrated telecommunication services.

Chapter VI of the Act on Nuclear Energy discusses payments by MVM Paksi Atomerőmű Zrt. to the Central Nuclear Financial Fund. Annual payments in 2023 amounted to HUF 31,070 million.

MVM Next Energiakereskedelmi Zrt. sells electricity and/or natural gas to the following partners:

Revenue (in HUF million)	2023	2022
Magyar Állam Vasutak Zrt.	137,926	138,289
Nemzeti Sportügynökség Nonprofit Zrt.	14,916	0
Magyar Posta Zrt.	11,383	3,323
Győr-Sopron-Ebenfurti Vasút Zrt.	9,072	0
Magyar Közút Nonprofit Zrt.	7,933	7,535
HM EI Zrt.	7,216	3,978
Dunántúli Regionális Vízmű Zrt.	6,547	6,937
Tiszamenti Regionális Vízművek Zrt.	5,406	5,691
Dunamenti Regionális Vízmű Zrt.	5,367	5,823
Északmagyarországi Regionális Vízművek Zrt.	4,476	3,688
Északdunántúli Regionális Vízmű Zrt.	4,062	4,289
Magyar Nemzeti Vagyonkezelő Zrt.	2,526	851
NISZ Zrt.	1,275	698
Nemzeti Filmintézet Közhasznú Nonprofit Zrt.	831	235
Szerencsejáték Zrt.	708	380

MVM Next Energiakereskedelmi Zrt. used postal and payment services provided by Magyar Posta Zrt. in a value of HUF 15,097 million (2022: HUF 10,336 million).

E.ON Áramszolgálató Kft. used postal and payment services provided by Magyar Posta Zrt. in a value of HUF 3,152 million (2022: HUF 1,357 million).

In 2001 the Group member MVM MIFŰ Kft. won a tender for district heating provision services issued by the city of Miskolc and concluded a contract with MIHŐ Miskolci Hőszolgáltató Kft. owned by Miskolci Vagyonkezelő Zrt. MVM MIFŰ Kft. had sales revenues from the sale of heat amounting to HUF 4.2 billion in 2023 and HUF 4.8 billion in 2022.

In 2005 the MVM Észak-Budai Fűtőerőmű Kft., one of the legal predecessors of MVM Balance Zrt. concluded a 20 year contract with the Municipality of Budapest for supplying heat energy to the Óbuda and North Buda district heating zones. Resulting revenues amounted to HUF 26.9 billion in 2022 and HUF 28.8 billion in 2023.

31. Disclosures relating to acquisitions

a) Subsequent adjustment related to the acquisition of FERMANDOR Kft.

In January 2022 MVM ERBE Zrt. purchased 100% business share in FERMANDOR Kft. which is engaged mainly in non-destructive material testing. In February 2023 a subsequent purchase price adjustment was made in connection with the acquisition, and as a result, MVM Group transferred **HUF 135 million** to the seller, which increased the amount of the recorded goodwill.

b) *Acquisition of EKS Service Kft.*

As of 31 December 2023, EKS Service Kft., which is engaged in the corrosion protection of high-voltage electrical networks, the construction and renovation of concrete elements as well as geoinformatics, became a fully consolidated subsidiary of the MVM Group. Founded in 1991 as a joint venture, the company became wholly owned by the MVM Group in 2023, after MVM XPert Zrt. acquired the German co-owner’s 50% stake.

The table below presents the main data related to the acquisition:

Data in HUF million	EKS Service Kft.
Consideration (cash) paid **(A)**	300
Cash and cash equivalents	-201
Net cash flow	**99**

Other assets and liabilities of the subsidiary:	
Property, plant and equipment	186
Inventories	34
Trade receivables and other non-derivative financial assets	427
Other non-financial assets	20
Assets (1)	**667**

Non-current provisions	15
Other non-current financial liabilities	1
Trade payables and other non-derivative financial liabilities	323
Current provisions	26
Liabilities related to short-term employee benefits	35
Current tax liabilities	44
Other current non-financial liabilities	24
Liabilities (2)	**468**

Data in HUF million	EKS Service Kft.
Net asset value net of cash (1-2)	**199**
Net asset value including cash (B)	**400**
Badwill (A)-(B)	**-100**

c) *Acquisition of the "Sunshine" companies*

In December 2023 MVM Zöld Generáció Zrt. purchased two companies engaged in operating photovoltaic power plants: Dunántúli Megújuló Energia Zrt. and Dunántúli Naperőmű Energia Zrt., as well as DEHNMIB Naperőmű Ingatlan Kft. which is engaged in leasing real estate (hereinafter "Sunshine" companies).

The Group accounted for HUF 52 million other operating expenses in relation to the acquisition, which mainly include business and technical advisory services.

The table below presents the calculation of goodwill related to the acquisition:

Data in HUF million	Aggregated data as at the date of acquisition of the "Sunshine" companies
Consideration paid (cash)	15,563
Cash and cash equivalents	-1,040
Assumed loan and owner's loan	25,851
Assumed trade liabilities	4,625
Net cash flow	**44,999**

Other assets and liabilities of the subsidiaries:	
Property, plant and equipment	45,266
Deferred tax assets	121
Inventories	18
Trade receivables and other non-derivative financial assets	1,034
Other non-financial assets	47
Current tax assets	12
Assets (1)	**46,498**

Deferred tax liabilities	1,847
Current loans and borrowings	26,048
Trade payables and other non-derivative financial liabilities	5,114
Liabilities related to short-term employee benefits	1
Current tax liabilities	13
Other current non-financial liabilities	149
Liabilities (2)	**33,172**

Data in HUF million	Aggregated data as at the date of acquisition of the “Sunshine” companies
Consideration paid (cash)	15,563
Contingent consideration (other non-derivative financial liabilities)	652
Consideration – 31 December 2023 (A)	**16,215**

Net asset value net of cash (1-2)	**13,326**
Net asset value including cash (B)	**14,366**
Goodwill (A)-(B)	**1,849**

32. Operating segments

In 2023 during day-to-day operating and strategic assessments the Board of Directors of the MVM Group reviewed the effectiveness of the following 9 largest Group companies:

- MVM Partner Zrt.
  Electric energy trade
- MVM CEEnergy Zrt.
  Natural gas trade
- MAVIR ZRt.
  System operation, network development, electricity market integration
- MVM Paksi Atomerőmű Zrt.
  Generation of electricity
- Magyar Földgáztároló Zrt.
  Natural gas storage
- MVM Zrt.
  Strategic holding, group integration
- MVM Next Energiakereskedelmi Zrt.
  Retail trade of natural gas and electricity
- MVM Mátra Energia Zrt.
  Generation of electricity from lignite fuel extracted from mines owned by it
- innogy Energie s.r.o
  Retail trade of natural gas and electricity

The scope of member companies reviewed did not expand relative to 2022.

Operation and strategy analyses are performed using the data of the nine key Group companies, as these jointly represent a decisive part of the Group performance.

In the decision-making processes the management of the Group regularly reviews the IFRS financial statements prepared for Group purposes of the key member firms.

Intra-group transactions between the individual companies are significant in volume and arise primarily between MVM Paksi Atomerőmű Zrt., MVM Partner Zrt., Magyar Földgáztároló Zrt., MVM Next Energiakereskedelmi Zrt., MVM CEEnergy Zrt. and MAVIR ZRt.

(in HUF million)	31.12.2023												
	MVM Partner Zrt.	MVM CEEnergy Zrt.	MAVIR ZRt.	MVM Paksi Atomerőmű Zrt.	MVM Zrt.	Magyar Földgáztároló Zrt.	MVM Next Zrt.	MVM Mátra Energia Zrt.	innogy Energie s.r.o	All other segments	TOTAL	Intersegment eliminations, consolidation adjustments	IFRS consolidated figures
Sales to third parties	168,079	872,709	405,453	1,848	-9,101	4,518	2,025,592	8,277	901,320	700,344	5,079,039		5,079,039
Intersegment sales	1,819,437	871,549	131,467	208,255	60,443	56,527	128,388	142,354	59,332	1,126,177	4,603,929	-4,603,929	-
Other operating income	421	776,286	3,134	1,222	1,424	3,930	185,673	11,121	80,404	183,704	1,247,319	-9,317	1,238,002
Total operating expenses	-1,751,661	-2,391,732	-345,697	-291,686	-50,996	-50,861	-2,378,383	-136,559	-907,410	-1,935,451	-10,240,436	4,567,950	-5,672,486
Depreciation and amortisation	-303	-170	-23,610	-135,037	-831	-6,349	-1,635	-9,757	-1,590	-71,377	-250,659	-15,267	-265,926
Recognition and reversal of impairment	54	-108	-151	-4,059	-98	-92	-7,947	-39	-739	-9,794	-22,973	-4,401	-27,374
Operating profit/loss	236,276	128,812	194,357	-80,361	1,770	14,114	-38,730	25,193	133,646	74,774	689,851	-45,296	644,555
Finance income	64,681	34,720	22,070	1,391	874,143	5,814	75,011	3,537	101,233	70,488	1,253,088	-830,554	422,534
Finance costs	-104,303	-86,240	-24,973	-16,833	-671,073	-14,022	-85,303	-8,126	-100,180	-64,916	-1,175,969	650,635	-525,334
Share of profit/loss of associates and joint ventures	0	0	0	0	9,634	0	467	0	0	-180	9,921	-6,104	3,817
Profit/Loss before tax	196,654	77,292	191,454	-95,803	214,474	5,906	-48,555	20,604	134,699	80,166	776,891	-231,319	545,572
Income tax payment liability	-81,123	-5,350	-1,874	-8,370	-1,903	-2,796	-19,248	-4,057	-80,216	-22,870	-227,807	51,357	-176,450

(in HUF million)	31.12.2023												
	MVM Partner Zrt.	**MVM CEEnergy Zrt.**	**MAVIR ZRt.**	**MVM Paksi Atomerőmű Zrt.**	**MVM Zrt.**	**Magyar Földgáztároló Zrt.**	**MVM Next Zrt.**	**MVM Mátra Energia Zrt.**	**innogy Energie s.r.o**	**All other segments**	**TOTAL**	**Intersegment eliminations, consolidation adjustments**	**IFRS consolidated figures**
Assets	1,251,278	1,052,753	587,669	1,001,129	4,902,669	220,586	1,092,351	180,287	503,841	2,299,697	13,092,260	-6,066,808	7,025,452
Interests in associates and joint ventures	0	27,754	0	0	193,844	0	360	0	0	277	222,235	-17,824	204,411
Assets under construction	0	0	52,851	109,110	1,288	8,470	1	6,261	0	67,497	245,478	-12,638	232,840
Liabilities	1,115,833	1,094,008	292,308	182,636	3,501,938	128,751	999,923	75,743	463,020	1,223,843	9,078,003	-3,989,277	5,088,726

(in HUF million)	31.12.2022												
	MVM Partner Zrt.	**MVM CEEnergy Zrt.**	**MAVIR ZRt.**	**MVM Paksi Atomerőmű Zrt.**	**MVM Zrt.**	**Magyar Földgáztároló Zrt.**	**MVM Next Zrt.**	**Mátrai Erőmű Zrt.**	**innogy Energie s.r.o**	**All other segments**	**TOTAL**	**Intersegment eliminations, consolidation adjustments**	**IFRS consolidated figures**
Sales to third parties	491,168	3,380,108	308,608	1,673	2,824	3,034	1,892,611	7,088	952,155	608,513	7,647,782	-	7,647,782
Intersegment sales	1,495,768	1,707,910	93,450	187,781	47,197	35,844	106,253	104,657	115,794	1,882,882	5,777,536	-5,777,536	-
Other operating income	346	260,047	1,777	1,187	3,758	13,229	141,658	55,612	14,587	120,666	612,867	86,894	699,761
Total operating expenses	-1,929,501	-5,259,267	-469,936	-267,304	-44,865	-29,078	-2,109,655	-170,809	-1,032,277	-2,525,938	-13,838,630	5,703,917	-8,134,713
Depreciation and amortisation	*-295*	*-141*	*-21,568*	*-121,315*	*-1,013*	*-5,549*	*-1,552*	*-8,879*	*-1,771*	*-62,978*	*-225,061*	-15,456	*-240,517*
Recognition and reversal of impairment	*-41*	*-36,097*	*-3,163*	*-1,131*	*-10*	*-323*	*-32,272*	*-17*	*-4,150*	*-9,623*	*-86,827*	-962	*-87,789*
Operating profit/loss	57,781	88,798	-66,101	-76,663	8,914	23,029	30,867	-3,452	50,259	86,123	199,555	13,275	212,830
Finance income	70,172	96,746	44,033	2,406	555,882	6,175	42,024	4,630	69,335	74,449	965,852	-473,075	492,777
Finance costs	-77,054	-85,747	-47,547	-6,528	-502,991	-7,116	-51,588	-5,340	-112,889	-55,356	-952,156	359,397	-592,759
Share of profit/loss of associates and joint ventures	-	-	-	-	8,441	-	130	-	-	-16	8,555	-12,138	-3,583
Profit/Loss before tax	50,899	99,797	-69,615	-80,785	70,246	22,088	21,433	-4,162	6,705	105,200	221,806	-112,541	109,265
Income tax payment liability	-11,321	-8,775	-1,941	-5,498	-1,128	-2,171	-17,672	-2,390	-696	-22,922	-74,514	37,993	-36,521

(in HUF million)	31.12.2022												
	MVM Partner Zrt.	MVM CEEnergy Zrt.	MAVIR ZRt.	MVM Paksi Atomerőmű Zrt.	MVM Zrt.	Magyar Földgáz-tároló Zrt.	MVM Next Energia-kereskedelmi Zrt.	MVM Mátra Energia Zrt.	innogy Energie s.r.o	All other segments	TOTAL	Intersegment eliminations, consolidation adjustments	IFRS consolidated figures
Assets	2,024,927	1,340,709	549,301	1,396,738	4,917,871	210,795	1,350,863	146,419	1,116,492	3,227,192	16,281,307	-7,983,938	8,297,369
Interests in associates and joint ventures	-	*11,136*	-	-	*193,844*	-	*360*	-	-	*460*	*205,800*	-12,109	*193,691*
Assets under construction	-	-	*36,804*	*69,350*	*4,314*	*6,491*	*1*	*1,582*	-	*85,791*	*204,333*	-12,086	*192,247*
Liabilities	1,960,845	1,197,715	443,324	135,541	3,621,566	117,035	1,149,258	99,109	1,007,520	2,173,654	11,905,567	-5,842,557	6,063,010

33. Lease transactions

a) Assets leased under leases

A number of Group companies use office buildings and warehouses as their registered offices or sites under lease.

In addition, the Group leases some of its natural gas network and telecommunication network tools, as well as the land on which its photovoltaic power plants are built under lease contracts.

Furthermore, the Group leases the energy equipment and facilities used by Rába Energiaszolgáltató Kft. as well as systems in Szolnok used by MVM Oroszlányi Távhőtermelő és Szolgáltató Zrt. for district heat generation and district heating service provision purposes.

The vast majority of its motor vehicles is also used by the Group under lease contracts.

The following table presents contractual cash flows relating to lease liabilities, by maturity, as well as the carrying amounts of lease liabilities:

(in HUF million)	2023	2022
0-1 month	818	669
1-12 months	8,624	7,539
1-2 years	7,490	6,463
2-5 years	12,616	10,386
Over 5 years	5,970	6,750
Total contractual cash flows	**35,518**	**31,807**
Carrying amount of lease liability	**29,998**	**27,748**
of which: non-current	*21,972*	*20,514*
of which: current	*8,026*	*7,234*

Amounts accounted for in profit or loss in connection with leases:

	2023	2022
Interest expense on lease liabilities	1,528	881
Depreciation charge for right-of-use assets	10,030	8,570
Expense relating to short-term leases	859	870
Expense relating to leases of low-value assets that are not considered short-term leases	246	188
Expense relating to variable lease payments not included in the measurement of lease liabilities	35	101
Income from subleasing right-of-use assets	-	-

The Group's total cash outflow for leases amounted to HUF 11,172 million in 2023, while it totalled HUF 9,387 million in 2022. The Company has no lease agreements not yet commenced as at 31 December 2023. The average term of the lease liabilities existing as at 31 December 2023 is 6.59 years (31 December 2022: 7.23 years).

b) Leases with the Group as lessor

Currently MVM Next Energiakereskedelmi Zrt. has 28 building energy contracts concluded with multi-occupational buildings, housing associations and enterprises for gas furnace modernisation that qualify as leases. In addition, the contract of MVM ESCO Urban Kft. relating to the lease of street lighting equipment is also considered a lease. From 2023 lease contracts of MVM NET Zrt. related to the Superfast Internet Programme affecting 6 locations were added to the portfolio.

Non-current finance lease receivables *(in HUF million)*	**31.12.2023**	**31.12.2022**
Gross investment in the lease	1,447	227
Unearned interest	385	66
Non-current finance lease receivable	**1,062**	**161**

Current finance lease receivables *(in HUF million)*	**31.12.2023**	**31.12.2022**
Gross investment in the lease	176	48
Unearned interest	115	19
Current finance lease receivable	**61**	**29**

Finance lease receivables *(in HUF million)*	**31.12.2023**	**31.12.2022**
	Value of receivables from finance lease	**Value of receivables from finance lease**
Due within one year	176	48
Due between 1 and 5 years	1,398	147
Due over 5 years	49	80
Receivables from finance lease	**1,623**	**275**
Unearned interest	**500**	**85**

In 2023 the Group realised HUF 37 million finance income from its net investment in leases.

34. Off-balance sheet liabilities

Guarantees

The MVM Group is exposed to the risk that the following guarantees be called from it on 31 December 2023.

Description	Amount	Currency
Bank guarantees given	48.89	CNY million
Bank guarantees given	7.45	CZK million
Bank guarantees given	48.56	EUR million
Bank guarantees given	4,521.12	HUF million
Bank guarantees given	0.69	RON million

These guarantees were provided by banks on behalf of the member companies of the MVM Group as a security of certain contractual liabilities of the Group.
The table shows the performance, completion, warranty, guarantee and availability (non-payment) guarantees by currency. The breakdown by type of bank guarantee is dominated by the value of completion and warranty guarantees.
So far the Group has met its contractual liabilities, therefore no such guarantees were called in 2023, nor is it expected in the future either.

Litigations

The members of the Group have been involved in several litigations during their normal course of business. The value of the expected compensation claims for lawsuits or lawsuit threats, in which members of the Group are or may be involved in the future as defendants, is HUF 16,149 million, for which a provision of HUF 4,483 million has been recorded.

Other off-balance sheet liabilities

If the Group were to breach the full feed-in obligation under the gas procurement contracts for the years 2024-2035, the maximum penalty payable (calculated based on current price assumptions) would be HUF 8,602 billion.

In relation to LNG purchase contracts and the natural gas purchase contracts concluded with RWE, the Group currently does not expect to pay any penalty, since it believes that revenue (net of redirection and other costs) from the alternative sales opportunity will cover for the suppliers the penalty payable, which compensation is allowed under the contractual terms.

35. Activity financial statements

MVM Zrt. qualifies as an integrated electricity and natural gas enterprise, therefore based on relevant legislation it shall present licensed activities separately in its consolidated annual financial statements, which means accumulated stand-alone balance sheets and accumulated stand-alone income statements prepared in accordance with the Hungarian accounting regulations.

Separate presentation of licensed activities means the separate presentation of at least the assets, liabilities, accruals and deferrals, and a separate income statement.

Under Section 134 of the decree on the implementation of the Natural Gas Act (Government Decree No. 19/2009 (I.30.) on the Implementation of the Provisions of Act XL of 2008 on Natural Gas Supply), MVM Főgáz Földgázhálózati Kft. and MVM Égáz-Dégáz Földgázhálózati Zrt. are exempt from the requirement to prepare a separate balance sheet and income statement for the licensed activity, as less than 1% of their annual revenue is derived from activities not requiring a licence.

Separation method

The balance sheet and the income statement are separated through cost centres, order numbers by means of direct allocation and, if this is not possible, then with the use of cost drivers determined for each general ledger account. Cost drivers are created by the companies based on values (e.g. net sales revenues, pre-tax profit/loss, after-tax profit/loss, tax base, levels of cost types, etc.) that can be allocated to the various activities.

The data of the income statement and the balance sheet are allocated once a year following the year-end close.

The separation method is described in the relevant internal policies of the companies. The presentation of methodologies described in **Appendix 1** includes a simplified description of the policies.

In the case of MVM Next Energiakereskedelmi Zrt., the financial statements of the divisions include accumulations on an aggregate basis due to the horizontal performance (revenue and expense) between the individual divisions, which accumulations are eliminated in the stand-alone financial statements of the company. This is the reason for the differences between the stand-alone financial statements of the company and the consolidated divisional financial statements in relation to sales revenue and material-type expenses. Furthermore, the amounts of the receivables and liabilities line items presented in the company's separate financial statements and the amounts of the licensees' receivables and liabilities presented in the division accounts differ, because trade debtors with receivables and trade creditors with payables are reclassified by licensee, which causes a difference compared to the reclassifications in the company's separate financial statements.

With regard to the separation of the balance sheet, the individual activity balance sheets are not closed on their own at certain companies. Any differences are presented on the "Separation/Distribution difference" balance sheet line item in conformance with official guidelines.

36. Subsequent events and other supplementary information

Purchase of Tázlár solar power plant

According to the agreement signed on 20 December 2023, MVM Zöld Generáció Zrt. acquired "4D Energetika" Kft., the owner of the solar power plant in Tázlár with installed capacity of 63 MWp, on 31 January 2024. In this way, the MVM Group continues to expand its renewable energy portfolio. A solar power plant on more than 100 hectares of land on the outskirts of Tázlár, it has 115,000 solar panels producing a total of 85,000 MWh of carbon neutral energy per year, further reducing the unit CO_2 emissions of the electricity sector.

The MVM Group makes a major contribution to the green transition with its continuously expanding renewable generation capacity. The investment, which is also significant from an ESG perspective, will bring the MVM Group's renewable portfolio to 600 MWe of capacity, making a significant contribution to Hungary's decarbonisation targets.

The financial data related to the initial recognition of the business combination is not yet complete at the time of approval for publication of this financial statement, therefore the numerical information related to the acquisition cannot yet be published.

USD bond issue

On 5 March 2024, MVM Zrt. successfully completed another international foreign currency bond issue with strong investor interest.

It raised a total of USD 750 million on the international capital markets with a term of 7 years. The interest rate achieved in the issue was 6.5%, which was better than expected due to the strong popularity. The interest rate of the bond issue in euros was 4.856%.

The funds raised will be used by the MVM Group for general corporate financing purposes, including investments in domestic power plants and grid development, with a focus on expanding the renewable generation portfolio, while at the same time financing efficient, fast-start power plants capable of system regulation as well as regional expansion, thus also contributing to the decarbonisation targets set out in the National Energy Strategy.

Information regarding impact of Russian – Ukrainian war on the MVM Group

The MVM Group is Hungary's leading energy corporation, playing a key role in securing Hungary's electricity and natural gas supply; it is also a leading group at the regional level. The Group has dominant positions in almost all parts of the electricity and natural gas value chain in Hungary. The conflict between Russia and Ukraine, which has escalated to the level of war, affects the MVM Group's activities in several respects.

1) Direct exposure in Russia or Ukraine

The MVM Group has no assets in either Russia or Ukraine, and has no subsidiaries in these countries, so there is no direct exposure.

2) Commercial relations

Russia and Russian companies play a key role in Hungary's energy supply, especially in the generation of nuclear-based electricity and the supply of natural gas.

- The nuclear fuel for MVM Paksi Atomerőmű Zrt. is supplied by TVEL, part of the Rosatom Group. The nuclear power plant has a stock of nuclear fuel, but to maintain an adequate level of stock and thus ensure the continued and safe operation of the nuclear power plant, it is essential to ensure a scheduled supply of fuel. Due to the

geopolitical events, the previous rail transport route used before the war became impossible to use, and the company was forced to seek a licence for alternative (land and air) transport routes. Fuel supplies contracted for 2023 arrived in order.
In view of the situation outlined above, the Group began exploring potential fuel suppliers, but the successful licensing and launch of a new fuel is not likely until 2027, even in an optimal scenario.

- In 2021, MVM CEEnergy Zrt. signed a long-term natural gas procurement contract with Gazprom Export LLC, which is crucially important for the MVM Group's procurement portfolio and for Hungary's natural gas supply. In 2023, the rearrangements to supply routes (to the south), alternative source options (LNG) and declining consumption as well as the mild winter weather prevented a demand shock on the natural gas market from developing, which ultimately consolidated prices. Nonetheless, the gas market is still vulnerable and remained sensitive to geopolitical conditions (sanctions), the possible disruption of supply routes (disruptions or restrictions to South Stream and TurkStream pipelines), and the availability of natural gas resources (LNG vessels). It should be noted, that the European sanctions adopted or introduced by the end of 2023 do not cover Russian natural gas imports in either pipeline or liquefied (LNG) form.

Further significant commercial links

- MVM EGI Zrt. supplies cooling systems and technologies to industrial and energy partners, one of the company's priority markets was Russia, but due to the sanctions it cannot target this market either now or in the coming years. To ensure the business stability of MVM EGI Zrt., the management developed a new business strategy in the first half of 2022 by redefining the product portfolio and target markets, and by following this strategy it improved profit significantly already in 2023.
- European Power Services Zrt. is a joint venture of MVM Zrt. and Rosatom, a company registered in Hungary, which primarily provides development and maintenance services for the safe operation of power plant systems and equipment in Hungary and abroad. By the preparation date of these financial statements, no sanctions had been introduced that would affect the company's operations.

3) Indirect effects

The economic and social pressures of the global energy crisis in previous years have eased, but geopolitical factors are still capable of causing hectic changes on the global economy, with the risk of further disruptions persisting.

The EU's electricity demand fell by 3% in 2023 to its lowest level in two decades. Experts estimate that almost two-thirds of the change comes from emission reductions in energy-intensive industries that faced higher energy prices in 2022. This trend continued in 2023, despite a fall in the price of energy-intensive products and electricity from the previous record highs.

The Russian-Ukrainian conflict and sanctions have also exerted a significant impact on world gas prices, which rose to a record high in 2022. The extremely high and volatile market price environment has challenged market participants and the economy as a whole. In 2023, the record high prices started to fall sharply, reaching a consolidated level by the end of the year, thanks to high storage levels in Europe, falling demand and a mild winter. This trend was reinforced by the fact that most European countries are trying to wean themselves off Russian sources in the long term, with a large part of the shortfall being made up by liquefied natural gas ("LNG") supplies, providing a suitable alternative and stability for the European markets.

By means of appropriate risk management tools, financing, successful hedging and business policies the Group can ensure that extreme price movements do not have a negative impact on normal business and operations.

4) Impacts on MVM Group's profitability and financing

The MVM Group commands a diversified portfolio of activities, with significant assets and positions in almost all parts of the energy value chain; its activities extend beyond Hungary to other countries in the region, primarily the Czech Republic. The negative, inflationary effects of the war on economic growth also affect the MVM Group's activities.

The management of MVM Zrt. and its subsidiaries are constantly monitoring the impacts on the Group of the changed business and economic circumstances, and regularly consult with the competent government bodies on behalf of the Sole Shareholder, the Hungarian State, regarding the necessary measures to ensure that the MVM Group is able to fulfil its tasks and contractual obligations even under the changed circumstances.

The MVM Group has a significant unused credit line, which ensures the Group's liquidity. The Group prepares liquidity plans on a continuous basis and takes steps to expand its financing capacity where necessary.

Given the critical role of the MVM Group in the Hungarian energy supply and economy, the management of the MVM Group expects the Sole Shareholder will continue to pay particular attention to ensuring the operational and management stability of the MVM Group under the changed conditions.

Managing sanction risks

The MVM Group's central compliance guidelines include requirements to ensure sanctions compliance, but the volume and complexity of sanctions against Russia due to the Russian-Ukrainian war posed new challenges for the MVM Group too. For this reason, and also in view of the stricter financing requirements, MVM Zrt. launched a project to develop a group-wide sanctions compliance framework, under which the sanction risk exposure of the individual member companies was assessed and the member firms were classified in terms of sanction risk. In addition, member-firm onboarding processes were assessed along with group-level partner master data. Screening and monitoring processes were separated while a related and detailed group-level policy was prepared.

The MVM Group continuously monitors changes to the sanctions provisions, reviews the MVM Group's exposure, and seeks to take the necessary steps to ensure compliance. MVM Zrt. implemented a number of measures in 2023 to ensure sanctions compliance was as effective as possible, such as the revision of the sanction clause in the MVM Group's general terms and conditions and the acquisition of a subscription system for the purpose of sanction screening and monitoring of group-wide partner master data. Sanctions compliance is also ensured by standardised KYC questionnaires introduced previously in the large corporate commercial segment. The exposures related to sanctioned regions and business partners are reviewed from time to time, not only in relation to partners but also in relation to goods being exported and imported, and sanctions compliance has become an important aspect of planned transactions. Further development of the group-wide sanctions compliance framework is currently ongoing.

37. Disclosures on auditor remuneration

Pursuant to the requirements of Section 133 of the Hungarian Act on Accounting, the Group discloses the amounts paid to the appointed auditor (Deloitte Könyvvizsgáló Kft.) as follows:

(in HUF million)	2023	2022
Mandatory audit (MVM Zrt. separate and consolidated annual financial statements, interim balance sheet)	77	55
Mandatory audit (subsidiaries)	471	431
Other audit services	195	30
Other services	27	334

(All figures are in HUF million except if otherwise indicated)

38. Subsidiaries, associates and joint ventures within the consolidation scope of the Group

Company	Activity	Country	31.12.2023 Level of interest	31.12.2022 Level of interest
MVM MIFŰ Kft.	Provision of district heating (Miskolc)	Hungary	100%	100%
MVM OVIT Zrt.	Installation and maintenance of power plant systems	Hungary	100%	100%
MVM ENERGO-MERKUR Kft.	Trade of electrical fittings and cables	Hungary	100%	100%
MVM ERBE Zrt.	Energy design - installation	Hungary	100%	100%
MVM Zöld Generáció Zrt.	Generation of electricity (wind and solar energy)	Hungary	100%	100%
MVM Partner Zrt.	Electric energy wholesale	Hungary	100%	100%
MVM Partner Serbia d.o.o	Electric energy wholesale	Serbia	100%	100%
MVM Partner d.o.o.	Electric energy wholesale	Croatia	100%	100%
MVM Partner DOOEL Skopje	Electric energy wholesale	Macedonia	100%	100%
MVM Energy Romania SA	Holding	Romania	100%	100%
MVM Paksi Atomerőmű Zrt.	Generation of electricity from nuclear fuel	Hungary	100%	100%
ATOMIX Kft.	Services (nuclear power plant)	Hungary	100%	100%
Vértesi Erőmű Zrt.	Conservation, recultivation	Hungary	100%	100%
MVM Balance Zrt.	Generation of electricity	Hungary	100%	100%
MAVIR ZRt.	System operation, transmission network operation	Hungary	100%	100%
CEEGEX Zrt.	Operation of the Hungarian organised natural gas market	Hungary	100%	100%
HUPX Zrt.	Operation of the Hungarian power exchange	Hungary	100%	100%
HUDEX Energiatőzsde Zrt.	Operation of the financial power and natural gas exchange	Hungary	100%	100%
MVMI Zrt.	IT services	Hungary	100%	100%
MVM Hotel Panoráma Kft.	Organised holidays	Hungary	100%	100%
Niker d.o.o.	Organised holidays	Croatia	100%	100%
Római Irodaház Kft.	Operation and letting of office building	Hungary	100%	100%
Powerforum Zrt.	Operation of information interfaces for electricity trading	Hungary	N/A	100%

(All figures are in HUF million except if otherwise indicated)

Company	Activity	Country	31.12.2023 Level of interest	31.12.2022 Level of interest
MVM NET Zrt.	Operation of network and IT systems	Hungary	100%	100%
Magyar Földgáztároló Zrt.	Operation of underground natural gas storage facilities	Hungary	100%	100%
MVM CEEnergy Zrt.	Natural gas wholesale	Hungary	100%	100%
MVM ESCO Zrt.	Energy and energy efficiency services	Hungary	100%	100%
MVM BSZK Zrt.	Security services	Hungary	100%	100%
MFGK Austria GmbH	Natural gas wholesale	Austria	100%	100%
MVM CEEnergy Slovakia s.r.o.	Natural gas wholesale	Slovakia	100%	100%
MVM Future Energy Technology Srl.	Generation of electricity by way of a hydro power plant	Romania	100%	100%
MVM Smart Future Lab Zrt.	Energy R&D and incubation	Hungary	100%	100%
MVM Switzerland AG	International business development	Switzerland	100%	100%
MVM Titán Zrt.	Manufacture of steam boilers, lease of property and assets	Hungary	100%	100%
NRG Finance Kft.	Generation of electricity, lease of assets	Hungary	100%	100%
Rába Energiaszolgáltató Kft.	Energy supply and operation	Hungary	96.67%	96.67%
MVM Services Zrt.	Business supporting services	Hungary	100%	100%
MVM Optimum Zrt.	Complementary products and services	Hungary	100%	100%
MVM Otthon Plusz Zrt.	Mediation of retail business services	Hungary	100%	100%
MVM Démász Áramhálózati Kft.	Electricity distribution	Hungary	100%	100%
MVM Next Energiakereskedelmi Zrt.	Retail of electricity and natural gas	Hungary	100%	100%
MVM Főgáz Földgázhálózati Kft.	Natural gas distribution	Hungary	100%	100%
„Flogiston” Kft.	Manufacture of measuring instruments	Hungary	100%	100%
MVM Mobiliti Kft.	CNG fuel supply	Hungary	100%	100%
KAPOS CNG Kft.	CNG fuel supply	Hungary	99.63%	99.63%
MVM Égáz-Dégáz Földgázhálózati Zrt.	Natural gas distribution	Hungary	100%	100%
GRAPE Solutions Zrt.	Software development	Hungary	100%	100%
MVM Ügyfélkapcsolati Kft.	Customer relation services	Hungary	100%	100%
MVM Oroszlányi Szolgáltató Zrt.	Supply of district heating and domestic hot water (Oroszlány)	Hungary	100%	100%
MVM WATT ETA Kft.	Implementation of electricity sector projects and street lighting operation	Hungary	100%	100%

(All figures are in HUF million except if otherwise indicated)

Company	Activity	Country	31.12.2023 Level of interest	31.12.2022 Level of interest
MVM XPert Zrt.	Construction and maintenance of power transmission lines and substation	Hungary	100%	100%
e-Mobi Nonprofit Kft.	Operation of electric charging equipment	Hungary	100%	100%
MVM ZG Solar Kft.	Generation of electricity (solar power plant)	Hungary	100%	100%
Komm Hull Villamosenergia Kereskedő Kft.	Generation of electricity (solar power plant)	Hungary	100%	100%
MVM NUKA Zrt.	Maintenance of nuclear power plant	Hungary	100%	100%
MVM Mátra Energia Zrt.	Generation of electricity (lignite-fired coal power plant)	Hungary	100%	100%
MVM Mátra Gép Kft.	Maintenance of coal power plants	Hungary	100%	100%
MVM Mátra Mélyépítő Kft.	Mining services	Hungary	100%	100%
GEOSOL Kft.	Waste recycling	Hungary	100%	100%
MVM CEEnergy Croatia d.o.o.	Natural gas trade	Croatia	100%	100%
Raaba Energy Kft.	Generation of electricity (solar power plant)	Hungary	100%	100%
European Power Services Zrt.	Maintenance of power plants, technical services	Hungary	50%	50%
MVM ZG Solar Epsilon Kft.	Generation of electricity (solar power plant)	Hungary	N/A	100%
MVM CEEnergy CZ sro.	Natural gas trade	Czech Republic	100%	100%
MVM ZG Solar Service Kft.	Operation and maintenance of solar power plants	Hungary	100%	100%
innogy Česká republika a.s.	Financial, HR, IT services	Czech Republic	100%	100%
innogy Energie s.r.o	Retail trade of natural gas and electricity	Czech Republic	100%	100%
innogy Energo s.r.o.	Generation of heat and electricity, sale of CNG	Czech Republic	100%	100%
innogy Zákaznické služby, s.r.o.	Customer relation services	Czech Republic	100%	100%
innogy Energetika Plhov-Náchod s.r.o	Generation of heat and electricity	Czech Republic	93%	93%
MVM EGI Zrt.	Provision of engineering services, installation of industrial cooling and air conditioning regulating systems	Hungary	100%	100%
MVM EGI Cooling Technology (China) Co. Ltd.	Manufacture of heat exchangers	China	100%	100%
MVM EGI Cooling Systems Trading (Beijing) Co. Ltd.	Technical planning, logistics services and project management	China	100%	100%

(All figures are in HUF million except if otherwise indicated)

Company	Activity	Country	31.12.2023 Level of interest	31.12.2022 Level of interest
MVM Tisza Erőmű Kft.	Implementation of CCGT power plant	Hungary	100%	100%
Mobiliti VOLÁNBUSZ Kft.	Development of environmentally friendly buses	Hungary	95%	95%
MVM ZG SOLAR STAR Kft.	Generation of electricity (solar power plant)	Hungary	100%	100%
MVM Ingatlankezelő Kft.	Management of real estate	Hungary	100%	100%
MVM Vízerőmű Kft.	Generation of electricity (hydroelectric power plant)	Hungary	100%	100%
MVM ESCO Urban Kft.	Energy construction projects and operating services	Hungary	100%	100%
MVM Lumen Kft.	Operation of street lighting	Hungary	100%	100%
MVM ÉMÁSZ Áramhálózati Kft.	Electricity distribution	Hungary	100%	100%
MVM EÉ Ügyfélkapcsolati Kft.	Customer relation services	Hungary	100%	100%
NGBS Hungary Kft.	Design, manufacture and construction of heating-cooling systems	Hungary	100%	100%
Fermandor Kft.	Materials testing	Hungary	100%	100%
E.ON Áramszolgáltató Kft.	Retail of electricity	Hungary	100%	100%
M-IT Services Kft.	IT professional advisory	Hungary	100%	100%
MVM OVIT Építő Kft.	Architectural, specialised industry and metal industry activities	Hungary	100%	100%
MVM OVIT Beton Kft.	Manufacture of concrete elements	Hungary	100%	100%
MVM OVIT Rentra Kft.	Painting	Hungary	100%	100%
MVM ERBE ENGINEERING Zrt.	Implementation design	Hungary	100%	100%
Dunántúli Naperőmű Energia Zrt.	Generation of electricity (solar power plant)	Hungary	100%	N/A
Dunántúli Megújuló Energia Zrt.	Generation of electricity (solar power plant)	Hungary	100%	N/A
DEHNMIB Naperőmű Ingatlan Kft.	Property development and operation	Hungary	100%	N/A
SERBHUNGAS d.o.o. Novi Sad	Natural gas trade	Hungary	51%	N/A
"EKS Service" Kft.	Corrosion protection, construction, geoinformatics	Hungary	100%	N/A

(All figures are in HUF million except if otherwise indicated)

Associates, joint ventures and not fully consolidated subsidiaries of the Group:

Company	Country	31.12.2023 Level of interest	31.12.2022 Level of interest
MVM Energetikai Ágazati Képzőközpont Nonprofit Kft.	Hungary	100%	100%
ART Program S.R.L.	Romania	100%	100%
Bakony-Sol Kft.	Hungary	100%	100%
Dunamenti Erőmű Zrt.	Hungary	25%	25%
AGRI LNG Project Company SRL	Romania	25%	25%
"EKS Service" Kft.	Hungary	N/A	50%
Corvinus Energy Kft.	Hungary	50%	50%
HHE Sarkad Kft.	Hungary	50%	50%
HHE Gyulavári Kft.	Hungary	50%	N/A
Komunálinfo Zrt.	Hungary	42.42%	42.42%
Kecskeméti Termostar Kft.	Hungary	30.49%	30.49%
Drone Technologies Kft.	Hungary	N/A	25%
E.ON Hungária ZRt.	Hungary	25%	25%
Poizo Kft.	Hungary	N/A	24.90%
Smart Charging Kft.	Hungary	23.61%	23.61%
Teplo Votice, s.r.o.	Czech Republic	20%	20%
Olife Energy Net, a.s.	Czech Republic	100%	100%
Ginger Teplo s.r.o.	Czech Republic	100%	100%
Energo TTS s.r.o.	Slovakia	80%	80%
TTS Martin, s.r.o.	Slovakia	80%	80%
TTS Steel, s.r.o.	Slovakia	80%	80%
TTS Servis, s. r. o.	Slovakia	80%	80%
Sysco-Lux Kft.	Hungary	60%	60%
Sysco-Lux GmbH	Austria	60%	60%
Vilii Fly Magyarország Kft.	Hungary	24.9%	24.9%
Rollin Technologies Kft.	Hungary	24.91%	24.91%
Energotehnika Južna Bačka d.o.o. Novi Sad	Serbia	33.4%	33.4%
Elektromontaža d.o.o. Kraljevo	Serbia	33.4%	33.4%
OGD Berettyóújfalu Koncessziós Kft.	Hungary	50%	N/A

Appendix 1

Accumulated stand-alone activity separation balance sheet and income statement of the Group prepared in accordance with Hungarian accounting regulations as well as the methodology applied to separate activities:

Accumulated stand-alone activity separation balance sheet of the Group prepared in accordance with Hungarian accounting regulations

2023

Figures in HUF million

Description	Companies performing activities subject to licensing – Electric energy																						
	Trading			Production											Universal service provider		Storage	Street lighting	Distribution		Charging electric mv		
								MVM Zöld Generáció Zrt.															
	MVM Partner Zrt.	MVM Next Energia-kereskedelmi Zrt.	HUPX Zrt.	MVM Paksi Atomerőmű Zrt.	MVM Mátra Energia Zrt.	MVM Balance Zrt.	NRG Finance Kft.	Solar power	Wind power	Assets under construction	MVM ZG Solar Kft.	Raaba Energy Kft.	MVM Vízerőmű Kft.	MVM OVIT Zrt.	MVM Next Energia-kereskedelmi Zrt.	E.ON Áramszolgál-tató Kft.	MVM Balance Zrt.	MVM Watt Eta Hálózati és Közvilágítási Szolgáltató Kft.	MVM Démász Áramhálózati Kft.	MVM ÉMÁSZ Áramhálózati Kft.	e-Mobi Nonprofit Kft.	MVM Mobiliti Kft.	Total
A. NON-CURRENT ASSETS	**337**	**0**	**236**	**149,031**	**28,492**	**14,234**	**787**	**74,272**	**2,294**	**751**	**38,605**	**9,790**	**7,449**	**0**	**0**	**1,712**	**119**	**5**	**245,280**	**158,351**	**11**	**2,138**	**733,894**
I. Intangible assets	***271***	***0***	***200***	***1,727***	***98***	***0***	***26***	***53***	***0***	***1***	***349***	***0***	***3***	***0***	***0***	***1,694***	***0***	***0***	***6,051***	***10,710***	***11***	***492***	***21,686***
1. Capitalised value of formation and restructuring	0	0	0	0	0	0	0	51	0	0	349	0	0	0	0	0	0	0	0	0	0	0	400
2. Capitalised value of research and development	0	0	0	19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	165	0	0	0	184
3. Rights and concessions	271	0	90	657	95	0	26	2	0	1	0	0	0	0	0	1,694	0	0	5,627	10,554	0	0	19,017
4. Intellectual property	0	0	110	1,051	3	0	0	0	0	0	0	0	3	0	0	0	0	0	259	156	11	492	2,085
5. Goodwill	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Advances on intangible assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7. Upwards revaluation of intangible assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
II. Tangible assets	***61***	***0***	***19***	***145,160***	***28,265***	***14,234***	***761***	***74,219***	***2,293***	***750***	***38,256***	***9,790***	***2,522***	***0***	***0***	***18***	***119***	***5***	***239,192***	***147,624***	***0***	***0***	***703,288***
1. Land and buildings and related rights and concessions	0	0	5	21,272	7,257	3,666	1	17,323	326	0	10,056	3,194	589	0	0	0	0	0	163,601	102,154	0	0	329,444
2. Technical equipment, machinery, vehicles	0	0	0	84,464	15,011	8,753	341	41,294	1,965	0	26,817	5,885	1,779	0	0	0	0	4	54,324	29,179	0	0	269,816
3. Other equipment, fittings, vehicles	61	0	14	1,635	597	34	0	4,896	2	0	1,378	708	56	0	0	18	0	1	261	697	0	0	10,358
4. Breeding animals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Assets under construction, renovations	0	0	0	37,718	4,642	1,760	419	10,706	0	750	5	3	98	0	0	0	119	0	19,789	13,956	0	0	89,965
6. Payments on account	0	0	0	71	758	21	0	0	0	0	0	0	0	0	0	0	0	0	1,217	1,638	0	0	3,705
7. Upwards revaluation of tangible assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
III. Investments	***5***	***0***	***17***	***2,144***	***129***	***0***	***0***	***0***	***1***	***0***	***0***	***0***	***4,924***	***0***	***0***	***0***	***0***	***0***	***37***	***17***	***0***	***1,646***	***8,920***
1. Long-term interests in related companies	0	0	0	895	75	0	0	0	1	0	0	0	0	0	0	0	0	0	0	17	0	1,646	2,634
2. Non-current loans to related companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Long-term significant equity share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Non-current loans to companies in which the Group has a significant equity share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Other long-term interests	0	0	0	105	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	105
6. Non-current loans to affiliated companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7. Other non-current loans	5	0	17	1,144	54	0	0	0	0	0	0	0	15	0	0	0	0	0	37	0	0	0	1,272
8. Long-term debt securities	0	0	0	0	0	0	0	0	0	0	0	0	4,909	0	0	0	0	0	0	0	0	0	4,909
9. Upwards revaluation of investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10. Revaluation difference on investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B. CURRENT ASSETS	**413,540**	**225,693**	**1,646**	**155,573**	**47,530**	**9,083**	**372**	**356**	**557**	**517**	**4,067**	**1,577**	**4,976**	**1,431**	**33,565**	**65,888**	**1,949**	**11**	**43,716**	**39,995**	**176**	**359**	**1,052,577**
I. Inventories	***2***	***3,108***	***0***	***142,531***	***24,477***	***4,526***	***0***	***0***	***0***	***0***	***5***	***6***	***53***	***0***	***845***	***1,021***	***0***	***8***	***3,410***	***3,699***	***15***	***0***	***183,706***
1. Raw materials and consumable goods	0	0	0	131,309	23,186	3,780	0	0	0	0	5	6	53	0	0	0	0	8	3,288	3,634	0	0	165,269
2. Work in progress and semi-finished goods	0	0	0	0	1,287	0	0	0	0	0	0	0	0	0	0	0	0	0	33	0	0	0	1,320
3. Young, fattened and other livestock	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Finished goods	0	0	0	0	4	0	0	0	0	0	0	0	0	0	0	0	0	0	89	0	0	0	93
5. Goods	2	3,108	0	0	0	746	0	0	0	0	0	0	0	0	845	1,021	0	0	0	65	15	0	5,802
6. Advances on inventories	0	0	0	11,222	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	11,222
II. Receivables	***396,656***	***222,585***	***1,567***	***13,023***	***22,940***	***4,556***	***372***	***356***	***486***	***517***	***1,218***	***111***	***4,920***	***1,431***	***32,720***	***64,490***	***1,949***	***3***	***15,160***	***30,203***	***151***	***337***	***815,751***
1. Trade receivables	16,351	102,843	337	0	841	66	0	0	0	0	0	0	0	0	23,298	22,591	0	2	1,264	10,196	1	210	178,000
2. Receivables from related companies	288,485	6,760	1,161	10,772	22,014	2,956	358	351	483	509	316	85	4,887	1,431	7,258	34,983	1,949	0	5,533	16,469	142	107	407,009
3. Receivables from companies in which the Group has a significant equity share	0	74	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0	0	0	0	0	1	77
4. Receivables from affiliated companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Bills receivable	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Other receivables	76,423	112,518	69	2,230	85	1,534	14	5	3	8	902	7	33	0	2,163	6,915	0	1	8,363	3,538	8	19	214,838
7. Revaluation difference on receivables	0	0	0	0	0	0	0	0	0	0	0	19	0	0	0	0	0	0	0	0	0	0	19
8. Revaluation gain on derivative transactions	15,397	390	0	21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15,808
III. Securities	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***
1. Interests in related companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Significant equity share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Interests in other entities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Treasury shares, business shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Debt securities held for trading	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Revaluation difference on securities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IV. Cash and cash equivalents	***16,882***	***0***	***79***	***19***	***113***	***1***	***0***	***0***	***71***	***0***	***2,844***	***1,460***	***3***	***0***	***0***	***377***	***0***	***0***	***25,146***	***6,093***	***10***	***22***	***53,120***
1. Petty cash, cheques	0	0	0	19	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	21
2. Bank deposits	16,882	0	79	0	113	0	0	0	71	0	2,844	1,460	2	0	0	377	0	0	25,146	6,093	10	22	53,099
C. DEFERRED EXPENSES AND ACCRUED INCOME	**3,919**	**100,321**	**120**	**626**	**55,534**	**273**	**2**	**362**	**303**	**11**	**301**	**44**	**44**	**52**	**36,446**	**10,535**	**0**	**0**	**18,537**	**4,810**	**18**	**15**	**232,273**
1. Accrued income	3,813	100,318	102	3	55,216	221	2	262	256	0	172	44	34	52	35,605	10,511	0	0	17,956	4,519	17	13	229,116
2. Prepayments	106	3	18	623	318	52	0	100	47	11	129	0	10	0	841	24	0	0	581	291	1	2	3,157
3. Deferred expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL ASSETS	**417,796**	**326,014**	**2,002**	**305,230**	**131,556**	**23,590**	**1,161**	**74,990**	**3,154**	**1,279**	**42,973**	**11,411**	**12,469**	**1,483**	**70,011**	**78,135**	**2,068**	**16**	**307,533**	**203,156**	**205**	**2,512**	**2,018,744**

Accumulated stand-alone activity separation balance sheet of the Group prepared in accordance with Hungarian accounting regulations

2023

Figures in HUF million

Description	Companies performing activities subject to licensing																						
	Electric energy																						
	Trading			Production											Universal service provider		Storage	Street lighting	Distribution		Charging electric mv		
	MVM Partner Zrt.	MVM Next Energia-kereskedelmi Zrt.	HUPX Zrt.	MVM Paksi Atomerőmű Zrt.	MVM Mátra Energia Zrt.	MVM Balance Zrt.	NRG Finance Kft.	MVM Zöld Generáció Zrt.			MVM ZG Solar Kft.	Raaba Energy Kft.	MVM Vízerőmű Kft.	MVM OVIT Zrt.	MVM Next Energia-kereskedelmi Zrt.	E.ON Áramszolgál-tató Kft.	MVM Balance Zrt.	MVM Watt Eta Hálózati és Közvilágítási Szolgáltató Kft.	MVM Démász Áramhálózati Kft.	MVM ÉMÁSZ Áramhálózati Kft.	e-Mobi Nonprofit Kft.	MVM Mobiliti Kft.	Total
								Solar power	Wind power	Assets under construction													
D. Equity	**215,293**	**22,518**	**853**	**126,858**	**89,155**	**11,134**	**1,269**	**22,803**	**6,792**	**-399**	**10,159**	**5,505**	**10,067**	**1,308**	**-56,195**	**47,601**	**2,068**	**3**	**136,343**	**92,453**	**86**	**2,145**	**747,819**
I. Subscribed/Registered capital	***14,577***	***0***	***5***	***120,390***	***28,469***	***201***	***772***	***1,531***	***262***	***0***	***361***	***63***	***4,586***	***755***	***0***	***6,372***	***1***	***0***	***104,880***	***84,505***	***4***	***4***	***367,738***
Of which: repurchased ownership shares at face value	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
II. Subscribed/Registered, but unpaid capital (-)	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***
III. Capital reserve	***0***	***439***	***160***	***2,665***	***40,190***	***3,972***	***0***	***19,383***	***3,319***	***0***	***6,663***	***3,618***	***0***	***16***	***0***	***43,629***	***2,073***	***0***	***7,091***	***5,810***	***1,104***	***2,472***	***142,604***
IV. Retained earnings	***0***	***24,701***	***191***	***2,982***	***16,953***	***5,275***	***90***	***810***	***660***	***-379***	***1,165***	***-170***	***4,567***	***9***	***-56,139***	***0***	***0***	***0***	***25,544***	***2,668***	***-749***	***-475***	***27,703***
V. Allocated reserve	***0***	***0***	***0***	***19***	***0***	***0***	***0***	***51***	***0***	***0***	***349***	***1,861***	***0***	***0***	***0***	***0***	***0***	***0***	***165***	***0***	***0***	***0***	***2,445***
VI. Valuation reserve	***0***	***-2,485***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***-2,263***	***0***	***0***	***0***	***0***	***0***	***0***	***-4,748***
1. Valuation reserve from upwards revaluations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Fair value reserve	0	-2,485	0	0	0	0	0	0	0	0	0	0	0	0	0	-2,263	0	0	0	0	0	0	-4,748
VII. ADJUSTED PROFIT/LOSS AFTER TAX	***200,716***	***-137***	***497***	***802***	***3,543***	***1,686***	***407***	***1,028***	***2,551***	***-20***	***1,621***	***133***	***914***	***528***	***-56***	***-137***	***-6***	***3***	***-1,337***	***-530***	***-273***	***144***	***212,077***
E. PROVISIONS	**58**	**1,229**	**32**	**34,720**	**6,218**	**1,491**	**0**	**0**	**0**	**0**	**0**	**1**	**2,049**	**0**	**334**	**1,021**	**0**	**0**	**2,361**	**380**	**0**	**0**	**49,894**
1. Provisions for expected liabilities	58	1,229	32	34,720	6,218	1,491	0	0	0	0	0	1	70	0	334	1,021	0	0	2,361	380	0	0	47,915
2. Provisions for future costs	0	0	0	0	0	0	0	0	0	0	0	0	1,978	0	0	0	0	0	0	0	0	0	1,978
3. Other provisions	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1
F. LIABILITIES	**195,758**	**256,343**	**670**	**128,246**	**34,772**	**10,969**	**48**	**40,715**	**656**	**2,061**	**20,753**	**5,335**	**276**	**170**	**233,879**	**27,764**	**0**	**9**	**109,878**	**67,541**	**55**	**577**	**1,136,475**
I. Subordinated liabilities	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***
1. Subordinated liabilities to related companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Subordinated liabilities to companies in which the Group has a significant equity share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Subordinated liabilities to affiliated companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Subordinated liabilities to other entities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
II. Non-current liabilities	***0***	***0***	***0***	***81,671***	***0***	***5,875***	***0***	***0***	***0***	***0***	***18,602***	***4,859***	***0***	***0***	***0***	***0***	***0***	***0***	***54,519***	***34,801***	***0***	***0***	***200,327***
1. Non-current borrowings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Convertible bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Debts on the issuance of bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Investment and development loans	0	0	0	0	0	0	0	0	0	0	0	4,043	0	0	0	0	0	0	0	0	0	0	4,043
5. Other non-current loans	0	0	0	0	0	0	0	0	0	0	18,602	0	0	0	0	0	0	0	0	0	0	0	18,602
6. Non-current liabilities to related companies	0	0	0	81,671	0	5,875	0	0	0	0	0	816	0	0	0	0	0	0	54,519	34,801	0	0	177,682
7. Non-current liabilities to companies in which the Group has a significant equity share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8. Non-current liabilities to affiliated companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9. Other non-current liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
III. Current liabilities	***195,758***	***256,343***	***670***	***46,575***	***34,772***	***5,094***	***48***	***40,715***	***656***	***2,061***	***2,151***	***476***	***276***	***170***	***233,879***	***27,764***	***0***	***9***	***55,359***	***32,740***	***55***	***577***	***936,148***
1. Current borrowings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
- of which: convertible bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Current loans	0	0	0	0	0	0	0	0	0	0	1,856	352	0	0	0	0	0	0	0	0	0	0	2,208
3. Advances from customers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	77	565	0	0	642
4. Trade liabilities	25,876	3,498	208	10,670	2,602	352	0	55	7	41	21	3	18	49	3,997	1,668	0	4	8,663	3,046	5	77	60,860
5. Bills payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Current liabilities to related companies	20,490	246,918	285	27,801	23,555	4,565	26	37,927	218	58	140	87	12	3	28,688	20,500	0	4	16,430	19,335	17	151	447,210
7. Current liabilities to companies in which the Group has a significant equity share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	2	0	0	5
8. Current liabilities to affiliated companies	0	0	0	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3
9. Other current liabilities	126,306	3,052	177	8,095	8,615	160	22	2,733	431	1,962	134	34	246	118	201,194	3,333	0	1	30,186	9,792	33	349	396,973
10. Revaluation difference on liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11. Revaluation loss on derivative transactions	23,086	2,875	0	6	0	17	0	0	0	0	0	0	0	0	0	2,263	0	0	0	0	0	0	28,247
G. ACCRUED EXPENSES AND DEFERRED INCOME	**6,688**	**16,684**	**381**	**15,657**	**1,411**	**576**	**1**	**25,956**	**57**	**0**	**12,061**	**570**	**77**	**5**	**25,567**	**52,698**	**0**	**4**	**54,810**	**42,782**	**53**	**172**	**256,210**
1. Income accruing for future periods	5	2,166	129	0	27	132	0	0	0	0	0	0	0	0	0	37,075	0	0	2,353	525	0	0	42,412
2. Accrued expenses	6,683	14,518	252	2,691	1,373	383	1	2,227	57	0	304	570	77	5	25,567	15,623	0	4	14,672	8,850	28	172	94,057
3. Deferred income	0	0	0	12,966	11	61	0	23,729	0	0	11,757	0	0	0	0	0	0	0	37,785	33,407	25	0	119,741
H. SEPARATION/DISTRIBUTION DIFFERENCE	**-1**	**29,240**	**66**	**-251**	**0**	**-580**	**-157**	**-14,484**	**-4,351**	**-383**	**0**	**0**	**0**	**0**	**-133,574**	**-50,949**	**0**	**0**	**4,141**	**0**	**11**	**-382**	**-171,654**
TOTAL EQUITY AND LIABILITIES	**417,796**	**326,014**	**2,002**	**305,230**	**131,556**	**23,590**	**1,161**	**74,990**	**3,154**	**1,279**	**42,973**	**11,411**	**12,469**	**1,483**	**70,011**	**78,135**	**2,068**	**16**	**307,533**	**203,156**	**205**	**2,512**	**2,018,744**

Accumulated stand-alone activity separation balance sheet of the Group prepared in accordance with Hungarian accounting regulations

2023

Figures in HUF million

Description	Companies performing activities subject to licensing											
	Heat energy					Gas energy						
	Production					Trading				Universal service provider	Storage	
	MVM Paksi Atomerőmű Zrt.	MVM MIFŰ Kft.	MVM Balance Zrt.	MVM Oroszlányi Távhőtermelő és Szolgáltató Zrt.	Total	MVM Partner Zrt.	CEEGEX Zrt.	MVM CEEnergy Zrt.	MVM Next Energia-kereskedelmi Zrt.	MVM Next Energia-kereskedelmi Zrt.	Magyar Földgáztároló Zrt.	Total
A. NON-CURRENT ASSETS	**226**	**1,209**	**5,067**	**3,245**	**9,747**	**4**	**69**	**27,786**	**0**	**0**	**204,836**	**232,695**
I. Intangible assets	***1***	***0***	***0***	***165***	***166***	***3***	***62***	***0***	***0***	***0***	***554***	***619***
1. Capitalised value of formation and restructuring	0	0	0	0	0	0	0	0	0	0	0	0
2. Capitalised value of research and development	0	0	0	0	0	0	0	0	0	0	0	0
3. Rights and concessions	0	0	0	165	165	3	1	0	0	0	204	208
4. Intellectual property	1	0	0	0	1	0	61	0	0	0	350	411
5. Goodwill	0	0	0	0	0	0	0	0	0	0	0	0
6. Advances on intangible assets	0	0	0	0	0	0	0	0	0	0	0	0
7. Upwards revaluation of intangible assets	0	0	0	0	0	0	0	0	0	0	0	0
II. Tangible assets	***224***	***1,209***	***5,067***	***3,073***	***9,573***	***1***	***7***	***30***	***0***	***0***	***204,279***	***204,317***
1. Land and buildings and related rights and concessions	36	120	1,421	2,348	3,925	0	1	16	0	0	179,576	179,593
2. Technical equipment, machinery, vehicles	163	1,089	3,439	641	5,332	0	0	0	0	0	19,856	19,856
3. Other equipment, fittings, vehicles	2	0	6	75	83	1	6	14	0	0	407	428
4. Breeding animals	0	0	0	0	0	0	0	0	0	0	0	0
5. Assets under construction, renovations	23	0	201	9	233	0	0	0	0	0	4,192	4,192
6. Payments on account	0	0	0	0	0	0	0	0	0	0	248	248
7. Upwards revaluation of tangible assets	0	0	0	0	0	0	0	0	0	0	0	0
III. Investments	***1***	***0***	***0***	***7***	***8***	***0***	***0***	***27,756***	***0***	***0***	***3***	***27,759***
1. Long-term interests in related companies	0	0	0	0	0	0	0	27,754	0	0	0	27,754
2. Non-current loans to related companies	0	0	0	0	0	0	0	0	0	0	0	0
3. Long-term significant equity share	0	0	0	0	0	0	0	0	0	0	0	0
4. Non-current loans to companies in which the Group has a significant equity share	0	0	0	0	0	0	0	0	0	0	0	0
5. Other long-term interests	0	0	0	0	0	0	0	0	0	0	0	0
6. Non-current loans to affiliated companies	0	0	0	0	0	0	0	0	0	0	0	0
7. Other non-current loans	1	0	0	7	8	0	0	2	0	0	3	5
8. Long-term debt securities	0	0	0	0	0	0	0	0	0	0	0	0
9. Upwards revaluation of investments	0	0	0	0	0	0	0	0	0	0	0	0
10. Revaluation difference on investments	0	0	0	0	0	0	0	0	0	0	0	0
B. CURRENT ASSETS	**407**	**1,717**	**9,872**	**4,677**	**16,673**	**83**	**1,344**	**893,040**	**216,667**	**188,279**	**10,932**	**1,310,345**
I. Inventories	***371***	***326***	***2,865***	***898***	***4,460***	***0***	***0***	***466,707***	***99,446***	***15,806***	***1,625***	***583,584***
1. Raw materials and consumable goods	342	0	178	134	654	0	0	0	0	0	1,053	1,053
2. Work in progress and semi-finished goods	0	0	0	0	0	0	0	0	0	0	0	0
3. Young, fattened and other livestock	0	0	0	0	0	0	0	0	0	0	0	0
4. Finished goods	0	0	0	0	0	0	0	0	0	0	0	0
5. Goods	0	326	2,687	764	3,777	0	0	466,707	99,446	15,806	572	582,531
6. Advances on inventories	29	0	0	0	29	0	0	0	0	0	0	0
II. Receivables	***36***	***1,391***	***7,007***	***3,775***	***12,209***	***82***	***1,344***	***413,271***	***117,221***	***172,473***	***9,158***	***713,549***
1. Trade receivables	31	581	2,841	309	3,762	0	131	73,242	46,038	21,681	372	141,464
2. Receivables from related companies	0	0	1,984	2,711	4,695	68	1,193	266,955	57,403	0	8,389	334,008
3. Receivables from companies in which the Group has a significant equity share	0	0	0	0	0	0	0	0	208	0	0	208
4. Receivables from affiliated companies	0	0	0	0	0	0	0	0	0	0	0	0
5. Bills receivable	0	0	0	0	0	0	0	0	0	0	0	0
6. Other receivables	5	810	2,182	755	3,752	14	4	39,037	4,939	150,792	397	195,183
7. Revaluation difference on receivables	0	0	0	0	0	0	0	0	0	0	0	0
8. Revaluation gain on derivative transactions	0	0	0	0	0	0	16	34,037	8,633	0	0	42,686
III. Securities	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***
1. Interests in related companies	0	0	0	0	0	0	0	0	0	0	0	0
2. Significant equity share	0	0	0	0	0	0	0	0	0	0	0	0
3. Interests in other entities	0	0	0	0	0	0	0	0	0	0	0	0
4. Treasury shares, business shares	0	0	0	0	0	0	0	0	0	0	0	0
5. Debt securities held for trading	0	0	0	0	0	0	0	0	0	0	0	0
6. Revaluation difference on securities	0	0	0	0	0	0	0	0	0	0	0	0
IV. Cash and cash equivalents	***0***	***0***	***0***	***4***	***4***	***1***	***0***	***13,062***	***0***	***0***	***149***	***13,212***
1. Petty cash, cheques	0	0	0	0	0	0	0	0	0	0	0	0
2. Bank deposits	0	0	0	4	4	1	0	13,062	0	0	149	13,212
C. DEFERRED EXPENSES AND ACCRUED INCOME	**2**	**0**	**795**	**1,284**	**2,081**	**6**	**5**	**52,841**	**78,447**	**186,341**	**0**	**317,640**
1. Accrued income	0	0	687	1,245	1,932	0	5	34,123	76,726	63,009	0	173,863
2. Prepayments	2	0	108	39	149	6	0	13,752	1,721	123,332	0	138,811
3. Deferred expenses	0	0	0	0	0	0	0	4,966	0	0	0	4,966
TOTAL ASSETS	**635**	**2,926**	**15,734**	**9,206**	**28,501**	**93**	**1,418**	**973,667**	**295,114**	**374,620**	**215,768**	**1,860,680**

Accumulated stand-alone activity separation balance sheet of the Group prepared in accordance with Hungarian accounting regulations

2023

Figures in HUF million

Description	Companies performing activities subject to licensing											
	Heat energy					Gas energy						
	Production					Trading				Universal service provider	Storage	
	MVM Paksi Atomerőmű Zrt.	MVM MIFŰ Kft.	MVM Balance Zrt.	MVM Oroszlányi Távhőtermelő és Szolgáltató Zrt.	Total	MVM Partner Zrt.	CEEGEX Zrt.	MVM CEEnergy Zrt.	MVM Next Energia-kereskedelmi Zrt.	MVM Next Energia-kereskedelmi Zrt.	Magyar Földgáztároló Zrt.	Total
D. Equity	**282**	**870**	**4,797**	**3,320**	**9,269**	**70**	**1,158**	**-64,557**	**31,663**	**-63,032**	**130,986**	**36,288**
I. Subscribed/Registered capital	***206***	***500***	***0***	***2,750***	***3,456***	***84***	***277***	***2,984***	***50***	***1,197***	***6,607***	***11,199***
Of which: repurchased ownership shares at face value	0	0	0	0	0	0	0	0	0	0	0	0
II. Subscribed/Registered, but unpaid capital (-)	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***
III. Capital reserve	***2***	***270***	***2,534***	***25***	***2,831***	***0***	***512***	***40,923***	***-1,804***	***817***	***50,905***	***91,353***
IV. Retained earnings	***198***	***0***	***1,538***	***-6***	***1,730***	***0***	***6***	***0***	***50,213***	***-49,136***	***56,791***	***57,874***
V. Allocated reserve	***0***	***0***	***0***	***201***	***201***	***0***	***0***	***0***	***0***	***0***	***0***	***0***
VI. Valuation reserve	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***-173,034***	***-51,673***	***0***	***0***	***-224,707***
1. Valuation reserve from upwards revaluations	0	0	0	0	0	0	0	0	0	0	0	0
2. Fair value reserve	0	0	0	0	0	0	0	-173,034	-51,673	0	0	-224,707
VII. ADJUSTED PROFIT/LOSS AFTER TAX	***-124***	***100***	***725***	***350***	***1,051***	***-14***	***363***	***64,570***	***34,877***	***-15,910***	***16,683***	***100,569***
E. PROVISIONS	**62**	**104**	**1,920**	**766**	**2,852**	**0**	**0**	**23,535**	**1,433**	**6,247**	**5,570**	**36,785**
1. Provisions for expected liabilities	62	104	1,920	525	2,611	0	0	19,970	1,433	6,247	605	28,255
2. Provisions for future costs	0	0	0	241	241	0	0	3,565	0	0	4,965	8,530
3. Other provisions	0	0	0	0	0	0	0	0	0	0	0	0
F. LIABILITIES	**231**	**2,016**	**8,148**	**3,328**	**13,723**	**17**	**212**	**998,164**	**175,089**	**33,005**	**70,046**	**1,276,533**
I. Subordinated liabilities	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***
1. Subordinated liabilities to related companies	0	0	0	0	0	0	0	0	0	0	0	0
2. Subordinated liabilities to companies in which the Group has a significant equity share	0	0	0	0	0	0	0	0	0	0	0	0
3. Subordinated liabilities to affiliated companies	0	0	0	0	0	0	0	0	0	0	0	0
4. Subordinated liabilities to other entities	0	0	0	0	0	0	0	0	0	0	0	0
II. Non-current liabilities	***0***	***505***	***0***	***0***	***505***	***0***	***0***	***29,957***	***0***	***0***	***60,246***	***90,203***
1. Non-current borrowings	0	0	0	0	0	0	0	0	0	0	0	0
2. Convertible bonds	0	0	0	0	0	0	0	0	0	0	0	0
3. Debts on the issuance of bonds	0	0	0	0	0	0	0	0	0	0	0	0
4. Investment and development loans	0	0	0	0	0	0	0	0	0	0	0	0
5. Other non-current loans	0	0	0	0	0	0	0	0	0	0	0	0
6. Non-current liabilities to related companies	0	505	0	0	505	0	0	0	0	0	60,246	60,246
7. Non-current liabilities to companies in which the Group has a significant equity share	0	0	0	0	0	0	0	0	0	0	0	0
8. Non-current liabilities to affiliated companies	0	0	0	0	0	0	0	0	0	0	0	0
9. Other non-current liabilities	0	0	0	0	0	0	0	29,957	0	0	0	29,957
III. Current liabilities	***231***	***1,511***	***8,148***	***3,328***	***13,218***	***17***	***212***	***968,207***	***175,089***	***33,005***	***9,800***	***1,186,330***
1. Current borrowings	0	0	0	0	0	0	0	0	0	0	0	0
- of which: convertible bonds	0	0	0	0	0	0	0	0	0	0	0	0
2. Current loans	0	0	0	0	0	0	0	0	0	0	0	0
3. Advances from customers	0	0	172	0	172	0	1	3,396	0	0	19	3,416
4. Trade liabilities	122	23	257	745	1,147	3	7	172,424	1,087	1,785	6,990	182,296
5. Bills payable	0	0	0	0	0	0	0	0	0	0	0	0
6. Current liabilities to related companies	41	1,488	7,453	2,379	11,361	8	148	569,533	87,397	28,420	1,300	686,806
7. Current liabilities to companies in which the Group has a significant equity share	0	0	0	0	0	0	0	0	0	0	0	0
8. Current liabilities to affiliated companies	0	0	0	0	0	0	0	0	265	1,148	0	1,413
9. Other current liabilities	68	0	266	174	508	6	56	38,283	34,767	1,652	1,491	76,255
10. Revaluation difference on liabilities	0	0	0	0	0	0	0	0	0	0	0	0
11. Revaluation loss on derivative transactions	0	0	0	30	30	0	0	184,571	51,573	0	0	236,144
G. ACCRUED EXPENSES AND DEFERRED INCOME	**52**	**85**	**774**	**1,682**	**2,593**	**6**	**59**	**16,676**	**6,268**	**28,389**	**9,432**	**60,830**
1. Income accruing for future periods	0	0	0	99	99	0	0	175	2,107	2,306	8,361	12,949
2. Accrued expenses	5	20	100	177	302	6	59	16,501	4,161	26,083	553	47,363
3. Deferred income	47	65	674	1,406	2,192	0	0	0	0	0	518	518
H. SEPARATION/DISTRIBUTION DIFFERENCE	**8**	**-149**	**95**	**110**	**64**	**0**	**-11**	**-151**	**80,661**	**370,011**	**-266**	**450,244**
TOTAL EQUITY AND LIABILITIES	**635**	**2,926**	**15,734**	**9,206**	**28,501**	**93**	**1,418**	**973,667**	**295,114**	**374,620**	**215,768**	**1,860,680**

Accumulated stand-alone activity separation balance sheet of the Group prepared in accordance with Hungarian accounting regulations

2023

Figures in HUF million

Description	Companies performing activities subject to licensing – Other activities																					
	MVM Partner Zrt.	MVM MIFŰ Kft.	MVM Paksi Atomerőmű Zrt.	MVM Mátra Energia Zrt.	MVM Zöld Generáció Zrt.	Magyar Földgáztároló Zrt.	MVM Oroszlányi Távhőtermelő és Szolgáltató Zrt.	CEEGEX Zrt.	MVM Balance Zrt.	HUPX Zrt.	NRG Finance Kft.	MVM Next Energia-kereskedelmi Zrt.	MVM Démász Áramhálózati Kft.	MVM ÉMÁSZ Áramhálózati Kft.	MVM CEEnergy Zrt.	e-Mobi Nonprofit Kft.	MVM Mobiliti Kft.	MVM Watt Eta Hálózati és Közvilágítási Szolgáltató Kft.	MVM Vízerőmű Kft.	MVM OVIT Zrt.	E.ON Áramszolgál-tató Kft.	Total
A. NON-CURRENT ASSETS	**128**	**49**	**8,474**	**38,843**	**62,603**	**4,381**	**0**	**1**	**19,017**	**7**	**967**	**191,308**	**186**	**0**	**7,430**	**1,121**	**1,338**	**51**	**167**	**3,228**	**0**	**339,299**
I. Intangible assets	***55***	***0***	***4***	***4***	***87***	***94***	***0***	***1***	***793***	***7***	***33***	***2,610***	***0***	***0***	***0***	***0***	***7***	***0***	***0***	***0***	***0***	***3,695***
1. Capitalised value of formation and restructuring	0	0	0	0	0	0	0	0	0	0	0	5	0	0	0	0	0	0	0	0	0	5
2. Capitalised value of research and development	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Rights and concessions	55	0	2	4	39	73	0	0	187	0	33	2,165	0	0	0	0	0	0	0	0	0	2,558
4. Intellectual property	0	0	2	0	48	21	0	1	606	7	0	440	0	0	0	0	7	0	0	0	0	1,132
5. Goodwill	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Advances on intangible assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7. Upwards revaluation of intangible assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
II. Tangible assets	***2***	***49***	***8,455***	***37,522***	***3,139***	***4,278***	***0***	***0***	***2,836***	***0***	***35***	***2,900***	***30***	***0***	***61***	***1,121***	***1,121***	***50***	***167***	***3,211***	***0***	***64,977***
1. Land and buildings and related rights and concessions	0	49	4,790	11,419	690	0	0	0	123	0	2	2,738	0	0	9	460	70	0	45	1,282	0	21,677
2. Technical equipment, machinery, vehicles	0	0	2,521	23,874	2,406	0	0	0	2,268	0	8	51	30	0	0	660	937	45	122	935	0	33,857
3. Other equipment, fittings, vehicles	2	0	20	622	43	0	0	0	159	0	0	110	0	0	52	1	4	5	0	68	0	1,086
4. Breeding animals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Assets under construction, renovations	0	0	1,124	1,607	0	4,278	0	0	286	0	25	1	0	0	0	0	110	0	0	896	0	8,327
6. Payments on account	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	30	0	30
7. Upwards revaluation of tangible assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
III. Investments	***71***	***0***	***15***	***1,317***	***59,377***	***9***	***0***	***0***	***15,388***	***0***	***899***	***185,798***	***156***	***0***	***7,369***	***0***	***210***	***1***	***0***	***17***	***0***	***270,627***
1. Long-term interests in related companies	69	0	0	1,115	57,158	0	0	0	15,388	0	899	185,425	156	0	7,368	0	210	0	0	1	0	267,789
2. Non-current loans to related companies	0	0	0	200	2,219	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,419
3. Long-term significant equity share	0	0	0	0	0	0	0	0	0	0	0	360	0	0	0	0	0	0	0	0	0	360
4. Non-current loans to companies in which the Group has a significant equity share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Other long-term interests	0	0	0	0	0	0	0	0	0	0	0	5	0	0	0	0	0	0	0	0	0	5
6. Non-current loans to affiliated companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7. Other non-current loans	2	0	15	2	0	9	0	0	0	0	0	8	0	0	1	0	0	1	0	16	0	54
8. Long-term debt securities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9. Upwards revaluation of investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10. Revaluation difference on investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B. CURRENT ASSETS	**852,047**	**1,860**	**1,099**	**5,710**	**31,163**	**53**	**19**	**15**	**279**	**223**	**375**	**195,767**	**987**	**2,485**	**54,697**	**38**	**903**	**376**	**15**	**13,682**	**62,344**	**1,224,137**
I. Inventories	***9***	***0***	***212***	***1,567***	***13***	***1***	***0***	***0***	***0***	***0***	***3***	***83***	***56***	***793***	***0***	***2***	***332***	***79***	***0***	***3,973***	***0***	***7,123***
1. Raw materials and consumable goods	0	0	118	1,508	13	1	0	0	0	0	3	6	54	779	0	0	0	58	0	3,106	0	5,646
2. Work in progress and semi-finished goods	0	0	0	55	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	794	0	850
3. Young, fattened and other livestock	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Finished goods	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	40	0	41
5. Goods	9	0	0	4	0	0	0	0	0	0	0	77	0	14	0	2	332	0	0	26	0	464
6. Advances on inventories	0	0	94	0	0	0	0	0	0	0	0	0	0	0	0	0	0	21	0	7	0	122
II. Receivables	***844,402***	***1,860***	***887***	***4,138***	***31,150***	***52***	***19***	***15***	***279***	***223***	***372***	***195,498***	***599***	***1,689***	***53,897***	***33***	***548***	***297***	***15***	***9,642***	***62,340***	***1,207,955***
1. Trade receivables	13,644	1,856	427	36	0	0	4	0	54	0	0	237	0	98	25,114	13	325	82	10	2,185	311	44,396
2. Receivables from related companies	1,684	4	174	4,098	30,962	39	0	15	182	42	356	194,434	345	1,210	14,433	18	213	195	5	6,955	61,846	317,210
3. Receivables from companies in which the Group has a significant equity share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Receivables from affiliated companies	0	0	0	0	0	0	0	0	0	0	0	5	0	0	0	0	0	0	0	0	0	5
5. Bills receivable	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Other receivables	734,804	0	285	4	188	13	15	0	43	181	16	822	254	381	11,872	2	10	20	0	502	183	749,595
7. Revaluation difference on receivables	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8. Revaluation gain on derivative transactions	94,270	0	1	0	0	0	0	0	0	0	0	0	0	0	2,478	0	0	0	0	0	0	96,749
III. Securities	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***
1. Interests in related companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Significant equity share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Interests in other entities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Treasury shares, business shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Debt securities held for trading	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Revaluation difference on securities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IV. Cash and cash equivalents	***7,636***	***0***	***0***	***5***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***186***	***332***	***3***	***800***	***3***	***23***	***0***	***0***	***67***	***4***	***9,059***
1. Petty cash, cheques	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	2
2. Bank deposits	7,635	0	0	5	0	0	0	0	0	0	0	186	332	3	800	3	23	0	0	66	4	9,057
C. DEFERRED EXPENSES AND ACCRUED INCOME	**1,831**	**45**	**253**	**3,707**	**1,345**	**112**	**11**	**2**	**56**	**15**	**2**	**9,077**	**143**	**0**	**274**	**1**	**57**	**249**	**0**	**808**	**870**	**18,858**
1. Accrued income	1,400	45	236	3,695	1,343	81	11	2	26	10	2	8,737	119	0	233	1	56	248	0	802	859	17,906
2. Prepayments	431	0	17	12	2	31	0	0	30	5	0	340	24	0	41	0	1	1	0	6	11	952
3. Deferred expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL ASSETS	**854,006**	**1,954**	**9,826**	**48,260**	**95,111**	**4,546**	**30**	**18**	**19,352**	**245**	**1,344**	**396,152**	**1,316**	**2,485**	**62,401**	**1,160**	**2,298**	**676**	**182**	**17,718**	**63,214**	**1,582,294**

Accumulated stand-alone activity separation balance sheet of the Group prepared in accordance with Hungarian accounting regulations

2023

Figures in HUF million

Description	Companies performing activities subject to licensing																					
	Other activities																					
	MVM Partner Zrt.	MVM MIFŰ Kft.	MVM Paksi Atomerőmű Zrt.	MVM Mátra Energia Zrt.	MVM Zöld Generáció Zrt.	Magyar Földgáztároló Zrt.	MVM Oroszlányi Távhőtermelő és Szolgáltató Zrt.	CEEGEX Zrt.	MVM Balance Zrt.	HUPX Zrt.	NRG Finance Kft.	MVM Next Energia-kereskedelmi Zrt.	MVM Démász Áramhálózati Kft.	MVM ÉMÁSZ Áramhálózati Kft.	MVM CEEnergy Zrt.	e-Mobi Nonprofit Kft.	MVM Mobiliti Kft.	MVM Watt Eta Hálózati és Közvilágítási Szolgáltató Kft.	MVM Vízerőmű Kft.	MVM OVIT Zrt.	E.ON Áramszolgál-tató Kft.	Total
D. Equity	**-78,582**	**178**	**2,714**	**9,461**	**23,862**	**2,061**	**81**	**5**	**17,899**	**272**	**1,166**	**273,360**	**4,154**	**1,655**	**10,708**	**-15**	**1,374**	**-62**	**182**	**7,142**	**10,767**	**288,382**
I. Subscribed/Registered capital	***1,900***	***0***	***6,003***	***-8***	***1,512***	***3***	***3***	***0***	***5***	***178***	***918***	***39,303***	***0***	***0***	***41***	***3***	***308***	***16***	***223***	***5,045***	***208***	***55,661***
Of which: repurchased ownership shares at face value	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
II. Subscribed/Registered, but unpaid capital (-)	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***
III. Capital reserve	***0***	***0***	***101***	***2,255***	***19,126***	***0***	***0***	***0***	***18,311***	***0***	***0***	***93,800***	***0***	***0***	***0***	***540***	***1,687***	***0***	***0***	***107***	***0***	***135,927***
IV. Retained earnings	***30***	***0***	***-2,961***	***9,222***	***1,762***	***1,840***	***128***	***-6***	***0***	***-6***	***107***	***128,215***	***2,107***	***591***	***0***	***-528***	***-656***	***119***	***33***	***816***	***0***	***140,813***
V. Allocated reserve	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***5***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***5***
VI. Valuation reserve	***3,433***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***3,433***
1. Valuation reserve from upwards revaluations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Fair value reserve	3,433	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,433
VII. ADJUSTED PROFIT/LOSS AFTER TAX	***-83,945***	***178***	***-429***	***-2,008***	***1,462***	***218***	***-50***	***11***	***-417***	***100***	***141***	***12,037***	***2,047***	***1,064***	***10,667***	***-30***	***35***	***-197***	***-74***	***1,174***	***10,559***	***-47,457***
E. PROVISIONS	**25**	**0**	**232**	**36,824**	**0**	**8**	**0**	**0**	**84**	**9**	**0**	**29,751**	**0**	**0**	**9**	**40**	**14**	**1**	**0**	**4,624**	**0**	**71,621**
1. Provisions for expected liabilities	25	0	232	36,824	0	8	0	0	84	9	0	29,751	0	0	9	40	14	1	0	4,562	0	71,559
2. Provisions for future costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	62	0	62
3. Other provisions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
F. LIABILITIES	**877,196**	**941**	**2,330**	**1,830**	**47,787**	**397**	**42**	**1**	**826**	**21**	**12**	**435,935**	**1,115**	**823**	**50,965**	**20**	**407**	**676**	**0**	**5,397**	**1,347**	**1,428,068**
I. Subordinated liabilities	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***
1. Subordinated liabilities to related companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Subordinated liabilities to companies in which the Group has a significant equity share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Subordinated liabilities to affiliated companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Subordinated liabilities to other entities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
II. Non-current liabilities	***0***	***0***	***0***	***0***	***0***	***221***	***0***	***0***	***0***	***0***	***0***	***39***	***0***	***0***	***0***	***0***	***106***	***12***	***0***	***0***	***0***	***378***
1. Non-current borrowings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Convertible bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Debts on the issuance of bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Investment and development loans	0	0	0	0	0	0	0	0	0	0	0	39	0	0	0	0	0	0	0	0	0	39
5. Other non-current loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Non-current liabilities to related companies	0	0	0	0	0	221	0	0	0	0	0	0	0	0	0	0	106	12	0	0	0	339
7. Non-current liabilities to companies in which the Group has a significant equity share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8. Non-current liabilities to affiliated companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9. Other non-current liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
III. Current liabilities	***877,196***	***941***	***2,330***	***1,830***	***47,787***	***176***	***42***	***1***	***826***	***21***	***12***	***435,896***	***1,115***	***823***	***50,965***	***20***	***301***	***664***	***0***	***5,397***	***1,347***	***1,427,690***
1. Current borrowings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
- of which: convertible bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Current loans	0	0	0	0	0	0	0	0	0	0	0	13	0	0	0	0	0	0	0	0	0	13
3. Advances from customers	0	0	635	0	0	0	0	0	0	0	0	0	682	0	0	0	0	69	0	2,331	0	3,717
4. Trade liabilities	12,720	2	884	237	2	26	40	0	253	0	0	1,112	108	816	10,444	7	38	258	0	2,258	768	29,973
5. Bills payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Current liabilities to related companies	55,114	939	541	809	47,093	5	0	0	62	3	7	381,830	62	2	37,725	4	233	273	0	424	56	525,182
7. Current liabilities to companies in which the Group has a significant equity share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8. Current liabilities to affiliated companies	0	0	0	0	0	0	0	0	0	0	0	3	0	0	0	0	0	0	0	0	0	3
9. Other current liabilities	721,600	0	270	784	692	145	2	1	511	18	5	52,938	263	5	164	9	30	64	0	384	523	778,408
10. Revaluation difference on liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11. Revaluation loss on derivative transactions	87,762	0	0	0	0	0	0	0	0	0	0	0	0	0	2,632	0	0	0	0	0	0	90,394
G. ACCRUED EXPENSES AND DEFERRED INCOME	**55,366**	**686**	**4,307**	**145**	**4,244**	**1,814**	**17**	**1**	**58**	**9**	**9**	**3,444**	**188**	**7**	**568**	**1,126**	**121**	**61**	**0**	**555**	**151**	**72,877**
1. Income accruing for future periods	972	0	16	3	3	0	0	0	0	6	0	582	72	4	5	0	0	0	0	58	0	1,721
2. Accrued expenses	54,386	686	210	141	1,552	251	13	1	58	3	9	2,584	116	3	563	3	121	61	0	428	151	61,340
3. Deferred income	8	0	4,081	1	2,689	1,563	4	0	0	0	0	278	0	0	0	1,123	0	0	0	69	0	9,816
H. SEPARATION/DISTRIBUTION DIFFERENCE	**1**	**149**	**243**	**0**	**19,218**	**266**	**-110**	**11**	**485**	**-66**	**157**	**-346,338**	**-4,141**	**0**	**151**	**-11**	**382**	**0**	**0**	**0**	**50,949**	**-278,654**
TOTAL EQUITY AND LIABILITIES	**854,006**	**1,954**	**9,826**	**48,260**	**95,111**	**4,546**	**30**	**18**	**19,352**	**245**	**1,344**	**396,152**	**1,316**	**2,485**	**62,401**	**1,160**	**2,298**	**676**	**182**	**17,718**	**63,214**	**1,582,294**

Accumulated stand-alone activity separation income statement of the Group prepared in accordance with Hungarian accounting regulations

2023

Figures in HUF million

Description	Companies performing activities subject to licensing																						
	Electric energy																						
	Trading			Production											Universal service provider		Storage	Street lighting	Distribution		Charging electric mv		
	MVM Partner Zrt.	MVM Next Energia-kereskedelmi Zrt.	HUPX Zrt.	MVM Paksi Atomerőmű Zrt.	MVM Mátra Energia Zrt.	MVM Balance Zrt.	NRG Finance Kft.	MVM Zöld Generáció Zrt.			MVM ZG Solar Kft.	Raaba Energy Kft.	MVM Vízerőmű Kft.	MVM OVIT Zrt.	MVM Next Energia-kereskedelmi Zrt.	E.ON Áramszolgál-tató Kft.	MVM Balance Zrt.	MVM Watt Eta Hálózati és Közvilágítási Szolgáltató Kft.	MVM Démász Áramhálózati Kft.	MVM ÉMÁSZ Áramhálózati Kft.	e-Mobi Nonprofit Kft.	MVM Mobiliti Kft.	Total
								Solar power	Wind power	Assets under construction													
01. Net domestic sales revenue	1,646,596	1,452,492	1,327	207,057	144,737	22,693	864	5,363	3,402	0	5,577	1,003	3,011	1,189	294,767	257,628	0	58	136,721	142,668	350	962	4,328,465
02. Net export sales revenue	172,708	0	1,492	0	0	0	0	0	43	0	0	0	0	0	0	0	0	0	0	0	0	408	174,651
I. Net sales revenue (01+02)	**1,819,304**	**1,452,492**	**2,819**	**207,057**	**144,737**	**22,693**	**864**	**5,363**	**3,445**	**0**	**5,577**	**1,003**	**3,011**	**1,189**	**294,767**	**257,628**	**0**	**58**	**136,721**	**142,668**	**350**	**1,370**	**4,503,116**
03. Changes in self-manufactured inventories	0	0	0	0	134	0	0	0	0	0	0	0	0	0	0	0	0	0	629	0	0	0	763
04. Capitalised value of self-manufactured assets	0	0	0	570	3,143	-1	0	0	0	517	0	0	0	0	0	0	0	0	10,020	10,262	0	0	24,511
II. Own performance capitalised (+03+04)	**0**	**0**	**0**	**570**	**3,277**	**-1**	**0**	**0**	**0**	**517**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**10,649**	**10,262**	**0**	**0**	**25,274**
III. Other income	**5,558**	**21,678**	**39**	**4,695**	**14,949**	**3,434**	**5**	**1,461**	**286**	**0**	**762**	**0**	**12**	**0**	**154,016**	**102,864**	**0**	**0**	**36,976**	**31,633**	**31**	**1**	**378,400**
Of which: reversed impairment	*0*	*1,801*	*0*	*0*	*0*	*18*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*1,315*	*0*	*0*	*0*	*117*	*3*	*0*	*0*	*3,254*
05. Material costs	44	0	6	31,955	54,386	6,831	209	146	30	0	70	16	116	108	0	0	0	9	82,386	69,479	8	587	246,386
06. Services used	10,366	12,893	1,532	45,744	5,850	4,500	88	1,670	582	22	1,288	257	734	185	23,545	9,875	0	6	15,330	14,145	100	413	149,125
07. Other services	1,701	1,052	17	3,392	397	453	5	153	79	0	56	27	72	7	2,889	2,326	0	1	339	919	6	4	13,895
08. Cost of goods sold	1,422,437	1,329,519	0	0	3,744	56	0	0	0	0	0	0	0	0	256,932	233,114	0	0	0	0	2	0	3,245,804
09. Services sold (mediated)	0	97,876	0	0	0	1,709	5	0	0	0	1	0	11	0	158,169	113,172	0	0	44,762	58,995	333	1	475,034
IV. Material-type expenses (05+06+07+08+09)	**1,434,548**	**1,441,340**	**1,555**	**81,091**	**64,377**	**13,549**	**307**	**1,969**	**691**	**22**	**1,415**	**300**	**933**	**300**	**441,535**	**358,487**	**0**	**16**	**142,817**	**143,538**	**449**	**1,005**	**4,130,244**
10. Wage costs	1,707	0	485	38,063	6,149	2,162	8	286	89	457	4	8	576	37	0	170	0	28	9,605	9,917	141	101	69,993
11. Other staff benefits	347	81	89	8,242	1,148	422	1	101	30	0	0	0	213	8	15	17	0	2	2,169	1,446	17	16	14,364
12. Wage contributions	266	13	75	5,998	952	317	1	46	14	58	1	1	109	7	4	25	0	4	1,555	1,489	21	15	10,971
V. Staff costs (10+11+12)	**2,320**	**94**	**649**	**52,303**	**8,249**	**2,901**	**10**	**433**	**133**	**515**	**5**	**9**	**898**	**52**	**19**	**212**	**0**	**34**	**13,329**	**12,852**	**179**	**132**	**95,328**
VI. Depreciation/ Amortisation	**65**	**130**	**80**	**9,886**	**3,007**	**1,748**	**63**	**996**	**252**	**0**	**2,549**	**395**	**441**	**0**	**429**	**115**	**0**	**2**	**11,454**	**10,347**	**21**	**85**	**42,065**
VII. Other expenses	**12,908**	**19,867**	**101**	**51,644**	**83,530**	**5,283**	**10**	**449**	**126**	**0**	**124**	**30**	**306**	**266**	**5,435**	**5,134**	**6**	**0**	**13,219**	**16,172**	**7**	**19**	**214,636**
Of which: impairment	*1*	*5,076*	*0*	*3,888*	*0*	*225*	*0*	*146*	*45*	*0*	*0*	*1*	*0*	*0*	*2,721*	*1,852*	*0*	*0*	*503*	*923*	*0*	*0*	*15,381*
A. OPERATING PROFIT/LOSS (I+II+III-IV-V-VI-VII)	**375,021**	**12,739**	**473**	**17,398**	**3,800**	**2,645**	**479**	**2,977**	**2,529**	**-20**	**2,246**	**269**	**445**	**571**	**1,365**	**-3,456**	**-6**	**6**	**3,527**	**1,654**	**-275**	**130**	**424,517**
13. Dividends, profit shares received (due)	0	0	0	371	275	0	0	0	0	0	0	0	0	0	0	0	0	0	0	14	0	0	660
- of which from related companies	*0*	*0*	*0*	*371*	*275*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*14*	*0*	*0*	*660*
14. Income from, capital gains on interests	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
- of which from related companies	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
15. Income from, capital gains on investments (securities, loans)	0	0	0	0	0	0	0	0	0	0	0	0	74	0	0	0	0	0	0	0	0	0	74
- of which from related companies	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
16. Other interest received and similar income	1,436	0	39	54	1,054	106	76	84	26	0	73	79	520	0	0	5,014	0	0	1,201	1,061	5	18	10,846
- of which from related companies	*1,429*	*0*	*0*	*54*	*1,054*	*106*	*75*	*84*	*26*	*0*	*0*	*0*	*0*	*0*	*0*	*5,014*	*0*	*0*	*1,082*	*1,061*	*5*	*15*	*10,005*
17. Other income from financial transactions	114,809	3,689	108	912	2,206	91	5	0	106	0	0	8	7	0	0	0	0	0	110	110	0	0	122,161
- of which revaluation difference	*79,629*	*0*	*0*	*21*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*79,650*
VIII. Income from financial transactions (13+14+15+16+17)	**116,245**	**3,689**	**147**	**1,337**	**3,535**	**197**	**81**	**84**	**132**	**0**	**73**	**87**	**601**	**0**	**0**	**5,014**	**0**	**0**	**1,311**	**1,185**	**5**	**18**	**133,741**
18. Expenses, capital losses on interests	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
- of which to related companies	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
19. Expenses, capital losses on investments (securities, loans)	0	0	0	0	0	0	0	0	0	0	0	0	4	0	0	0	0	0	0	0	0	0	4
- of which to related companies	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
20. Interest payable and similar expenses	15,067	22	2	10,620	1,054	1,231	0	1,723	0	0	698	207	8	0	0	0	0	3	6,384	3,280	3	0	40,302
- of which to related companies	*15,067*	*0*	*2*	*10,620*	*1,054*	*1,231*	*0*	*1,723*	*0*	*0*	*0*	*51*	*8*	*0*	*0*	*0*	*0*	*3*	*6,384*	*3,280*	*3*	*0*	*39,426*
21. Impairment of interests, securities and bank deposits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22. Other expenses on financial transactions	199,454	16,410	63	3,145	1,840	64	4	0	12	0	0	16	0	0	1,365	1,558	0	0	103	89	0	0	224,123
- of which revaluation difference	*18,878*	*0*	*0*	*4*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*16*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*18,898*
IX. Expenses on financial transactions (18+19+20+21+22)	**214,521**	**16,432**	**65**	**13,765**	**2,894**	**1,295**	**4**	**1,723**	**12**	**0**	**698**	**223**	**12**	**0**	**1,365**	**1,558**	**0**	**3**	**6,487**	**3,369**	**3**	**0**	**264,429**
B. PROFIT/LOSS ON FINANCIAL TRANSACTIONS (VIII-IX)	**-98,276**	**-12,743**	**82**	**-12,428**	**641**	**-1,098**	**77**	**-1,639**	**120**	**0**	**-625**	**-136**	**589**	**0**	**-1,365**	**3,456**	**0**	**-3**	**-5,176**	**-2,184**	**2**	**18**	**-130,688**
C. PROFIT/LOSS BEFORE TAX	**276,745**	**-4**	**555**	**4,970**	**4,441**	**1,547**	**556**	**1,338**	**2,649**	**-20**	**1,621**	**133**	**1,034**	**571**	**0**	**0**	**-6**	**3**	**-1,649**	**-530**	**-273**	**148**	**293,829**
X. Tax liability	76,029	133	58	4,169	898	-139	149	310	98	0	0	0	120	43	56	137	0	0	-312	0	0	4	81,753
D. PROFIT/LOSS AFTER TAX	**200,716**	**-137**	**497**	**801**	**3,543**	**1,686**	**407**	**1,028**	**2,551**	**-20**	**1,621**	**133**	**914**	**528**	**-56**	**-137**	**-6**	**3**	**-1,337**	**-530**	**-273**	**144**	**212,076**

Accumulated stand-alone activity separation income statement of the Group prepared in accordance with Hungarian accounting regulations

2023

Figures in HUF million

Description	Companies performing activities subject to licensing											
	Heat energy					Gas energy						
	Production					Trading				Universal service provider	Storage	
	MVM Paksi Atomerőmű Zrt.	MVM MIFŰ Kft.	MVM Balance Zrt.	MVM Oroszlányi Távhőtermelő és Szolgáltató Zrt.	Total	MVM Partner Zrt.	CEEGEX Zrt.	MVM CEEnergy Zrt.	MVM Next Energia-kereskedelmi Zrt.	MVM Next Energia-kereskedelmi Zrt.	Magyar Földgáztároló Zrt.	Total
01. Net domestic sales revenue	195	3,161	35,635	3,993	42,984	0	369	986,565	545,402	348,988	61,927	1,943,251
02. Net export sales revenue	0	0	0	0	0	0	513	253,140	0	0	2,783	256,436
I. Net sales revenue (01+02)	**195**	**3,161**	**35,635**	**3,993**	**42,984**	**0**	**882**	**1,239,705**	**545,402**	**348,988**	**64,710**	**2,199,687**
03. Changes in self-manufactured inventories	0	0	0	0	0	0	0	0	0	0	0	0
04. Capitalised value of self-manufactured assets	0	0	0	38	38	0	0	0	0	0	594	594
II. Own performance capitalised (+03+04)	**0**	**0**	**0**	**38**	**38**	**0**	**0**	**0**	**0**	**0**	**594**	**594**
III. Other income	**5**	**345**	**2,774**	**11,838**	**14,962**	**0**	**0**	**803,919**	**19,001**	**11,341**	**1,929**	**836,190**
Of which: reversed impairment	*0*	*0*	*106*	*70*	*176*	*0*	*0*	*0*	*1,068*	*3,924*	*0*	*4,992*
05. Material costs	67	2,164	27,915	10,380	40,526	0	4	22	0	1	22,554	22,581
06. Services used	111	471	630	1,480	2,692	14	390	35,695	12,295	29,825	5,594	83,813
07. Other services	7	42	250	46	345	0	6	4,728	498	6,326	684	12,242
08. Cost of goods sold	0	0	0	12	12	0	0	1,855,248	448,284	288,648	1,304	2,593,484
09. Services sold (mediated)	0	0	1,449	0	1,449	0	0	54,546	19,442	28,883	0	102,871
IV. Material-type expenses (05+06+07+08+09)	**185**	**2,677**	**30,244**	**11,918**	**45,024**	**14**	**400**	**1,950,239**	**480,519**	**353,683**	**30,136**	**2,814,991**
10. Wage costs	44	12	673	1,161	1,890	0	123	1,608	0	0	3,057	4,788
11. Other staff benefits	11	1	125	268	405	0	26	386	39	14	557	1,022
12. Wage contributions	7	2	107	189	305	0	17	258	7	4	485	771
V. Staff costs (10+11+12)	**62**	**15**	**905**	**1,618**	**2,600**	**0**	**166**	**2,252**	**46**	**18**	**4,099**	**6,581**
VI. Depreciation/ Amortisation	**15**	**103**	**874**	**255**	**1,247**	**0**	**29**	**13**	**62**	**40**	**6,151**	**6,295**
VII. Other expenses	**42**	**534**	**5,364**	**1,842**	**7,782**	**0**	**21**	**29,422**	**25,461**	**18,978**	**4,351**	**78,233**
Of which: impairment	*16*	*61*	*690*	*219*	*986*	*0*	*1*	*7,898*	*3,642*	*6,888*	*91*	*18,520*
A. OPERATING PROFIT/LOSS (I+II+III-IV-V-VI-VII)	**-104**	**177**	**1,022**	**236**	**1,331**	**-14**	**266**	**61,698**	**58,315**	**-12,390**	**22,496**	**130,371**
13. Dividends, profit shares received (due)	0	0	0	0	0	0	0	0	0	0	0	0
- of which from related companies	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
14. Income from, capital gains on interests	0	0	0	0	0	0	0	0	0	0	0	0
- of which from related companies	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
15. Income from, capital gains on investments (securities, loans)	0	0	0	0	0	0	0	0	0	0	0	0
- of which from related companies	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
16. Other interest received and similar income	0	0	130	249	379	0	86	8,769	0	0	5,727	14,582
- of which from related companies	*0*	*0*	*130*	*249*	*379*	*0*	*86*	*7,480*	*0*	*0*	*5,276*	*12,842*
17. Other income from financial transactions	2	0	19	5	26	0	58	101,489	2,374	247	47	104,215
- of which revaluation difference	*0*	*0*	*0*	*0*	*0*	*0*	*16*	*4,619*	*0*	*0*	*0*	*4,635*
VIII. Income from financial transactions (13+14+15+16+17)	**2**	**0**	**149**	**254**	**405**	**0**	**144**	**110,258**	**2,374**	**247**	**5,774**	**118,797**
18. Expenses, capital losses on interests	0	0	0	0	0	0	0	0	0	0	0	0
- of which to related companies	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
19. Expenses, capital losses on investments (securities, loans)	0	0	0	0	0	0	0	0	0	0	0	0
- of which to related companies	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
20. Interest payable and similar expenses	16	71	8	0	95	0	1	38,639	0	5	9,703	48,348
- of which to related companies	*16*	*71*	*8*	*0*	*95*	*0*	*1*	*38,628*	*0*	*0*	*9,703*	*48,332*
21. Impairment of interests, securities and bank deposits	0	0	0	0	0	0	0	0	0	0	0	0
22. Other expenses on financial transactions	6	0	523	137	666	0	13	64,407	23,752	3,786	63	92,021
- of which revaluation difference	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*5,611*	*0*	*0*	*0*	*5,611*
IX. Expenses on financial transactions (18+19+20+21+22)	**22**	**71**	**531**	**137**	**761**	**0**	**14**	**103,046**	**23,752**	**3,791**	**9,766**	**140,369**
B. PROFIT/LOSS ON FINANCIAL TRANSACTIONS (VIII-IX)	**-20**	**-71**	**-382**	**117**	**-356**	**0**	**130**	**7,212**	**-21,378**	**-3,544**	**-3,992**	**-21,572**
C. PROFIT/LOSS BEFORE TAX	**-124**	**106**	**640**	**353**	**975**	**-14**	**396**	**68,910**	**36,937**	**-15,934**	**18,504**	**108,799**
X. Tax liability	0	6	-85	3	-76	0	33	4,340	2,060	-24	1,822	8,231
D. PROFIT/LOSS AFTER TAX	**-124**	**100**	**725**	**350**	**1,051**	**-14**	**363**	**64,570**	**34,877**	**-15,910**	**16,682**	**100,568**

Accumulated stand-alone activity separation income statement of the Group prepared in accordance with Hungarian accounting regulations

2023

Figures in HUF million

Description	Companies performing activities subject to licensing																					
	Other activities																					
	MVM Partner Zrt.	MVM MIFŰ Kft.	MVM Paksi Atomerőmű Zrt.	MVM Mátra Energia Zrt.	MVM Zöld Generáció Zrt.	Magyar Földgáztároló Zrt.	MVM Oroszlányi Távhőtermelő és Szolgáltató Zrt.	CEEGEX Zrt.	MVM Balance Zrt.	HUPX Zrt.	NRG Finance Kft.	MVM Next Energia-kereskedelmi Zrt.	MVM Démász Áramhálózati Kft.	MVM ÉMÁSZ Áramhálózati Kft.	MVM CEEnergy Zrt.	e-Mobi Nonprofit Kft.	MVM Mobiliti Kft.	MVM Watt Eta Hálózati és Közvilágítási Szolgáltató Kft.	MVM Vízerőmű Kft.	MVM OVIT Zrt.	E.ON Áramszol-gáltató Kft.	Total
01. Net domestic sales revenue	97,177	6,287	2,876	6,209	2,033	226	303	45	778	196	60	27,285	5,221	2,506	2	96	1,445	1,377	136	7,568	3,230	165,056
02. Net export sales revenue	313,089	0	121	0	24	12	0	9	0	274	0	0	0	0	713,617	0	34	0	0	11,277	0	1,038,457
I. Net sales revenue (01+02)	**410,266**	**6,287**	**2,997**	**6,209**	**2,057**	**238**	**303**	**54**	**778**	**470**	**60**	**27,285**	**5,221**	**2,506**	**713,619**	**96**	**1,479**	**1,377**	**136**	**18,845**	**3,230**	**1,203,513**
03. Changes in self-manufactured inventories	0	0	0	2	0	0	0	0	0	0	0	0	-613	0	0	0	0	0	0	-411	0	-1,022
04. Capitalised value of self-manufactured assets	0	0	516	10	0	73	0	0	-3	0	0	4	0	0	0	0	0	0	0	83	0	683
II. Own performance capitalised (+03+04)	**0**	**0**	**516**	**12**	**0**	**73**	**0**	**0**	**-3**	**0**	**0**	**4**	**-613**	**0**	**0**	**0**	**0**	**0**	**0**	**-328**	**0**	**-339**
III. Other income	**332**	**0**	**1,179**	**331**	**194**	**336**	**0**	**0**	**32**	**0**	**0**	**3,440**	**138**	**9**	**5**	**263**	**46**	**16**	**0**	**934**	**16**	**7,271**
Of which: reversed impairment	*0*	*0*	*0*		*0*	*0*	*0*	*0*	*0*	*0*	*0*	*7*	*128*	*9*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*144*
05. Material costs	21	8	539	1,330	2	31	116	0	15	1	15	346	155	2	12	1	803	491	9	8,109	0	12,006
06. Services used	5,551	10	2,670	1,337	137	68	102	26	292	148	16	14,665	731	78	5,849	44	187	579	38	6,500	398	39,426
07. Other services	215	0	6	79	1	13	0	0	6	27	2	3,625	1	3	166	0	6	13	0	168	1	4,332
08. Cost of goods sold	584,154	0	5	216	30	75	0	0	0	0	0	1,312	1,056	1,186	687,233	0	100	3	0	213	0	1,275,583
09. Services sold (mediated)	32	6,260	531	385	1,511	54	28	2	54	27	4	469	0	2	34	34	94	21	0	20	2,158	11,720
IV. Material-type expenses (05+06+07+08+09)	**589,973**	**6,278**	**3,751**	**3,347**	**1,681**	**241**	**246**	**28**	**367**	**203**	**37**	**20,417**	**1,943**	**1,271**	**693,294**	**79**	**1,190**	**1,107**	**47**	**15,010**	**2,557**	**1,343,067**
10. Wage costs	878	0	272	1,219	192	82	20	11	329	111	6	4,951	369	54	925	39	70	313	94	2,034	43	12,012
11. Other staff benefits	178	0	75	227	20	1	3	2	48	22	1	881	83	8	223	5	11	36	32	442	5	2,303
12. Wage contributions	137	0	42	189	36	11	3	2	49	17	0	764	60	8	148	5	11	46	14	318	7	1,867
V. Staff costs (10+11+12)	**1,193**	**0**	**389**	**1,635**	**248**	**94**	**26**	**15**	**426**	**150**	**7**	**6,596**	**512**	**70**	**1,296**	**49**	**92**	**395**	**140**	**2,794**	**55**	**16,182**
VI. Depreciation/ Amortisation	**10**	**1**	**369**	**596**	**226**	**28**	**0**	**1**	**425**	**14**	**21**	**855**	**31**	**0**	**7**	**256**	**162**	**8**	**28**	**237**	**0**	**3,275**
VII. Other expenses	**-105**	**2**	**543**	**2,803**	**12**	**27**	**81**	**2**	**6**	**25**	**7**	**2,412**	**401**	**75**	**25**	**5**	**13**	**26**	**0**	**707**	**-67**	**7,000**
Of which: impairment	*0*	*0*	*97*	*0*	*0*	*0*	*80*	*0*	*0*	*0*	*0*	*26*	*318*	*1*	*0*	*3*	*0*	*0*	*0*	*129*	*-86*	*568*
A. OPERATING PROFIT/LOSS (I+II+III-IV-V-VI-VII)	**-180,473**	**6**	**-360**	**-1,829**	**84**	**257**	**-50**	**8**	**-417**	**78**	**-12**	**449**	**1,859**	**1,099**	**19,002**	**-30**	**68**	**-143**	**-79**	**703**	**701**	**-159,079**
13. Dividends, profit shares received (due)	413	0	0	0	926	0	0	0	0	0	208	4,615	170	0	0	0	0	0	0	648	0	6,980
- of which from related companies	*413*	*0*	*0*	*0*	*926*	*0*	*0*	*0*	*0*	*0*	*208*	*4,148*	*170*	*0*	*0*	*0*	*0*	*0*	*0*	*648*	*0*	*6,513*
14. Income from, capital gains on interests	0	0	0	0	0	0	0	0	0	0	0	50	0	0	0	0	0	0	0	0	0	50
- of which from related companies	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
15. Income from, capital gains on investments (securities, loans)	0	0	0	0	802	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	802
- of which from related companies	*0*	*0*	*0*	*0*	*802*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*802*
16. Other interest received and similar income	4,535	189	0	0	0	21	0	2	0	21	56	29,681	17	18	537	1	19	2	0	245	6,354	41,698
- of which from related companies	*2,768*	*189*	*0*	*0*	*0*	*19*	*0*	*2*	*0*	*7*	*56*	*29,651*	*16*	*18*	*458*	*1*	*17*	*2*	*0*	*241*	*4,460*	*37,905*
17. Other income from financial transactions	718,014	0	26	0	0	0	0	2	0	23	4	28,393	2	20	19,713	0	4	0	0	616	4,559	771,376
- of which revaluation difference	*201,952*	*0*	*1*	*0*	*0*	*0*	*0*	*1*	*0*	*0*	*0*	*0*	*0*	*0*	*2,620*	*0*	*0*	*0*	*0*	*63*	*0*	*204,637*
VIII. Income from financial transactions (13+14+15+16+17)	**722,962**	**189**	**26**	**0**	**1,728**	**21**	**0**	**4**	**0**	**44**	**268**	**62,739**	**189**	**38**	**20,250**	**1**	**23**	**2**	**0**	**1,509**	**10,913**	**820,906**
18. Expenses, capital losses on interests	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	432	0	432
- of which to related companies	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*432*	*0*	*432*
19. Expenses, capital losses on investments (securities, loans)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
- of which to related companies	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
20. Interest payable and similar expenses	3,363	3	0	0	350	36	0	0	0	0	0	52,755	0	58	2,367	1	42	54	0	5	53	59,087
- of which to related companies	*3,361*	*3*	*0*	*0*	*350*	*36*	*0*	*0*	*0*	*0*	*0*	*52,755*	*0*	*58*	*2,366*	*1*	*42*	*54*	*0*	*5*	*53*	*59,084*
21. Impairment of interests, securities and bank deposits	0	0	0	0	0	0	0	0	0	0	0	-347	0	0	0	0	0	0	0	0	0	-347
22. Other expenses on financial transactions	623,089	2	94	0	0	0	0	0	0	11	3	-1,690	0	15	25,208	0	13	2	0	516	482	647,745
- of which revaluation difference	*253,719*	*0*	*2*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*3,230*	*0*	*0*	*0*	*0*	*118*	*0*	*257,069*
IX. Expenses on financial transactions (18+19+20+21+22)	**626,452**	**5**	**94**	**0**	**350**	**36**	**0**	**0**	**0**	**11**	**3**	**50,718**	**0**	**73**	**27,575**	**1**	**55**	**56**	**0**	**953**	**535**	**706,917**
B. PROFIT/LOSS ON FINANCIAL TRANSACTIONS (VIII-IX)	**96,510**	**184**	**-68**	**0**	**1,378**	**-15**	**0**	**4**	**0**	**33**	**265**	**12,021**	**189**	**-35**	**-7,325**	**0**	**-32**	**-54**	**0**	**556**	**10,378**	**113,989**
C. PROFIT/LOSS BEFORE TAX	**-83,963**	**190**	**-428**	**-1,829**	**1,462**	**242**	**-50**	**12**	**-417**	**111**	**253**	**12,470**	**2,048**	**1,064**	**11,677**	**-30**	**36**	**-197**	**-79**	**1,259**	**11,079**	**-45,090**
X. Tax liability	-18	12	0	179	0	24	0	1	0	11	112	433	1	0	1,010	0	1	0	-5	85	520	2,366
D. PROFIT/LOSS AFTER TAX	**-83,945**	**178**	**-428**	**-2,008**	**1,462**	**218**	**-50**	**11**	**-417**	**100**	**141**	**12,037**	**2,047**	**1,064**	**10,667**	**-30**	**35**	**-197**	**-74**	**1,174**	**10,559**	**-47,456**

Methodology applied to separate balance sheet items of the Group by activity

2023

Description of balance sheet item	MVM Paksi Atomerőmű Zrt.	MVM Mátra Energia Zrt.	MVM MIFŰ Kft.	MVM Partner Zrt.	HUPX Zrt.	MVM Balance Zrt.	CEEGEX Zrt.	NRG Finance Kft.	MVM Next Energiakereskedelmi Zrt.	MVM Vízerőmű Kft.	E.ON Áramszolgáltató Kft.	MVM Émász Áramhálózati Kft.
I. and II. Intangible and tangible assets	Assets are allocated to activities basically through cost-centre classification. Allocation of assets under construction and purchases during the year to activities is performed through profit centre classification of PST elements and related CO orders.	Can be allocated directly to activities.	Can be allocated directly to activities.	If cannot be allocated directly to activities, by using the same method as for the distribution of the costs of the responsible organisational unit, based on prior-year net asset value.	Can be allocated directly to activities.	Can be allocated directly to activities.	Can be allocated directly to activities.	Can be allocated directly to activities, except for concession rights, which are distributed based on the net asset value.	Clearly allocated to the supporting division. Licensed activities of MVM Next Energiakereskedelmi Zrt. use necessary assets through internal service.	For the majority of the balance sheet line items the Company separated the items in proportion to the capacity of power plant equipment. A proportion of 68% for Kiskörei Vízerőmű and of 32% for Tiszalöki Vízerőmű could be taken into account. Intangible assets are distributed by the amount of current purchases by the site. The value of tangible assets could be determined by classifying the assets in the given site. Individual items of assets under construction are allocated to the assets under construction of the given site in accordance with their purpose.	Clearly allocated to the licensed division.	Allocation to activities is based on cost centres.
III. Investments	Allocation of long-term interests to activities based on subject; long-term loans given are distributed using staff costs as cost driver.	Allocation of long-term interests to activities based on subject; non-current loans given are distributed using net sales revenue as cost driver.	-	Can be allocated directly to activities.	Can be allocated directly to activities.	Can be allocated directly to activities.	Can be allocated directly to activities.	-	Interests: supporting division. Housing loan granted to employees: supporting division.	Other non-current loans given recognised under investments are distributed in proportion to the persons supported by the housing loan. Long-term debt securities that objectively relate to both sites, are distributed there in proportion of the installed nominal capacity of power plant production machinery.	The Company has no investments.	-
I. Inventories	The nuclear fuel can be allocated to activity profit centres; other materials are distributed using material costs as cost driver.	Can be allocated directly to activities.	Can be allocated directly to activities.	Basically can be allocated directly to activities, if not, then based on material costs.	-	Can be allocated directly to activities.	-	Can be allocated directly to activities.	Raw materials and consumable goods, packaging: supporting division Natural gas: directly trading division. Goods in transit, advances on inventories: cost driver - material costs Mediated services: booked on an item-by-item basis to the appropriate division.	Inventories are allocated to the two sites based on value in stock.	The inventories of the enterprise are distributed in proportion to costs that can be allocated to the given inventories based on the income statement.	Within inventories, raw materials not yet installed are allocated in proportion to material costs to the licensed and the other segment. Raw and returnable packaging materials are distributed between the individual activities using a cost driver, based on the proportion of sale of materials and provision of materials from the warehouse for the Company's purposes.
II/1. Trade receivables	The cost driver of the distribution is determined basically in proportion to sales revenue of heat and electric energy produced and of other activity.	Distributed in proportion to net sales revenue.	Can be allocated directly to activities.	Can be allocated directly to activities, if not, then based on revenue.	Can be allocated directly to activities.	Can be allocated directly to activities.	Can be allocated directly to activities.	Can be allocated directly to activities.	Based on SAP sub-ledger or can be allocated directly to activities.	Trade receivables, receivables from related companies and other receivables relate to both sites, are distributed there in proportion of the installed nominal capacity of power plant production machinery.	Trade receivables are accounted for by division on G/L accounts. If an item cannot be allocated clearly to a division, it is distributed based on item-by-item inspection. If it cannot be clearly distributed among divisions based on item-by-item inspection, it is distributed based on the income statement line item related to the given item.	Distribution is based basically on general ledger numbers.
II/2. Receivables from related companies	Basically can be allocated directly to activities.	Distributed in proportion to net sales revenue.	Can be allocated directly to activities. Cash pool receivables are distributed in proportion to net sales revenue of the activities.	Can be allocated directly to activities, if not, then based on revenue.	Can be allocated directly to activities.	Can be allocated directly to activities.	Can be allocated directly to activities.	Can be allocated directly to activities.	Supporting division or can be allocated directly to divisions. Cash pool receivables under receivables from related companies, allocated to the licensed activity is determined based on the working capital of the licensed activity.		An item-by-item inspection is carried out in order to directly allocate receivables to divisions. Cash pool receivables under receivables from related companies, allocated to the licensed activity is determined based on the working capital of the licensed activity.	During the allocation, except for other receivables from related companies, each balance sheet line item is allocated on both the asset and the liability sides. The difference that remains afterwards on the asset side indicates the financing capacity of the given segment, which is presented in the receivables from related companies line item.
II/3. Receivables from entities in which the Group has a significant equity share	Basically can be allocated directly to activities.	-	Can be allocated directly to activities.	-	Can be allocated directly to activities.	-	Can be allocated directly to activities.	Can be allocated directly to activities.	Can be allocated directly to divisions.		An item-by-item inspection is carried out in order to directly allocate receivables to divisions.	-
II/4. Receivables from affiliated companies	The cost driver of the distribution is determined basically in proportion to sales revenue of heat and electric energy produced and of other activity.	-	-	Can be allocated directly to activities, if not, then based on revenue.	-	-	-	-	Can be allocated directly to divisions.		An item-by-item inspection is carried out in order to directly allocate receivables to divisions.	-

Methodology applied to separate balance sheet items of the Group by activity

2023

Description of balance sheet item	MVM Paksi Atomerőmű Zrt.	MVM Mátra Energia Zrt.	MVM MIFŰ Kft.	MVM Partner Zrt.	HUPX Zrt.	MVM Balance Zrt.	CEEGEX Zrt.	NRG Finance Kft.	MVM Next Energiakereskedelmi Zrt.	MVM Vízerőmű Kft.	E.ON Áramszolgáltató Kft.	MVM Émász Áramhálózati Kft.
II/5. Bills receivable	-	-	-	-	-	-	-	-	-	-	-	-
II/6. Other receivables	Basically can be allocated directly to activities; separation of other receivables is performed using cost drivers related to the given receivable.	Distributed in proportion to net sales revenue.	Distributed consistently with the appropriate income statement line item.	Basically can be allocated directly to activities, if not, (e.g. tax receivables) then based on a typical indicator, e.g. calculated tax. Determination is performed on a G/L item-by-G/L item basis.	Distributed based on sales revenue due to VAT.	Part of them can be allocated directly to activities, the others are distributed among activities in proportion to material costs incurred, services used, other services.	It is not distributed but allocated to licensed activity.	Partly can be allocated directly to activities, thereafter based on the proportion of directly attributable and directly not attributable assets and liabilities.	Directly allocable to activity, or in the absence of a typical cost driver, receivables are distributed among activities in proportion to operating revenue attributable to the licensed activity. Staff taxes and contributions recorded among other receivables and liabilities are recognised at the Supporting division.	Other receivables relate to both sites, are distributed in proportion of the installed nominal capacity of power plant production machinery.	Receivables are distributed using item-by-item inspection. If it cannot be clearly distributed among divisions based on item-by-item inspection, it is distributed based on the income statement line item related to the given item. Non-income-type taxes are distributed in proportion to net revenue.	-
II/7. Revaluation difference on receivables	-	-	-	Can be allocated directly to activities, if not, in proportion to receivables.	It is not distributed.	-	It is not distributed.	-	-	-	-	-
II/8. Revaluation gain on derivative transactions	Distributed in proportion to prime cost by activity.	-	-	Basically can be allocated directly to activities, if not, then it can only be an FX transaction, which is distributed based on activity FX turnover.	It is not distributed.	-	It is not distributed but allocated to licensed activity.	-	Can be allocated to competitive markets.	-	-	-
III. Securities	-	-	-	-	-	-	-	-	Allocated to the supporting division.	-	-	-
IV. Cash and cash equivalents	The cost driver of the distribution is determined basically in proportion to sales revenue of heat and electric energy produced and of other activity.	Distributed in proportion to net sales revenue.	In proportion to net sales revenue of the activities.	If cannot be allocated directly to activities, cash and cash equivalents are distributed based on costs, expenses, inventories and equity.	It is not distributed but allocated to licensed activity.	Can be allocated directly to activities.	It is not distributed but allocated to licensed activity.	Based on the proportion of directly attributable and directly not attributable assets and liabilities.	Directly allocable to activity, or in the absence of a typical cost driver, recognised at the supporting division.	Within cash and cash equivalents, the housing deposit account is distributed by prorating the persons supported by housing loans, by site. FX deposit accounts are distributed in proportion of site performance. Local petty cash is distributed by site, based on the annual closing amount.	Cash and cash equivalents are typically distributed in proportion to net sales revenue.	Bank deposits are recognised in the licensed segment, except for the portion of current cash available in FX that is a bank deposit restricted for purchase of materials, which is distributed between activities based on the proportion of sale of materials and the provision of materials from the warehouse for the Company's purposes.
C. Deferred expenses and accrued income	The basis for distribution is determined taking into account the subject of deferral or accrual.	Can be allocated directly to activities, if not, then it is distributed based on net sales revenue.	Distributed consistently with the appropriate income statement line items.	Can be allocated directly to activities, if not, then is distributed based on the given type of cost or income.	Can be allocated directly to activities.	A significant part can be allocated directly to activities; the others e.g. deferred staff costs in proportion to staff costs, deferred services used in proportion to services used are distributed among activities.	Can be allocated directly to activities.	Partly can be allocated directly to activities, thereafter based on the proportion of directly attributable and directly not attributable assets and liabilities.	Allocated to activity based on general ledger data; for lack of this, allocated to the supporting division.	Deferred expenses and accrued income were distributed in proportion to the capacity of the production equipment, while costs according to cost centres.	Energy-type items are distributed among divisions by title based on the list of accruals and deferrals and based on counter accounts. Non-energy-type accruals and deferrals are distributed based on item-by-item inspection. If it cannot be clearly distributed among divisions based on item-by-item inspection, it is distributed based on the income statement line item related to the given item.	Electricity data are presented in the licensed segment. For accrued income from related companies and accrued other income, as well as prepayments it can be clearly established from the Supplementary Notes and the supporting documents to which activity they relate to.
D/I.-III. Subscribed/Registered capital and capital reserve	The cost driver of the net asset value is determined based on breakdown of prior-year intangible and tangible assets by activity, then it is used to perform the distribution.	Fixed amounts, based on the estimated capital requirements of the activity.	Based on distribution in proportion to assets corresponding to the value of fixed assets.	Fixed amounts, based on the estimated capital requirements of the activity.	Can be allocated directly to activities.	Can be allocated directly to activities.	Can be allocated directly to activities.	Based on the proportion of directly attributable and directly not attributable assets and liabilities.	In accordance with the provisions of the Act on Electricity and the Act on Natural Gas Supply, as well as with the professional records of MEKH.	Distributed in proportion to the installed nominal capacity of the production machinery of Tiszalöki and Kiskörei Vízerőmű.	In the Company's opinion equity elements can be distributed among divisions on an item-by-item basis. The items included are distributed on an item-by-item basis, based on titles in the sub-ledgers. In the case of capital increase, distribution among divisions is made based on individual assessment.	-
D/IV. Retained earnings	The retained profit/loss for the previous year in the activity income statements is included in the retained earnings line item of the balance sheets of the individual activities. Other changes to retained earnings can be allocated directly to activities.	The retained profit/loss for the previous year in the activity income statements is included in the retained earnings line item of the balance sheets of the individual activities.	-	The retained profit/loss for the previous year in the activity income statements is included in the retained earnings line item of the balance sheets of the individual activities.	The prior-year profit/loss after tax in the activity income statements is included in the retained earnings line item of the balance sheets of the individual activities.	The prior-year profit/loss after tax in the activity income statements is included in the retained earnings line item of the balance sheets of the individual activities.	The prior-year profit/loss after tax in the activity income statements is included in the retained earnings line item of the balance sheets of the individual activities.	The prior-year profit/loss after tax in the activity income statements is included in the retained earnings line item of the balance sheets of the individual activities.	The prior-year profit/loss after tax in the activity income statements is included in the retained earnings line item of the balance sheets of the individual activities.	When distributing retained earnings, the profit/loss after tax in the income statements is allocated to the retained earnings of the individual sites. When dividend is approved, the profit/loss is allocated to the positive retained earnings.	The prior-year profit/loss after tax in the activity income statements is included in the retained earnings line item of the balance sheets of the individual activities.	-

Methodology applied to separate balance sheet items of the Group by activity

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Description of balance sheet item	MVM Paksi Atomerőmű Zrt.	MVM Mátra Energia Zrt.	MVM MIFŰ Kft.	MVM Partner Zrt.	HUPX Zrt.	MVM Balance Zrt.	CEEGEX Zrt.	NRG Finance Kft.	MVM Next Energiakereskedelmi Zrt.	MVM Vízerőmű Kft.	E.ON Áramszolgáltató Kft.	MVM Émász Áramhálózati Kft.
D/V. Allocated reserve D/VI. Valuation reserve	Can be allocated directly to activities.	-	Can be allocated to activity based on classification of the asset under construction according to activity. Heat activity.	-	-	Can be allocated directly to activities.	-	-	Can be allocated directly to divisions.	-	The allocated reserve is distributed to divisions based on an item-by-item inspection of the titles in the sub-ledger.	-
D/VII. Profit/Loss after tax	Based on breakdown of income statement by activity.	Based on breakdown of income statement by activity.	Based on breakdown of income statement by activity.	Based on breakdown of income statement by activity.	Based on breakdown of income statement by activity.	Based on breakdown of income statement by activity.	Based on breakdown of income statement by activity.	Based on breakdown of income statement by activity.	Based on breakdown of income statement by division.	Based on breakdown of income statement by activity.	The amounts attributable to the individual licensed activities derive from the income statement.	-
E. Provisions	Determined based on subjects; basically can be allocated directly to activities, or cost drivers related to the particular provision are used.	Basically can be allocated directly to activities, if not, then based on the typical indicator.	Can be allocated directly to activities.	Basically can be allocated directly to activities, if not, (e.g. release of provisions related to IAS 19), then based on a typical indicator, e.g. staff costs. Determination is performed on a G/L item-by-G/L item basis.	Allocated through direct allocation.	Provisions for CO_2 allowance and other expected liabilities can be clearly allocated to activities; IAS 19 provisions are distributed among activities in proportion to staff costs.	-	-	Can be allocated directly to divisions. Determination is performed on a G/L item-by-G/L item basis.	Provisions arise in connection with specific activities; provisions for expected liabilities were recognised in connection with future payments of pensions and anniversary bonuses and were distributed in proportion to headcount. Provisions for future costs were distributed by site in proportion to nominal installed capacity of power plant machinery.	Can be allocated directly to divisions. Determination is performed on a G/L item-by-G/L item basis.	Provisions for commitments and contingent liabilities can be individually allocated directly to activities, while items related to personnel are distributed in proportion to staff costs.
F/II. Non-current liabilities	Can be allocated directly to activities.	-	Can be allocated directly to activities.	-	-	Can be allocated directly to activities.	-	-	Supporting division.	-	Liabilities recorded among non-current liabilities are distributed based on item-by-item inspection. If it cannot be clearly distributed among divisions based on item-by-item inspection, it is distributed based on the income statement line item related to the given item.	-
F/III./1. Current borrowings	-	-	-	-	-	Can be allocated directly to activities.	-	-	-	-	Current borrowings and current loans are distributed using item-by-item inspection. If it cannot be clearly distributed among divisions based on item-by-item inspection, it is distributed based on the income statement line item related to the given item.	-
F/III./2. Current loans	Can be allocated directly to activities.	-	Can be allocated directly to activities.	-	-	Can be allocated directly to activities.	-	-	Supporting division.	-		-
F/III./3. Advances from customers	The cost driver of the distribution is determined basically in proportion to sales revenue of heat and electric energy produced and of other activity, or can be allocated directly to activities.	-	Can be allocated directly to activities.	Can be allocated directly to activities.	Can be allocated directly to activities.	Can be allocated directly to activities.	Can be allocated directly to activities.	-	Can be allocated directly to divisions or distributed using revenue as the cost driver.	-	Advances from customers are distributed using item-by-item inspection. If it cannot be clearly distributed among divisions based on item-by-item inspection, it is distributed based on the income statement line item related to the given item.	-
F/III./4. Trade liabilities	Basically relate directly to activities, or cost drivers related to the particular trade liability are used.	Distributed in proportion to direct prime cost.	Consistently with the appropriate income statement line item. If distribution of trade liabilities by activity cannot be identified, distribution is performed in proportion to material-type expenses.	Basically can be allocated to activities, if not, then distributed based on cost of goods sold and material-type expenses.	It is not distributed but allocated to licensed activity.	A part can be allocated directly to activities, the others are distributed among activities in proportion to services used.	It is not distributed but allocated to licensed activity.	Can be allocated directly to activities.	Can be allocated directly to divisions.	Trade liabilities, current liabilities from related companies and other liabilities relate to both sites; these liability items are distributed in proportion of nominal installed capacity of power plant production machinery.	Distribution is first made using item-by-item inspection to allocate directly to divisions, then the portfolio that cannot be allocated directly to divisions is distributed in proportion to material-type expenses recognised for the individual activities.	Trade liabilities relating to electricity purchase – which can be determined by reviewing the sub-ledger – are recognised in the licensed segment. Construction trade liabilities are also recognised in the licensed segment. For other trade liabilities a part of them can be allocated directly to activities based on itemised sub-ledger, for the other part, suppliers of materials, separation is carried out using a cost driver, i.e. based on the % proportion of sale of materials in the given year and the provision of materials from the warehouse in the given year for the Company's purposes.
F/III./5. Bills payable	-	-	-	-	-	-	-	-	-	-	-	-
F/III./6. Current liabilities to related companies	Dividend liabilities have to be distributed in proportion to profit after tax; other liabilities to related companies either relate directly to activities, or cost drivers related to the particular trade liability are used.	Distributed in proportion to direct prime cost.	Consistently with the appropriate income statement line item. If distribution of trade liabilities by activity cannot be identified, distribution is performed in proportion to material-type expenses. Cash pool loans are distributed in proportion to net sales revenue of the activities.	Basically can be allocated to activities, if not, then distributed based on costs, expenses, inventories and equity.	Can be allocated directly to activities.	A significant part can be allocated directly to activities, the remaining is distributed among activities in proportion to costs incurred.	Can be allocated directly to activities.	Can be allocated directly to activities.	Related trade creditors: can be allocated directly to divisions. Cash pool liabilities under liabilities to related companies, allocated to the licensed activity is determined based on the working capital of the licensed activity.	Trade liabilities, current liabilities from related companies and other liabilities relate to both sites; these liability items are distributed in proportion of nominal installed capacity of power plant production machinery.	Related trade creditors: Liabilities that cannot be distributed on an item-by-item basis are distributed among divisions in proportion to the profit/loss category related to the liabilities. Cash pool liabilities under liabilities from related companies, allocated to the licensed activity is determined based on the working capital of the licensed activity.	Current liabilities to related companies and entities in which the Group has an equity share can be collected from accounting sub-ledgers and it can be determined based on the cost calculation item and the order text field which segment they belong to.

Methodology applied to separate balance sheet items of the Group by activity

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Description of balance sheet item	MVM Paksi Atomerőmű Zrt.	MVM Mátra Energia Zrt.	MVM MIFŰ Kft.	MVM Partner Zrt.	HUPX Zrt.	MVM Balance Zrt.	CEEGEX Zrt.	NRG Finance Kft.	MVM Next Energiakereskedelmi Zrt.	MVM Vízerőmű Kft.	E.ON Áramszolgáltató Kft.	MVM Émász Áramhálózati Kft.
F/III./7. Current liabilities to companies in which the Group has a significant equity share	Dividend liabilities have to be distributed in proportion to profit after tax; other liabilities to related companies either relate directly to activities, or cost drivers related to the particular trade liability are used.	-	Consistently with the appropriate income statement line item. If distribution of trade liabilities by activity cannot be identified, distribution is performed in proportion to material-type expenses.	Basically can be allocated to activities, if not, then distributed based on service cost amount.	Can be allocated directly to activities.	-	Can be allocated directly to activities.	Can be allocated directly to activities.	Trade liabilities distributed in proportion to material-type expenses, other current liabilities recognised at the supporting division.	Trade liabilities, current liabilities from related companies and other liabilities relate to both sites; these liability items are distributed in proportion of nominal installed capacity of power plant production machinery.	First an item-by-item inspection is performed to allocate liabilities directly to divisions. Liabilities that cannot be distributed on an item-by-item basis are distributed among divisions in proportion to the profit/loss category related to the liabilities.	-
F/III./8. Current liabilities to affiliated companies	The cost driver is basically determined based on a combined ratio calculated from the prior-year balance sheet and income statement.	-	-	Basically can be allocated to activities, if not, then distributed based on service cost amount.	-	-	-	-	Trade liabilities can be allocated directly to divisions, other liabilities allocated to the supporting division.		Liabilities to affiliated companies are accounted for by division on the G/L accounts. If an item cannot be allocated directly to a division, it is distributed based on item-by-item inspection.	-
F/III./9. Other current liabilities	Can be allocated directly to activities, or the cost driver is calculated basically based on breakdown of staff costs by activity.	Distributed in proportion to direct prime cost.	Distributed consistently with the appropriate income statement line item.	Basically can be allocated directly to activities, if not, (e.g. tax liabilities) then based on a typical indicator, e.g. calculated tax. Determination is performed on a G/L item-by-G/L item basis.	Partly can be allocated directly to activities and partly is distributed based on allocated wage costs.	Distributed among activities in proportion to costs (services used) or expenses (staff costs) incurred, in accordance with the type of liability.	Can be allocated directly to activities.	Partly can be allocated directly to activities (robin hood tax, environmental pollution charge), thereafter based on the proportion of directly attributable and directly not attributable assets and liabilities.	Basically can be allocated directly to divisions. Liabilities related to income: supporting division. Tax liabilities: based on calculated tax. Determination is performed on a G/L item-by-G/L item basis. Internal loans: together with cash and cash equivalents ensuring balance sheet agreement.		Determination is performed on a G/L item-by-G/L item basis. VAT receivables/liabilities are allocated to divisions in proportion to net revenue/trade liability balance allocated to the divisions. MAVIR (Magyar Villamos-ipari Átviteli Rendszerirányító Zrt.) cash, MSZKSZ (Magyar Szénhidrogén Készletező Szövetség) membership fee is recognised by division as derives from bookkeeping. . Liabilities arising from settlement of corporation tax are distributed in proportion to activity profit before tax (in the case of overpayment as well). Local taxes (business tax, communal tax, vehicle tax), fines, charges are to be distributed consistently with the income statement. Energy tax is distributed based on net sales revenue.	Of the items recognised in the other current liabilities line item, liabilities to employees are distributed in proportion to staff costs, innovation contribution payment liability, local business tax in proportion to BT, the various tax items in proportion to profit/loss before tax, and the environmental product charge in proportion to sale of materials and the provision of materials from the warehouse for the Company's purposes.
F/III./10. Revaluation difference on liabilities	-	-	-	Can be allocated directly to activities, if not, in proportion to receivables.	-	-	-	-	-	-	-	-
F/III./11. Revaluation loss on derivative transactions	Distributed in proportion to prime cost by activity.	-	-	Basically can be allocated directly to activities, if not, then it can only be an FX transaction, which is distributed based on activity FX turnover.	It is not distributed.	Can be allocated directly to activities.	It is not distributed but allocated to licensed activity.	-	Can be allocated to divisions based on individual assessment.	-	Can be allocated to divisions based on individual assessment.	-
G. Accrued expenses and deferred income	The basis of distribution is determined taking into account the subject of the deferral/accrual.	Distributed in proportion to net sales revenue.	Distributed consistently with the appropriate income statement line items.	Can be allocated directly to activities, if not, then is distributed based on the given type of cost or income.	Can be allocated directly to activities.	Partly can be allocated directly to activities, accrued material costs are distributed among activities in proportion to material costs incurred, services used and other services in proportion to services used and other services incurred, accrued staff costs in proportion to staff costs incurred.	Can be allocated directly to activities.	Partly can be allocated directly to activities, thereafter based on the proportion of directly attributable and directly not attributable assets and liabilities.	Can be allocated directly to divisions.	Accrued expenses and deferred income are distributed in proportion to the capacity of production equipment, while costs according to cost centres.	Energy-type items are distributed among divisions by title based on the list of accruals and deferrals and based on counter accounts. Non-energy-type accruals and deferrals are distributed based on item-by-item inspection.	Income received before the balance sheet preparation date and accrued expenses can be allocated directly to segments from the accounting sub-ledgers. Accrued staff costs are distributed between the segments in proportion to staff expenses. Definitive non-repayable development funds transferred by consumers and the value of assets received free of charge recognised in the deferred income line item are recognised in the licensed segment.
H. Separation difference	Value ensuring agreement of activity assets with activity equity and liabilities.	Value ensuring agreement of activity assets with activity equity and liabilities.	Value ensuring agreement of activity assets with activity equity and liabilities.	Value ensuring agreement of activity assets with activity equity and liabilities.	Value ensuring agreement of activity assets with activity equity and liabilities.	Value ensuring agreement of activity assets with activity equity and liabilities.	Value ensuring agreement of activity assets with activity equity and liabilities.	Value ensuring agreement of activity assets with activity equity and liabilities.	Amount determined for the individual activities during the separation of the activity balance sheet.	Value ensuring agreement of activity assets with activity equity and liabilities.	Amount determined for the individual activities during the separation of the activity balance sheet.	-

Methodology applied to separate balance sheet items of the Group by activity

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Description of balance sheet item	Magyar Földgáztároló Zrt.	MVM CEEnergy Zrt.	MVM Zöld Generáció Zrt.	MVM ZG Solar Kft.	Raaba Energy Kft.	MVM OVIT Zrt.	MVM Démász Áramhálózati Kft.	MVM Mobiliti Kft.	e-Mobi Nonprofit Kft.	MVM Oroszlányi Távhőtermelő és Szolgáltató Zrt.	MVM Watt Eta Hálózati és Közvilágítási Szolgáltató Kft.
I. and II. Intangible and tangible assets	Basically based on item-by-item inspection and in proportion to prior-year profit/loss before tax.	If can be allocated directly to activities, then it is distributed based on that, if not, then according to application of revenue ratio.	Can be allocated directly to activities.	Can be allocated directly to activities.	Can be allocated directly to activities.	Can be allocated directly to activities.	All assets except for assets defined individually and not directly related to the distribution activity.	Intellectual property includes development of the IT system, which is part of the licensed activity, thus it is recognised in the licensed operation activity. Rights and concessions as well as tangible assets are recognised as part of the other core activity (activity not requiring a licence).	Intellectual property is recognised on licensed activity, tangible assets are recognised as part of the other core activity (activity not requiring a licence).	Intangible and tangible assets are allocated to activities – if possible – primarily directly based on sub-ledger asset records. If the asset serves several activities and cannot be directly allocated to any of the activities, separation between production and provision of services is made in proportion to headcount, within that it is distributed in proportion to quantity of heat.	In proportion to divisional distribution of depreciation/amortisation.
III. Investments	Based on item-by-item inspection (cost centre).	Can be allocated directly to activities, if not, then it is distributed based on revenue ratio.	It does not relate to activities requiring a licence.	-	-	-	Loans given to employees – broken down in proportion to headcount. Interest in other companies - activity not requiring a licence	Capital increases in e-Mobi Nkft. are recognised on the licensed operation activity, as the capital increases relate to the operation of the electric chargers.	-	Loans granted to employees were recognised under other non-current loans, if possible, allocated directly to activities. If direct allocation is impracticable and other justifiable distribution cannot be applied either, then separation between production and provision of services is made in proportion to headcount, within that it is distributed in proportion to quantity of heat.	Loans to employees (Other non-current loans): Based on item-by-item inspection and in proportion to number of working hours of the divisions. Other items shall be allocated uniformly to other activity.
I. Inventories	Based on item-by-item inspection (cost centre).	Can be allocated directly to activities.	Can be allocated directly to activities, if not, then based on item-by-item inspection; the remaining part is distributed proportionally, as necessary.	-	Can be allocated directly to activities, if not, then based on item-by-item inspection; the remaining part is distributed proportionally, as necessary.	Can be allocated directly to activities.	From the licensed income statement, broken down in proportion to material costs excluding loss energy.	Are recognised as part of other core activity, based on general ledger data.	Are recognised as part of other core activity, based on general ledger data.	Can be allocated directly to activities.	A separate warehouse is provided for licensed street-lighting operation.
II/1. Trade receivables	Basically based on item-by-item inspection (cost centre).	Can be allocated directly to activities, if not, based on revenue ratio.	Can be allocated directly to activities, if not, then based on item-by-item inspection; the remaining part is distributed in proportion to sales revenue, as necessary.	Can be allocated directly to activities, if not, then based on item-by-item inspection; the remaining part is distributed in proportion to sales revenue, as necessary.	Can be allocated directly to activities, if not, then based on item-by-item inspection; the remaining part is distributed in proportion to sales revenue, as necessary.	Can be allocated directly to activities.	Can be allocated directly to activities based on SAP sub-ledger.	Split between activities based on general ledger data. Items connected to charging services and operation are recognised on the licensed activity.	Split between activities based on general ledger data.	If possible, allocated directly to activities. If direct allocation is impracticable, then distribution is made in proportion to volume of heat.	Distributed based on SX system.
II/2. Receivables from related companies	Basically based on item-by-item inspection (cost centre) and in proportion to sales revenue.	Can be allocated directly to activities, if not, then based on revenue or ratio related to financing.	Can be allocated directly to activities, if not, then based on item-by-item inspection; the remaining part is distributed in proportion to sales revenue, as necessary.	Can be allocated directly to activities, if not, then based on item-by-item inspection; the remaining part is distributed in proportion to sales revenue, as necessary.	Can be allocated directly to activities, if not, then based on item-by-item inspection; the remaining part is distributed in proportion to sales revenue, as necessary.	Can be allocated directly to activities; otherwise based on item-by-item inspection.	Trade receivable part: Can be allocated directly to activities based on SAP sub-ledger. Cash pool receivable: licensed-non-licensed balance sheet broken down in proportion to net working capital.	The licensed operation activity includes the parts determined using cash pool receivable as the cost driver. Trade receivables from related companies, other receivables from related companies are recognised as part of the other core activity, based on individual inspection.	Split between activities based on general ledger data.	Trade receivable part: Can be allocated directly to activities. Cash pool receivable: If possible, allocated directly to activities. If direct allocation is impracticable and other justifiable distribution cannot be applied either, then separation between production and provision of services is made in proportion to headcount, within that it is distributed in proportion to quantity of heat.	-
II/3. Receivables from entities in which the Group has a significant equity share	Basically based on item-by-item inspection (cost centre) and in proportion to sales revenue.	Can be allocated directly to activities, if not, then based on revenue ratio.	Can be allocated directly to activities, if not, then based on item-by-item inspection; the remaining part is distributed in proportion to sales revenue, as necessary.	Can be allocated directly to activities, if not, then based on item-by-item inspection; the remaining part is distributed in proportion to sales revenue, as necessary.	Can be allocated directly to activities, if not, then based on item-by-item inspection; the remaining part is distributed in proportion to sales revenue, as necessary.	Can be allocated directly to activities; otherwise based on item-by-item inspection.	-	-	-	-	-
II/4. Receivables from affiliated companies	-	-	-	-	-	-	-	-	-	-	-
II/5. Bills receivable	-	-	-	-	-	-	-	-	-	-	-

Methodology applied to separate balance sheet items of the Group by activity

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Description of balance sheet item	Magyar Földgáztároló Zrt.	MVM CEEnergy Zrt.	MVM Zöld Generáció Zrt.	MVM ZG Solar Kft.	Raaba Energy Kft.	MVM OVIT Zrt.	MVM Démász Áramhálózati Kft.	MVM Mobiliti Kft.	e-Mobi Nonprofit Kft.	MVM Oroszlányi Távhőtermelő és Szolgáltató Zrt.	MVM Watt Eta Hálózati és Közvilágítási Szolgáltató Kft.
II/6. Other receivables	Basically in proportion to corporation tax or sales revenue.	Basically can be allocated directly to activities, if not, (e.g. tax receivables) then based on a typical indicator, e.g. calculated tax, revenue ratio. Determination is performed on a G/L item-by-G/L item basis.	In proportion to sales revenue.	In proportion to sales revenue.	In proportion to sales revenue.	-	If possible, items are directly allocated to activities; some items are distributed based on sub-ledger. Tax items (corporation tax, business tax, VAT) are distributed based on the typical indicator, staff items are distributed based on either headcount or staff costs.	Value added tax recognised under other receivables was split between activities using cost drivers. The other items within other receivables were recognised as part of the other core activity, based on individual inspection.	Other receivables are separated in proportion to revenue (cost driver).	If possible, allocated directly to activities. If direct allocation is impracticable and other justifiable distribution cannot be applied either, then separation between production and provision of services is made in proportion to headcount, within that it is distributed in proportion to quantity of heat. In the case of value added tax, for November and December in the given year, except for mixed entries, it is distributed in proportion of amounts booked to general ledger numbers beginning with 51, 52 and 81.	Receivables related to employees based on divisional distribution used for staff costs in the income statement. Local business tax is distributed in line with the income statement according to the business tax base. Value added tax (VAT) receivables according to the proportion obtained based on the divisional classification of trade liabilities. Receivables from settlement of corporation tax are distributed in proportion to profit/loss before tax.
II/7. Revaluation difference on receivables	-	-	-	-	-	-	-	-	-	-	-
II/8. Revaluation gain on derivative transactions	-	Can be allocated directly to activities, if not, then it is distributed based on revenue ratio.	-	-	-	-	-	-	-	-	-
III. Securities	-	-	-	-	-	-	-	-	-	-	-
IV. Cash and cash equivalents	In proportion to sales revenue.	If cannot be allocated directly to activities, then it is distributed based on ratio related to financing or revenue ratio.	Can be allocated directly to activities, the remaining part is distributed in proportion to sales revenue, as necessary. Accounts related to tender settlements are allocated to the activity that receives the grant from the tender.	Can be allocated directly to activities, the remaining part is distributed in proportion to sales revenue, as necessary. Accounts related to tender settlements are allocated to the activity that receives the grant from the tender.	Can be allocated directly to activities, the remaining part is distributed in proportion to sales revenue, as necessary. Accounts related to tender settlements are allocated to the activity that receives the grant from the tender.	-	Housing bank deposits ensuring liquidity recognised under cash and cash equivalents are distributed in proportion to headcount. Cash and cash equivalents related to grants belong to the licensed activity. The other items are distributed based on the MEH directive, in proportion to net working capital.	Within cash and cash equivalents, bank deposits are split between activities based on the cost driver. Petty cash is recognised as part of the other core activity, based on individual inspection.	Cash and cash equivalents are separated in proportion to revenue (cost driver).	If possible, allocated directly to activities. If direct allocation is impracticable and other justifiable distribution cannot be applied either, then separation between production and provision of services is made in proportion to headcount, within that it is distributed in proportion to quantity of heat.	Cash and cash equivalents were separated in proportion to revenue.
C. Deferred expenses and accrued income	Based on item-by-item inspection (cost centre).	Can be allocated directly to activities, if not, then distributed based on revenue or ratio related to financing.	Can be allocated directly to activities, or based on the quantity (kWh) of the electricity produced.	Can be allocated directly to activities, or based on the quantity (kWh) of the electricity produced.	Can be allocated directly to activities, or based on the quantity (kWh) of the electricity produced.	Can be allocated directly to activities.	If possible, items are directly allocated to activities; some items are distributed based on sub-ledger. The other items according to the typical cost driver.	Accrued income is separated between activities based on general ledger data. Prepayments are separated based on cost drivers.	Accrued income is recognised on the other core activity based on individual inspection, prepayments are separated in proportion to revenue.	Items are directly allocated to activities if possible. Deferred expenses and accrued income that can allocated to individual activities only indirectly, separation between production and provision of services is made in proportion to headcount, within that it is distributed in proportion to the quantity of heat.	-
D/I.-III. Subscribed/Registered capital and capital reserve	Opening balance sheet in proportion to fixed assets.	Subscribed/Registered capital - fixed amount, based on the estimated capital requirements of the activity. Capital reserve – allocated to activity in accordance with the first-year unbundling.	Distributed in proportion to the value of fixed assets of the individual activities (adjusted for the amount of deferred income related to assets implemented from grants).	Distributed in proportion to the value of fixed assets of the individual activities (adjusted for the amount of deferred income related to assets implemented from grants).	Distributed in proportion to the value of fixed assets of the individual activities (adjusted for the amount of deferred income related to assets implemented from grants).	Is determined based on proportional registered/subscribed capital and capital reserve complying with the initial financing needs of the licensed activity.	Licensed distributor items.	The licensed division includes at least HUF 3 million, as well as the amounts distributed based on the resolution of Management of the prior-year and reporting-year capital increases.	HUF 2 million registered capital is recognised on the licensed activity. The capital reserve is split in line with the proportion of profit/loss after tax of the licensed activity and the other core activity.	Subscribed/Registered capital: Distributed only among Oroszlány, Bokod and other activity, based on the asset side ratio of the balance sheet total. Capital reserve: If possible, allocated directly to activities. If direct allocation is impracticable, then based on the asset side ratio of the balance sheet total.	-

<u>Methodology applied to separate balance sheet items of the Group by activity</u>

2023

Description of balance sheet item	Magyar Földgáztároló Zrt.	MVM CEEnergy Zrt.	MVM Zöld Generáció Zrt.	MVM ZG Solar Kft.	Raaba Energy Kft.	MVM OVIT Zrt.	MVM Démász Áramhálózati Kft.	MVM Mobiliti Kft.	e-Mobi Nonprofit Kft.	MVM Oroszlányi Távhőtermelő és Szolgáltató Zrt.	MVM Watt Eta Hálózati és Közvilágítási Szolgáltató Kft.
D/IV. Retained earnings	The prior-year profit/loss after tax in the activity income statements is included in the retained earnings line item of the balance sheets of the individual activities.	The prior-year profit/loss after tax in the activity income statements is included in the retained earnings line item of the balance sheets of the individual activities. Allocated to activity based on first-year unbundling.	The prior-year profit/loss after tax in the activity income statements is included in the retained earnings line item of the balance sheets of the individual activities.	The prior-year profit/loss after tax in the activity income statements is included in the retained earnings line item of the balance sheets of the individual activities.	The prior-year profit/loss after tax in the activity income statements is included in the retained earnings line item of the balance sheets of the individual activities.	The prior-year profit/loss after tax in the activity income statement is recorded in the retained earnings line item of the activity balance sheet.	The prior-year profit/loss after tax in the activity income statements is included in the retained earnings line item of the balance sheets of the individual activities.	The prior-year rolled retained earnings are recognised on the licensed activity.	The prior-year rolled retained earnings are recognised on the licensed activity.	The prior-year retained earnings less reporting-year allocated reserve, and the profit/loss after tax less dividend payment of the activity income statements is included in the retained earnings line item of the individual activities. The value of formation and restructuring is distributed between Oroszlány and Bokod district heat generation based on heat volume.	-
D/V. Allocated reserve D/VI. Valuation reserve	Opening balance sheet in proportion to fixed assets.	Can be allocated directly to activities, if not, then typical ratio is used.	Is allocated to activities based on the title of the recognition of allocated reserve.	Is allocated to activities based on the title of the recognition of allocated reserve.	Is allocated to activities based on the title of the recognition of allocated reserve.	Is allocated to activities based on the title of the recognition of allocated reserve.	-	-	-	Allocated directly to activities.	-
D/VII. Profit/Loss after tax	Based on breakdown of income statement by activity.	Based on breakdown of income statement by activity.	Based on breakdown of income statement by activity.	Based on breakdown of income statement by activity.	Based on breakdown of income statement by activity.	Based on breakdown of income statement by activity.	Based on breakdown of income statement by activity.	Can be allocated to the individual core activities based on the separated income statement.	Can be allocated to the individual core activities based on the separated income statement.	Based on breakdown of income statement by activity.	Consistently with the income statement.
E. Provisions	Basically based on item-by-item inspection (cost centre).	Basically can be allocated directly to activities, if not, (e.g. release of provisions related to IAS 19), then based on revenue ratio. Determination is performed on a G/L item-by-G/L item basis, by title.	Can be allocated directly to activities, or based on the quantity (kWh) of the electricity produced.	Can be allocated directly to activities, or based on the quantity (kWh) of the electricity produced.	Can be allocated directly to activities, or based on the quantity (kWh) of the electricity produced.	Can be allocated directly to activities; or in relation to employees it is distributed based on full-time equivalents that can be allocated to the given activity.	Basically can be allocated directly to activities, if not, then distributed based on the typical indicator (e.g. staff costs).	Can be allocated directly to activities, it is recognised as part of the other core activity.	Can be allocated directly to activities, it is recognised as part of the other core activity.	If possible, allocated directly to activities. If direct allocation is impracticable and other justifiable distribution cannot be applied either, then separation between production and provision of services is made in proportion to headcount, within that it is distributed in proportion to quantity of heat.	-
F/II. Non-current liabilities	In proportion to sales revenue.	Can be allocated directly to activities, if not, then based on revenue ratio.	Distributed in accordance with the financing needs of the individual activities. General purpose loans based on the quantity (kWh) of the electricity produced.	Distributed in accordance with the financing needs of the individual activities. General purpose loans based on the quantity (kWh) of the electricity produced.	Distributed in accordance with the financing needs of the individual activities. General purpose loans based on the quantity (kWh) of the electricity produced.	-	Licensed distributor.	Non-current loans are recognised at the other core activity, based on individual inspection.	-	-	-
F/III./1. Current borrowings	-	-	-	-	-	-	-	-	-	-	-
F/III./2. Current loans	In proportion to sales revenue.	-	Distributed in accordance with the financing needs of the individual activities. General purpose loans based on the quantity (kWh) of the electricity produced.	Distributed in accordance with the financing needs of the individual activities. General purpose loans based on the quantity (kWh) of the electricity produced.	Distributed in accordance with the financing needs of the individual activities. General purpose loans based on the quantity (kWh) of the electricity produced.	-	Licensed-non-licensed balance sheet broken down in proportion to net working capital.	Can be allocated directly to activities. Part of activity not requiring a licence.	-	-	-
F/III./3. Advances from customers	-	Can be allocated directly to activities, if not, then based on revenue ratio.	-	-	-	-	One part can be allocated directly to activities, those which cannot, are distributed based on G/L sub-ledger.	-	-	Can be allocated directly to activities.	Advances from customers are recognised based on item-by-item inspection.
F/III./4. Trade liabilities	In proportion to sales revenue.	Can be allocated directly to activities, if not, then based on revenue ratio.	Can be allocated directly to activities, or based on the quantity (kWh) of the electricity produced.	Can be allocated directly to activities, or based on the quantity (kWh) of the electricity produced.	Can be allocated directly to activities, or based on the quantity (kWh) of the electricity produced.	Can be allocated directly to activities; otherwise based on item-by-item inspection.	Based on cost driver characteristic of the supplier.	Split between activities based on general ledger data. Items that cannot be classified are separated based on cost drivers.	Split between activities based on general ledger data.	If possible, allocated directly to activities. If direct allocation is impracticable and other justifiable distribution cannot be applied either, then separation between production and provision of services is made in proportion to headcount, within that it is distributed in proportion to quantity of heat.	Trade liabilities are distributed between activities based on item classification. If the number of trade liability items does not make possible an individual inspection due to closing deadlines, trade liabilities are distributed based on the divisional proportion of material-type expenses.

Methodology applied to separate balance sheet items of the Group by activity

2023

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F/III./5. Bills payable	-	-	-	-	-	-	-	-	-	-	-
F/III./6. Current liabilities to related companies	Basically in proportion to sales revenue.	Can be allocated directly to activities, if not, then based on revenue or ratio related to financing.	Can be allocated directly to activities, or based on the quantity (kWh) of the electricity produced.	Can be allocated directly to activities, or based on the quantity (kWh) of the electricity produced.	Can be allocated directly to activities, or based on the quantity (kWh) of the electricity produced.	Can be allocated directly to activities; otherwise based on item-by-item inspection.	Trade liabilities part: based on typical cost driver. Cash pool liability: licensed-non-licensed balance sheet broken down in proportion to net working capital.	Split between activities based on general ledger data. Items that cannot be classified are separated based on cost drivers.	Split between activities based on general ledger data.	If possible, allocated directly to activities. If direct allocation is impracticable and other justifiable distribution cannot be applied either, then separation between production and provision of services is made in proportion to headcount, within that it is distributed in proportion to quantity of heat.	Current liabilities to related companies is distributed taking the share of revenue into account.
F/III./7. Current liabilities to companies in which the Group has a significant equity share	Basically in proportion to sales revenue.	Can be allocated directly to activities, if not, based on revenue ratio.	-	-	-	-	-	-	-		-
F/III./8. Current liabilities to affiliated companies	-	-	-	-	-	-	-	-	-	-	The separation was determined at a specific rate based on item-by-item reconciliation.
F/III./9. Other current liabilities	Basically in proportion to staff costs.	Basically can be allocated directly to activities, if not, (e.g. tax liabilities) then based on a typical indicator, e.g. calculated tax, or revenue ratio. Determination is performed on a G/L item-by-G/L item basis.	Can be allocated directly to activities, or based on the quantity (kWh) of the electricity produced.	Can be allocated directly to activities, or based on the quantity (kWh) of the electricity produced.	Can be allocated directly to activities, or based on the quantity (kWh) of the electricity produced.	Can be allocated directly to activities; otherwise based on item-by-item inspection.	If possible, items are directly allocated to activities; some items are distributed based on sub-ledger. Tax items (VAT) are distributed based on the typical indicator, staff items are distributed based on either headcount or staff costs.	Distribution between the two activities is made using cost drivers determined based on staff-related cost drivers for other staff-related liabilities and based on revenue for other current liabilities.	This includes current liabilities related to staff costs: it is separated between activities in proportion to staff costs separated in the income statement.	In the case of current liabilities direct allocation to activities, or the items within the balance sheet line item are distributed based on typical cost drivers. If the given item cannot be allocated to activities, then it is distributed based on individual methods (headcount, gross wages, ratio of arrears, number of consumers, quantity of heat, in proportion to asset side of the balance sheet).	Current liabilities are distributed based on net sales revenue. Liabilities arising from settlement of corporation tax are distributed in proportion to profit/loss before tax (in the case of overpayment as well). Value added tax (VAT) liabilities in proportion to trade debtors. Local business tax liabilities are distributed in proportion to the share of the business tax base in the licensed and the other division (consistently with the income statement).
F/III./10. Revaluation difference on liabilities	-	-	-	-	-	-	-	-	-	-	-
F/III./11. Revaluation loss on derivative transactions	-	Basically can be allocated directly to activities, if not, based on revenue ratio.	-	-	-	-	-	-	-	-	-
G. Accrued expenses and deferred income	Basically based on item-by-item inspection (cost centre).	Can be allocated directly to activities, if not, then based on revenue or ratio related to financing.	Can be allocated directly to activities, or based on the quantity (kWh) of the electricity produced.	Can be allocated directly to activities, or based on the quantity (kWh) of the electricity produced.	Can be allocated directly to activities, or based on the quantity (kWh) of the electricity produced.	Can be allocated directly to activities.	Revenue accruing for future periods / accrued costs/expenses: Items are allocated directly to activities if possible, the others based on typical cost drivers. Deferred income: Licensed distributor (received distributor sources).	Income accruing for future periods was recognised on the other core activity. Accrued material-type expenses were distributed between the two activities based on a cost driver determined on the basis of revenue, while accrued staff costs were distributed based on the proportion of staff costs.	It is split between activities based on general ledger data, and in proportion to revenue and staff costs.	Items are directly allocated to activities if possible. Accrued expenses and deferred income that can be allocated to individual activities only indirectly can be distributed as follows: For income accruing for future periods and deferred income, determined directly depending on the type of the income. Accrued expenses are, if possible, allocated directly to activities. If direct allocation is impracticable and other justifiable distribution cannot be applied either, then separation between production and provision of services is made in proportion to headcount, within that it is distributed in proportion to quantity of heat.	-
H. Separation difference	Value ensuring agreement of activity assets with activity equity and liabilities.	Value ensuring agreement of activity assets with activity equity and liabilities.	Value ensuring agreement of activity assets with activity equity and liabilities.	Value ensuring agreement of activity assets with activity equity and liabilities.	Value ensuring agreement of activity assets with activity equity and liabilities.	Value ensuring agreement of activity assets with activity equity and liabilities.	Item ensuring agreement between assets and equity and liabilities.	Separation difference ensuring balance sheet agreement.	Separation difference ensuring balance sheet agreement.	Value ensuring agreement of activity assets with activity equity and liabilities.	Value ensuring agreement of activity assets with activity equity and liabilities.

Methodology applied to separate income statement items of the Group by activity

2023

Description of income statement line item	MVM Paksi Atomerőmű Zrt.	MVM Mátra Energia Zrt.	MVM MIFŰ Kft.	MVM Partner Zrt.	HUPX Zrt.	MVM Balance Zrt.	CEEGEX Zrt.	Magyar Földgáztároló Zrt.	NRG Finance Kft.	MVM Vízerőmű Kft.
I. Net sales revenue	Can be allocated directly to activities based on profit centre classification of cost calculation items.	Can be allocated directly to activities.	Can be allocated directly to activities.	Can be allocated directly to activities.	Can be allocated directly to activities.	Can be allocated directly to activities.	Can be allocated directly to activities.	Can be allocated directly to activities.	Can be allocated directly to activities, except for income from concession rights, which is distributed based on the proportion of directly attributable and directly not attributable income and expenses.	Net sales revenue according to the sites affected, in accordance with the ratio upon production, or according to the place where it arises. (The electric energy produced in the core activity is sold to one customer.)
II. Own performance capitalised	Basically can be allocated directly to activities based on profit centre classification of cost calculation items.	Can be allocated directly to activities.	-	-	Can be allocated directly to activities.	Can be allocated directly to activities.	Can be allocated directly to activities.	Based on item-by-item inspection.	-	Self-constructed assets in accordance with the ratio between Tiszalöki and Kiskörei Vízerőmű, according to the place where they arise.
III. Other income	Basically can be allocated directly to activities on a subject-by-subject basis, based on profit centre classification of cost calculation items.	In proportion to the share of heat and electric energy provided.	Can be allocated directly to activities.	Basically can be allocated directly to activities, if not, (e.g. release of provisions related to IAS 19), then based on a typical indicator, e.g. headcount in the unit. Determination is performed on a G/L item-by-G/L item basis.	Partly can be allocated directly to activities and partly is distributed based on sales revenue allocation.	CO_2 allowance provisions can be allocated to activities. Further major other income items can also be allocated to activities, or is distributed based on system settings.	Can be allocated directly to activities.	Basically based on item-by-item inspection (cost centre).	Distributed based on the proportion of directly attributable and directly not attributable income and expenses.	Between the two sites, based on breakdown by the place when it arises.
IV./1. Material costs	Nuclear fuel can be allocated directly to activity profit centres; other material costs are booked on profit centres allocated to CO items, further distribution is performed based on secondary controlling accounting.	Can be allocated directly to activities, or distributed in proportion to the share of heat and electric energy provided.	Can be allocated directly to activities.	Basically can be allocated directly to activities, if not, (e.g. public utility costs) then based on a typical indicator, e.g. staff number of the unit. Determination is performed on a G/L item-by-G/L item basis.	Distributed in proportion to allocated wage costs or market membership number.	The major items (fuel oil and natural gas costs) can be allocated clearly to activities. Further material costs are distributed based on statistical indicators.	Distributed based on allocated wage costs, based on revenue, or allocated directly to activities.	Basically based on item-by-item inspection (cost centre) and in proportion to sales revenue.	Can be allocated directly to activities.	Material costs are distributed based on booking to cost centre/equipment, following the actually incurred distribution principle.
IV./2. Services used	Booked on profit centres allocated to cost calculation items, further distribution is performed based on secondary controlling accounting.	Can be allocated directly to activities, or distributed in proportion to the share of heat and electric energy provided.	Can be allocated directly to activities.	Basically can be allocated directly to activities, if not, (e.g. costs of advisory services), then based on a typical indicator e.g. sales revenue. Determination is performed on a G/L item-by-G/L item basis.	Costs can partly be allocated directly to activities. For distributable costs the following distribution rates are used: - In proportion to distributed wage costs - In proportion to sales revenue - In proportion to number of members	Major items (power plant rental, maintenance and operating costs) can be allocated clearly to activities; further costs of services used are distributed based on statistical indicators.	Costs can partly be allocated directly to activities. For distributable costs the following distribution rates are used: - In proportion to distributed wage costs - In proportion to sales revenue - Management's estimates	Basically based on item-by-item inspection (cost centre) and in proportion to sales revenue.	Partly allocated directly to activities, thereafter distributed based on the proportion of directly attributable and directly not attributable income and expenses.	Services used are also distributed according to cost centres.
IV./3. Other services	Booked on profit centres allocated to cost calculation items, further distribution is performed based on secondary controlling accounting.	Can be allocated directly to activities, or distributed in proportion to the share of heat and electric energy provided.	Can be allocated directly to activities.	Basically can be allocated directly to activities, if not, (e.g. insurance premiums), then based on a typical indicator e.g. sales revenue. Determination is performed on a G/L item-by-G/L item basis.	Partly distributed based on sales revenue allocation and partly based on wage costs.	Major items (property insurance premiums, fees paid to authorities) can be allocated clearly to activities; further costs are distributed based on statistical indicators.	Distributed in proportion to distributed revenue or directly allocated to activities.	Basically based on item-by-item inspection (cost centre).	Partly allocated directly to activities, thereafter distributed based on the proportion of directly attributable and directly not attributable income and expenses.	Other services are also distributed according to costs centres.
IV./4 Cost of goods sold	Can be allocated directly to activities based on profit centre classification of cost calculation items.	Can be allocated directly to activities.	Can be allocated directly to activities.	Can be allocated directly to activities.	-	Can be allocated directly to activities.	Can be allocated directly to activities, it relates only to activities not requiring a licence.	Based on item-by-item inspection (cost centre).	-	-
IV./5 Services sold (mediated)	Can be allocated directly to activities based on profit centre classification of cost calculation items.	Can be allocated directly to activities.	Can be allocated directly to activities.	Can be allocated directly to activities.	Can be allocated directly to activities.	Can be allocated directly to activities.	Can be allocated directly to activities, it relates only to activities not requiring a licence.	Based on item-by-item inspection (cost centre).	Distributed based on the proportion of directly attributable and directly not attributable income and expenses.	Services sold (mediated) can be clearly allocated to the income and are distributed based on that.
V. Staff costs	Booked on profit centres allocated to cost calculation items, further distribution is performed based on secondary controlling accounting.	Can be allocated directly to activities, or distributed in proportion to the share of heat and electric energy provided.	Can be allocated directly to activities.	Can be allocated directly to organisational units, the organisational units are allocated directly to activities, or distributed among activities based on indicators, e.g. headcount of the organisational unit.	Distributed based on time records and based on revenue.	Wage costs of organisational units that can be linked clearly to activities is allocated to the appropriate activity; the wage costs of other units is distributed among activities based on statistical indicators by re-charging.	Distributed based on time records and based on expert estimate.	Basically based on item-by-item inspection (cost centre) and in proportion to sales revenue.	Distributed based on the proportion of directly attributable and directly not attributable income and expenses.	When accounting for staff costs, the items are split based on cost centres and equipment codes.

Methodology applied to separate income statement items of the Group by activity

2023

Description of income statement line item	MVM Paksi Atomerőmű Zrt.	MVM Mátra Energia Zrt.	MVM MIFŰ Kft.	MVM Partner Zrt.	HUPX Zrt.	MVM Balance Zrt.	CEEGEX Zrt.	Magyar Földgáztároló Zrt.	NRG Finance Kft.	MVM Vízerőmű Kft.
VI. Depreciation/ Amortisation	A significant part of production equipment can be allocated to licensed activities or to joint activity; from the latter separation is performed in proportion to electricity provided and heat energy sold.	Can be allocated directly to activities, or distributed in proportion to the share of heat and electric energy provided.	Can be allocated directly to activities.	Can be allocated directly to organisational units, the organisational units are allocated directly to activities or are distributed among the activities based on net asset value.	Can be allocated directly to activities.	Can be allocated directly to activities.	Can be allocated directly to activities.	Basically based on item-by-item inspection (cost centre) and in proportion to sales revenue.	Distributed based on the classification of tangible assets, except for concession rights, which are distributed based on the net asset value.	Amortisation that can be accounted for is split according to cost centres.
VII. Other expenses	Basically can be allocated directly to activities on a subject-by-subject basis, based on profit centre classification of cost calculation items. Settlement to CNFF can be allocated directly to activities.	Can be allocated directly to activities, or distributed in proportion to the share of heat and electric energy provided.	Can be allocated directly to activities. Business tax, innovation contribution is distributed using a revenue-material cost ratio.	Basically can be allocated directly to activities, if not, (e.g. local business tax), then based on a typical indicator, e.g. based on calculated activity local business tax base. Determination is performed on a G/L item-by-G/L item basis.	Distributed in part based on revenue distribution, in part by direct allocation.	Some items can be allocated clearly to activities (CO_2 allowance provisions), certain items (business tax, innovation contribution) are distributed in proportion to sales revenue, further expenses in proportion to staff costs (IAS 19 provisions) or in proportion to costs incurred (fines paid).	Partly can be allocated directly to activities and partly is distributed based on sales revenue allocation.	Basically in proportion to sales revenue.	Partly allocated directly to activities, thereafter distributed based on the proportion of directly attributable and directly not attributable income and expenses.	When accounting for other expenses, the Company also applied separation of cost centre data, and since this item is largely determined by the financial support given, it was split according to the given site. Local business tax and innovation contribution are distributed based on income, costs, expenses and reconciling items that affect the tax base.
VIII. Income from financial transactions	Cash pool items are allocated to directly distributable profit centres, which are distributed using a cost driver in proportion to the average of electricity provided and heat sold in the last three years, the others are distributed based on prime cost.	Allocated to electricity production.	Can be allocated directly to activities.	If cannot be allocated directly to activities, then interest is distributed based on the activity equity, while exchange differences based on activity FX turnover.	A part is not distributed, while the other part is distributed based on operating profit/loss.	Can be allocated directly to activities; further items are distributed based on system settings.	A part is not distributed, while the other part is distributed based on operating profit/loss.	In proportion to sales revenue.	Directly allocated to activities or based on the proportion of directly not attributable income and expenses.	When accounting for profit/loss on financial transactions, it is presented under finance income or expenses of Tiszalöki Vízerőmű, since the decisions of the management are finalised in this site, thus financial transactions also can be considered to be under this management influence.
IX. Expenses on financial transactions	Cash pool items are allocated to directly distributable profit centres, which are distributed using a cost driver in proportion to the average of electricity provided and heat sold in the last three years, the others are distributed based on prime cost.	Allocated to electricity production.	Can be allocated directly to activities.	If cannot be allocated directly to activities, then interest is distributed based on the activity equity, while exchange differences based on activity FX turnover.	A part is not distributed, while the other part is distributed based on operating profit/loss.	Can be allocated directly to activities; further items are distributed based on system settings.	A part is not distributed, while the other part is distributed based on operating profit/loss.	In proportion to sales revenue.	Directly allocated to activities or based on the proportion of directly not attributable income and expenses.	
X. Tax liability	Corporation tax is accounted for to the activity with profit before tax in proportion to profit/loss before tax, the income tax for energy suppliers can be allocated directly to activities.	Based on calculated profit/loss of the activity.	In proportion to profit before tax of profitable activity.	Based on calculated profit/loss of the activity.	Distributed in proportion to profit/loss before tax.	Distributed in proportion to sales revenue.	Distributed in proportion to profit/loss before tax.	Calculated separately.	Corporation tax is distributed based on the proportion of directly not attributable income and expenses; robin hood tax by allocation directly to activities.	Tax payable is presented in proportion to profit/loss before tax.

Methodology applied to separate income statement items of the Group by activity

2023

Description of income statement line item	MVM Zöld Generáció Zrt./MVM ZG Solar Kft./Raaba Energy Kft.	MVM OVIT Zrt.	MVM Démász Áramhálózati Kft.	MVM Next Energiakereskedelmi Zrt.	MVM Mobiliti Kft.	e-Mobi Nonprofit Kft.	MVM Oroszlányi Távhőtermelő és Szolgáltató Zrt.	MVM CEEnergy Zrt.	MVM Watt Eta Hálózati és Közvilágítási Szolgáltató Kft.	E.ON Áramszolgáltató Kft.	MVM Émász Áramhálózati Kft.
I. Net sales revenue	Can be allocated directly to activities.	Can be allocated directly to activities.	Developed SAP report (after deduction of the values of the activity not requiring a licence).	Can be allocated directly to divisions.	Revenue that can be allocated to a licence holder is recognised at the licence holder, revenue that cannot be allocated to a licence is recognised at the other activity based on general ledger account.	Revenue that can be allocated to a licence holder is recognised at the licence holder, revenue that cannot be allocated to a licence is recognised at the other activity based on general ledger account.	If possible, allocated directly to activities. If direct allocation is impracticable and other justifiable distribution cannot be applied either, then separation between production and provision of services is made in proportion to headcount, within that it is distributed in proportion to quantity of heat.	Can be allocated directly to activities.	For the accounting separation of revenue and expenses specific to the activity, the appropriate line items of the income statement were determined based on items that can be collected from the SX system, from the general ledger system or through calculation using a typical cost driver. Figures of net sales revenue, direct material costs and services used can be derived from the SX system.	Can be allocated directly to divisions.	Can be allocated directly to activities.
II. Own performance capitalised	Can be allocated directly to activities.	Can be allocated directly to activities.	Developed SAP report (after deduction of the values of the activity not requiring a licence).	Can be allocated directly to activities based on the SAP FI report.	-	-	If possible, allocated directly to activities. If direct allocation is impracticable and other justifiable distribution cannot be applied either, then separation between production and provision of services is made in proportion to headcount, within that it is distributed in proportion to quantity of heat.	-	-	Can be allocated directly to activities. There was no such item.	Can be allocated directly to activities.
III. Other income	Can be allocated directly to activities.	Can be allocated directly to activities.	If possible, items are directly allocated to activities; some items are distributed based on sub-ledger. The other items are allocated to the activities based on the typical cost drivers.	Generally can be allocated directly to divisions. Determination is performed on a G/L item-by-G/L item basis.	Other income that can be allocated to a licence holder is recognised at the licence holder, other income that cannot be allocated to a licence is recognised at the other activity based on general ledger account. With the exception of accounting for rounding difference, which is split using a cost driver.	Split in proportion to sales revenue, except for grants received for development purposes and provisions recognised; these can be allocated to the activity not requiring a licence.	If possible, allocated directly to activities. If direct allocation is impracticable and other justifiable distribution cannot be applied either, then separation between production and provision of services is made in proportion to headcount, within that it is distributed in proportion to quantity of heat.	Can be allocated directly to activities, if not, then it is distributed based on revenue ratio.	-	Other income and expenses are booked on controlling objects; based on the description of the object it can be clearly established that to which division it belongs to; items are booked on the appropriate object. Provisions: To be treated individually; distribution is made based on the title of recognition.	It is split between activities using cost drivers or statistical indicators, so called artificial ratios, or other special methods.
IV./1. Material costs	Can be allocated directly to activities, except for materials purchased for direct use according to cost centre.	Can be allocated directly to activities, except for materials purchased for direct use according to cost centre.	Developed SAP report (after deduction of the values of the activity not requiring a licence).	Activities to be allocated were determined in accordance with the allocation methodology. These also include direct material-type, staff, depreciation and allocated IT (number of users, number of PCs), motor vehicle, HR (based on headcount), property (based on m2) costs. Then the total costs are distributed based on set percentages to divisions (US, TRA, SUP) or can be allocated directly to divisions.	Based on general ledger account, sub-ledger records. Material costs that cannot be allocated directly to licensed activities are distributed between activities in proportion to revenue.	Based on general ledger account, sub-ledger records. Electricity purchased for other than selling purposes can be allocated to licensed activity. Costs of materials purchased for direct use and fuel costs are costs that can be allocated to the activity not requiring a licence. The other material costs were distributed in proportion to revenue.	If possible, allocated directly to activities. If direct allocation is impracticable and other justifiable distribution cannot be applied either, then separation between production and provision of services is made in proportion to headcount, within that it is distributed in proportion to quantity of heat.	Can be allocated directly to activities, if not, then it is distributed based on revenue ratio.	Material costs accounted for on general items are allocated in proportion to indirect costs.	Generally can be allocated directly to divisions. Determination is performed on a G/L item-by-G/L item basis. On a controlling object-by-controlling object basis.	Can be allocated directly to activities.
IV./2. Services used	Can be allocated directly to activities, or based on the quantity (kWh) of the electricity produced.	Can be allocated directly to activities, except for direct services used according to cost centre.	Developed SAP report (after deduction of the values of the activity not requiring a licence).	On one hand, it can be distributed directly to divisions (US, TRA, SUP). The other part is distributed to the divisions (US, TRA, SUP) based on set percentages through the activities to be allocated determined in accordance with the allocation methodology. In the case of costs, upon receiving the invoice the invoice approvers decide that to which division should it be booked, or sometimes it can be clearly decided based on the contract that to which division it relates.	Based on general ledger account, sub-ledger records. Services used that cannot be allocated directly to licensed activities are distributed between activities in proportion to revenue.	Based on general ledger account, sub-ledger records. Services used that cannot be allocated directly to licensed activities are distributed between activities in proportion to revenue.	If possible, allocated directly to activities. If direct allocation is impracticable and other justifiable distribution cannot be applied either, then separation between production and provision of services is made in proportion to headcount, within that it is distributed in proportion to quantity of heat.	Can be allocated directly to activities, if not, then it is distributed based on revenue ratio.	Services used: - costs accounted for on registered office, site items based on divisional m2 - costs accounted for on motor vehicle items based on divisional km and operating hours - services used not distributed using a cost driver: in proportion to costs.	Services used are distributed based on the allocation of the individual controlling objects to activities. Central services are distributed among the individual activities using cost drivers. Costs incurred on the energy sales systems cost centre (SAP IS-U) can be allocated clearly to the licensed activity.	Can be allocated directly to activities.
IV./3. Other services	Can be allocated directly to activities, or based on the quantity (kWh) of the electricity produced.	Can be allocated directly to activities.	Developed SAP report (after deduction of the values of the activity not requiring a licence).	For one part of other services it can be clearly established to which controlling object it should be booked. (E.g. costs of motor vehicle, property insurance) Upon receiving the invoice the invoice approvers decide that to which division should it be booked, or sometimes it can be clearly decided based on the contract that to which division it relates. The other part is distributed to the divisions (US, TRA, SUP) based on set percentages through the activities to be allocated determined in accordance with the allocation methodology.	Based on general ledger account, sub-ledger records. Other services that cannot be allocated directly to licensed activities are distributed between activities in proportion to revenue.	Property insurance is recognised directly on the licensed activity. Other services that cannot be allocated directly to licensed activities are distributed between activities in proportion to revenue.	If possible, allocated directly to activities. If direct allocation is impracticable and other justifiable distribution cannot be applied either, then separation between production and provision of services is made in proportion to headcount, within that it is distributed in proportion to quantity of heat.	Can be allocated directly to activities, if not, then distributed based on revenue or ratio to financing.	The process in the case of other services is the same as for material costs.	Duties, licensing fees can be allocated to the individual divisions based on the classification of the item. Bank commission, other bank charges: the majority can be clearly allocated to divisions based on controlling codes; remaining items are distributed among activities using cost drivers.	Can be allocated directly to activities.
IV./4 Cost of goods sold	-	-	Developed SAP report (after deduction of the values of the activity not requiring a licence).	Can be allocated directly to divisions.	Recognised directly on the activity not requiring a licence.	-	If possible, allocated directly to activities. If direct allocation is impracticable and other justifiable distribution cannot be applied either, then separation between production and provision of services is made in proportion to headcount, within that it is distributed in proportion to quantity of heat.	Can be allocated directly to activities, otherwise distribution is based on calculation.	-	Can be allocated directly to divisions.	Can be allocated directly to activities.

Methodology applied to separate income statement items of the Group by activity

2023

Description of income statement line item	MVM Zöld Generáció Zrt./MVM ZG Solar Kft./Raaba Energy Kft.	MVM OVIT Zrt.	MVM Démász Áramhálózati Kft.	MVM Next Energiakereskedelmi Zrt.	MVM Mobiliti Kft.	e-Mobi Nonprofit Kft.	MVM Oroszlányi Távhőtermelő és Szolgáltató Zrt.	MVM CEEnergy Zrt.	MVM Watt Eta Hálózati és Közvilágítási Szolgáltató Kft.	E.ON Áramszolgáltató Kft.	MVM Émász Áramhálózati Kft.
IV./5 Services sold (mediated)	Allocated to activities based on revenue.	-	Developed SAP report (after deduction of the values of the activity not requiring a licence).	Can be allocated directly to divisions.	Recognised directly on the activity not requiring a licence.	Recognised directly on the activity not requiring a licence.	If possible, allocated directly to activities. If direct allocation is impracticable and other justifiable distribution cannot be applied either, then separation between production and provision of services is made in proportion to headcount, within that it is distributed in proportion to quantity of heat.	Can be allocated directly to activities, if not, then it is distributed based on revenue ratio.	-	Can be allocated directly to divisions.	Can be allocated directly to activities.
V. Staff costs	Can be allocated directly to activities, or based on the quantity (kWh) of the electricity produced.	Can be allocated directly to activities, or is distributed among profit centres based on working hours.	Developed SAP report (after deduction of the values of the activity not requiring a licence).	Activities to be allocated were determined in accordance with the allocation methodology. These also include direct material-type, staff, depreciation and allocated IT (number of users, number of PCs), motor vehicle, HR (based on headcount), property (based on m2) costs. Then the total costs are distributed based on set percentages to divisions (US, TRA, SUP) or can be allocated directly to divisions.	Is distributed between activities based on general ledger account in proportion to revenue (cost driver).	Is separated on an item-by-item basis. (6 licensed persons)	If possible, allocated directly to activities. If direct allocation is impracticable and other justifiable distribution cannot be applied either, then separation between production and provision of services is made in proportion to headcount, within that it is distributed in proportion to quantity of heat.	Distributed based on typical ratio (revenue/headcount).	Directly based on divisional working hours or in proportion to indirect costs.	Staff costs are distributed in accordance with proportions specific to the organisational cost centres.	Can be allocated directly to activities.
VI. Depreciation/ Amortisation	Distributed based on cost-centre classification of tangible assets, or in proportion to sales revenue.	Can be allocated directly to activities based on the cost centre classification of tangible assets.	With the exception of two assets (off-grid small power plant, Nagylak optical cable) depreciation of all assets is licensed distribution.	Clearly allocated to the supporting division.	Amortisation recognised under intellectual property relates to licensed activity; the amortisation of rights and concessions as well as the depreciation of tangible assets can be allocated directly to the other core activity.	Intangible assets relate to the licensed activity, thus the amortisation booked on them also relates to the licensed activity. Tangible assets and related depreciation are recognised on other activities.	If possible, allocated directly to activities. If direct allocation is impracticable and other justifiable distribution cannot be applied either, then separation between production and provision of services is made in proportion to headcount, within that it is distributed in proportion to quantity of heat.	Can be allocated directly to activities, if not, then it is distributed based on revenue ratio.	Depreciation of motor vehicles directly, based on divisional number of kilometres driven. Tangible and intangible assets other than motor vehicles: in proportion to divisional working hours.	Allocated clearly to the licensed division.	Can be allocated directly to activities.
VII. Other expenses	Distributed in proportion to sales revenue, or tax-type items (local business tax, innovation contribution) based on income, costs and expenses impacting the tax base as well as reconciling items.	Can be allocated directly to activities, tax-type items (local business tax, innovation contribution) are distributed based on income, costs and expenses impacting the tax base as well as reconciling items.	If possible, items are directly allocated to activities; some items are distributed based on sub-ledger. The other items are allocated to the activities based on the typical cost drivers.	Basically can be allocated directly to activities.	Based on general ledger account, sub-ledger records. Other expenses that cannot be allocated directly to the other core activity are distributed between the activities in proportion to revenue.	Other expenses that cannot be allocated directly to the other core activity are distributed between the activities in proportion to revenue. The provision is recognised directly on the activity not requiring a licence.	If possible, allocated directly to activities. If direct allocation is impracticable and other justifiable distribution cannot be applied either, then separation between production and provision of services is made in proportion to headcount, within that it is distributed in proportion to the number of consumers or quantity of heat.	Basically can be allocated directly to activities, if not, (e.g. local business tax), then based on a typical indicator, e.g. based on calculated activity local business tax base. Otherwise it is distributed based on the use of revenue ratio.	In the case of scrapped, missing and sold items of intangible and tangible assets, distribution to divisions is made in proportion to licensed and non-licensed divisional working hours. Taxes based on the fact that the base belongs to the division. Company car tax based on the divisional number of kilometres driven.	Other income and expenses are booked on controlling objects; based on the description it can be clearly established that to which division the object belongs to; items are booked on the appropriate object. Provisions: To be treated individually; distribution is made based on the title of recognition. Business tax is distributed among activities in proportion to revenue.	It is split between activities using cost drivers or statistical indicators, so called artificial ratios, or other special methods.
VIII. Income from financial transactions	Can be allocated directly to activities, or based on the quantity (kWh) of the electricity produced.	Can be allocated directly to activities.	Distributed in proportion to interest-bearing receivables of the activity balance sheets (except for interest settlement of employees, which in proportion to headcount).	Profit/Loss on financial transactions allocated to the licensee is determined based on the funding costs of the working capital need generated by the licensed activity. It is adjusted for the interest effect on the interim cash position of the actual financial disbursement of the compensation for the potential loss of the licensed activity. Exchange differences, other finance income/expense: apart from items that can be allocated directly to divisions, it is allocated to divisions in accordance with different cost drivers by subject. Hedges: can be allocated directly to divisions.	Items that can be allocated directly to a core activity are allocated to that activity. Other expenses that cannot be allocated directly to the other core activity are distributed between the activities in proportion to revenue.	-	If possible, allocated directly to activities. If direct allocation is impracticable and other justifiable distribution cannot be applied either, then separation between production and provision of services is made in proportion to headcount, within that it is distributed in proportion to quantity of heat.	Can be allocated directly to activities, if not, then distributed based on revenue or ratio related to financing.	Cash pool interest and other interest received based on net sales revenue.	Profit/Loss on financial transactions allocated to the licensee is determined based on the funding costs of the working capital need generated by the licensed activity. It is adjusted for the interest effect on the interim cash position of the actual financial disbursement of the compensation for the potential loss of the licensed activity.	It is split between activities using cost drivers or statistical indicators, so called artificial ratios, or other special methods.
IX. Expenses on financial transactions	Can be allocated directly to activities, or based on the quantity (kWh) of the electricity produced.	Can be allocated directly to activities.	Distributed in proportion to interest-bearing liabilities of the activity balance sheets.	Profit/Loss on financial transactions allocated to the licensee is determined based on the funding costs of the working capital need generated by the licensed activity. It is adjusted for the interest effect on the interim cash position of the actual financial disbursement of the compensation for the potential loss of the licensed activity. Exchange differences, other finance income/expense: apart from items that can be allocated directly to divisions, it is allocated to divisions in accordance with different cost drivers by subject. Hedges: can be allocated directly to divisions.	The methodology described for the distribution of income from financial transactions is applied.	-	If possible, allocated directly to activities. If direct allocation is impracticable and other justifiable distribution cannot be applied either, then separation between production and provision of services is made in proportion to headcount, within that it is distributed in proportion to quantity of heat.	Can be allocated directly to activities, if not, then distributed based on revenue or ratio related to financing.	Interest paid in proportion to the divisional distribution of net sales revenue.	Profit/Loss on financial transactions allocated to the licensee is determined based on the funding costs of the working capital need generated by the licensed activity. It is adjusted for the interest effect on the interim cash position of the actual financial disbursement of the compensation for the potential loss of the licensed activity.	It is split between activities using cost drivers or statistical indicators, so called artificial ratios, or other special methods.
X. Tax liability	Distributed in proportion to profit/loss before tax.	Can be allocated directly to activities.	Corporation tax: In proportion to the profit/loss before tax of the activity. Income tax for energy suppliers: licensed distributor.	Based on calculated profit/loss of the activity, among divisions with a positive tax base, in proportion to the tax base.	The corporation tax liability calculated for the entire company (based on tax base adjustments of the company-level profit/loss before tax and tax regulations in force) is distributed in proportion to profit/loss before tax to activities with profit before tax.	-	Corporation tax: Based on calculated profit/loss of the activity.	Based on calculated profit/loss of the activity. Settlement of income tax for energy suppliers can be allocated directly to activities.	-	Based on calculated profit/loss of the activity, among divisions with a positive tax base, in proportion to the tax base.	Corporation tax and income tax for energy suppliers payable is included in proportion to profit/loss before tax in the activity income statements with profit before tax.

MVM Energetika Zártkörűen Működő Részvénytársaság

IV. Management and Business Report

Budapest, 24 April 2024

CONTENTS

INTRODUCTION OF THE MVM GROUP

General information

MVM Energetika Zártkörűen Működő Részvénytársaság (hereinafter referred to as MVM Zrt., Company or the Parent company) was formed on 31 December 1991 through transformation of its legal predecessor Magyar Villamos Művek Tröszt (hereinafter referred to as MVM Tröszt). MVM Zrt. is a Hungarian-registered private company limited by shares. Its owner is the Hungarian State which holds 100% of its shares; ownership rights and obligations pertaining to the shares of the State have been exercised since 1 December 2022 by the Ministry of Energy.

Registered office of MVM Zrt.: 1031 Budapest, Szentendrei út 207-209.

Activity of the MVM Group

MVM Zrt. and the companies controlled by it (hereinafter referred to as MVM Group or Group) form together a vertically integrated national energy group, the operation of which covers the entire Hungarian energy sector. With its power plants, electricity transmission network, natural gas and electricity distribution network as well as its natural gas and electricity trading, the MVM Group is a dominant participant of the Hungarian electricity and natural gas market. The MVM Group undertakes a role in the energy sector of the region, in particular in the natural gas and electricity trading market of the Czech Republic through innogy Česká republika a.s. and its subsidiaries, and in ensuring secure gas supply for Hungary by operating its four underground natural gas storing facilities.

MANAGEMENT AND BUSINESS REPORT

The consolidated annual financial statements of MVM Energetika Zártkörűen Működő Részvénytársaság have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). IFRS consists of standards and interpretations accepted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

MVM Energetika Zártkörűen Működő Részvénytársaság (hereinafter referred to as “MVM Zrt.”) has prepared and hereby discloses its Consolidated Management and Business Report relating to its financial statements for the 2023 financial year, by which it complies with

- the provisions of Section 95 of Act C of 2000 on Accounting (hereinafter referred to as “Act on Accounting”) in respect of the business report, the non-financial statement and the corporate governance statement,
- the provisions of Decree No. 24/2008. (VIII. 15.) of the Minister of Finance in respect of the management report and the liability statement.

The Consolidated Annual Financial Statements were approved and authorised for issue by the Board of Directors of MVM Zrt. on 10 April 2024.

Budapest, 24 April 2024

Károly Tamás Mátrai

Chief Executive Officer

MVM Zrt.

László Fazekas

Deputy CEO, Chief Financial Officer

MVM Zrt.

Consolidated Financial Statements

2023

1. CONSOLIDATED FINANCIAL RESULTS OF THE MVM GROUP

1.1. Income Statement

MVM Group HUF million	FY 2023 actual	FY 2022 actual	Change	Change %
OPERATING INCOME	**6,317,041**	**8,347,543**	**-2,030,502**	**-24%**
Net sales revenue	5,079,039	7,647,782	-2,568,743	-34%
Other operating income	1,238,002	699,761	+538,241	+77%
OPERATING EXPENSES	**5,672,486**	**8,134,713**	**-2,462,227**	**-30%**
Material-type expenses	4,676,215	7,270,183	-2,593,968	-36%
Staff costs	307,447	263,459	+43,988	+17%
Depreciation/ Amortisation	265,926	240,517	+25,409	+11%
Recognition and release of provisions	-23,535	-28,599	+5,064	+18%
Recognition and release of impairment	27,374	87,789	-60,415	-69%
Payment to the CNFF	31,070	27,017	+4,053	+15%
Other operating expenses	477,692	353,217	+124,475	+35%
Own performance capitalised	-89,703	-78,870	-10,833	-14%
EBITDA	**910,481**	**453,347**	**+457,134**	**+101%**
OPERATING PROFIT	**644,555**	**212,830**	**+431,725**	**+203%**
Net finance costs	-102,800	-99,982	-2,818	-3%
Profit/Loss of associates	3,817	-3,583	+7,400	+207%
PROFIT BEFORE TAX	**545,572**	**109,265**	**+436,307**	**+399%**
Income tax expense	176,450	36,521	+139,929	+383%
PROFIT AFTER TAX	**369,122**	**72,744**	**+296,378**	**+407%**
Other comprehensive income for the year, net of tax	-558,734	6,039	-564,773	-935%
TOTAL COMPREHENSIVE INCOME	**-189,612**	**78,783**	**-268,395**	**-341%**

Net sales revenue

Net sales revenue was HUF 2,568.7 billion below the prior-year figure, primarily due to lower prices in the natural gas market.

- Retail electricity sales (without sales to households) rose by HUF 309.0 billion, while wholesale of electricity decreased by HUF 461.6 billion. Universal service provision sales fell by HUF 7.8 billion. Distribution revenue increased by HUF 51.2 billion and producer sales by HUF 7.2 billion.
- Revenue from electricity system operator activity increased by HUF 127.2 billion mainly as a result of a rise in tariff income.
- Revenue from natural gas trade fell by HUF 2,563.2 billion parallel to the decrease in market prices, while natural gas universal service sales were lower by HUF 74.2 billion due to the decrease in volume and in the average sales price.
- Natural gas storage revenues were HUF 10.6 billion up, mainly as a result of the higher tariff. Revenue from natural gas distribution increased by HUF 3.0 billion
- Revenue from sale of heat grew by HUF 4.4 billion, economic, engineering and other services by HUF 21.7 billion and revenue from network, technological installation grew by HUF 3.5 billion.

Other operating income

Other operating income was HUF 538.2 billion up. The amount of grants increased by HUF 619.8 billion, mainly due to the compensation for protecting utility payments. In 2022, as a non-recurring effect, the temporary sale of stored own natural gas resulted in income of HUF 108.6 billion, the costs of which were included under natural gas procurement expenses. The balance of the compensation received and payable by distributors and other items increased the profit for the period by HUF 27.0 billion.

Operating expenses (without depreciation/amortisation)

The cost of purchasing electricity decreased by HUF 272.0 billion and the cost of purchasing natural gas by HUF 2,275.7 billion. System operation expenses were HUF 32.2 billion down as a consequence of the reduction in market prices.

Also owing to price decreases, power plant material costs fell by HUF 10.0 billion. Maintenance costs grew by HUF 8.1 billion, primarily in relation with production and distribution.

Other material costs were lower by HUF 12.0 billion mainly in relation with CO_2 allowance trading; however, costs of other raw materials increased, primarily in connection with production and distribution.

The increase in staff costs totalled HUF 44.0 billion, primarily owing to the increase in salaries, the higher headcount at the infrastructure and customer service functions as well as to acquisitions.

Other operating expenses are HUF 124.5 billion up on the prior-year figure. Costs of network and metering losses were higher relative to the prior-year figure by HUF 70.0 billion, costs of corrective natural gas settlement and quantity difference by HUF 8.5 billion, public utility charges by HUF 3.4 billion, technical, IT and operating costs by HUF 6.7 billion. A further cost increase resulted from billing and receivables management (+HUF 3.9 billion), mediated services (+HUF 5.8 billion), marketing costs (+HUF 3.1 billion), EEO obligations (+HUF 5.0 billion) and other minor items (+HUF 18.1 billion).

Own performance capitalised increased profit for the year by HUF 10.8 billion, primarily in relation with technical services and distribution.

The amount of payments to the Central Nuclear Financial Fund grew by HUF 4.1 billion.

The balance of provisions is HUF 5.1 billion worse mainly due to the HUF 59.7 billion one-off release of portfolio risk provisions related to gas trading in 2022, which did not arise in 2023. At the same time, provisions for contractual and other expected liabilities, largely recorded in 2022, were released in 2023, improving profit by HUF 51.2 billion between the two years. The balance of provisions for radioactive waste processing is worse by HUF 5.1 billion, while the balance of provisions for recultivation and other liabilities is better by HUF 8.5 billion.

The amount of impairment is down by HUF 60.4 billion, primarily because inventory revaluations decreased by HUF 55.2 billion, impairment on assets dropped by HUF 4.2 billion, and impairment on receivables fell by HUF 1.0 billion.

EBITDA

Due to the above, EBITDA increased by HUF 457.1 billion.

Depreciation/Amortisation

Depreciation/ Amortisation grew by HUF 25.4 billion, primarily in connection with MVM Paksi Atomerőmű Zrt. and the infrastructure segment.

Net finance cost

The HUF 2.8 billion increase in net finance cost resulted from the HUF 9.1 billion growth in net interest payment liability and the HUF 7.4 decrease in the balance of exchange gains and losses, which was partly counterbalanced by the HUF 3.7 billion increase in gain on derivative transactions and the HUF 9.9 billion increase in other financial incomes and expenses.

Share of profit/loss of associates and joint ventures

Share of profit/loss of associates and joint ventures increased by HUF 7.4 billion as a result of the HUF 4.1 billion growth in dividend income and the HUF 3.3 billion rise in profit from valuation of associates.

Tax liability

The HUF 139.9 billion increase in tax liability resulted from an increase by HUF 53.5 billion in windfall tax paid in the Czech Republic, by HUF 49.6 billion in income tax for energy suppliers, by HUF 40.1 billion in corporation tax, by HUF 8.7 billion in local business tax and by HUF 1.3 billion in innovation contribution, while the amount of deferred tax fell by HUF 13.2 billion.

1.2. Cash flow

MVM Group HUF million	FY 2023 actual	FY 2022 actual	Change	Change %
Profit after tax	**369,122**	**72,744**	**+296,378**	**+407%**
Depreciation/ Amortisation	265,926	240,517	+25,409	+11%
Changes in inventories	187,350	-804,402	+991,752	+123%
Changes in trade receivables and other non-derivative financial assets	58,803	-459,740	+518,543	+113%
Changes in trade payables and other non-derivative financial liabilities	-471,943	51,451	-523,394	-1 017%
Changes in provisions	-26,303	-31,145	+4,842	+16%
Other changes	-5,304	-36,501	+31,197	+85%
Net cash flows from operating activities	**377,651**	**-967,076**	**+1,344,727**	**+139%**
Dividends received	7,327	2,545	+4,782	+188%
Interest received	30,302	8,515	+21,787	+256%
Acquisition of property, plant and equipment, intangible assets	-336,196	-329,123	-7,073	-2%
Sale of property, plant and equipment, intangible assets	2,428	1,993	+435	+22%
Sale of non-current assets held for sale	29,181	129,367	-100,186	-77%
Development grant received	84,194	59,867	+24,327	+41%
Granting and repayment of loans	-1,004	-278	-726	-261%
Acquisition of subsidiaries and business units, net of cash received	-45,233	14,819	-60,052	-405%
Proceeds from sale of associates and joint ventures, disinvestment	-5	245	-250	-102%
Acquisition of interests in associates and joint ventures	-16,617	-17,935	+1,318	+7%
Sale of interests in other entities	14	0	+14	N/A
Cash flows from investing activities	**-245,609**	**-129,985**	**-115,624**	**-89%**
Dividends paid	-417,058	-7,515	-409,543	-5 450%
Interest paid	-88,368	-47,739	-40,629	-85%
Capital increase	0	41,000	-41,000	-100%
Transactions with the shareholder	0	-27,892	+27,892	+100%
Loans and borrowings	2,674,132	1,995,033	+679,099	+34%

MVM Group	FY 2023	FY 2022	Change	Change %
Repayment of loans and borrowings	-2,456,319	-1,204,476	-1,251,843	-104%
Payment of lease liability	-10,051	-8,231	-1,820	-22%
Transactions with non-controlling interests	37	-107	+144	+135%
Cash flows from financing activities	**-297,627**	**740,073**	**-1,037,700**	**-140%**
Net decrease in cash and cash equivalents	**-165,585**	**-356,988**	**+191,403**	**+54%**
Cash and cash equivalents at the beginning of the year	404,556	764,650	-360,094	-47%
Effect of movements in exchange rates on cash held	5,225	-3,106	+8,331	+268%
Cash and cash equivalents at the end of the year	**244,196**	**404,556**	**-160,360**	**-40%**

Operating cash flow increased cash and cash equivalents by HUF 377.7 billion, meaning HUF 1,344.7 billion more cash inflow than in the previous year.

- The impact of the higher profit after tax compared to the previous year, adjusted for depreciation and provisions, was HUF +326.6 billion.
- The cash flow impact of the change in inventories is HUF +991.8 billion, and is derived from lower inventory purchase costs on account of the significantly lower natural gas prices compared to the previous year.
- The combined effect of the change in trade receivables and payables is HUF -4.9 billion.
- Other impacts amounted to HUF +31.2 billion.

Investment cash flow decreased cash and cash equivalents by HUF 245.6 billion, which meant HUF 115.6 billion more in cash outflow than in the previous year.

- Investment-related cash outflows totalled HUF 336.2 billion, HUF 7.1 billion higher than in the previous year.
- Cash outflows related to investments/acquisitions totalled HUF 61.9 billion, HUF 58.7 billion higher than in the previous year.
- Cash flows from the sale of non-current assets held for sale were HUF 100.2 billion lower than in the previous year, mainly due to lower unit prices and volumes of sale of cushion gas from the natural gas storage.
- Funding for development purposes was HUF 24.3 billion higher than in the previous year.
- Interest income is HUF 21.8 billion higher than in the previous year.
- Other impacts amounted to HUF -4.3 billion.

Financing cash flow decreased cash and cash equivalents by HUF 297.6 billion, which meant HUF 1,037.7 billion more in cash outflow than in the previous year.

- Dividends and interim dividends paid are HUF 409.5 billion higher than in the previous year.
- Cash outflows related to loans, borrowings and lease liabilities are up by HUF 574.6 billion on the previous year, due to the balance of drawdowns and repayments.
- There was no capital increase by the owner in 2023, unlike the HUF 41.0 billion capital contribution in the previous year.
- Other impacts amounted to HUF -12.6 billion.

1.3. Assets

MVM Group HUF million	FY 2023 actual	FY 2022 actual	Change	Change %
NON-CURRENT ASSETS	**3,213,930**	**3,534,964**	**-321,034**	**-9%**
Property, plant and equipment	2,520,947	2,728,950	-208,003	-8%
Investment property	3,884	664	+3,220	+485%
Goodwill	98,662	96,678	+1,984	+2%
Other intangible assets	259,485	272,701	-13,216	-5%
Interests in associates and joint ventures	204,411	193,691	+10,720	+6%
Interests in other entities	2,588	2,712	-124	-5%
Non-current loans and receivables	14,478	11,556	+2,922	+25%
Derivative financial assets	27,099	167,776	-140,677	-84%
Deferred tax assets	82,376	60,236	+22,140	+37%
CURRENT ASSETS	**3,811,522**	**4,762,405**	**-950,883**	**-20%**
Inventories	665,022	860,380	-195,358	-23%
Derivative financial assets	208,995	656,076	-447,081	-68%
Trade receivables and other non-derivative financial assets	1,672,926	1,444,885	+228,041	+16%
Other non-financial assets	929,855	1,253,131	-323,276	-26%
Current tax assets	15,319	25,607	-10,288	-40%
Non-current assets held for sale	1,519	4,631	-3,112	-67%
Cash and cash equivalents	245,582	407,530	-161,948	-40%
Restricted cash	72,304	110,165	-37,861	-34%
TOTAL ASSETS	**7,025,452**	**8,297,369**	**-1,271,917**	**-15%**

Non-current assets

The ratio of non-current assets within assets is 46%; the 2023 actual amount is HUF 3,213.9 billion which is HUF 321.0 billion down on the prior-year figure. The decrease is mainly due to the fall in property, plant and equipment (- HUF 208.0 billion) and in the portfolio of non-current derivative financial assets (- HUF 140.7 billion), the value of which is lower as a result of lower natural gas and electricity prices in 2023. Within property, plant and equipment, the amount of technological assets of MVM Paksi Atomerőmű Zrt. fell significantly as compared to the previous year, due to the year-end fair value measurement (- HUF 331.5 billion). Further significant changes in the portfolio resulted from capital expenditures completed in 2023 (+ HUF 352.9 billion), depreciation charge (- HUF 265.9 billion) and assets of acquired companies (+ HUF 45.6 billion).

Current assets

Current assets as at the end of 2023 totalled HUF 3,811.5 billion, HUF 950.9 billion down on the previous year. Current derivative transactions (- HUF 447.1 billion), other non-financial assets (- HUF 323.3 billion) and inventories (- HUF 195.4 billion) decreased the most, basically due to lower natural gas prices as at the end of the year. These impacts were partly counterbalanced by the HUF 228.0 billion increase in trade receivables and other non-derivative financial assets, which resulted from the combined effect of the interim dividend paid on the reporting year, the higher security and other deposit portfolio as well as lower trade receivables and settlement of stock exchange transactions. Closing cash and cash equivalents amounted to HUF 245.6 billion, which represents HUF 161.9 billion decrease relative to the previous year.

1.4. Equity and liabilities

MVM Group, consolidated HUF million	FY 2023 actual	FY 2022 actual	Change	Change %
EQUITY	**1,936,726**	**2,234,359**	**-297,633**	**-13%**
Share capital	849,379	849,379	0	0%
Capital reserve	51,892	51,892	0	0%
Retained earnings	482,705	224,061	+258,644	+115%
Other reserves	552,608	1,108,862	-556,254	-50%
Non-controlling interests	142	165	-23	-14%
LIABILITIES	**5,088,726**	**6,063,010**	**-974,284**	**-16%**
Non-current liabilities	**1,945,831**	**2,208,238**	**-262,407**	**-12%**
Non-current loans and borrowings	1,333,217	1,305,358	+27,859	+2%
Non-current derivative financial liabilities	71,850	85,211	-13,361	-16%
Non-current provisions	128,332	120,733	+7,599	+6%
Deferred tax liabilities	336,494	596,029	-259,535	-44%
Liabilities related to long-term employee benefits	22,898	17,332	+5,566	+32%
Other non-current financial liabilities	53,040	83,575	-30,535	-37%
Current liabilities	**3,142,895**	**3,854,772**	**-711,877**	**-18%**
Current loans and borrowings	329,883	150,627	+179,256	+119%
Current derivative financial liabilities	496,411	637,365	-140,954	-22%
Trade payables and other non-derivative financial liabilities	688,753	1,162,233	-473,480	-41%
Current provisions	55,663	73,123	-17,460	-24%
Liabilities related to short-term employee benefits	32,188	35,164	-2,976	-8%
Current tax liabilities	173,988	38,771	+135,217	+349%
Other current non-financial liabilities	1,366,009	1,757,489	-391,480	-22%
EQUITY AND LIABILITIES	**7,025,452**	**8,297,369**	**-1,271,917**	**-15%**

Equity

The 2023 amount of equity totals HUF 1,936.7 billion, which is lower by HUF 297.6 billion than the prior-year figure. The dividend payment (- HUF 108.5 billion) and the decrease in reserves (- HUF 556.3 billion) was partly offset by the outstanding reporting-year profit after tax (+ HUF 369.1 billion).

Non-current liabilities

Non-current liabilities total HUF 1,945.8 billion, their amount is HUF 262.4 billion down on the previous year. The reason for the decrease is the change in deferred tax liabilities (- HUF 259.5 billion), caused basically by the change in fair value of assets and liabilities measured through other comprehensive income (mainly the assets of Paksi Atomerőmű). Non-current loans and borrowings were up by HUF 27.9 billion, while non-current derivative financial liabilities were down by HUF 13.4 billion.

Current liabilities

Current liabilities amounting to HUF 3,142.9 billion decreased by HUF 711.9 billion relative to 2022. The difference is due to lower liabilities related to stock exchange transactions (- HUF 387.0 billion), trade liabilities and accruals related to material-type expenses (- HUF 232,9 billion), current derivative financial liabilities (- HUF 186.5 billion) and the lower amount of deposits related to OTC transactions and others (- HUF 154.8 billion). In addition, the balance of corporation tax and income tax of energy suppliers related to the high reporting-year profit was up (+ HUF 135.6 billion) on the prior-year figure, and current loans also increased (+ HUF 179.3 billion).

1.5. Capital expenditures and investments, R&D activity

MVM Group HUF million	FY 2023 actual	FY 2022 actual	Change	Change %
Capital expenditures[1]	352,855	337,282	+15,573	+5%
Investments	65,141	59,556	+5,585	+9%
TOTAL DEVELOPMENTS	**417,996**	**396,838**	**+21,158**	**+5%**

Capital expenditures (CAPEX)

The MVM Group carried out HUF 352.9 billion CAPEX in 2023, HUF 15.6 billion more than in the previous year. Main projects included the following items:

- purchase of nuclear fuel, replacement and control technology investment projects as well as regular targeted safety inspections of MVM Paks Atomerőmű Zrt.,
- power plant constructions of MVM Mátra Energia Zrt.,
- MAVIR ZRt.'s constructions for operational safety and network development purposes as well as IT improvements,
- investments related to the storage infrastructure of Magyar Földgáztároló Zrt. and accounting for the replacement of cushion gas,
- accounting for the purchase of natural gas related to the replenishment owing to the sale of cushion gas from the natural gas storage,
- constructions at distribution network companies (MVM Démász Áramhálózati Kft., MVM Émász Áramhálózati Kft., MVM Főgáz Földgázhálózati Kft., MVM Égáz-Dégáz Földgázhálózati Zrt.) in line with the asset strategy and customer requirements,
- capex in renewables related to the construction of photovoltaic power plants by MVM Zöld Generáció Zrt. and its subsidiaries. In 2023 145 MW new photovoltaic power plant capacity was installed.

Investments

In 2023, the MVM Group realised HUF 65.1 billion in investments, HUF 5.6 billion more than in the previous year. The most significant investments were:

- MVM Zöld Generáció Zrt. acquired one of the largest photovoltaic power plants in Hungary at Kaposvár, which increased its installed renewable production capacities by 109.6 MW;
- capital increase in Corvinus Energy Kft. to increase natural gas production in Hungary.

Research and development (R&D)

Major research and development activities of the MVM Group in 2023:

- the research and development activities of MVM Paksi Atomerőmű Zrt. to increase the safety of the nuclear power plant, meet regulatory requirements, support extended operating hours, and promote more efficient and reliable generation of electricity,
- MVM Zrt.'s 4-year research cooperation with the BME Zero Carbon Centre, which examines the priority issues of the transition to a climate-neutral economy in the electricity sector with the aim of accomplishing the transition in an innovative way with the highest possible added value for the MVM Group and the Hungarian economy.

[1] without the purchase of CO_2 allowances

2. RESULTS OF THE BUSINESS DIVISIONS OF THE MVM GROUP

The MVM Group is divided into six main business divisions:

- Power generation (electricity and heat generation),
- Infrastructure (electricity transmission, electricity and natural gas distribution, natural gas storage)
- Wholesale (electricity and natural gas wholesale)
- Retail and customer relations (retail trade of electricity and natural gas, street lighting e-mobility)
- International (operations in the Czech Republic and Romania)
- Other companies (holding, technical service providers, other providers)

The results of the individual business divisions for the 2023 financial year were as follows.

The analyses are based on the individual contributions of the activities to the consolidated results of the MVM Group under IFRS.

NET SALES REVENUE HUF million	FY 2023 actual	FY 2022 actual*	Change	Change %
Power generation	464,206	435,976	+28,230	+6%
Infrastructure	867,610	655,421	+212,188	+32%
Wholesale	4,046,179	7,627,757	-3,581,579	-47%
Retail and customer relations	2,318,329	2,005,496	+312,833	+16%
International	983,953	1,097,193	-113,240	-10%
Other	208,181	180,365	+27,816	+15%
Consolidation between business divisions	-3,809,419	-4,354,428	+545,009	+13%
MVM Group, consolidated	**5,079,039**	**7,647,782**	**-2,568,743**	**-34%**

EBITDA HUF million	FY 2023 actual	FY 2022 actual*	Change	Change %
Power generation	114,145	72,968	+41,177	+56%
Infrastructure	303,049	48,911	+254,138	+520%
Wholesale	392,138	229,777	+162,361	+71%
Retail and customer relations	-37,488	52,559	-90,047	-171%
International	143,397	63,120	+80,276	+127%
Other	25,181	22,926	+2,255	+10%
Consolidation between business divisions	-29,940	-36,915	+6,975	+19%
MVM Group, consolidated	**910,481**	**453,347**	**+457,134**	**+101%**

* 2022 actual figures are restated due to reclassifications between the segments in 2023.

Indicators		FY 2023 actual	FY 2022 actual	Change	Change %
Generation of electricity	**GWh**	**19,521**	**20,073**	**-552**	**-3%**
Hungary	GWh	19,468	20,019	-551	-3%
Czech Republic	GWh	37	40	-3	-8%
Romania	GWh	16	14	+2	+13%
Carbon-free generation of electricity	**%**	**84.3%**	**81.1%**	**+3.3%**	**+4%**
Sale of heat energy	**TJ**	**4,178**	**4,442**	**-264**	**-6%**
Hungary	TJ	3,120	3,334	-214	-6%
Czech Republic	TJ	1,058	1,108	-50	-5%
Installed electric capacity	**MW**	**4,206**	**3,952**	**+254**	**+6%**
nuclear	MW	2,027	2,027	0	0%
renewable	MW	566	312	+254	+81%
lignite, natural gas and other	MW	1,613	1,613	0	0%
Electric energy transmission	**GWh**	**40,394**	**42,448**	**-2,055**	**-5%**
Electricity distribution	**GWh**	**10,076**	**10,715**	**-639**	**-6%**
Natural gas distribution	**GWh**	**28,725**	**33,797**	**-5,072**	**-15%**
Natural gas storage level	**GWh**	**41,114**	**28,500**	**+12,614**	**+44%**
Natural gas storage level	**%**	**84.3%**	**62.1%**	**+22.2%**	**+36%**
Sale of electricity	**GWh**	**38,906**	**42,578**	**-3,672**	**-9%**
Wholesale	GWh	37,690	39,566	-1,876	-5%
B2B Hungary	GWh	12,432	11,504	+928	+8%
USP Hungary	GWh	11,773	11,343	+431	+4%
B2B Czech Republic	GWh	3,965	3,537	+428	+12%
B2C Czech Republic	GWh	1,526	1,485	+41	+3%
Consolidation	GWh	-28,480	-24,857	-3,623	-15%
Sale of natural gas	**GWh**	**134,411**	**145,779**	**-11,368**	**-8%**
Wholesale	GWh	134,634	139,428	-4,794	-3%
B2B Hungary	GWh	11,977	12,659	-682	-5%
USP Hungary	GWh	32,636	38,460	-5,824	-15%
B2B Czech Republic	GWh	14,305	12,938	+1,367	+11%
B2C Czech Republic	GWh	8,849	9,665	-816	-8%
Consolidation	GWh	-67,989	-67,370	-619	-1%

2.1. Power generation business division

The Paks Nuclear Power Plant, owned by MVM Paksi Atomerőmű Zrt., is the largest power plant in Hungary. For more than 30 years, safe and cheap electricity generated from nuclear power plants in an environmentally friendly manner has provided a significant share of Hungary's electricity needs.

The Mátra Power Plant owned by MVM Mátra Energia Zrt. is the second largest power plant in Hungary. The lignite-fired power plant has been in operation since 1969. The fuel is provided by the Visonta and Bükkábrány mines through open-cast mining.

The purpose of Zöld Generáció Zrt. is to increase the share of safe, reliable, cheap and environmentally friendly renewable electricity generation in line with the National Energy Strategy and the national commitments to the European Union. Increasing the share of renewable power plants in MVM's portfolio will be achieved via developments in renewable energy programmes, acquisitions and the exploration of other alternative renewable energy generation options (geothermal, biomass, biogas, etc.). MVM Zöld Generáció Zrt. also has solar, hydro and wind power units.

MVM Balance Zrt. is responsible for operating the gas turbine power plants, as well as selling the available electricity capacity and the electricity and heat generated.

The MVM Group is also an active player on the district heating market, where it supplies district heating to the given regions in Oroszlány, Szolnok, Tatabánya, Miskolc and North Buda by implementing state-of-the-art technologies.

Power generation HUF million	FY 2023 actual	FY 2022 actual	Change	Change %
NET SALES REVENUE	**464,206**	**435,976**	**+28,230**	**+6%**
EBITDA	**114,145**	**72,968**	**+41,177**	**+56%**

Power generation based on nuclear energy

The amount of EBITDA from power generation based on nuclear energy was HUF 10.1 billion up on the prior-year figure.

The HUF 22.7 billion increase in sales revenue is mainly due to the increase in the unit price of sold electricity, with 0.1 TWh increase in volumes produced.

Staff costs rose by HUF 9.6 billion, mainly due to the increase in salaries. Provisions reduced profit for the period by HUF 4.7 billion, mainly due to provisions for utilization of radioactive waste. Inventory-related impairment is higher by HUF 2.9 billion as a result of inventory level optimisation. Payments to the Central Nuclear Financial Fund increased by HUF 4.1 billion. The fees payable for balancing and replacement energy decreased by HUF 16.9 billion, thanks to less interruptions. Operating and maintenance costs rose by HUF 5.4 billion and building and land tax liability by HUF 1.0 billion, while other items decreased profit by HUF 1.8 billion.

Renewable power generation

Renewable capacities grew by 254.5 MW compared to the previous period, thanks to the expansion of photovoltaic power plant capacities.

On 7 December 2023 MVM Zöld Generáció Zrt. acquired the solar power plant at Kaposvár with 109.6 MW capacity, constructed and owned by CMC, a member of the Genertec International Group, which is one of the largest photovoltaic power plants in Hungary. The transaction resulted in the addition of the following three companies to the MVM Group: Dunántúli Naperőmű Energia Zrt., Dunántúli Megújuló Energia Zrt., DEHNMIB Naperőmű Ingatlan Kft., which were fully consolidated as of 31 December 2023, without any EBITDA effect in 2023.

EBITDA from the generation of electricity using renewable resources was up by HUF 5.9 billion.

Revenue from sale of electricity increased by HUF 6.8 billion as a result of higher electricity generation due to new PV power plants built in 2022 and 2023 (Renewable Programme II-IV., Kecskemét II.). Further increase was driven by the significant rise in the sales prices of the wind power plants at Sopronkövesd. Other income rose by HUF 1.6 billion.

Staff costs increased by HUF 0.3 billion, and operating costs by HUF 2.2 billion.

Flexible electricity generation and heat generation

The amount of EBITDA from flexible electricity generation and heat generation is HUF 1.7 billion down on the prior-period figure.

Revenue from the sale of heat increased by HUF 0.9 billion, mainly due to the increase in the unit price of district heating; its effect was mitigated by the decrease in the volume sold. Revenue from electricity trading was down by HUF 35.2 billion, resulting from the decrease in unit price of sales and the volume sold, as well as in revenue from system-level services. Overall, revenue from sale of natural gas and from other activities decreased by HUF 2.5 billion.

Heat subsidy revenue is lower by HUF 0.7 billion.

The cost of purchased materials for electricity and heat production decreased by HUF 25.8 billion, due to lower purchase prices and decrease in production. The purchase costs for electricity and gas procurements fell by HUF 7.2 billion, mainly due to the operation of places of business of Rába Járműipari Holding Nyrt.

The costs of CO_2 allowances fell by HUF 1.9 billion. Staff costs rose by HUF 0.7 billion. Maintenance and other operating costs decreased by HUF 0.7 billion. HUF 1.2 billion impairment was booked in connection with the machinery breakdown at the gas turbine power plant in North Buda, while in 2023 impairment totalled only HUF 0.3 billion.

Coal-fired power generation

EBITDA from the activity is HUF 29.3 billion up on the base-period figure.

The reason behind the HUF 38.9 billion increase in electricity sales revenue is the significant rise in sales prices, while production decreased by 0.4 TWh. Revenue from the sale of heat grew by HUF 0.8 billion and revenue from other activities increased by HUF 4.1 billion. The main reason behind the HUF 44.5 billion fall in other income is the decrease in the amount received as compensation for the system security service, as higher electricity prices resulted in lower operating loss.

CO_2 allowance purchase costs were lower significantly, by HUF 13.4 billion. Maintenance and material costs grew by HUF 3.0 billion. Staff costs rose by HUF 4.5 billion, primarily due to wage increase.

The balance of provisions improved by HUF 27.7 billion, primarily as a result of provisions for mine closures and recultivation due to changes in expectations relating to inflation and interest rates.

Operating costs rose by HUF 4.4 billion due to the higher amount of public utility fees, subcontractor and other costs, while the higher amount of own performance capitalised increased profit for the period by HUF 0.7 billion.

Other activities

The change in EBITDA of the other activities in the business division totalled HUF - 0.8 billion, primarily in relation to Vértesi Erőmű Zrt.

The change in the consolidation effects within the business division is - HUF 1.5 billion.

2.2. Infrastructure business division

MAVIR ZRt. is the transmission system operator of the Hungarian electricity system, and the owner and operator of the transmission network. As a subsidiary of the MVM Group, MAVIR ZRt. operates according to the ITO model, which ensures compliance with the rules on the separation of activities in line with the EU directive. MAVIR is responsible for maintaining the capacity balance of the national energy system, balancing the deviations of the balance groups from the plans. It ensures the smooth operation and further expansion of the electric energy market and the system of balance groups helping the market, as well as equal access for system users.

HUPX Zrt. is the operator on the Hungarian electricity market, its core activity is to provide the reference prices and the exchange trading platform.

The MVM Group includes two electricity and two natural gas distribution network companies. Distribution networks are operated by MVM Démász Áramhálózati Kft. in the Southern Great Plain, by MVM Émász Áramhálózati Kft. in Northern Hungary, by MVM Főgáz Földgázhálózati Kft. in Budapest and in 18 municipalities near the capital and by MVM Égáz-Dégáz Földgázhálózati Zrt. in North-Western Hungary and in the Southern Great Plain. The companies are engaged in establishing, developing, operating, maintaining and managing the networks.

Magyar Földgáztároló Zrt. is the company with the largest Hungarian and one of the largest Central European gas storage capacities. It has 4.3 billion m^3 of natural gas storage capacity at four sites.

Infrastructure HUF million	**FY 2023** actual	**FY 2022** actual	**Change**	**Change %**
NET SALES REVENUE	**867,610**	**655,421**	**+212,188**	**+32%**
EBITDA	**303,049**	**48,911**	**+254,138**	**+520%**

Electric energy transmission

The EBITDA of the electric energy transmission activity increased by HUF 262.5 billion. The reason behind is that the tariff was set at the end of 2022, amidst high prices, based on forward prices at that time; however, prices fell significantly during 2023. The resulting profit exceeding recognised costs will be withdrawn in the following years based on the tariff mechanism.

The revenue from the activity grew by HUF 135.5 billion. Revenue from energy regulation items exceeded the prior-period figure by HUF 2.7 billion, while tariff income increased by HUF 128.6 billion, as a result of the rise in tariffs. Overall, revenue related to cross-border capacities as well as other revenue increased by HUF 4.2 billion.

Other income rose by HUF 1.4 billion due to sale of transmission line and other assets.

System operator activity costs decreased by HUF 129.7 billion due to moderating prices on the electricity market. Staff costs increased by HUF 3.6 billion, as a joint effect of the increase in salaries and staff. Operating and other costs rose by HUF 2.3 billion and fees paid to authorities by HUF 2.0 billion.

The balance of provisions improved by HUF 0.4 billion, furthermore, the amount of impairment booked was lower by HUF 3.0 billion. Own performance capitalised increased profit for the period by HUF 0.4 billion.

Natural gas distribution

The amount of EBITDA from natural gas distribution is more by HUF 11.8 billion.

The HUF 14.4 billion increase in distribution revenues is primarily due to the higher distribution tariffs, moderated somewhat by the decrease in distributed volumes.

Both the unit price and the volume of natural gas purchased for the grid metering difference fell, resulting in a cost decrease of HUF 1.8 billion. Staff costs increased by HUF 2.0 billion, while other items overall decreased profit by HUF 2.4 billion, mainly as a result of higher costs of intra-group services.

Electricity distribution

The EBITDA of the electricity distribution activity decreased by HUF 10.9 billion.

Revenue from distribution grew by HUF 56.1 billion, mainly as a result of higher distribution tariffs. The HUF 27.4 billion funding to protect utility payments was a non-recurring item. The balance of compensation received from the system operator and payable increased by HUF 9.9 billion.

The costs of energy purchased for network and metering losses increased by HUF 97.4 billion, while maintenance and material costs by HUF 4.3 billion. The HUF 3.4 billion rise in staff costs is primarily due to the increase in salaries.

Impairment reduced profit for the period by HUF 0.7 billion and the balance of provisions by HUF 0.4 billion. Own performance capitalised improved by HUF 1.8 billion.

Natural gas storage

The EBITDA from the activity decreased by HUF 8.1 billion.

Storage revenue increased by HUF 28.3 billion largely as a result of higher storage tariffs, with volumes decreasing. Sales of cushion gas decreased both in terms of volume and unit price, resulting in HUF 15.0 billion less revenue overall.

Natural gas procurement costs fell by 6.1 billion, primarily due to lower cushion gas sales. Operating and maintenance costs in total were up by HUF 10.2 billion, mainly owing to the rise in energy prices. The increase in staff costs reduced profit by HUF 0.5 billion.

The balance of provisions reduced profit for the period by HUF 16.9 billion, mainly as a result of a change in estimate relating to recultivation provisions.

Telecommunications

The EBITDA of the telecommunication activity is up by HUF 0.3 billion.

Net sales revenue rose by HUF 2.6 billion, primarily due to the fact that the January 2022 results of MVM Net Zrt. were not included in the MVM Group’s figures. Other operating income increased by HUF 7.0 billion, primarily thanks to the value of assets received and put into asset management arrangements as well as to other grants, but this is partly neutral on the profit or loss since the assets are also derecognised on the expenses side.

Staff costs increased by HUF 0.3 billion, telecommunication costs by HUF 0.6 billion, and operating and other costs by HUF 1.2 billion. Derecognised amount of assets transferred free of charge was HUF 6.6 billion up on the previous year.

Both the balance of provisions and the amount of impairment were less favourable by HUF 0.3 billion.

Other activities

The change in EBITDA of the other activities in the business division totalled HUF 0.5 billion, primarily thanks to the operating of power and gas exchange.

The change in the consolidation effects within the business division is - HUF 2.0 billion.

2.3. Wholesale division

MVM Partner Zrt. is a leading player on the Hungarian electricity wholesale market, while MVM CEEnergy Zrt. is a leading player on the Hungarian natural gas wholesale market. Not only do they play a significant role on the Hungarian market, but their regional presence is also growing.

Wholesale HUF million	FY 2023 actual	FY 2022 actual	Change	Change %
NET SALES REVENUE	**4,046,179**	**7,627,757**	**-3,581,579**	**-47%**
EBITDA	**392,138**	**229,777**	**+162,361**	**+71%**

Electric energy wholesale

The EBITDA from electricity wholesale increased by HUF 179.4 billion, primarily due to the decrease in purchase prices and the favourable sales prices.

Revenue from electric energy wholesale grew by HUF 85.6 billion. Sales to universal service providers were slightly up on the base period in terms of both volume and unit price, increasing the profit for the period by HUF 23.9 billion. Revenue from capacity sales and energy regulation was lower by HUF 108.8 billion.

Parallel to this, the costs of purchasing electricity from traders decreased by HUF 28.3 billion, the costs of purchases from producers by HUF 151.7 billion, the costs of purchasing balancing energy by HUF 2.4 billion, while the costs of tying up cross-border capacity increased by HUF 6.5 billion and the CO_2 allowance costs by HUF 1.0 billion.

The balance of provisions for electricity trading increased the profit for the period by HUF 1.2 billion. 2022 was the first year when extra-profit tax was payable; the 2023 amount was HUF 11.0 billion down on the prior-year figure. Other operating costs in total rose by HUF 8.4 billion.

Natural gas wholesale

The EBITDA of the natural gas wholesale activity was HUF 43.3 billion above the base period. As a result of the significant decrease in unit prices, gas trading revenue fell by HUF 4,219.2 billion alongside an increase in competitive market business of 8.6 TWh and a fall in the universal service segment of 4.2 TWh. Income from system usage and other services rose by HUF 47.4 billion. Other income increased by HUF 516.4 billion, mainly due to the subsidies received to offset the loss in the universal service segment.

The costs of procuring natural gas decreased by HUF 3,678.0 billion in line with the change in market prices. Income from system usage and other fees rose by HUF 7.8 billion.

The change in provisions reduced profit for the period by HUF 5.2 billion: the HUF 21.4 billion provision for contractual obligations in 2022 was released in 2023, as the related transactions were closed. The balance of portfolio risk provisions is worse by HUF 47.0 billion as a significant part of the portfolio risk provisions recorded in previous years in connection with universal service was released in 2022. The balance of provisions for long-term capacity contracts is HUF 1.1 billion worse. The amount of impairment improved by HUF 36.0 billion, mainly due to the one-off effect of inventory impairment in 2022.

The HUF 2.3 billion increase in operating costs was mainly due to the non-recurring impact of the debt assumed from MVM Next Zrt., which was mitigated by a significant decrease in marketing and advisory expenses.

The change in the consolidation effects within the business division is - HUF 60.3 billion, mainly due to the group-wide effects of the temporary sale of own natural gas in storage in 2022.

2.4. Retail and customer relations business division

MVM Next Energiakereskedelmi Zrt. plays a significant role on the Hungarian universal service provision market for electricity and also supplies the entire Hungarian universal service provision segment for natural gas. In addition to the universal service provision activities, it has a significant share in both electricity and natural gas retailing on the competitive market.

E.ON Áramszolgáltató Kft. acquired on 14 April 2022 supplies electricity to almost 2.5 million customers in the Transdanubia and Transtisza regions in the universal service segment.

Within the MVM Group, MVM Ügyfélkapcsolati Kft. and MVM EÉ Ügyfélkapcsolati Kft. support the customer side operation of the main licensed activities. Its key priority is to operate customer-centric service channels and enhance the real customer experience.

Via MVM Mobiliti Kft. the MVM Group is a leading player in the fast-growing e-mobility market, and also operates CNG filling stations.

The MVM Group has a significant share in the street lighting market, which includes the modernisation and expansion of street lighting, and the development, expansion and operation of outdoor lighting.

Retail and customer relations HUF million	FY 2023 actual	FY 2022 actual	Change	Change %
NET SALES REVENUE	**2,318,329**	**2,005,496**	**+312,833**	**+16%**
EBITDA	**-37,488**	**52,559**	**-90,047**	**-171%**

Retail

EBITDA from retail activities decreased by HUF 89.3 billion, chiefly due to a temporary loss in the universal natural gas service caused by a decrease in consumption above the discounted volume.

Revenue from electricity universal service provision sales fell by HUF 14.3 billion with 0.6 TWh increase in traded volumes; revenue from sale to consumers is higher by HUF 237.3 billion alongside a rise in unit prices and 1.2 TWh growth in traded volumes. Revenue from settlements related to the distribution volume difference rose by HUF 134.6 billion. Natural gas sales revenue is HUF 95.6 billion lower besides an increase of 4.6 TWh in trading sales and a decrease of 5.9 TWh in universal service sales. The latter is caused by changes in the consumption habits of the population and a significant decrease in consumption above the discounted volume.

The sales revenue from other activities decreased by HUF 14.1 billion, mainly due to no transfers of real estate within the Group like in 2022. Other income rose by HUF 53.9 billion, chiefly because of compensation for reducing utility costs and for losses incurred in relation to the business-rescue package.

Electricity procurement costs rose by HUF 319.4 billion and natural gas procurement costs decreased by HUF 54.5 billion.

The balance of provisions improved by HUF 8.9 billion, mainly due to the release of the provision recorded in 2022 for non-performance of guaranteed services. The amount of impairment is HUF 24.2 billion better since, unlike in 2022, there was no inventory impairment, while the impairment on trade receivables increased.

Staff costs rose by HUF 0.9 billion. The cost of goods sold and mediated services dropped by HUF 9.6 billion (chiefly due to the one-off transfer of real estate in 2022), while billing and workout expenses increased by HUF 13.5 billion. Operating costs rose by HUF 3.0 billion, EEO obligations by HUF 5.0 billion, and intra-Group service costs by HUF 4.7 billion, while the rise in other minor items reduced the Group's profit for the period by a further HUF 7.2 billion.

Client relations

Customer service EBITDA decreased by HUF 0.6 billion due to the non-capitalisable costs of integration projects.

Other activities

The change in EBITDA for other activities in the division was HUF +1.6 billion, mainly due to more favourable margins in the charging operations business and a higher number of charging stations, as well as the expansion of the energy efficiency services business.

The change in the consolidation effects within the business division is - HUF 1.7 billion.

2.5. International business division

The innogy Česká republika Group is the number one natural gas trader in the Czech Republic, supplying energy to nearly 1.8 million retail and corporate customers. It operates in a competitive market environment in both the business and retail sectors. It is also involved in combined heat and power generation, power plant installation and e-mobility.

MVM Energy Romania performs maintenance work for and operates micro-hydroelectric power plants at Csíkmadaras, Úz-völgy and Vargyas.

International HUF million	FY 2023 actual	FY 2022 actual	Change	Change %
NET SALES REVENUE	**983,953**	**1,097,193**	**-113,240**	**-10%**
EBITDA	**143,397**	**63,120**	**+80,276**	**+127%**

Presence on the Czech market

EBITDA from electricity and natural gas trade is HUF 78.6 billion up on the base-period figure.

Revenue from electricity trade decreased by HUF 45.9 billion, largely as a result of the fall in market prices, with 0.5 TWh growth in traded volumes. Revenue from natural gas trade decreased by HUF 64.6 billion, which is also attributable to the reduction in natural gas prices, with 0.6 TWh increase in traded volumes. Revenue from sales of heat rose by HUF 4.9 billion.

The amount of income received to compensate for a part of the losses caused by the price cap in effect in 2023 on the Czech electricity and gas markets totalled HUF 69.4 billion.

Parallel to the change in revenue, electricity procurement costs fell by HUF 27.0 billion and natural gas procurement costs by HUF 93.7 billion.

Staff costs grew by HUF 2.6 billion, operating and other costs by HUF 5.1 billion.

The amount of impairment booked on receivables was HUF 3.3 billion down on the prior-period figure, while provisions for litigations rose by HUF 1.0 billion. Own performance capitalised decreased by HUF 0.6 billion.

Presence on the Romanian market

The EBITDA figure from the Romanian market activity increased by HUF 1.1 billion, mainly due to the more favourable results of electric energy trade.

Other activities

The change in EBITDA of the other activities in the business division totalled + HUF 0.1 billion.

The change in the consolidation effects within the business division is + HUF 0.5 billion.

2.6. Other companies

The main activity of MVM Zrt. – as a holding entity – comprises asset management, group management and optimising operations, as well as communicating owner interests. In addition, the company's activities include the provision of management services, rental activities and the utilisation of other real estate. The profitability of the entities in the portfolio affects the company's results via dividend income.

The technical service companies of the MVM Group, in particular MVM XPert Zrt., MVM OVIT Zrt., MVM ERBE Engineering Zrt. and MVM ERBE Zrt., provide installation, construction, maintenance and other engineering services related to the transmission and distribution network systems, mainly for members of the MVM Group. With its water-saving cooling systems, MVM EGI Zrt. provides a reliable foundation for thousands of power plants worldwide.

The other entities provide IT, accounting, property management, energy efficiency, innovation and other services, mainly for members of the MVM Group.

Other companies HUF million	FY 2023 actual	FY 2022 actual	Change	Change %
NET SALES REVENUE	**208,181**	**180,365**	**+27,816**	**+15%**
EBITDA	**25,181**	**22,926**	**+2,255**	**+10%**

Holding entity

The EBITDA of the holding entity fell HUF 7.3 billion short of the figure in the previous period.

Net sales revenue increased by HUF 1.3 billion, mainly due to the higher figure for management fees. Other income dropped by HUF 2.1 billion. The non-recurring impact of the dividend agreement amendment with E.ON Hungária Zrt. in 2022 totalled HUF 3.4 billion, while the one-off impact in 2023 came in the form of HUF 1.3 billion in income from the transfer of assets to MVM Ingatlankezelő Kft.

Staff costs increased by HUF 1.1 billion, while other operating expenses were HUF 5.4 billion higher, mainly due to an increase in the costs of intra-group services.

Technical service providers

The EBITDA from technical services is HUF 6.6 billion better than in the previous period.

The higher order backlog and margin of steel structure production, the increase in the volume of substation and transmission line projects, and the takeover of operations of the Tüskésrét PV park boosted profit by HUF 4.3 billion. OVIT Építő Kft., OVIT Rentra Kft. and OVIT Beton Kft. joined the MVM Group in December 2022, and generated a profit of HUF 1.1 billion in the reporting period, causing the same difference compared to the previous period.

EBITDA from the production of refrigeration equipment is HUF 1.1 billion higher due to new projects and the release of provisions.

Other service providers

The EBITDA from other services is HUF 4.1 billion better than in the previous period.

The EBITDA from software development activity rose by HUF 1.2 billion, chiefly because impairment was recorded in 2022 on software that was capitalised but not sold within one year. This did not happen in the reporting period.

The EBITDA of IT services increased by HUF 1.9 billion, driven by the inclusion of interest costs in service fees, service improvements and the higher volume of services used with one-off fees.

The EBITDA of real estate management, administration and security activities increased by HUF 1.0 billion.

The change in the consolidation effects within the business division is - HUF 1.0 billion.

The change in the consolidation effects between the business divisions is + HUF 7.0 billion.

Management Report

2023

1. BUSINESS ENVIRONMENT OF THE MVM GROUP

The performance of the MVM Groupis influenced by a number of factors, including the general global economic environment, energy market developments and national economic conditions. In addition to the international and Hungarian macroeconomic and regulatory environment, the energy market, regulatory changes, climate policy, technology and social impacts are of the greatest importance here, as they interact closely with each other and with the environments above.

1.1. Macroeconomic environment

In 2023, prices and the macro environment were essentially determined by efforts to reduce the inflation seen in the previous period. As a result, interest rates rose significantly and both the European and Hungarian economies experienced slowdowns. The domestic consumer price index averaged out at 17.6% in 2023, which was even higher than the 14.5% inflation rate in 2022. Over the past year, household energy and food prices rose the most on average, but by the end of the year these rates had contracted significantly, while the prices of services remained high. As inflation continued to fall (from 25.7% in January 2023 to 5.5% in December 2023), policy rates fell from 18% in January to 10.75% by the end of the year. The decrease in GDP continued due to a reduction in consumption brought on by high interest rates and falling real wages. The seasonally and calendar-adjusted annual average GDP for 2023 ended up at -0.7 percentage points.

In 2024, with inflation falling and interest rates consolidating, growth is expected to resume in Hungary, and based on the MNB forecasts, expansion of 2.5-3.5% is assumed for 2024.

1.2. Regulatory environment

Emergency legislation continued to have an impact on the MVM Group's operations and the regulatory environment in 2023.

Given the armed conflict in Ukraine, and in order to avert the consequences of these in Hungary, the Government declared a new state of emergency in Government Decree 424/2022 (X.28) with effect from 1 November 2022. On three occasions the Parliament authorised the Government to extend the state of emergency for a further 180 days. In addition, with Government Resolution 1335/2022 (VII.15) the Government also declared an energy emergency due to the drastic increase in energy prices caused by the war and the energy shortages in Western Europe. Among other things, the restart and continuous production of all four units of the Mátra Power Plant were earmarked as tasks. In this context, the Government agreed in a new decision published on 16 November 2023 (Government Decision 1500/2023 (XI.16.)) that until the commissioning of the combined cycle gas turbine power plant planned on the site of the Mátra Power Plant, the operation of the lignite units of MVM Mátra Energia Zrt. shall be ensured, and requested the ministers concerned to develop alternatives (including the necessary risk assessment) for financing the continued operation of MVM Mátra Energia Zrt. after 1 January 2024.

During 2023 there were several significant changes in Hungarian legislation relevant to the MVM Group's operations.

Act LXXXVI of 2007 on Electricity (Act on Electricity), Act XL of 2008 on Natural Gas Supply (Act on Natural Gas Supply) and their implementing decrees, which fundamentally determine the MVM Group's operations, were amended in 2023 in normal legislation, as well as Act CXVI of 1996 on Nuclear Energy (Act on Nuclear Energy) and the related nuclear energy-related decrees, or Act XVIII of 2005 on District Heating (Act on District Heating).

In 2023, in the context of the Act on Electricity, the implementation of the electricity industry data exchange can be highlighted, while both the Act on Natural Gas Supply and the Act on Electricity were supplemented with the introduction of accrual accounting provisions in financial statements prepared under Hungarian accounting rules, with the aim of providing grid licensees with accounting tools to manage fluctuations between profitable and loss-making years.

Act LVII of 2015 on Energy Efficiency was amended in June 2023. The amendment also introduced new definitions for the Energy Efficiency Obligation (EEO) scheme (individual action, material contribution), changed the requirements for the in-period accounting for savings achieved within the obligation period, and changed the liability rules for the audit activities of the Hungarian Energy and Public Utility Regulatory Authority (hereinafter referred to as MEKH). The Act introduced regulations on organised markets and organised market trading as a new element, and the authorisation necessary for establishing them. The (percentage) level of the EEO obligations has not changed.

A decree was also issued on the temporary emergency supply of natural gas to district heating producers, based on which MVM CEEnergy Zrt. and MVM Next Energiakereskedelmi Zrt. were appointed as natural gas traders for the supply of district heating producers in the 2023/24 natural gas year. The provisions on pricing in commercial contracts for natural gas and electricity of certain institutions (such as bodies under the central budgetary sub-system) were modified.

The provisions on utility easement, grid connections and the related additional financial collateral as well as the connection of small household power plants to the public grid were amended. The scheme to reduce utility payments which ensures provision of the universal service under unchanged conditions, designating electricity and natural gas suppliers entitled to compensation for their contribution to reducing utility payments, remained in force. The revenue compensation support scheme for electricity storage is now in place and will support projects that are successful in the tendering procedure launched in early 2024. To maintain the positive balance of the district heating fund, the Government ordered a further reallocation. The universal service provider continues to be exempted from the obligation to pay penalties if it fails to comply with the customer service quality indicators set by the Hungarian Energy and Public Utility Regulatory Authority.

With regard to price regulation, Government Decree 484/2022 (XI.29) is still in force, and the Hungarian Energy and Public Utility Regulatory Authority (MEKH) sets the electricity network access fees taking this into account, the rates of which for 2023 and 2024 could not increase the network access fees paid by residential consumers. On 15 December 2023, the MEKH published its decision on the network access fees applicable from 1 January 2024.

In June 2023, a decision was taken on the level of natural gas network access fees, and on 23 February 2023 on the level of natural gas storage fees for the period 1 April 2023 to 31 March 2024. During the state of emergency, provisions other than those in the Act on Electricity were applied in relation to the annual price setting dates within the price regulation cycle, the setting of transmission connection charges and distribution charges.

Pursuant to Government Decree 19/2009 (I.31) on the implementation of the provisions of Act XL of 2008 on Natural Gas Supply, universal service providers must have a certain amount of natural gas in storage, directly or indirectly, on 1 October of each year. For the 2022-2023 gas year, MEKH stipulated that MVM Next Energiakereskedelmi Zrt. must have 1.87 billion m^3 of natural gas in storage. In January 2024 the Government decided to maintain the so-called special natural gas reserve established by Government Decree on 21 July 2022, which will remain managed separately by the Hungarian Hydrocarbon Stockpiling Association as a reserve for supply security for the 2024/25 heating season.

1.3. Climate policy environment

The international environment surrounding climate policy was radically affected by the Russia-Ukraine war that broke out in February 2022, and the energy-driven responses of the European Union in reaction to the conflict. The REPowerEU plan, published on 18 May 2022, builds on the results of the Fit For 55 legislative package adopted in July 2021 to rapidly reduce dependence on Russian fossil fuels and to accelerate the green transition.

The main objectives of the short-term goals and the medium-term measures to be implemented by 2027 are to diversify the EU’s alternative energy supply options, to promote energy savings and to accelerate the transition to renewable energy. The energy transition has become the number one focus of all EU Member States, including Hungary, therefore such planning and implementation are also being detailed along the three main pillars of increasing the share of renewable energy sources in the system, energy efficiency, and reducing harmful emissions.

Just like the Russian-Ukrainian war, the Israeli-Hamas war that broke out on 7 October 2023 has had a major impact on the world’s energy situation and intensified the aspirations of nations for energy sovereignty, the diversification of energy routes, the importance of strategic cooperation and efforts contributing to the energy transition. The impacts of the war are expected to ripple through significantly into 2024.

The key strategic objectives of the current National Energy Strategy (NES) include strengthening energy independence and energy security, maintaining the results of the reductions in utility bills, as well as decarbonising energy production through the combined use of nuclear and renewable energy sources. The strategy sets out the transformation of the Hungarian energy sector up to 2030, based on the energy mix outlined, using solar and nuclear energy together, 90% of Hungary’s electricity generation could be carbon-free by 2030, contributing to the climate neutrality of the whole European continent.

Hungary fulfilled its obligation to review and update its draft National Energy and Climate Plan (NECP) in 2023, which strengthened further Hungary’s climate policy ambitions.

The draft NECP sets out the 2030 targets, which are:

- reduction in gross GHG emissions, by at least 50% compared to 1990,
- renewable energy to account for at least 29% in gross final energy consumption,
- reduction of non-ETS (Emissions Trading System) emissions of at least 18.7% compared to 2005,
- maximum import exposure for natural gas should be 80%, and
- final energy consumption in 2030 should not exceed 750 PJ.

This would require final energy savings of at least 0.8% per year from 2021 to the end of 2030, and new savings of 7 PJ per year, assuming policy measures covering the entire period. The energy efficiency programmes and measures introduced in the period 2014-2020 have resulted in final energy savings of around 3-4 PJ per year, so around double the current savings are needed from 2021 onwards.

The introduction of the EEO under the Energy Efficiency Directive began from 1 January 2021. In the Hungarian EEO, obligated parties can implement energy efficiency measures anywhere, including in the industrial, residential, public, transport, service and agricultural sectors. The obligation currently covers energy trading and universal service licensees, natural gas trading and universal service licensees, as well as entities selling transport fuel to final customers. As of 2024, under the European Commission proposal, the annual energy savings obligation of Member States, and thus the EEO obligation of the MVM Group, will rise significantly under the Fit for 55 package.

In 2023, the EU Finance Ministers adopted Hungary's Recovery and Resilience Facility. The measures in the REPowerEU chapter aim to promote the spread of renewable energy sources, develop and strengthen electricity infrastructure and promote energy efficiency to ensure that the Hungarian energy system meets current needs and future challenges. The measures and investments mutually reinforce each other, enabling Hungary to reduce its dependence on fossil fuels and use the growing domestic production to further guarantee Hungary's energy security.

1.4. Energy market

Electric energy

The economic and social pressures of the global energy crisis in previous years have eased, but geopolitical factors are still capable of causing hectic changes on the global economy, with the risk of further disruptions persisting. Fossil fuel prices have fallen from their peak in 2022; however, prices have been highly volatile. The fighting in Ukraine, more than a year after the Russian invasion, is now joined by risks of a prolonged conflict in the Middle East and the emergence of new flashpoints.

According to preliminary data from the International Energy Agency (IEA), growth in global electricity demand has slowed only slightly, rising by 2% in 2023 and 2.3% in 2022, compared with an average rate of 2.4% in 2015-19.

The EU's electricity demand fell by 3% in 2023 to its lowest level in two decades. Experts estimate that almost two-thirds of the change comes from emission reductions in energy-intensive industries that faced higher energy prices in 2022. This trend continued in 2023, despite a fall in the price of energy-intensive products and electricity from the previous record highs.

According to data published by MAVIR ZRt. on 16 February 2024, the total gross electricity consumption registered in 2023 was 43.7 TWh, excluding the production of small household power plants (typically solar panels), which have experienced rocketing growth in recent years. Monthly grid load figures decreased steadily from January to November 2023 (compared to the same period in 2022). Peak daily gross grid loads in December 2023 slightly exceeded 7,000 megawatts on several occasions compared to December 2022. The average price of the day-ahead product on the Hungarian power exchange (HUPX) was 110 EUR/MWh. The (hourly) prices on the day-ahead market were volatile over the year, ranging from -500 EUR/MWh to 437 EUR/MWh. This is due to the synchronous production of installed weather-dependent capacities, and low demand on the markets.

Natural gas market

In August 2022, the benchmark European gas price, the Dutch TTF, rose to unprecedented levels, so in December 2022 the European Union introduced the Market Correction Mechanism (MCM), which set the maximum TTF price at EUR 180/MWh, and established a reference price for LNG (liquefied natural gas), further expanding the range of

European benchmarks. This measure was originally planned for one year, but was extended in November 2023 until January 2025.

The main stock markets generally suffered declines in 2023: the TTF ended the year down 55%, the US Henry Hub down 40%, and the Asian JKM LNG was down 60%, but despite the significant moderation, gas prices are still above the levels seen before the outbreak of the Russia-Ukraine war. Following the outbreak of the war between Russia and Ukraine, several European countries expressed their intention to cut off Russian supplies completely, which was only partially achieved: the volumes of Russian pipeline gas halved, but LNG volumes fell only slightly (-1.9%). A significant proportion of LNG exported from Russia was shipped to Europe, with Spain, France and Belgium receiving the largest share of the liquefied product. Some LNG is sent on to third countries, typically in Asia, and EU officials have spoken out against this, with the United Kingdom and the Netherlands banning LNG transit in November 2023.

The average price per barrel of North Sea Brent crude oil averaged around USD 82 in 2023, down 18% from USD 101 a year earlier. The average price of US West Texas Intermediate (WTI) was USD 77, down from USD 95 (a 19% fall).

While the oil and gas markets stabilised somewhat in 2023, some weeks were volatile, mainly due to geopolitical risks. Price fluctuations decreased compared to the previous year, reflecting the high level of accumulated stocks (storage capacity) and changes in the regulatory environment.

The mild winter at the beginning of 2023 as well as the restrictive measures on consumption (the government limited the energy consumption of public institutions by means of a central regulation of temperatures, and a 25% gas consumption reduction target was set), both contributed to filling the storage capacities to the maximum as early as possible. In terms of supply, the 2023 winter season started securely, with storage levels at around 60% at the beginning of March.

PV power plants

The decline in solar plant investment costs continued in 2023. Although some grants were no longer available in the household segment, the solar panel market continued to grow with the launch of earlier developments related to the energy state of emergency and the new domestic RRF grant scheme combined with energy storage in autumn 2023. The significant entry into production of feed-in eligible projects was also decisive.

By the end of 2023, the Hungarian electricity system had more than 5,600 MW of power plant and household solar capacity in operation. In addition to the total capacity of the solar panels, their number is also decisive for the development of the national grid: more than 250 household solar panel systems and almost 3,200 additional generation connection points feed into the national grid.

Based on the NECP updated in 2023, the 12.000 MW of installed capacity expected by 2030 could be met based on the anticipated expansion. In line with this, significant solar panel projects and investments were made in 2023 in the MVM Group to meet the green transition strategy target: in addition to 28x 0.5 MW power plants, solar farms in the 20-50 MW range were commissioned or purchased in Debrecen, Kunmadaras, Szeged, Kecskemét and Kaposvár, while an agreement was signed to purchase the Tázlár solar power plant, almost doubling the installed renewable capacity of 312 MW as at the end of 2022.

1.5. Social and technology environment

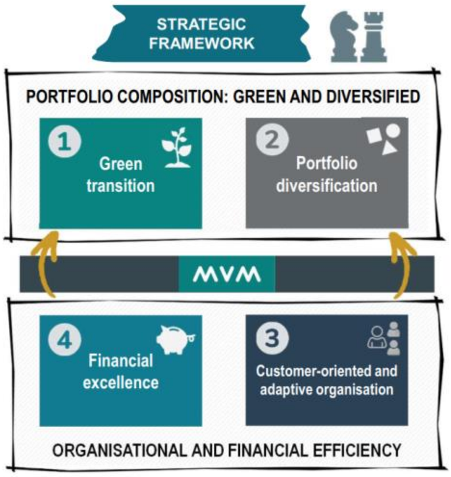
The dynamic technological changes of recent years also had a significant impact on the energy sector. Internationally, efforts to achieve energy independence led to a continuation in 2023 of the energy efficiency developments launched during the state of emergency and a further increase in interest in alternative, low-carbon energy sources and related solutions (e.g. green power generation, flexibility solutions, utility-scale energy storage, alternative gases (e.g. green hydrogen)). Furthermore, several countries in Europe announced declarations of intent to build a new type of relatively small modular nuclear reactor (SMR), and/or continued existing conventional nuclear production programmes (e.g. the Czech Republic, Poland, Romania and Hungary).

Due to conflicts and other factors throughout the world, uncertainty will persist on the energy market and price volatility is not expected to decrease. The war between Israel and Hamas could increase fears of an escalation of the conflict, and the accessibility of key transport routes (Red Sea, Strait of Hormuz) could drive further insecurity in the world. In addition, the El Niño climate phenomenon accounts for extreme periods of weather, which also affects the navigability of the Panama Canal.

2. MVM GROUP'S OBJECTIVES AND STRATEGIC VISION

The MVM Group's vision is to become the leading energy and infrastructure player in Central and Eastern Europe (CEE) by 2035 relying on carbon-neutral solutions.

The realisation of this vision is mapped out in the MVM Group's new four-pillar system of strategic objectives published at the beginning of 2024:



- **Green transition**

  Transforming electricity generation capacity with carbon-neutral solutions is a key strategic objective of the MVM Group. This involves reducing greenhouse gas intensity, expanding the carbon neutral and flexible generation portfolio, extending the lifetime of the Paks nuclear power plant and optimising the generation mix by phasing out coal-based electricity generation.

- **Portfolio diversification**

  Hungary remains the MVM Group's core market, but plans include expanding activities in the region, and ensuring that EBITDA from outside Hungary reaches at least 25% by 2035.

  The MVM Group aims to further improve its gas and electricity wholesale positions, especially in neighbouring countries.

  The development of transmission and distribution networks, substations, interconnectors and energy storage is key to serving the rapidly growing electricity demand and integrating new renewable capacity. Digital solutions are playing an increasingly important role in optimising network development and operational costs.

- **Customer-oriented and adaptive organisation**

  At the heart of this pillar are efficiency, digitalisation and customer orientation. This includes improving the customer experience, comprehensive digitalisation of processes, increasing the utilisation of online channels, becoming the preferred energy provider, transforming governance, continuously improving MVM's employer brand value, and becoming one of the Top 3 in Hungary and the Czech Republic.

- **Financial excellence**

  A stable and predictable financial position is essential for implementing the MVM Group's overall strategy. Accordingly, a prudent funding policy is a key objective, focusing on competitive funding costs, a healthy mix of banking and bond funding, a comfortable liquidity position and a balanced repayment schedule.

  With the primary objective of maintaining investment-grade credit ratings, the Sole Shareholder of the MVM Group and its management are strongly committed to conservative leverage ratios.

The 4 pillars are designed to cover the main priorities, so they support growth objectives, the development of a customer-focused, efficient organisation and sound financial foundations. Each of the strategic objective pillars supports the realisation of each element of the vision, and are individually in line with the owners' expectations (customer focus, efficiency, profitability, regionality) that define the MVM Group's mission.

The 4 pillars serve both the green and diversified growth objectives, as well as ensuring organisational and financial efficiency, thereby securing MVM's long-term position among the Top 5 companies in the CEE region.

3. MAIN RISKS OF THE MVM GROUP

3.1. Risk management policy

As a group of companies owned by the State, the MVM Group strives to operate prudently and essentially to assume a low risk profile, but at the same time, it is confronted with new situations in the context of its strategic objectives, where other, previously unknown risks may emerge. The MVM Group management therefore pays particular attention to identifying and systematically managing the risks that arise.

The purpose of the risk management is to support the long-term success of the MVM Group by identifying and responding to the risks that affect it. The MVM Group is exposed to risks typical for the industry, which it seeks to manage to the extent that does not already jeopardise the achievement of the strategy and business objectives. The MVM Group's risk management focuses on striking the right balance between risks and opportunities, and on applying management methods that are proportionate to the nature and extent of the risks.

Managing risks effectively is of paramount importance to the Group's growth and success, and also contributes to maintaining the MVM Group's good reputation.

Main risks affecting the Company:

- Risks of regulated operations
- Risks of market and customer demand changes, and adapting to them
- Financial risks
- Commercial risks
- Corporate governance risks
- Information security risks
- Risks to human resources
- Technical risks
- Health, safety and environmental protection risks
- Risks related to climate change

The risk management report prepared for the senior management at MVM Zrt. ensures the monitoring of the most significant risks, up-to-date risk mitigation measures and their regular follow-up.

3.2. Risk management

In accordance with Group-level risk management guidelines, the MVM Group's member companies monitor risk elements in regular risk reports, which are kept at the desired level through a system of volumetric, financial and VaR-based limits. The risks to be identified can be grouped into the following categories, according to their main characteristics:

- Interest rate risk: The interest rate risks of the MVM Group typically arise in connection with managing its floating-rate external debt and refinancing external debt.
- Foreign exchange risk: The MVM Group's FX risks typically arise in connection with the commercial/service provision divisions and with its financing/capital market transactions.
- Bulk commodity risk: The MVM Group's bulk commodity risks typically arise in connection with its trading activities in electricity, natural gas, oil products, CO_2 allowances and coal.
- Counterparty risk: The MVM Group's counterparty risks typically arise in connection with activities with its business partners (e.g. commercial, banking, insurance, investment and other).

3.3. Integrated risk management system

The MVM Group operates an integrated Enterprise Risk Management (ERM) system to identify and assess risks that threaten the achievement of organisational objectives and to mitigate them as far as possible.

This includes:

- identifying, correcting, and then – looking ahead – preventing future events and risks that could hinder the achievement of the objectives,
- helping management to manage risks, and
- regulating the processes needed to achieve this.

The integrated risk management procedure sets out the actions to be taken in relation to each risk – and how to take them – to reduce or eliminate the risks, and how to monitor the completion of the actions on an ongoing basis.

The risks and the responses thereto are continuously monitored via regular risk management reporting.

Each department is required to continuously monitor and track the risks it is associated with, and in each data reporting request made they must update the information related to existing risks, and record new risks, according to the current status.

3.4. Funding, liquidity risk

As with all companies that finance themselves from the loan and capital markets, the MVM Group is exposed to the general sentiment of the international loan and capital markets as well as the risk appetite of financing banks and institutions when it comes to raising external debt. The availability of debt capital has been unproblematic in recent months/years.

An escalation in the geopolitical situation and the resulting increased volatility on money and capital markets may make it more difficult or expensive to raise external funds. The MVM Group currently has an appropriate amount of undrawn credit available, which provides an adequate source of liquidity in case of a sudden increase in financing needs.

3.5. Commodity market risk

Overall, the MVM Group's retail and wholesale activities cover 20 countries in Europe. In these markets, the MVM Group is exposed to commodity price fluctuations – mainly in the markets for electricity, gas and carbon dioxide (CO_2) emission allowances. Because of heightened geopolitical risks and the prolonged military conflict, the regional energy market prices are still characterised by increased uncertainty, which underpins the principle of operating within strict risk management limits.

In addition to commodity price risk, the liquidity and availability of individual markets are also critical for risk management, as they create the opportunity for appropriate risk management.

On the MVM Group's main markets (natural gas, electricity), one of the main tasks of the wholesale activity is to serve/supply the cyclicality of demand, i.e. to convert/supplement the often rigid and homogeneous "standard" products. The resulting basis risk constitutes a very significant part of the commodity market risk faced by the MVM Group.

To mitigate its financial risks the MVM Group enters into hedging derivative (typically commodity and foreign exchange) transactions and designates a part of them as cash flow hedging relationships. Derivative transactions entered into with hedging purpose are designated as hedges when these transactions are entered into, that is, the related hedged item and the type of risk intended to be hedged are clearly designated. Application of hedge accounting commences on the date of the establishment of the hedging relationship, which is the date of entering into the derivative transaction. The MVM Group prepares hedging documentation on hedges and performs effectiveness tests monthly and upon the expiry of the transaction.

3.6. Foreign exchange risk

The functional and presentation currency of the MVM Group is the Hungarian forint. The MVM Group's significant regional presence and the EUR-based price quotations of its main markets constitute a significant foreign exchange exposure. In accordance with the risk management guidelines, the member companies seek to establish natural hedge positions in foreign currency, i.e. applying the principle of FX purchase/liability versus FX sale/asset. If this is not possible for some reason, the net foreign exchange position is hedged with a derivative – generally a forward purchase/sale of foreign exchange. The amount of foreign exchange risk that member companies can take on is capped by a limit system.

During the long-term management of the MVM Group's – and MVM Zrt.'s – FX balance sheet items, the expected probabilities of FX appreciation and depreciation based on historical exchange rate movements and the current hedging cost of the given hedging direction are considered.

Similar to commodity risk, the effective time horizon for managing FX risk is typically 1-2 years at most, which means, just like all market participants, the MVM Group will have to adapt to a changed exchange-rate environment in the medium to long term.

3.7. Interest rate risk

The MVM Group is exposed to changes in interest rates in the context of its business activities and financial transactions. MVM Zrt. provides the necessary financing for the members of the MVM Group – with the exception of certain project financing transactions – in the form of a parent company loan. Such parent company loans are usually linked to benchmarks bearing variable interest. Accordingly, the members of the MVM Group are exposed to the risks associated with changes in such variable rate benchmarks, which they can manage with interest rate derivatives entered into through the central Treasury. MVM Zrt. also uses external financing in addition to the financing needs of individual members of the MVM Group to finance acquisitions and group-wide capex.

The MVM Group manages the interest rate risks stemming from its financing activities by choosing the type of interest rate used for the financing source and by using interest rate derivatives, typically interest rate swaps.

3.8. Counterparty risk

The MVM Group's counterparty risks typically arise in connection with activities with its business partners (e.g. commercial, banking, insurance, investment and other).

Counterparty risk is the probability that a business partner will not fulfil its contractual obligations. The most important are non-payment risk – where the counterparty is unable to make the required payments when due, with negative effects on the seller's liquidity and financial performance – and default risk, where the counterparty fails to meet its supplier obligations and so the purchase has to be replaced at a higher price.

The MVM Group seeks to manage the ever-changing market and economic conditions by periodically reviewing and adjusting the counterparty rating model in a manner consistent with the MVM Group's risk appetite (e.g. critical sectors have been identified where a more stringent limit-setting methodology is applied, i.e. lower limits may be issued in these segments).

The uncertain economic environment fuelled by the continuously changing geopolitical situation as well as the price volatility on the energy market and the risk factors caused by high prices are being addressed by the MVM Group through more stringent counterparty rating methodology and the inclusion of more guarantees.

The MVM Group continuously monitors overdue outstanding receivables and sends reminders to its partners in default. If the partner fails to pay despite several reminders, the Group uses all legal means to ensure recovery of past due receivables to the greatest extent possible.

3.9. Project risk

Each project is implemented under different conditions. Under these constantly changing individual circumstances, it is necessary to find the fixed points at which the project risks can be identified, assessed and managed.

As a result of the MVM Group's acquisitions, the MVM Group is now seeing projects from Hungary to China, including individual projects worth several billion forints, with a risk profile – in addition to the highly volatile cost elements at present – that can reach a gross exposure of up to several billion Hungarian forints. This size of risk already poses a significant threat to the achievement of targets of the subsidiaries, but these targets can be accomplished if the risks are managed effectively.

The professional assistance provided to the subsidiaries in the area of project risk management ranges from general training through process reviews to support for specific projects. In the latter case, in relation to specific projects, the support includes the preparation of a project risk profile, an assessment of the specific risk elements and/or a proposal for the definition of a specific risk management methodology.

4. MVM GROUP'S ENVIRONMENTAL PROTECTION ACTIVITIES

4.1. Strategy and climate protection

The first of the four pillars of the MVM Group's strategy until 2035 is related to the green transition, which is one of the most important for Hungary's energy security. In the next 10-12 years, the production infrastructure will include investments that will support Hungary's carbon neutrality from an energy perspective, as well as domestic and EU efforts to reduce greenhouse gas emissions. Over this strategic timeframe, the MVM Group plans to implement power plant and grid development investments that will reduce greenhouse gas emissions by at least 50%.

4.2. Senior management for economic, environmental and social issues

The basic document defining the tasks and competences of the departments at MVM Zrt. is the company's organisational and operational policy. According to the policy, the Deputy CEO, Chief Financial Officer is in charge of financial matters, the Security Director is responsible for environmental matters, while the Director of Communications, the Deputy CEO, Chief Customer Relations Officer and the Deputy CEO, Chief Operating Officer are responsible for social affairs. The Deputy CEO, Chief Financial Officer and the Security Director are responsible for the tasks related to operating the environmental, social and governance (ESG) framework.

Through his department, the Deputy CEO, Chief Financial Officer plans and manages the business management of the MVM Group in accordance with the owners' requirements and ensures the operation and development of the Group's financial and accounting processes in compliance with the relevant legislation. During 2023, the Deputy CEO, Chief Financial Officer headed up the areas of financing, treasury and investment relations, controlling, accounting and taxation, financial risk management, and sustainability performance coordination, as defined in the central policy documents. He exercised the powers set forth in the central policy documents and carried out the functions of process sponsor for the relevant regulations.

Among other duties, the Security Director manages the execution of MVM Zrt.'s environmental duties and obligations under the law, and ensures that environmental aspects are implemented in MVM Zrt.'s contracts to the extent required. He is responsible for coordinating sustainability and ESG reporting tasks, manages the reporting process and is responsible for compiling the Integrated ESG Report.

The Deputy CEO, Chief Operating Officer liaises with the social partners, in particular the trade unions and works councils of the MVM Group, and represents the MVM Group in negotiations regarding collective agreements, works agreements and wage negotiations. In cooperation with the Director of Communications, he is responsible for implementing a coherent internal communication policy towards clients regarding the areas under his responsibility and within the departments he manages.

The Director of Communications is responsible for creating a unified, group-wide employer brand, communications and brand strategy for MVM Zrt. and the MVM Group, as well as for approving the communications and marketing strategy and tactical subdivision for the corporate and sub-brands of the entities belonging to the MVM Group. At Group level, she handles the framework for the implementation of support, donation and sponsorship (CSR) activities by the companies of the MVM Group. She is responsible for the strategic management of the marketing and communication activities of MVM Zrt. and the entities of the MVM Group.

The Deputy CEO, Chief Customer Relations Officer liaises with the sectoral bodies representing key corporate customers and the municipal bodies representing key local governments, as well as with key social and educational organisations.

The Environment Social and Governance Committee, an advisory body to the CEO, was established at MVM Zrt. in 2023. The ESG Committee aims to support the oversight of ESG-related issues, including ESG performance appraisal, the monitoring of the MVM Zrt. ESG strategy, the KPI framework and related KPI targets, and to recommend ESG-related decisions to the CEO.

4.3. Environmental Management System

A total of 31 companies in the MVM Group operate Environmental Management Systems (EMS) according to the MSZ EN ISO 14001 standard, which are continuously improved. The companies' management are responsible for the effectiveness of their EMS system.

The environmental policy also states that the MVM Group supports the implementation, operation and continuous improvement of environmental management systems in its companies, where justified by the activities of the companies concerned.

4.4. Environmental policy of the MVM Group

The MVM Group has a Group-wide environmental policy for all members, updated annually, which is made available to its companies.

In line with the principles of sustainability and taking the life cycle approach into account, the MVM Group aims to minimise the impacts on environmental elements and ecosystems, reduce emissions and remedy any environmental damage that may have occurred in the past, following both precautionary and responsible approaches.

The MVM Group strives to develop efficient and sustainable processes and technologies building on the long-term innovation and decarbonisation targets set out in its strategy. The Group intends to use new technical solutions to continuously improve its services and technologies, taking energy efficiency and environmental aspects into account.

With its developments and investment activities, the MVM Group prioritises use of best available technologies (BAT) and continuously strives to replace obsolete energy technologies.

The Group-wide environmental policy for includes 14 commitments, of which the elements considered most important are highlighted below. The Group,

- supports the achievement of the various national climate policy targets when producing electricity and heat, as set in accordance with the requirements of the EU, and the implementation of the prevailing various national climate and energy strategy plans and documents (e.g. National Energy Strategy);
- continuously monitors the environmental impacts of its activities, seeks to prevent negative impacts and minimise risks and reduce them to acceptable levels;
- identifies, controls and monitors critical activities that have/may have a significant impact on the environment;
- seeks to promote the widespread use of environmentally friendly and alternative technologies and processes, and raises awareness of energy-efficient and environmentally conscious uses of energy;
- takes the utmost care in reclaiming abandoned sites and in making them suitable for reuse;
- in line with international expectations and in order to increase transparency, defines and publishes new trackable indicators of sustainability performance in the ESG framework;
- regularly informs stakeholders in its annual sustainability performance report (Integrated ESG Report).

4.5. Results of the MVM Group's environmental policy

As a result of the MVM Group's environmental policy, the member companies continuously monitor their environmental impact, and prioritise the protection and preservation of nature and the environment.

The MVM Group is committed to meeting the goals of sustainable development, and its transparent commitments show that it is mindful of the interests of society, including the impact of its activities on customers, suppliers, employees and the environment.

The Group has identified a total of 11 UN Sustainable Development Goals (SDGs) as the primary areas of action that the Group can influence. The Group's activities contribute to 6 SDGs, which are primarily environmental objectives. Efforts and improvements are ongoing to meet and achieve these.

Key environmental objectives of the Group-wide ESG strategy of the MVM Group include steadily reducing CO_2 emissions, developing renewable energy solutions, responsible resource management, energy efficiency, ensuring access to alternative (in particular e-)mobility solutions and expanding the number of customers served through digital channels.

4.5.1. Improvements regarding environmental protection

Promoting electromobility and CNG fuelling

A subsidiary of the MVM Group, the company is a pioneer of electromobility services in Hungary, and further expanded its network and the number of its partners in both compressed natural gas and electrical charging services in 2023, thereby contributing to the achievement of national and EU climate and environmental targets.

By merging the Mobiliti and e-Mobi charging networks, it operates the largest e-charging infrastructure in Hungary with its own and partner-owned charging stations. It has nationwide coverage and a continuously expanding network of charging stations, making Hungary to be fully accessible to electric car drivers.

Purchase and installation of liquid radioactive waste cementing technology

Following the approval of the cementation formulations and the technology by the authorities (Hungarian Atomic Energy Authority), the commissioning process with radioactive liquid waste started in January 2023, after the necessary conditions were ensured, and were successfully completed in June 2023 according to the final report. The aim of the commissioning process with radioactive liquid waste is to fill 3x4 containers (4 barrels per container) with active cement paste in 3 days, in order to produce compact waste packages in compliance with the official regulations.

Bird protecting programmes

The MVM Group has been paying special attention to the protection of birds for many years, and the Group has taken part in numerous measures and international programmes, in the field of collision protection, which mainly concerns bustards, and protecting birds of prey. Artificial nests with camera traps, swallow dropping boards, deterrent devices, and bird deterrents with guided drones are all proven tools.

Replacement, modernisation and acquisition of assets and surfaces

Many MVM Group companies improved and modernised their facilities and environments.

In 2023, MVM Balance Zrt. replaced old, obsolete devices in the Miskolc Combined Cycle Gas Turbine Power Plant with modern LED lighting to reduce electricity consumption.

In 2023, MVM Vízerőmű Kft. replaced the rails of the rack trolley that cleans the rack area protecting the turbines of the Kiskörei Hydroelectric Power Plant.

At MAVIR ZRt., the bases of transformer no. 2 in Tiszalök and transformer no. 2 in Oroszlány were renovated in 2023. To ensure reliable operations, the pipe connecting transformers 1-2 at the Szolnok station was reconstructed and renovated, and a noise barrier wall was also renovated at the Zugló 220/120 kV substation.

In addition to the hydrogen resistance testing project (Akvamarin) already underway at the Kardoskút natural gas storage facility of Magyar Földgáztároló Zrt., two new major environmental investments should be mentioned. A project was launched in Zsana to replace existing boilers with more efficient boilers, which will significantly reduce unit gas consumption and thus the amount of direct local emissions of combustion products. The expected completion date for the whole project is 2024. In Pusztaederics, the reconstruction of the compressor’s electric drive has started, which will significantly reduce the use of electricity, and thus indirectly (at the place of electricity generation) reduce the environmental impact and the amount of air pollutants emitted.

In 2023, a 50kW small household solar panel system was installed and commissioned at the Bicske site of MVM XPert Zrt.

On the natural gas network of MVM, measures are taken to reduce air pollution related to natural gas distribution and to prevent leaks: adequacy of pipe joints checked; proper sealing of flanges and their inspection; regular meter-based network monitoring; planned reconstruction of natural gas distribution network.

To forecast the production of MVM Zöld Generáció Zrt.’s solar power plants, the company has developed its own software, which updates the solar power plants’ generation forecast automatically every 15 minutes.

Embracing energy innovations

The aim of MVM Smart Future Lab Zrt. is to encourage and support energy innovations to promote energy efficiency and energy innovations driving more efficient use of energy both within and outside the MVM Group, and to support their implementation through mentoring, education, innovation ecosystems, mindset development and financial support.

MVM Smart Future Lab Zrt.'s 2023 activities focused on awareness, which included conscious shopping, conscious living and financial awareness.

4.5.2. Decarbonisation efforts

The MVM Group attaches great importance to initiatives and measures aimed at reducing greenhouse gas emissions.

MVM Paksi Atomerőmű Zrt. is committed to sustainability in the long term, and in addition to carbon-neutral power generation the company is striving to reduce greenhouse gas emissions from its operations. Greenhouse gas emissions are collected and analysed in the form of comparable data at local level. Outdated equipment filled with environmentally harmful refrigerants is being replaced with more modern and "greener" equipment taking Global Warming Potential (GWP) values into account, instead of repairing it when it breaks down. Equipment subject to official leakage testing is tested by a specialised contractor within the specified time limit. Equipment not subject to official leakage testing is checked during maintenance at least twice a year, and any faults/leaks found are rectified as soon as possible. The dismantled equipment is transported to the specified waste collection point by MVM Paksi Atomerőmű Zrt.

In the case of MVM Mátra Energia Zrt., the primary source of carbon dioxide emissions from the power plant is the combustion of the fuel used to generate electricity. The plant also uses limestone to desulphurise flue gas. During the desulphurisation process, gypsum is formed from calcium carbonate and carbon dioxide is also released in the reaction. To lower NOx emissions, the plant operates SNCR flue gas cleaning equipment.

GEOSOL Kft. significantly reduces greenhouse gas emissions through its activities. This is achieved mainly by using biomass and waste derived fuels (SRF, RDF) as secondary fuels by sending them to the Mátra Power Plant. By using alternative fuels the waste is not landfilled, thereby avoiding dawn of the emission of greenhouse gases associated with the decomposition of waste in landfills.

MVM Zöld Generáció Zrt. aims to provide energy from clean, renewable sources in line with the national energy strategy and carbon reduction commitments; it is not an emitter of greenhouse gases by dint of its activities. The renewable energy power plants operated by the company saved a total of 405,800 tonnes of CO_2 in 2023.

MVM Vízerőmű Kft. operates the two hydroelectric power plants on the Tisza River in Hungary, the Tiszalök Hydroelectric Power Plant and the Kisköre Hydroelectric Power Plant. The hydropower plants harness the renewable hydropower of the Tisza river to generate electricity. To this end the river's water resources are used, subject to water management permits. Damming causes the water to rotate the turbines as it passes through, and then the water returns to the river without changing its characteristic chemical parameters.

The core activity of the Mobiliti Group (MVM Mobiliti Kft., e-Mobi Nonprofit Kft., Mobiliti VOLÁNBUSZ Kft.), which is part of the MVM Group, contributes to reducing greenhouse gas emissions by operating an electric charging network and a CNG station network, through which it supplies and sells alternative fuels to its private and corporate customers. In addition, the Group is also working to reduce its own greenhouse gas emissions by continuously replacing its own fleet with vehicles powered by alternative fuels. In 2023, the total annual energy output of all chargers in MVM Mobiliti Kft.'s own charging network was more than 10 GWh.

The most significant source of greenhouse gases (GHG) emitted by MAVIR ZRt. is the sulphur hexafluoride (SF6) gas (very high GWP) leaking from the electrical switchgear. A number of measures have been taken to reduce emissions; regular maintenance, efforts to minimise the installed SF6 gas for new equipment, and planning to replace the encased SF6 equipment, which is the highest emitter.

In the case of Oroszlányi Távhőszolgáltató Zrt., the emission thresholds are complied with thanks to state-of-the-art technology. The procedures for preventing and reducing emissions are in line with best available technologies.

As a longer-term goal Magyar Földgáztároló Zrt. identified alternative ways to use energy – largely with existing infrastructure – such as compressed air energy storage and generating electricity using CO_2-rich natural gas from the surrounding area. In addition to this, MVM Zrt. and MFGT are jointly examining the possibility of storing CO_2 to mitigate the CO_2 production of the Mátra Power Plant and the Tisza Natural Gas-Fired Power Plant to be constructed, thus making a significant contribution to achieving Hungary's climate policy goals.

In 2023, MVM Égáz-Dégáz Földgázhálózati Kft. and MVM Főgáz Kft. paid particular attention to the continuous maintenance of their natural gas network pipelines, the renovation of their pressure-regulating substations and the implementation of cathodic protection measures in their natural gas distribution networks. These measures were implemented to prevent gas leakage, resulting in reduced measurement errors and natural gas losses, a reduced risk of malfunctions, a reduced risk of safety incidents threatening life and property, and a lower environmental impact thanks to the reduced leakage of natural gas.

4.6. Responsibility for the past

It is crucial for the MVM Group to deal responsibly with the past in order to remedy the previous environmental pollution caused by decades of operations and to restore the original state. This type of recultivation and monitoring is currently ongoing at some sites of the MVM Group, in compliance with the relevant legal and regulatory requirements.

MVM Next Energiakereskedelmi Zrt., part of the MVM Group, is conducting remediation activities on the site of the former Szeged Power Plant, at the South Pest sites (the former Ferencváros Gas Plant II – Koppány utca 8 and Gubacsi út 4) and at the site of the former Óbuda Gas Plant.

At MVM Mátra Energia Zrt. in 2023, several levels of the sludge areas were grassed over with an area of 20,063 m^2, and 24,282 trees were planted and replaced. At the Visonta and Bükkábrány mines, the landscape restoration of mined areas is ongoing as the mining activities continue. In the area under recultivation in 2023, in addition to technical landscaping (280 ha), biological landscape restoration was carried out on more than 30 ha of the operating mines of MVM Mátra Energia Zrt. The primary objectives of the biological landscape restoration are planting protective thicket forests as it was the original state, as well as maintaining the mining area's protective forests.

Vértesi Erőmű Zrt. has recultivation obligations at several of its sites, which it must carry out based on official decisions. It implements the construction phases that require more resources subject to owner approval. Key tasks:

- Slurry store of Oroszlány Power Plant

  The recultivation of the Oroszlány slurry store is carried out by the company in accordance with the requirements of the permits issued by the environmental and water authorities.

  Recultivation phase III/2 is currently underway (final 1m covering and grassing of fields 2 and 4), according to the contractor's contract signed on 3 January 2023, following the public procurement procedure. The implementation of the contractual tasks started with the handover of the site on 18 January 2023. The implementation is expected to last 46 months (3 November 2026). The contractor completed the contractual design tasks (Design of the preparatory and working environment, Execution plan, Organisation plan, Quality and sampling plan, etc.) within the 80-day deadline. The production, delivery and depositing of the covering materials began thereafter. Parallel to this, the morphology (surface) of 1 hectare units on the area to be recultivated is being continuously developed and the covering layers of different compositions are being laid, with the associated quality control testing (analytics, density measurement, surveying, etc.). The recultivation contract is also on schedule for the transfer of the fly ash material for the dam construction required for the continued operation of the 5-6 slurry fields. The construction work in 2023 progressed according to the planned schedule.

  Fields 1 and 3 already recultivated are subject to after-care tasks as required by the authorities (regular subsidence and embankment stability measurements, mowing and ditch cleaning several times a year, regular analytical testing of rainwater run-off, etc.).

- Bánhida power plant slurry store

  On 5 February 2019, the environmental authority issued the company with an amendment to the recultivation permit, in which the requested deadline changes and new technical solutions were approved. The technical documentation for the procurement procedure was finalised in the first half of 2019. The documentation – prepared for a joint procedure with the recultivation of the Oroszlány slurry store fields 2 and 4 – was submitted to the owner for commenting and approval in June 2019. The company has not yet received the ownership decision needed to launch the public procurement procedure. As a result, the implementation deadline above, already amended several times, needed to be amended again. In December 2021, the competent environmental authority approved the application for an amendment to the Banhida slurry store recultivation permit, and extended the final deadline for completing the recultivation to 31 December 2024. A further request for a modification of this deadline will have to be submitted to the authorities in the near future, as the estimated time needed to carry out the recultivation is approximately 2 years.

- Mány I/A mine roof

  The clean-up of the degraded areas has been ongoing for several years, as there is still movement around the former mine roof area that stem from the mining operations. There is no official deadline for completing the landscaping of the degraded areas. The landscape restoration of these areas must continue over the years depending on the appearance and threat of openings, fissures and cracks, until movements in the area stop and it becomes safe. The controls are carried out on a monthly basis.

  At the end of May 2023, the movement-control points installed on the surface of the wrecked area were checked, and several of them were renovated. At the end of August 2023, a new series of measurements was taken at the previously renovated points.

- Tatabánya Heating Power Plant slurry store (V/C open-cast mining)

  There are currently after-care (groundwater and surface water testing) obligations underway in the area, which are fulfilled by the company through regular testing of water from the 2 new monitoring wells authorised in December 2017, in addition to monitoring the Palahányó stream. The monitoring of the area must be carried out by the company by July 2024.

The 10 GKN compressors in the compressor plant in the Underground Natural Gas Storage in Kardoskút were discontinued in 2020, and soil and groundwater tests were carried out in 2021 prior to the subsequent utilisation of the compressor building. The Békés County Government Office was informed about the damage and the measures taken to reduce the pollution. The final fact-finding documentation and the technical intervention plan were sent to the authority, and approved. The remediation process in 2023 was carried out and is still ongoing based on the submitted documentation, as approved by the Authority.

4.7. Material risks and how to manage them

The MVM Group is exposed to environmental risks across its entire energy supply activity. When generating electricity, a decrease in the water yield of the Tisza river (MVM Vízerőmű Kft.) and an increase in the water temperature of the Danube river above a certain value may cause economic risks (for the blocks of MVM Paksi Atomerőmű Zrt. due to inadequate cooling), while extreme temperature fluctuations reduce the predictability of consumption.

The MVM Group envisages the following solutions to manage the risks related to water yield, water temperature and weather:

- Establish closer cooperation with water organisations, ensuring access to preferably online water data.
- Continuous monitoring of weather forecasts, deployment of a weather specialist within the Group.
- Diversification of electricity sources.
- Use of weather derivatives to hedge the economic risk from temperature fluctuations.
- Maintenance plan integrated into an asset management framework – optimising maintenance costs, increasing transparency, implementing RBM.
- Operating a life-cycle-based asset cost management system.
- Developing IT data management systems for asset management.

In addition to the risks for power plants, the unexpected production outage is also a risk for energy traders, who have to replace the lost electricity from other sources (ID and DAM markets, other producers), typically at a higher price.

Environmental risks increase the cost of repair and maintenance of substation assets and create system load risks, which increase the economic risks for network operating companies (DSOs, TSO).

MVM Mátra Energia Zrt. (Mátra Power Plant), which is part of the MVM Group, accounts for a significant share of the carbon dioxide emissions, so the price changes in the CO_2 allowances could pose a significant earnings risk.

The MVM Group's natural gas trading division is also affected by environmental risks, but the main factor is the volume uncertainty due to temperature fluctuations. The supply obligation and the volume flexibility inherent in commercial contracts impose a volume risk on the MVM Group's natural gas trading division, which can result in a significant price and thus earnings risk.

4.8. Taxonomy

In accordance with reporting under Regulation (EU) 2020/852 of the European Parliament and of the Council and the relevant delegated acts, the MVM Group defined for 2023 as well the eligible and aligned capital expenditure (CAPEX), operating expenditure (OPEX) and revenue indicators under EU taxonomy, and published the relevant textual information.

4.9. Decarbonisation ESG indicators

MVM Group	2022	2023	Change	Change %
GHG emission (kt)	4,442*	3,757	-685	-15%
GHG intensity (gCO2/kWh)	222*	194	28	-12%
Coal-fired installed capacity (MW)	884	884	0	0%
Income from coal-fired activities (%)	1.8	3.2	+1.4	+78%

The GHG emissions of the MVM Group include direct and indirect GHG emissions:

- Direct: includes emissions from power plant sites, CO_2 emissions from use of fuel, from non-productive use of natural gas, CO_2 emissions from the flaring of natural gas, and the CO2 equivalent of methane emissions and sulphur hexafluoride gas emissions. Not included are CO_2 emissions from the use of biomass, RDF and SRF.
- Indirect: includes the amount of electricity and heat purchased according to the "location based" method.

* Unlike in previous years, the calculation of direct GHG emissions now includes CO_2 emissions from the use of biomass, RDF and SRF; consequently, GHG emission and GHG intensity figures for 2022 were re-disclosed.

5. SOCIAL AND HR ACTIVITIES OF THE MVM GROUP

5.1. Social and employment policy

Employee commitment

The MVM Group is committed to continuously developing professional and sectoral dialogue, to building relationships with schools and student unions, which are key to ensuring the next generation of workers, and to working closely with employee advocacy organisations. The MVM Group attaches great importance to ensuring a continuous supply of professionals for its activities, and to meeting the recruitment needs for professions where there are shortages.

The MVM Group places great emphasis on educating and developing young people. At Group level it runs talent and recruitment management as well as mentoring systems to ensure an in-house supply of specialists and to boost employee commitment.

In 2021, the MVM Group became involved in dual vocational training by establishing the MVM Energy Sector Training Centre Nonprofit Kft. (hereinafter referred to as Training Centre).

Starting from the 2022/23 academic year, the Training Centre has launched training in new locations (Budapest, Szeged, Miskolc, Visonta). (In the case of Miskolc and Visonta, this happened partly by integrating existing member firm expertise.)

From 2022 onwards the Training Centre itself also provides part of the technical and adult training services previously procured only from the external market, which is expected to bring significant cost savings, flexibility and much greater autonomy in the training system for the MVM Group (talent programmes, mentoring programme). The mission of the Training Centre is to train the energy professionals of the present and the future within the stable environment of the MVM Group, and thereby contribute to the continuous development of vocational training in Hungary.

In the MVM Group’s dual vocational training programme, those interested in a technical career can learn the trades of electrician (electrical network), central heating and gas technician, welder, miner or industrial mechanic, and acquire marketable industry skills in a modern and safe environment.

Each period of a worker’s time in the organisation can be broken down into well-defined stages. All employees must be prepared for the job, even if they come to the organisation with the right qualifications and experience. The integration step paves the way for loyalty and commitment to the organisation.

The MVM Group treats prospective and future managers as a priority target group, for whom it runs a management development programme. A complex but customisable training environment, tailored to the career path of managers, has been put in place.

One impact of the pandemic is the rapid development of IT systems and applications supporting collaborative learning, which is also changing the learning culture. Strong emphasis is placed on ensuring access to self-development e-learning materials that are available free of charge for all.

The MVM Group pays special attention to women – pregnant women, employees on leave of absence, on maternity leave, parents raising children, employees caring for sick relatives. To this end, it runs a group-level Maternity Programme, a Working Parents’ Programme and a Women at MVM Programme.

Labour relations

The MVM Group has an industrial relations system based on constructive dialogue. As part of this, Group-level agreements were also reached in 2023, in particular on salary increases as well as welfare and social benefits.

Following the acquisition of innogy Česká republika a.s. in the Czech Republic, which joined the MVM Group in October 2020, employee representatives from the Czech company initiated the creation of the MVM Group’s European Works Council (EWC), a regular forum for European social dialogue. Based on the agreement signed with the Special Negotiating Body on the establishment of the EWC in 2022, the EWC was formed in 2023 and the first plenary session of the EWC was held successfully. The EWC is responsible for information and consultation on transnational issues concerning the MVM Group as a whole.

In 2023, the work of the MVM Group was recognised externally, including:

- MVM Zrt. numbers among the ten most successful PR agencies in the Kreatív Apex ranking.;

- MVM Future Talks – Stevie Awards – Gold Medal, Events & Observances category;
- Eventex international event competition: Zenergia 2022 – “CSR Experience” and “Fundraising event” (bronze);
- MVM Future Talks – Use of audiovisual (bronze);
- MVM Future Talks – Gold Blade, Bronze Blade in “craft” category;
- MVM Services Zrt. – LEO certificate and award (National Association of Facility Management, Building Operation and Maintenance Service Providers);
- HR BEST- FutureProof Organizations, silver award;
- BeneFit Prize 2023 – for Happy Employees – Professional Award 1st place, Public Award 1st place, Sustainability Special Award;
- Family Friendly Mentoring Organisation title confirmed
- PwC 2023 Most Attractive Workplace Award in the Energy and Utilities category, 2nd place;
- Three Princes, Three Princesses Foundation: Family Friendly Business and Mentoring Organisation Award 2023.

5.2. Human resources ESG indicators

MVM Group persons	2022 Total	 male	 female	2023 Total	 male	 female
Year-end statistical headcount	**18,399**	**12,199**	**6,200**	**19,170**	**12,474**	**6,696**
full-time	**18,054**	12,123	5,931	**18,802**	12,399	6,403
part-time	**345**	76	269	**368**	75	293
Year-end statistical headcount	**18,399**	**12,199**	**6,200**	**19,170**	**12,474**	**6,696**
under contracts of employment for an unlimited period	**17,738**	11,889	5,849	**18,584**	12,231	6,353
under contracts of employment for a defined period	**661**	310	351	**586**	243	343
Number of hired staff	**653**	111	542	**355**	52	303

6. SITES AND BRANCHES OF THE GROUP

Company	Registered office, site, branch
MVM Zrt.	1031 Budapest, Szentendrei út 207-209. 4623 Tuzsér, külterület 0120/34. 7030 Paks, hrsz. 8803/17. 7030 Paks, Gagarin utca 1.
MVM Paksi Atomerőmű Zrt.	7030 Paks, hrsz. 8803/17. 7030 Paks, Dózsa György út 95. 1024 Budapest, Kút u. 4/a. 8230 Balatonfüred, Germering u. 19. 8230 Balatonfüred, Kouvola u. 1. 9400 Sopron, Fenyves sor 10. 7133 Fadd-Dombori, Dunasor 22-23.
ATOMIX Kft.	7030 Paks, hrsz. 8803/17. 7030 Paks, Szent István tér 2. 8230 Balatonfüred, Germering utca 19. 8230 Balatonfüred, Kouvola utca 1.
MVM Mátra Energia Zrt.	3271 Visonta, Erőmű utca 11. 3422 Bükkábrány, Külfejtéses Bányaüzem kültelek 030/1.
MVM Mátra Gép Kft.	3271 Visonta, Erőmű utca 11.
MVM Mátra Mélyépítő Kft.	3271 Visonta, Erőmű utca 11. 3422 Bükkábrány, külterület hrsz. 030/1. 3353 Aldebrő, külterület hrsz. 0149/2.
GEOSOL Kft.	3273 Halmajugra, külterület 07/130. 3273 Halmajugra, külterület 07/21. 3273 Halmajugra, külterület 07/48. 3273 Halmajugra, külterület 07/129. 3273 Halmajugra, külterület 08/2. 3273 Halmajugra, külterület 07/50. 3273 Halmajugra, külterület 07/51. 3273 Halmajugra, külterület 09. 3273 Halmajugra, külterület 010/1. 3272 Visonta, Erőmű u 11. 3272 Visonta, külterület 0163/88. 3272 Visonta, külterület 0158/25. 1143 Budapest, Ilka utca 2-4. 3275 Detk, külterület 0127/15.
MVM Balance Zrt.	2040 Budaörs, Kinizsi u. 26. 3021 Lőrinci, Erőműtelep 8196 Litér, Királyszentistváni út 3599 Sajószöged, Bába út 1037 Budapest, Kunigunda útja 49. 8400 Ajka, Gyártelep 1961/1. 3531 Miskolc, hrsz. 23358/16. 3531 Miskolc, hrsz. 23358/4. 3534 Miskolc, hrsz. 21551/2. 3535 Miskolc, hrsz. 30519/3.

MVM Tisza Erőmű Kft.	3580 Tiszaújváros, Debreceni út 2/A
MVM MIFŰ Kft.	3531 Miskolc, Tatár u. 29/b. 3531 Miskolc, 23358/14. hrsz.
MVM OTSZ Zrt.	2840 Oroszlány, Bánki Donát utca 2. 2840 Oroszlány, Külterület hrsz 0718/9. 2840 Oroszlány, Külterület hrsz 0718/10. 5000 Szolnok, Széchenyi István körút 9678/35. 5000 Szolnok, József Attila út 4566/10. 5000 Szolnok, Móra Ferenc út 1428/14. 5000 Szolnok, Vegyiművek lakótelep 19012/9/A/2.
NRG Finance Kft.	1031 Budapest, Szentendrei út 207-209. 9027 Győr, Martin utca 1.
Rába Energiaszolgáltató Kft.	9027 Győr, Martin u.1.
Vértesi Erőmű Zrt.	2840 Oroszlány, Külterület 0718/10 hrsz. 8066 Pusztavám, Közterület 071/2 hrsz. Márkushegyi Bányaüzem
MVM Zöld Generáció Zrt.	1031 Budapest, Szentendrei út 207-209. 9482 Nagylózs, külterület hrsz 07/12/A. 9483 Sopronkövesd, külterület hrsz 0216/25/A. 4900 Fehérgyarmat, külterület hrsz. 0239/24. 4621 Fényeslitke, külterület hrsz. 028/61. 4621 Fényeslitke, külterület hrsz. 028/62. 4621 Fényeslitke, külterület hrsz. 028/63. 5500 Gyomaendrőd, belterület hrsz. 3748/3. 5310 Kisújszállás, belterület hrsz. 1846/2. 4600 Kisvárda, külterület hrsz. 0307/6. 4700 Mátészalka, külterület hrsz. 0169/10. 4700 Mátészalka, külterület hrsz. 0169/12. 4700 Mátészalka, külterület hrsz. 0169/14. 4700 Mátészalka, külterület hrsz. 0176/6. 4485 Nagyhalász, külterület hrsz. 0297/2. 4252 Nyíradony, belterület hrsz. 3985/4. 4361 Nyírbogát, belterület hrsz. 1345/5. 4150 Püspökladány, belterület hrsz. 2026/1. 5081 Szajol, belterület hrsz. 946/20. 5000 Szolnok, külterület hrsz. 091/10. 4931 Tarpa, belterület hrsz. 121. 6060 Tiszakécske, külterület hrsz. 0634/23. 5536 Körösújfalu, belterület hrsz 247. 5411 Kétpó, belterület hrsz 346/2. 7621 Pécs, belterület hrsz 23429/14. 4100 Berettyóújfalu, belterület hrsz 3982/3. 2735 Dánszentmiklós, külterület hrsz 048/7. 4030 Debrecen, külterület hrsz 0493/64. 4030 Debrecen, külterület hrsz 0493/65. 2510 Dorog, külterület hrsz 0294/3. 5321 Kunmadaras, külterület hrsz 042/20. 5321 Kunmadaras, külterület hrsz 042/23. 6115 Kunszállás, külterület hrsz 0285/49. 4356 Nyírcsaholy, külterület hrsz 0321/10. 2840 Oroszlány, külterület hrsz 0706/8. 2840 Oroszlány, külterület hrsz 0706/9.

MVM Zöld Generáció Zrt.	2840 Oroszlány, külterület hrsz 0706/10. 2840 Oroszlány, külterület hrsz 0706/11. 2840 Oroszlány, külterület hrsz 0706/12. 2840 Oroszlány, külterület hrsz 0706/13. 2840 Oroszlány, külterület hrsz 0706/14. 2840 Oroszlány, külterület hrsz 0706/15. 2840 Oroszlány, külterület hrsz 0706/16. 2840 Oroszlány, külterület hrsz 0706/17. 2840 Oroszlány, külterület hrsz 0706/18. 2840 Oroszlány, külterület hrsz 0706/19. 2840 Oroszlány, külterület hrsz 0706/20. 2840 Oroszlány, külterület hrsz 0706/21. 2840 Oroszlány, külterület hrsz 0706/22. 7630 Pécs, belterület hrsz 23425/16. 7630 Pécs, belterület hrsz 23425/17. 7630 Pécs, belterület hrsz 23425/18. 7630 Pécs, belterület hrsz 23425/19. 7630 Pécs, belterület hrsz 23425/20. 5919 Pusztaföldvár, belterület hrsz 1031. 6346 Sükösd, külterület hrsz 024/104. 6729 Szeged, külterület hrsz 01176/14. 6729 Szeged, külterület hrsz 01176/17. 6729 Szeged, külterület hrsz 01176/19. 6729 Szeged, külterület hrsz 01177/1. 6729 Szeged, külterület hrsz 01178/14. 6729 Szeged, külterület hrsz 01179/5. 6728 Szeged, külterület hrsz 01196/28. 6728 Szeged, külterület hrsz 01196/33. 6728 Szeged, külterület hrsz 01196/35. 6728 Szeged, külterület hrsz 01196/43. 6728 Szeged, külterület hrsz 01246/12. 6728 Szeged, külterület hrsz 01246/13. 6728 Szeged, külterület hrsz 01246/14. 6728 Szeged, külterület hrsz 01293/1. 5530 Vésztő, külterület hrsz 0218/8. 5530 Vésztő, külterület hrsz 0218/9.
MVM ZG Solar Kft.	1031 Budapest, Szentendrei út 207-209. 3561 Felsőzsolca, hrsz. 056. 3561 Felsőzsolca, hrsz. 039/4. 3561 Felsőzsolca, hrsz. 039/5. 3561 Felsőzsolca, hrsz. 039/6 3561 Felsőzsolca, hrsz. 040/2. 7030 Paks, hrsz. 0181/3. 7030 Paks, hrsz. 081/4. 7030 Paks, hrsz. 081/6. 7030 Paks, hrsz. 087/6. 7030 Paks, hrsz. 087/7. 7030 Paks, hrsz. 087/8 7030 Paks, hrsz. 0184. 6623 Árpádhalom, 166/13 3070 Bátonyterenye, 2022/16

MVM ZG Solar Kft.	5671 Békéscsaba, 0786/6 7570 Barcs, 520/2 2687 Bercel, 0340/11 7827 Beremend, 0182/29 2060 Bicske, 041/8 8053 Bodajk, 0207/10 7150 Bonyhád, 048/6 7013 Cece, 0292/32 2700 Cegléd, 1651/64 3973 Cigánd, 0108/3 8074 Csókakő, 070/2 9300 Csorna, 0123/24. 2118 Dány, 089/9. 9436 Fertőszéplak, 424/2. 9436 Fertőszéplak, 424/5. 2686 Galgaguta, 0148/2. 5925 Gerendás, 088/168. 9821 Győrvár, 05/1. 9821 Győrvár, 03/15. 3011 Heréd, 082/1. 8380 Hévíz, 022/53. 6800 Hódmezővásárhely, 3570/63. 7095 Iregszemcse, 0291/28. 6440 Jánoshalma, 712. 5130 Jászapáti, 1346/1. 9123 Kajárpéc, 0241/11. 9123 Kajárpéc, 0251/74. 2366 Kakucs, 036/41. 2366 Kakucs, 036/42. 6237 Kecel, 2691. 6000 Kecskemét, 0778/10. 6000 Kecskemét, 0778/12. 6000 Kecskemét, 0778/13. 6000 Kecskemét, 0983/65. 7839 Kemse, 025/33. 2870 Kisbér, 0129/37. 3384 Kisköre, 1031/2. 6100 Kiskunfélegyháza, 2222/2. 6400 Kiskunhalas, 3270/23. 2900 Komárom, 1782/233. 7300 Komló, 0308/5. 9730 Kőszeg, 0117/6. 5725 Kötegyán, 760/4. 8693 Lengyeltóti, 936. 5800 Mezőkovácsháza, 2440. 3400 Mezőkövesd, 0225/7. 5751 Nagykamarás, 047/79. 8291 Nagyvázsony, 099/3. 8191 Öskü, 077/15. 8191 Öskü, 077/17. 7030 Paks, 5348/1. 7030 Paks, 5348/3. 7030 Paks, 0259/18.

MVM ZG Solar Kft.	2300 Ráckeve, 0251/1 3033 Rózsaszentmárton, 0102/8 3033 Rózsaszentmárton, 0102/9 3712 Sajóvámos, 678/2 7000 Sárbogárd, 0238/43 7000 Sárbogárd, 0238/44 6230 Soltvadkert, 0316/53 8683 Somogytúr, 0134/3 2241 Sülysáp, 0431/9 6635 Szegvár, 478/3 3922 Taktaharkány, 1439/2 3922 Taktaharkány, 1476 7090 Tamási, 1422/6 2251 Tápiószecső, 0204/2 2045 Törökbálint, 9001 5661 Újkígyós, 05/123 2163 Vácrátót, 057/32 2163 Vácrátót, 057/34 8100 Várpalota, 4134/17 8100 Várpalota, 4134/19 8200 Veszprém, 071/39 8200 Veszprém, 071/42 8741 Zalaapáti, 0148 8900 Zalaegerszeg, 0779/3 3262 Markaz, 0116/2. 3271 Visonta, 0151/141.
MVM ZG Solar Service Kft.	1031 Budapest, Szentendrei út 207-209.
Komm Hull Villamosenergia Kereskedő Kft.	1031 Budapest, Szentendrei út 207-209.
Raaba Energy Kft.	1031 Budapest, Szentendrei út 207-209. 9730 Kőszeg, 2881 hrsz. 9751 Vép, hrsz 038/4. 9735 Csepreg, hrsz 1901/13. 9735 Csepreg, hrsz 1901/20. 8897 Söjtör, hrsz 0337/3. 8897 Söjtör, hrsz 0337/5. 8897 Söjtör, hrsz 0337/2.
MVM ZG SOLAR STAR Kft.	1031 Budapest, Szentendrei út 207-209.
MVM Vízerőmű Kft.	4450 Tiszalök, Vízerőmű 3384 Kisköre, Vízerőmű

MVM XPert Zrt.	1158 Budapest, Rákospalotai Körvasútsor 105. 1158 Budapest, Késmárk u. 14 2060 Bicske, Akácfa u. 3561 Felsőzsolca, Arnóti út 2800 Tatabánya, Környei út 34.
MVM ENERGO-MERKUR Kft.	1158 Budapest, Késmárk u.14.
MVM OVIT Zrt.	1158 Budapest, Késmárk utca 14. 1158 Budapest, Rákospalotai Körvasút sor 105. 2132 Göd-felső, Ady Endre u. 6100 Kiskunfélegyháza, Csanyi út 71/B 8360 Keszthely, Alsópáhoki út. CZ-160 00 Praha, Na St'áhlavce 1101/20, Dejvice Csehország
MVM Titán Zrt.	1158 Budapest, Késmárk utca 14. 6100 Kiskunfélegyháza, Csanyi út 71/B ép. C. lház 6100 Kiskunfélegyháza, Csanyi út 71/C ép. 2132 Göd, Ady Endre utca 7030 Paks, Vasút utca 2.
MVM NUKA Zrt.	7030 Paks, 8803/17. hrsz. 7030 Paks, Tolnai út 42. I.em. 7030 Paks, 8803/16 hrsz 7030 Paks, Dankó Pista u. 1
MVM ERBE Zrt.	1117 Budapest, Budafoki út 95. 7030 Paks, hrsz. 8803/17
MVM ERBE Engineering Zrt.	1117 Budapest, Budafoki út 95. 7030 Paks, Tolnai út 105.
MVM EGI Zrt.	1117 Budapest, Irínyi József u. 4-20. B. ép
MVM EGI Cooling Systems (China) Co. Ltd.	West Quanda road,Wuqing development Zone,Tianjin New Technology Industrial area, China
MVM EGI Cooling Systems Trading (Beijing) Co. Ltd.	Room 500, 5th Floor, Sunflower Tower, No. 37, Maizidian Street, Chaoyang District, Beijing, China
European Power Services Zrt.	1037 Budapest, Montevideó utca 3/A. 3. em. 34/A. ajtó
MAVIR ZRt.	1031 Budapest, Anikó u. 4. 1158 Budapest, Körvasútsor 106. 2730 Albertirsa, Dánosi út 9028 Győr, Tatai út 3599 Sajószöged, Bábai út 7401 Kaposvár, Toponár külterület
HUPX Zrt.	1134 Budapest, Dévai utca 26-28.
CEEGEX Zrt.	1134 Budapest, Dévai utca 26-28.
HUDEX Energiatőzsde Zrt.	1134 Budapest, Dévai utca 26-28.
MVM CEEnergy Zrt.	1138 Budapest, Váci út 144-150.
MFGK Austria GmbH	Ausztria, 1120 Vienna, Am Euro Platz 2, Gebaude G Stiege5, 1. Stock

MVM CEEnergy SLOVAKIA s.r.o.	Slovakia, 82104 Bratislava, Ivánska cesta 30/B
MVM CEEnergy Croatia d.o.o.	Croatia, Zagreb 10000, Radnička cesta 177
MVM CEEnergy CZ s.r.o.	Czech Republic, Limuzská 3135/12, Strašnice, 108 00 Praha 10
Serbhungas d.o.o.	Serbia, Novi Sad 21000, Bulevar Oslobođenja 69.
Magyar Földgáztároló Zrt.	1138 Budapest, Váci út 144-150. 4064 Nagyhegyes, 0159/1. 6411 Zsana, 086/20. 8946 Pusztaederics, 0134/6. 5945 Kardoskút, 0100/3.
MVM Partner Zrt.	1031 Budapest, Szentendrei út 207-209. 1138 Budapest, Váci út 150. CZ-11000 Praha 1, Nové Mesto, Klimenstká utca 1216/46 Czech Republic SK-82109 Bratislava, mestska cast Ruzinov Gusevova 1415/6. Slovakia RO-Bucuresti, Calea Dorobanti 32. D' or Offices. ép. V. em. 520. ajtó Romania
MVM Partner d.o.o.	Croatia, Zagreb 10000, Ilica 1.
MVM Partner Serbia d.o.o. Beograd	Serbia, Beograd, Novi-Beograd, 11070, Vladimira Popovica 50
MVM Partner DOOEL Skopje	North Macedonia, Skopje, 8-ma Udarna Brigada no.43/3,1000
MVM Next Energiakereskedelmi Zrt.	1081 Budapest, II. János Pál pápa tér 20. 1013 Budapest, Feszty Árpád utca 6. , 1101 Budapest, Salgótarjáni út 45. , 1117 Budapest, Budafoki út 54. 1117 Budapest, Fehérvári út 17. , 1139 Budapest, Béke tér 9. 1149 Budapest, Pillangó park 7. 1027 Budapest, Tölgyfa utca 28. 1103 Budapest, Kőér utca 2/A 1097 Budapest, Koppány utca 8. 1023 Budapest, Árpád fejedelem útja 26-28. 6720 Szeged, Klauzál tér 9. 4034 Debrecen, Vágóhíd utca 2. 4031 Debrecen, Kürtös utca 8. 4400 Nyíregyháza, Nagy Imre tér 1 5000 Szolnok, Thököly út 79. 2030 Érd, Szabadság tér 13. 3530 Miskolc, Arany János utca 6-8. 3527 Miskolc, Sajószigeti utca 3 3100 Salgótarján, Kassai sor 14. 5600 Békéscsaba, Mednyánszky utca 17. 2400 Dunaújváros, Magyar út 11. 3300 Eger, Törvényház utca 4. 9027 Győr, Puskás Tivadar utca 8. 7400 Kaposvár, Teleki utca 15. 6000 Kecskemét, Szövetség tér 5. 8800 Nagykanizsa, Zrínyi Miklós utca 15. 7621 Pécs, Mária utca 3. 7621 Pécs, Mátyás király utca 3.

MVM Next Energiakereskedelmi Zrt.	9400 Sopron, Selmeczi utca 15-17. 6721 Szeged, Szent István tér 12-13. 6724 Szeged, Pulcz utca 44. 8000 Székesfehérvár, Sár utca 1. 7100 Szekszárd, Széchenyi utca 55-57. 9700 Szombathely, Lipp Vilmos utca 14. 2800 Tatabánya, Gál István lakótelep 704. 8200 Veszprém, Szabadság tér 4. 8900 Zalaegerszeg, Berzsenyi Dániel utca 7. 6500 Baja, Szabadság utca 52. 6600 Szentes, Ady Endre utca 39. 5900 Orosháza, Táncsics utca 20 6100 Kiskunfélegyháza, Batthyány Lajos u. 2-4. 6300 Kalocsa, Ecetgyár utca 35/A 6724 Szeged, Kossuth L. sugárút 64-66. 6724 Szeged, Kossuth L. sugárút 68. 6724 Szeged, Kossuth L. sugárút 89. 6724 Szeged, Damjanich utca 21. 6500 Baja, Deák F. utca 3. 5600 Békéscsaba, Andrássy út 46. 5600 Békéscsaba, Gábor Á. utca 1. 6000 Kecskemét, Szultán utca 2-4. 6728 Szeged, Napos út 12. 6726 Szeged, Temesvári körút 27-29. 2750 Nagykőrös, Kossuth utca 76
MVM Démász Áramhálózati Kft.	6724 Szeged, Pulz utca 44. 6724 Szeged, Pulcz utca 42. 6500 Baja, Bajcsy-Zsilinszky utca 6. 6500 Baja, Bokodi út 66. 5600 Békéscsaba, Gábor Áron utca 1. 2700 Cegléd, Kossuth Ferenc utca 63. 6000 Kecskemét, Szultán utca 2-4. 6400 Kiskunhalas, Mátyás tér 2. 2750 Nagykőrös, Kossuth Lajos utca 76. 5900 Orosháza, Táncsics utca 20.
MVM Főgáz Földgázhálózati Kft.	1081 Budapest, II. János Pál pápa tér 20. 1101 Budapest, Salgótarjáni út 45. 1097 Budapest, Koppány utca 6-8.
FLOGISTON Kft.	2000 Szentendre, Kőzúzó u. 5.
MVM Ügyfélkapcsolati Kft.	1081 Budapest, II. János Pál pápa tér 20. 1139 Budapest, Béke tér 9. 6720 Szeged, Kossuth Lajos sgt. 64-66. 6724 Szeged, Pulcz utca 44. 4034 Debrecen, Vágóhíd utca 2. 3527 Miskolc, Sajószigeti út 3. 7621 Pécs, Mátyás király utca 3.

MVM EÉ Ügyfélkapcsolati Kft.	1081 Budapest, II. János Pál pápa tér 20. 3525 Miskolc, Dózsa György út 13.
MVM Émász Áramhálózati Kft.	3525 Miskolc, Dózsa György u 13. 3527 Miskolc, József Attila utca 65. 1097 Budapest, Koppány utca 6-8. 1081 Budapest, II. János Pál pápa tér 20. 1037 Budapest, Kunigunda útja 47/A-47/B.
MVM Égáz-Dégáz Földgázhálózati Zrt.	6724 Szeged, Pulcz utca 44. 6724 Szeged, Vásárhelyi Pál utca 6. 6500 Baja, Bajcsy-Zs. út. 4. 5600 Békéscsaba, Kétegyházi út 4. 6000 Kecskemét, Ipoly sor 5. 9700 Szombathely, Rákóczi F. u. 23. 6400 Kiskunhalas, Kertész u. 2. 5520 Szeghalom, Bocskai u. 53-2. 2800 Tatabánya, Eötvös u. 11. 6080 Szabadszállás, Dózsa Gy. u. 10. 6600 Szentes, Klauzál Gábor u. 24. 9027 Győr, Puskás Tivadar utca 37. 1081 Budapest, II. János Pál pápa tér 20. 9400 Sopron, Fuvaros út 2.
MVM Lumen Kft.	6724 Szeged, Pulz utca 44. 3525 Miskolc, Dózsa György utca 13. 3200 Gyöngyös, Gyár út 7. 9027 Győr, Puskás Tivadar utca 37-39.
MVM Watt Eta Kft.	7630 Pécs, Engel János József utca 6. 1023 Budapest, Árpád fejedelem útja 26-28. 6724 Szeged, Kossuth Lajos sugárút 64-66.
MVM Mobiliti Kft.	1037 Budapest, Montevideo út 10.
e-Mobi Nonprofit Kft.	1037 Budapest, Montevideo út 10.
Mobiliti VOLÁNBUSZ Kft.	1037 Budapest, Montevideo út 10.
KAPOS CNG Kft.	1081 Budapest, II. János Pál pápa tér 20. 7400 Kaposvár, Kanizsai utca 27. 7400 Kaposvár, Cseri út 16.
MVM Services Zrt.	1081 Budapest, II. János Pál pápa tér 20. 1158 Budapest, Rákospalotai Körvasút sor 105. 1023 Budapest, Árpád fejedelem útja 26-28. 1031 Budapest, Szentendrei út 207-209. 1101 Budapest, Salgótarjáni út 45. 1117 Budapest, Budafoki út 54. 6724 Szeged, Kossuth Lajos sugárút 64-66. 6720 Szeged, Vásárhelyi Pál utca 6. 7030 Paks, Vasút utca 10. 7030 Paks, Gagarin utca 1. 5600 Békéscsaba, Andrássy út 46. 2750 Nagykőrös, Kossuth Lajos utca 76. 6000 Kecskemét, Szultán utca 2-4. 6500 Baja, Deák Ferenc utca 3.

MVM BSZK Zrt.	1117 Budapest, Budafoki út 54. 1031 Budapest, Szentendrei út 207-209.
MVMI Zrt.	7030 Paks, Vasút u. 1. (Hrsz:3584/16) 7030 Paks 8803/17 hrsz. 1031 Budapest, Szentendrei út. 207-209. 1139 Budapest, Béke tér 9. 6726 Szeged, Temesvári körút 27-29.
GRAPE Solutions Zrt.	1023 Budapest, Árpád fejedelem útja 26-28. 1. em. 4029 Debrecen, Csapó utca 42.
MVM Optimum Zrt.	1023 Budapest, Árpád fejedelem útja 26-28.
MVM Otthon Plusz Zrt.	1023 Budapest, Árpád fejedelem útja 26-28.
MVM ESCO Zrt.	1081 Budapest, II. János Pál pápa tér 20. 1031 Budapest, Anikó utca 4.
MVM ESCO Urban Kft.	1081 Budapest, II. János Pál Pápa tér 20.
MVM Ingatlankezelő Kft.	1031 Budapest, Szentendrei út 207-209. 1032 Budapest, Bécsi út 154. 1149 Budapest, Pillangó park 7. 1103 Budapest, Kőér utca 2/A 1027 Budapest, Tölgyfa utca 28. 1081 Budapest, II. János Pál pápa tér 20. 1101 Budapest, Salgótarjáni utca 45. 1097 Budapest, Koppány utca 4. 1097 Budapest, Koppány utca 8. 1139 Budapest, Szegedi út 13. 1119 Budapest, Fehérvári út 17. I. em. 2. ajtó 1133 Budapest, Dráva utca 2. 6724 Szeged, Kossuth Lajos sugárút 64-70. 6724 Szeged, Teréz utca 6-8. 6724 Szeged, Kossuth Lajos sugárút 70. 1. ép. 6725 Szeged, Kossuth Lajos sugárút 70. 2. ép. 6724 Szeged, belterület hrsz. 25800. 6900 Makó, belterület hrsz. 4783/3. 6900 Makó, Liget utca 3/C 6900 Makó, Liget utca 3/D 6900 Makó, Liget utca 3. 6900 Makó, belterület hrsz. 4783/8. 6724 Szeged, Pulz utca 42. 6724 Szeged, Teréz utca 4. alagsor 1. ajtó 6724 Szeged, Teréz utca 4. alagsor 2. ajtó 6724 Szeged, Teréz utca 4. alagsor 3. ajtó 6724 Szeged, Teréz utca 4. alagsor 4. ajtó 6724 Szeged, Teréz utca 4. mfszt 2. ajtó 6724 Szeged, Teréz utca 4. mfszt 3. ajtó 6724 Szeged, Teréz utca 4. mfszt 4. ajtó 6724 Szeged, Teréz utca 4. udvarszint 6400 Kiskunhalas, Mátyás tér 2. 6500 Baja, belterület hrsz. 10011. 6500 Baja, Bokodi út 76/C 5600 Békéscsaba, Andrássy út 46.

MVM Ingatlankezelő Kft.	5000 Szolnok, Thököly út 79. 2. ép. 1. em. 6723 Szeged, József Attila sugárút 115.
Római Irodaház Kft.	1031 Budapest, Szentendrei út 207-209.
MVM Hotel Panoráma Kft.	8313 Balatongyörök, Petőfi u. 5.
NIKER d.o.o.	Croatia, 52210-Rovinj, Centener 62
MVM Smart Future Lab Zrt.	1031 Budapest, Szentendrei út 207-209. 1114 Budapest, Bartók Béla út 15/a 1. em. 18. ajtó 2840 Oroszlány, Külterület hrsz. 0718/10. 3021 Lőrinci, Erőmű telep 8196 Litér, Királyszentistváni út 3599 Sajószöged, Bába út
MVM Switzerland AG	Switzerland, 8001 Zurich, Bahnhofstrasse 10.
MVM Energy Romania SA	Romania, Bucharest, 70 Jean Louis Calderon Street, 3rd floor, Room 10, District 2
MVM Future Energy Technology SRL	Romania, Str Gál Sándor Nr. 5, Miercurea Ciuc, Harghita
innogy Česká republika a.s.	Czech Republic, Limuzská 3135/12, Strašnice, 108 00 Praha 10
innogy Energie s.r.o.	Czech Republic, Limuzská 3135/12, Strašnice, 108 00 Praha 10
innogy Energo s.r.o.	Czech Republic, Limuzská 3135/12, Strašnice, 108 00 Praha 10
innogy Energetika Plhov-Náchod s.r.o.	Czech Republic, Plhovská 544, 547 01 Náchod
innogy Zákaznické služby s.r.o.	Czech Republic, Plynární 2748/6, Moravská Ostrava, 702 00 Ostrava
NGBS Hungary Kft.	1222 Budapest, Gyár utca 15. I. ép. 4200 Hajdúszoboszló, Mező utca 24.
MVM NET Zrt.	1138 Budapest, Tomori utca 32. 1031 Budapest, Szentendrei út 207-209. 1151 Budapest, Mogyoród útja 12-14. ép. 1117 Budapest, Budafoki út 54. 7030 Paks, hrsz. 8803/17.
FERMANDOR Kft.	1117 Budapest, Budafoki út 95. 7030 Paks, Tolnai út 105.
E.ON Áramszolgáltató Kft.	1134 Budapest, Váci út 17.
M-IT Services Kft.	1031 Budapest, Czetz János köz 3.
MVM OVIT Építő Kft.	7030 Paks, Vasut u. 2.
MVM OVIT Beton Kft.	1158 Budapest, Késmárk utca 14. 7030 Paks, Vasút utca 2-2.
MVM OVIT Rentra Kft.	1158 Budapest, Késmárk utca 14. 7030 Paks, Vasút utca 2-2.

Sysco-Lux Kft.	1037 Budapest, Táborhegyi út 9. 1132 Budapest, Váci út 6.
Dunántúli Naperőmű Energia Zrt.	1031 Budapest, Szentendrei út 207-209. 7400 Kaposvár, külterület hrsz. 0293/1.
Dunántúli Megújuló Energia Zrt.	1031 Budapest, Szentendrei út 207-209. 7400 Kaposvár, külterület hrsz. 0293/1.
DEHNMIB Naperőmű Ingatlan Kft.	1031 Budapest, Szentendrei út 207-209. 7400 Kaposvár, külterület hrsz. 0293/1.

Corporate governance statement

2023

1. MVM GROUP'S CORPORATE GOVERNANCE SYSTEM

1.1. Governance of the MVM Group

The central corporate governance system of the MVM Group is based on the ownership, and it covers the companies under the majority control of MVM Energetika Zártkörűen Működő Részvénytársaság ("MVM Zrt.") pursuant to Act V of 2013 on the Hungarian Civil Code (hereinafter "Civil Code"), since MVM Zrt. has the direct or indirect control rights over these companies.

MVM Zrt. treats companies not under its majority control as investments. In the decisions made by the supreme bodies of these companies and during its participation in the decision-making process, MVM Zrt. considers the value and significance of the investment. Accordingly, the holding entity represents the interests of the MVM Group, via the legal instruments available by virtue of its ownership – by means of a manager designated as per the given rules within MVM Zrt.

1.1.1. Two pillars of MVM Group governance

MVM Zrt. manages the operations of the MVM Group under the framework embodied by the corporate governance system operated in accordance with the owner's requirements and ensuring an optimal Group structure. The MVM Group's corporate governance system is based on the following two pillars:

- divisional management, and
- functional area management.

For companies not classified under any of the business divisions, MVM Zrt. communicates the owner's requirements to the company by exercising the ownership rights and via the tools provided by the management of the functional area. As regards the MVM Group's international presence, i.e. for companies with their headquarters abroad, these activities are carried out under the legal system applicable in the country where the registered office is based, within specific regulatory frameworks.

1.1.2. Management of divisions, exercise of ownership rights

MVM Zrt. manages and coordinates the value-adding activities of the MVM Group and the operations of the companies that perform these activities in a business division structure. The business division is a cross-company management category, made up of companies that perform value-adding activities relevant to the division.

The business division is managed by the head of the division in accordance with legal provisions, conducting his activities in line with strategies. The responsibilities and authority of the business division manager are essentially related to the performance of the division's holding functions, but he is also responsible for the division's performance, whereby this responsibility is adapted to the particular features of the business division.

Within the MVM Group, the main legal means for managing companies is the exercise of ownership rights, which is aligned with the shareholding held, directly or indirectly, in the given company. The scope of the management is determined by the legal provisions in force, the articles of association of the companies and, for certain entities, by the agreements on delegating the exercise of ownership rights.

The management activity of the person exercising the ownership rights is manifested towards the companies under their control directly or indirectly, thereby direct and indirect exercisers of ownership control shall be distinguished. In the former case, MVM Zrt. owns the target company, or, MVM Zrt. exercises certain rights of the direct owner by agreement with the direct owner of the target company. Indirect ownership is exercised through the direct owner of the target company.

Within MVM Zrt., the CEO of MVM Zrt. is entitled to designate the person exercising the ownership rights, i.e. to appoint himself or another manager as the person exercising the ownership rights.

1.1.3. Functional area management

The second pillar of the MVM Group's governance system is functional area management. The management of the given function at a uniform professional level across the Group is at the centre of this management activity of MVM Zrt., which is achieved by means of legal and regulatory tools.

Functional areas – as specialist areas providing specific professional support – operate independently and centrally manage their respective functions at group level in a uniform manner across business divisions. At the core of these activities is their support of the implementation of business needs to contribute to the operational success of the company and the group – while understanding the business needs – and delivering this support with a consistent quality and methodology, emphasising the activities that can be optimised at group level.

Functional area management is carried out via central policies, the hierarchical regulatory system of the MVM Group is as follows:

- Central Governance Code: A document setting out the legal basis for the MVM Group's governance system, the principles of the unified governance model and the framework for the MVM Group's central regulatory system, at the highest level of the central regulatory hierarchy.
- Central directives: Short, concise documents setting out the mandatory minimum standards for the activities of the functional areas set out in the Central Governance Code, to be regulated uniformly within the MVM Group. They lay down the basic conditions and requirements for the group-level operation of the functional area activity towards the companies and towards MVM Zrt. as the holding entity.
- Centralised procedures: Documents related to the central directives that regulate individual topics uniformly, concisely and as procedures at group level. They can be linked to the provisions of the central directives if more detailed process-based regulation of certain topics is needed. A central directive does not always have to include a centralised procedure.
- Internal company policies: In line with the central regulatory framework, the companies (including MVM Zrt.) issue company-level policy documents under their own authority to govern their internal operating processes and to define tasks and responsibilities within the companies, which fit into the central regulatory system and hierarchy.

The central functional areas may, in addition to the above, define for the companies additional recommendations and guidelines that are not covered by the central directives; it is not mandatory to comply with these.

1.2. Mandatory corporate governance rules

The companies of the MVM Group continuously monitor changes in the relevant legislation, including the scope of the mandatory corporate governance rules. In addition to the mandatory accounting documents required by the Act on Accounting and the regulations related to data protection, in the case of the MVM Group Act CXXII of 2009 on the more efficient operation of publicly-owned companies (hereinafter referred to as: the "Act") should be highlighted. Section 7/J (1) of the Act defines the scope of companies which fall under Government Decree 339/2019 (XII.23) on the internal control system of publicly owned companies, which entered into force as an implementing decree of the Act.

The Minister without Portfolio for the Development of Public Assets and the Ministry of Finance jointly issued a manual to support the CEOs of the public companies concerned in properly designing their internal control systems, based on which MVM Zrt. and the companies of the MVM Group concerned also prepared the relevant policy documents.

2. SYSTEM OF INTERNAL CONTROLS AND RISK MANAGEMENT

2.1. Compliance

The MVM Group is committed to the highest standards of ethics, integrity, compliance with the law and strict adherence to the expectations of its owners. In developing the MVM Group's compliance system, the objective and task was to operate in line with the regulatory environment, which is implemented commensurate with the identified risks and in a manner that supports the continuity and smoothness of business operations and other areas. For this purpose the MVM Group operates a compliance function at both central and company level. In the case of companies required by law to operate an internal control system, the compliance function also performs the statutory tasks of the compliance support unit.

By creating the Code of Ethics of the MVM Group, the MVM Group has expressed its commitment to respect for the individual as a fundamental principle, and to the moral values and principles that contribute to the best professional work of its employees, to the achievement of common goals, to the preservation of the MVM Group's reputation, and to the protection and enhancement of its professional and personal integrity. In line with international best practices, the MVM Group has established internal policies for managing conflicts of interest, gift giving and hospitality, and for investigating reported abuses.

The MVM Group is firmly opposed to all forms of corruption that undermine confidence in the legitimate operation of the Group and distort competition. Employees may not solicit, accept, offer or give an undue advantage in the course of and/or in connection with their work, whether for their own benefit, for the benefit of the company, or for the benefit of a third party. As part of its commitment to anti-corruption, MVM Zrt. and further 23 subsidiaries obtained and introduced certification in 2023 for an anti-corruption management system operating according to ISO 37001, or renewed the certification obtained previously under a renewal audit. In line with the requirements of the standard, the continuous improvement of the anti-corruption management system ensures that the controls in place work properly at all times.

In 2023 the MVM Group Business Partner Code of Ethics was completed, which maps out the principles and values of the MVM Group Code of Ethics and the expectations of the MVM Group vis-a-vis its business partners. Based on the MVM Group's Business Partner Code of Ethics, the MVM Group expects its business partners to be familiar with and follow the ethical and compliance principles of the MVM Group and apply them in their own value chains, and to take measures commensurate with the size, complexity and risk exposure of their organisation to ensure ethical operation and compliance.

With respect to any event that deviates from the laws and internal policies relevant for the MVM Group, and from its operation in accordance with the objectives, values and principles of the Group, in particular in cases of suspected corruption, financial misconduct and suspected violations of the Code of Ethics, the MVM Group encourages the confidential communication of reasonable concerns in good faith without fear of reprisal, and ensures they are investigated in an independent manner. The following channels can be used for reporting to MVM Zrt., even anonymously: mvm.hu/en/ESG/Governance/MVMCsoportUzletiPartneriEtikaiKodex

In addition to general compliance knowledge, the training and communication system implemented by the compliance function includes training on the prevention of capital market abuse, which is a key focus for all new joiners.

The MVM Group aims to further strengthen and develop its compliance function and enhance its commitment against corruption and sanctions compliance.

The Code of Ethics of the MVM Group is available at:

mvm.hu/en/ESG/Governance/EtikaiKodex

The Anticorruption Policy of the MVM Group is available at:

mvm.hu/en/ESG/Governance/AntikorrupciosIranyitasiRendszer

The Business Partner Code of Ethics of the MVM Group is available at:

mvm.hu/en/ESG/Governance/MVMCsoportUzletiPartneriEtikaiKodex

2.2. Internal audit system

In the MVM Group internal audit activity is organised as a group-wide audit function reporting directly to the CEO of MVM Zrt. (hereinafter referred to as: BELL). The professional management and supervision of BELL is carried out by the supervisory boards of the MVM Group, primarily the Supervisory Board of MVM Zrt. The internal audit activity conducted by BELL is an independent and objective assurance and advisory activity that adds value to and improves the quality of the organisation’s operations. It contributes as a third line of defence to the effective functioning of the internal control system, thus helping the MVM Group achieve its strategic objectives and further supporting the preservation and growth of the assets of the state-owned company.

BELL functions according to a centralised operating model, but deviates partially from this for nuclear licensees and licensees subject to the Separation Rules (distribution and storage) on the basis of specific provisions.

As a general rule, BELL audits the companies obliged to have internal control systems pursuant to Section 7/J (1) of the Act, as well as the companies of the Group not obliged to do so but which have voluntarily undertaken to comply with the provisions of the Act regarding the operation of internal control systems; it also provides internal audit services on a case-by-case basis to the Group’s member companies not included as defined above. Given the data flow restrictions imposed by the Separation rules, BELL’s audit powers are limited in certain cases.

BELL ensures that the supervisory boards of the MVM Group can carry out their statutory tasks of ownership control, including their management control activities conducted via the internal control system, in an efficient and systematic manner. The internal audit powers assigned by law to the supervisory boards are shared between the Supervisory Board of MVM Zrt. and the supervisory boards of the companies operating an internal control system under the Act.

The focus of the internal audit activity is on controlling the processes that are most relevant and risky for the effective, efficient, economical and legally compliant operation of the MVM Group and for preserving and growing the company’s assets.

BELL analyses, examines and evaluates the establishment and operation of the internal control system and its compliance with legislation and regulations, resulting in findings, proposals and recommendations to improve processes, establish control points and increase operational efficiency. BELL is not responsible for the operational implementation of the proposals and recommendations it makes, but only for recording their implementation and informing the supervisory boards.

All BELL auditors are registered with the Ministry of Finance as persons authorised to carry out internal audit activities and are required to perform their work in accordance with the law and the professional standards and code of ethics of the Institute of Internal Auditors (IIA).

In line with the IIA Standards, an external quality assessment of BELL’s work between 2018 and 2023 was carried out in the second half of 2023 by p2m Informatika Szolgáltató Kft. with the involvement of international consulting firm EY. Based on their assessment, the Company’s internal control activity, relevant policies and procedures, and their practical application comply with the IIA Standards and the related IIA Code of Ethics, Act CXXII of 2009 on the more efficient operation of publicly-owned companies and Government Decree 339/2019 (XII.23) on the internal control system of public companies.

2.3. Internal audits on operation of ISO management systems

To promote proper and efficient internal operations, several companies of the MVM Group have been certified according to ISO management system standards.

In addition to the internal control and compliance function, MVM Zrt.’s internal control system also includes internal audits carried out in accordance with the individual standards. MVM Zrt. currently maintains and operates management systems in accordance with five standards (MSZ EN ISO 9001:2015, MSZ EN ISO 50001:2019, MSZ EN ISO 14001:2015, MSZ ISO/IEC 27001:2014 and MSZ ISO 37001:2019). The proper functioning of the systems is verified with a certificate obtained after an accredited third-party certification audit carried out annually. The standards also require the documented implementation of internal audits to ensure compliance with the standard requirements, in addition to the importance of verification by an external certifier. An internal audit carried out in accordance with the requirements of the ISO standards audits the operations of all units based on the requirements of the standards, internal policies and the legislation referred to in them. These internal audits may only be carried out by colleagues qualified in internal auditing according to the respective standards. Colleagues with internal auditor qualifications also take part in annual refresher training to keep their professional knowledge up to date.

3. FUNCTIONING AND COMPOSITION OF EXECUTIVE BODIES

3.1. Executive bodies

3.1.1. Main decision-making body

The Hungarian State has been the Sole Shareholder of MVM Zrt. since 23 November 2015. All the rights and obligations regarding the ownership of the shares were exercised by the Minister without Portfolio for the Development of Public Assets from 1 August 2018, by the Ministry for Technology and Industry from 27 May 2022 and are exercised by the Ministry of Energy from 1 December 2022. The company does not have a General Meeting; its rights are exercised by the Sole Shareholder, who makes decisions in writing on matters that would otherwise fall within the competence of the General Meeting, and it notifies the Chairman of the Board of Directors and the Chief Executive Officer of the company in writing within 15 days of the decision. The decisions become effective upon their communication to the Chairman of the Board of Directors and the CEO. Matters falling within the exclusive competence of the Sole Shareholder are governed by the Civil Code and by the Articles of Association of MVM Zrt. In addition to the exclusive powers provided for by law, the Articles of Association establish a number of other exclusive powers for the Sole Shareholder of MVM Zrt., which are mainly aimed at ensuring closer ownership control over the business management of the company, in particular with regard to protecting the currently dominant state property, but also include powers related to the direction of the MVM Group.

3.1.2. Board of Directors

The Board of Directors is the executive body of the company, comprising at least three and no more than seven members. The legal requirements must be met for people to take this office, and there must be compliance with the rules on conflicts of interest laid down in the Civil Code and the Articles of Association. The chairman and members of the Board are elected and recalled by the Sole Shareholder. The Board meets as necessary, but at least 6 times a year, with no more than 2 months between each meeting. The Board decides on all matters which fall under its exclusive competence in accordance with the Civil Code and the Articles of Association of MVM Zrt. These latter powers, just like the exclusive decision-making powers of the Sole Shareholder, are essentially intended to ensure control over the business management of the company and the performance of the Board of Directors' group-wide governance functions. The Board of Directors is entitled to frame the working organisation of the company.

As of 31 December 2023, the Board of Directors of MVM Zrt. had 7 members:

- chairman: dr. Gábor Czepek,
- members: Károly Tamás Mátrai, dr. Péter János Horváth, László Fazekas, Ferenc Szarvas, Róbert Barlai, Balázs Benczédi.

During 2023, the following changes were made to the composition of the Board of Directors:

- Dr. Edit Juhász, member of the Board of Directors and Géza Pekárik, member of the Board of Directors resigned from their positions with effect from 15 January 2023;
- the Sole Shareholder recalled Dr. Ernő Murányi, Dr. Tamás Zoltán Cseh, Dr. Tamás János Benkő and Eszter Dóra Hegyi BoD members from their positions as of 25 January 2023;
- at the same time, Károly Tamás Mátrai, Dr. Péter János Horváth, László Fazekas, Ferenc Szarvas, Balázs Benczédi and Zoltán Kovács were appointed as members of the Board of Directors as of 26 January 2023;
- Zoltán Kovács resigned from his position on the Board of Directors with effect from 30 March 2023, in view of which the Sole Shareholder elected Róbert Barlai as a member of the Board of Directors with effect from 18 May 2023.

The Board met 13 times in 2023 and passed decisions by written resolution on 5 occasions. In the 2023 financial year the Board of Directors adopted a total of 110 decisions. The Board decisions – decisions of substance relating to the agenda items of the meetings – can be grouped by topic into the following main categories:

- topics requiring the approval of the Sole Shareholder;

- decisions relating to the operation, management and financing of MVM Zrt. and the MVM Group;
- decisions taken in relation to the performance of control functions over MVM Zrt. and the MVM Group and to ensure more efficient operations;
- decisions on other matters (organisational issues, evaluation of the Board's own activities, etc.).

As required by MVM Zrt.'s Articles of Association, the Board of Directors provided written information on the management, the financial position of the company and the MVM Group and on the uniform business policy to the Sole Shareholder and the Supervisory Board every three months.

3.1.3. Supervisory Board

The Supervisory Board is responsible for supervising the management of the company for the Sole Shareholder in order to safeguard the interests of the company. The Supervisory Board performs the tasks assigned to it by the law on the operation of the internal control system. As part of this, the Supervisory Board is responsible for the professional management and control of the MVM Group's Internal Audit department, whereby the MVM Group Internal Audit department performs its activities under the authority of the CEO, and its administrative management is handled by the CEO.

The Supervisory Board consists of at least three and no more than six persons. The chairman and members are elected by the Sole Shareholder. The Supervisory Board must examine any proposal concerning a matter falling within the exclusive competence of the Sole Shareholder, and in this context the Supervisory Board is obliged to submit its opinion to the Sole Shareholder.

Composition of the Supervisory Board as of 31 December 2023:

- chairman: Dr. Gábor Szörényi;
- members: Dr. Lívia Pavlik, Dr. Anett Pandurics, dr. Zsolt Sólyom Gonda, dr. Árpád Vidoven, dr. Márk Ádám Janó.

The following change was made to the Supervisory Board in 2023:

- the Sole Shareholder recalled Dr. Miklós Virág as Chairman of the Supervisory Board with effect from 18 August 2023;
- Dr. Gábor Szörényi was appointed as Chairman of the Supervisory Board as of 19 August 2023 and Dr. Anett Pandurics as member of the Supervisory Board;
- the Sole Shareholder appointed Dr. Lívia Pavlik as a member of the Supervisory Board as of 7 September 2023.

The Supervisory Board met 12 times and adopted decisions by written resolution on 4 occasions. In the 2023 financial year the Supervisory Board adopted a total of 96 decisions.

3.1.4. Chief Executive Officer

The Chief Executive Officer is the top executive of MVM Zrt. who, within the bounds set by the internal policies of the company, is responsible for the management of the company and handles the operational management of the company in matters that do not fall within the competence of the Sole Shareholder and the Board of Directors. The Chief Executive Officer is responsible for establishing and operating the internal control system, subject to the conditions laid down in the Act, in accordance with the legal provisions governing the operation of the internal control system.

The CEO is always a member of the Board of Directors. If the CEO ceases to be a member of the Board for any reason, their appointment as CEO shall cease at the same time.

If the Sole Shareholder appoints the CEO of the company to be the Chairman of the Board of Directors as well, he is entitled to use the title of Chairman-CEO.

As at 31 December 2023 Károly Tamás Mátrai was the CEO of MVM Zrt.

Changes related to the position of CEO during 2023:

- CEO tasks were performed by dr. Edit Juhász between 1 January and 15 January 2023;

- by László Fazekas between 16 January and 22 January 2023;
- by Károly Tamás Mátrai between 23 January and 31 December 2023.

3.2. Equal opportunity

The MVM Group's Equal Opportunities Plan aims to prevent all forms of discrimination and to ensure equal treatment and equal opportunities for all employees of the Group.

Equal opportunity targets for priority groups:

- Support women's professional and managerial advancement and participation in decision-making.
- Increased job protection, flexible and atypical forms of employment for pregnant mothers.
- The MVM Group facilitates the reintegration of mothers returning from caring for their child at home, by keeping in touch with them during the childcare period, providing information on training, holidays and other opportunities.
- For parents with three or more minor children, help maintain a better work-life balance for parents with greater than average family responsibilities, and improve their job quality. Flexible forms of employment, taking specific aspects into account when granting leave.
- For workers caring for a long-term sick or severely disabled relative, job preservation, maintain a work-life balance and apply atypical forms of employment.
- For workers aged 55 and over, harness the industry- and career-specific skills of workers with longer professional and practical work experience, and retain them in employment. The Group considers long professional and practical work experience and the reliability based on this experience to be just as important as other skills and abilities.

3.3. Presentation of management

Károly Tamás Mátrai – Chief Executive Officer (economist)

- He graduated with a degree in economics from the College of Finance and Accounting and specialised in the stock exchange.
- In 1995 he started working at Keler Zrt. in the risk management field. Over the years, he became Director of Risk Management and Finance. From 2008, he was CEO of Keler KSZF Zrt. for twelve years, which provided clearing services to the Hungarian natural gas trading platforms and a number of Hungarian and foreign energy traders.
- From 2020 he worked for MET Group subsidiaries in Romania and then in Spain.
- He has also taught stock market and finance courses and chaired state examination boards at a number of higher education institutions over the past 15 years.
- He became the CEO of MVM Zrt. from 23 January 2023.

László Fazekas – Deputy CEO, Chief Financial Officer (economist)

- He graduated from the Corvinus University of Budapest in 2006 with a degree in Business Administration, specialising in corporate finance.
- After university, he started his career at E.ON Földgáz Trade Zrt., the largest Hungarian natural gas wholesaler, where he held various expert and later managerial positions in the financial area.
- In 2013, the company was taken over by MVM Zrt. and continued to operate under the name of Magyar Földgázkereskedő Zrt. (now MVM CEEnergy Zrt.). Between 2014 and 2015 he worked as CFO of Magyar Földgázkereskedő Zrt., and from 2015 to 2018 he was CEO of the company.

- Between 2018 and 2021, he headed the Group Controlling Directorate of MVM Zrt.
- Since September 2021 he has been Deputy CEO, Chief Financial Officer at MVM Zrt.

Attila Bally – Deputy CEO, Chief Technical Officer (economist)

- He studied at the Budapest Business School, graduating with a degree in economics (commerce).
- He has spent a significant part of his career in the MVM Group, including CEO of MVM Partner Zrt. and Deputy CEO, Chief Commercial Officer of MVM Zrt.
- In autumn 2017, he was appointed CEO of NKM Áramszolgáltató Zrt. (DÉMÁSZ Zrt.), and was also CEO of NKM Földgázszolgáltató Zrt. (FŐGÁZ Zrt.) until 2019.
- After 2 years at OPUS Global Nyrt. he returned to the MVM Group in 2021.
- Since May 2023 he has been Deputy CEO, Chief Technical Officer of MVM Zrt.

Krisztián Szabolcs Deme – Deputy CEO, Chief Customer Relations Officer (management and organisational expert)

- He graduated from the Budapest University of Economics and Public Administration.
- He spent 8 years at Magyar Földgáztároló Zrt. in the field of trade, marketing and regulatory affairs, before that he worked in a management position in the IT and trade sector of the E.ON Hungária Group.
- During his career, he has had several opportunities to build new organisations and transform existing ones as a hands-on manager.
- Since May 2023 he has been Deputy CEO, Chief Customer Relations Officer at MVM Zrt.

Dr. Csaba Kiss Deputy CEO-Chief Generation Officer (PhD in Technical Sciences)

- He studied at the University of Miskolc and several universities abroad.
- He has more than 30 years of international and domestic experience in the power industry, with extensive experience in power plant operation and development.
- Since 1999 he has been managing director of various types of power plant, including the coal-fired AES Borsodi Thermal Power Plant and the coal/biomass-fired AES Tiszapalkonya power plant in Hungary, and the oil-fired AES Ottana power plant in Italy.
- Between 2006 and 2013, he worked as Director of Power Generation and Managing Director at E.ON Hungária Zrt.
- From 2013 to 2017 he was Managing Director of GE Energy Zrt. and also served as Exclusive Advisor to the CEO of Paks II Zrt.
- In August 2018, he joined the MVM Group as Deputy CEO, Chief Technical Officer and Head of Generation at MVM Zrt., and from autumn 2022 he held the position of CEO of MVM Balance Zrt. and MVM Mátra Energia Zrt.
- Since May 2023 he has been Deputy CEO, Chief Generation Officer at MVM Zrt.

József Miklós Tamáska – Deputy CEO, Chief Operating Officer (economist)

- He graduated with a degree in economics from Szent István University.

- He has a consulting background with international firms such as PwC Hungary and has experience in developing and implementing market-oriented practices and strategies for various companies in the energy sector.
- From 2009 he was the Chief Controlling Expert at GDF Suez, and later worked at the Hungarian Energy and Public Utility Regulatory Authority.
- He was interim manager for MET’s Croatian subsidiary and various projects, and later worked as head of controlling at MVM CEEnergy Zrt.
- Since May 2023 he has been the Deputy CEO, Chief Operating Officer at MVM Zrt.

Liability statement

2023

LIABILITY STATEMENT

The undersigned, as persons authorised to sign on behalf of and represent MVM Energetika Zártkörűen Működő Részvénytársaság (MVM Zrt.), declare that MVM Zrt. assumes full responsibility for the fact that the 2023 consolidated financial statements published by MVM Zrt. have been prepared to the best of our knowledge and in compliance with Hungarian accounting standards (pursuant to Article 10 of Act C of 2000 on Accounting), in accordance with International Financial Reporting Standards (IFRS), and provide a true and fair view of the assets, liabilities, financial position and profit and loss of MVM Zrt. and the consolidated companies.

Furthermore, we declare that the Management Report provides a reliable picture of the situation, development and performance of MVM Zrt. and the companies included in the consolidation, outlining the main risks and uncertainties.

Budapest, 24 April 2024

Károly Tamás Mátrai

Chief Executive Officer

MVM Zrt.

László Fazekas

Deputy CEO, Chief Financial Officer

MVM Zrt.

MVM Energetika Zártkörűen Működő Részvénytársaság

Financial Statements

Prepared in Accordance with International Financial Reporting Standards as Adopted by the EU

2023

Budapest, 24 April 2024

Károly Tamás Mátrai
Chief Executive Officer

László Fazekas
Deputy CEO, Chief Financial Officer

Contents

I. Financial Statements

1. Statement of Financial Position

Statement of Financial Position *(in HUF million)*	**Note III.**	**31.12.2023**	**31.12.2022**
Property, plant and equipment	1.	8,653	13,081
Investment property	2.	5,389	5,537
Intangible assets	3.	45	377
Interests in subsidiaries, joint ventures and associates	4.	1,621,407	1,555,734
Interests in other entities	5.	2,233	2,342
Non-current loans and receivables	6.	400,651	335,185
Derivative financial assets	26.	53,805	84,130
Deferred tax assets	7.	-	-
Non-current assets		**2,092,183**	**1,996,386**
Inventories	8.	205	247
Derivative financial assets	26.	344,237	281,536
Trade receivables and other non-derivative financial assets	26.	1,861,378	1,529,151
Other non-financial assets	9.	4,874	6,517
Current tax assets	7.	-	-
Non-current assets held for sale	10.	168	1,144
Restricted cash	11.	154	293
Cash and cash equivalents	12.	546,668	1,114,878
Current assets		**2,757,684**	**2,933,766**
Total assets		**4,849,867**	**4,930,152**

Statement of Financial Position ***(in HUF million)***	***Note*** **III.**	**31.12.2023**	**31.12.2022**
Share capital	13.	849,379	849,379
Capital reserve	13.	51,892	51,892
Retained earnings	13.	501,836	397,351
Other reserves	13.	1,088	1,177
Equity		**1,404,195**	**1,299,799**
Non-current loans and borrowings	14.	1,308,320	1,277,506
Non-current derivative financial liabilities	26.	62,681	83,974
Liabilities related to long-term employee benefits	16.	83	72
Other non-current financial liabilities	15.	4,524	8,664
Non-current liabilities		**1,375,608**	**1,370,216**
Current loans and borrowings	14.	1,261,706	1,583,523
Current derivative financial liabilities	26.	342,178	248,796
Trade payables and other non-derivative financial liabilities	26.	455,733	417,565
Current provisions	17.	167	328
Liabilities related to short-term employee benefits	16.	877	1,231
Current tax liabilities	7.	696	374
Other current non-financial liabilities	18.	8,707	8,320
Current liabilities		**2,070,064**	**2,260,137**
Liabilities		**3,445,672**	**3,630,353**
Total equity and liabilities		**4,849,867**	**4,930,152**

2. Statement of Comprehensive Income

Statement of Comprehensive Income ***(in HUF million)***	**Note III.**	**2023**	**2022**
Sales revenue	19.	48,987	48,201
Other operating income	20.	1,424	3,758
Operating expenses		48,341	42,517
Material-type expenses	21.	163	158
Staff costs	22.	7,923	6,820
Depreciation	1., 2.,3.	996	1,308
Recognition and release of provisions	17.	-161	140
Recognition and reversal of impairment	23.	34	37
-of which recognition and reversal of impairment under IFRS 9		*-11*	*33*
Other operating expenses	24.	39,386	34,054
Own performance capitalised		-	-
Operating profit		**2,070**	**9,442**
Finance income	25.	757,794	585,660
Finance costs	25.	545,419	525,058
Net finance profit		**212,375**	**60,602**
Profit before tax		**214,445**	**70,044**
Income tax expense	7.	1,912	1,084
Profit after tax		**212,533**	**68,960**
Other comprehensive income			
Other comprehensive income that cannot be accounted for in profit or loss in subsequent periods:		***-89***	***446***
Revaluation of employee benefits (net of tax)	13.	10	26
Changes in fair value of interests measured at fair value through other comprehensive income (net of tax)	13.	-99	420
Other comprehensive income that can be accounted for in profit or loss in subsequent periods:		**-**	**-**
Other comprehensive income for the year, net of tax		**-89**	**446**
Total comprehensive income		**212,444**	**69,406**

3. Statement of Cash Flows

Statement of Cash Flows *(in HUF million)*	Note III.	2023	2022
Profit for the period (profit after tax)		212,533	68,960
Depreciation/ Amortisation	1., 2., 3.	996	1,308
Impairment and scrapping of property, plant, equipment and other intangible assets	23.	6	10
Grant income booked	20.	-51	-75
Impairment of inventories (+) and reversal thereof (-)	23.	39	2
Impairment of receivables (+) and reversal thereof (-), derecognition of bad debts	23.	-11	23
Impairment of non-current assets held for sale	23.	-	2
Gain (-)/Loss (+) on the derecognition of property, plant and equipment and other intangible assets		-1	-2
Forgiven liabilities	20.	-	-3,420
Profit (-)/loss (+) from subsidiaries, associates and joint ventures	20.,25.	11,618	20,727
Unrealised foreign exchange gains (-)/losses (+)		2,301	39,677
Dividends received	25.	-204,007	-95,277
Interest income	25.	-204,919	-76,697
Interest expense	25.	182,293	95,406
Income tax expense	7.	1,912	1,084
Cash flows from operating activities before changes in working capital		**2,709**	**51,728**
Changes in inventories	8.	3	17
Changes in trade receivables and other non-derivative financial assets		-77,747	319,010
Changes in other non-financial assets	9.	1,645	1,235
Changes in trade payables and other non-derivative financial liabilities		41,801	-288,198
Changes in provisions	17.	-161	140
Changes in other non-current financial liabilities	15.	-5	9
Changes in other non-financial liabilities	18.	438	4,077
Changes in liabilities related to employee benefits	16.	-341	631
Changes in derivative financial assets and liabilities	26.	39,713	-29,508
Changes in restricted cash	11.	139	-18

Statement of Cash Flows *(in HUF million)*	Note III.	2023	2022
Cash flows from operating activities		**8,194**	**59,123**
Income tax paid		-1,581	-1,034
Net cash flows from operating activities		**6,613**	**58,089**
Dividends received		201,673	90,884
Interest received		203,041	71,458
Acquisition of property, plant and equipment, intangible assets		-337	-1,156
Sale of property, plant and equipment, intangible assets		180	19
Sale of non-current assets held for sale		-	-
Development grant received		-	-
Granting and repayment of loans		-14,269	-1,061,593
Acquisition of interests in subsidiaries	4.	-76,147	-88,127
Acquisition of interests in associates and joint ventures	4.	-730	-11,246
Sale of interests in associates and joint ventures		-	10
Cash flows from investing activities		**313,411**	**-999,751**
Dividends paid, interim dividends paid	13.	-417,048	-7,500
Interest paid		-184,229	-84,141
Capital increase	13.	-	41,000
Transactions with the shareholder	13.	-	-37,000
Loans and borrowings	14.	2,673,900	1,995,062
Repayment of loans and borrowings	14.	-2,452,851	-1,201,299
Payment of lease liability		-604	-641
Cash flows from financing activities		**-380,832**	**705,481**
Net increase/decrease in cash and cash equivalents		-60,808	-236,181
Cash and cash equivalents at the beginning of the year	12.	-316,438	-60,194
Effect of movements in exchange rates on cash held		-7,694	-20,063
Cash and cash equivalents at the end of the year	**12.**	**-384,940**	**-316,438**

4. Statement of Changes in Equity

(in HUF million)	Note III.	Share capital	Capital reserve	Retained earnings	Other reserves			*Total*
					Fair value reserve	Reserve for employee benefits	Total other reserves	
Balance at 1 January 2022		**796,613**	**51,892**	**345,179**	**572**	**202**	**774**	**1,194,458**
Profit for the reporting period		-	-	*68,960*	-	-	-	***68,960***
Other comprehensive income		-	-	-	*420*	*26*	*446*	***446***
Total comprehensive income		**-**	**-**	**68,960**	**420**	**26**	**446**	**69,406**
Reclassification from other comprehensive income to retained earnings		-	-	43	-	-43	-43	**-**
Transactions with the shareholder		-	-	-9,331	-	-	-	**-9,331**
Capital increase	13.	52,766	-	-	-	-	-	**52,766**
Dividend payment	13.	-	-	-7,500	-	-	-	**-7,500**
Balance at 31 December 2022		**849,379**	**51,892**	**397,351**	**992**	**185**	**1,177**	**1,299,799**
Profit for the reporting period		-	-	*212,533*	-	-	-	***212,533***
Other comprehensive income		-	-	-	*-99*	*10*	*-89*	***-89***
Total comprehensive income		**-**	**-**	**212,533**	**-99**	**10**	**-89**	**212,444**
Dividend payment	13.	-	-	-108,048	-	-	-	-108,048
Balance at 31 December 2023		**849,379**	**51,892**	**501,836**	**893**	**195**	**1,088**	**1,404,195**

II. Notes to the financial statements – General

1. General information - Company background

MVM Energetika Zártkörűen Működő Részvénytársaság (formerly MVM Magyar Villamos Művek Zártkörűen Működő Részvénytársaság, hereinafter referred to as MVM Zrt. or the Company) was formed on 31 December 1991 through transformation of its legal predecessor Magyar Villamos Művek Tröszt (hereinafter referred to as MVM Tröszt). MVM Zrt. is a Hungarian-registered private company limited by shares. Its owner is the Hungarian State which holds 100% of its shares; ownership rights and obligations pertaining to the shares of the State have been exercised by the Ministry of Energy since 1 December 2022.

Registered office of the Company is Hungary, 1031 Budapest, Szentendrei út 207-209.

MVM Zrt. and the companies controlled by it (hereinafter referred to as MVM Group or Group) form together a vertically integrated national energy group, the operation of which covers the entire Hungarian energy sector.

Subsidiaries, joint ventures and associates are listed in Note III. 35.

2. Statement of compliance and approval of the financial statements

Statement of compliance

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (hereinafter referred to as EU) (hereinafter referred to as EU IFRS).

These financial statements were approved by the Board of Directors of MVM Zrt. on 10 April 2024.

3. Basis of preparation and significant accounting policies

Basis of measurement

The financial statements have been prepared on a historical cost basis except for the following items, which are stated at fair value:

- derivative transactions measured at fair value through profit or loss (Note II.4. b));
- equity instruments measured at fair value through other comprehensive income (Note II.4. b)).

In accordance with IFRSs, the provisions of the Hungarian Act on Accounting (Act C of 2000 on Accounting) are applied by the Company to matters not regulated by IFRSs.

The financial year corresponds to the calendar year. The Company prepares the financial statements on a going concern basis.

Presentation and functional currency

Considering the substance and circumstances of the business events underlying the annual financial statements, the presentation currency of MVM Zrt. is the Hungarian forint. The balance sheet total in the annual financial statements of MVM Zrt. is more than one hundred billion forints, therefore the figures in the annual financial statements are presented in HUF million, rounded to the nearest million, in accordance with Section 20 (2) of the Act on Accounting.

The functional currency of MVM Zrt. is the Hungarian forint (HUF). Under IAS 21, the functional currency is the currency of the primary economic environment in which the entity operates. MVM Zrt. considered the following primary factors when determining its functional currency:

- the currency that mainly influences sales prices for goods and services;
- the currency that is the official currency of the country whose competitive forces and regulations mainly determine its operations;
- the currency that mainly influences labour, material and other costs.

Furthermore, MVM Zrt. considered the currency in which funds from financing activities are generated as well as the currency in which receipts from operating activities are retained.

a) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of MVM Zrt. at exchange rates at the dates of the transactions, in accordance with IAS 21.

Of the options provided in Section 60 of the Act on Accounting, MVM Zrt. chose to determine the forint value of transactions in foreign currencies using the exchange rate of the National Bank of Hungary valid and available at the settlement date and included in the SAP system – or in another bookkeeping system – when booking, which ensures compliance with the requirement of the true and fair view. In the case of foreign currencies that are not included on the official list of exchange rates at the National Bank of Hungary, MVM Zrt. applies the cross rates calculated from the exchange rates in the quarterly publication of the National Bank of Hungary entitled “National Bank of Hungary announcement on the exchange rates to euros for currencies not included on the MNB’s official list of foreign currency exchange rates” and from the EUR rate for the given performance date in SAP as of the booking date.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the above reporting-date exchange rate.

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

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Gains and losses arising on re-measurement are included in the profit or loss, except available-for-sale equity instruments, which are presented in other comprehensive income. Non-monetary items measured at cost are translated into the functional currency using the exchange rate valid on the date of the transaction.

b) Financial instruments

(i) Non-derivative financial instruments

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

Cash and cash equivalents are defined by IAS 7 as short-term, highly liquid investments that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

Non-derivative financial instruments are recognised initially at fair value plus or minus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

MVM Zrt. is required to recognise a financial asset or a financial liability in its balance sheet when and only when the contractual provisions of the instrument become relevant to it.

Financial assets are derecognised when the MVM Zrt.'s contractual rights to the cash flows from the asset expire, or when it transfers such rights in transaction in which substantially all risks and rewards of ownership of the financial asset are transferred.

MVM Zrt. derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and financial liabilities are recognised on a net basis in the statement of financial position when and only when MVM Zrt. has a legal right to offset the amounts, and it intends either to settle them on a net basis, or to realise the assets and settle the liabilities simultaneously.

Financial assets

MVM Zrt. classifies its financial assets into the following categories, based on the business model applied to manage financial assets as well as contractual cash flow characteristics of the financial asset:

1. Financial assets measured at amortised cost

A financial asset is classified as measured at amortised cost, if:

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

Financial assets measured at amortised cost are recorded in the books at fair value and are measured subsequently at amortised cost using the effective interest method.
MVM Zrt. classifies the following assets into the amortised cost category:

- non-current loans and receivables (including investment, revolving and working capital loans disbursed to subsidiaries);
- trade receivables and other non-derivative financial assets;
- restricted cash;
- cash and cash equivalents.

2. Debt instruments measured at fair value through other comprehensive income ("FVOCI")

A financial asset is classified into this category, if:

a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
b. 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.

No financial assets were classified into this category by MVM Zrt.

3. Equity instruments measured at fair value through other comprehensive income ("FVOCI")

A financial asset is classified by MVM Zrt. into FVOCI – equity instruments category, if:

a. it is not held for trading;
b. MVM Zrt. makes an irrevocable election to measure the equity instrument at fair value through other comprehensive income ("FVOCI option").

FVOCI equity instruments are measured at fair value both upon initial recognition and subsequently. Changes in the fair value of financial assets classified into this category are accounted for in the fair value reserve within other comprehensive income, whereby amounts resulting from the changes in the fair value may not be reclassified into profit or loss even upon the derecognition of the instrument.

At its discretion, MVM Zrt. measures all equity instruments within the scope of IFRS 9 at fair value through other comprehensive income.

4. Financial assets measured at fair value through profit or loss ("FVTPL")

Financial assets of MVM Zrt. that cannot be classified into either of the above three categories are classified into this category, namely:

- debt instruments that either fail to meet the SPPI criterion or are considered held for trading based on the business model of MVM Zrt.;
- debt instruments that were irrevocably designated as measured at fair value through profit or loss upon initial recognition;
- equity instruments that are held by MVM Zrt. for trading, that is, which have been acquired for the purpose of reselling them immediately or in the near term;
- equity instruments that are not considered held for trading but MVM Zrt. did not apply the FVOCI option to them;
- derivative financial assets.

Financial assets at fair value through profit or loss are recorded at fair value following initial recognition as well. Gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are recognised in the statement of profit or loss in the year when they are incurred. MVM Zrt. classifies only derivative financial instruments not subject to hedge accounting into this category.

Financial liabilities

MVM Zrt. classifies financial liabilities as follows:

- financial liabilities measured at amortised cost;
- financial liabilities measured at fair value through profit or loss.

For financial liabilities measured at fair value through profit or loss, attributable transaction costs are recognised in profit or loss when incurred, while financial liabilities carried at amortised cost are recorded at fair value less directly attributable transaction costs. Financial liabilities are derecognised when contractual obligations are discharged, cancelled or expire.

Financial liabilities measured at amortised cost

The financial liabilities at amortised cost category includes all financial liabilities which are not classified as financial liabilities at fair value through profit or loss.

(a) Loans and other borrowings

Loans and borrowings are recognised initially at fair value less transaction costs. If identified borrowing costs incur before the disbursement of the loan or, in the case of revolving loans, the costs related to the drawing of the whole facility and there is no open drawdown of the facility as of the given reporting date, borrowing costs are transferred to other non-financial assets when incurred/upon periodic repayment. In subsequent periods these are recognised at amortised cost using the effective interest method that takes planned drawdowns and repayments into account. Effective interest is accounted for in profit or loss (as finance costs) over the term of the loan. If the loan is not expected to be drawn, borrowing costs are accounted for in profit or loss (as finance costs) over the period when the loan can be drawn, using the straight-line method.

(b) Trade and other payables

Trade and other payables (including deferrals and accruals) are recognised initially at fair value. In subsequent periods these are recognised at amortised cost using the effective interest method.

Financial liabilities measured at fair value through profit or loss

As currently MVM Zrt. does not intend to measure non-derivative financial instruments at fair value, only derivative financial instruments not subject to hedge accounting are classified into this category.

ii. Parent company guarantees

As MVM Zrt. charges a one-off guarantee fee to the subsidiaries on each guarantee issued by the Company, it needs to recognise this during initial recognition as a liability from financial guarantee contracts against cash and cash equivalents.

The guarantee fee shall be recognised as revenue over the term of the guarantee in accordance with IFRS 15, as it is considered a performance obligation satisfied over time, i.e. it shall be accounted for over the term of the guarantee and the letter of credit, using the straight-line method.

If the guarantee contract meets the definition of financial guarantee contract in IFRS 9, the contract is within the scope of IFRS 9 and is accounted for by MVM Zrt. as follows:

- On initial recognition the Company measures it at fair value, which is considered to equal the amount of the guarantee fee received;
- During subsequent measurement it is recognised at the higher of:
  - The amount of expected loss calculated in accordance with the provisions of IFRS 9;
  - The amount of future revenue from guarantee fees, not yet accounted for in accordance with the provisions of IFRS 15.
- The expected loss of the individual guarantees issued is assessed at each measurement date, whereby the calculation of the expected loss also takes the value of collateral received into account, based on the expected loss calculation methodology of IFRS 9.

(iii) Derivative financial instruments

MVM Zrt. enters into forward non-hedging foreign exchange, natural gas, heating and diesel oil sale and purchase transactions, as well as swap and option transactions.

To manage interest rate risk connected to loans, MVM Zrt. enters into interest rate swap transactions that are not designated as hedge relationships.

Derivative transactions not subject to hedge accounting are initially recognised and subsequently measured at fair value. Attributable transaction costs are recognised in profit or loss when incurred. Fair value upon initial recognition and fair value changes following initial recognition are recognised in profit or loss.

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative.

Derivatives embedded in a host contract that is considered a financial asset are not separated from the host contract; in such cases the SPPI test is applied to the entire hybrid contract (consisting of an embedded derivative and a host contract).

c) Cash and cash equivalents

For the purposes of the statement of cash flows, cash include cash on hand and demand deposits, while cash equivalents comprise short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

d) Statement of cash flows

The Company prepares the statement of cash flows using the indirect method.

For the purposes of the statement of cash flows, overdraft facilities are recognised as part of cash and cash equivalents.

Items related to the payment of lease liabilities are classified into financing cash flows.

e) Restricted cash

Restricted cash comprises funds that are restricted in some way, generally managed separately from unrestricted cash in order to cover some specific objective. The category of restricted cash includes funds held without any effective right of access (e.g. security deposit), but funds that are technically unrestricted, whose use is limited by law or a valid contract, should be treated as restricted cash too.

f) Equity

MVM Zrt. classifies ordinary shares as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Capital increase provided by the shareholders but not yet registered by the Court of Registration is recognised in shareholders' equity as Unregistered contributed capital.

The capital reserve originated on the one hand from the transformation of MVM Tröszt into a business association, on the other hand, as a result of a transformation under corporate law.

Under Section 114/B of the Hungarian Act on Accounting, MVM Zrt. is required to prepare an equity correlation table.

g) Dividend paid to shareholders

A dividend liability is recognised when it is approved for payment by the shareholder. The amount of the dividend is recognised directly as a reduction in retained earnings.

The Company recognises amounts paid as interim dividend as receivables from shareholders until those are finally approved by the shareholder based on the annual financial statements prepared following the payment of the interim dividend.

h) Property, plant and equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one period.

Initial recognition

Property, plant and equipment are initially recognised at cost. Cost includes expenses that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the assets and restoring the site on which they are located, as well as borrowing costs attributable to the acquisition, construction or production of a qualifying asset.

In case of self-construction, the gross value of the tangible asset (on capitalisation) is the direct costs of production, which is supported by calculations made in relation to the tangible asset.

Purchased software that is an integral part of the operation of equipment increase the cost of the equipment.

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

Before being entered into the balance sheet, the assets shall be checked based on an inventory and valuation, and the figures shall be reconciled with the values in the sub-ledger and the general ledger. A detailed statement (inventory) must be prepared on the assets by activity group, type, and thereafter individually.

Subsequent expenditure

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

Subsequent measurement

Tangible assets are measured at cost less accumulated depreciation and accumulated impairment.

Depreciation

Based on the provisions of IAS 16, depreciation is accounted for using component accounting. MVM Zrt. allocates the initial cost of tangible assets to major parts, i.e. components, based on their economic characteristics, and allocates to each its respective useful life.

Depreciation is calculated over the cost of an asset, less its residual value. Residual value is considered zero if it is less than 10% of initial cost. Residual value is assessed only for non-production vehicles. For other assets – due to their nature – no residual value is assessed.

For depreciation on a pro-rata temporis basis the useful life is the expected period of use, while when the units of production method is used, the expected lifetime production of the asset.

MVM Zrt. uses only the pro-rated, straight-line method, as this reflects best the expected timing of future economic benefits embodied in the assets. Land is not depreciated.

The estimated useful lives for the reporting and comparative periods in the case of straight-line depreciation are as follows:

- Property 10-100 years
- Plant machinery, equipment 12- 32 years
- Other machinery, equipment 2- 10 years

Depreciation is accounted for from the date when the assets are completed and are ready for use, until the intended use of the asset is discontinued or the residual value is reached. The exceptions to the above rules are the so-called service-life assets, where the depreciation is calculated on a straight-line basis until the end of the expected service life, in which case the depreciation starts from the first day of the month following capitalisation, and is based on months, not days.

The date of first use or commissioning of tangible assets is the day the successful trial run is completed, when the official permit is acquired, the day of order picking, or the date when the conditions enabling the start of proper operations are ensured. The first use or commissioning must always be credibly documented.

Depreciation is accounted for monthly as of the last day of the month.

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

MVM Zrt. may change the depreciation rates for any tangible assets if a material change occurs in their expected useful life, the value of the asset or in the expected residual value. A change is considered material if the useful life changes by more than 10% or if the residual value changes by more than 20%. If the impact of the change on the reporting year profit or loss exceeds HUF 10 million, then this must be presented in the supplementary notes.

Construction in progress includes purchases in progress and items in production at cost, which comprises the acquisition costs and the direct prime costs. Items of construction in progress are not depreciated, but they are tested for impairment each year.

Derecognition

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income or other expenses in profit or loss.

i) Investment property

MVM Zrt. classifies property as investment property when it is held either to earn rental income or for capital appreciation or for both, but not for:

- use in the production or supply of goods or services or for administrative purposes; or
- sale in the ordinary course of business.

Investment property is measured based on the cost model; the Note on tangible assets applies to these assets as well in respect of the depreciation method and useful lives.

j) Intangible assets

Initial recognition

MVM Zrt. recognises an intangible asset if it meets the definition of an intangible asset (identifiable non-monetary asset without physical substance) and the recognition criteria set forth in the Conceptual Framework.

An intangible asset can be acquired or internally generated.

Cost includes expenses that are directly attributable to the acquisition of the asset, such as the purchase price and the costs of preparing the intangible asset for its intended use.

MVM Zrt. does not recognise internally generated brand names and customer lists as intangible assets, because these do not meet the definition of an intangible asset, i.e. are not separable.

Subsequent measurement

Intangible assets recognised by MVM Zrt. which have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

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

Amortisation

Amortisation is accounted for based on cost less residual value of assets in profit or loss using the straight-line method over the estimated useful lives of intangible assets from the date that they are available for use.

The amortisation method, useful lives and residual values are reviewed on each reporting date and are adjusted if necessary.

Derecognition

Gains and losses on disposal of an intangible asset are determined by comparing the proceeds from disposal with the carrying amount of intangible assets, and are recognised net within other operating income or other operating expenses in profit or loss.

k) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MVM Zrt. applies IFRS 16 to all leases, including leases of right-of-use assets in a sublease, except for:

- leases to explore for or use minerals, oil, natural gas and similar non-regenerative resources;
- leases of biological assets within the scope of IAS 41 Agriculture held by the lessee;
- service concession arrangements within the scope of IFRIC 12 Service Concession Arrangements;
- licences of intellectual property granted by the lessor within the scope of IFRS 15 Revenue from Contracts with Customers; and; and
- rights held by the lessee under licensing agreements within the scope of IAS 38 Intangible Assets for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights.

MVM Zrt. acting as a lessor

Finance lease

Lease contracts are presented as finance leases if the lease transfers substantially all the risks and rewards incidental to ownership to the lessee. All other lease contracts are presented as operating leases.

A finance lease is a transaction in which MVM Zrt. transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

Amounts due from the lessee under a finance lease are presented as receivables at an amount equal to MVM Zrt.'s net investment in the lease.

During the term of a finance lease, all lease payments received are split between principal repayment of the liability and interest income, to produce a constant rate of return on the net investment in the finance lease. The interest income element of the finance lease is recognised as Interest income. Initial measurement of finance lease receivables includes direct costs, such as commissions.

Operating lease

An operating lease is a transaction that does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. For operating leases, lease payments are accounted for in the income statement.

MVM Zrt. acting as a lessor reports an asset subject to an operating lease contract in the balance sheet as a tangible or intangible asset based on the nature of the asset. MVM Zrt. accounts for depreciation or amortisation on these over their entire useful life.

Lease payments received from operating leases are recognised as income on a straight-line basis over the term of the lease.

<u>MVM Zrt. acting as a lessee</u>

Initial recognition in the balance sheet

MVM Zrt. as a lessee recognises a right-of-use asset and a lease liability at the commencement date. Exceptions to the above rule are short-term leases (where the lease term is less than one year) and leases for which the value of the underlying asset when new is less than HUF 1.5 million. MVM Zrt. accounts for lease payments paid for these short-term and/or low-value leases as operating costs on a straight-line basis over the term of the lease.

MVM Zrt. separates non-lease components (e.g. maintenance costs of leased property) from lease components, and does not use the practical expedient in IFRS 16.15. An exception to this are the motor vehicles leased by MVM Zrt., for which non-lease components are taken into account in the determination of the total cash flows of the lease.

Lease payments are payments made by MVM Zrt. to the lessor relating to the right to use the underlying asset during the lease term, comprising the following:

- fixed payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease;
- amounts expected to be payable by the lessee under residual value guarantees.

At the commencement date, the lease liability is measured at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease (i.e. the rate of interest that causes the present value of the lease payments and the unguaranteed residual value to equal the sum of the fair value of the underlying asset and any initial direct costs of the lessor), or if no such is stipulated in the contract, the MVM Zrt.'s incremental borrowing rate (the rate of interest that MVM Zrt. would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment).

At the commencement date, the right-of-use-asset is measured at the amount of the initial measurement of the lease liability, plus any lease payments made at or before the commencement date, less any lease incentives received as well as any initial direct costs incurred by MVM Zrt. and an estimate of costs to be incurred by MVM Zrt. in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).

On initial recognition the assets and liabilities from the lease are stated in the balance sheet at present value. The measurement takes non-cancellable lease payments (including payments linked to inflation) into account, and includes items payable in the periods covered by an option if MVM Zrt. is reasonably certain to exercise the option to extend the lease or not to exercise the option to terminate the lease.

The commencement date of the lease is the date on which the lessor makes an underlying asset (e.g. property, plant or equipment subject to the lease) available for use by MVM Zrt. On the commencement date the lease term commences and a lease liability and a right-of-use asset are recorded in the balance sheet.

To determine whether MVM Zrt. is reasonably certain to exercise the option to extend the lease or not to exercise the option to terminate the lease, MVM Zrt. considers all relevant facts and circumstances that may create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

Revision of lease contracts

Remeasurements

Under IFRS 16, a lease liability shall be remeasured, if the change in the conditions relating to the lease contract is based on existing contractual provisions, i.e. that have formed part of the contract since initial recognition.

MVM Zrt. as a lessee revises the lease term, that is, whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of MVM Zrt.; and affects whether MVM Zrt. is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

Lease modifications

A lease modification is a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term). A modification may also arise only from a change in the consideration. The effective date of the modification is the date when both parties agree to the lease modification. MVM Zrt. shall account for a lease modification as a separate lease if both:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If these criteria are met, the modification is deemed a new lease separate from the original lease.

An agreement on the right to use one or more additional assets is booked as a separate lease, for which the requirements of IFRS 16 apply, irrespective of the original lease.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification MVM Zrt. as a lessee accounts for the modification by remeasuring the lease liability by using a discount rate determined on that date.

For lease modifications that decrease the scope of the lease, MVM Zrt. decreases the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognises a gain or loss that reflects proportionally the decrease in the scope.

For all other lease modifications MVM Zrt. as a lessee makes a corresponding adjustment to the right-of-use asset.

Upon the modification of a lease, the revised lease payments are always discounted using a revised discount rate.

Presentation of leases

Right-of-use assets from lease contracts are recognised in the balance sheet within Property, plant and equipment, while lease liabilities are included in Other non-current financial liabilities and Trade payables and other non-financial liabilities.

In the income statement, the depreciation charge for right-of-use assets shall be presented within Depreciation and amortisation, while the interest expense on the lease liabilities shall be recognised within Finance expenses.

In the statement of cash flows, interest calculated and paid on the lease liability is presented within Net cash from operating activities, while cash payments for the principal portion of the lease liability are included in Cash flows from financing activities.

l) Investments

In the separate IFRS financial statements of MVM Zrt. investments in subsidiaries, joint ventures and associates are recognised at cost based on IAS 27. The cost of long-term investments is the fair value of the amount paid in cash or cash equivalents, or other consideration given, for the acquisition of the investment, except for investments acquired in transactions between jointly controlled entities, see Note II. 4. m). The cost of an investment includes the items directly related to the acquisition of the investment.

If MVM Zrt. acquires the ownership interest in foreign exchange, the cost is the amount calculated using the official exchange rate of Magyar Nemzeti Bank as at the date of the transaction. Ownership interests acquired for foreign exchange are not revalued subsequently as a result of rate change.

Investments in subsidiaries, joint ventures and associates must be tested for impairment at least at the end of each financial year, or when indications of impairment arise. If an indication of impairment exists, the recoverable amount of the investment shall be determined and compared to the net value of the investment. If the recoverable amount of the investment is lower than its net value and the difference is significant, impairment shall be accounted for. If the recoverable amount of the investment is higher than its net value and the difference is significant, an impairment reversal shall be accounted for.

MVM Zrt. considers the difference between the recoverable amount and the carrying amount of an investment significant, if the recoverable amount deviates from the carrying amount at least by 5%, provided that the difference between the carrying amount and the recoverable amount is no less than HUF 1 million, or, irrespective of the % value, if the difference reaches HUF 100 million. If MVM Zrt. considers it justified, it can account for or reverse impairment in the case of a lower amount. The market value is determined based on individual assessment and taking market conditions into account. Individual assessment shall be based on item-by-item recording.

m) Transactions between jointly controlled entities

Transactions between jointly controlled entities or businesses are transactions in which all of the parties to the transaction (transferor, transferee) are ultimately controlled by the same party or parties both before and after the transaction, and that control is not transitory.

MVM Zrt. accounts for transactions between jointly controlled entities at the carrying amount of the transferor entity in its separate financial statements upon initial recognition and adjustment of assets and equity and liabilities, unless provided otherwise in IFRS relating to the subject of the transaction. When accounting for transactions between jointly controlled entities, it is taken into account whether the transaction is carried out by any of the parties to the transaction in its owner capacity, and the transaction is accounted for accordingly.

Consequently, in the case of:

- business combinations between jointly controlled entities, net assets transferred are accounted for at carrying amount, with the difference between the consideration and the carrying amount recognised as dividend or investment, as appropriate;
- distributions between owners involving non-cash assets, the dividend payable is recognised at the carrying amount of net assets transferred, unless the party acting in its owner capacity withdraws its previous capital investment from the other entity (in this case the amount of investment in the entity is reduced);
- a restructuring of the group including the Company as parent company (moving investments within the group) the given investment is accounted for at the carrying amount recognised at the transferor, while the difference between the consideration (if any) and the carrying amount is recognised as dividend or investment, as appropriate.

The carrying amount of the net assets transferred is determined on an individual basis or based on the pro-rated equity amount of the transferor, depending on the substance of the transaction.

n) Inventories

Inventories are assets held for sale in the ordinary course of business; are in the process of production for such sale; or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are recognised at the lower of cost and net realisable value as at the reporting date, provided that the difference is significant.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of potential completion and sale.

The difference between the net realisable value of a given item of inventories (group/item no.) known as at the reporting date and its carrying amount is considered significant if the net realisable value deviates from the carrying amount by at least 10%, provided that this difference is no less than HUF 1 million, or, irrespective of the % value, if the difference reaches HUF 100 million. In such case the difference is accounted for as impairment.

Purchased inventories

The cost of purchased inventories is determined based on average weighted purchase price and it includes expenses directly related to the acquisition of inventories, and other costs incurred in bringing them to their existing location and condition.

Self-manufactured inventories

The cost of self-manufactured inventories is determined based on their direct production prime cost on the reporting date and it includes production or conversion costs, and other costs incurred in bringing them to their existing location and condition. The cost of self-manufactured inventories and work in progress includes their share of production overheads based on normal operation capacity.
The production cost used as a basis for measurement of self-manufactured inventories is determined using the ex-post calculation method.

o) Impairment

Financial assets

Based on the impairment model of IFRS 9, MVM Zrt. classifies financial assets in the amortised cost and the FVOCI debt instruments categories, loan commitments and financial guarantee contracts as well as contract assets into one of the following three stages, depending on the change in the initial credit quality of the instrument:

1. Performing;
2. Underperforming;
3. Non-performing.

Based on the model, upon initial recognition of the instruments MVM Zrt. recognises impairment for losses estimated on the basis of default events expected to occur during the next 12 months. If the credit quality of the instrument deteriorates significantly, the instrument is reclassified into Stage 2 (underperforming), and impairment is assessed at the lifetime expected loss. The next step is classification into the non-performing stage in cases when objective evidence of impairment exists.

MVM Zrt. uses the Dun & Bradstreet Failure Score for credit risk ratings. A score between 71 and 100 is considered a low credit risk. A significant increase in credit risk is deemed to be a rise of more than 20 points in the D&B Failure Score.

The three-stage model detailed above is applied by MVM Zrt. for Non-current loans and receivables (including investment, revolving and working capital loans disbursed to subsidiaries), Guarantee contracts, Restricted cash as well as Cash and cash equivalents.

In the case of parent company guarantee contracts, MVM Zrt. also takes into account the value of received collateral when calculating the expected loss.

Taking advantage of the option provided by IFRS 9, MVM Zrt. applies a simplified model to financial assets classified as trade receivables and other non-derivative financial assets; that is, upon recognition it accounts for lifetime expected credit loss instead of 12-month expected credit loss for trade receivables and contract assets that do not contain a significant financing component. For trade receivables, contract assets and lease receivables containing a significant financing component MVM Zrt. also opted to account for lifetime expected credit losses upon recognition.

For its clients MVM Zrt. assesses the amount of lifetime expected credit loss individually. Contract assets relate to not invoiced performance and substantially have the same risk characteristics as trade receivables related to contracts of the same type. Consequently, MVM Zrt. concluded that the expected credit loss rate of trade receivables is a reasonable estimate of the loss rate for contract assets.

Expected loss rates are based on historical receipt and default data and on historical losses observable in the given period. Historical loss rates are adjusted to reflect both current and forward-looking information. Such information may include for example internal changes affecting risk management and collection processes, as well as external extreme changes affecting solvency of customers, e.g. in the unemployment rate or average wages. MVM Zrt. reviews the mentioned forward-looking information and its effect on expected losses annually. The effect of forward-looking information on impairment is not significant.

Non-financial assets

Except for inventories and deferred tax assets, the carrying amount of non-financial assets are reviewed on every reporting date to assess whether any indication of impairment exists. If any such indication exists then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("cash-generating unit").

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Assets not involved directly in production do not generate separate cash flows. If there is an indication that such an asset may be impaired, then the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount and the difference is significant.

For the purposes of recognising and reversing impairment of intangible assets as well as of property, plant and equipment, MVM Zrt. considers the difference significant, if the recoverable amount deviates from the carrying amount at least by 10%, provided that the difference between the carrying amount and the estimated recoverable amount is no less than HUF 1 million, or, irrespective of the % value, if the difference reaches HUF 100 million. Extraordinary depreciation below this threshold and reversal thereof may also be accounted for on a case-by-case basis.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis. All impairment losses are recognised in profit or loss.

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

p) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale, if they are available for immediate sale, their sale is highly probable and their value exceeds HUF 100 million.

The sale is highly probable if the following criteria are met:

- the appropriate level of management is committed to a plan to sell the asset, and also to an active programme to locate a buyer and complete the plan;
- the asset is actively marketed for sale /a market research is actively carried out to seek potential buyers;
- the value determined (by an independent appraiser) is considered a fair and reasonable price;
- the sale is expected to qualify for recognition as a completed sale within one year from the date of classification, unless in the difficult market situation events or circumstances beyond MVM Zrt.'s control extend the period to complete the sale beyond one year;
- actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn, as MVM Zrt. is committed to the sale plan (it was approved by the Board of Directors of MVM Zrt.).

Immediately prior to the classification as held for sale the assets (or components of the disposal group) are re-measured in accordance with MVM Zrt.'s accounting policies to measure the assets (or disposal group) at the lower of the carrying amount and the fair value less costs to sell. No depreciation is booked on assets held for sale.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are recognised up to the extent of any cumulative impairment loss.

If MVM Zrt. has classified an asset or disposal group as held for sale, but the criteria of such classification are no longer met, it shall cease to classify the asset or disposal group as held for sale.

The classification as held for sale is discontinued by removing the asset from assets held for sale and reclassifying it into the category used previously in the statement of financial position. Following the reclassification, the asset shall be measured at the lower of:

- its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised by MVM Zrt. had the asset not been classified as held for sale;
- its recoverable amount at the date of the subsequent decision not to sell.

q) Employee benefits

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which MVM Zrt. pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The amount of contributions payable to a defined contribution plan is recognised as a liability in the periods during which related services are rendered by the employees. The amount of the contribution is recognised in profit or loss in the staff costs line item. Prepaid contributions are recognised as assets to the extent that cash refund or a reduction in future payments is available. MVM Zrt. makes payments to pension and other welfare funds under defined contribution plans.

Defined benefit plans and other long-term employee benefits

MVM Zrt. provides other long-term benefits to its employees under the collective agreement (anniversary and long-service benefits as well as other benefits). In addition, they provide non-pension benefits due at the time of retirement (e.g. average earnings and bonus for retiring employees).

The amount of net benefit liability related to defined benefit plans and other long-term employee benefits agrees with the present value of expected future payments necessary to fulfil the obligations from the reporting year and prior-period services of the employees. The discount rate is calculated based on the risk-free HUF interest rate (ÁKK Government Debt Management Agency HUF yield curve) as of the reporting date. The calculation is performed annually by an actuary using the projected unit credit method.

MVM Zrt. determines the net interest on the net benefit liability as the product of the net benefit liability and the discount rate, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in the finance costs line item.

Actuarial gains and losses from defined benefit plans are recognised in other comprehensive income, while actuarial gains and losses from other long-term employment benefit plans are recognised as employee costs in profit or loss in the staff costs line item.

In case of a plan amendment or a curtailment, the change in the benefit related to past service and the gain or loss on the curtailment is recognised immediately in profit or loss, while gains and losses arising upon settlement of employment benefit plans are recognised upon settlement.

Upon reduction or settlement of the defined benefit plan, previously recognised accumulated other comprehensive income deriving from actuarial gains and losses is transferred to retained earnings within equity in proportion to the share of the settlement or reduction of the net liability recognised as at the first day of the given year plus net interest accounted for during the year.

Termination benefits

Termination benefits are recognised as a liability and an expense when MVM Zrt. is demonstrably committed to a detailed formal plan to terminate employment before the normal retirement date or to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy, and it can no longer withdraw the offer of those benefits, or it recognises costs for a restructuring that involves the payment of termination benefits.

Short-term employee benefits

Short-term employee benefit obligations (including electricity price discounts provided to employees) are measured on an undiscounted basis and are recognised as costs when the related service is provided. Short-term employee benefits are recognised in profit or loss as staff costs.

The amount payable is recognised as a liability if MVM Zrt. has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

r) Provisions

A provision is recognised if, as a result of a past event, MVM Zrt. has a present obligation (legal or constructive), and it is probable that an outflow of resources embodying economic benefits will be required to fulfil the obligation, furthermore, the amount of the obligation can be estimated reliably. Provisions are reviewed at the reporting date in light of the current best estimate.

Onerous contracts

MVM Zrt. recognises provisions for onerous contracts when benefits expected from the contracts are lower than unavoidable costs related to the fulfilment of contractual obligations. Unavoidable costs are the lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

The amount of the provision reflects the best estimate.

Provision for litigations

Provisions are recognised at MVM Zrt’s discretion for expected liabilities from litigation, if, according to a legal opinion prepared based on information at the balance sheet preparation date, the likelihood of losing the legal action is greater than 50%. In this case, the provision must be assessed based on the most likely outcome in the event the legal action is lost.

Provisioning always has to be supported with individual calculations, irrespective of the title on which provision was recognised.

The provision recognised is reviewed every year to ensure that it reflects appropriately the changes in expected expenses.

Recognition and release of provisions by title is in all cases presented in the supplementary notes and the reasons for material changes are also included.

s) Contingent assets and liabilities

A contingent asset is a possible asset that arises from a past event and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of MVM Zrt.

MVM Zrt. does not recognise contingent assets but discloses them where an inflow of economic benefits is probable.

A contingent liability is a possible obligation that arises from a past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of MVM Zrt., or a present obligation that arises from a past event but is not recognised because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

MVM Zrt. recognises contingent liabilities in the supplementary notes.

MVM Zrt. reviews the conditions of assessment of the contingent liability annually. In case of any changes in the conditions, the accounting treatment of the transaction shall be changed in the period in which the change occurs.

The above items are required to be presented in the supplementary notes only if their impact on the expected future profit or loss reaches HUF 100 million on an item-by-item basis.

t) Revenue

The main revenue stream of MVM Zrt. is the provision of management services, whereby it provides services extensively at MVM Group level that cover several areas of management activity.

MVM Zrt. also has revenue from the provision of parent company guarantees, bank guarantees and letters of credit as well as from opening letters of credits and from treasury transaction fees (jointly referred to as treasury services).

For the issue of a parent company guarantee MVM Zrt. charges a one-off fee to the subsidiary equalling a set percentage of the transaction value, which is determined on a market basis and is adjusted with the cost of capital. The guarantee contract meets the definition of financial guarantee contract in IFRS 9.

Under engagement contracts, in case of bank guarantees, letters of credit and other documentary transactions the MVM Zrt. grants right to its subsidiaries to enter into the above transactions using its free credit facilities at the credit institutions. All fees payable to the credit institution in relation with the transactions entered into are recharged to the subsidiary in their entirety. In addition, MVM Zrt. charges a one-off fee equalling a set percentage of the transaction value to the subsidiary for mediation.

For performing activities related to the conclusion of treasury contracts (operation of front office system, employing sales agents) MVM Zrt. charges to the subsidiaries a one-off fee relative to the transaction value.

The consideration calculated for recognising revenue does not include amounts collected on behalf of others, such as VAT, or amounts obtained and paid by MVM Zrt. as an agent.

An agreement is considered a contract generating revenue if it has been approved by the parties to the contract and the rights and payment obligations of the parties can be identified. Furthermore, the following two criteria has to be met: (a) the contract has commercial substance and (b) it is probable that the Group will collect the consideration. Multiple contracts are considered a single contract, if the contracts have been negotiated as a package; or the amount to be paid in one contract depends on any element of another contract; or obligations in two or more contracts can be considered a single performance obligation.

Performance obligation is each promise in a contract with a customer to transfer to the customer either: i) a good or service (or a bundle of goods or services) that is distinct; or ii) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

The transaction price is the amount of consideration to which MVM Zrt. expects to be entitled in exchange for transferring promised goods or services to a customer, (excluding amounts collected on behalf of third parties).

Those performance obligations promised in a contract are considered goods or services sold, from which the customer can benefit either on their own or together with other goods/services that are readily available on the market, and the good/service does not depend significantly from other contractual obligations.

In the case of contracts with multiple elements revenue is allocated primarily based on the stand-alone selling price. If MVM Zrt. typically does not sell certain goods or services separately, allocation is based on the typical market pricing of competitors that are active on the same market. If no such information is available either, the allocation is based on the production cost of the particular service of MVM Zrt. plus a margin customary on the given market.

In the case of contracts with more than one performance obligations, any discounts applied relate typically to the entire contract, thus each obligation shares the revenue reducing effect of the discounts. Contracts with variable consideration typically belong to a separately identifiable performance obligation of the contracts, thus the variable consideration generally affects only the amount of revenue accounted for in relation to a particular obligation.

As the revenue of MVM Zrt. derives from the provision of services detailed above, there is no significant risk of the customer returning the goods purchased, thus its estimation when determining the revenue accounted for in connection with the sale does not represent a risk.

In the following cases MVM Zrt. recognises revenue over time based on the provisions of IFRS 15:

- If the customer uses the service provided by MVM Zrt. over time, then revenue is recognised over time.
- If in a longer project the customer has the control during the whole project (that is, it has free disposition over the intangible or tangible asset being created during the construction/development of the asset), revenue is recognised over time in proportion to performance.
- If a longer project is carried out under the control of MVM Zrt., but in the case of a breach of contract by the customer MVM Zrt. would not have a real alternative to sell the output of the project (the product) to anyone else, revenue is also recognised over time, if MVM Zrt. has a contractual right to receive the consideration for pro-rated partial performance.

If either of the above cases apply, MVM Zrt. accounts for the revenue allocated to an obligation upon transferring the control of the contractual performance obligations, i.e. at a point in time. In the case of performance obligations satisfied at a point in time MVM Zrt. recognises the revenue allocated to the obligation when the product or service is physically transferred / performed to the customer.

The management services provided by MVM Zrt. are typically obligations performed over time or series of disctinct services, thus MVM Zrt. recognises the related revenue over time.

When revenue is recognised over time, MVM Zrt. uses the cost plus method, i.e. revenue is recognised in proportion to costs already incurred relative to the total expected costs of the satisfaction of the obligation. If the outcome of the contract to be performed during the period cannot be estimated reliably, revenue is recognised only up to the extent of contractual costs expected to be recovered.

The provision of management services by MVM Zrt. is typically invoiced annually, therefore the length of time between when the contractual obligations are satisfied and when the consideration is received is not significant, thus the contracts with customers do not contain a significant financing component.

Bank guarantees and letters of credit typically are available for the subsidiary for a period of time, thus those are performance obligations satisfied over time, i.e. shall be accounted for over the term of the bank guarantee and letter of credit, using the straight-line method. Administration fees charged by MVM Zrt. for reporting bank guarantees and letters of credit to credit institutions and participating in their opening are an exception to this; in the case of such fees the performance obligation is satisfied when the bank guarantee is issued or the letter of credit is open for the subsidiary, therefore these need to be accounted for at this point in time.

MVM Zrt. is entitled for the fee for concluding treasury contracts on the conclusion of each transaction, for concluding it, therefore it is revenue to be recognised at a point in time according to IFRS 15, that is, it needs to be accounted for in profit or loss when the transaction is concluded.

When the amount of the expected revenue is uncertain, revenue is recognised to the extent that subsequent actual consideration does not result in a significant decrease in the revenue recognised so far.

Uncertainties deriving from estimating variable consideration do not threaten the reliability of the annual financial statements, as services contracts of MVM Zrt. are substantiated by periodical settlements based on measured performance; the value of contracts spanning annual reporting periods considerably and requiring estimates in the long run is not significant.

Non-cash consideration is not common for MVM Zrt.'s contracts with customers, therefore the measurement of its fair value does not represent a risk when revenue is recognised.

MVM Zrt. recognises incremental costs of obtaining contracts with customers (e.g. agent commissions) as an asset in its balance sheet (Other non-financial assets), if the term of the related contract exceeds 12 months. MVM Zrt. has no significant such costs, thus the value of assets from the capitalisation of those costs is also insignificant. After any capitalisations, these costs are expensed over the term of the contract, typically using straight-line amortisation (taking into account the dynamics of contractual revenues), or impairment may be recognised, if the expected profit content of the contract as at the date of preparation of the financial statements is not expected to cover the carrying amount of the capitalised cost.

Recognition of contract assets and liabilities

If the customer already paid (an advance) or MVM Zrt. recognises a receivable before it transfers the good or service to the customer, a contract liability is presented. A contract liability is MVM Zrt.'s obligation to transfer the goods or services to a customer for which it has received consideration (or an amount of consideration is due) from the customer).

If MVM Zrt. performs by transferring goods or services before invoicing those to the customer, it recognises a contract asset. A contract asset is MVM Zrt.'s right to consideration in exchange for goods or services that it has transferred to a customer when that right is conditioned on something other than the passage of time (for example, the company's future performance).

Agent vs. principal

When a third party is also involved in the sale transaction, MVM Zrt. assesses whether it is a principal or an agent in the transaction. If the nature of MVM Zrt.'s promise is to provide the goods or services itself and it controls the promised good or service before it transfers the good or service to a customer, it is acting as a principal. In this case MVM Zrt. recognises revenue in the gross amount of consideration.

If the nature of MVM Zrt.'s promise is to arrange for another party to transfer goods or services, and one or more of the following indicators included in IFRS 15 apply, MVM Zrt. is acting as an agent:

- The other party is primarily responsible for fulfilling the contract;
- MVM Zrt. does not have inventory risk;
- MVM Zrt. does not have discretion in establishing prices for the other party's goods or services;
- MVM Zrt.'s consideration is in the form of a commission;
- MVM Zrt. is not exposed to credit risk for the consideration.

In this case MVM Zrt. recognises revenue on a net basis, i.e. up to the amount of commission. Typically MVM Zrt. is considered an agent in the case of mediated services.

u) Grants received

A government grant can be recognised only if there is reasonable assurance that MVM Zrt. will comply with the conditions attaching to it and will receive the grant. According to IAS 20, receipt of a grant does not of itself provide conclusive evidence that the conditions attaching to the grant will be fulfilled.

MVM Zrt. does not reduces the carrying amount of the asset by the grants received in relation to the asset, but recognises the amount of grant as deferred income and accounts for it in other operating income in proportion to the depreciation of the asset.

MVM Zrt. accounts for grants that become receivable as compensation for costs and expenses against operating income. If the grant affects more than one year, only the part attributable to the reporting year is recognised as other income when the conditions are fulfilled, and the part related to subsequent years is recognised as deferred income.

Amounts received from the Hungarian State provided to MVM Zrt. by the state as the owner are not considered government grants. These transactions are considered equity transactions.

v) Finance income and costs

Finance income comprises the following: interest income on funds invested (including FVOCI financial assets), dividend income, exchange gains on foreign exchange items, measurement gain on fair valuation of derivative financial instruments, gains on the disposal of FVOCI financial assets. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Dividend income is recognised in profit or loss on the date that MVM Zrt.'s right to receive dividend is established, which in the case of quoted securities is the ex-dividend date, while for unlisted securities it is the date when the relevant authorised body makes decision relating to distribution.

Finance costs comprise the following:interest expense on borrowings, unwinding of the discount on provisions, exchange losses on foreign exchange items, measurement loss on fair valuation of derivative financial instruments, and impairment losses recognised on FVOCI financial assets. Interest expense is recognised as it accrues in profit or loss, using the effective interest method.

w) Income tax

MVM Zrt. accounts for corporation tax, local business tax and innovation contribution as income tax, since these taxes are based on taxable profit.

The corporation tax is defined based on Act LXXXI of 1996 on Corporate and Dividend Tax, its base is MVM Zrt.'s taxable profit. The current tax rate is 9%.

Local business tax is payable to the local government, the base of the tax is revenue less certain production costs and costs of sale. The current tax rate is 2%.

Innovation contribution is a tax assessed at 0.3% payable to the state budget; its base is substantially the same as that of the local business tax.

MVM Zrt. is not subject to the income tax of energy suppliers.

Income tax expense comprises current tax expense and deferred tax expense. Income tax expense is recognised in profit or loss, except that the amount of tax relating to items recognised in other comprehensive income or directly in equity is presented in other comprehensive income or in equity.

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

MVM Zrt. shall offset current tax assets and current tax liabilities if, and only if, the entity:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The tax base of an asset is the amount that will be deductible for tax purposes against any taxable economic benefits that will flow to an entity when it recovers the carrying amount of the asset. If those economic benefits will not be taxable, the tax base of the asset is equal to its carrying amount.

The tax base of a liability is its carrying amount, less any amount that will be deductible for tax purposes in respect of that liability in future periods.

A deferred tax liability may not be recognised, if taxable temporary differences arise from:

- the initial recognition of an asset or liability in a transaction which is not considered a business combination, and at the time of the transaction, affects neither accounting profit or nor taxable profit (tax loss);
- for differences associated with investments in subsidiaries, associates and joint ventures, to the extent that it is probable that the temporary difference will not reverse in the foreseeable future, and MVM Zrt. is able to control the timing of the utilisation of the temporary difference.

A deferred tax asset may not be recognised, if deductible taxable temporary differences arise from:

- the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit or nor taxable profit (tax loss);
- for differences associated with investments in subsidiaries, associates and joint ventures, to the extent that it is probable that the temporary difference will not reverse in the foreseeable future, or if taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax is measured at the tax rates enacted or substantively enacted at the reporting date that are expected to be applied to temporary differences when they reverse.

Deferred tax assets and deferred tax liabilities may be offset if, and only if:

- there is a legally enforceable right to set off current tax assets against current tax liabilities; and
- they relate to income taxes levied by the same taxation authority on either:
    - the same taxable entity; or
    - different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

x) Operating segments

The decision makers of MVM Zrt. treat MVM Zrt. as a single segment during day-to-day operation.

y) Fair value measurement

Accounting policies and disclosures of MVM Zrt. require the determination of fair value of financial and non-financial instruments.

According to IFRS 13 fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values have been determined for measurement and disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the individual notes.

Equity instruments measured at fair value through other comprehensive income

Fair value of these financial assets is determined with reference to their closing bid price quoted on an active market valid on the reporting date.

Financial assets measured at amortised cost

Fair value of financial assets measured at amortised cost is determined for disclosure purposes based on present value of future cash flows discounted at market rate as of the reporting date.

Fair value of non-financial assets

When measuring the fair value of non-financial assets MVM Zrt. takes into account the ability of market participants to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant, that would use the asset in its highest and best use which is physically possible, legally permissible and financially feasible.

For this reason MVM Zrt. applies individual models at asset level for measuring the fair value of non-financial assets.

Financial liabilities measured at amortised cost

Fair value of financial liabilities measured at amortised cost is determined for disclosure purposes based on present value of future principal and interest cash flows discounted at market rate as of the reporting date.

Derivative transactions

The fair value of electricity- and natural gas related forward transactions is measured based on quoted market prices if available. If quoted market price is not available, fair value is estimated based on the present value of the difference between the contract price and the forward prices on the reporting date discounted to the remaining period.

MVM Zrt. applies discounted cash flow value to calculate fair values related to arm's length interest, foreign exchange and natural gas-related commodity type transactions. Fair value is estimated based on the present value of the difference between the contract price and the forward prices on the reporting date discounted to the remaining period.

(All figures are in HUF million except if otherwise indicated)

4. Early adopted standards

In relation to 2023 and 2022 the Company did not use the option to early adopt standards not yet effective.

5. Impact of new and revised standards effective from 1 January 2023 on the financial statements

5.1 Impact of other new and revised standards effective from 1 January 2023 on the financial statements

Initial application of new and amended IFRS standards and interpretations in the reporting period:

IASB AND IFRS IC DOCUMENTS	Adopted by the EU effective from
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts (date of issue: 25 June 2020).	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 – Disclosure of Accounting Policies (date of issue: 12 February 2021)	1 January 2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates (date of issue: 12 February 2021)	1 January 2023
Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (date of issue: 7 May 2021)	1 January 2023
Amendment to IFRS 17 Insurance Contracts – Initial Application of IFRS 17 and IFRS 9 – Comparative Information (date of issue: 9 December 2021)	1 January 2023

The amendments have no significant impact on the financial statements of the Company in the current or future reporting periods or on foreseeable future transactions.

6. New standards, amendments to standards and interpretations not yet effective

Standards adopted by the EU

The standards, standard amendments and interpretations presented below were not applied in the financial statements since they are not yet in force for the financial year ended 31 December 2023, and the Company did not elect to early apply them either. (Application of the standards, amendments to standards and interpretations will be mandatory for annual periods beginning on or after the dates in brackets.)

The amendments are as follows:

- Amendments to IAS 1 *Presentation of Financial Statements* – Classification of Liabilities as Current or Non-current; (Effective for financial years beginning on or after 1 January 2024)

- Amendments to IFRS 16 *Leases* – Lease Liability in a Sale and Leaseback; (Effective for financial years beginning on or after 1 January 2024)

The above-mentioned standards and amendments to standards are not expected to have a significant impact on the profit or loss, financial position and financial statements of the Company.

Standards not yet adopted by the EU

The standards, amendments to standards and interpretations below were not applied in these financial statements, as these have not yet been adopted by the EU. Their application and effective date depends on adoption by the EU.

New standards and amendments are as follows:

- Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* in relation to the exchangeability of currencies and additional requirements for lack of exchangeability
- Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* in relation with supplier finance arrangements (reverse factoring transactions)

These standards, amendments and interpretations are not expected to have significant impact on the financial statements of the Company in the future.

7. Significant accounting judgements and estimates

Use of estimates

The preparation of annual financial statements in conformity with IFRS requires the use of estimates. These estimates affect the amounts reported in the annual financial statements and the notes. The estimates shall be based on management's best knowledge of current events. Estimation uncertainties shall be explained in detail in the appropriate notes.

The estimate must be revised, if there is a change in the circumstances on which an estimate was based or as a result of new information or more experience. The effects of the revision of an estimate shall be recognised in the period of the change and in future periods.

Measurement of interests

The Company performed an impairment test in relation to its interests in subsidiaries, joint ventures and associates if indications of potential impairment arose. The net recoverable amount is the part attributable to the owner of the present value of future cash flows, except for investments which are dependent on the success of the expansion of new business areas. In these cases the net recoverable amount is the net asset value of the company. Future cash flows are based on the business plan of the individual companies that is prepared for a period for which the Group is able to prepare a reliable plan. In 2023 the WACC used to calculate impairment was between 9.6% and 26.3%.

8. Changes in accounting policies and disclosures

a) Changes in accounting policies

MVM Zrt. did not change its accounting policies in 2023.

b) Changes in disclosures, reclassifications

In 2023 MVM Zrt. did not make reclassifications or changes in disclosures as compared to the previous year.

c) Disclosures related to material errors

Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. An error discovered during the audit of the data of a financial year closed with approved financial statements is deemed material if, in the year when discovered during the audit, the total of all errors (whether negative or positive) for a given financial year and the impacts thereof - increasing or decreasing profit or loss, equity - exceeds 2 per cent of total assets in the year audited.

If a material error is found, recognition, measurement and disclosure of amounts of elements of financial statements are corrected as if a prior period error had never occurred based on the provisions of IAS 8 (retrospective restatement).

III. Notes to the financial statement items

1. Property, plant and equipment

(in HUF million)	Not leased out under operating lease				Leased out under operating lease		Construction in progress	Total
	Property	Plant machinery, equipment	Other machinery, equipment	Total	Plant machinery, equipment	Other machinery, equipment		
Gross value								
Balance at 1 January 2022	**9,868**	**16**	**1,772**	**11,656**	**28,394**	**463**	**380**	**40,893**
of which ROU at 1 January 2022	**9,110**	**-**	**539**	**9,649**	**-**	**-**	**-**	**9,649**
Purchase	-	-	-	**-**	-	-	408	**408**
Capitalisation	19	-	51	**70**	113	6	-189	**-**
ROU Initial recognition 2022 contracts	48	-	75	**123**	-	-	-123	**-**
Other increases*	2	-	-	**2**	-	-	-	**2**
Derecognitions	-14	-	-40	**-54**	-62	-	-	**-116**
Other decreases*	-406	-	-42	**-448**	-	-	-	**-448**
ROU Revaluation	1	-	2	**3**	-	-	-	**3**
ROU Adjustment	-20	-	-85	**-105**	-	-	-	**-105**
Balance at 31 December 2022	**9,498**	**16**	**1,733**	**11,247**	**28,445**	**469**	**476**	**40,637**
of which ROU at 31 December 2022	**9,125**	**-**	**516**	**9,641**	**-**	**-**	**-**	**9,641**

(in HUF million)	Not leased out under operating lease				Leased out under operating lease		Construction in progress	Total
	Property	Plant machinery, equipment	Other machinery, equipment	Total	Plant machinery, equipment	Other machinery, equipment		
Gross value								
Balance at 1 January 2023	**9,498**	**16**	**1,733**	**11,247**	**28,445**	**469**	**476**	**40,637**
of which ROU at 1 January 2023	**9,125**	**-**	**516**	**9,641**	**-**	**-**	**-**	**9,641**
Purchase	-	-	-	**-**	-	-	526	**526**
Capitalisation	4	-	50	**54**	187	5	-246	**-**
ROU Initial recognition 2023 contracts	-	-	194	**194**	-	-	-194	**-**
Other increases*	-	-	-	**-**	-	-	-	**-**
Derecognitions	-	-	-53	**-53**	-137	-	-	**-190**
Other decreases*	-4	-	-4	**-8**	-	-	-	**-8**
ROU Revaluation	5	-	-	**5**	-	-	-	**5**
ROU Adjustment	-4,467	-	-65	**-4,532**	-	-	-	**-4,532**
Balance at 31 December 2023	**5,036**	**16**	**1,855**	**6,907**	**28,495**	**474**	**562**	**36,438**
of which ROU at 31 December 2023	**4,663**	**-**	**632**	**5,295**	**-**	**-**	**-**	**5,295**

(in HUF million)	Not leased out under operating lease				Leased out under operating lease		Construction in progress	Total
	Property	Plant machinery, equipment	Other machinery, equipment	Total	Plant machinery, equipment	Other machinery, equipment		
Depreciation								
Balance at 1 January 2022	**517**	**16**	**1,094**	**1,627**	**25,066**	**138**	**-**	**26,831**
of which ROU at 1 January 2022	**292**	**-**	**274**	**566**	**-**	**-**	**-**	**566**
Depreciation for the year	329	-	241	**570**	429	38	-	**1,037**
- *of which ROU depreciation*	*315*	-	*139*	***454***	-	-	-	***454***
Other increases*	2	-	-	**2**	-	-	-	**2**
Impairment recognised in profit or loss	-	-	3	**3**	-	-	-	**3**
Reversal of impairment recognised in profit or loss	-	-	-	**-**	-	-	-	**-**
Derecognitions	-14	-	-38	**-52**	-56	-	-	**-108**
Other decreases*	-89	-	-31	**-120**	-	-	-	**-120**
ROU Revaluation	-	-	-1	**-1**	-	-	-	**-1**
ROU Adjustment	-8	-	-80	**-88**	-	-	-	**-88**
Balance at 31 December 2022	**737**	**16**	**1,188**	**1,941**	**25,439**	**176**	**-**	**27,556**
of which ROU at 31 December 2022	**586**	**-**	**317**	**903**	**-**	**-**	**-**	**903**

(in HUF million)	Not leased out under operating lease				Leased out under operating lease		Construction in progress	Total
	Property	Plant machinery, equipment	Other machinery, equipment	Total	Plant machinery, equipment	Other machinery, equipment		
Depreciation								
Balance at 1 January 2023	**737**	**16**	**1,188**	**1,941**	**25,439**	**176**	**-**	**27,556**
of which ROU at 1 January 2023	**586**	**-**	**317**	**903**	**-**	**-**	**-**	**903**
Depreciation for the year	194	-	248	**442**	290	29	-	**761**
- *of which ROU depreciation*	*185*	-	*153*	***338***	-	-	-	***338***
Other increases*	-	-	-	**-**	-	-	-	**-**
Impairment recognised in profit or loss	-	-	2	**2**	-	-	-	**2**
Reversal of impairment recognised in profit or loss	-	-	-	**-**	-	-	-	**-**
Derecognitions	-	-	-46	**-46**	-133	-	-	**-179**
Other decreases*	-	-	-2	**-2**	-	-	-	**-2**
ROU Revaluation	-	-	-1	**-1**	-	-	-	**-1**
ROU Adjustment	-259	-	-93	**-352**	-	-	-	**-352**
Balance at 31 December 2023	**672**	**16**	**1,296**	**1,984**	**25,596**	**205**	**-**	**27,785**
of which ROU at 31 December 2023	**512**	**-**	**363**	**875**	**-**	**-**	**-**	**875**
Net								
Balance at 1 January 2022	**9,351**	**-**	**678**	**10,029**	**3,228**	**325**	**380**	**14,062**
of which ROU at 1 January 2022	**8,818**	**-**	**265**	**9,083**	**-**	**-**	**-**	**9,083**
Balance at 31 December 2022	**8,761**	**-**	**545**	**9,306**	**3,006**	**293**	**476**	**13,081**
of which ROU at 31 December 2022	**8,539**	**-**	**199**	**8,738**	**-**	**-**	**-**	**8,738**
Balance at 31 December 2023	**4,364**	**-**	**559**	**4,923**	**2,899**	**269**	**562**	**8,653**
of which ROU at 31 December 2023	**4,151**	**-**	**269**	**4,420**	**-**	**-**	**-**	**4,420**

**These line items include reclassifications between tangible assets, reclassifications into investment property, assets held for sale or inventories.*

Property

The decrease in property in the reporting year is primarily due to the change in the right-of-use assets, the change in gross value was mainly caused by the lease of the Budapest headquarters on Szentendrei út, which was partly due to a decrease in the rental and partly to the revised discounting at a higher interest rate on account of the modification of the lease.

Plant machinery, equipment

The major items within the change in plant machinery, equipment result from the capitalisation of renovations related to gas turbine power plants, and the amount of derecognised assets contains the scrapped property protection system of the power plant in Lőrinci.

Other machinery, equipment

The most significant items within the change in other machinery, equipment include initial recognition of right-of-use-assets – which comprise the motor vehicle fleet of the Company –, and capitalisation of office and administration equipment.

Construction in progress

Key items within construction in progress as at 31 December 2023 include the development of the office building in Paks, the alterations in the headquarters in Budapest, the modernisation of the power plants at Litér and Sajószöged and other key energy improvements.

Capitalised borrowing costs

MVM Zrt. did not capitalise borrowing costs in 2023 or in 2022.

Commitments to acquire property, plant and equipment

The Company had the following commitments to acquire property, plant and equipment as at the end of the periods under review:

(in HUF million)	31.12.2023	31.12.2022
Commitments to acquire property, plant and equipment	3,680	10

2. Investment property

As at the end of the previous year, the Company's investment properties included assets of the land at Vásárosnamény, the site at Inota, the properties at Lőrinci, Sajószöged, Litér, the land in Attilla street, the property in Rovinj and the industrial site at Tuzsér.

The main items within the change in 2023 were the leasing out of the property in Attila street under operating lease, as well as the reclassification of the properties of the industrial site at Tuzsér into assets held for sale (the derecognised carrying amount of these latter assets amounts to HUF 168 million).

The Company accounted for the following income and expenses in relation to its investment properties:

(in HUF million)	2023	2022
Income from rental	1,555	1,501
Direct operating expenses	621	614

Changes in the gross value and depreciation of investment property are presented in the following table:

Investment property (in HUF million)	*Not leased out under operating lease*	*Leased out under operating lease*	*Total*
Gross value			
Balance at 1 January 2022	**3,820**	**8,076**	**11,896**
Purchase	18	124	**142**
Other increases*	-	-	**-**
Derecognition	-	-4	**-4**
Other decreases*	-	-1,074	**-1,074**
Balance at 31 December 2022	**3,838**	**7,122**	**10,960**
Balance at 1 January 2023	**3,838**	**7,122**	**10,960**
Purchase	21	64	**85**
Other increases*	-	3,137	**3,137**
Derecognition	-	-1	**-1**
Other decreases*	-3,132	-187	**-3,319**
Balance at 31 December 2023	**727**	**10,135**	**10,862**

Depreciation			
Balance at 1 January 2022	**-**	**5,560**	**5,560**
Depreciation for the year	-	107	**107**
Other increases*	-	-	**-**
Derecognition	-	-	**-**
Other decreases*	-	-244	**-244**
Balance at 31 December 2022	**-**	**5,423**	**5,423**
Balance at 1 January 2023	**-**	**5,423**	**5,423**
Depreciation for the year	-	69	**69**
Other increases*	-	-	**-**
Derecognition	-	-1	**-1**
Other decreases*	-	-18	**-18**
Balance at 31 December 2023	**-**	**5,473**	**5,473**

Net value			
Balance at 1 January 2022	**3,820**	**2,516**	**6,336**
Balance at 31 December 2022	**3,838**	**1,699**	**5,537**
Balance at 31 December 2023	**727**	**4,662**	**5,389**

**These line items include the leasing out of investment property under operating lease, reclassifications into tangible assets, assets held for sale or inventories.*

The market values of the properties do not differ significantly from their carrying amounts. The market value was determined using the comparable uncontrolled price method, based on property prices specific to given regional areas.

3. Intangible assets

(in HUF million)	Rights and concessions	Intellectual property	Total
Gross value			
Balance at 1 January 2022	**414**	**179**	**593**
Additions	137	-	**137**
Other increases*	-	-	**-**
Derecognition	-2	-	**-2**
Other decreases*	-4	-3	**-7**
Balance at 31 December 2022	**545**	**176**	**721**
Balance at 1 January 2023	**545**	**176**	**721**
Additions	5	-	**5**
Other increases*	-	-	**-**
Derecognition	-193	-	**-193**
Other decreases*	-19	-	**-19**
Balance at 31 December 2023	**338**	**176**	**514**

(in HUF million)	Rights and concessions	Intellectual property	Total
Amortisation			
Balance at 1 January 2022	**132**	**57**	**189**
Amortisation for the year	106	58	**164**
Other increases*	-	-	**-**
Impairment recognised in profit or loss	-	-	**-**
Reversal of impairment recognised in profit or loss	-	-	**-**
Derecognition	-2	-	-2
Other decreases*	-4	-3	-7
Balance at 31 December 2022	**232**	**112**	**344**
Balance at 1 January 2023	**232**	**112**	**344**
Amortisation for the year	108	58	**166**
Other increases*	-	-	**-**
Impairment recognised in profit or loss	-	-	**-**
Reversal of impairment recognised in profit or loss	-	-	**-**
Derecognition	-41	-	**-41**
Other decreases*	-	-	**-**
Balance at 31 December 2023	**299**	**170**	**469**
Net value			
Balance at 1 January 2022	**282**	**122**	**404**
Balance at 31 December 2022	**313**	**64**	**377**
Balance at 31 December 2023	**39**	**6**	**45**

* These line items include reclassifications between intangible assets or reclassifications into assets held for sale.

Rights and concessions

Rights and concessions include licences, software and trade marks. More significant: MVM karrierportál, FIEK simulation programs. In the reporting year the user right of the VECTRA asset and licence was sold.

Intellectual property

Intellectual property primarily includes software owned by the Company.

4. Interests in subsidiaries, joint ventures and associates

The Company recognises companies controlled by it as subsidiaries, see Note III. 35. The Hungarian-registered subsidiaries of the Group perform their primary activities in Hungary. The foreign resident subsidiaries of the Group operate mainly in the Czech Republic, Croatia, Romania and Switzerland.

The Company does not hold directly interests in joint ventures.

Associates are also listed in Note III. 35. Aggregated amounts of the interests and changes thereto during the period were as follows:

(in HUF million)	31.12.2023	31.12.2022
Subsidiaries	1,427,315	1,361,642
Joint ventures	-	-
Associates	194,092	194,092
Total	**1,621,407**	**1,555,734**

(in HUF million)	Subsidiaries	Associates	Total
Balance at 1 January 2022	**1,257,388**	**179,752**	**1,437,140**
Capital increase	84,494	-	**84,494**
Purchase of interests	36,544	11,976	**48,520**
Foundation	-	-	**-**
Impairment	-12,834	2,571	**-10,263**
Restructuring	-10,474	-	**-10,474**
Capital decrease	-	-	**-**
Sale	-	-	**-**
Other	6,524	-207	**6,317**
Balance at 31 December 2022	**1,361,642**	**194,092**	**1,555,734**

(in HUF million)	Subsidiaries	Associates	Total
Balance at 1 January 2023	**1,361,642**	**194,092**	**1,555,734**
Capital increase	76,147	-	**76,147**
Purchase of interests	-	-	**-**
Foundation	-	-	**-**
Impairment	-12,901	-	**-12,901**
Restructuring	-	-	**-**
Capital decrease	-	-	**-**
Sale	-	-	**-**
Other	2,427	-	**2,427**
Balance at 31 December 2023	**1,427,315**	**194,092**	**1,621,407**

The following main business events took place in relation to subsidiaries:

During the year, the Company provided financing in the form of capital increases for key projects and to resolve equity situations at some of its subsidiaries. The largest part of these transactions relates to shareholder contributions (HUF 68 billion) paid to MVM Mátra Energia Zrt., MVM CEEnergy Zrt., MVM Égáz-Dégáz Földgázhálózati Zrt. and Vértesi Erőmű Zrt.

Based on the Company's accounting policies, impairment of HUF 13,163 million was recognised and an impairment reversal of HUF 262 million was recorded for its interests in its subsidiaries. The most significant amounts of impairment were accounted for the interests in Vértesi Erőmű Zrt., MVM EGI Zrt. and GRAPE Solutions Hungary Zrt.

Furthermore, during the reporting year the Company transferred in-kind to MVM Ingatlankezelő Kft. the ownership rights of Kék-Duna Csónakház, Hotel Astra and the Budaörs properties (HUF 2,427 million) reclassified into assets held for sale in 2022, and the 50% ownership stake in Római Irodaház Kft., which was accounted for at its carrying amount in accordance with the applicable accounting policies and therefore had no impact on the value of the interests.

5. Interests in other entities

Changes in interests in other entities:

(in HUF million)	Interests in other entities
Balance at 1 January 2022	**1,881**
Purchase of interests	-
Sale	-
Effect of measurement through other comprehensive income	461
Other	-
Balance at 31 December 2022	**2,342**
Balance at 1 January 2023	**2,342**
Purchase of interests	-
Sale	-
Effect of measurement through other comprehensive income	-109
Other	-
Balance at 31 December 2023	**2,233**

In the Company's statement of financial position the amount of interests in other entities includes the interest in PannErgy Nyrt., which is 8.38% of share capital and was acquired by the Company in an OTC transaction.

Interests in other entities changed in 2023 and 2022 due to changes in the fair value of PannErgy Nyrt.

6. Non-current loans and receivables

(in HUF million)	31.12.2023	31.12.2022
Loans granted to subsidiaries, joint ventures and associates	400,622	335,152
Loans granted to employees	29	33
Other non-current receivables	-	-
Total	**400,651**	**335,185**

Within non-current loans and receivables, the portfolio of loans granted to subsidiaries for key projects, debt refinancing in the framework of intra-group financing activity of the Company is significant.

Changes in 2023:

- Loan disbursed: HUF 320,224 million.
- Repayment: -HUF 103,007 million.
- Reclassification: -HUF 149,228 million.
- Remeasurement: -HUF 2,560 million.
- Aggregated amount of impairment and reversal thereof: HUF 41 million.

Cost and impairment of non-current loans and receivables are presented in Note III. 26. a).

7. Income taxes

The Company considers corporate tax, local business tax and innovation contribution as income taxes, as described in Note II. 3. w). The tax bases for the individual tax types are assessed based on profit or loss calculated on a net basis but using different calculation methods, therefore the tax bases are different.

Income tax rates of the Company in Hungary in the financial years concerned were as follows:

Current tax rate	2023	2022
Corporation tax	9%	9%
Local business tax	2%	2%
Innovation contribution	0.3%	0.3%

The corporation tax rate is 9%; its base is the profit or loss before tax for the year, taking certain disallowed and deductible items into account.

The maximum rate of the local business tax is 2%, its base is the reporting year sales revenue less material costs, a certain portion of cost of goods sold and other reconciling items. The base of innovation contribution is substantially the same as that of the local business tax; its rate is 0.3%.

When assessing deferred tax liabilities and assets, the Company calculates the deferred tax of the Company for the individual tax types using expected current tax rate of the Company calculated based on the above tax rates enacted or substantively enacted at the reporting date.

Income tax recognised in profit or loss for the period

The income tax recognised in the financial statements in profit or loss for the period in the financial years ended 31 December 2023 and 2022 comprises the following components:

Tax recognised in profit or loss for the period ***(in HUF million)***	**31.12.2023**	**31.12.2022**
Current tax		
Tax for the year	2,525	1,128
Effect of tax loss	- 772	-
Adjustments for prior years	150	-
Total	**1,903**	**1,128**
Deferred tax expense / (income)		
Origination and reversal of temporary differences	1,417	267
Effect of tax rate changes	-	-
Deferred tax assets recognised in the reporting year for previously unrecognised tax losses	- 772	-
Write off of deferred tax assets recognised previously for tax losses	-	-
Tax effect of previously unrecognised temporary differences	- 684	- 534
Temporary differences, for which no deferred tax asset was recognised in the reporting year	66	206
Adjustments for prior years	- 18	17
Total	**9**	**-44**
Total	**1,912**	**1,084**

The current tax for the year includes the income taxes payable for the given year, calculated net of tax losses (tax loss carry-forwards) and prior-year tax effects. The effect of tax loss line item includes the tax effect of the tax loss carry-forward in the given year, which shows the amount by which the tax loss carry-forward used in the year reduced the current-year tax payment liability.

Income tax recognised in other comprehensive income

Tax recognised in other comprehensive income *(in HUF million)*	**31.12.2023**			**31.12.2022**		
	Before tax	**Tax**	**Net of tax**	**Before tax**	**Tax**	**Net of tax**
Employee benefits	11	- 1	10	29	- 3	26
Interests measured through other comprehensive income	- 109	10	-99	461	- 41	420
Total	**- 98**	**9**	**- 89**	**490**	**-44**	**446**

The value of employee benefits accounted for in other comprehensive income is the actuarial profit or loss on benefits related to retirement; it can be taken into account in the tax base in the period of actual payment.

The deferred tax liability attributable to the remeasurement to fair value of interests measured at fair value through other comprehensive income, as taxable temporary difference, is also included in other comprehensive income.

Reconciliation of effective tax rate

The table below presents quantitative reconciliation of income tax expense calculated based on accounting profit and the income tax expense recognised in profit or loss for the year, as well as the tax rate to be applied by the Company and the average effective tax rate.

Reconciliation of effective tax rate	31.12.2023	31.12.2022
Profit for the period	212,533	68,960
Income tax expense	*1,912*	*1,084*
Profit before tax	**214,445**	**70,044**
Tax calculated using the Company's domestic tax rate	24,214	7,908
Effect of different tax bases	- 3,786	- 578
Effect of tax rate changes	-	-
Non-deductible expenses	1,507	1,440
Tax-exempt income	- 18,766	- 9,284
Tax allowances	-	-
Deferred tax assets recognised in the reporting year for previously unrecognised tax losses	- 772	-
Write off of deferred tax assets recognised previously for tax losses	-	-
Reporting-year tax losses for which no deferred tax asset was recognised	-	1,909
Tax effect of previously unrecognised temporary differences	- 684	- 534
Temporary differences, for which no deferred tax asset was recognised in the reporting year	66	206
Adjustments for prior years	132	18
Tax effect of corporate tax group	-	-
Other	1	- 1
Total income tax expense	**1,912**	**1,084**

The income tax calculated based on profit or loss before tax and using the applicable tax rate is included in line item 'Tax using the Company's domestic tax rate' in the reconciliation of effective tax rate. The applicable tax rate is the current tax rate of the Company; it includes corporation tax (in both years 9%), local business tax (in both years 2%) and innovation contribution (in both years 0.3%).

The effect of different tax bases included in the reconciliation of effective tax rate arises from the tax base of business tax and innovation contribution different from the base of the corporation tax.

The effect of tax rate changes arises due to the difference between the current tax rate and the tax rate expected when deferred tax assets/liabilities reverse; the two tax rates were the same in both in the reporting year and the previous year.

Non-deductible expenses and tax exempt revenue represent the effect of individual permanent differences in the given year. Non-deductible expenses include the effect of impairment that cannot be considered in the tax base in future periods either and of tax inspections related to previous periods. Tax exempt revenues include tax exempt dividends and effects of tax inspections related to previous periods. The income tax effect of tax inspections is included in the 'Adjustments for prior years' row.

The effect of tax allowances derives from grants recognised as income tax that can be considered as deductible items, which are items recognised as current income tax, but at the same time these are also expenses that can be considered in the tax base.

The tax effect of previously unrecognised temporary differences line item includes the tax effect of unrecognised temporary differences arisen in previous years which, however, are recognised in the reporting year due to changes in expected recovery.

The temporary differences for which no deferred tax asset was recognised line item includes the tax effect of unrecognised deductible temporary differences arising in the reporting year and temporary differences recognised in previous years that are unrecognised in the reporting year due to changes in expected recovery.

Unrecognised temporary differences

Deferred tax assets have not been recognised in respect of the following items:

Unrecognised deductible temporary differences	31.12.2023	31.12.2022
Deductible temporary differences for which no corporation tax was recognised	1,517	8,378
Corporation tax loss carried forward*	67,892	78,063

** The prior-year unrecognised corporation tax loss carried forward was adjusted because of self-revision.*

No deferred tax asset was recognised on the items presented in the table, as in the management's opinion – taking business plans into account – it is not probable that taxable profit will be available in future periods against which the temporary differences can be utilised to realise tax benefits.

Tax losses by expiry date:

Expiry of unrecognised tax loss	31.12.2023	31.12.2022
2023	-	1,592
2024	-	-
2025	-	-
2026	-	-
2027*	16,214	16,214
2028	-	-
2030	-	60,257
Unlimited	51,678	-
Total	**67,892**	**78,063**

** The prior-year figure of the row marked with an asterisk (*) was adjusted because of self-revision.*

Effective from 1 January 2015, in Hungary corporation tax loss can be carried forward for 5 years; however, tax losses produced up to 31 December 2015 can be utilised without time limitation under the amendment to law passed in 2023 (the previous regulation allowed their use until 2030). Based on rules in effect on 31 December 2023 the loss carried forward can be utilised only up to 50% of the positive tax base for the given year.

Disputed tax balances

As at the reporting date the Company has no disputed tax balances.

Deferred tax assets and tax liabilities

Recognised deferred tax assets and liabilities

The balance as of 31 December 2023 and 2022 of deferred tax presented in the balance sheet and recognised in the comprehensive income includes the following items:

Recognised deferred tax assets and liabilities	31.12.2023			31.12.2022		
	Assets	Liabilities	*Net*	Assets	Liabilities	*Net*
Property, plant and equipment	88	-	*88*	-	- 229	*- 229*
Investment property	-	- 134	*- 134*	66	-	*66*
Other intangible assets	9	-	*9*	-	-	-
Interests in subsidiaries, joint ventures and associates	231	-	*231*	184	-	*184*
Interests in other entities	1	- 79	*- 78*	-	- 89	*- 89*
Non-current loans and receivables	172	-	*172*	-	- 18	*- 18*
Trade receivables and other non-derivative financial assets	18	-	*18*	-	-	-
Other non-financial assets	3	-	*3*	-	-	-
Non-current loans and borrowings	-	- 323	*- 323*	86	-	*86*
Provisions	12	-	*12*	10	-	*10*
Liabilities related to employee benefits	21	- 19	*2*	8	- 18	*- 10*
Other non-current financial liabilities	-	-	-	-	-	-
Current loans and borrowings	-	-	-	-	-	-
Trade payables and other non-derivative financial liabilities	-	-	-	-	-	-
Tax allowances	-	-	-	-	-	-
Tax loss carried forward	-	-	-	-	-	-
Tax assets/Tax liabilities before offsetting	**555**	**- 555**	**-**	**354**	**-354**	**-**
Set off tax	-555	555	-	-354	354	-
Net tax asset/tax liability	**-**	**-**	**-**	**-**	**-**	**-**

(All figures are in HUF million except if otherwise indicated)

In the reporting year temporary differences result from the effect of timing difference due to depreciation, impairment, provisions and FX exchange difference booked and recognised as per the tax law, as well as of the deductible transition difference that can be used over 3 years according to the tax law.

Analysis of changes in net deferred tax assets and tax liabilities:

Recognised deferred tax assets and liabilities	Balance 01.01.2022	Recognised in profit or loss for the period	Recognised in other comprehensive income	Recognised directly in equity	Balance at 31 December 2022
Property, plant and equipment	**- 869**	640	-	-	**-229**
Investment property	**-**	66	-	-	**66**
Other intangible assets	**1**	- 1	-	-	**-**
Interests in subsidiaries, joint ventures and associates	**416**	- 232	-	-	**184**
Interests in other entities	**- 48**	-	- 41	-	**- 89**
Non-current loans and receivables	**- 18**	-	-	-	**- 18**
Non-current loans and borrowings	**119**	- 33	-	-	**86**
Provisions	**8**	2	-	-	**10**
Liabilities related to employee benefits	**- 6**	- 1	- 3	-	**- 10**
Other non-current financial liabilities	**389**	- 389	-	-	**-**
Current loans and borrowings	**- 6**	6	-	-	**-**
Trade payables and other non-derivative financial liabilities	**14**	- 14	-	-	**-**
Tax allowances	**-**	-	-	-	**-**
Tax loss carried forward	**-**	-	-	-	**-**
Total	**-**	**44**	**-44**	**-**	**-**

(All figures are in HUF million except if otherwise indicated)

Recognised deferred tax assets and liabilities	Balance 01.01.2023	Recognised in profit or loss for the period	Recognised in other comprehensive income	Recognised directly in equity	Balance at 31 December 2023
Property, plant and equipment	**-229**	317	-	-	**88**
Investment property	**66**	-200	-	-	**-134**
Other intangible assets	**-**	9	-	-	**9**
Interests in subsidiaries, joint ventures and associates	**184**	47	-	-	**231**
Interests in other entities	**- 89**	1	10	-	**-78**
Trade receivables and other non-derivative financial assets	**-**	18	**-**	**-**	**18**
Other non-financial assets	**-**	3	**-**	**-**	**3**
Non-current loans and receivables	**- 18**	190	-	-	**172**
Non-current loans and borrowings	**86**	-409	-	-	**-323**
Provisions	**10**	2	-	-	**12**
Liabilities related to employee benefits	**- 10**	13	-1	-	**2**
Other non-current financial liabilities	**-**	-	-	-	**-**
Current loans and borrowings	**-**	-	-	-	**-**
Trade payables and other non-derivative financial liabilities	**-**	-	-	-	**-**
Tax allowances	**-**	-	-	-	**-**
Tax loss carried forward	**-**	-	-	-	**-**
Total	**-**	**-9**	**9**	**-**	**-**

8. Inventories

(in HUF million)	31.12.2023	31.12.2022
Goods	194	235
Raw materials and consumable goods	11	12
Total	**205**	**247**

Goods mainly include pandemic tools and electrical equipment purchased for resale.

The balance of impairment recognised and impairment reversed on inventories in 2023 totalled HUF 39 million loss.

9. Other non-financial assets

(in HUF million)	31.12.2023	31.12.2022
Advances given	2,883	4,244
Prepayments	1,490	1,675
Spare parts and accessories	482	482
Receivables from authorities	10	14
Miscellaneous receivables	9	102
Total	**4,874**	**6,517**

Major items within other non-financial assets in 2023 include advance payments for sponsorship and advertising services, as well as various economic-type services, guarantee fees within prepayments, accounted for in the reporting year but relating to the next period. Furthermore, in connection with intra-group relations, the main item is the 2023 credit of fees deferred based on the ex post calculation of business and holding support services to MVM Services Zrt. and other intra-group SLA services.

10. Non-current assets held for sale

Kék-Duna Csónakház, Hotel Astra and properties at Budaörs (in an amount of HUF 1,144 million) recognised among assets held for sale in the previous year were contributed in kind to MVM Ingatlankezelő Kft., and properties at Tuzsér were reclassified from investment property in the reporting year for the purpose of sale. Their carrying amount as at the reporting date totals HUF 168 million.

11. Restricted cash

Composition of restricted cash:

(in HUF million)	31.12.2023	31.12.2022
Employee housing loan account	41	36
Cash restricted for financial support purposes	2	144
Other restricted cash	111	113
Total	**154**	**293**

12. Cash and cash equivalents

Cash and cash equivalents (in HUF million)	31.12.2023	31.12.2022
Bank deposits	160,323	312,306
Cash pool receivables	386,345	802,572
Cash and cash equivalents	**546,668**	**1,114,878**
Overdraft facilities (see Note III.14.)	-931,608	-1,431,316
Cash and cash equivalents (in HUF million)	31.12.2023	31.12.2022
Cash and cash equivalents in the statement of cash flows	**-384,940**	**-316,438**

13. Share capital and reserves

Share capital

Share capital of MVM Zrt. consists of 106,172,431 ordinary shares, which were fully paid to the Company. The face value of shares is HUF 8,000 each.

All of the shares of the Company is owned by the Hungarian State, it exercises its ownership rights and obligations as a sole shareholder since 1 December 2022 by the Ministry of Energy.

(number)	Ordinary shares	of which Treasury shares
Number as at 31 December 2022	**106,172,431**	**-**
Number as at 31 December 2023	**106,172,431**	**-**

Capital reserve

The capital reserve comprises on the one hand the HUF 31,257 million originated upon the transformation of MVM Tröszt into a business association, on the other hand, the HUF 20,635 million transferred from retained earnings to the capital reserve in 2020. The value of the capital reserve rarely changes because the capital reserve is not directly distributable, the amount can change only in certain cases (withdrawal form capital reserve accompanied by asset withdrawal and transfer to other components of equity).

Retained earnings

Retained earnings of the Company comprises the accumulated earnings of previous years less dividends paid to owners.

The following dividends were paid:

(in HUF million)	2023	2022
Dividends paid	108,048	7,500
Dividend per share (HUF/share)	1,018	71

Based on its Resolution 24/2022 (IV.28.), in 2022 the sole shareholder of MVM Zrt. decided to distribute HUF 7,500 million dividend in cash benefit.

Based on its Resolution 25/2023 (VI.25.), in 2023 the sole shareholder of MVM Zrt. decided to distribute HUF 108,048 million dividend, which was fully paid in cash benefit.

On the basis of the interim balance sheet of MVM Zrt. for the period ended 30 June 2023, based on its Resolution 87/2023 (XI.24.) the sole shareholder of the Company decided to distribute HUF 309,000 million interim dividend, which was paid through cash transfer. Based on the accounting policies of the Company this is recognised as at the reporting date as receivable from the owners.

The Board of Directors of MVM Zrt. proposes to approve as dividend an amount equal to the interim dividend from MVM Zrt.'s free retained earnings supplemented with the profit after tax for 2023, but the final amount of the dividend will be decided on by the Ministry of Energy.

Before the date of authorisation of the financial statements for issue, the Board of Directors of MVM Zrt. did not propose or approve any dividend not recognised by the Company as distributions to owners.

Other reserves – Fair value reserve

The Company records its interest in PannErgy Nyrt. as FVOCI assets.

Other reserves – Reserve for employee benefits

Actuarial gains and losses arising from defined benefit plans (post-employment benefits) are accounted for in other comprehensive income.

Equity correlation table

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

(in HUF million)	31.12.2023	31.12.2022
Section 114/B (4) Equity under IFRS		
Share capital	849,379	849,379
Reserves	342,283	381,460
Profit for the reporting period	212,533	68,960
Total equity	**1,404,195**	**1,299,799**
Section 114/B (4) a) Equity		
Equity under IFRS	1,404,195	1,299,799
Additional capital contribution received and recognised as liabilities under IFRS (+)	-	-
Amount recognised as deferred income of the value of cash, assets received to be transferred to the capital reserve based on legal regulation (+)	-	-
Amount of receivables from owners due to capital increase considered an equity instrument (-)	-	-
Total equity	**1,404,195**	**1,299,799**
Section 114/B (4) b) Share capital under IFRS		
Share capital determined in the deed of foundation, if it is considered an equity instrument	849,379	849,379
Face value of repurchased own shares (-)	-	-
Share capital under IFRS	**849,379**	**849,379**
Section 114/B (4) c) Subscribed, but unpaid capital		
Amount of share capital under IFRS not yet made available to the entity	-	-
Section 114/B (4) d) Capital reserve		
The sum of all elements of equity which do not meet the definition of share capital under IFRS, subscribed but unpaid capital, retained earnings, valuation reserve, profit or loss for the year or allocated reserve	51,892	51,892
Total capital reserve:	**51,892**	**51,892**
Section 114/B (4) e) Retained earnings		
Profit accumulated in previous years and not distributed to owners, recognised in the IFRS annual financial statements; it may not contain other comprehensive income (±)	289,303	328,391
Unused development reserve (-)	-	-
Deferred tax calculated based on IAS 12, related to unused development reserve (+)	-	-
Total retained earnings:	**289,303**	**328,391**
Section 114/B (4) f) Valuation reserve		
Accumulated amount of other comprehensive income included in the statement of comprehensive income, net of reporting-year other comprehensive income (±)	1,177	774
Other comprehensive income for the year presented in the statement of comprehensive income (±)	-89	403
Valuation reserve	**1,088**	**1,177**
Section 114/B (4) g) Profit or loss for the year		
Profit or loss for the year presented in the profit or loss section of the statement of comprehensive income or in the separate statement of profit or loss after tax (±)	212,533	68,960

(in HUF million)	31.12.2023	31.12.2022
Profit/Loss for the year	**212,533**	**68,960**
Section 114/B (4) h) Allocated reserve		
Additional capital contribution received and recognised as liabilities under IFRS (+)	-	-
Unused development reserve (+)	-	-
Deferred tax of unused development reserve, calculated based on IAS 12 (-)	-	-
Total allocated reserve	**0**	**0**
Section 114/B (5) b) Free retained earnings available for dividend payment:		
Retained earnings (which contains the profit or loss for the year of the financial year closed with the last annual financial statements)	501,836	397,351
Accumulated, unrealised gain accounted for because of fair value increase in investment property as per IAS 40	-	-
Free retained earnings available for dividend payment	**501,836**	**397,351**

14. Loans and borrowings

Non-current loans and borrowings

in HUF million	Non-current bank loans	Non-current bond liabilities
01.01.2022	**355,608**	**235,666**
Increase	1,878,350	636
Repayment	-1,185,753	-
Reclassification into current loans	-20,693	-
FX revaluation	-1,755	15,447
31.12.2022	**1,025,757**	**251,749**
Increase	2,146,660	255,484
Repayment	-2,120,745	-
Reclassification into current loans	-244,105	-
FX revaluation	-339	-6,141
31.12.2023	**807,228**	**501,092**

Non-current loans and bond liabilities of the Company outstanding at end of reporting period: HUF 1,308,320 million, influenced by the following main factors:

- Bond liabilities changed as follows as a result of issue of bonds performed during one auction in 2023:
  - The nominal value of the fixed-rate bonds with a term of 5 years issued under an international bond auction (hereinafter referred to as USD bond) is USD 750 million.

The funds raised as a result of the issue will contribute to implementing the MVM Group's green investments.

- In addition, the carrying amount of the bonds was affected by the unwinding of discount and the FX exchange rate differences.

- Foreign currency investment loans (current and non-current) with the European Investment Bank (EIB) amount to EUR 154 million, maturing in 2025, 2027, 2036 and 2037, and are designed to finance the reinforcement and expansion of the transmission network owned by MAVIR ZRt. No FX amounts were drawn in the reporting period.
- Most significant items from investment loans drawn in HUF (total amount of current and non-current liabilities, net of upfront loan costs, is HUF 137.2 billion):
  - Loans concluded with EIB for a term of 15 years each (maturing in 2027-2038) were drawn under the investment financing credit facility agreements for the financing of the strengthening and expansion of the electricity transmission network owned by MAVIR ZRt., the renovation of the storage facilities owned by Magyar Földgáztároló Zrt. and network development constructions of MVM Démász Áramhálózati Kft. and MVM Émász Áramhálózati Kft.
  - Furthermore, the 15-year loan agreement with the International Investment Bank (IIB), taken over by the Hungarian Development Bank (MFB) on 30 March 2022, and the 2022-year loan agreement with the MFB both concluded to finance the gas network development investments of MVM Főgáz Kft. and MVM Égáz-Dégáz Zrt. in 2020-2023, for which additional drawdowns of HUF 17.2 billion were made during the reporting year.
- On 14 October 2022, the Company entered into a EUR 250 million revolving credit agreement with ICBC Austria Bank GmbH for a 3-year term for general corporate finance purposes. After repayment of the total amount drawn down during the reporting period, the new drawdowns up to the end of the period resulted in a liability (net of upfront loan costs) of HUF 95.7 billion (EUR 250 million).
- On 6 May 2022, a EUR 350 million multi-currency revolving credit facility agreement for general corporate finance was signed with Bank of China Limited Magyarországi Fióktelepe. The existing contract was terminated at the same time. Taking the drawdowns and repayments made during the reporting period into account, the outstanding amount of long-term loans (net of upfront loan costs) at the end of the reporting period is HUF 134 billion (EUR 350 million).
- In 2017, originally signed with UniCredit Bank as agent and creditor and with 12 other creditors, HUF 122 billion of the HUF 347 billion revolving credit agreement for refinancing and general corporate financing purposes, which has since been amended several times, was reclassified to short-term, so after the drawdowns and repayments of the reporting year at the end of the period, the outstanding amount of long-term loans was HUF 225 billion.
- On 25 March 2021 the Company signed a loan agreement with a consortium consisting of three Hungarian banks with OTP Bank Nyrt. as the agent, for a total amount of HUF 100 billion. The term of the loan is 10 years; this non-current funding will assist the MVM Group

in implementing its business strategy. The loan outstanding at the end of the period totals HUF 74 billion (net of upfront loan costs), its current portion amounts to HUF 10 billion.

- A HUF 500 million revolving credit agreement was concluded in 2022 (with OTP Bank as agent and 11 banks) for refinancing and general corporate finance, expiring in 2026, of which the non-current debt outstanding at the end of the reporting period (net of upfront loan costs) after drawdowns and repayments in the reporting year is HUF 134 million (EUR 350 million).

Current loans and borrowings

in HUF million	Overdraft facility (including cash-pool liability)	Portion of non-current loans reclassified into current loans	Other current borrowings and loans	Accrual of interest payable	Total
01.01.2022	**767,303**	**15,480**	**2,500**	**1,740**	**787,023**
Increase	637,737	66	116,010	12,705	**766,518**
Decrease	-	-	-	-1,740	**-1,740**
Reclassification	-	20,693	-	-	**20,693**
Repayment	-	-15,546	-	-	**-15,546**
FX revaluation	26,276	299	-	-	**26,575**
31.12.2022	**1,431,316**	**20,992**	**118,510**	**12,705**	**1,583,523**
Increase	-	-	271,756	10,405	**282,161**
Decrease	-520,846	-	-	-12,705	**-533,551**
Reclassification	-	244,105	-	-	**244,105**
Repayment	-	-69,379	-262,727	-	**-332,106**
FX revaluation	21,138	160	-3,724	-	**17,574**
31.12.2023	**931,608**	**195,878**	**123,815**	**10,405**	**1,261,706**

Current loans include the revolving credit taken out by the Group from Vseobecná úverová bank in Slovakia (HUF 15,311 million), from Erste Bank (HUF 2,500 million) and from K&H Bank (HUF 26,300 million), as well as the liability to Citigroup Global Markets Limited (HUF 47,848 million) and to China Construction Bank (HUF 49,761 million).

(All figures are in HUF million except if otherwise indicated)

Non-current bank loans

Type of loan	Currency	Year of maturity (31.12.2023)	Balance			Balance		
			31.12.2023	Of which non-current	Of which current	31.12.2022	Of which non-current	Of which current
Loans with floating and fixed interest rates	HUF	2024 – 2038	**580,858**	426,916	153,942	**669,737**	652,571	17,166
Loans with floating and fixed interest rates	EUR	2024 – 2037	**422,248**	380,312	41,936	**377,012**	373,186	3,826
Total			**1,003,106**	**807,228**	**195,878**	**1,046,749**	**1,025,757**	**20,992**

Type of loan	Currency	Nominal average interest rate (31.12.2023)	Nominal average interest rate (31.12.2022)
Loans with floating and fixed interest rates	HUF	13.66%	10.47%
Loans with floating and fixed interest rates	EUR	3.69%	2.04%

(All figures are in HUF million except if otherwise indicated)

Issued bonds

Type of loan	Currency	Coupon	Date of maturity (31.12.2023)	Balance			Balance		
				31.12.2023	Of which non-current	Of which current	31.12.2022	Of which non-current	Of which current
NKP bond	HUF	3.25%	03.09.2031	**54,199**	54,199	-	**54,082**	54,082	-
EUR bond	EUR	0.88%	18.11.2027	**189,509**	189,509	-	**197,667**	197,667	-
USD bond	USD	7.5%	09.06.2028	**257,384**	257,384	-	**-**	-	-
Total				**501,092**	**501,092**	**-**	**251,749**	**251,749**	**-**

Loan collateral

The loans of MVM Zrt. are unsecured medium- and long-term loan contracts, in which MVM Zrt. does not provide any collateral right to the banks, and therefore it has to comply with standard market covenant clauses and financial covenants, the breaching of which may result in the termination of the loan contracts.

Loan covenants

In 2022 and 2023 the Company complied with all loan covenants. Based on the loan agreements, the ratio of adjusted EBITDA to interest expenses of the MVM Group must exceed 3, the ratio of adjusted net debt to net asset value must be less than 0.9, and the ratio of net debt to EBITDA must be less than 4.5.

15. Other non-current financial liabilities

(in HUF million)	31.12.2023	31.12.2022
Non-current lease liabilities (See Note III. 30.)	4,524	8,659
Other non-current liabilities	-	5
Total	**4,524**	**8,664**

The more significant items in the balance of other non-current liabilities include, among others, the lease liability recognised due to use of the Szentendrei út headquarters. The changes to this item in the reporting year are explained in Note III. 1).

16. Employee benefits

Liabilities related to long-term employee benefits

The Company provides other long-term benefits to its employees under the collective agreement.

For retiring employees the Company provides the following post-employment benefits:

- Average earnings for retiring employees;
- Voluntary pension fund.

The Company does not allocate a legally separate fund to cover liabilities related to the above future employee benefits, thus the present value of the whole commitment is recognised among liabilities.

The following table shows changes in the present value of defined benefit obligations:

Changes in the present value of defined benefit obligations (in HUF million)	2023	2022
Defined benefit obligation at the beginning of the period	**72**	**89**
of which: current portion	-	-
Interest costs	10	2
Current service costs	12	10
of which: extension	-	-
Payments in the current period	-	-
Curtailments	-	-
Actuarial (gains) losses	-11	-29
of which: recognised in other comprehensive income	*-11*	*-29*
Defined benefit obligation at the end of the period	**83**	**72**
of which: current portion	-	**-**

Of the items recognised in net profit in relation to the defined benefit plan, the current service costs and the effect of curtailment presented as correction of booked expenses are recognised as 'Staff costs', while interest expenses are recognised as 'Finance costs'.

Actuarial gains and losses on benefits connected to retirement are presented in other comprehensive income.

The reporting-year amount deriving from actuarial gains and losses arising upon reduction or settlement of the defined benefit plan and transferred into retained earnings within equity from accumulated other comprehensive income recognised previously totalled HUF 47 million (gain accounted for previously).

Expenses recognised in the statement of profit or loss in relation to defined benefit plan *(in HUF million)*	2023	2022
Staff costs	12	10
Finance costs	10	2
Total	**22**	**12**

<u>Actuarial assumptions</u>

The Company used the following basic actuarial assumptions when assessing liabilities related to the defined benefit plan.

Actuarial assumptions	2023	2022
Discount rate at 31 December	6.63%	13.04%
Rates of leaving	8.9%-16.2%	8.5%-15.9%
Wage increase over the rate of inflation after the year following the reporting year	0.00%	3.00%
Inflation	3.00%	3.00%

The discount rate is set in line with the yield on Hungarian government securities; it increased due to changes in market processes. The annual rate of leaving is determined by gender, employment category (manual-non-manual) and number of years of service. Life expectancy assumptions are based on the 2020 life expectancy table of the Hungarian Central Statistical Office. The elements of the defined benefit plan are not annuities but mostly one-off payments, therefore life expectancy assumptions are not considered a significant factor and accordingly are not disclosed.

We performed a sensitivity analysis in relation to the changes in the main actuarial assumptions of the liability related to the defined benefit plan, separately for the individual conditions, assuming that all other parameters remain constant. The results are presented in the table below:

Subject of the sensitivity analysis	Assumed change	Change in liability, expressed in %, in case of a positive shift in the subject of the sensitivity analysis	Change in liability, expressed in %, in case of a negative shift in the subject of the sensitivity analysis
Discount rate	+/-30 basis points	-3%	+3%
Wage increase over the rate of inflation after the year following the reporting year	+/-100 basis points	+11%	-9%
Rate of leaving*	+/-10%	-9%	+11%

** Assuming uniform changes irrespective of gender, manual – non-manual position and years in service.*

Liabilities related to short-term employee benefits

Liabilities related to short-term employee benefits (in HUF million)	31.12.2023	31.12.2022
Income settlement	313	210
Other settlements related to employees	22	22
Current portion of obligations related to defined benefit plans	-	-
Accrued staff costs	542	999
Accrual of 13th month wages and contributions	-	-
Accrual of bonuses and related contributions	*74*	*333*
Accrual of other staff benefits	*468*	*666*
Total	**877**	**1,231**

17. Provisions

(in HUF million)	Provisions for unused holidays	Other	Total
Balance at 1 January 2022	**143**	**45**	**188**
Of which: current	*143*	*45*	*188*
Of which: non-current	-	-	-
Reclassification	-	-	-
Provisions recognised during the period	153	175	328
Provisions used during the period	-143	-40	-183
Provisions released during the period	-	-5	-5
Unwind of discount	-	-	-
Balance at 31 December 2022	**153**	**175**	**328**
Of which: current	*153*	*175*	*328*
Of which: non-current	-	-	-
Reclassification	-	-	-
Provisions recognised during the period	165	2	167
Provisions used during the period	-153	-175	-328
Provisions released during the period	-	-	-
Unwind of discount	-	-	-
Balance at 31 December 2023	**165**	**2**	**167**
Of which: current	*165*	*2*	*167*
Of which: non-current	-	-	-

Within provisions, the amount used in the reporting period of the items not listed separately derived from the repayment of a damage compensation previously paid to the Company (HUF 175 million), while the obligation as at the end of the reporting period covers the support to be provided to MVM a Rászorulókért Alapítvány.

18. Other current non-financial liabilities

(in HUF million)	31.12.2023	31.12.2022
Related to central budget	8,324	7,353
of which: VAT	*7,932*	*7,086*
Liabilities related to contracts with customers	38	704
Other	345	263
Total	**8,707**	**8,320**

The balance of liabilities related to contracts with customers mainly includes deferral of income – guarantee fees, insurance premiums and other economic-type services – already invoiced to subsidiaries but relating to the next year. As at the end of 2022 it also includes credit of fees accounted for based on the ex post calculation of the management fee for the given year.

Grants

As at the end of 2023, advances for grants amounted to HUF 43 million (2022: HUF 19 million), deferrals related to grants totalled HUF 57 million (2022: HUF 107 million), while deferrals related to other assets was HUF 3 million (2022: HUF 3 million).

In 2023 HUF 68 million government grant was disbursed (grant received based on the final settlement related to Felsőoktatási és Ipari Együttműködés Központ, grant received under LIFE IP, reimbursement of the payment for days off work and contributions paid by the employer of additional paternity holiday).

19. Sales revenue

(in HUF million)	2023	2022
Management services	41,437	40,464
Treasury services	4,667	4,387
Utilisation of assets	1,599	1,536
Other activities	1,284	1,814
Total	**48,987**	**48,201**

Revenue by geographical region:

(in HUF million)	2023	2022
To EU countries	**48,985**	**48,201**
Hungary	48,006	46,509
Austria	13	27
Czech Republic	438	1,138
Croatia	501	491
Germany	1	-
Slovakia	25	32
Romania	1	4
To non-EU countries	**2**	**0**
United Kingdom	1	-
Switzerland	1	-
Total	**48,987**	**48,201**

The majority of the Company's revenue derives from sales within the Group. Revenue of the Holding entity from services provided extensively at Group level that cover several areas of management activity grew by HUF 973 million relative to the previous period.

Revenue from utilisation of assets derives from the utilisation, renting of industrial facilities (gas turbine power plants) and other non-current assets owned by the Company.

Reporting-year changes in receivables from customer contracts as well as contract assets and liabilities:

(in HUF million)	Accrued trade receivables and revenue	Contract assets	Contract liabilities
Balance at 1 January 2022	**31,935**	**-**	**1,464**
Revenue accounted for in the reporting year of the balance at the beginning of the year of contract liabilities	-	-	-1,464
Adjustment of revenues accounted for in a previous period – due to revision of the estimated proportion of performance over time	-	-	-
Adjustment of revenues accounted for in a previous period – due to revision of the estimate for variable consideration	-	-	-
Adjustment of revenues accounted for in a previous period – due to contract modification	-	-	-
Change in impairment of contract assets	-	-	-
Reclassification of contract assets into receivables	-	-	-
Other changes	22,287	-	704
Balance at 31 December 2022	**54,222**	**-**	**704**

(in HUF million)	Accrued trade receivables and revenue	Contract assets	Contract liabilities
Balance at 1 January 2023	**54,222**	**-**	**704**
Revenue accounted for in the reporting year of the balance at the beginning of the year of contract liabilities	-	-	-704
Adjustment of revenues accounted for in a previous period – due to revision of the estimated proportion of performance over time	-	-	-
Adjustment of revenues accounted for in a previous period – due to revision of the estimate for variable consideration	-	-	-
Adjustment of revenues accounted for in a previous period – due to contract modification	-	-	-
Change in impairment of contract assets	-	-	-
Reclassification of contract assets into receivables	-	-	-
Other changes	461	-	38
Balance at 31 December 2023	**54,683**	**-**	**38**

20. Other operating income

(in HUF million)	2023	2022
Gain on assets contributed to the company	1,283	-
Grants, benefits received	51	75
Intangible and tangible assets sold	21	13
Forgiven liabilities, assets received free of charge	15	3,423
Fines, penalties, default interest, compensation received	14	152
Impaired receivables settled financially	-	79
Other income	40	16
Total	**1,424**	**3,758**

Under other operating income for 2023, the gain on assets contributed to the company includes difference between the carrying amount of the assets contributed to MVM Ingatlankezelő Kft. in-kind (Kék-Duna Csónakház, Hotel Astra and Budaörs properties) and their value under the articles of association.

21. Material-type expenses

(in HUF million)	2023	2022
Operating costs of motor vehicles	103	92
Maintenance cost of devices and equipment	35	47
Costs of spare parts	15	7
Costs of maintenance materials	1	1
Other material-type expenses	9	11
Total material-type expenses	**163**	**158**

A major item within material-type expenses comprises fuel and other materials necessary for the operation of motor vehicles (HUF 103 million). The change in expenses was also primarily affected by the rise in fuel prices.

22. Staff costs

(in HUF million)	2023	2022
Wage costs	5,450	5,004
Wage contributions	1,204	984
Other staff costs	1,269	832
Total	**7,923**	**6,820**

Staff costs increased by HUF 1,103 million. The Company implemented a uniform fixed basic salary increase (HUF 85,000 per person per month) from January 2023. Subsequently, at the end of the year, as part of the autumn review (inflation, competitiveness), a single lump sum payment of HUF 150,000 per person was made, and employees received a one-off net SZÉP Card allowance of HUF 200,000 per person.

Overall, additional costs were generated by the salary increase in 2023, performance-related lump sum payments and related accruals as well as other one-off benefits, which were offset by the absence of ad hoc incentive payments.

In terms of headcount, the average figure for 2023 revealed 11 fewer staff than in the previous period, which also resulted in savings. However, a significant increase was generated by one-off payments related to the termination of employment for staff leaving in 2023.

Amounts paid to pension and other welfare funds based on defined contribution plans are recognised as other staff costs. Expenses accounted for based on defined contribution plans amounted to HUF 278 million in 2023 (2022: HUF 255 million).

Average headcount

Average headcount (persons) ***Staff category ****	**2023**	**2022**
Manual	-	-
Non-manual	160	171
Total payroll staff	*160*	*171*
Total	**160**	**171**

** The average headcount is the average over 12 months of the average monthly headcount.*

23. Recognition and reversal of impairment

(in HUF million)	**2023**	**2022**
Impairment of non-current assets	6	10
Impairment of intangible assets	-	-
Impairment of tangible assets	*2*	*3*
Scrapping of intangible assets	-	-
Scrapping of tangible assets	*4*	*7*
Reversed impairment of non-current assets	-	-
Reversed impairment of intangible assets	-	-
Reversed impairment of tangible assets	-	-
Impairment of non-current assets held for sale	-	2
Impairment of inventories (see Note III.8.)	39	2
Impairment of receivables	91	119
Reversed impairment of receivables	-102	-86
Impairment and reversal on other non-financial assets, bad debts	-	-10
Total	**34**	**37**

In 2023 impairment of receivables and reversal thereof related to receivables from subsidiaries (receivables within non-current loans as well as trade receivables and other non-derivative financial assets).

24. Other operating expenses

(in HUF million)	2023	2022
Marketing costs	14,125	12,979
Costs of SLA (except for bookkeeping) services provided by MVM Services Zrt.	10,401	9,347
Costs of technical, IT and operating services	5,363	3,703
Advisory costs	3,235	3,626
Fees paid to authorities, insurance premiums, membership fees and taxes	1,705	1,177
Costs of bookkeeping services and audit	933	686
Rental and other fees	597	549
Financial support granted	423	447
Other operating expenses	2,604	1,540
Total	**39,386**	**34,054**

Based on the above, the HUF 5,332 million increase in other operating expenses was a joint result of several factors, of which the major items include changes in marketing costs, SLA services provided by MVM Services Zrt., costs of technical, IT and operating services and advisory costs.

25. Finance income and finance costs

Finance income

(in HUF million)	2023	2022
Gain on derivative transactions	215,598	286,413
Interest income	204,919	76,697
Dividends received	204,007	95,277
Foreign exchange gain	132,885	126,573
Income from, capital gains on interests	14	610
Other finance income	371	90
Total	**757,794**	**585,660**

Overall, finance income grew as compared to the previous period, resulting mainly from dividends received and the increase in interest income relative to the previous year, which is primarily due to the higher volume of loans.

The main items within derivative transactions are realised and unrealised gain and loss on interest rate swap and FX derivative transactions not subject to hedge accounting. The year-on-year decrease is due to less favourable market prices compared to the dealing prices of transactions.

A factor contributing to the increase in dividends received in the case of subsidiaries and associates was the higher income resulting from the higher profit of the individual companies.

Finance costs

(in HUF million)	2023	2022
Loss on derivative transactions	216,698	240,914
Interest expense on loans, borrowings	181,926	95,103
Foreign exchange loss	131,778	165,804
Impairment on investments	12,901	10,263
Other interest expense	367	303
Expenses, capital losses on interests	8	11,074
Other finance costs	1,741	1,597
Total	**545,419**	**525,058**

In total, finance costs were up on the previous period, mainly due to the increase in interest expenses primarily due to the higher volume of non-current loans and to cash pool borrowings.

In 2023 – based on the recoverable amount determined in accordance with the accounting policy – HUF 13,163 million impairment was booked and HUF 262 million impairment was reversed on interests, including as major items the impairment of the interests in Vértesi Erőmű Zrt., MVM EGI Zrt. and GRAPE Solutions Hungary Zrt.

26. Financial instruments

Integrated Enterprise Risk Management (ERM)

To identify and assess risks that threaten the achievement of organisational objectives and to mitigate them as far as possible, the Company and the Group operates an integrated Enterprise Risk Management system.

Within this framework, the Group Risk Management Directorate of MVM Zrt.

- identifies, corrects and manages events and risks that could hinder the achievement of the objectives,
- helps management to manage risks, and
- regulates the processes needed to achieve the above.

The integrated risk management procedure sets out the actions to be taken in relation to each risk – and how to take them – to reduce or eliminate the risks, and how to monitor the completion of the actions on an ongoing basis.

The Company and the Group is exposed to the following risks derived from financial instruments:

- credit risk (counterparty risk);
- liquidity risk;
- market risk (including foreign exchange risk, interest rate risk, equity price risk and commodity price risk arising from trading commodities).

This Note presents information about the Company's exposure to the above risks, MVM Zrt.'s objectives, rules and processes for measuring and managing risk.

Carrying amount of financial instruments of the Company by category:

(in HUF million)	Carrying amount	
	31.12.2023	31.12.2022
Non-current loans and receivables	400,651	335,185
Trade receivables and other non-derivative financial assets	1,861,378	1,529,151
Restricted cash	154	293
Cash and cash equivalents	546,668	1,114,878
Total financial assets measured at amortised cost	**2,808,851**	**2,979,507**
Derivative financial assets measured at fair value through profit or loss	**398,042**	**365,666**
Interests measured at fair value through other comprehensive income	**2,233**	**2,342**
Non-current loans and borrowings	1,308,320	1,277,506
Other non-current financial liabilities	4,524	8,664
Current loans and borrowings	1,261,706	1,583,523
Trade payables and other non-derivative financial liabilities	455,733	417,565
Total financial liabilities measured at amortised cost	**3,030,283**	**3,287,258**
Derivative financial liabilities measured at fair value through profit or loss	**404,859**	**332,770**

In 2023 the Company had no gain or loss arising from derecognition of financial assets measured at amortised cost (2022 figure: HUF 79 million gain).

a) Credit risk (counterparty risk)

Credit risk is the risk of financial loss if a customer or counterparty fails to meet its contractual obligations in full and/or on time. The risk arises primarily from financial - economic factors, such as insolvency of the partner, or for technical - commercial or administrative reasons.

Providing financing for its subsidiaries and their solvency represent the main credit risk for the Company.

To mitigate the above risk the Company applies various procedures and measures:

- preliminary assessment and periodic review of creditworthiness of member companies;
- establishing individual credit limits and ongoing checking of adherence to such limits, monitoring of any breaches of limit, developing action plans;
- establishing partner limits for treasury partners based on an internal model, taking the data of external rating agencies into account, and continuous monitoring thereof;
- for treasury partners, in addition to the ISDA contracts that provide the legal background of hedge transactions, the use of a Credit Support Annex that requires in the case of all

partners two-way margining on a weekly basis, based on the current market value (MtM) of the transactions concluded;
- regular review and modification if necessary of the recorded partner limits, taking into account past experience and available information relating to the partner;
- continuous reconciliation of cash flows required from the member companies and cash flows that can actually be realised;
- continuous check of the changes in outstanding receivables;
- application of collection measures;
- central management of the liquidity generated in member companies in the Group-level cash pool system.

The Group seeks to manage the ever-changing market/economic conditions by periodically reviewing and adjusting the counterparty rating model in a manner consistent with the Group's risk appetite.

Maximum value as at 31 December of assets exposed to credit risk is presented in the following table

Maximum credit risk exposure ***(in HUF million)***	**31.12.2023**	**31.12.2022**
	Gross carrying amount	**Gross carrying amount**
Non-current loans and receivables	401,759	336,343
Derivative financial assets (non-current)	53,805	84,130
Derivative financial assets (current)	344,237	281,536
Trade receivables and other non-derivative financial assets	1,861,641	1,529,819
Restricted cash	154	293
Cash and cash equivalents	546,671	1,114,882
Maximum credit risk exposure	**3,208,267**	**3,347,003**
Exposures secured by collateral	**849,169**	**601,646**
Net credit risk exposure	**2,359,098**	**2,745,357**

Rating of receivables and impairment

The following tables present the amount of impairment allocated on trade receivables and non-current loans and receivables by maturity as well as changes to impairment in the reporting year.

The table below shows cost and impairment of non-current loans and receivables by maturity:

(in HUF million)	31.12.2023		
	Cost	Impairment	Carrying amount
Not past due	401,759	1,108	400,651
Past due	-	-	-
Between 1 - 30 days	-	-	-
Between 31 - 90 days	-	-	-
Between 91 - 180 days	-	-	-
Between 181 - 365 days	-	-	-
Over 1 year	-	-	-
Total	**401,759**	**1,108**	**400,651**

(in HUF million)	31.12.2022		
	Cost	Impairment	Carrying amount
Not past due	336,343	1,158	335,185
Past due	-	-	-
Between 1 - 30 days	-	-	-
Between 31 - 90 days	-	-	-
Between 91 - 180 days	-	-	-
Between 181 - 365 days	-	-	-
Over 1 year	-	-	-
Total	**336,343**	**1,158**	**335,185**

Changes of impairment charged on non-current loans and receivables:

Changes in charged impairment ***(in HUF million)***	**2023**	**2022**
Opening balance at 1 January	1,158	1,122
Impairment recognised in the reporting year	19	73
Impairment derecognised in the reporting year, other changes	-9	-11
Reversal of reporting-year impairment	-60	-26
Balance of impairment account at 31 December	**1,108**	**1,158**

In 2022 and in 2023 MVM Zrt. measured non-current receivables and assessed impairment for them based on the incurred loss model and the expected credit loss model individually.

The following table shows cost and impairment of trade receivables and other non-derivative financial assets by maturity:

Trade receivables and other non-derivative financial assets ***(in HUF million)***	**31.12.2023**		
	Cost	**Impairment**	**Carrying amount**
Not past due	**1,861,572**	**257**	**1,861,315**
Past due	**69**	**6**	**63**
Between 1 - 30 days	24	-	24
Between 31 - 90 days	39	-	39
Between 91 - 180 days	-	-	-
Between 181 - 365 days	-	-	-
Over 1 year	6	6	-
Total	**1,861,641**	**263**	**1,861,378**

Trade receivables and other non-derivative financial assets ***(in HUF million)***	**31.12.2022**		
	Cost	**Impairment**	**Carrying amount**
Not past due	**1,529,431**	**517**	**1,528,914**
Past due	**388**	**151**	**237**
Between 1 - 30 days	235	-	235
Between 31 - 90 days	3	1	2
Between 91 - 180 days	-	-	-
Between 181 - 365 days	-	-	-
Over 1 year	150	150	-
Total	**1,529,819**	**668**	**1,529,151**

Changes in impairment recognised on trade receivables and other non-derivative financial assets:

Changes in charged impairment (in HUF million)	**2023**		**2022**	
	Individual	**Collective**	**Individual**	**Collective**
Opening balance at 1 January	668	-	228	-
Impairment recognised in the reporting year	72	-	46	-
Exchange difference of impairment	-	-	-	-
Derecognised impairment, other changes	-435	-	454	-
Reversal of reporting-year impairment	-42	-	-60	-
Balance of impairment account at 31 December	**263**	**-**	**668**	**-**
		263		**668**

In 2022 and in 2023 MVM Zrt. measured receivables and assessed impairment for them based on the incurred loss model and the expected credit loss model individually.

A detailed description of the methods used to assess impairment is included in Note II.3. o).

b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to settle its financial liabilities when they fall due.

Management of liquidity risk

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

The objective and requirement of the Company is that it should maintain a strong liquidity position and shape the liquidity profiles of it assets, liabilities and contingent liabilities to ensure balanced cash flows and the settlement of all obligations when due.

The objective of the Company is that the aggregated value of its cash, cash equivalents and other easy-to-sell investments exceed at all times the amount of expected cash outflows related to its financial liabilities. Compliance with the above objective is continuously monitored with the help of regular cash flow forecasts, based on which amounts, maturities and dates of performance of expected cash inflows related to receivables and cash outflows related to liabilities are compared.

To ensure efficient and as cost-effective as possible management of liquidity risk the MVM Group uses cash pool accounts which ensure daily liquidity of the members involved in the cash pool; bank credit facilities are also available for the Group to cover potential unexpected illiquidity. The available financing portfolio provides appropriate conditions to ensure liquidity as well as financial flexibility for the Company and the other members of the MVM Group.

Unused credit facilities of the Company at the end of the periods under review:

Credit facility	Expired (31.12.2023)	31.12.2023		31.12.2022	
		Original currency, million*	In HUF million	Original currency, million*	In HUF million
EUR credit facility	2024-2041	443.793	169,875	246.491	98,658
HUF credit facility	2024	644,768	644,768	183,103	183,103
USD credit facility	2024	3	1,150	3	1,150
CZK credit facility	without expiry	870	13,468	-	-
RON credit facility	2024	9	669	9	704
Multi-currency credit facility	2027	21,053	21,053	14,754	14,754

*In the case of the multi-currency credit facility the amount of the credit facility is shown in HUF million in the 'Original currency' column.

Financial liabilities by maturity (principal and interest cash flows) as of 31 December 2023:

Financial liabilities ***(in HUF million)***	**Non-derivative financial liabilities**			**Derivative financial liabilities**		**Total financial liabilities**
				Transactions not subject to hedge accounting		
	Other non-current financial liabilities	**Current and non-current loans and borrowings**	**Trade payables and other non-derivative financial liabilities**	**Inflow**	**Outflow**	
Carrying amount	**4,524**	**2,570,026**	**455,733**	**404,859**		**3,435,142**
Contractual cash flows	12,444	2,920,896	456,289	496,725	911,054	3,803,958
0-1 month	-	57,835	9,812	197,996	206,106	75,757
1-12 months	-	1,295,346	446,477	282,046	622,445	2,082,222
1-2 years	449	189,145	-	14,659	65,198	240,133
2-5 years	1,190	1,107,697	-	2,024	17,305	1,124,168
Over 5 years	10,805	270,873	-	-	-	281,678

Financial liabilities by maturity (principal and interest cash flows) as of 31 December 2022:

Financial liabilities ***(in HUF million)***	**Non-derivative financial liabilities**			**Derivative financial liabilities**		**Total financial liabilities**
				Transactions not subject to hedge accounting		
	Other non-current financial liabilities	**Current and non-current loans and borrowings**	**Trade payables and other non-derivative financial liabilities**	**Inflow**	**Outflow**	
Carrying amount	**8,664**	**2,861,029**	**417,565**	**332,770**		**3,620,028**
Contractual cash flows	9,463	3,226,958	417,593	707,786	1,048,217	3,994,445
0-1 month	-	15,036	148,977	414,419	435,613	185,207
1-12 months	-	1,698,547	268,616	262,870	493,680	2,197,973
1-2 years	9,458	457,196	-	28,312	101,124	539,466
2-5 years	5	802,773	-	2,185	17,800	818,393
Over 5 years	-	253,406	-	-	-	253,406

Financial receivables by maturity (principal and interest cash flows) as of 31 December 2023:

Financial receivables *(in HUF million)*	**Non-derivative financial assets**		**Derivative financial assets**		**Total financial receivables**
	Non-current loans and receivables	**Trade receivables and other non-derivative financial assets (except for current loans)**	**Transactions not subject to hedge accounting**		
			Inflow	**Outflow**	
Carrying amount	**400,651**	**1,861,378**	**398,042**		**2,660,071**
Contractual cash flows	544,986	2,881,364	1,091,245	684,348	3,833,247
0-1 month	-	73,849	349,480	340,432	82,897
1-12 months	-	2,807,515	670,563	329,022	3,149,056
1-2 years	62,538	-	67,230	13,146	116,622
2-5 years	253,401	-	3,972	1,748	255,625
Over 5 years	229,047	-	-	-	229,047

Financial receivables by maturity (principal and interest cash flows) as of 31 December 2022:

Financial receivables ***(in HUF million)***	**Non-derivative financial assets**		**Derivative financial assets**		**Total financial receivables**
	Non-current loans and receivables	**Trade receivables and other non-derivative financial assets**	**Transactions not subject to hedge accounting**		
			Inflow	**Outflow**	
Carrying amount	**335,185**	**1,529,151**	**365,666**		**2,230,002**
Contractual cash flows	498,770	1,652,031	790,069	416,235	2,524,635
0-1 month	-	181,486	216,597	198,088	199,995
1-12 months	-	1,470,545	454,385	187,650	1,737,280
1-2 years	77,291	-	101,281	28,312	150,260
2-5 years	182,737	-	17,806	2,185	198,358
Over 5 years	238,742	-	-	-	238,742

c) Market risk

Market risk is the risk that changes in market prices – such as exchange rates, interest rates and commodity prices – will affect the Company's profit or loss and the fair values of financial instruments reported in the financial statements. The objective of market risk management is to ensure that the planned profit or recovery that can be achieved during the performance of the individual business activities should be influenced by relevant market factors, such as exchange rates, interbank interest rates or changes in commodity prices only up to a tolerable extent.

Market risk management policy and guidelines are specified at group level involving the companies concerned and are reviewed periodically.

It is the joint and coordinated responsibility of the Group Risk Management Directorate of MVM Zrt. and the companies to ensure management of market risks as well as full compliance with internal procedures and legal regulations.

The Group Risk Management Directorate of MVM Zrt. measures and reports sensitivity analyses relating to the commodity price risks present in the Group on a weekly basis, in individual cases it performs scenario analysis and stress tests. In terms of market risk the Group and thus the Company is primarily exposed to risks arising from changes to the price of electric energy, natural gas, primary energy resources and emission allowances, currency risks as well as risks derived from changes to interest rates.

Commodity price risk

Before August 2022, MVM Zrt. was allowed to hold a limited amount of bulk commodity derivative positions on its own account. These positions were typically taken on by member companies but were not marketable due to their small size; no positions were built for own purposes. These positions could only be held for a limited period, up to two weeks. Due to the extremely small position size and short holding period, the impact on profit/loss and the sensitivity of these positions was extremely low and practically negligible. MVM Zrt. has not engaged in bulk commodity derivatives trading on its own account since August 2022, so from this date onwards, changes in the prices of bulk commodity derivatives have no impact on the separate figures of the Zrt., while the margin (both received and paid) is passed on to the member companies concerned on a pro rata basis.

Foreign exchange risk

The functional and presentation currency of MVM Zrt. and the Group is the Hungarian forint. The Group's significant regional presence and the euro-based price quotations of its main markets constitute a significant foreign exchange exposure. In accordance with the guidelines of the risk management performed centrally by the Company, subsidiaries seek to establish natural hedge positions in foreign currency, i.e. applying the principle of FX purchase/liability versus FX sale/asset. If this is not possible for some reason, the net foreign exchange position is hedged with a derivative – generally a forward purchase/sale of foreign exchange. The amount of foreign exchange risk that subsidiaries can take on is capped by a limit system or hedge path.

During the long-term management of the Group's FX balance sheet items, the expected probabilities of FX appreciation and depreciation based on historical exchange rate movements and the current hedging cost of the given hedging direction are considered.

Similar to commodity risk, the effective time horizon for managing FX risk is typically 1-2 years at most, which means, just like all market participants, the Group will have to adapt to a changed exchange-rate environment in the medium to long term.

Foreign exchange rate exposures

Exposure of the Company as of the reporting date by currency, without functional currency:

Exposure to foreign exchange risk *(in HUF million)*	**31.12.2023**					
	EUR	**USD**	**CHF**	**CZK**	**RON**	**Other currency**
Non-current loans and receivables	56,092	-	-	-	-	-
Derivative financial assets (non-current)	53,534	271	-	-	-	-
Derivative financial assets (current)	344,091	146	-	-	-	-
Trade receivables and other non-derivative financial assets	715,891	11	-	-	-	3
Restricted cash	-	-	-	-	-	-
Cash and cash equivalents	386,534	512	2	140,540	1,674	209
Total financial assets	**1,556,142**	**940**	**2**	**140,540**	**1,674**	**212**
Non-current loans and borrowings	569,821	257,385	-	-	-	-
Non-current derivative financial liabilities	62,410	271	-	-	-	-
Other non-current financial liabilities	3	-	-	-	-	-
Current loans and borrowings	380,216	1,387	-	150,382	6,089	179
Current derivative financial liabilities	342,063	115	-	-	-	-
Trade payables and other non-derivative financial liabilities	444,141	147	54	-	-	4
Total financial liabilities	**1,798,654**	**259,305**	**54**	**150,382**	**6,089**	**183**
Net exposure	**-242,512**	**-258,365**	**-52**	**-9,842**	**-4,415**	**29**

Exposure to foreign exchange risk *(in HUF million)*	**31.12.2022**					
	EUR	**USD**	**CHF**	**CZK**	**RON**	**Other currency**
Non-current loans and receivables	62,909	-	-	-	-	-
Derivative financial assets (non-current)	84,130	-	-	-	-	-
Derivative financial assets (current)	281,528	8	-	-	-	-
Trade receivables and other non-derivative financial assets	432,782	53	-	1	-	3
Restricted cash	-	-	-	-	-	-
Cash and cash equivalents	788,687	856	5	1,054	4,000	18
Total financial assets	**1,650,036**	**917**	**5**	**1,055**	**4,000**	**21**
Non-current loans and borrowings	568,967	-	-	-	-	-
Non-current derivative financial liabilities	83,974	-	-	-	-	-
Other non-current financial liabilities	14	-	-	-	-	-
Current loans and borrowings	368,023	4,396	-	649,138	20,330	-
Current derivative financial liabilities	248,788	8	-	-	-	-
Trade payables and other non-derivative financial liabilities	265,201	1	-	1	-	50
Total financial liabilities	**1,534,967**	**4,405**	**-**	**649,139**	**20,330**	**50**
Net exposure	**115,069**	**-3,488**	**5**	**-648,084**	**-16,330**	**-29**

Analysis of exchange-rate sensitivity

The appreciation in the HUF at the reporting date vis-à-vis the following currencies would have increased (positive amounts) or decreased (negative amounts) equity and profit as shown in the following table in HUF million. The analysis was based on exchange rate changes deemed reasonably possible by the Company on the reporting date. The analysis assumes that all other variables remain constant, including interest rates and other currencies included in the table. The analysis is based on the same principles as for comparative data, with the exception of the exchange rate fluctuation deemed reasonably possible, which is different, as demonstrated in the table below.

Currency	31.12.2023		
	Rate of strengthening (%)	Equity	Profit or loss
Against EUR	2	4,850	4,850
Against USD	3	7,751	7,751
Against CHF	2	1	1
Against CZK	2	197	197
Against RON	2	88	88

Currency	31.12.2022		
	Rate of strengthening (%)	Equity	Profit or loss
Against EUR	2	-2,301	-2,301
Against USD	3	105	105
Against CHF	2	-	-
Against CZK	2	12,962	12,962
Against RON	2	327	327

If the HUF were to weaken as of the reporting date against the currencies above, this would have the same but opposing effect on equity and profit or loss, provided that all other variables remain constant.

In the table above, the change in profit or loss is also included in the amount of the change in equity.

Interest rate risk

The MVM Group is exposed to changes in interest rates in the context of its business activities and financial transactions. MVM Zrt. provides the necessary financing for the members of the MVM Group – with the exception of certain project financing transactions – in the form of a parent company loan. Such parent company loans are usually linked to benchmarks bearing variable interest. Accordingly, the member companies of the MVM Group are exposed to risks related to changes in reference rates. MVM Zrt. also uses external financing in addition to the financing needs of individual members of the Group to finance acquisitions and group-wide capex.

The MVM Group manages the interest rate risks stemming from its financing activities by choosing the type of interest rate used for the financing source and by using interest rate derivatives, typically interest rate swaps.

The interest rate structure of the interest-bearing financial instruments of the Company as at the reporting date was as follows:

Fixed-rate instruments *(in HUF million)*	**Carrying amount**	
	31.12.2023	**31.12.2022**
Non-current loans and receivables	153,395	145,012
Trade receivables and other non-derivative financial assets	6,105	4,204
Restricted cash	154	293
Cash and cash equivalents	546,668	1,114,878
Total financial assets	**706,322**	**1,264,387**
Non-current loans and borrowings	654,428	409,857
Other non-current financial liabilities	-	5
Current loans and borrowings	6,096	11,036
Total financial liabilities	**660,524**	**420,898**

Floating-rate instruments *(in HUF million)*	**Carrying amount**	
	31.12.2023	**31.12.2022**
Non-current loans and receivables	247,256	1,410,722
Trade receivables and other non-derivative financial assets	1,030,279	1,086,253
Derivative financial assets	1,802	1,407
Total financial assets	**1,279,337**	**2,498,382**
Non-current loans and borrowings	653,892	867,649
Other non-current financial liabilities	4,524	8,659
Current loans and borrowings	1,255,610	1,572,487
Current derivative financial liabilities	9,478	-
Trade payables and other non-derivative financial liabilities	208	305
Total financial liabilities	**1,923,712**	**2,449,100**

Fair value sensitivity analysis for fixed-rate financial instruments

The Company typically does not have fixed-rate financial assets and liabilities which are measured at fair value through profit or loss. Therefore a change in the interest rate as at the reporting date would not affect the Company's equity and profit or loss.

Cash flow sensitivity analysis for floating-rate financial instruments

The following increases/decreases in interest rates as of the reporting date would have decreased/increased equity and profit or loss as shown in the table below. This analysis assumed that all other variables, including foreign exchange rates, remain constant.

(in HUF million)	31.12.2023		
	Increase (basis points)	Equity	Profit or loss
Floating-rate instruments (HUF)	200	9,944	9,944
Floating-rate instruments (EUR)	100	-1,480	-1,480

(in HUF million)	31.12.2022		
	Increase (basis points)	Equity	Profit or loss
Floating-rate instruments (HUF)	200	6,030	6,030
Floating-rate instruments (EUR)	100	303	303

In the table above, the change in profit or loss is also included in the amount of the change in equity.

Sensitivity analysis of price of financial assets measured at fair value through other comprehensive income:

The following increases in the closing stock exchange price of listed interests included in FVOCI financial assets would have increased equity and profit or loss as shown in the table below. The analysis is based on the assumption that all other variables remain constant.

(in HUF million)	31.12.2023		
	Rate of strengthening (%)	Equity	Profit or loss
PannErgy Nyrt.	10	209	-
Interests in other entities	10	14	-

(in HUF million)	31.12.2022		
	Rate of strengthening (%)	Equity	Profit or loss
PannErgy Nyrt.	10	220	-
Interests in other entities	10	14	-

d) Fair value of financial instruments

The following table presents fair values and carrying amounts of financial instruments:

(in HUF million)	31.12.2023		31.12.2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current loans and receivables	400,651	389,441	335,185	316,611
Trade receivables and other non-derivative financial assets	1,861,378	1,860,267	1,529,151	1,528,892
Restricted cash	154	154	293	293
Cash and cash equivalents	546,668	546,668	1,114,878	1,114,878
Total financial assets measured at amortised cost	**2,808,851**	**2,796,530**	**2,979,507**	**2,960,674**
Interests in other entities	2,233	2,233	2,342	2,342
Total financial assets measured at fair value through other comprehensive income	**2,233**	**2,233**	**2,342**	**2,342**
Derivative financial assets (non-current)	53,805	53,805	84,130	84,130
Derivative financial assets (current)	344,237	344,237	281,536	281,536
Non-current derivative financial liabilities	62,681	62,681	83,974	83,974
Current derivative financial liabilities	342,178	342,178	248,796	248,796
Total derivative financial assets and liabilities	**-6,817**	**-6,817**	**32,896**	**32,896**
Non-current loans and borrowings	1,308,320	1,272,280	1,277,506	1,216,486
Other non-current financial liabilities	4,524	4,524	8,664	8,664
Current loans and borrowings	1,261,706	1,260,595	1,583,523	1,580,155
Trade payables and other non-derivative financial liabilities	455,733	455,733	417,565	417,565
Total other financial liabilities	**3,030,283**	**2,993,132**	**3,287,258**	**3,222,870**

Fair values of interests in PannErgy Nyrt. recorded among interests in other entities were measured based on closing prices of the Budapest Stock Exchange. The carrying amount of not listed interests in other entities well approximates their fair value.

Fair values of derivative financial assets measured at fair value were determined based on quoted stock exchange data at the location of the transaction, using the discounted cash flow method.

The carrying amount of cash, trade and other non-derivative financial receivables as well as trade payables and other non-derivative financial liabilities more or less approximates their market value due to their current nature.

A part of non-current and current loans granted and received bears floating interest, their fair value does not differ significantly from their amortised cost; their carrying amount more or less approximates their fair value. For non-current and current loans granted and received bearing fixed rate, fair value assessed for disclosure purposes on the individual reporting dates was measured using the discounted cash flow method, using the floating interest rate of loans with similar risk.

(All figures are in HUF million except if otherwise indicated)

Other non-current financial liabilities include primarily non-current lease liabilities, which are stated at discounted present value, therefore their fair value approximates their carrying amount.

Fair value hierarchy

The table below analyses financial instruments measured at fair value, by valuation method. The different levels of the fair value hierarchy have been defined as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the financial asset or liability either directly (i.e. as prices) or indirectly (i.e. can be derived from prices);
- Level 3: inputs for the financial asset or liability that are not based on observable market data (unobservable inputs).

Description	31.12.2023		
	Level 1	Level 2	Level 3
Fixed-rate loans and borrowings granted	-	147,180	-
Interests in other entities	2,233	-	-
Derivative financial assets (non-current)	-	53,805	-
Derivative financial assets (current)	-	344,237	-
Total financial assets measured at fair value	**2,233**	**545,222**	**-**
Non-current derivative financial liabilities	-	62,681	-
Current derivative financial liabilities	-	342,178	-
Total financial liabilities measured at fair value	**-**	**404,859**	**-**
Fixed-rate loans and borrowings received	-	623,373	-
Total financial liabilities not measured at fair value where fair value is measured for disclosure purposes	**-**	**623,373**	**-**

(All figures are in HUF million except if otherwise indicated)

Description	31.12.2022		
	Level 1	Level 2	Level 3
Fixed-rate loans and borrowings granted	-	130,383	-
Interests in other entities	2,342	-	-
Derivative financial assets (non-current)	-	84,130	-
Derivative financial assets (current)	-	281,536	-
Total financial assets measured at fair value	**2,342**	**496,049**	**-**
Non-current derivative financial liabilities	-	83,974	-
Current derivative financial liabilities	-	248,796	-
Total financial liabilities measured at fair value	**-**	**332,770**	**-**
Fixed-rate loans and borrowings	-	420,893	-
Total financial liabilities not measured at fair value where fair value is measured for disclosure purposes	**-**	**420,893**	**-**

Except for the categories presented, the fair value of financial instruments equals the carrying amount.

In the above periods no reclassifications were made between levels.

e) Capital management

The Company and thus the Group aims to establish a strong equity position to retain the confidence of investors, creditors and the market and support the future development of its business activities. The management constantly monitors the yields achieved, which are supported by the operating profit and the profit before tax, as well as performing to the ratios relating to financial covenants. The management also monitors the share capital/equity ratios of the Company and the Hungarian subsidiaries to ensure they comply with the level required by Section 3:133. (2) of Act V of 2013 on the Hungarian Civil Code (hereinafter referred to as Civil Code), as well as for limited liability companies by Section 3:161. (4) and for companies limited by shares by Section 3:212. (2).

By managing its capital the Company strives towards achieving a balance between the highest possible profit, dividend and liabilities as well as a strong equity position.

The Company aims to keep the financial ratios at the levels permitted by the contracts.

In relation to the end of 2023 and 2022 decision makers and credit institutions monitor financial information according to IFRSs, thus the tables below also present this information.

Of the indicators related to financial covenants the ratio of adjusted net debt to net asset value relates to capital management. Based on the loan agreements, this ratio shall be lower than 0.9 at MVM Group level. This criterion was met in both 2023 and 2022.

27. Fair value of non-financial instruments

There are no non-financial instruments subject to fair value measurement reported in the financial statements of the Company.

28. Transactions with related parties

Parent company and ultimate controlling party

As at 1 December 2022 the Ministry of Energy was appointed to exercise the ownership rights over MVM Zrt., as a state-owned company.

Apart from the dividend payment described in Note III. 13., the Company had no other transactions with the parent company.

Transactions with key management personnel

Key management personnel are the persons who have, either directly or indirectly, authority and responsibility with respect to planning, directing and controlling the activities of the entity, including the managing director and other directors.

The Company considers officers charged with management, members of the supervisory board, members of the board of directors and the chairperson of the works council key management personnel.

Key management personnel received the following benefits:

(in HUF million)	2023	2022
Short-term benefits	484	593

Business transactions with subsidiaries

Subsidiaries are presented in Note III. 35.

(in HUF million)	31.12.2023	31.12.2022
Non-current loans and receivables	400,622	335,152
Non-current derivative financial assets	52,847	2,040
Derivative financial assets	332,586	172,029
Trade receivables and other non-derivative financial assets	1,178,708	1,334,632
Other non-financial assets	1,159	1,106
Cash pool receivables	386,345	802,572
Other non-current financial liabilities	4,330	8,523
Non-current derivative financial liabilities	442	69,009
Current loans and borrowings	934,975	1,436,212
Current derivative financial liabilities	25,093	80,614
Trade payables and other non-derivative financial liabilities	369,341	148,567
Other current non-financial liabilities	38	692

(in HUF million)	2023	2022
Net sales revenue	48,874	48,105
Other income	1,307	10
Operating expenses	18,084	16,266
Finance income	565,742	365,870
Finance costs	202,258	126,351

<u>Business transactions with joint ventures and associates</u>

Joint ventures and associates are presented in Note III. 35.

Transactions with joint ventures are not considered significant for the purposes of the Company's financial statements.

Of associates, transactions with E.ON Hungária ZRt. and the companies controlled by it are considered significant.

Items with joint ventures and associates not considered individually significant are recognised on an aggregate basis.

(in HUF million)	31.12.2023	
	E.ON Hungária Group	Individually not significant entities
Income from joint ventures and associates	153	1
Costs to joint ventures and associates	-	-
Trade receivables and other non-derivative financial assets	139	-
Trade payables and other non-derivative financial liabilities	-	-

(in HUF million)	31.12.2022	
	E.ON Hungária Group	Individually not significant entities
Income from joint ventures and associates	5	14
Costs to joint ventures and associates	1	16
Trade receivables and other non-derivative financial assets	-	-
Trade payables and other non-derivative financial liabilities	-	-

29. Disclosures relating to the statement of cash flows

Cash and cash equivalents in the statement of cash flows also include overdraft facilities, see Note III.12.

30. Lease transactions

a) Assets leased under leases

The Company uses among others the offices serving as its registered office or sites under lease; furthermore, it also uses the vast majority of its vehicles based on lease agreements.

As at 31 December 2023 non-current lease liabilities of the Company amounted to HUF 4,524 million, while current lease liabilities of the Company totalled HUF 208 million.

The following table presents contractual cash flows relating to lease liabilities, by maturity:

(in HUF million)	31.12.2023	31.12.2022
0-1 month	50	52
1-12 months	506	546
1-2 years	449	555
2-5 years	1,190	1,276
Over 5 years	10,805	12,692
Total	**13,000**	**15,121**
Carrying amount of lease liability	**4,732**	**8,964**
of which: non-current	*4,524*	*8,659*
of which: current	*208*	*305*

Amounts accounted for in profit or loss in connection with leases:

(in HUF million)	2023	2022
Interest expense on lease liabilities	355	298
Depreciation charge for right-of-use assets	338	454
Expense relating to short-term leases	40	19
Expense relating to leases of low-value assets that are not considered short-term leases	5	7
Expense relating to variable lease payments not included in the measurement of lease liabilities	-	-

The Company‘s total cash outflow for leases amounted to HUF 604 million in 2023, while it totalled HUF 641 million in 2022. The Company has no lease agreements not yet commenced as at 31 December 2023. The average term of the lease liabilities existing as at 31 December 2023 is 32.76 years (31 December 2022: 34.97 years).

b) Leases with the Company as lessor

MVM Zrt. has no finance lease contracts as lessor.

31. Off-balance sheet liabilities

Litigations

There is no pending litigation for MVM Zrt. in which MVM Zrt. is affected as defendant and a compensation claim would have been brought against it.

Sureties undertaken

MVM Zrt. provides parent company guarantees and undertakes unconditional payment guarantees to its subsidiaries on an ongoing basis in its ordinary course of business.

Description	Valid until	Amount	Currency
Parent company guarantees given (EUR)	31.01.2024-28.02.2027	1,790	EUR million
Parent company guarantees given (CNY)	29.06.2027	60	CNY million
Parent company guarantees given (USD)	without expiry	1	USD million
Parent company guarantees given (RON)	29.02.2024	0.5	RON million
Parent company guarantees given (HUF)	02.01.2024-09.06.2030	53,773	HUF million

32. Subsequent events and other supplementary information

USD bond issue

On 5 March 2024, MVM Zrt. successfully completed another international foreign currency bond issue with strong investor interest.

It raised a total of USD 750 million on the international capital markets with a term of 7 years. The interest rate achieved in the issue was 6.5%, which was better than expected due to the strong popularity. The interest rate of the bond issue in euros was 4.856%.

The funds raised will be used by the MVM Group for general corporate financing purposes, including investments in domestic power plants and grid development, with a focus on expanding the renewable generation portfolio, while at the same time financing efficient, fast-start power plants capable of system regulation as well as regional expansion, thus also contributing to the decarbonisation targets set out in the National Energy Strategy.

Information regarding impact of Russian – Ukrainian war on the MVM Group

The MVM Group is Hungary's leading energy corporation, playing a key role in securing Hungary's electricity and natural gas supply; it is also a leading group at the regional level. The Group has dominant positions in almost all parts of the electricity and natural gas value chain in Hungary. The conflict between Russia and Ukraine, which has escalated to the level of war, affects the MVM Group's activities in several respects.

1) Direct exposure in Russia or Ukraine

The MVM Group has no assets in either Russia or Ukraine, and has no subsidiaries in these countries, so there is no direct exposure.

2) Commercial relations

Russia and Russian companies play a key role in Hungary's energy supply, especially in the generation of nuclear-based electricity and the supply of natural gas.

- The nuclear fuel for MVM Paksi Atomerőmű Zrt. is supplied by TVEL, part of the Rosatom Group. The nuclear power plant has a stock of nuclear fuel, but to maintain an adequate level of stock and thus ensure the continued and safe operation of the nuclear power plant, it is essential to ensure a scheduled supply of fuel. Due to the geopolitical events, the previous rail transport route used before the war became impossible to use, and the company was forced to seek a licence for alternative (land and air) transport routes. Fuel supplies contracted for 2023 arrived in order.
  In view of the situation outlined above, the Group began exploring potential fuel suppliers, but the successful licensing and launch of a new fuel is not likely until 2027, even in an optimal scenario.

- In 2021, MVM CEEnergy Zrt. signed a long-term natural gas procurement contract with Gazprom Export LLC, which is crucially important for the MVM Group's procurement portfolio and for Hungary's natural gas supply. In 2023, the rearrangements to supply routes (to the south), alternative source options (LNG) and declining consumption as well as the mild winter weather prevented a demand shock on the natural gas market from developing, which ultimately consolidated prices. Nonetheless, the gas market is still vulnerable and remained sensitive to geopolitical conditions (sanctions), the possible disruption of supply routes (disruptions or restrictions to South Stream and TurkStream pipelines), and the availability of natural gas resources (LNG vessels). It should be noted, that the European sanctions adopted or introduced by the end of 2023 do not cover Russian natural gas imports in either pipeline or liquefied (LNG) form.

Further significant commercial links

- MVM EGI Zrt. supplies cooling systems and technologies to industrial and energy partners, one of the company's priority markets was Russia, but due to the sanctions it cannot target this market either now or in the coming years. To ensure the business stability of MVM EGI Zrt., the management developed a new business strategy in the first half of 2022 by redefining the product portfolio and target markets, and by following this strategy it improved profit significantly already in 2023.
- European Power Services Zrt. is a joint venture of MVM Zrt. and Rosatom, a company registered in Hungary, which primarily provides development and maintenance services for the safe operation of power plant systems and equipment in Hungary and abroad. By the preparation date of these financial statements, no sanctions had been introduced that would affect the company's operations.

3) Indirect effects

The economic and social pressures of the global energy crisis in previous years have eased, but geopolitical factors are still capable of causing hectic changes on the global economy, with the risk of further disruptions persisting.

The EU's electricity demand fell by 3% in 2023 to its lowest level in two decades. Experts estimate that almost two-thirds of the change comes from emission reductions in energy-intensive industries that faced higher energy prices in 2022. This trend continued in 2023, despite a fall in the price of energy-intensive products and electricity from the previous record highs.

The Russian-Ukrainian conflict and sanctions have also exerted a significant impact on world gas prices, which rose to a record high in 2022. The extremely high and volatile market price environment has challenged market participants and the economy as a whole. In 2023, the record high prices started to fall sharply, reaching a consolidated level by the end of the year, thanks to high storage levels in Europe, falling demand and a mild winter. This trend was reinforced by the fact that most European countries are trying to wean themselves off Russian sources in the long term, with a large part of the shortfall being made up by liquefied natural gas ("LNG") supplies, providing a suitable alternative and stability for the European markets.

By means of appropriate risk management tools, financing, successful hedging and business policies the Group can ensure that extreme price movements do not have a negative impact on normal business and operations.

4) Impacts on MVM Group's profitability and financing

The MVM Group commands a diversified portfolio of activities, with significant assets and positions in almost all parts of the energy value chain; its activities extend beyond Hungary to other countries in the region, primarily the Czech Republic. The negative, inflationary effects of the war on economic growth also affect the MVM Group's activities.

The management of MVM Zrt. and its subsidiaries are constantly monitoring the impacts on the Group of the changed business and economic circumstances, and regularly consult with the competent government bodies on behalf of the Sole Shareholder, the Hungarian State, regarding the necessary measures to ensure that the MVM Group is able to fulfil its tasks and contractual obligations even under the changed circumstances.

The MVM Group has a significant unused credit line, which ensures the Group's liquidity. The Group prepares liquidity plans on a continuous basis and takes steps to expand its financing capacity where necessary.

Given the critical role of the MVM Group in the Hungarian energy supply and economy, the management of the MVM Group expects the Sole Shareholder will continue to pay particular attention to ensuring the operational and management stability of the MVM Group under the changed conditions.

Managing sanction risks

The MVM Group's central compliance guidelines include requirements to ensure sanctions compliance, but the volume and complexity of sanctions against Russia due to the Russian-Ukrainian war posed new challenges for the MVM Group too. For this reason, and also in view of the stricter financing requirements, MVM Zrt. launched a project to develop a group-wide sanctions compliance framework, under which the sanction risk exposure of the individual member companies was assessed and the member firms were classified in terms of sanction risk. In addition, member-firm onboarding processes were assessed along with group-level partner master data. Screening and monitoring processes were separated while a related and detailed group-level policy was prepared.

The MVM Group continuously monitors changes to the sanctions provisions, reviews the MVM Group's exposure, and seeks to take the necessary steps to ensure compliance. MVM Zrt. implemented a number of measures in 2023 to ensure sanctions compliance was as effective as possible, such as the revision of the sanction clause in the MVM Group's general terms and conditions and the acquisition of a subscription system for the purpose of sanction screening and monitoring of group-wide partner master data. Sanctions compliance is also ensured by standardised KYC questionnaires introduced previously in the large corporate commercial segment.The exposures related to sanctioned regions and business partners are reviewed from time to time, not only in relation to partners but also in relation to goods being exported and imported, and sanctions compliance has become an important aspect of planned transactions. Further development of the group-wide sanctions compliance framework is currently ongoing.

33. Responsibility for bookkeeping-related tasks

Accounting services are provided to the Company by MVM Services Zrt. Public data of the person at MVM Services Zrt. responsible for directing bookkeeping-related tasks:

Viktória Kovács

Address: 1131 Budapest, Madarász Viktor utca 27.

Qualified accountant registration number: 179762

Individuals authorised to sign the annual financial statements

Name	Address
Authorised to sign jointly:	
Károly Tamás Mátrai CEO - primary signatory	1025 Budapest, Verecke út 88/A
László Fazekas Deputy CEO, Chief Financial Officer secondary signatory	1138 Budapest, Turóc utca 7. 5. em. 3.

The financial statements are also disclosed on the website of MVM Zrt. (https://mvm.hu/en/Befektetoknek/PenzugyiBeszamolok).

34. Disclosures on auditor remuneration

Based on Section 155 (2) of the Act on Accounting the Company must be audited.

Auditor of the Company: Deloitte Könyvvizsgáló és Tanácsadó Kft.

Individual responsible for the audit:

Tamás Horváth auditor

Mother's maiden name: Veronika Grósz

Address: 1029 Budapest, Bölény u. 16.

Chamber of Hungarian Auditors registration number: 003449

Pursuant to the requirements of Section 133 of the Hungarian Act on Accounting, the Company discloses the amounts paid to the appointed auditor (Deloitte Könyvvizsgáló Kft.) as follows:

(in HUF million)	2023	2022
Mandatory audit (MVM Zrt. separate and consolidated annual financial statements, interim balance-sheet)	77	55
Other audit and non-audit services	154	181

(All figures are in HUF million except if otherwise indicated)

35. Subsidiaries, joint ventures and associates

Subsidiaries of the Company, with their registered offices and activities, are as follows:

Company	Activity	Country	31.12.2023 Carrying amount	31.12.2022 Carrying amount	31.12.2023 Level of interest	31.12.2022 Level of interest
MVM MIFŰ Kft.	Provision of district heating (Miskolc)	Hungary	587	587	100.00%	100.00%
MVM OVIT Zrt.	Installation and maintenance of power plant systems	Hungary	5,800	5,800	100.00%	100.00%
MVM ERBE Zrt.	Energy design - installation	Hungary	901	901	100.00%	100.00%
MVM Zöld Generáció Zrt.	Generation of electricity (wind and solar energy)	Hungary	43,225	43,225	100.00%	100.00%
MVM Partner Zrt.	Electric energy wholesale	Hungary	17,968	17,968	100.00%	100.00%
MVM Energy Romania SA	Holding	Romania	1	1	0.01%	0.01%
MVM Paksi Atomerőmű Zrt.	Generation of electricity from nuclear fuel	Hungary	126,601	126,601	100.00%	100.00%
Vértesi Erőmű Zrt.	Conservation, recultivation	Hungary	0	0	100.00%	100.00%
MVM Balance Zrt.	Generation of electricity and heat	Hungary	33,290	33,290	100.00%	100.00%
MAVIR ZRt.	System operation, transmission network operation	Hungary	147,807	147,807	100.00%	100.00%
MVMI Zrt.	IT services	Hungary	13,893	13,893	100.00%	100.00%
MVM Hotel Panoráma Kft.	Organised holidays	Hungary	200	0	100.00%	100.00%
Niker d.o.o.	Organised holidays	Croatia	49	49	100.00%	100.00%
Római Irodaház Kft. [(a)]	Operation and letting of office building	Hungary	N/A	4,295	N/A	50.00%
MVM NET Zrt.	Operation of network and IT systems	Hungary	34,910	32,910	100.00%	100.00%
Magyar Földgáztároló Zrt.	Operation of underground natural gas storage facilities	Hungary	103,218	103,218	100.00%	100.00%

(All figures are in HUF million except if otherwise indicated)

Company	Activity	Country	31.12.2023 Carrying amount	31.12.2022 Carrying amount	31.12.2023 Level of interest	31.12.2022 Level of interest
MVM CEEnergy Zrt.	Natural gas wholesale	Hungary	23,880	13,362	100.00%	100.00%
MVM ESCO Zrt.	Energy and energy efficiency services	Hungary	3,639	1,695	100.00%	100.00%
MVM Smart Future Lab Zrt.	Energy R&D and incubation	Hungary	688	852	100.00%	100.00%
MVM Switzerland AG	International business development	Switzerland	5,182	5,182	100.00%	100.00%
MVM Titán Zrt.	Manufacture of steam boilers, lease of property and assets	Hungary	2,893	2,630	100.00%	100.00%
NRG Finance Kft.	Generation of electricity, lease of assets	Hungary	3,659	3,659	100.00%	100.00%
MVM Services Zrt.	Business supporting services	Hungary	4,605	4,605	100.00%	100.00%
MVM Optimum Zrt.	Complementary products and services	Hungary	549	64	100.00%	100.00%
MVM Otthon Plusz Zrt.	Mediation of retail business services	Hungary	644	644	100.00%	100.00%
MVM Next Energiakereskedelmi Zrt.	Retail of electricity and gas	Hungary	231,984	231,984	100.00%	100.00%
MVM Mobiliti Kft.	Electromobility and gas mobility service provider	Hungary	4,472	4,158	100.00%	100.00%
KAPOS CNG Kft.	CNG fuel supply	Hungary	79	86	99.64%	99.64%
MVM Égáz-Dégáz Földgázhálózati Zrt.	Natural gas distribution	Hungary	69,968	61,470	100.00%	100.00%
GRAPE Solutions Zrt.	Software development	Hungary	1,186	1,987	100.00%	100.00%
MVM Oroszlányi Szolgáltató Zrt.	Supply of district heating and domestic hot water (Oroszlány)	Hungary	2,716	2,716	100.00%	100.00%
MVM WATT ETA Kft.	Implementation of electricity sector projects and street lighting operation	Hungary	236	236	100.00%	100.00%
MVM XPert Zrt.	Maintenance of power transmission lines and substation	Hungary	17,171	17,171	100.00%	100.00%
MVM Nukleáris Karbantartó Zrt.	Maintenance of nuclear power plant	Hungary	2,670	2,670	75.00%	75.00%

(All figures are in HUF million except if otherwise indicated)

Company	Activity	Country	31.12.2023 Carrying amount	31.12.2022 Carrying amount	31.12.2023 Level of interest	31.12.2022 Level of interest
MVM Mátra Energia Zrt.	Generation of electricity (lignite-fired coal power plant)	Hungary	78,674	37,674	100.00%	100.00%
GEOSOL Kft.	Waste recycling	Hungary	8,195	8,195	100.00%	100.00%
European Power Services Zrt.	Maintenance of power plants, technical services	Hungary	200	200	50.00%	50.00%
MVM ZG Solar Kft.	Generation of electricity (solar power plant)	Hungary	678	974	4.30%	4.30%
innogy Česká republika a.s.	Financial, HR, IT services	Czech Republic	272,626	272,626	100.00%	100.00%
MVM EGI Zrt.	Provision of engineering services, installation of industrial cooling and air conditioning regulating systems	Hungary	10,806	12,755	100.00%	100.00%
MVM Ingatlankezelő Kft.	Management of real estate	Hungary	28,955	21,951	100.00%	100.00%
MVM Lumen Kft.	Operation of street lighting	Hungary	1,611	382	100.00%	100.00%
MVM ÉMÁSZ Áramhálózati Kft.	Electricity distribution	Hungary	84,973	84,973	100.00%	100.00%
E.ON Áramszolgáltató Kft.	Retail of electricity	Hungary	32,515	32,515	100.00%	100.00%
NGBS Hungary Kft.	Design, manufacture and construction of heating-cooling systems	Hungary	3,349	3,619	100.00%	100.00%
EKS Service Kft.	Construction of residential and non-residential buildings	Hungary	62	62	50.00%	50.00%

(a) Interest in Római Irodaház Kft. It was transferred to the ownership of MVM Ingatlankezelő through contribution in kind on 15 May 2023.

(All figures are in HUF million except if otherwise indicated)

Interests in joint ventures and associates:

Associates	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	Carrying amount	Carrying amount	Level of interest	Level of interest
AGRI LNG Project Company SRL	0	0	25.00%	25.00%
Dunamenti Erőmű Zrt.	8,386	8,386	25.0015%	25.0015%
PANRUSGÁZ Zrt. “u.v.l.”	0	0	N/A	50.00%
Energotehnika Južna Bačka d.o.o. Novi Sad	9,173	9,173	33.40%	33.40%
Elektromontaža d.o.o. Kraljevo	2,803	2,803	33.40%	33.40%
E.ON Hungária ZRt.	173,730	173,730	25.00%	25.00%

MVM Energetika

Zártkörűen Működő Részvénytársaság

2023 BUSINESS REPORT

IV. 2023 Business Report

1. Executive summary on the performance in the 2023 financial year

This business report presents the financial data of MVM Zrt. for 2023 based on the provisions of Act C of 2000 on Accounting relating to business reports. MVM Zrt. has prepared its separate financial statements for the year 2023 in accordance with IFRS as adopted by the EU.

The IFRS summary for 2023 compared to 2022 is presented in the following table:

SUMMARY DATA HUF million; persons	2023 actual	2022 actual	Change actual-actual	
PROFIT AFTER TAX	212,533	68,960	143,573	208%
PROFIT BEFORE TAX	214,445	70,044	144,401	206%
EBITDA	***3,066***	***10,750***	***-7,684***	***-71%***
EXTERNAL NET DEBT*	1,468,812	1,107,537	361,275	33%
TOTAL NET DEBT*	575,910	307,793	268,117	87%
DEVELOPMENTS	83,291	141,038	-57,747	-41%
STAFF COSTS	7,923	6,820	1,103	16%
CLOSING HEADCOUNT (PERSONS)	154	164	-10	-6%

**Intra-group items were not considered in the calculation of external net debt. The Loans and Cash and cash equivalents balance sheet line items were adjusted for intra-group cash pool financing items.*

The Company's **profit after tax** totalled HUF 212,533 million, which is HUF 143,573 million higher than in 2022, while the **EBITDA** of HUF 3,066 million is HUF 7,684 million lower than in the previous year. EBITDA was reduced by the increase in the costs of business support and SLA services provided by MVM Services Zrt., IT support services provided by MVM Informatika Zrt., communication costs, staff costs and insurance premiums. In addition to the negative EBITDA impact, the higher profit after tax was affected significantly by the profit from related companies, chiefly due to higher dividend income. Over and above this, the interest balance and the positive impact of the revalued foreign currency receivables/liabilities also increased the profit, while the negative impact of derivatives and the impact of impairment booked reduced the profit.

The **external net debt** of HUF 1,468,812 million at the end of 2023 is HUF 361,275 million higher than at the end of the previous year, while the **total net debt** (external net debt adjusted for cash pool balance and loans granted) of HUF 575,910 million is HUF 268,117 million higher than at the end of the previous year, countering the positive impact of the improvement in profit, mainly due to the HUF 309.0 billion interim dividend paid to the shareholder in November 2023.

MVM Zrt.'s **development activities** in 2023 totalled HUF 83,291 million, of which assets under construction amounted to HUF 422 million, and the value of investments within the Group (capital increases and in-kind contributions) amounted to HUF 82,869 million. In 2023 no interests were acquired in non-group entities.

The **closing headcount** at MVM Zrt. in 2023 was 154, 10 employees fewer than the closing number in 2022. The reason for the discrepancy between the closing figure and the 2022 number is that the posts which became vacant due to organisational changes at the end of the year were not filled by the close of the year. Staff costs under IFRS for 2023 totalled HUF 7,923 million, which is HUF 1,103 million higher than the figure for 2022. The largest part of this increase is accounted for by wage costs, driven mainly by the one-off payments related to the termination of employment of staff leaving in 2023. Further cost increases from salary hikes, performance-related lump-sum payments and related accruals as well as other one-off benefits in 2023 were offset by the absence of ad hoc incentive payments and savings from staff reductions.

Budapest, 24 April 2024

Károly Tamás Mátrai
Chief Executive Officer
MVM Zrt.

László Fazekas
Deputy CEO, Chief Financial Officer
MVM Zrt.

Analysis of profit or loss

The main activity of MVM Zrt. comprises asset management, group management and optimising operations, as well as communicating owner interests. In addition, the company's activities include the provision of management services, rental activities and the utilisation of other real estate. The profitability of the entities in the portfolio affects the company's results via dividend income.

MVM Zrt. HUF million	2023 actual	2022 actual	Change	Change %
OPERATING INCOME	**50,411**	**51,959**	**-1,548**	**-3**
Net sales revenue	48,987	48,201	786	2
Other operating income	1,424	3,758	-2,334	-62
OPERATING EXPENSES	**48,341**	**42,517**	**5,824**	**14**
Material-type expenses	163	158	5	3
Staff costs	7,923	6,820	1,103	16
Depreciation/ Amortisation	996	1,308	-312	-24
Recognition and release of provisions	-161	140	-301	-215
Recognition and reversal of impairment	34	37	-3	-8
Other operating expenses	39,386	34,054	5,332	16
Own performance capitalised	-	-	-	-
EBITDA	**3,066**	**10,750**	**-7,684**	**-71**
OPERATING PROFIT / LOSS	**2,070**	**9,442**	**-7,372**	**-78**
Finance income	757,794	585,660	172,134	29
Finance costs	545,419	525,058	20,361	4
PROFIT / LOSS BEFORE TAX	**214,445**	**70,044**	**144,401**	**206**
Income tax expense	1,912	1,084	819	76
PROFIT AFTER TAX	**212,533**	**68,960**	**143,582**	**208**
Other comprehensive income, gross of tax effects	-89	446	-544	-122
TOTAL COMPREHENSIVE INCOME	**212,444**	**69,406**	**143,038**	**206**

Net sales revenue in 2023 totalled HUF 48,987 million, which is HUF 786 million up on the previous year, primarily due to the increase in revenue from management service fees and treasury services. In contrast, **other operating income** in 2023 was less by HUF 2,334 million than the 2022 figure (2023 actual figure: HUF 1,424 million), mainly due to a base effect: in 2022 the contingent purchase price liability (HUF 3,420 million) related to the acquisition of 25% interest in E.ON Hungária Zrt. was forgiven, which was part of the agreement relating to the settlement of the purchase price of E.ON Áramszolgáltató Kft. acquired in April 2022. This impact is partly counterbalanced by the 2023 gain (HUF 1,283 million) on the property contribution in kind to MVM Ingatlankezelő Kft.

As regards operating expenses, **other operating expenses and staff costs** differ significantly from the previous period. The former totalled HUF 39,386 million in 2023, which is HUF 5,332 million higher than in the previous year, mainly due to higher expenses related to the business support and SLA services provided by MVM Services Zrt., IT support services provided by MVM Informatika Zrt., communication costs and insurance premiums. Staff costs totalled HUF 7,923 million in 2023, which is HUF 1,103 million up on the figure for 2022, mainly due to the pay during notice periods of employees leaving in 2023 and the salaries agreed by mutual consent.

MVM Zrt.'s **net finance income** amounted to HUF 212,375 million, which is HUF 151,773 million higher than in the previous year, mainly due to higher dividend income, interest balance and the positive impact of the revalued foreign currency receivables/liabilities, which is only partially offset by the negative impact of derivative transactions and the impact of recognised impairment.

As a result of the above, the Company's **profit before tax** came to HUF 214,445 million, which is HUF 144,401 million higher than in 2022.

2. Presentation of asset position

The Company's total assets at the end of 2023 were HUF 4,849,867 million, which is HUF 80,285 million lower than at the end of the previous year.

MVM Zrt. HUF million	31.12.2023 actual	31.12.2022 actual	Change 31.12.2023-31.12.2022	Change %
Property, plant and equipment	8,653	13,081	-4,428	-34
Investment property	5,389	5,537	-148	-3
Intangible assets	45	377	-332	-88
Interests in subsidiaries, joint ventures and associates	1,621,407	1,555,734	65,673	4
Interests in other entities	2,233	2,342	-109	-5
Non-current loans and receivables	400,651	335,185	65,466	20
Derivative financial assets	53,805	84,130	-30,325	-36
Deferred tax assets	-	-		
NON-CURRENT ASSETS	**2,092,183**	**1,996,386**	**95,797**	**5**
Inventories	205	247	-42	-17
Derivative financial assets	344,237	281,536	62,701	22
Trade receivables and other non-derivative financial assets	1,861,378	1,529,151	332,227	22
Other non-financial assets	4,874	6,517	-1,643	-25
Current tax assets	-	-	-	-
Non-current assets held for sale	168	1,144	-976	-85
Restricted cash	154	293	-139	-47
Cash and cash equivalents	546,668	1,114,878	-568,210	**-51**
CURRENT ASSETS	**2,757,684**	**2,933,766**	**-176,082**	**-6**
TOTAL ASSETS	**4,849,867**	**4,930,152**	**-80,285**	**-2**

Non-current assets totalled HUF 2,092,183 million, which is HUF 95,797 million higher than in the previous year, representing 43.1% of total assets.

Secondary gas turbines make up the bulk of **property, plant and equipment**. The decrease compared to the previous year is primarily due to the change in the value of the right-of-use assets, where the change in gross value is due to the modification of the lease for the Budapest headquarters on Szentendrei út. On the one hand, the rental decreased, and on the other hand, as a result of the lease modification, the revised lease payments were discounted using a higher, revised discounted rate.

The change in non-current assets is mainly due to the increase in the investments in subsidiaries, joint ventures and associates (+ HUF 65,673 million). The largest part of the growth relates to capital increases (HUF +76,147 million), chiefly comprising the shareholder contributions paid to MVM Mátra Energia Zrt., MVM CEEnergy Zrt., MVM Égáz-Dégáz Földgázhálózati Zrt. and Vértesi Erőmű Zrt. The further increase in interests was caused by the fact that the Company contributed in-kind to MVM Ingatlankezelő Kft. the ownership rights (HUF 2,427 million) of Kék-Duna Csónakház, Hotel Astra and the Budaörs properties reclassified into assets held for sale in 2022, and the 50% ownership stake in MVM Római Irodaház Kft., which was accounted for at its carrying amount in accordance with the applicable accounting policies and therefore had no impact on the value of the interests. Based on the Company's accounting policies, impairment of HUF 13,163 million was recognised and an impairment reversal of HUF 262 million was recorded for its interests in its subsidiaries. The most significant amounts of impairment booked relate to the interest in Vértesi Erőmű Zrt.

A further significant growth in the amount of non-current assets was caused by the increase in non-current loans and receivables (+ HUF 65,466 million), which related to the increase in the loans granted to subsidiaries for certain key projects and debt refinancing, by means of the Company's intra-group financing.

Current assets total HUF 2,757,684 million and were HUF 176,082 million down on the previous period. The change was mainly caused by a decrease in cash and cash equivalents (HUF 568,210 million), which was partly offset by the HUF 332,227 million increase in trade receivables and other non-derivative financial assets and the HUF 62,701 million growth in derivative financial assets. The HUF 568,210 million fall in cash and cash equivalents was countered from a cash flow perspective by a HUF 499,708 million decrease in current account overdrafts.

MVM Zrt. HUF million	31.12.2023 actual	31.12.2022 actual	Change 31.12.2023-31.12.2022	Change %
Share capital	849,379	849,379	0	0
Capital reserve	51,892	51,892	0	0
Retained earnings	501,836	397,351	104,485	26
Other reserves	1,088	1,177	-89	-8
EQUITY	**1,404,195**	**1,299,799**	**104,396**	**8**
Non-current loans and borrowings	1,308,320	1,277,506	30,814	2
Non-current derivative financial liabilities	62,681	83,974	-21,293	-25
Liabilities related to long-term employee benefits	83	72	11	15
Other non-current financial liabilities	4,524	8,664	-4,140	-48
Non-current liabilities	**1,375,608**	**1,370,216**	**5,392**	**0**
Current loans and borrowings	1,261,706	1,583,523	-321,817	-20
Current derivative financial liabilities	342,178	248,796	93,382	38
Trade payables and other non-derivative financial liabilities	455,733	417,565	38,168	9
Current provisions	167	328	-161	-49
Liabilities related to short-term employee benefits	877	1,231	-354	-29
Current tax liabilities	696	374	322	86
Other current non-financial liabilities	8,707	8,320	387	5
Current liabilities	**2,070,064**	**2,260,137**	**-190,073**	**-8**
LIABILITIES	**3,445,672**	**3,630,353**	**-184,681**	**-5**
EQUITY AND LIABILITIES	**4,849,867**	**4,930,152**	**-80,285**	**-2**

Equity totalled HUF 1,404,195 million, which is HUF 104,396 million higher than in the previous year. Ratio of equity to total equity and liabilities: 29.0%.
Share capital amounted to HUF 849,379 million, which is the same as in the previous period.

Under equity, retained earnings increased by HUF 104,485 million.

Provisions amounted to HUF 167 million, which is HUF 161 million lower than the closing figure in 2022. The change in the amount of provisions is mainly driven by the amount used in the reporting period, which derived from the repayment of a damage compensation previously paid to the Company (HUF 175 million). The obligation as at the end of the reporting period covers the support to be provided to MVM a Rászorulókért Alapítvány.

Liabilities amounted to HUF 3,445,672 million, which was HUF 184,681 million less than in the previous period. The change was chiefly due to a decrease in current loans and borrowings (- HUF 321,817 million) which was mainly caused by the combined effect of the decrease in cash-pool liabilities (-HUF 497,988 million) and the increase in non-overdraft facilities (+HUF 180,191 million). These were partly offset by an increase in current derivative financial liabilities (+ HUF 93,382 million) and in trade payables and other non-derivative financial liabilities (+ HUF 38,168 million).

3. Cash flow and financial position

MVM Zrt. HUF million	2023 actual	2022 actual	Change	Change %
Profit for the period (profit after tax)	212,533	68,960	143,573	208
Changes necessary for operating cash flows	-204,339	-9,837	-194,502	1,977
Cash flows from operating activities	**8,194**	**59,123**	-50,929	-86
Income tax paid	**-1,581**	**-1,034**	-547	53
Net cash flows from operating activities	**6,613**	**58,089**	**-51,476**	**-89**
Cash flows from investing activities	**313,411**	**-999,751**	**1,313,162**	**-131**
Cash flows from financing activities	**-380,832**	**705,481**	**-1,086,313**	**-154**
Net decrease in cash and cash equivalents	**-60,808**	**-236,181**	**175,373**	**-74**
Cash and cash equivalents at the beginning of the year	-316,438	-60,194	-256,244	426
Effect of movements in exchange rates on cash held	-7,694	-20,063	12,369	-62
Cash and cash equivalents at the end of the year	**-384,940**	**-316,438**	**-68,502**	**22**

Operating cash flow represents HUF 6,613 million cash inflow which is HUF 51,476 million down on the previous year.

Of this amount + HUF 143,573 million is attributable to the change in profit after tax and - HUF 547 million is attributable to the change in tax paid.

Adjustments for non-cash items and items classified into further cash flow categories resulted in a -HUF 192,592 million change in the amount of operating cash flow, mainly due to adjustments for dividends received and the higher portfolio of interest received and paid.

The change in working capital triggered a decrease of HUF -1,910 million compared to 2022.

Investment cash flow increased cash and cash equivalents by HUF 313,411 million. Compared to the previous year, this represents cash inflow higher by HUF 1,313,162 million, caused by the combined effect of significantly lower cash outflows from granted loans compared to the previous year and the reporting-year increase in dividends and interest received.

The **financing cash flow** decreased the closing cash position by HUF 380,832 million, which is HUF 1,086,313 million lower than in the previous year. The main reasons for the change are higher dividends, interim dividends and interest paid than in the previous year, which was offset slightly by higher net borrowing.

4. Development activity

5.1 Asset under construction and investments

Developments HUF million	2023 actual	2022 actual	Change	Change %
Development projects	270	231	39	17
Maintenance projects	152	333	-181	-54
Total assets under construction[1]	**422**	**564**	**-142**	**-25**
Total intra-group investments	82,869	91,954	-9,085	-10
Total non-group investments	0	48,520	-48,520	-100
Total developments	**83,291**	**141,038**	**-57,747**	**-41**

MVM Zrt.'s actual **development activity** in 2023 totalled **HUF 83,291 million**, which is HUF 57,747 million lower than the amount of its development activity in 2022.
Development and maintenance capex projects totalled HUF 422 million, which is HUF 142 million lower than in the previous year.

The following capex projects were carried out in 2023:

- Project for the preparations of the implementation of a pumped hydroelectric energy storage (HUF 136 million);
- Maintenance and development projects for gas turbine power plants, collectively (HUF 102 million);
- Projects improving security systems, collectively (HUF 77 million);
- Development projects for the maintenance and expansion/conversion of MVM Group properties, collectively (HUF 57 million);
- Further minor capex projects, collectively (HUF 50 million).

The actual value of **investments** in 2023 is HUF 82,869 million (amount of intra-group capital increases in cash and through contribution in kind), which is HUF 57,605 million lower than in the previous year. In 2023, the following intra-group investments were made:

- Capital increase in MVM Mátra Energia Zrt. (HUF 41,000 million)
- Capital increase in MVM CEEnergy Zrt. (HUF 10,519 million)
- Capital increase in MVM Égáz-Dégáz Földgázhálózati Zrt. (HUF 8,498 million)
- Capital increase in Vértesi Erőmű Zrt. (HUF 8,309 million)
- Capital increase in MVM Ingatlankezelő Kft. (HUF 7,004 million, of which capital increase through in-kind contribution: HUF 6,722 million)
- Capital increase in MVM NET Zrt. (HUF 2,000 million)
- Capital increase in MVM ESCO Zrt. (HUF 1,943 million)
- Capital increase in MVM Lumen Kft. (HUF 1,229 million)
- Capital increase in GRAPE Solutions Zrt. (HUF 1,100 million)

[1] Does not include reporting-year lease acquisitions.

- Capital increase in MVM Optimum Zrt. (HUF 753 million)
- Capital increase in MVM Mobiliti Kft. (HUF 314 million)
- Capital increase in MVM Hotel Panoráma Kft. (HUF 200 million)

In 2023 no interests were acquired in non-group entities.

5.2 Research and development (R&D)

In 2023, MVM Zrt. carried out HUF 118 million worth of R&D, mainly related to the BME Zero Carbon Centre, as part of a 4-year research cooperation between MVM and the BME Zero Carbon Centre. This cooperation examines the priority issues of the transition to a climate-neutral economy in the electricity sector with the aim of accomplishing the transition in an innovative way with the highest possible added value for the MVM Group and the Hungarian economy. The research programme of the four-year contract is based around decarbonisation, decentralisation and digitalisation, which are key processes for the future of the Hungarian electricity system. Its aim is to provide interdisciplinary analysis of these processes and develop innovative technical, business and regulatory solutions to facilitate them. A key focus of the research programme is to ensure that the transition to a carbon-neutral economy is supported by the transformation of the electricity system without compromising the current high level of electricity supply security. Consequently, the research programme encompasses the closely interrelated topics of energy communities, flexibilty market, energy storage, smart grid developments and cyber security.

5.3 Grants received

In 2021, MVM Zrt. started its project activity within the framework of the Roadmap for the Safe, Efficient and Low Carbon Transformation of Hungary's Last Coal Region (LIFE IP) with an initial budget of EUR 1,183,400. During 2021, certain project tasks were transferred to other member companies, resulting in a reduced budget of EUR 353,700 for the current tasks, which covers the entire project period, i.e. from 1 September 2020 to 30 October 2029.

The 4 milestones of the project was consolidated, with a deadline of 31 October 2029 for using EU funding already received and any future EU funding.

Details of grants received under the tender are set out in the table below:

Subject matter of contract	Appropriation providing funding	Year grant agreement concluded or budgetary resources provided	Full grant amount (HUF billion)	Grant amount used by 31.12.2023 (HUF billion)	Amount planned to be used in 2024-2028 (HUF billion)	Contract status
Roadmap for safe, efficient and low-carbon transformation of Hungary's last coal region	Grant Agreement for integrated projects - LIFE19 IPC/HU/000009-LIFE-IP NORTH-HU-TRANS	2020	0.086 (own funds: none)	0.09 (own funds: none)	0.05 (own funds: none)	Concluded
	Grant document - KPF/824/2021-ITM_SZERZ	2021	0.037 (own funds: none)	0.037 (own funds: none)	-	Concluded

5. Human resources management

6.1 Workforce management

HR data (persons)	**2023** actual	**2022** actual	**Change**	**Change %**
Closing number of active employees	154	164	-10	-6
Average headcount (aggregated)	160	171	-11	-6

MVM Zrt. (persons)	**2023**			**2022**		
	Total	Male	Female	Total	Male	Female
Year-end statistical headcount	**154**	**89**	**65**	**164**	**91**	**73**
Full-time	152	89	63	156	88	68
Part-time	2	0	2	8	3	5
Year-end statistical headcount	**154**	**89**	**65**	**164**	**91**	**73**
Contracts of employment for an unlimited period	152	88	64	158	89	69
Contracts of employment for a defined period	2	1	1	6	2	4
Hired staff	**0**	**0**	**0**	**0**	**0**	**0**

The closing headcount at MVM Zrt. in 2023 was 154, 10 employees fewer than the closing number in 2022. The reason for the large discrepancy between the closing figure and the 2022 number is that the posts which became vacant due to organisational changes at the end of the year were not filled by the close of the year.

Due to the significant changes in the external economic conditions and the MVM Group's presence in all segments of the energy value chain, the entire MVM Group has a key role to play. To enable the Group to fulfil this role in the most efficient way, the necessary organisational and personnel framework was established at MVM Zrt. in November with the amendment to the Organisational and Operational Policy.

6.2 Wages

Staff costs HUF million	**2023** actual	**2022** actual	**Change**	**Change %**
Wage costs	5,450	5,004	445	9
Other staff benefits	1,269	832	437	53
Wage contributions	1,204	984	220	22
Total staff costs	**7,923**	**6,820**	**1,103**	**16**

6.3 Salary developments

The employer makes every effort and does everything possible to ensure job retention and focus on employment security. The employer proposals for 2023 identify three focal areas for competitive pay and employee well-being: basic pay improvements, personalised benefits and a health focus.

6.4 Differences from previous year

Staff costs under IFRS for 2023 totalled HUF 7,923 million, which is HUF 1,103 million higher than the figure for 2022.

Under the signed Group salary agreement, a fixed basic salary increase was introduced with effect from 1 January 2023. To strengthen income positions, another provision covered the lump sum payments, the rate of which was changed compared to 2022. Overall, additional costs were generated by the salary increase in 2023, performance-related lump sum payments and related accruals as well as other one-off benefits, which were offset by the absence of ad hoc incentive payments.

In terms of headcount, the final figures for 2023 revealed 10 fewer staff than in the previous period, which also resulted in savings. However, a significant increase was generated by one-off payments related to the termination of employment for staff leaving in 2023.

6.5 Educational, employment policy and employee commitment

The MVM Group headed by MVM Zrt. is committed to continuously developing professional and sectoral dialogue, to building relationships with schools and student unions, which are key to ensuring the next generation of workers, and to working closely with employee advocacy organisations. The Holding entity attaches great importance to ensuring a continuous supply of professionals for its activities, and to meeting the recruitment needs for professions where there are shortages.

MVM Zrt. places great emphasis on educating and developing young people. At Group level it runs talent and recruitment management as well as mentoring systems to ensure an in-house supply of specialists and to boost employee commitment.

By implementing the training strategy, the Company's aim is to contribute to boosting the competitiveness of the MVM Group and developing knowledge capital.

The Group-wide training directions were defined with the active involvement of the Human Resources Directorate at MVM Zrt. and the management, which are as follows:

1. The Group-wide Power Up management development programme provided senior executives with the opportunity to participate in more than 20 training courses for 4 target groups (newly appointed

managers, leaders managing experts, managers managing managers, senior managers) with a focus on the Leadership Pillar, Leadership Compass and Leadership Excellence. Leaders participating in the programme can receive development tailored to their career path.

2. The necessary conditions for rolling out a Group-wide career mentoring programme were prepared, with a separate focus group for female managers, and this will be extended internationally in cooperation with the Innogy Group.

3. The Individual Development Plan SuccessFactors module provides an opportunity for the HR function and employees to implement – in an integrated way – the development elements and the related training necessary to achieve the defined objectives and activities. This helps colleagues to develop, contributing to more effective operations in the short and long term and to achieving future career goals.

4. Digital learning is gaining ground within the Group. In 2023, the SAP SuccessFactors Training module offered 54 mandatory training courses for 32 member companies along with 24 optional skills development courses.

5. Specific training courses prescribed by external and internal regulations as well as competitiveness-enhancing courses were implemented and coordinated centrally.

6. A Group-wide online language-learning framework is available to enable the development of the language competences of staff and managers by combining different learning methodologies.

7. Organisational Development and Change Management programmes were implemented.

In 2021, MVM Zrt. became involved in dual vocational training by establishing the MVM Energy Sector Training Centre (hereinafter referred to as Training Centre). Starting from the 2022/23 academic year, the Training Centre has launched training in new locations (Budapest, Szeged, Miskolc, Visonta). (In the case of Miskolc and Visonta, this happened partly by integrating existing member firm expertise.)

From 2022 onwards the Training Centre itself also provides part of the technical and adult training services previously procured only from the external market, which is expected to bring significant cost savings, flexibility and much greater autonomy in the training system for the MVM Group (talent programmes, mentoring programme). The mission of the Training Centre is to train the energy professionals of the present and the future within the stable environment of the MVM Group, and thereby contribute to the continuous development of vocational training in Hungary.

In the dual vocational training programme of the MVM Group headed by MVM Zrt., those interested in a technical career can learn the trades of electrician (electrical network), central heating and gas technician, welder, industrial mechanic or high voltage electrical technician and acquire marketable industry skills in a modern and safe environment.

Each period of a worker’s time in the organisation can be broken down into well-defined stages. All employees must be prepared for the job, even if they come to the organisation with the right qualifications and experience. The integration step paves the way for loyalty and commitment to the organisation.

6.6 MVM WATT.S UP practical programmes

By means of the MVM Watt.s Up programmes, MVM Zrt. provides vocational support to tertiary education students to gain qualifications and work experience, and also ensures part of its recruitment needs in this context for entry-level and junior positions.

In addition to an internship programme for students, the Company also offer compulsory work placements, support for thesis writing, a company bursary and the opportunity to participate in dual training in several areas.

Through the Watt.s Up Community, students can get involved in the Group's everyday life, by providing them the opportunity both professionally and socially to get to know the world of the MVM Group in more depth, increasing their chances of considering the Group when they enter the labour market. Around 150 people participated in the programmes in 2023.

6.7 Labour relations

The MVM Group has an industrial relations system based on constructive dialogue. As part of this, Group-level agreements were also reached in 2023, in particular on salary increases as well as welfare and social benefits.

Following the acquisition of innogy Česká republika a.s. in the Czech Republic, which joined the MVM Group in October 2020, employee representatives from the Czech company initiated the creation of the MVM Group's European Works Council (EWC), a regular forum for European social dialogue.

Based on the agreement signed with the Special Negotiating Body on the establishment of the EWC in 2022, the EWC was formed in 2023 and the first plenary session of the EWC was held successfully. The EWC is responsible for information and consultation on transnational issues concerning the MVM Group as a whole.

6.8 Awards

In 2023, the work of the MVM Group was recognised externally, including:

- MVM Zrt. numbers among the ten most successful PR agencies in the Kreatív Apex ranking.
- MVM Future Talks – Stevie Awards – Gold Medal, Events & Observances category
- Eventex international event competition:
  - Zenergia 2022 – CSR Experience and Fundraising event (bronze)
  - MVM Future Talks – Use of audiovisual (bronze)
- MVM Future Talks – Hypnosis – GOLD Award, Craft-Film category
- MVM Future Talks – Gold Blade, Bronze Blade in "craft" category
- MVM Services Zrt. – LEO certificate and award (National Association of Facility Management, Building Operation and Maintenance Service Providers)
- HR BEST – Futureproof Organisation on Digital Foundations – MVM Group Integrated New Entrant Program – Silver Certification in Futureproof Organisations category
- PwC 2023 Most Attractive Workplace Award in the Energy and Utilities category, 2nd place
- BeneFit Prize 2023 – for Happy Employees – Professional Award 1st place, Public Award 1st place, Sustainability Special Award
- Three Princes, Three Princesses Foundation: Family Friendly Business and Mentoring Organisation Award 2023.

6. Environmental protection activities

7.1 Company policy and results, developments achieved in terms of environmental protection tools

In the case of MVM Zrt., the environmental requirements and guidelines to be followed are set out in the corporate environmental policy prepared based on the MVM Group's environmental policy. MVM Zrt's environmental policy is reviewed every year, and in 2023 the policy was updated to reflect significant changes. In its policy, MVM Zrt. recognises the importance of environmental protection and sustainability, its economic and social significance. The Company's activities have an impact on both the natural and the built environment, and therefore it is important to reduce the environmental impact and increase resource efficiency in its operations, which it also expects to be enforced in its business relationships. MVM Zrt.'s environmental policy provides a framework for efforts to protect the environment and apply the principles of sustainability, such as objectives to minimise impacts on environmental elements and ecosystems or to reduce emissions, and the principle of prudence and responsible care.

The Integrated ESG Report of the MVM Group for 2023 was also prepared in accordance with the GRI Standards, detailing the most important results of the environmental and sustainability performance of the entire Group, and thus of MVM Zrt. The report is available on the MVM Zrt. website.

MVM Zrt.'s environmental policy is public and can be accessed at https://mvm.hu, (currently directly here: https://mvm.hu/ESG/Environmental/ZrtKornyezetiPolitika).

The following task types and, indirectly, their completion were undertaken in MVM Zrt.'s environmental policy: Group-wide environmental management and control tasks; tasks related to integrated and environmental management; cooperation and information tasks; environmental planning and monitoring tasks; performance of MVM Zrt.'s environmental obligations; general compliance with Group-wide environmental regulations.

In 2023 MVM Zrt. achieved the following successes in relation to the commitments set out in its environmental policy:

- No environmental fines were imposed.
- Environmental returns completed for 2023.
- The Lőrinc Power Plant has been generating electricity since the 1950s, so the area has been in industrial use for a very long time, resulting in cases of environmental pollution. During a preliminary environmental inspection in 2018, TPH contamination above the threshold was detected in a soil sample, which was caused previously by a leak from fuel storage tanks. The remediation was carried out by MVM Zrt. in 2018-19, which was accepted by the authority and required the operation of a groundwater monitoring system (4 monitoring wells) for a period of 3 years. The samples taken from the monitoring system showed no pollution exceeding the threshold during the 3 years, so in 2022 the Company submitted the final documentation for the monitoring period and initiated the sealing of the monitoring wells. In 2023 we received the resolution of the competent authority, thus the wells were sealed and the remediation process was completed.
- The number of hybrid vehicles in 2023 was 33 (+16 vehicles compared to the previous year), while the number of electric vehicles is 6.
- Environmental e-learning education: Two mandatory environmental training modules were completed by staff in 2023 in compliance with the annual training obligation under the Company's environmental management system.

- Environmental awareness actions and programmes for staff development: Continuous training and campaigns are carried out every year to support the improvement of environmental awareness among employees, and as part of this, a hazardous waste collection programme was again organised for MVM Zrt. staff in 2023, under which the Company ensures the removal of hazardous waste at the homes of employees with the help of a licensed contractor. The household hazardous waste collection campaign collected 2,782 kg of hazardous waste. MVM Zrt. took part in two more campaigns in 2023, TESZEDD! – volunteering for a clean Hungary, and the "Passzold vissza Tesó!" programme organised by the Jane Goodall Institute.
- MVM Zrt. has an efficient selective waste collection system at its headquarters.
- 2023 also saw the publication of the MVM Group's Integrated ESG Report, an external, independently verified report to inform stakeholders about the Group's sustainability performance.

7.2 Material risks and how to manage them

Given the scope of MVM Zrt.'s activities, no significant environmental risks were identified from the Company's direct operations and small number of employees, however, due to the Integrated Management System the significant risks identified for the organisation (all organisational units) were reviewed, and risk-mitigation measures had to be identified if necessary.

7. Risk management activity

8.1 Risk management policy

As a group of companies owned by the State, the MVM Group strives to operate prudently and essentially to assume a low risk profile, but at the same time, it is confronted with new situations in the context of its strategic objectives, where other, previously unknown risks may emerge. The MVM Group's and MVM Zrt.'s management therefore pays particular attention to identifying and systematically managing the risks that arise.

The purpose of the risk management is to support the long-term success of the MVM Group by identifying and responding to the risks that affect it. The MVM Group is exposed to risks typical for the industry, which it seeks to manage to the extent that does not already jeopardise the achievement of the strategy and business objectives. The MVM Group's risk management focuses on striking the right balance between risks and opportunities, and on applying management methods that are proportionate to the nature and extent of the risks.

Managing risks effectively is of paramount importance to the Group's growth and success, and also contributes to maintaining the Group's good reputation.

Main risks affecting the Company:

- Risks of regulated operations
- Risks of market and customer demand changes, and adapting to them
- Financial risks
- Commercial risks
- Corporate governance risks
- Information security risks
- Risks to human resources
- Technical risks
- Health, safety and environmental protection risks
- Risks related to climate change

The risk management report prepared for the senior management at MVM Zrt. ensures the monitoring of the most significant risks, up-to-date risk mitigation measures and their regular follow-up.

8.2 Risk management

The MVM Group is exposed to a number of financial risks in its activities (interest rate, FX, bulk commodity and counterparty risks) that may affect the Group's performance and profitability.

Each company identifies the risks it faces in its activities. The financial and counterparty risks of the MVM Group are managed by the Central Risk Management Directorate, which ensures senior management are kept up-to-date through regular reporting. In accordance with Group-level risk management guidelines, the Group's member companies provide information to the Risk Management Directorate in regular risk reports, which keeps risks at the desired level through a system of volumetric, financial and VaR-based limits. The identified and quantified risk exposures at Group level are aggregated by the Risk Management Directorate and presented to the management. The risks to be identified can be grouped into the following categories, according to their main characteristics:

- Interest rate risk: The interest rate risks of the MVM Group typically arise in connection with managing its floating-rate external debt and refinancing external debt.
- Foreign exchange risk: The MVM Group's FX risks typically arise in connection with the commercial/service provision divisions and with its financing/capital market transactions.
- Bulk commodity risk: The MVM Group's bulk commodity risks typically arise in connection with its trading activities in electricity, natural gas, oil products, CO_2 allowances and coal.
- Counterparty risk: The MVM Group's counterparty risks typically arise in connection with activities with its business partners (e.g. commercial, banking, insurance, investment and other).

8.3 Activities related to risks and opportunities

MVM Zrt. pays special attention to identifying and managing risks, taking into account the external and internal environment and changes of the organisation, as well as the expectations and requirements of stakeholders.

All functions of the MVM Group is involved in the identification and management of risks. The risk management department monitors financial risks, and takes counterparty risks into account in the contracting process, on both the client and the supplier side. Process managers review the risks in business processes and build management controls into their policies using the methodology of the Quality and Process Management department. MVM Zrt. records and continuously reviews the risks identified in relation to the purpose of the regulatory documents affecting its areas of operation, and the controls defined to manage them.

The MVM Group operates a comprehensive enterprise risk management system that ensures the identification, assessment and prioritisation of risks that could potentially affect the Group's stakeholders, assets, environment or reputation. All significant risks are managed across all business and functional units. One important element of the system is risk awareness, which ensures effective risk management.

8.4 Integrated risk management system

The MVM Group operates an integrated Enterprise Risk Management (ERM) system to identify and assess risks that threaten the achievement of organisational objectives and to mitigate them as far as possible.

This includes:

- identifying, correcting, and then – looking ahead – preventing future events and risks that could hinder the achievement of the objectives,
- helping management to manage risks, and
- regulating the processes needed to achieve this.

The integrated risk management procedure sets out the actions to be taken in relation to each risk – and how to take them – to reduce or eliminate the risks, and how to monitor the completion of the actions on an ongoing basis.

The risks and the responses thereto are continuously monitored via regular risk management reporting.

Each department is required to continuously monitor and track the risks it is associated with, and in each data reporting request made they must update the information related to existing risks, and record new risks, according to the current status.

8. Sites and branches of the Company

MVM Zrt. has no sites in addition to its registered office.

MVM Zrt. has the following branches in addition to its registered office:

- 4623 Tuzsér, külterület 0120/34.
- 7030 Paks, Gagarin utca 1.
- 7030 Paks, hrsz. 8803/17.

9. Material subsequent events

Subsequent events of MVM Zrt. are presented in detail in Note III. 32. of the separate financial statements.

10. Business environment

The performance of the MVM Group and within it MVM Zrt. is influenced by a number of factors, including the general global economic environment, energy market developments and national economic conditions. In addition to the international and Hungarian macroeconomic and regulatory environment, the energy market, regulatory changes, climate policy, technology and social impacts are of the greatest importance here, as they interact closely with each other and with the environments above.

11.1 Macroeconomic environment

In 2023, prices and the macro environment were essentially determined by efforts to reduce the inflation seen in the previous period. As a result, interest rates rose significantly and both the European and Hungarian economies experienced slowdowns. On an annual basis, the domestic consumer price index averaged out at 17.6 percent in 2023, which was even higher than the 14.5 percent inflation rate in 2022. Over the past year, household energy and food prices rose the most on average, but by the end of the year these rates had contracted significantly, while the prices of services remained high. As inflation continued to fall (from 25.7 percent in January 2023 to 5.5 percent in December 2023), policy rates fell from 18 percent in January to 10.75 percent by the end of the year.

The contraction in GDP continued due to a reduction in consumption brought on by high interest rates and falling real wages. In the first 3 quarters of 2023, output in Hungary declined steadily year-on-year, which qualifies as a technical recession. However, on a quarter-on-quarter basis, Q3 saw a 0.9% increase compared to the previous quarter. The Q4 figure was significantly below expectations, with an increase of only 0.4% yoy in the quarter. The seasonally and calendar-adjusted annual average GDP for 2023 ended up at -0.7 percentage points. In 2024, with inflation falling and interest rates consolidating, growth could resume in Hungary, and the MNB forecasts expansion of 2.5-3.5 percent for 2024.

11.2 Regulatory environment

The state-of-emergency situation as regards legislation continued to have a significant impact on the operations of the MVM Group, MVM Zrt. and the regulatory environment in 2023.

Given the armed conflict and humanitarian disaster in Ukraine, and in order to avert the consequences of these in Hungary, the Government declared a new state of emergency in Government Decree 424/2022 (X.28) with effect from 1 November 2022. On three occasions – most recently with Act LXXII of 2023 amending Act XLII of 2022 on the prevention and management of the consequences in Hungary of the armed conflict and humanitarian disaster in a neighbouring country – the Parliament authorised the Government to extend the state of emergency for a further 180 days.

In addition, with Government Resolution 1335/2022 (VII.15) the Government also declared an energy emergency due to the drastic increase in energy prices caused by the war and the energy shortages in Western Europe. Among other things, the restart and continuous production of all four units of the Mátra Power Plant were earmarked as tasks. In this context, the Government agreed in a new decision published on 16 November 2023 (Government Decision 1500/2023 (XI.16.)) that until the commissioning of the combined cycle gas turbine power plant planned on the site of the Mátra Power Plant, the operation of the lignite units of MVM Mátra Energia Zrt. shall be ensured, and requested the ministers concerned to develop alternatives (including the necessary risk assessment) for financing the continued operation of MVM Mátra Energia Zrt. after 1 January 2024.

During 2023 there were several significant changes in Hungarian legislation relevant to the MVM Group's operations. Act LXXXVI of 2007 on Electricity (Act on Electricity), Act XL of 2008 on Natural Gas Supply (Act on Natural Gas Supply) and their implementing decrees, which fundamentally determine the MVM Group's operations, were amended in 2023 in normal legislation, as well as Act CXVI of 1996 on Nuclear Energy (Act on Nuclear Energy) and the related nuclear energy-related decrees, or Act XVIII of 2005 on District Heating (Act on District Heating).

Act LVII of 2015 on Energy Efficiency was also amended in June 2023. The amendment also introduced new definitions for the Energy Efficiency Obligation (EEO) scheme (individual action, material contribution), changed the requirements for the in-period accounting for savings achieved within the obligation period, and changed the liability rules for the authority's audit activities. The Act introduced regulations on organised markets and organised market trading as a new element, and the authorisation necessary for establishing them. The (percentage) level of the EEO obligations has not changed.

A decree was issued on the temporary emergency supply of natural gas to district heating producers, based on which MVM CEEnergy Zrt. and MVM Next Energiakereskedelmi Zrt. were appointed as natural gas traders for the supply of district heating producers in the 2023/24 natural gas year.

With regard to price regulation, Government Decree 484/2022 (XI.29) is still in force, and the Hungarian Energy and Public Utility Regulatory Authority (MEKH) sets the electricity network access fees taking this into account, the rates of which for 2023 and 2024 could not increase the network access fees paid by residential consumers.

11.3 Climate policy environment

The international environment surrounding climate policy was radically affected by the Russia-Ukraine war that broke out in February 2022, and the energy-driven responses of the European Union in reaction to the conflict. The REPowerEU plan, published on 18 May 2022, builds on the results of the FitFor55 legislative package adopted in July 2021 to rapidly reduce dependence on Russian fossil fuels and to accelerate the green transition.

The main objectives of the short-term goals and the medium-term measures to be implemented by 2027 are to diversify the EU's alternative energy supply options (alternative sources of natural gas, oil and coal in the short term, and replacing natural gas in the longer run with green hydrogen), to promote energy savings and to accelerate the transition to renewable energy. The energy transition has become the number one focus of all EU Member States, including Hungary, so such planning and implementation are also being detailed along the three main pillars of increasing the share of renewable energy sources in the system, energy efficiency, and reducing harmful emissions.

Just like the Russian-Ukrainian war, the Israeli-Hamas war that broke out on 7 October 2023 has had a major impact on the world's energy situation and intensified the aspirations of nations for energy sovereignty, the diversification of energy routes, the importance of strategic cooperation and efforts contributing to the energy transition. The impacts of the war are expected to ripple through significantly into 2024.

The current National Energy Strategy 2030 (NES), which focuses on clean, smart and affordable energy, was published in 2020. In this spirit, the key strategic objectives include strengthening energy independence and energy security, maintaining the results of the reductions in utility bills, as well as decarbonising energy production through the combined use of nuclear and renewable energy sources. The strategy sets out the transformation of the Hungarian energy sector up to 2030 based on the outlined energy mix. Using solar and nuclear energy together, 90% of Hungary's electricity generation could be carbon-free by 2030, contributing to the climate neutrality of the whole European continent.

Hungary fulfilled its obligation to review and update its draft National Energy and Climate Plan (NECP) in 2023, which had to be assessed by the European Commission by the end of 2023. Hungary's climate policy ambitions were strengthened further.

The draft NECP sets out the 2030 targets, which are:

- reduction in gross GHG emissions, by at least 50% compared to 1990,
- renewable energy to account for at least 29% in gross final energy consumption,
- reduction of non-ETS emissions of at least 18.7% compared to 2005,
- maximum import exposure for natural gas should be 80%, and
- final energy consumption in 2030 should not exceed 750 PJ.

This would require final energy savings of at least 0.8% per year from 2021 to the end of 2030, and new savings of 7 PJ per year, assuming policy measures covering the entire period. The energy efficiency programmes and measures introduced in the period 2014-2020 resulted in final energy savings of around 3-4 PJ per year, so around double the current savings are needed in the period from 2021 onwards. This is why the introduction of the so-called Energy Efficiency Obligation Scheme (EEO) under the Energy Efficiency Directive began from 1 January 2021.

One of the important events in 2023 is that at the end of the year the EU finance ministers adopted Hungary's Recovery and Resilience Facility, a significant part of which includes energy-related developments. Many of the measures in the REPowerEU chapter aim to promote the spread of renewable energy sources, develop and strengthen electricity infrastructure and promote energy efficiency to ensure that the Hungarian energy system meets current needs and future challenges. The measures and investments are mutually reinforcing and expected to contribute to the emergence of a flexible electricity market with a high share of renewables and a more diversified renewable energy portfolio. These will enable Hungary to reduce its dependence on fossil fuels and further guarantee Hungary's energy security from growing production.

11.4 Energy market

The economic and social pressures of the global energy crisis in previous years have eased, but geopolitical factors are still capable of causing hectic changes on the global economy, with the risk of further disruptions persisting. Fossil fuel prices have fallen from their peak in 2022, but prices have been highly volatile. The fighting in Ukraine, more than a year after the Russian invasion, is now joined by risks of a prolonged conflict in the Middle East and the emergence of new flashpoints.

While the oil and gas markets stabilised somewhat in 2023, some weeks were volatile, mainly due to geopolitical risks. Price fluctuations decreased compared to the previous year, reflecting the high level of accumulated stocks (storage capacity) and changes in the regulatory environment. Europe and Hungary can look forward to 2024 with a more positive outlook, as storage capacities are likely to be in excess of 50% at the beginning of March.

Peak loads on the Hungarian electricity system in the summer and winter increased steadily until 2022, with the exception of a short pandemic period. The annual peak load of the Hungarian grid typically comes in the winter months. The all-time national grid load record of 7,396 megawatts was registered by MAVIR on 25 January 2022 (with an average daily temperature of -2.6 degrees Celsius), and this was not broken in 2023.

In the first half of 2022, the electricity system was also affected by price increases and changes to the price regulation of energy sold under the universal service provision. Monthly grid load figures decreased steadily from January to November 2023 (compared to the same period in 2022).

The decline in solar plant investment costs continued in 2023. Although some grants were no longer available in the household segment, the solar panel market continued to grow with the launch of earlier developments related to the energy state of emergency and the new domestic RRF grant scheme combined with energy storage in autumn 2023. The significant entry into production of feed-in eligible projects was also decisive.

By the end of 2023, the Hungarian electricity system had more than 5,600 MW of power plant and household solar capacity in operation. The solar energy generation record was broken several times in 2023, peaking on 12 August 2023 at a quarterly average net generation output of 2731 MW, excluding the small household systems. In addition to the total capacity of the solar panels, their number is also decisive for the development of the national grid: more than 250,000 household solar panel systems and almost 3,200 additional generation connection points feed into the national grid.

Based on the National Energy and Climate Plan updated in 2023, the 12,000 MW of installed capacity expected by 2030 could be met based on the anticipated expansion. In line with this, significant solar panel projects and investments were made in 2023 to meet MVM's green transition strategy target: in addition to 28x 0.5 MW power plants, solar farms in the 20-50 MW range were commissioned or purchased in Debrecen, Kunmadaras, Szeged, Kecskemét and Kaposvár, while an agreement was signed to purchase the Tázlár solar power plant, almost doubling the installed renewable capacity of 320 MW as at the end of 2022.

11.5 Social and technology environment

Energy and climate awareness in society is increasingly being emphasised by both EU and Hungarian policymakers, while environmental awareness in general is becoming an important consideration for many more.

The dynamic technological changes of recent years are also having a significant impact on the energy sector. Internationally, efforts to achieve energy independence led to a continuation in 2023 of the energy efficiency developments launched during the state of emergency and a further increase in interest in alternative, low-carbon energy sources and related solutions (e.g. green power generation, flexibility solutions, utility-scale energy storage, alternative gases (e.g. green hydrogen)). Furthermore, several countries in Europe announced declarations of intent to build a new type of relatively small modular nuclear reactor (SMR), and/or continued existing conventional nuclear production programmes (e.g. the Czech Republic, Poland, Romania and Hungary).

11. Non-financial statement according to Section 95/C of the Act on Accounting

Pursuant to Section 95/C (1) a) of the Act on Accounting, MVM Zrt. is a public interest entity, and therefore it publishes in its business report a non-financial statement containing information on environmental, social and employment issues, respect for human rights, the fight against corruption and bribery, to the extent necessary to gain an understanding of the development, performance and position of the Company and the impact of its activities.

12.1 Brief description of the Company's business model

The business model of MVM Zrt. is described in Section 2 *Analysis of profit or loss*.

12.2 System of internal controls and risk management

Compliance

MVM Zrt. is committed to the highest standards of ethics, integrity, compliance with the law and strict adherence to the expectations of its owners. In developing MVM Zrt's compliance system, the objective and task was to operate in line with the regulatory environment, which is implemented commensurate with the identified risks and in a manner that supports the continuity and smoothness of business operations and other areas. For this purpose it operates a compliance function at company level, which also performs the statutory tasks of the compliance support unit.

By creating the Code of Ethics, MVM Zrt. has expressed its commitment to respect for the individual as a fundamental principle, and to the moral values and principles that contribute to the best professional work of its employees, to the achievement of common goals, to the preservation of MVM Zrt.'s reputation, and to the protection and enhancement of its professional and personal integrity. In line with international best practices, MVM Zrt. has established internal policies for managing conflicts of interest, gift giving and hospitality, and for investigating reported abuses.

MVM Zrt. is firmly opposed to all forms of corruption that undermine confidence in the legitimate operation of the Company and distort competition. Employees may not solicit, accept, offer or give an undue advantage in the course of and/or in connection with their work, whether for their own benefit, for the benefit of the company, or for the benefit of a third party. As part of its commitment to anti-corruption, MVM Zrt. and further 23 subsidiaries obtained and introduced certification in 2023 for an anti-corruption management system operating according to ISO 37001, or renewed the certification obtained previously under a renewal audit. In line with the requirements of the standard, the continuous improvement of the anti-corruption management system ensures that the controls in place work properly at all times.

In 2023 the MVM Group Business Partner Code of Ethics was completed, which maps out the principles and values of the MVM Group Code of Ethics and the expectations of the MVM Group vis-a-vis its business partners. Based on the MVM Group's Business Partner Code of Ethics, the MVM Group led by MVM Zrt. expects its business partners to be familiar with and follow the ethical and compliance principles of the MVM Group and apply them in their own value chains, and to take measures commensurate with the size, complexity and risk exposure of their organisation to ensure ethical operation and compliance.

With respect to any event that deviates from the laws and internal policies relevant for the MVM Group, and from its operation in accordance with the objectives, values and principles of the Group, in particular in cases of suspected corruption, financial misconduct and suspected violations of the Code of Ethics, MVM Zrt. encourages the confidential communication of reasonable concerns in good faith without fear of reprisal, and ensures they are investigated in an independent manner.

In addition to general compliance knowledge, the training and communication system implemented by the compliance function includes training on the prevention of capital market abuse, which is a key focus for all new joiners.

The MVM Group aims to further strengthen and develop its compliance function and enhance its commitment against corruption and sanctions compliance.

Internal control system

Internal audit activity is organised as a group-wide audit function reporting directly to the CEO of MVM Zrt. (hereinafter referred to as: BELL). The professional management and supervision of BELL is carried out by the supervisory boards of the MVM Group, primarily the Supervisory Board of MVM Zrt. The internal audit activity conducted by BELL is an independent and objective assurance and advisory activity that adds value to and improves the quality of the organisation's operations. It contributes as a third line of defence to the effective functioning of the internal control system, thus helping the MVM Group achieve its strategic objectives and further supporting the preservation and growth of the assets of the state-owned company.

BELL functions according to a centralised operating model, but deviates partially from this for nuclear licensees and licensees subject to the Separation Rules (transmission, distribution and storage) on the basis of specific provisions.

As a general rule, BELL audits the companies obliged to have internal control systems pursuant to Section 7/J (1) of the Act, as well as the companies of the Group not obliged to do so but which have voluntarily undertaken to comply with the provisions of the Act regarding the operation of internal control systems; it also provides internal audit services on a case-by-case basis to the Group's member companies not included as defined above. Given the data flow restrictions imposed by the Separation rules, BELL's audit powers are limited in certain cases.

BELL ensures that the supervisory boards of the MVM Group can carry out their statutory tasks of ownership control, including their management control activities conducted via the internal control system, in an efficient and systematic manner. The internal audit powers assigned by law to the supervisory boards are shared between the Supervisory Board of MVM Zrt. and the supervisory boards of the companies operating an internal control system under the Act.

The focus of the internal audit activity is on controlling the processes that are most relevant and risky for the effective, efficient, economical and legally compliant operation of the MVM Group and for preserving and growing the company's assets.

In the case of companies for which BELL handles the internal audit function, the head of internal audit according to Government Decree 339/2019 (XII.23) on the internal control system of public companies is the BELL director.

The BELL director:

- Manages the independent internal audit activity for the MVM Group, organises the audits, is responsible for achieving the strategic objectives of the Group's internal audit function.
- Is responsible for preparing the annual group audit plan and group strategic plan, supported by a risk analysis.
- Is responsible for the professional management and supervision of the audit plan approved by the Supervisory Board and the extraordinary investigations ordered with the prior agreement of the Supervisory Board.

BELL analyses, examines and evaluates the establishment and operation of the internal control system and its compliance with legislation and regulations, resulting in findings, proposals and recommendations to improve processes, establish control points and increase operational efficiency. BELL is not responsible for the operational implementation of the proposals and recommendations it makes, but only for recording their implementation and informing the supervisory boards.

BELL keeps a record of the risks of each business process, which is reviewed at least annually based on the results of the internal audits and the impact of the actions taken as a result.

BELL carries out its activities based on an annual group audit plan approved by the Supervisory Board of MVM Zrt. The approved audit plan may be amended with the approval of the Supervisory Board. (The audit plan is primarily discussed and approved by the Supervisory Board of MVM Zrt., and then the supervisory board of each member company concerned approves the part of the audit plan that applies to the member company.)

To preserve the independence of the internal audit function, the Internal Audit Director reports to the Supervisory Board on professional matters. In the course of their work, they may speak directly at any time to the CEO and to the chairman and members of the Supervisory Board. Matters concerning the Internal Audit Director's employment, including their appointment and the termination thereof, require the prior approval of the Supervisory Board.

All BELL auditors are registered with the Ministry of Finance as persons authorised to carry out internal audit activities and are required to perform their work in accordance with the law and the professional standards and code of ethics of the Institute of Internal Auditors (IIA).

In line with the IIA Standards, an external quality assessment of BELL's work between 2018 and 2023 was carried out in the second half of 2023 by p2m Informatika Szolgáltató Kft. with the involvement of international consulting firm EY. Based on their assessment, the Company's internal control activity, relevant policies and procedures, and their practical application essentially comply with the IIA Standards and the related IIA Code of Ethics, Act CXXII of 2009 on the more efficient operation of publicly-owned companies and Government Decree 339/2019 (XII.23) on the internal control system of public companies. In their report, the consultants identified three observations and two opportunities for improvement, for which BELL prepared an action plan.

Internal audits on operation of ISO management systems

To promote proper and efficient internal operations, MVM Zrt. has been certified according to ISO management system standards.

In addition to the internal control and compliance function, MVM Zrt.'s internal control system also includes internal audits carried out in accordance with the individual standards. MVM Zrt. currently maintains and operates integrated management systems in accordance with five standards (MSZ EN ISO 9001:2015, MSZ EN ISO 50001:2019, MSZ EN ISO 14001:2015, MSZ ISO/IEC 27001:2014 and MSZ ISO 37001:2019). The proper functioning of the systems is verified with a certificate obtained after an accredited third-party certification audit carried out annually. The standards also require the documented implementation of internal audits to ensure compliance with the standard requirements, in addition to the importance of verification by an external certifier. An internal audit carried out in accordance with the requirements of the ISO standards audits the operations of all units based on the requirements of the standards, internal policies and the legislation referred to in them. These internal audits may only be carried out by colleagues qualified in internal auditing according to the respective standards. Colleagues with internal auditor qualifications also take part in annual refresher training to keep their professional knowledge up to date.

The supervisory audit of the Integrated Management System was carried out on 24 May 2023, during which the independent auditors concluded that the operation of MVM Zrt. complies with the requirements set by the standards.

Equal opportunity

MVM Zrt.'s Equal Opportunities Plan aims to prevent all forms of discrimination and to ensure equal treatment and equal opportunities for all employees of the Group.

Equal opportunity targets for priority groups:

- Support women's professional and managerial advancement and participation in decision-making.
- Increased job protection, flexible and atypical forms of employment for pregnant mothers.
- MVM Zrt. facilitates the reintegration of mothers returning from caring for their child at home, by keeping in touch with them during the childcare period, providing information on training, holidays and other opportunities.
- For parents with three or more minor children, help maintain a better work-life balance for parents with greater than average family responsibilities, and improve their job quality, use of flexible forms of employment, taking specific aspects into account when granting leave.
- For workers caring for a long-term sick or severely disabled relative, job preservation, maintain a work-life balance and apply atypical forms of employment.
- For workers aged 55 and over, harness the industry- and career-specific skills of workers with longer professional and practical work experience, and retain them in employment. The Group considers long professional and practical work experience and the reliability based on this experience to be just as important as other skills and abilities.

12.3 Employee commitment and labour relations are included in Chapter VI. Human resources management

12.4 Environmental protection - Regulation, presentation of the business model is described in Chapter VII. Environmental protection activities

12.5 Key non-financial performance indicators

MVM Group	2023 actual	2022 actual	Change	Change %
GHG emission (kt)	3,757*	4,442**	-685	-15%
GHG intensity (gCO_2/kWh)	194*	222**	-28	-13%

** The 2023 figures are not certified data yet, they might change.*
*** Unlike in previous years, the calculation of direct GHG emissions now includes CO_2 emissions from the use of biomass, RDF and SRF; consequently, GHG emission and GHG intensity figures for 2022 were also adjusted.*

The GHG emissions of the MVM Group include direct and indirect GHG emissions:

- Direct: includes emissions from power plants (together with CO_2 emissions from use of biomass and RDF, SRF), CO_2 emissions from use of fuel, non-productive use of natural gas, the flaring of natural gas, and the CO_2 equivalent of methane emissions and sulphur hexafluoride gas emissions, along with the CO_2 equivalent from refrigerant replacement from 2022 onwards.
- Indirect: includes the amount of electricity and heat purchased according to the “location based” method.

12. Corporate governance statement pursuant to Section 95/B of the Act on Accounting

A company whose transferable securities are admitted to trading on a regulated market of any Member State of the European Economic Area shall include a corporate governance statement in its business report.

On this basis, MVM Zrt. must publish the corporate governance statement on the MVM Zrt. website, as one of the options pursuant to Section 95/B (3) of the Act on Accounting (https://mvm.hu/hu-HU/Befektetoknek/PenzugyiBeszamolok).

Budapest, 24 April 2024

Károly Tamás Mátrai
Chief Executive Officer
MVM Zrt.

László Fazekas
Deputy CEO, Chief Financial Officer
MVM Zrt.