Slovnaft
MEMBER OF MOL GROUP

SEPARATE FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EU AND INDEPENDENT AUDITOR‘S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

Deloitte.

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Section Sro, File 4444/B
Company ID: 31 343 414
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SLOVNAFT, a.s.

INDEPENDENT AUDITOR'S REPORT

To the Shareholder, Supervisory Board and Board of Directors of SLOVNAFT, a.s.:

REPORT ON THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the separate financial statements of SLOVNAFT, a.s. (the "Company"), which comprise the separate statement of financial position as at 31 December 2023, and the separate statement of comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, and notes to the separate financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union (EU).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the provisions of Act No. 423/2015 Coll. on Statutory Audit and on Amendment to and Supplementation of Act No. 431/2002 Coll. on Accounting, as amended (hereinafter the "Act on Statutory Audit") related to ethical requirements, including the Code of Ethics for Auditors that are relevant to our audit of the separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The separate financial statements of SLOVNAFT, a.s. for the year ended 31 December 2022 were audited by another auditor who expressed an unqualified opinion on the separate financial statements on 8 June 2023.

Responsibilities of Management and Those Charged with Governance for Separate the Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRS as adopted in the EU, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

This is a translation of the original auditor's report issued in the Slovak language to the accompanying financial statements translated into the English language.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance about, inter alia, the planned scope and time schedule of the audit and significant audit findings, including all material deficiencies of internal control identified during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on Information Disclosed in the Annual Report

The statutory body is responsible for information disclosed in the annual report prepared under the requirements of the Act on Accounting No. 431/2002 Coll. as amended (the "Act on Accounting"). Our opinion on the financial statements stated above does not apply to other information in the annual report.

In connection with the audit of financial statements, our responsibility is to gain an understanding of the information disclosed in the annual report and consider whether such information is materially inconsistent with the financial statements or our knowledge obtained in the audit of the financial statements, or otherwise appears to be materially misstated.

As at the issuance date of the auditor's report on the audit of financial statements, the annual report was not available to us.

When we obtain the annual report, we will assess whether the Company's annual report includes information whose disclosure is required under the Act on Accounting, and based on procedures performed during the audit of the financial statements, we will express an opinion on whether:

- Information disclosed in the annual report prepared for 2023 is consistent with the financial statements for the relevant year; and
- The annual report includes information pursuant to the Act on Accounting.

Furthermore, we will disclose whether material misstatements were identified in the annual report based on our understanding of the Company and its position, obtained in the audit of the financial statements.

Bratislava, 17 June 2024

Ing. Ján Bobocký, FCCA
Responsible Auditor
Licence UDVA No. 1043

On behalf of
Deloitte Audit s.r.o.
Licence SKAu No. 014

This is a translation of the original auditor's report issued in the Slovak language to the accompanying financial statements translated into the English language.

SLOVNAFT, a. s.

Separate financial statements
prepared in accordance with International Financial Reporting Standards
as adopted by the EU

for the year ended 31 December 2023

Bratislava, 17 June 2024

Oszkár Világi
Chairman of the Board of Directors

Marek Senkovič
Member of the Board of Directors

General information

SLOVNAFT, a.s. ("SLOVNAFT" or "the Company") was registered in Slovakia as a joint stock company on 1 May 1992. Prior to that date it was a state owned enterprise. The Company was set up in accordance with Slovak regulations. The Company had its primary listing on the Bratislava Stock Exchange. The Bratislava Stock Exchange terminated trading of Company's shares on the regulated market on 20 December 2019 based on request of the Company. The last trading day of the shares was 23 December 2019. The Company became a private joint stock company on 27 December 2019.

The principal activities of the Company are the processing of crude oil and the distribution and sale of refined products.

The Company's registered address and registration numbers are:
SLOVNAFT, a.s.
Vlčie hrdlo 1
824 12 Bratislava
Slovak Republic
Registration number: 31 322 832
Tax registration number: 2020372640
Legal Entity Identifier (LEI): 213800SQ8HA3IZPO1G03

The direct parent and the ultimate controlling party of the Company is MOL Nyrt., incorporated and domiciled in Hungary.

The Company is not partner with unlimited liability in any company.

As at 31 December 2023, the Company had 2,121 employees (31 December 2022: 2,172). Average calculated number of employees as at 31 December 2023 was 2,160 (31 December 2022: 2,184), 143 of which were management (31 December 2022: 133 managers).

Authorization and statement of compliance

These separate financial statements were approved and authorized for issue by the Board of Directors on 17 June 2024.

The separate financial statements of the Company for the previous period were approved by the Resolution of the Company's sole shareholder dated June 26, 2023.

These separate financial statements are placed at the Company's registered address, at the Register of financial statements, and at the Commercial Register of City Court Bratislava III.

These separate financial statements have been prepared as ordinary separate financial statements according to Section 17 (6) of the Slovak Accounting Act No. 431/2002 Coll. as later amended.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") as adopted by the EU. IFRS Accounting Standards comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

Separate statement of comprehensive income for the year ended 31 December 2023

in € thousands	Notes	2023	2022
Revenue	2	5,902,300	6,064,397
Other operating income	3	27,883	14,369
Total operating income		**5,930,183**	**6,078,766**
Raw materials and consumables used		(4,525,574)	(4,336,376)
Personnel expenses	4	(132,586)	(113,025)
Depreciation, depletion, amortization and impairment	8.1, 8.2	(172,072)	(184,407)
Other operating expenses	5	(461,441)	(414,815)
Change in inventories of finished goods and work in progress		12,507	13,710
Work performed by the enterprise and capitalized		1,868	1,272
Total operating expenses		**(5,277,298)**	**(5,033,641)**
Profit/(loss) from operations		**652,885**	**1,045,125**
Interest income	6	36,004	4,438
Other finance income	6	62,281	73,876
Finance expenses	6	(76,694)	(83,206)
Finance income/(expenses), net		**21,591**	**(4,892)**
Profit/(loss) before tax		**674,476**	**1,040,233**
Income tax expense	7	(134,914)	(625,260)
Profit/(loss) for the period		**539,562**	**414,973**
Other comprehensive income:			
Actuarial gains/(losses) on defined benefit pension plans		(2,243)	1,047
Income tax relating to items that will not be reclassified to profit/(loss)	7	471	(220)
Total items that will not be reclassified to profit/(loss)		**(1,772)**	**827**
Other comprehensive income for the period		**(1,772)**	**827**
Total comprehensive income for the period		**537,790**	**415,800**

The notes form an integral part of these separate financial statements.

in € thousands	Notes	2023	2022
ASSETS			
Non-current assets			
Intangible assets	8.1	40,137	18,972
Property, plant and equipment	8.2	1,327,579	1,377,384
Investment property	8.4	8,787	-
Investments in subsidiaries	9	56,491	81,480
Investments in associated companies	10	71,428	71,428
Financial assets measured at fair value through other comprehensive income	11	2,370	2,370
Other non-current financial assets	12	300	750
Other non-current assets	13	7,870	8,566
Total non-current assets		**1,514,962**	**1,560,950**
Current assets			
Inventories	14	578,237	356,254
Trade receivables	15	682,275	592,171
Derivative financial instruments	16	7,064	19,975
Intercompany loans	17	12	137,305
Receivables from cash-pooling	18	98,326	1,074,026
Other current financial assets	19	8,206	4,936
Other current assets	20	91,162	63,750
Cash and cash equivalents	21	83,036	60,966
Assets classified as held for sale	22	-	19,371
Total current assets		**1,548,318**	**2,328,754**
TOTAL ASSETS		**3,063,280**	**3,889,704**
EQUITY AND LIABILITIES			
Equity			
Share capital	23.1	684,758	684,758
Share premium		121,119	121,119
Other funds	23.2	302,603	302,603
Retained earnings	23.3	537,790	848,524
Other components of equity	23.4	2,330	2,330
Total equity		**1,648,600**	**1,959,334**
Non-current liabilities			
Lease liabilities	24.1	65,991	62,133
Provisions	25	66,194	61,085
Deferred tax liabilities	7	58,040	60,699
Other non-current liabilities	26	17,853	20,077
Total non-current liabilities		**208,078**	**203,994**
Current liabilities			
Trade payables	29	725,381	585,336
Derivative financial instruments	16	2,279	9,413
Other current financial liabilities	27	69,815	186,553
Other current liabilities	28	95,667	104,272
Provisions	25	92,110	88,523
Bank loans	24.2	153,100	135,743
Lease liabilities	24.1	13,985	14,762
Income tax payable	7	54,265	601,774
Total current liabilities		**1,206,602**	**1,726,376**
TOTAL EQUITY AND LIABILITIES		**3,063,280**	**3,889,704**

Separate statement of changes in equity for the year ended 31 December 2023

in € thousands	Share capital	Share premium	Other funds	Retained earnings	Other components of equity	**Total equity**
1 January 2022	**684,758**	**121,119**	**302,603**	**582,724**	**2,330**	**1,693,534**
Profit/(loss) for the period	-	-	-	414,973	-	**414,973**
Other comprehensive income for the period	-	-	-	-	827	**827**
Total comprehensive income for the period	-	-	-	**414,973**	**827**	**415,800**
Dividends declared and paid	-	-	-	(150,000)	-	**(150,000)**
Reclassification of actuarial gains/(losses) on defined benefit pension plans (Note 23.4)	-	-	-	827	(827)	-
31 December 2022	**684,758**	**121,119**	**302,603**	**848,524**	**2,330**	**1,959,334**
Profit/(loss) for the period	-	-	-	539,562	-	**539,562**
Other comprehensive income for the period	-	-	-	-	(1,772)	**(1,772)**
Total comprehensive income for the period	-	-	-	**539,562**	**(1,772)**	**537,790**
Dividends declared and paid (Note 23.3)	-	-	-	(848,524)	-	**(848,524)**
Reclassification of actuarial gains/(losses) on defined benefit pension plans (Note 23.4)	-	-	-	(1,772)	1,772	-
31 December 2023	**684,758**	**121,119**	**302,603**	**537,790**	**2,330**	**1,648,600**

in € thousands	Notes	2023	2022
Profit/(loss) before tax		674,476	1,040,233
Adjustments to reconcile profit/(loss) before tax to net cash provided by operating activities			
Depreciation, depletion, amortization and impairment		172,072	184,407
Amortization of government grants	3	(2,071)	(2,265)
Write-down/(reversal of write-down) of inventories, net		6,238	3,486
Increase/(decrease) in provisions, net		6,704	29,631
(Profit)/loss from the sale of intangible assets and property, plant and equipment	3	(13,705)	(10,058)
Write-off of receivables and addition/(reversal) of impairment, net		238	1,609
Write-off of liabilities		(1)	-
Net foreign exchange (gain)/loss on receivables and payables	6	10,968	30,884
(Profit)/loss from the sale of subsidiary	6	-	67
Interest revenue	6	(36,004)	(4,438)
Interest expense on borrowings	6	5,290	2,366
Net foreign exchange (gain)/loss on cash and cash equivalents	6	(2,481)	(708)
Other finance (profit)/loss, net	6	(401)	343
Dividend income	6	(293)	(23,563)
Other non-cash items		(4,511)	(980)
Operating cash flow before changes in working capital		**816,519**	**1,251,014**
(Increase)/decrease in inventories		(228,070)	42,117
(Increase)/decrease in trade receivables		(97,994)	(164,433)
(Increase)/decrease in other assets		(19,895)	10,680
Increase/(decrease) in trade payables		122,045	(38,565)
Increase/(decrease) in other liabilities		(125,827)	174,361
Corporate income tax (paid)/returned		(685,707)	(76,454)
Net cash provided by/(used in) operating activities		**(218,929)**	**1,198,720**
Payments for intangible assets and property, plant and equipment		(94,378)	(131,857)
Proceeds from disposal of intangible assets and property, plant and equipment		32,341	10,244
Proceeds from disposal of subsidiary		-	700
Acquisition of subsidiaries	9	(700)	(25,721)
Long-term loans granted	12	(200)	(200)
Long-term loans repaid		650	-
Intercompany loans granted		-	(138,150)
Intercompany loans repaid		136,500	1,650
Increase in receivables from cash-pooling		(145,775)	(981,491)
Decrease in receivables from cash-pooling		1,121,476	91,908
Interest received		36,797	3,636
Other finance income		2	321
Dividends received from subsidiaries		-	3,497
Dividends received from associated companies		2,543	18,411
Dividends received from other participations		-	230
Cash received from business combinations		432	-
Net cash provided by/(used in) investing activities		**1,089,688**	**(1,146,822)**
Proceeds from short-term bank borrowings	24.3	135,000	135,000
Repayments of short-term bank borrowings	24.3	(135,000)	-
Repayments of lease liabilities	24.3	(15,110)	(15,077)
Proceeds/(payments) from derivative transactions, net		571	(591)
Interest paid		(5,046)	(1,623)
Other finance costs		(172)	(78)
Dividends paid to shareholders		(848,526)	(150,002)
Net cash provided by/(used in) financing activities		**(868,283)**	**(32,371)**
Increase/(decrease) in cash and cash equivalents		**2,476**	**19,527**
Cash and cash equivalents at the beginning of the period	21	60,966	40,731
Effects of exchange rate changes	6	2,481	708
Cash and cash equivalents at the end of the period	21	65,923	60,966

1 Accounting information, policies and significant estimates

1.1 Basis of preparation

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

The financial statements were prepared using the going concern assumption that the Company will continue its operations for the foreseeable future.

The preparation of the financial statements in conformity with IFRS Accounting Standards requires the use of estimates and assumptions that affect the amounts reported in the financial statements and related disclosures. Although these estimates are based on the management's best knowledge of current events and actions, the actual results may differ from those estimations.

The financial year is the same as the calendar year.

The separate financial statements are presented in thousands of Euro.

1.2 Information on consolidated group

The Company applied the exemption from the obligation to prepare consolidated financial statements according to Section 22 (8) and (9) of the Slovak Accounting Act No. 431/2002 Coll. as later amended, and IFRS 10.4(a), as the parent company MOL Nyrt. prepares consolidated financial statements for the largest group of companies under EU law, which also includes the financial statements of the Company and the financial statements of all its subsidiaries.

MOL Nyrt., Dombóvári út 28., 1117 Budapest, Hungary, prepares the Group's consolidated financial statements. The consolidated financial statements are available directly at the registered address of the company stated above.

1.3 Changes in accounting policies

The accounting policies adopted are consistent with those applied in the separate financial statements at 31 December 2022.

The Company has adopted the following amendments to IFRS Accounting Standards during the accounting period:

- IFRS 17 Insurance Contracts
- IFRS 17 Insurance Contracts - Amendments regarding the initial application of IFRS 17 and IFRS 9
- IAS 1 Presentation of Financial Statements - Amendments regarding the disclosure of accounting policies
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimates
- IAS 12 Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations
- IAS 12 Income Taxes - Amendments regarding deferred tax assets and liabilities related to pillar two income taxes

Application of these standards and amendments to standards did not have any impact on the financial statements of the Company.

1.4 Issued but not yet effective International Financial Reporting Standards

At the date of authorization of these financial statements, the following new and amended Standards were in issue but not yet effective:

- IFRS 7 Financial Instruments: Disclosures - Amendments regarding supplier finance arrangements (effective for annual periods beginning on or after 1 January 2024, this amendment has not been approved by EU yet)
- IFRS 10 Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (effective date is not defined, this amendment has not been approved by EU yet)
- IFRS 14 Regulatory Deferral Accounts (effective for annual periods beginning on or after 1 January 2016, this standard has not been approved by EU yet)
- IFRS 16 Leases - Amendments clarifying subsequent measurement of sale and leaseback transactions (effective for annual periods beginning on or after 1 January 2024)
- IFRS 18 Presentation and Disclosures in Financial Statements (effective for annual periods beginning on or after 1 January 2027, this standard has not been approved by EU yet)
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027, this standard has not been approved by EU yet)
- IAS 1 Presentation of Financial Statements - Amendments regarding the classification of liabilities (effective for annual periods beginning on or after 1 January 2024, this amendment has not been approved by EU yet)
- IAS 1 Presentation of Financial Statements - Amendments regarding the classification of debt with covenants (effective for annual periods beginning on or after 1 January 2024, this amendment has not been approved by EU yet)
- IAS 7 Statement of Cash Flows - Amendments regarding supplier finance arrangements (effective for annual periods beginning on or after 1 January 2024, this amendment has not been approved by EU yet)
- IAS 28 Investments in Associates and Joint Ventures - Amendment regarding the sale or contribution of assets between an investor and its associate or joint venture (effective date is not defined, this amendment has not been approved by EU yet)

Application of the new and amended standards are not expected to have a material impact on the financial statements of the Company.

1.5 Significant accounting policies

<u>Functional and presentation currency</u>

The items included in these financial statements are measured in euro ("€"), which has been determined as the currency of the primary economic environment in which the Company operates ("functional currency"). These financial statements are presented in €, rounded to thousands, unless otherwise stated.

<u>Foreign currency transactions</u>

The foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Foreign exchange differences both on trade receivables and payables and on borrowings are recorded as financial income or expense.

1.6 Significant accounting judgments and estimates

<u>Critical judgments in applying the accounting policies</u>

In the process of applying the accounting policies, management has made certain judgments that have significant effect on the amounts recognized in the financial statements (apart from those involving estimates, which are dealt with below). These are detailed in the respective notes.

<u>Sources of estimate uncertainty</u>

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of estimates and assumptions that affect the amounts reported in the financial statements and the Notes thereto.

Although these estimates are based on the management's best knowledge of current events and actions, actual results may defer from these estimates. These are detailed in the respective notes.

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

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

The Fit for 55 package refers to the EU legislative package that represents the EU's target of reducing net greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels. It covers several areas and sets a wide range of targets for the EU's 2030 climate and energy framework such as: EU Emission trading system (EU ETS), EU wide renewable energy targets, including a specific target for renewables share in the transport sector (REDII &REDIII), renewable hydrogen targets, energy efficiency targets. From the regulatory background the EU ETS system has the most significant effect on the financial statements. The EU ETS system sets a limit on the total amount of greenhouse gases that can be emitted by entities under the system. Companies whose emissions surpass the regulated level have the option of purchasing additional quotas. As the Company operation can be covered only partially by the free allocation, thus quota purchase is needed. The Company can ensure this shortfall with forward purchases throughout the issue year, while taking into account the quarterly updated needs. This mechanism ensures efficient risk management of quota prices and an optimal financing structure. The purchasing mechanism followed by the Company ensures that large shifts in quota prices have a more limited impact on the Company's financial performance. During the year, every month a provision is also booked to cover the needs of the upcoming year. The Company purchases the CO_2 quota distributed during the year to achieve that the average purchase price be on the level of the average CO_2 price. For more information and accounting policy on the emission rights please refer to Note 25.

When making assumptions and judgements affecting the amounts reported in the financial statements, the Company uses the latest available and reliable information. The significant accounting estimates affecting the amounts reported in the financial statements are prepared in line with the long-term strategy of the Company, which represents management's best estimate of the possible outcomes and risks associated with the transition to a low carbon world. The Company acknowledges that the energy transition will occur, however the estimates of the impact of climate change and energy transformation on the Company's operations are subject to very high uncertainty and may change significantly in subsequent periods depending on the pace of the transition. The company expects climate-related matters to have an impact on the long-term accounting estimates and incorporated these factors to the financial statements. Estimation inputs like: Brent oil prices, TTF gas prices, CO_2 quota price assumptions and discount rates take into consideration the effects of the climate related matters, are in line with external information, and represent the effect of climate related expectations on the financial statements. In the Company's view CO_2 costs and price assumptions represent best the effects of climate change on the financial statements, as quotas are traded on an active market.

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

Recoverability of assets: Impairment models are generally based on a going concern assumption, usually based on 3 years time series of business plan figures, further years are estimated assuming a growth rate according to relevant inflation rate. Any further initiative is subject to very high level of uncertainty, and may change significantly in subsequent periods depending on several factors. For more information on the impairment of assets please refer to Note 8.6.

Useful lives of tangible and intangible assets: The useful life of property, plant and equipment is reviewed at least once a year prior to the annual planning process and if the expectations differ significantly from the prior estimations then the amount of depreciation relating to the current and the future periods must be adjusted. The useful life of assets are determined based on the currently valid regulations and obligations. For more information please refer to Note 8.5.

Significant impact on operation

Russia - Ukraine conflict

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

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

2 Revenue

Accounting policies

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

The Company has generally concluded that:

• it satisfies performance obligations at a point in time (except for transportation revenues as per the next paragraph), because control is transferred to the customer on delivery of the goods. Under IFRS Accounting Standards, the transfer of risk according to Incoterms rules applied by the Company is not a sufficient criterion for recognizing revenue, because IFRS 15 Revenue from Contracts with Customers is based on the control concept. For performance obligations to be satisfied at a particular point in time, the Company has to determine at which point in time the customer obtains control of the promised goods. The transfer of significant risk and rewards of ownership of an asset – which equals the transfer of risk as defined in the Incoterms rules – is only one indicator to consider in determining when control has been transferred. The Company may apply different Incoterms rules to different transactions (nearly all known Incoterms rules are used by the Company), thus the transfer of control shall be assessed individually in each case.

• for some Incoterms with separate performance obligation related to transportation, related transportation revenues are recognized with revenue from services as presented in the table below. Transportation periods are generally short and related revenues are recognized over time.

• it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to customers (except to those cases, which are explicitly stated in the financial statements);

• significant financing component does not exist, because the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service is expected to be one year or less at contract inception.

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

Revenues are recognized net of the amount of stockpiling association fees and excise tax, except when the excise tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the excise tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

<u>Sales by product lines</u>

in € thousands	**2023**	**2022**
Motor fuels	4,234,767	4,540,832
Other refinery products	370,732	253,559
Plastics	456,266	674,429
Chemicals	111,787	252,900
Trading with commodities	433,031	51,635
Shop goods	201,020	184,977
Services	62,048	55,936
Other	32,649	50,129
Total	**5,902,300**	**6,064,397**

Sales by geographical areas

in € thousands	**2023**	**2022**
Slovak Republic	2,235,761	2,646,914
Hungary	1,222,731	916,099
Czech Republic	815,626	877,646
Italy	419,478	98,399
Poland	240,466	489,278
Germany	237,252	223,765
Croatia	230,635	67,156
Austria	195,107	422,491
United Kingdom	68,343	15,399
Switzerland	59,319	31,749
Serbia	46,270	115,984
Romania	37,352	50,857
Slovenia	19,959	21,853
The Netherlands	18,278	22,169
Other	55,723	64,638
Total	**5,902,300**	**6,064,397**

The basis for attributing revenues from external customers to individual countries is the customer's registered office.

Based on the IFRS 15 Revenue from Contracts with Customers standard agent-principal consideration, excise duties and similar levies or fees are recognised with net presentation in the financial statements as Company act as an „agent" and collects the excise duties from third parties to the state. Total amount of the excise duty collected from customers was €895,581 thousand in 2023 and €846,158 thousand in 2022.

Major customers

Revenue arising from transactions with the parent company MOL Nyrt., including companies under its control, amounts to €2,847,256 thousand which represents 48.24% of the total revenue in 2023 (2022: €2,555,053 thousand, 42.1%).

Revenue to any other single customer does not exceed 10% of the Company's total revenue. A group of entities known to be under common control is considered a single customer for this purpose.

3 Other operating income

in € thousands	**2023**	**2022**
Gain on sale of asset held for sale	13,617	-
Net gain from non-hedge commodity derivatives	9,154	-
Amortization of government grants	2,071	2,265
Government grants for compensation of expenses	746	149
Compensation of the cost of economic mobilization	386	460
Compensation for damages	121	165
Gain on sale of intangible assets and property, plant and equipment	88	10,058
Penalties and late payment interest	64	55
Other	1,636	1,217
Total other operating income	**27,883**	**14,369**

4 Personnel expenses

in € thousands	**2023**	**2022**
Wages and salaries	81,660	74,262
Legal and voluntary retirement contributions	14,453	13,749
Public health insurance	9,342	8,714
Other social insurance	8,815	6,938
Other personnel expenses	9,098	7,990
Provision for retirement and jubilee benefits (Note 25)	8,075	863
Expenses of share-based payments	1,143	509
Total personnel expenses	**132,586**	**113,025**

Share-based payments

Accounting policies

Certain employees of the Company receive remuneration dependent on the parent company's MOL Nyrt. share price.

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date using the binomial model. This fair value is expensed over the vesting period with recognition of a corresponding liability. The liability is remeasured at each end of the reporting period up to and including the settlement date to fair value with changes therein recognized in the profit/loss for the period. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in case of share based retirement benefit are charged or credited to other comprehensive income.

in € thousands	2023	2022
Restricted Share Plan	1,153	423
Absolute Share Value Based Remuneration	(34)	(58)
Relative Market Index Based Remuneration	(28)	164
Share-based retirement benefit	52	(20)
Total cash-settled share-based payment expense	**1,143**	**509**

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

Restricted Share Plan for management

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

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

- Program starts each year on a rolling scheme with a three-year vesting period.
- Target on corporate performance is based on the achievement of business plan for Clean CCS EBITDA (Current Cost of Supplies Earnings Before Interest, Taxes, Depreciation, and Amortization).
- Payout rates are defined based on fulfilment of the corporate performance target and individual payout rate which is based on an individual performance.
- Payments are due after the third year.

Liabilities in respect of the Restricted Share Plan amounted to €1,979 thousand as at 31 December 2023 (31 December 2022: €826 thousand) recorded in other non-current liabilities.

Absolute Share Value Based Remuneration Incentive for management

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

- It covers a four-year period starting annually, where periods are split into a two-year vesting period (it is not possible to exercise Share Option) and two-year redeeming period. If unexercised, the Share Option lapses after 31 December of the redeeming period.
- Its rate is defined by the quantity of units specified by the Company job category.
- The allocation is linked to individual performance.

The incentive is paid in the exercising period according to the appropriate declaration of redemption. The value of the incentive is the difference between the strike price and a selected spot price for each unit of the entitlement.

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

Details of the share option rights granted during the period are as follows:

	2023		2022	
	Shares in option rights	**Weighted average exercise price per share**	**Shares in option rights**	**Weighted average exercise price per share**
	number of shares	*€*	*number of shares*	*€*
Outstanding at the beginning of the period	108,306	7.29	223,578	8.10
Granted during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Exercised during the period	(108,306)	7.29	-	-
Expired during the period	-	-	(115,272)	7.24
Outstanding at the end of the period	**-**	**-**	**108,306**	**7.29**
Exercisable at the end of the period	-	-	108,306	7.29

The Absolute Share Value Based Remuneration Plan was terminated as at 31 December 2023.

Relative Market Index Based Remuneration Incentive for management

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

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

The Relative Market Index Based Remuneration Plan was terminated as at 31 December 2023.

Share based retirement benefit

The Company operates long-term benefit scheme that provide lump sum benefit to all employees at the time of their retirement. As part of the benefit program employees are entitled to the amount of 8 MOL shares after every year of services. Qualification of the scheme has been review in 2022 and as a result, it is presented according to IFRS 2 - Share-based payment standard; the benefit qualifies as a cash-settled share-based benefit, the amount of the liability has been determined using the projected unit credit method, based on financial and actuarial variables and assumptions that reflect relevant official statistical data which are in line with those incorporated in the business plan of the Company. The applied MOL share price is €7.13 as of 31 December 2023 (31 December 2022: €6.50).

Liabilities in respect of the share-based retirement benefit amounted to €1,251 thousand as at 31 December 2023, recorded in other non-current liabilities and other current liabilities (31 December 2022: €1,253 thousand).

5 Other operating expenses

in € thousands	2023	2022
Maintenance expenses	96,654	79,981
Provision for greenhouse gas emission, net (Note 25)	85,991	83,132
Transportation and storage expenses	84,906	72,808
Commission fees paid	49,291	45,286
Costs of information technology services	23,989	19,160
Rental costs	16,070	2,221
Chemical analysis of products and raw materials	10,699	9,224
Technology expert fees	9,758	10,288
Accounting, advisory and similar services fees	7,968	6,942
Insurance premium	7,805	6,287
Cleaning costs and waste disposal	7,512	6,208
Fees for the use of the electricity system	7,000	7,445
Marketing costs	6,541	5,503
Taxes, duties and fees	5,818	5,592
Fire protection expenses	5,764	5,413
Environmental provision (Note 25)	4,626	6,382
Fees paid to financial institutions	4,210	4,087
Security expenses	4,061	4,244
Administrative services	3,242	3,137
Costs of cleaning machinery and equipment	1,985	7,150
Net loss from non-hedge commodity derivatives	-	10,597
Other	17,551	13,728
Total other operating expenses	**461,441**	**414,815**

The expenses for services provided by auditors were as follows:

in € thousands	2023	2022
Audit of the financial statements	223	98
Total	**223**	**98**

6 Finance income and expenses

Accounting policies

Dividends due are recognized when the shareholders' right to receive payment is established. Changes in the fair value of derivatives not qualifying for hedge accounting are reflected in the profit/loss in the period the change occurs.

in € thousands	2023	2022
Foreign exchange gain on receivables and payables	49,448	41,289
Interest income	36,004	4,438
Foreign exchange gain on cash and cash equivalents	11,966	8,704
Net gain from currency derivatives	571	-
Dividends	293	23,563
Other	3	320
Total finance income	**98,285**	**78,314**
Foreign exchange loss on receivables and payables	(60,416)	(72,173)
Foreign exchange loss on cash and cash equivalents	(9,485)	(7,996)
Interest expense on borrowings	(3,057)	(965)
Interest expense on leasing	(2,233)	(1,401)
Interest expense on provisions (Note 25)	(1,330)	59
Net loss from currency derivatives	-	(591)
Net loss on sale of subsidiary	-	(67)
Other	(173)	(72)
Total finance expenses	**(76,694)**	**(83,206)**
Finance income/(expenses), net	**21,591**	**(4,892)**

7 Income taxes

Accounting policies

The income tax charge consists of current and deferred taxes.

The current income tax is based on taxable profit for the period. Taxable profit differs from profit as reported in the separate statement of comprehensive income because of items of income or expense that are never taxable or deductible or are taxable or deductible in other periods.

Deferred taxes are calculated using the liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and tax losses when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilized.

Deferred income tax liabilities are recognized for all taxable temporary differences.

Deferred income tax liabilities are not recognized in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

At each end of the reporting period, the Company re-assesses unrecognized deferred tax assets and the carrying amount of deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Company conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or the entire deferred tax asset to be utilized.

Current and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity, including an adjustment to the opening balance of reserves resulting from a change in accounting policy that is applied retrospectively.

Total applicable income taxes reported in these separate financial statements in 2023 and 2022 include the following components:

in € thousands	**2023**	**2022**
Current corporate income tax	139,582	108,228
Solidarity contribution	1,956	519,769
Corporate income tax related to previous periods	(3,669)	-
Deferred corporate income tax	(2,955)	(2,737)
Total income tax expense	**134,914**	**625,260**

In 2023, the applicable corporate income tax rate on the taxable income of the Company was 21% (2022: 21%).

In 2022, the Company recorded €519,769 thousand expense related to solidarity contribution for 2022.

In 2023, the Company did not meet criteria for application of solidarity contribution. Expense of €1,956 thousand recorded in 2023 represents adjustment to 2022 solidarity contribution expense.

The deferred tax balances as at 31 December 2023 and 2022 and movements in 2023 and 2022 were as follows:

in € thousands	**1 January 2023**	**Recognized in profit/ (loss)**	**Recognized in other comprehen-sive income**	**Business combinations**	**31 December 2023**
Property, plant and equipment and intangible assets	(91,102)	8,646	-	(768)	(83,224)
Right-of-use assets	(15,694)	(558)	-	-	(16,252)
Provisions	14,166	1,018	418	-	15,602
Lease liabilities	16,148	647	-	-	16,795
Tax losses carried forward	1,797	(1,797)	-	-	-
Trade payables	8,526	(4,879)	-	-	3,647
Other	5,460	(122)	53	1	5,392
Total	**(60,699)**	**2,955**	**471**	**(767)**	**(58,040)**

in € thousands	1 January 2022	Recognized in profit/ (loss)	Recognized in other comprehen-sive income	31 December 2022
Property, plant and equipment and intangible assets	(87,796)	(3,306)	-	(91,102)
Right-of-use assets	(16,584)	890	-	(15,694)
Provisions	14,339	47	(220)	14,166
Lease liabilities	16,975	(827)	-	16,148
Tax losses carried forward	3,593	(1,796)	-	1,797
Trade payables	1,361	7,165	-	8,526
Other	4,896	564	-	5,460
Total	**(63,216)**	**2,737**	**(220)**	**(60,699)**

In 2023, the Company utilized the cumulative tax losses in the amount of €10,678 thousand (2022: €8,555 thousand).

The reconciliation between the reported income tax expense and the theoretical amount that would arise using the standard tax rates is as follows:

in € thousands	2023	2022
Profit/(loss) before tax	674,476	1,040,233
Tax at the applicable tax rate 21% (2022: 21%)	141,640	218,449
Net effect of solidarity contribution	-	410,617
Effect of additional tax returns and solidarity contribution for previous years	(1,713)	-
Utilization of tax losses for previous years for which deferred tax was not recognized	(446)	-
Dividends received not taxable for tax purposes	(62)	(4,948)
Other income not taxable for tax purposes	(142)	(241)
Expenses not deductible for tax purposes	1,621	7,991
Decuction for research and development	(5,446)	(6,599)
Business combination	(767)	-
Effect of write-off of deferred tax assets without affecting of current income tax	235	-
Other	(6)	(9)
Total income tax expense	**134,914**	**625,260**
Effective tax rate (%)	**20.00**	**60.11**

Based on Slovak legislation solidarity contribution charge of €519,769 thousand in 2022 is treated as income tax deductible expense, hence the impact on expense is lower by the applicable tax rate of 21%.

8 Intangible assets, property, plant and equipment and investment property

8.1 Intangible assets

Accounting policies

Intangible assets acquired separately are capitalized at cost. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the Company; and the cost of the asset can be measured reliably.

Following initial recognition, the cost model is applied to the class of intangible assets. The useful lives of these intangible assets are assessed to be either finite or indefinite. Amortization is charged on assets with a finite useful life over the best estimate of their useful lives using the straight line method. The amortization period and the amortization method are reviewed annually at the end of the period. Intangible assets, excluding development costs, created within the business are not capitalized and expenditure is charged against income in the year in which the expenditure is incurred. Intangible assets are tested for impairment annually either individually or at the cash-generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable are made on a prospective basis.

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Following the initial recognition of the development expenditure the cost model is applied requiring the asset to be carried at cost less any accumulated impairment losses. Costs in development stage cannot be amortized. The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use or more frequently when an indicator of impairment arises during the period indicating that the carrying value may not be recoverable.

A goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Company's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities.

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

Greenhouse gas emissions

The Company receives free emission rights as a result of the European Emission Trading Schemes. The rights are received on an annual basis and in return the Company is required to remit rights equal to its actual emissions. The Company has adopted a net liability approach to the emission rights granted. Under this method the granted emission rights are measured at nil and a provision is only recognized when actual emissions exceed the emission rights granted. Where emission rights are purchased from third parties, they are treated as a reimbursement right. The purchased emission rights are recorded at cost less impairment, if any.

in € thousands	Emission rights	Production licences	Software	Goodwill	Total
Cost					
1 January 2022	-	36,199	74,713	-	110,912
Additions	55,512	-	2,686	-	58,198
Disposals *	(55,512)	(5)	(8,209)	-	(63,726)
Reclassification - assets held for sale	-	-	6	-	6
Transfers	-	-	176	-	176
31 December 2022	**-**	**36,194**	**69,372**	**-**	**105,566**
Additions	84,280	-	3,204	21,047	108,531
Disposals *	(84,280)	(349)	(802)	-	(85,431)
Reclassification - assets held for sale	-	-	156	-	156
Transfers	-	-	27	-	27
31 December 2023	**-**	**35,845**	**71,957**	**21,047**	**128,849**
Amortization and impairment					
1 January 2022	-	28,440	58,767	-	87,207
Amortization	-	544	2,642	-	3,186
Impairment	-	490	910	-	1,400
Disposals	-	(6)	(5,199)	-	(5,205)
Reclassification - assets held for sale	-	-	6	-	6
31 December 2022	**-**	**29,468**	**57,126**	**-**	**86,594**
Amortization	-	517	2,584	-	3,101
Disposals	-	(349)	(790)	-	(1,139)
Reclassification - assets held for sale	-	-	156	-	156
31 December 2023	**-**	**29,636**	**59,076**	**-**	**88,712**
Net book value					
31 December 2023	-	6,209	12,881	21,047	40,137
31 December 2022	-	6,726	12,246	-	18,972
1 January 2022	-	7,759	15,946	-	23,705

** Disposals include remitted emission rights.*

Software is being amortized evenly over its useful economic life (Note 8.5). The Company has no intangible assets with an indefinite useful life.

In 2023, the Company recorded as an expense research costs in amount of €25,932 thousand (2022: €31,426 thousand).

Additions to goodwill are described in Note 9.

8.2 Property, plant and equipment

Accounting policies

Property, plant and equipment are stated at historical cost (or the carrying value of the assets determined as at 1 May 1992) less accumulated depreciation, depletion and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the profit/loss for the period.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use, such as borrowing costs. Estimated decommissioning and site restoration costs are capitalized either upon initial recognition or, if decision on decommissioning is made subsequently, at the time of *the decision. Changes in estimates thereof adjust the carrying amount of assets. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhead costs (except for periodic maintenance and inspection costs), are normally charged to the profit/loss in the period in which the costs are incurred. Periodic maintenance and inspection costs are capitalized as a separate component of the related assets.*

Construction in progress represents plant and properties under construction and is stated at cost. This includes cost of construction, plant and equipment and other direct costs. Construction in progress is not depreciated until such time as the relevant asset is available for use.

Land owned at the date of the establishment of the Company has been stated at the values attributed to it in the legislation incorporating the Company. These values are treated as cost. Land is carried at cost less any impairment provisions. Land is not depreciated.

in € thousands	Land and buildings	Machinery and equipment	Other	Construction in progress	Total
Cost					
1 January 2022	1,449,666	2,268,083	167,555	128,791	4,014,095
Additions	7,343	8,021	6,752	131,712	153,828
Put to use	36,711	109,572	6,720	(153,003)	-
Disposals	(9,915)	(37,616)	(2,259)	(1,736)	(51,526)
Reclassification - assets held for sale	40	80	146	-	266
Transfers	-	-	-	(176)	(176)
31 December 2022	**1,483,845**	**2,348,140**	**178,914**	**105,588**	**4,116,487**
Additions	11,590	707	10,305	104,286	126,888
Put to use	28,232	45,527	9,649	(83,408)	-
Business combinations	4,963	171	-	-	5,134
Disposals	(5,873)	(22,503)	(5,229)	(3,474)	(37,079)
Reclassification - assets held for sale	1,165	172	1,332	-	2,669
Reclassification - investment property (Note 8.4)	(23,527)	-	-	-	(23,527)
Transfers	-	21	(21)	(27)	(27)
31 December 2023	**1,500,395**	**2,372,235**	**194,950**	**122,965**	**4,190,545**
Depreciation and impairment					
1 January 2022	741,982	1,749,637	111,357	4,687	2,607,663
Depreciation	47,443	103,357	18,730	-	169,530
Impairment	-	-	-	10,089	10,089
Reversal of impairment	(69)	-	-	-	(69)
Disposals	(9,316)	(35,401)	(1,914)	(1,736)	(48,367)
Reclassification - assets held for sale	9	80	168	-	257
31 December 2022	**780,049**	**1,817,673**	**128,341**	**13,040**	**2,739,103**
Depreciation	47,679	101,265	18,416	-	167,360
Reversal of impairment	(305)	(4)	-	-	(309)
Disposals	(2,979)	(20,700)	(4,915)	(3,427)	(32,021)
Reclassification - assets held for sale	1,833	147	1,011	-	2,991
Reclassification - investment property (Note 8.4)	(14,158)	-	-	-	(14,158)
Transfers	-	19	(19)	-	-
31 December 2023	**812,119**	**1,898,400**	**142,834**	**9,613**	**2,862,966**
Net book value					
31 December 2023	688,276	473,835	52,116	113,352	1,327,579
31 December 2022	703,796	530,467	50,573	92,548	1,377,384
1 January 2022	707,684	518,446	56,198	124,104	1,406,432

Borrowing costs

Accounting policies

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are ready for their intended use. Borrowing costs include interest charges and other costs incurred in connection with *the borrowing of funds, including exchange differences arising from foreign currency borrowings used to finance these projects to the extent that they are regarded as an adjustment to interest costs.*

Cost of property, plant and equipment includes borrowing costs that are directly attributable to the acquisition of certain items of property, plant and equipment. In 2023 and 2022, the Company did not capitalize borrowing costs for acquisition of property, plant and equipment as IAS 23 conditions for capitalization were not fulfilled. In 2023 and 2022, the Company did not capitalize borrowing cost from general purpose borrowings.

Government grants

Accounting policies

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received, and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the profit/loss over the expected useful life of the relevant asset by equal annual installments.

Property, plant and equipment includes assets with the carrying value of €12,742 thousand (31 December 2022: €14,718 thousand) financed from the government grants (Note 26). Part of these assets was designed and constructed to serve state authorities, including military forces, in state emergencies. In such situations title to these assets may be restricted.

Insurance

Property, plant and equipment is insured in the amount of €6,555,564 thousand. The insurance covers all risks of direct material losses or damages, including machinery and equipment failure. In 2023, the Company obtained compensations from third parties for items of property, plant and equipment that were impaired, lost or given up that is included in profit/loss in amount of €113 thousand (2022: €160 thousand).

8.3 Right-of-use assets

Accounting policies

The determination whether an arrangement contains or is a lease depends on the substance of the arrangement at inception date. If fulfillment of the arrangement depends on the use of a specific asset or conveys the right to use the asset, it is deemed to contain a lease element and is recorded accordingly.

The Company recognizes the right-of-use assets and lease liabilities for most leases.

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

The Company has elected not to recognize right-of-use assets and lease liabilities for some leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as expense on a straight-line basis over the lease term.

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

Intangible assets and property, plant and equipment acquired on lease are presented in the table below. Categories 'Means of transport' and 'Other' contain right-of-use assets that are included in the category 'Other' in Note 8.2 above. Disposals relate to termination of lease contracts. Expenses for low-value leases and short-term leases are insignificant in both years.

in € thousands	Rights	Land and buildings	Means of transport	Other	Total
Cost					
1 January 2022	32	43,141	79,538	179	122,890
Additions	-	4,813	6,904	-	11,717
Disposals	-	(390)	(824)	-	(1,214)
31 December 2022	**32**	**47,564**	**85,618**	**179**	**133,393**
Additions	10	11,590	10,858	57	22,515
Disposals	(42)	(5,342)	(710)	(236)	(6,330)
31 December 2023	**-**	**53,812**	**95,766**	**-**	**149,578**
Amortization/Depreciation and impairment					
1 January 2022	14	8,198	35,624	80	43,916
Amortization/Depreciation	13	3,125	12,321	74	15,533
Disposals	-	(325)	(468)	-	(793)
31 December 2022	**27**	**10,998**	**47,477**	**154**	**58,656**
Amortization/Depreciation	15	3,371	12,214	82	15,682
Disposals	(42)	(1,420)	(452)	(236)	(2,150)
31 December 2023	**-**	**12,949**	**59,239**	**-**	**72,188**
Net book value					
31 December 2023	-	40,863	36,527	-	77,390
31 December 2022	5	36,566	38,141	25	74,737
1 January 2022	18	34,943	43,914	99	78,974

8.4 Investment property

Accounting policies

Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earns rentals or for capital appreciation or both, rather than for:

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

Investment properties are initially measured at cost and the Company applies the cost model for the subsequent measurement of these assets. Investment properties are depreciated on a straight-line basis over the estimated useful life.

in € thousands	
Cost	
1 January 2023	-
Transfer from property, plant and equipment	23,527
31 December 2023	**23,527**
Depreciation and impairment	
1 January 2023	-
Depreciation	582
Transfer from property, plant and equipment	14,158
31 December 2023	**14,740**
Net book value	
31 December 2023	8,787
1 January 2023	-

Investment properties include real estates held by the Company to earn rental income from long-term operating leases.

The amount recognized in the separate statement of profit or loss for 2023 for investment property is €3,007 thousand operating expenses and €4,489 thousand rental income.

The fair value of investment property was not determined as at 31 December 2023. The latest available fair value for assets representing investment property amount to €84,101 thousand and was determined by external experts in 2019.

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

8.5 Depreciation, depletion and amortization

Accounting policies

Depreciation of each component of intangible assets and property, plant and equipment is computed on a straight-line basis over their respective useful lives. Usual periods of useful lives for different types of intangible assets and property, plant and equipment are as follows:

Software:	*3 – 5 years*
Buildings:	*30 – 50 years*
Machinery and equipment:	*8 – 20 years*
Other fixed assets:	*4 – 8 years*

Amortization of leased assets is provided using the straight-line method over the term of the respective lease or the useful life of the asset, whichever period is less. Periodic maintenance and inspection costs are depreciated until the next similar maintenance takes place.

The useful life and depreciation methods are reviewed at least annually to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of intangible assets and property, plant and equipment.

Review of useful lives and residual values of intangible assets and property, plant and equipment

The Company annually reviews the estimated useful lives and residual values of intangible assets and property, plant and equipment. The financial effect of the annual review represents following increase/(decrease) of depreciation expense in 2023 and in following years:

in € thousands	**2023**	**2024**	**2025**	**2026**	**2027**	**After 2027**
Depreciation, depletion, amortization and impairment	(2,160)	(2,120)	145	458	897	2,780

8.6 Impairment of intangible assets and property, plant and equipment

Accounting policies

Intangible assets and property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset or cash generating unit exceeds its recoverable amount, an impairment loss is recognized in the profit/loss for the period for items of intangibles and property, plant and equipment carried at cost. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The fair value is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated net future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if this is not practicable, for the cash-generating unit (CGU). The Company assesses at each reporting date whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. A previously recognized impairment loss is reversed only if there has been a change in the impairment assumptions considered when the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset neither exceeds its recoverable amount, nor is higher than its carrying amount net of depreciation, had no impairment loss been recognized in prior years.

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

Critical accounting estimates and judgements

The impairment calculation requires an estimate of the 'value in use' of the cash-generating units. Such value is measured based on discounted projected cash flows. The most significant variables in determining cash flows are discount rates, terminal values, the period for which cash flow projections are made, as well as the assumptions and estimates used to determine the cash inflows and outflows. Impairment loss, as well as reversal of impairment loss is recognized in the profit/loss for the period.

The Company has recorded revenue from reversal of impairment of intangible assets and property, plant and equipment of €309 thousand in 2023 (2022: impairment €11,420 thousand) (Note 8.1 and 8.2) for individual assets.

Impairment test of Downstream assets

Downstream cash-generating unit comprise of refinery and petrochemical production plants. The Company did not recognize any impairment for Downstream cash-generating unit in 2023.

The following assumptions were used for the impairment tests:

- Recoverable amount is calculated with the assumption of using the assets in long-term in the future.
- The recoverable amount of the asset (cash-generating unit) is the value in use.
- Discount rates: the recoverable amount calculations take into account the time value of money, the risks specific to the asset and the rate of return that would be expected by a market participant for an investment with similar risk, cash flow and timing profile. It is estimated from current market transactions for similar assets or from the 'weighted average cost of capital' (WACC) of a listed entity that has a single asset or portfolio of assets that are similar in terms of service potential and risks to the asset under review.
- In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate. The pre-tax discount rate is determined by way of iteration.
- Downstream segment post-tax discount factors were calculated using the WACC premise plus country risk premium of the related country. Based on the above, the post-tax discount factor used for the impairment tests in 2023 was 8.4% (2022: 5.9%).
- The pre-tax discount rate used in 2023 was 13.4% for refinery and 9.9% for petrochemical part (2022: 8.7%).
- Brent oil and TTF gas price assumptions applied in the value in use models in 2023: 80 USD/barrel (2022: 80 USD/barrel) nominal flat on short term and a moderate long term growth afterwards and 50 EUR/MWh (2022: 83 EUR/MWh) nominal flat on the short term and a moderate long term decrease afterwards.
- Current regime in respect of pipelined crude oil of Russian origin and sale of petroleum products of Russian origin (see Note 1.6) was assumed to be retained.

Sensitivity of Downstream assets

The Company performed a sensitivity analysis on the downstream production assets using the indicators for which the value in use is most sensitive: Brent oil price, gas price, CO_2 quota price and the discount factor. The sensitivity analysis had no effect on impairment recognition due to significant headroom when the value in use significantly exceeds carrying amount of downstream production assets. Potentially negative impacts disclosed in the sensitivity analysis below would not result in impairment on individual basis.

Change in the present value of the CGUs	*€ thousands*
Brent oil price sensitivity	
(10%) case	104,058
10% case	(104,058)
Natural gas price sensitivity	
(10%) case	113,875
10% case	(113,875)
CO_2 quota price sensitivity	
150 EUR/t case	(88,920)
Discount factor sensitivity	
(1%) point	155,857
1% point	(131,532)

9 Investments in subsidiaries

Accounting policies

Subsidiary is an entity over which the Company has control. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiaries are recognized in carrying value representing acquisition cost less potential accumulated losses of impairment. Acquisition cost of investments in subsidiaries is the purchase price of acquired securities or shares.

Investments in subsidiaries are subject of impairment test when indicator of potential impairment exists. When an external or internal indicator of impairment exists, recoverable amount has to be determined and compared with net investment.

Company name	Country	Range of activity	Ownership 2023 %	Ownership 2022 %	Net book value 2023 *€ thousands*	Net book value 2022 *€ thousands*
APOLLO Rafinéria, s.r.o.	Slovakia	Wholesale	100.00	100.00	7	7
DALBY a. s.	Slovakia	Operation of freight transshipment	100.00	100.00	10,532	10,532
MOL GBS Slovakia, s. r. o.	Slovakia	Accounting and financial services	100.00	100.00	12	12
MOL IT & Digital GBS Slovakia, s. r. o.	Slovakia	Information technology services	100.00	100.00	5	5
Slovnaft Mobility Services, s. r. o.	Slovakia	Advertising and marketing services	100.00	100.00	1,600	900
SLOVNAFT MONTÁŽE A OPRAVY a.s.	Slovakia	Repairs & maintenance	100.00	100.00	1,230	1,230
Slovnaft Polska S.A.	Poland	Wholesale	100.00	100.00	38,463	38,463
Slovnaft Retail, s.r.o.	Slovakia	Retail	-	100.00	-	25,689
SLOVNAFT TRANS a.s.	Slovakia	Transport	100.00	100.00	2,048	2,048
VÚRUP, a.s.	Slovakia	Research & development	100.00	100.00	2,594	2,594
Total investments in subsidiaries					**56,491**	**81,480**

Equity and profit/loss of subsidiaries were as follows:

Company name	Equity 2023 *€ thousands*	Equity 2022 *€ thousands*	Profit/(loss) 2023 *€ thousands*	Profit/(loss) 2022 *€ thousands*
APOLLO Rafinéria, s.r.o.	1	2	(1)	-
DALBY a. s.	3,947	3,177	771	1,932
MOL GBS Slovakia, s. r. o.	603	298	306	267
MOL IT & Digital GBS Slovakia, s. r. o.	514	238	276	233
Slovnaft Mobility Services, s. r. o.	162	(232)	(305)	(407)
SLOVNAFT MONTÁŽE A OPRAVY a.s.	16,459	12,665	8,794	10,798
Slovnaft Polska S.A.	65,015	53,744	7,023	13,562
Slovnaft Retail, s.r.o.	-	3,011	-	265
SLOVNAFT TRANS a.s.	5,757	4,869	888	1,001
VÚRUP, a.s.	4,704	4,189	514	468
Total	**97,162**	**81,961**	**18,266**	**28,119**

The activities of the undertakings shown above are for the most part connected with the principal activity of the Company. No subsidiary is listed on stock exchange.

Development of the Company's interest in subsidiaries:

in € thousands	Acquisition cost	Impairment	Net book value
1 January 2022	68,184	(11,657)	56,527
Additions	25,721	-	25,721
Disposals	(1,220)	452	(768)
31 December 2022	**92,685**	**(11,205)**	**81,480**
Additions	700	-	700
Disposals	(25,689)	-	(25,689)
31 December 2023	**67,696**	**(11,205)**	**56,491**

Business combinations

Slovnaft Retail, s.r.o.

On 1 June 2023 the Company merged with its 100% subsidiary Slovnaft Retail, s.r.o. Net assets of Slovnaft Retail, s.r.o. at the date of the merger amounted to €4,642 thousand. As the merge was considered to be a business combination under common control, the Company has applied a predecessor accounting method and recognized assumed assets of Slovnaft Retail, s.r.o. at Group's consolidated carrying amounts.

The opening statement of financial position as at 1 June 2023 was as follows:

in € thousands	SLOVNAFT, a.s.	Slovnaft Retail, s.r.o.	Eliminations, reclassifica-tions	Total
ASSETS				
Non-current assets				
Intangible assets	18,107	-	-	18,107
Property, plant and equipment	1,334,261	5,096	-	1,339,357
Goodwill	-	-	21,047	21,047
Investments in subsidiaries	81,480	-	(25,689)	55,791
Investments in associated companies	71,428	-	-	71,428
Financial assets measured at fair value through other comprehensive income	2,370	-	-	2,370
Deferred tax asset	-	1	(1)	-
Other non-current financial assets	750	-	-	750
Other non-current assets	8,433	-	-	8,433
Total non-current assets	**1,516,829**	**5,097**	**(4,643)**	**1,517,283**
Current assets				
Inventories	519,518	-	-	519,518
Trade receivables	427,167	137	(134)	427,170
Derivative financial instruments	39,626	-	-	39,626
Intercompany loans	7	-	-	7
Receivables from cash-pooling	1,219,802	-	-	1,219,802
Other current financial assets	2,791	-	-	2,791
Other current assets	78,315	195	-	78,510
Cash and cash equivalents	57,271	432	-	57,703
Assets classified as held for sale	1,216	-	-	1,216
Total current assets	**2,345,713**	**764**	**(134)**	**2,346,343**
TOTAL ASSETS	**3,862,542**	**5,861**	**(4,777)**	**3,863,626**

in € thousands	SLOVNAFT, a.s.	Slovnaft Retail, s.r.o.	Eliminations, reclassifica-tions	Total
EQUITY AND LIABILITIES				
Equity				
Share capital	684,758	4,757	(4,757)	684,758
Share premium	121,119	-	-	121,119
Other funds	302,603	1,760	(1,760)	302,603
Retained earnings	1,115,487	(1,875)	1,875	1,115,487
Other componentsof equity	2,330	-	-	2,330
Total equity	**2,226,297**	**4,642**	**(4,642)**	**2,226,297**
Non-current liabilities				
Lease liabilities	58,157	-	-	58,157
Provisions	68,020	-	-	68,020
Deferred tax liabilities	56,096	768	(1)	56,863
Other non-current liabilities	18,913	-	-	18,913
Total non-current liabilities	**201,186**	**768**	**(1)**	**201,953**
Current liabilities				
Trade payables	368,292	99	(134)	368,257
Derivative financial instruments	13,535	-	-	13,535
Other current financial liabilities	87,885	-	-	87,885
Other current liabilities	126,729	23	-	126,752
Provisions	6,250	-	-	6,250
Liabilities from cash-pooling	166,129	-	-	166,129
Lease liabilities	13,313	-	-	13,313
Income tax payable	652,926	329	-	653,255
Current liabilities	**1,435,059**	**451**	**(134)**	**1,435,376**
TOTAL EQUITY AND LIABILITIES	**3,862,542**	**5,861**	**(4,777)**	**3,863,626**

As a result of the elimination of the value of the financial investment and equity of Slovnaft Retail, s.r.o. was goodwill in the amount of €21,047 thousand.

Slovnaft Mobility Services, s. r. o.

In accordance with the Decision of the sole shareholder dated November 23, 2023, the Company increased the share capital of Slovnaft Mobility Services, s. r. o. by €700 thousand. The capital increase was settled by a cash deposit.

10 Investments in associated companies

Accounting policies

Associated company is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associated companies are recognized in carrying value representing acquisition cost less potential accumulated losses of impairment. Acquisition cost of investments in associated companies is the purchase price of acquired securities or shares.

Investments in associated companies are subject of impairment test when indicator of potential impairment exists. When an external or internal indicator of impairment exists, recoverable amount has to be determined and compared with net investment.

Company name	Country	Range of activity	Ownership 2023 %	Ownership 2022 %	Net book value 2023 *€ thousands*	Net book value 2022 *€ thousands*
Messer Slovnaft s.r.o.	Slovakia	Production of technical gases	49.00	49.00	1,671	1,671
MOL CZ Downstream Investment B.V.	The Netherlands	Financial services	45.00	45.00	68,350	68,350
MEROCO, a.s.	Slovakia	Production and sale of biofuels	25.00	25.00	1,407	1,407
Total investments in associated companies					**71,428**	**71,428**

No associated company is listed on stock exchange.

MOL CZ Downstream Investment B.V. is the parent company of MOL Česká republika, s.r.o. and covers the retail business of oil products in the Czech Republic. Transactions with MOL Česká republika, s.r.o. are reported in Note 31 as transactions with MOL Group companies.

The Company purchases from Messer Slovnaft s.r.o. nitrogen and from MEROCO, a.s. components to biofuels.

Development of the Company's interest in associated companies:

in € thousands	Acquisition cost	Impairment	Net book value
1 January 2022	71,428	-	71,428
31 December 2022	**71,428**	**-**	**71,428**
31 December 2023	**71,428**	**-**	**71,428**

Assets, equity, liabilities, revenues and profit/loss of associated companies were as follows:

2023 *in € thousands*	Assets	Equity	Liabilities	Revenues	Profit/(loss)
Messer Slovnaft s.r.o.	5,439	3,865	1,574	10,062	484
MOL,CZ Downstream Investment B.V.	231,674	231,657	17	-	76,648
MEROCO, a.s.	132,755	32,940	99,815	148,263	1,360
Total	**369,868**	**268,462**	**101,406**	**158,325**	**78,492**

2022 *in € thousands*	Assets	Equity	Liabilities	Revenues	Profit/(loss)
Messer Slovnaft s.r.o.	6,108	3,950	2,158	8,006	569
MOL CZ Downstream Investment B.V.	154,975	154,957	19	-	38,485
MEROCO, a.s.	76,718	29,698	47,020	231,387	473
Total	**237,801**	**188,605**	**49,197**	**239,393**	**39,527**

11 Financial assets measured at fair value through other comprehensive income

Company name	Country	Range of activity	Ownership 2023 %	Ownership 2022 %	Fair value 2023 *€ thousands*	Fair value 2022 *€ thousands*
Zväz pre skladovanie zásob, a.s.	Slovakia	Storage	10.00	10.00	2,334	2,334
Incheba, a.s.	Slovakia	Organizing of exhibitions	0.59	0.59	36	36
SKB, a.s. "v konkurze"	Slovakia	Financial services	-	6.85	-	-
Total					**2,370**	**2,370**

12 Other non-current financial assets

in € thousands	2023	2022
Long-term loans granted	300	750
Total other non-current financial assets	**300**	**750**

Long-term loans granted as at 31 December 2023 and 2022 consist of the following items:

in € thousands	Currency	Maturity	Weighted average interest rate (%) 2023	Weighted average interest rate (%) 2022	2023	2022
Unsecured loan granted	EUR	2027	5.73	2.44	312	756
Total long-term loans granted					**312**	**756**
Current portion of long-term loans (Note 17)					(12)	(6)
Total long-term loans granted, net of current portion					**300**	**750**

The loan was provided to the company Slovnaft Mobility Services, s. r. o. for financing of working capital.

in € thousands	2023	2022
Other non-current financial assets	300	750
Impairment of other non-current financial assets	-	-
Total other non-current financial assets	**300**	**750**

13 Other non-current assets

in € thousands	2023	2022
Advance payments for assets under construction	7,239	7,848
Prepaid expenses	628	715
Other	3	3
Total other non-current assets	**7,870**	**8,566**

14 Inventories

Accounting policies

Inventories, including work-in-progress are valued at the lower of cost and net realizable value, after provision for slow-moving and obsolete items. Net realizable value is the selling price in the ordinary course of business, less the costs of making the sale. Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realize. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

Cost of purchased goods, including crude oil, is determined primarily using the weighted average method. The acquisition cost of own produced inventory consists of direct materials, direct wages and the appropriate portion of production overhead expenses. Unrealizable inventory is fully written off.

in € thousands	Cost 2023	Book value 2023	Cost 2022	Book value 2022
Raw materials	56,497	55,833	26,771	26,506
Purchased crude oil	238,632	238,632	82,852	82,852
Work in progress and semi-finished goods	124,616	124,616	113,034	113,034
Finished goods	128,793	126,264	122,801	121,486
Goods for resale	32,892	32,892	12,376	12,376
Total inventories	**581,430**	**578,237**	**357,834**	**356,254**

Movements in the provision for inventories were as follows:

in € thousands	2023	2022
At the beginning of the period	**1,580**	**2,295**
Additions	4,330	2,908
Reversal	-	(12)
Use	(2,717)	(3,611)
At the end of the period	**3,193**	**1,580**

15 Trade receivables

Accounting policies

Receivables are initially recognized at fair value less transaction costs and subsequently measured at amortized cost less any allowance for impairment of doubtful receivables. An allowance for impairment is made for expected credit losses and when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. Impaired receivables are derecognized when they are assessed as uncollectible.

If collection of trade receivables is expected within the normal business cycle which is one year or less, they are classified as current assets. If not, they are presented as non-current assets.

in € thousands	2023	2022
Trade receivables	684,056	594,540
Impairment of doubtful trade receivables	(1,781)	(2,369)
Total trade receivables	**682,275**	**592,171**

Trade receivables are non-interest bearing and are generally on 30 days' terms.

Movements in the impairment for doubtful trade receivables were as follows:

in € thousands	2023	2022
At the beginning of the period	**2,369**	**2,498**
Additions	450	904
Reversal	(214)	(740)
Amounts written off	(812)	(339)
Currency differences	(12)	46
At the end of the period	**1,781**	**2,369**

The Company did not have any impairment booked to receivables to related parties as at 31 December 2023 and 2022, neither booked any impairment to receivables to related parties during 2023 and 2022.

16 Derivative financial instruments

Accounting policies

The Company uses derivative financial instruments to reduce risks associated with foreign currency fluctuations (forward currency contracts) and risks associated with commodity price fluctuations (commodity swaps). Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value of derivatives are taken directly to profit/loss for the period as financial income or expense in case of the currency derivatives, and as operating income or operating expense in case of the commodity derivatives.

Fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. Fair value of commodity swaps is calculated by the reference to market prices.

in € thousands	2023	2022
Derivative financial assets not designated as hedging instruments		
Commodity swaps	7,064	19,975
Total derivatives not designated as hedging instruments	**7,064**	**19,975**
Total derivative financial assets	**7,064**	**19,975**
Derivative financial liabilities not designated as hedging instruments		
Commodity swaps	2,279	9,413
Total derivative not designated as hedging instruments	**2,279**	**9,413**
Total derivative financial liabilities	**2,279**	**9,413**

The commodity swap transactions were traded with related MOL Commodity Trading Kft. The transactions are secured by margining collateral based on ISDA contract (Notes 27).

17 Intercompany loans

in € thousands	2023	2022
Intercompany loans		
provided to Slovnaft Mobility Services, s. r. o. - current portion of long-term loan (Note 12)	12	6
provided to MOL Group Finance Zrt.	-	135,799
provided to Slovnaft Retail, s.r.o.	-	1,500
Total intercompany loans	**12**	**137,305**

The Company analyzed expected credit loss related to intercompany loans by considering available credit rating of the counterparties to which it is exposed and concluded that the expected credit loss is insignificant.

The Company has provided loans at rates comparable to those that prevail in arm's length transactions. The loans are unsecured. Intragroup financing terms is determined consistently based on internal and external comparable transactions using comparable uncontrolled price method.

18 Receivables from cash-pooling

Accounting policies

Receivables from cash-pooling are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. For the purposes of presentation in the statement of cash flows, the Company compares the net movement on cash-pooling balance on quarterly basis. In case the Company reports debit balance throughout the whole period, cash-pooling movements are reported in investing activity in the statement of cash flows. In case the Company reports credit balance throughout the whole period, cash-pooling movements are reported in financing activity in the statement of cash flows. In case the Company reports during a period both debit and credit balance, cash-pooling movements are presented on a gross basis based on actual movements in investing and financing activity.

in € thousands	**2023**	**2022**
Receivables from cash-pooling provided to MOL Group Finance Zrt.	98,326	1,074,026
Total receivables from cash-pooling	**98,326**	**1,074,026**

The Company analyzed expected credit loss related to cash-pooling balances by considering available credit rating of the counterparties to which it is exposed and concluded that the expected credit loss is insignificant.

The interest rate related to receivables from cash-pooling was determined at rates comparable to those that prevail in arm's length transactions and these receivables are unsecured. Intragroup financing terms is determined consistently based on internal and external comparable transactions using comparable uncontrolled price method.

19 Other current financial assets

in € thousands	**2023**	**2022**
Receivables from matured unsettled derivative transactions	6,861	1,801
Financial collaterals granted	1,307	814
Receivables from dividends	-	2,250
Other	38	71
Total other current financial assets	**8,206**	**4,936**

20 Other current assets

in € thousands	**2023**	**2022**
Inventories provided as collateral (see Note 27 for collateral related regarding commodity transactions)	39,643	43 496
Receivables from VAT, duties and other taxes	22,734	2,717
Advances	20,373	8,819
Receivables from excise taxes	6,156	7,391
Prepaid expenses	1,165	520
Other	1,091	807
Total other current assets	**91,162**	**63,750**

21 Cash and cash equivalents

Accounting policies

Cash and cash equivalents include cash on hand, cash at banks, short-term bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturity less than three months from the date of acquisition and that are subject to an insignificant risk of change in value.

Bank overdrafts repayable on demand, in case where the use of short-term overdrafts forms an integral part of the Company's cash management practices, are included as component of cash and cash equivalent for the purposes of cash flow statement.

2023 *in € thousands*	**EUR**	**PLN**	**USD**	**CZK**	**Total**
Cash at bank	16,635	-	30,740	9,362	56,737
Short-term bank deposits	-	2,171	-	-	2,171
Cash on hand	24,128	-	-	-	24,128
Total cash and cash equivalents	**40,763**	**2,171**	**30,740**	**9,362**	**83,036**

2022 *in € thousands*	**EUR**	**PLN**	**USD**	**CZK**	**Total**
Cash at bank	26,599	-	632	10,310	37,541
Short-term bank deposits	-	9,918	-	-	9,918
Cash on hand	13,507	-	-	-	13,507
Total cash and cash equivalents	**40,106**	**9,918**	**632**	**10,310**	**60,966**

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

in € thousands	**2023**	**2022**	**2021**
Cash at bank	56,737	37,541	23,618
Short-term bank deposits	2,171	9,918	8,200
Cash on hand	24,128	13,507	8,913
Overdrafts	(17,113)	-	-
Total cash and cash equivalents	**65,923**	**60,966**	**40,731**

The potential impairment of cash and cash equivalents was considered insignificant in the reported periods.

22 Asset held for sale

Accounting policies

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

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

As at 31 December 2022, assets held for sale contains property, plant and equipment of the service stations at carrying amount of €19,371 thousand.

During 2023, the whole portfolio of held for sale assets was sold to ORLEN Unipetrol Slovakia s. r. o. Gain from the sale amounted to €13,617 thousand.

23 Equity

Accounting policies

Dividends

Dividends are recorded in the period in which they are approved by the Annual General Meeting.

Other components of equity

Other components of equity represent items charged or credited to other comprehensive income.

Actuarial gains and losses

Actuarial gains and losses arise from experience adjustments and changes in actuarial assumptions for pension plans. Actuarial gains and losses are transferred to retained earnings on annual basis.

Fair valuation reserve

The fair valuation reserve includes the cumulative net change in the fair value of financial assets measured at fair value through other comprehensive income.

23.1 Share capital

The Company's authorized share capital is 20,625,229 ordinary shares (31 December 2022: 20,625,229) with a par value of €33.20 each. All these shares are issued and fully paid. All issued shares grant same rights.

Share of the major shareholders of the Company on share capital:

	2023 *€ thousands*	**2023** *%*	**2022** *€ thousands*	**2022** *%*
MOL Nyrt.	684,758	100.0	684,758	100.0
Total	**684,758**	**100.0**	**684,758**	**100.0**

23.2 Other funds

in € thousands	**2023**	**2022**
Legal reserve fund	136,952	136,952
Other capital funds	165,602	165,602
Other funds	49	49
Total other funds	**302,603**	**302,603**

Legal reserve fund

The legal reserve fund of €136,952 thousand (31 December 2022: €136,952 thousand) has been set up in accordance with the Slovak legislation to cover potential future losses. The legal reserve fund is not distributable.

Other capital funds

The other capital funds of €165,602 thousand (31 December 2022: €165,602 thousand) are not distributable.

23.3 Retained earnings

in € thousands	**2023**	**2022**
Retained earnings of previous years	(1,772)	433,551
Profit for the period	539,562	414,973
Total retained earnings	**537,790**	**848,524**

Distributable reserves

As at 31 December 2023, there were no available reserves for distribution to the shareholders (31 December 2022: €433,551 thousand).

Distribution of profit from the previous accounting period

The profit of the previous accounting period in the amount of €414,973 thousand was transferred to retained earnings.

Dividends

The dividends paid on the basis of the Decision of the sole shareholder of December 19, 2023 amounted to €848,524 thousand, which corresponds to €41.14 per share. Dividends were paid from retained earnings of previous periods.

23.4 Other components of equity

in € thousands	**2023**	**2022**
Fair valuation reserve related to financial assets measured at fair value through other comprehensive income	2,330	2,330
Other components of equity	**2,330**	**2,330**

The reported values for fair valuation reserve relate to investment in Zväz pre skladovanie zásob, a.s.

Movements in the actuarial gains/(losses) on defined benefit pension plans charged or credited to other comprehensive income were as follows:

in € thousands	**2023**	**2022**
At the beginning of the period	-	-
Actuarial gains/(losses) on defined benefit pension plans	(2,243)	1,047
Income tax related to actuarial gains/(losses) on defined benefit pension plans	471	(220)
Reclassification of actuarial gains/(losses) on defined benefit pension plans to retained earnings	1,772	(827)
At the end of the period	-	-

24 Borrowings

Accounting policies

All loans and borrowings except leases are initially recognized at the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognized in net in the profit/loss for the period when the liabilities are derecognized, as well as through the amortization process, except to the extent they are capitalized as borrowing costs.

For accounting policies for leases see Note 8.3.

24.1 Lease liabilities

in € thousands	**Currency**	**2023**	**2022**
Lease liabilities	EUR	79,976	76,895
Total lease liabilities		**79,976**	**76,895**
Current portion of lease liabilities		(13,985)	(14,762)
Total lease liabilities, net of current portion		**65,991**	**62,133**

The minimum lease payments and the present value of the minimum lease payments are as follows:

in € thousands	**Minimum lease payments 2023**	**Present value of minimum lease payments 2023**	**Minimum lease payments 2022**	**Present value of minimum lease payments 2022**
Up to 1 year	16,030	13,985	15,310	14,762
From 1 to 5 years	43,656	36,610	40,529	36,334
Over 5 years	37,804	29,381	30,489	25,799
Total minimum lease payments	**97,490**	**79,976**	**86,328**	**76,895**
Less amounts of financial charges	(17,514)	-	(9,433)	-
Present value of minimum lease payments	**79,976**	**79,976**	**76,895**	**76,895**

Some of the property leases in which the Company is the lessee contain variable lease payment terms that are linked to sales generated from the leased assets.

The breakdown of lease payments is as follows:

in € thousands	**2023**	**2022**
Fixed payments	15,110	15,077
Variable payments	115	56
Total payments	**15,225**	**15,133**

24.2 Bank loans

in € thousands	**Currency**	**2023**	**2022**
Short-term unsecured bank revolving loans	EUR	135,987	135,743
Overdrafts	EUR	17,113	-
Total bank loans		**153,100**	**135,743**

24.3 Reconciliation of liabilities arising from financing activities

in € thousands	**Lease liabilities**	**Short-term bank loans**	**Currency derivatives**	**Dividends**
1 January 2023	76,895	135,743	-	1,335
Cash flows				
Changes in cash flows *	(15,110)	-	571	(848,526)
Changes in cash and cash equivalents (Note 21)	-	17,113	-	-
Non-cash changes				
Lease additions	22,516	-	-	-
Lease termination	(4,325)	-	-	-
Net (gain)/loss from currency derivatives	-	-	(571)	-
Dividends approved	-	-	-	848,524
Other changes **	-	244	-	-
31 December 2023	**79,976**	**153,100**	**-**	**1,333**

in € thousands	**Lease liabilities**	**Short-term bank loans**	**Currency derivatives**	**Dividends**
1 January 2022	80,834	-	-	1,337
Cash flows				
Changes in cash flows *	(15,077)	135,000	(591)	(150,002)
Non-cash changes				
Lease additions	11,717	-	-	-
Lease termination	(579)	-	-	-
Net (gain)/loss from currency derivatives	-	-	591	-
Dividends approved	-	-	-	150,000
Other changes **	-	743	-	-
31 December 2022	**76,895**	**135,743**	**-**	**1,335**

** The cash flows are recognized in the net amount of proceeds and repayments of borrowings in the statement of cash flows.*
*** Other changes include interest and fee accruals and payments.*

25 Provisions

Accounting policies

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of the provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is actually certain. Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. The amount of the provision is the present value of the risk adjusted expenditures expected to be required to settle the obligation, determined using the estimated risk free interest rate as discount rate. Where discounting is used, the carrying amount of provision increases in each period to reflect the unwinding of the discount by the passage of time. This increase is recognized as an interest expense.

Provision for environmental expenditures

Liabilities for environmental costs are recognized when environmental clean-ups are probable and the associated costs can be reliably estimated. Generally, the timing of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites. The amount recognized is the best estimate of the expenditure required.

Provision for employee benefits

Pension plans

A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. A defined contribution plan is a pension plan under which the Company pays fixed contributions and will have no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

Unfunded defined benefit pension plan

The Company operates benefit schemes that provide a lump sum benefit to all employees at the time of their retirement. The Company provides a maximum of up to 7 months of the average salary depending on the length of the service period.

The provision in respect of defined benefit pension plans is recognized at the end of the reporting period in the present value of the obligation which takes into account also adjustments for actuarial gains and losses. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability.

Amendments to pension plans are charged or credited to the revenues and expenses in the period when incurred. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income.

None of these plans have separately administered funds; therefore, there are no plan assets.

Defined contribution pension plans

The Company contributes to the government and private defined contribution pension plans.

The Company makes insurance contributions to the Government's social and public health insurance schemes based on the statutory base which constitutes taxable income of an employee from the employer. The cost of these statutory contributions made by the Company is charged to the profit/loss in the same period as the related personnel expenses.

In addition, with respect to employees who have chosen to participate in a supplementary pension scheme, the Company makes contributions to the supplementary scheme amounting to 3% - 6% (2022: 3% - 6%) from the total of monthly wage and compensations of an employee.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without a possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to the present value.

Provision for redundancy

The employees of the Company are eligible for redundancy payment immediately upon termination, pursuant to the Slovak law (Labor Code, § 63, ods.1, point a), b), c)) and the terms of the Collective Agreement between the Company and its employees. The amount of such a liability is recorded as a provision when the workforce reduction program is defined, announced and the conditions for its implementation are met.

Bonus plans

A liability for employee benefits in the form of bonus plans is recognized in other current liabilities and is paid out after the evaluation of the performance in the given year.

Liabilities for bonus plans are measured at the amounts expected to be paid when they are settled.

Other employee benefits

The Company also pays certain work and life jubilees benefits and disability benefits.

The provision in respect of work and life jubilees benefits plan is recognized at the end of the reporting period in the present value of the obligation which takes into account also adjustments for actuarial gains and losses. The work and life jubilees benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the work and life jubilees benefit obligation is determined by the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability.

Amendments to work and life jubilees benefit plan and actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the revenues and expenses in the period when incurred.

Greenhouse gas emissions

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

Critical accounting estimates and judgements

Environmental provisions

Regulations, especially environmental legislation does not exactly specify the extent of remediation work required or the technology to be applied. Management uses its previous experience and its interpretation of the respective legislation to determine the amount of environmental provision. Management estimates the future cash outflow associated with environmental and decommissioning liabilities using comparative prices, analogies to previous similar work and other assumptions. Furthermore, the timing of these cash-flows reflects managements' current assessment of priorities, technical capabilities and the urgency of fulfillment of such obligations.

in € thousands	**Environ-mental**	**Retirement benefits**	**Jubilee benefits**	**Greenhouse gas emissions**	**Total**
1 January 2022	50,893	13,196	2,595	55,678	122,362
Provision made during the period and revision of previous estimates	6,382	(473)	289	83,132	89,330
Unwinding of the discount (Note 6)	25	(69)	(15)	-	(59)
Provision used during the period	(4,195)	(702)	(324)	(55,465)	(60,686)
Other movements	-	(1,339)	-	-	(1,339)
31 December 2022	**53,105**	**10,613**	**2,545**	**83,345**	**149,608**
Provision made during the period and revision of previous estimates	4,626	2,513	7,554	85,991	100,684
Unwinding of the discount (Note 6)	965	298	67	-	1,330
Provision used during the period	(4,627)	(2,895)	(1,508)	(84,288)	(93,318)
31 December 2023	**54,069**	**10,529**	**8,658**	**85,048**	**158,304**
Current portion at 31 December 2022	4,599	207	372	83,345	88,523
Non-current portion at 31 December 2022	48,506	10,406	2,173	-	61,085
Current portion at 31 December 2023	5,329	568	1,165	85,048	92,110
Non-current portion at 31 December 2023	48,740	9,961	7,493	-	66,194

Environmental provision

As at 31 December 2023 the Company operated 235 petrol stations and several warehousing capacities in the Slovak Republic. Some of these are not fully compliant with the current or future environmental legislation and environmental policy of the Company, including containment of evaporative losses on filling of the station tanks, treatment of effluent, and protection of soil and groundwater. The Company recognized environmental provisions of €1,707 thousand as at 31 December 2023 (31 December 2022: €894 thousand) to eliminate the deficiencies stated above.

The utilization of the provision related to petrol stations is expected to be during 2024. The provision related to non-compliant warehousing capacities is expected to be used in the years 2024 - 2035.

In accordance with its environment policies the Company recognized also a provision for the estimated costs of remediation of past environmental damage, primarily soil and groundwater contamination under the refinery site. The initial provision was made on the basis of assessments prepared by the Company's internal environmental audit team. The provision was determined on the basis of existing technology and current prices. Risk-weighted cash flows were discounted using the calculation method of estimated risk-free real interest rates. As it is not possible to reliably estimate the period for which costs will have to be incurred in connection with this environmental burden, the Company calculates the provision based on the internal methodology for the next 12 years. As at 31 December 2023 the present value of liability related to the provision amounted to €52,362 thousand (31 December 2022: €52,211 thousand). The utilization of this provision is expected during the years 2024 - 2035.

The closing amount of the environmental provisions as at 31 December 2023 is €54 069 thousand (31 December 2022: €53,105 thousand).

Company prepared a sensitivity analysis on the cash flow period applied on environmental provision. The analysis examined the impact of a +/- five-year change in the cash flow forecast period on the environmental provision compared to the year-end liability recognised. During the assessment the same discount rates were applied.

The results of the analysis are as follows:

- prolongation of the cash flow period by 5 years - increase of the provision by €18,502 thousand (34%),
- reduction of the cash flow period by 5 years - decrease of the provision by €20,439 thousand (38%).

Provision for retirement and jubilee benefits

As at 31 December 2023 the Company has recognized a provision for retirement benefits of €10,529 thousand (31 December 2022: €10,613 thousand) to cover its estimated obligation regarding future retirement benefits payable to current employees expected to retire.

According to provisions of § 76a of the Labor Code and the Collective Agreement for the period May 2021 - April 2024, the Company is obliged to pay its employees on the first termination of employment after entitlement to retirement pension (including early retirement) or invalidity pension (decrease earning capacity is more than 70%) on the basis of the application by an employee before termination of employment or within 10 days after the end of the one-time severance, which is a multiple of the average monthly salary of up to 7 average monthly earnings, based on the number of years worked. The minimum requirement of the Labor Code of one-month average salary payment on retirement or invalidity pension is already included in the above multiples.

The same or similar liability has been included in the agreements with the Trade Unions since 1992. The Company has created expectations on the part of its employees that it will continue to provide the benefits and it is the management's judgment that it is not realistic for the Company to cease providing them.

The amount of the provision has been determined using the projected unit credit method, based on financial and actuarial variables and assumptions that reflect relevant official statistical data and are in line with those incorporated in the business plan of the Company.

In addition to provision for retirement the Company creates the provision for jubilee benefits. The amount of this provision as at 31 December 2023 represented €8,658 thousand (31 December 2022: €2,545 thousand).

Movements in the present value of total defined benefit obligation were as follows:

	Retirement benefits		**Jubilee benefits**	
in € thousands	**2023**	**2022**	**2023**	**2022**
At the beginning of the period	**10,613**	**13,196**	**2,545**	**2,595**
Past service cost	-	-	6,757	-
Current service cost	521	574	123	134
Unwinding of the discount	298	(69)	67	(15)
Provision used during the period	(2,895)	(702)	(1,508)	(324)
Actuarial (gains) and losses	1,992	(1,047)	674	155
Other movements	-	(1,339)	-	-
At the end of the period	**10 529**	**10,613**	**8,658**	**2,545**

The other movements contain reclassification in long-term employee benefits between provision and other current and non-current liabilities (Note 4).

Actuarial (gains) and losses for the year 2023 and 2022 comprised of the following items:

	Retirement benefits		**Jubilee benefits**	
in € thousands	**2023**	**2022**	**2023**	**2022**
Actuarial (gains) and losses arising from changes in demographic assumptions	205	743	32	104
Actuarial (gains) and losses arising from changes in financial assumptions	(617)	(3,332)	(50)	(379)
Actuarial (gains) and losses arising from experience adjustments	2,404	1,542	692	430
Total actuarial (gains) and losses	**1,992**	**(1,047)**	**674**	**155**

The following table summarizes the components of net benefit expense recognized in the profit/loss for the period as personnel expenses regarding provision for long-term employee benefits:

in € thousands	**2023**	**2022**
Past service cost	6,757	-
Current service cost	644	708
Actuarial (gains) and losses	674	155
Net benefit expense (Note 4)	**8,075**	**863**

The principal actuarial assumptions used were as follows:

	2023	**2022**
Discount rate (% p.a.)	2.93	2.49
Future salary increases (%)	3.00 - 5.00	3.00 - 5.00
Mortality index (male)	0.05 - 2.37	0.05 - 2.37
Mortality index (female)	0.03 - 0.99	0.03 - 0.99

Provisions for greenhouse gas emissions

Based on the Slovak National Allocation Plan the Company obtained quotas for greenhouse gas emission for 2023 in the amount of 1,255,987 tons of CO_2 (2022: 1,271,509 tons of CO_2). The actual volume of emissions released for 2023 was 2,261,259 tons of CO_2 (2022: 2,274,662 tons of CO_2). In the financial statements as for the year ended 31 December 2023 the Company created the provision in the amount of €85,048 thousand (31 December 2022: €83,345 thousand).

26 Other non-current liabilities

in € thousands	**2023**	**2022**
Government grants (Note 8.2)	12,742	14,718
Deferred compensation for property, plant and equipment	2,354	2,942
Other	2,757	2,417
Total other non-current liabilities	**17,853**	**20,077**

The received compensation is released on a straight-line basis to other operating income along the useful life of the related equipment.

27 Other current financial liabilities

in € thousands	**2023**	**2022**
Collateral received regarding commodity transactions	55,976	64,132
Collateral received regarding derivative transactions (margin deposits)	5,511	13,625
Liabilities from matured unsettled derivative transactions	1,780	-
Liabilities to shareholders (dividends)	1,333	1,335
Cash collateral received	1,182	1,462
Other liabilities to parent company	-	104,194
Other	4,033	1,805
Total other current financial liabilities	**69,815**	**186,553**

Collateral received regarding commodity transactions of €55,976 thousand (31 December 2022: €64,132 thousand) comprises of collateral related to lending of inventory.

The social fund payable is included in the other financial liabilities. The creation and use of the social fund during the period are shown in the table below:

in € thousands	**2023**	**2022**
At the beginning of the period	**291**	**179**
Legal creation through expenses	1,052	1,032
Use	(1,173)	(920)
At the end of the period	**170**	**291**

28 Other current liabilities

in € thousands	**2023**	**2022**
Taxes, contributions payable, penalties	70,927	70,387
Amounts due to employees	12,334	11,901
Advances from customers	7,651	7,752
Public health and social insurance	3,778	3,491
Deferred income	591	5,546
Other	386	5,195
Total other current liabilities	**95,667**	**104,272**

29 Financial instruments

Accounting policies

Classification and measurements of financial instruments

Financial assets and financial liabilities carried on the statement of financial position include cash and cash equivalents, marketable securities, trade and other accounts receivable and payable, long-term receivables, loans, borrowings, investments, derivatives and bonds receivable and payable.

Financial instruments (including compound financial instruments) are classified as assets, liabilities or equity in accordance with the substance of the contractual agreement. Interest, dividends, gains, and losses relating to a financial instrument classified as a liability, are reported as expense or income as incurred. Distributions to holders of financial instruments classified as equity are charged directly to equity. In case of compound financial instruments, the liability component is valued first, with the equity component being determined as a residual value. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

Based on results of business model test and cash flow characteristics test, financial assets within the scope of IFRS 9 are classified as either financial assets measured at amortized cost, financial assets at fair value through other comprehensive income, or financial assets at fair value through profit or loss. The entity can make an irrevocable election at initial recognition to measure equity investments, which are not held for trading, at fair value through other comprehensive income with only dividend income recognized in profit or loss.

Financial assets and liabilities measured at amortized cost

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

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

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

Financial assets and liabilities measured at amortized cost are initially recognized at fair value including directly attributable transaction costs.

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

Financial assets measured at fair value through other comprehensive income

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

Financial assets at fair value through other comprehensive income are initially recognized at fair value.

Interest revenue, impairment gains and losses, and foreign exchange gains and losses, are recognized in profit and loss on the same basis as for Financial assets measured at amortized cost. Dividends from equity investments are recognized when the entity's right to receive payment is established, it is probable the economic benefits will flow to the entity and the amount can be measured reliably. Dividends are recognized in profit and loss unless they clearly represent recovery of a part of the cost of the investment, in which case they are included in other comprehensive income.

Changes in fair value are recognized initially in other comprehensive income. Changes in fair value of equity investments recognized in other comprehensive income are never recycled to profit and loss, even if the asset is sold or impaired.

Fair value

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

Derecognition of financial instruments

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

Impairment of financial assets

The Company assesses at each end of the reporting period whether a financial asset or group of financial assets measured at amortized cost or at fair value through other comprehensive income is impaired.

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

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

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

Additionally, the Company applies the simplified approach to recognize full lifetime expected losses from origination for trade receivables and other financial receivables. For all other financial instruments, general approach is applied.

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

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

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

Critical accounting estimates and judgements

Fair valuation of financial instruments is performed by reference to quoted market prices or, in absence thereof reflects the market's or the management's estimate on the future trend of key drivers of such values, including, but not limited to yield curves, foreign exchange and risk-free interest rates.

29.1 Reconciliation of financial instruments

Book value of financial instruments:

in € thousands	**Notes**	**2023**	**2022**
Other non-current financial assets	12	300	750
Trade receivables	15	682,275	592,171
Intercompany loans	17	12	137,305
Receivables from cash-pooling	18	98,326	1,074,026
Other current financial assets	19	8,206	4,936
Cash and cash equivalents	21	83,036	60,966
Financial assets measured at amortized cost		**872,155**	**1,870,154**
Financial assets measured at fair value through other comprehensive income - equity instruments (Level 3)	11	2,370	2,370
Financial assets measured at fair value through profit or loss - derivatives (Level 2)	16	7,064	19,975
Financial assets measured at fair value		**9,434**	**22,345**
Total financial assets		**881,589**	**1,892,499**

in € thousands	**Notes**	**2023**	**2022**
Trade payables		725,381	585,336
Other current financial liabilities	27	69,815	186,553
Bank loans	24.2	153,100	135,743
Financial liabilities measured at amortized cost		**948,296**	**907,632**
Lease liabilities	24.1	79,976	76,895
Financial liabilities measured per IFRS 16		**79,976**	**76,895**
Financial assets measured at fair value through profit or loss - derivatives (Level 2)	16	2,279	9,413
Financial liabilities measured at fair value		**2,279**	**9,413**
Total financial liabilities		**1,030,551**	**993,940**

Fair value of financial instruments measured at fair value

Derivative financial instruments were measured at fair value using inputs from level 2 of fair value hierarchy. The fair value of derivative financial instruments was determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. All significant inputs required to fair value derivative financial instruments (which included quoted market prices or dealer quotes for similar instruments) were observable as they are publicly available information on official valuation service providers, therefore they are included in level 2. In reported periods, there were no transfers between levels of fair value hierarchy.

Fair value of financial assets measured at fair value through other comprehensive income was determined using inputs from level 3 of fair value hierarchy. There are no valuation inputs that would individually or in combination significantly impact the fair value and the fair value of these financial assets is not significant.

Fair value of financial instruments not measured at fair value

Fair value of loans and receivables and financial liabilities valued at amortized cost does not significantly differ from its book value due to short time to its maturity and/or due to relation to floating interest rates. Categorization of financial instruments not measured at fair value to Level categories is as follows: Level 1: Cash and cash equivalents; Level 2: Trade receivables, Intercompany loans, Trade payables, Receivables from cash-pooling, Other current financial assets, Other current financial liabilities; Level 3: Bank loans.

Revenues, expenses and gains or losses from financial instruments recognized in profit/loss for the period

2023 *in € thousands*	**Net gains/ (losses)**	**Interest income/ (expense)**	**(Loss)/ reversal of loss from impairment**	**Net fee income/ (expense)**
Financial assets measured at amortized cost	(4,962)	36,004	(236)	(54)
Financial assets/liabilities measured at fair value through profit or loss	9,726	-	-	-
Financial liabilities measured at amortized cost	(3,405)	(3,057)	-	(4,307)
Financial liabilities measured per IFRS 16	136	(2,233)	-	-
Total	**1,495**	**30,714**	**(236)**	**(4,361)**

2022 *in € thousands*	**Net gains/ (losses)**	**Interest income/ (expense)**	**(Loss)/ reversal of loss from impairment**	**Net fee income/ (expense)**
Financial assets measured at amortized cost	(2,228)	4,438	(164)	(74)
Financial assets measured at fair value through other comprehensive income	-	230	-	-
Financial assets/liabilities measured at fair value through profit or loss	(11,188)	-	-	-
Financial liabilities measured at amortized cost	(29,041)	(965)	-	(4,057)
Financial liabilities measured per IFRS 16	1	(1,401)	-	-
Total	**(42,456)**	**2,302**	**(164)**	**(4,131)**

29.2 Managing risks of financial instruments

Following risks are related to financial instruments held:

i) Credit risk,
ii) Liquidity risk,
iii) Market risk, which includes:
- Interest rate risk,
- Foreign currency risk,
- Commodity risk.

Financial risk management function is centralized in the MOL Group. All risks are integrated and measured at the MOL Group level using Value at Risk concept. As a general approach, the risk management considers the business as well-balanced integrated portfolio and does not hedge particular elements of the commodity exposure, except for hedge of change in fair value of crude oil during the refinery maintenance periods and hedge of change in fair value of firm commitments for future purchase and sale of oil products.

The Company may enter into various types of forwards, swaps and options in managing its commodity, foreign exchange and interest rate risk resulting from cash flows from business activities and financing arrangements. In line with the Company's risk management policy, no speculative dealings are allowed. Any derivative transaction the Company may enter is under ISDA (International Swaps and Derivatives Association) agreements.

For the purpose of commodity derivatives and trades with CO_2 quotas, the Company agreed with MOL Commodity Trading Kft. on system of posting of financial collateral which is updated on weekly bases.

i) Credit risk

The Company provides a variety of external customers with products and services, none of whom, based on volume and creditworthiness, present significant credit risk, individually or aggregated. The Company's procedure is to ensure that sales are made to customers with appropriate credit history and do not exceed an acceptable credit exposure limit.

Book value of financial assets and nominal value of guarantees granted reflect estimated maximum exposure to credit risk.

As at 31 December 2023 the Company recorded the financial assets that would otherwise be past due or impaired whose terms have been renegotiated in amount of €53 thousand (31 December 2022: €79 thousand).

Credit limits are secured by insurance, obtained bank guarantees, bills of exchange, letters of credit, pledge on financial assets, and property, plant and equipment. Nominal value of accepted guarantees related to loans and receivables represented €127,099 thousand as at 31 December 2023 (31 December 2022: €137,921 thousand). Fair value of accepted guarantees does not significantly differ from its nominal value.

The Company obtained compensations for impaired financial assets from insurance companies and financial institutions in the amount of €451 thousand in 2023 (2022: €538 thousand).

The Company do not recognize any allowance for doubtful receivables from related parties as expected credit loss is considered as insignificant. The Company has analyzed that the carrying amount of intercompany receivables that are past due is not significant, it has analyzed that historically there were no defaulted receivables and it has considered forward-looking information.

Analysis of trade receivables from third parties:

2023 *in € thousands*	**Nominal value**	**Allowance**	**Net book value**
Not past due	313,583	78	313,505
Past due			
Up to 30 days	9,328	2	9,326
From 31 to 90 days	1,902	1	1,901
From 91 to 180 days	666	-	666
From 181 to 360 days	311	146	165
Over 361 days	2,054	1,554	500
Total trade receivables	**327,844**	**1,781**	**326,063**

2022 *in € thousands*	**Nominal value**	**Allowance**	**Net book value**
Not past due	241,400	54	241,346
Past due			
Up to 30 days	10,905	3	10,902
From 31 to 90 days	4,699	-	4,699
From 91 to 180 days	1,175	-	1,175
From 181 to 360 days	687	313	374
Over 361 days	2,128	1,999	129
Total trade receivables	**260,994**	**2,369**	**258,625**

ii) Liquidity risk

The Company's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate number of credit facilities to cover the liquidity risk in accordance with its financing strategy.

The amounts of undrawn credit facilities as at 31 December 2023 and 2022 were as follows:

2023 *in € thousands*	**Total credit facilities**	**Drawn loans**	**Undrawn commited credit facilities**	**Undrawn uncommited credit facilities**
Short-term credit facilities	182,800	(152,113)	-	30,687
Total short-term credit facilities	**182,800**	**(152,113)**	**-**	**30,687**

2022 *in € thousands*	**Total credit facilities**	**Drawn loans**	**Undrawn commited credit facilities**	**Undrawn uncommited credit facilities**
Short-term credit facilities	202,800	(135,000)	-	67,800
Total short-term credit facilities	**202,800**	**(135,000)**	**-**	**67,800**

Analysis of liquidity risk:

2023 *in € thousands*	**Financial assets measured at amortized cost**	**Financial assets measured at fair value through profit or loss**	**Financial liabilities measured at amortized cost**	**Financial liabilities measured per IFRS 16**	**Financial liabilities measured at fair value through profit or loss**
On demand	98,723	-	10,596	3,819	-
Up to 1 month	471,307	602	445,648	567	396
From 1 to 3 months	299,794	5,208	358,793	9,599	1,883
From 3 to 12 months	2,031	1,254	131,906	36,649	-
From 1 to 5 years	300	-	-	29,342	-
Over 5 years	-	-	-	-	-
Without maturity	-	-	1,353	-	-
Total	**872,155**	**7,064**	**948,296**	**79,976**	**2,279**

2022 *in € thousands*	**Financial assets measured at amortized cost**	**Financial assets measured at fair value through profit or loss**	**Financial liabilities measured at amortized cost**	**Financial liabilities measured per IFRS 16**	**Financial liabilities measured at fair value through profit or loss**
On demand	91,926	-	52,885	-	-
Up to 1 month	332,357	1,804	294,279	3,236	2,574
From 1 to 3 months	1,440,634	3,562	462,852	658	1,454
From 3 to 12 months	2,237	14,609	95,862	10,868	5,385
From 1 to 5 years	750	-	-	36,334	-
Over 5 years	-	-	-	25,799	-
Without maturity	2,250	-	1,754	-	-
Total	**1,870,154**	**19,975**	**907,632**	**76,895**	**9,413**

Financial assets measured at fair value through other comprehensive income as at 31 December 2023 and 2022 represent equity instruments, which do not have determined maturity.

Maturity profile of the financial liabilities based on contractual undiscounted payments:

2023 *in € thousands*	**Financial liabilities measured per IFRS 16**	**Trade payables and other current financial liabilities**	**Short-term debt**	**Financial liabilities measured at fair value through profit or loss**	**Total**
On demand	-	10,596	-	-	10,596
Up to 1 month	4,140	445,604	44	396	450,184
From 1 to 3 months	926	281,662	77,131	1,883	361,602
From 3 to 12 months	10,964	55,981	75,925	-	142,870
From 1 to 5 years	43,656	-	-	-	43,656
Over 5 years	37,804	-	-	-	37,804
Without maturity	-	1,353	-	-	1,353
Total	**97,490**	**795,196**	**153,100**	**2,279**	**1,048,065**

2022 *in € thousands*	**Financial liabilities measured per IFRS 16**	**Trade payables and other current financial liabilities**	**Short-term debt**	**Financial liabilities measured at fair value through profit or loss**	**Total**
On demand	-	52,885	-	-	52,885
Up to 1 month	3,273	294,279	-	2,574	300,126
From 1 to 3 months	841	327,109	136,223	1,454	465,627
From 3 to 12 months	11,196	95,862	-	5,385	112,443
From 1 to 5 years	40,529	-	-	-	40,529
Over 5 years	30,489	-	-	-	30,489
Without maturity	-	1,754	-	-	1,754
Total	**86,328**	**771,889**	**136,223**	**9,413**	**1,003,853**

iii) Market risks

Interest rate risk

The Company's policy is to ensure that no more than 50% of its exposure to changes in interest rates is on a fixed rate basis.

Sensitivity analysis of interest rate risk:

	2023		**2022**	
in € thousands	**Increase/ (decrease) of interest rate** *(%)*	**Impact on profit before taxes**	**Increase/ (decrease) of interest rate** *(%)*	**Impact on profit before taxes**
EURIBOR 1M (EUR)	0.25	(8)	0.25	4
EURIBOR 1M (EUR)	(0.25)	8	(0.25)	(4)
EURIBOR 3M (EUR)	0.25	45	0.25	662
EURIBOR 3M (EUR)	(0.25)	(45)	(0.25)	(662)
EURIBOR 6M (EUR)	0.25	(44)	0.25	(1)
EURIBOR 6M (EUR)	(0.25)	44	(0.25)	1

The estimated impact on profit before taxes is disclosed for the period of next 12 months.

Statistical methods were used for calculation of estimated marginal values of interest rates.

Foreign currency risk

The Company may enter into various types of foreign exchange contracts in managing its foreign currency risk resulting from cash flows from business activities and financing arrangements denominated in foreign currencies or certain transactional exposures.

The Company is exposed to currency risk on purchase side in USD. The risk is mitigated by currency derivatives.

The Company follows the basic economic currency risk management principle that the currency mix of the debt portfolio should reflect its net operating cash flow position, constituting a natural hedge.

Sensitivity analysis of foreign currency risk:

	2023		2022	
in € thousands	**Increase/ (decrease) of exchange rate** *(%)*	**Impact on profit before taxes**	**Increase/ (decrease) of exchange rate** *(%)*	**Impact on profit before taxes**
USD	5.7	(1,162)	4.9	(3,321)
USD	(5.2)	1,042	(4.5)	3,024
HUF	5.5	(37)	5.3	(28)
HUF	(5.0)	33	(4.8)	25
CZK	4.2	2,300	4.3	1,067
CZK	(3.9)	(2,121)	(4.0)	(982)
PLN	4.8	311	4.5	1,409
PLN	(4.4)	(284)	(4.1)	(1,293)

The estimated impact on profit before taxes is disclosed for the period of next 12 months.

Statistical methods were used for calculation of estimated marginal values of exchange rates.

Commodity risk

The Company is exposed to commodity price risk on both the purchasing side and the sales side. The main commodity risks of the Company are the short crude oil position, long refinery margin position and long petrochemical margin position.

The Company uses short term commodity swap transactions for hedging commodity risk. The commodity swap transactions were traded with related MOL Commodity Trading Kft. The Company does not apply hedge accounting for these transactions.

Sensitivity analysis of commodity risk:

in € thousands	**2023**	**2022**
Brent crude oil price		
+ 10 USD/bbl change	(4,443)	(5,478)
- 10 USD/bbl change	4,443	5,478
Natural gas price		
+ 15 EUR/MWh change	(45,818)	(43,186)
- 15 EUR/MWh change	45,818	43,186
Refinery margin		
+ 1 USD/bbl change	39,272	40,375
- 1 USD/bbl change	(39,272)	(40,375)
Integrated petrochemical margin		
+ 100 EUR/t change	39,010	41,397
- 100 EUR/t change	(39,010)	(41,397)

The estimated impact on profit before taxes is disclosed for the period of next 12 months.

29.3 Capital management

Capital of the Company is managed at the MOL Group level. The primary objective of the MOL Groups' capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The MOL Group manages its capital structure and adjusts it in light of changes in economic conditions. To maintain or adjust the capital structure, the dividend payment to shareholders may be adjusted, capital returned to shareholders or new shares issued.

The MOL Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt equals to interest-bearing loans less cash and cash equivalents.

The structure of capital and net debt and gearing ratio for the Company is as follows:

in € thousands	**2023**	**2022**
Lease liabilities	79,976	76,895
Bank loans	153,100	135,743
Less: cash and cash equivalents	(83,036)	(60,966)
Net debt	**150,040**	**151,672**
Equity	1,648,600	1,959,334
Capital and net debt	**1,798,640**	**2,111,006**
Gearing ratio (%)	**8.34**	**7.18**

30 Commitments and contingent liabilities

Accounting policies

Contingent assets are not recognized in the separate financial statements but disclosed in the Notes when an inflow of economic benefits is probable. Contingent liabilities are not recognized in the separate financial statements unless they are acquired in a business combination. They are disclosed in the Notes unless the possibility of an outflow of resources embodying economic benefits is remote.

Guarantees

The total value of guarantees granted as at 31 December 2023 is €130 thousand (31 December 2022: €1,780 thousand).

The guarantees granted are as follows:

		2023	
Debtor	**Purpose**	**Valid until**	**Guarantee** *€ thousands*
SLOVNAFT MONTÁŽE A OPRAVY a.s.	trade payables	December 2024	130

		2022	
Debtor	**Purpose**	**Valid until**	**Guarantee** *€ thousands*
SWS spol. s r.o.	customs guarantee	indefinite period	1,650
SLOVNAFT MONTÁŽE A OPRAVY a.s.	trade payables	December 2023	130

Capital and contractual commitments

The total value of capital commitments as at 31 December 2023 is €145,554 thousand (31 December 2022: €60,718 thousand) and relates to obligations to purchase property, plant and equipment in the amount of €145,060 thousand (31 December 2022: €59,763 thousand) and intangible assets in the amount of €494 thousand (31 December 2022: €955 thousand).

Other inspections

The Company is subject to various inspections performed by the state authorities. Although the Company cannot exclude that any of these proceedings discovers irregularities in its activities based on which the Company could be penalized, the management cannot determine any amount for which a provision should be recognized because of such proceedings. Due to that reason, there was no provision booked for that purpose as at 31 December 2023.

Environmental liabilities

The Company's operations are subject to the risk of liability arising from environmental damage or pollution and the cost of any associated remedial work. The Company is currently responsible for significant remediation of past environmental damage relating to its operations. Accordingly, the Company has established a provision of €54,069 thousand for the estimated cost as at 31 December 2023 (31 December 2022: €53,105 thousand) for probable and quantifiable costs of rectifying past environmental damage (Note 25). Although the management believes that these provisions are sufficient to satisfy such requirements to the extent that the related costs are reasonably estimable, future regulatory developments or differences between known environmental conditions and actual conditions could cause a revaluation of these estimates.

31 Related party transactions

The Company is controlled by MOL Nyrt. Following the integration process within the MOL Group the Company undertook significant transactions with other companies within the MOL Group.

Mr. Marek Senkovič, CEO of the Company, is a member of the Board of Directors at Agentúra pre núdzové zásoby ropy a ropných výrobkov.

Companies reported as other related parties are under the controlling influence of the key management members.

The transactions with related parties:

in € thousands	**2023**	**2022**
Sales - products, goods and materials		
Parent company	966,056	665,387
Subsidiaries	110,876	363,763
Entities under control of the parent company	1,745,969	1,500,961
Associated companies	7,319	4,984
Other related parties	9,296	14,339
Sales - services and other operating revenues		
Parent company	8,896	11,191
Subsidiaries	5,492	5,352
Entities under control of the parent company	10,208	7,112
Associated companies	40	77
Other related parties	134	4
Sales - intangible assets and property, plant and equipment		
Entities under control of the parent company	3	-
Interest revenue		
Subsidiaries	52	46
Entities under control of the parent company	35,084	4,027
Other finance revenues		
Subsidiaries	2	6
Dividends received		
Subsidiaries	-	3,497
Entities under control of the parent company	-	230
Associated companies	293	19,836

in € thousands	**2023**	**2022**
Purchases - raw materials, goods and energy		
Parent company	408,739	348,642
Subsidiaries	26,937	596
Entities under control of the parent company	419,140	249,134
Associated companies	44,185	75,080
Other related parties	29	16
Purchases - services and other operating expenses		
Parent company	28,414	10,758
Subsidiaries	140,616	128,941
Entities under control of the parent company	12,668	13,641
Associated companies	25	20
Other related parties	1,769	53
Purchases - property, plant and equipment		
Parent company	18	223
Subsidiaries	26,728	54,244
Entities under control of the parent company	1,898	12,194
Other related parties	60	-
Purchases - intangible assets		
Parent company	1,189	1,643
Subsidiaries	36	145
Entities under control of the parent company	83,091	54,259
Interest expense		
Subsidiaries	2	1
Entities under control of the parent company	1,259	264
Associated companies	112	136
Other finance costs		
Entities under control of the parent company	18	14

in € thousands	**2023**	**2022**
The transactions presented on net basis in the statement of comprehensive income:		
Rotation of state reserves		
Entities under control of the parent company	-	1,473
Agentúra pre núdzové zásoby ropy a ropných výrobkov	55,143	31,109
Fees for maintenance of the emergency stocks		
Agentúra pre núdzové zásoby ropy a ropných výrobkov	65,390	61,755

in € thousands	**2023**	**2022**
Receivables		
Parent company	102,085	176,540
Subsidiaries	3,954	54,566
Entities under control of the parent company	263,428	124,050
Associated companies	669	822
Other related parties	2,409	2,142
Loans granted		
Subsidiaries (Note 12 and 17)	312	2,256
Entities under control of the parent company (Note 17 and 18)	98,326	1,209,825
Payables		
Parent company	85,428	254,629
Subsidiaries	60,179	49,497
Entities under control of the parent company	73,331	46,353
Associated companies	5,844	342
Agentúra pre núdzové zásoby ropy a ropných výrobkov	-	5,023
Other related parties	183	12
Lease liabilities		
Subsidiaries	45	50
Associated companies	2,159	2,694
Entities under control of the parent company	1,203	1,271

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Statutory boards of the Company

According to an extract from the Commercial Register of City Court in Bratislava III as at 31 December 2023 the Company's statutory boards had the following composition:

The Board of Directors: Oszkár Világi, Chairman of the Board
Gabriel Szabó
Marek Senkovič
Ferenc Horváth
Zsolt Huff
Timea Reicher
Péter Labancz
Krisztián Pulay

The Supervisory Board: Zoltán Áldott, Chairman of the Board
Ákos Székely
Vladimír Kestler
Slavomír Hatina
Jana Matúšková
Peter Baxa

Emoluments of the members of the Board of Directors and the Supervisory Board

The members of the Board of Directors do not receive any remuneration for their membership in the board. The total remuneration of members of the Supervisory Board amounted to €228 thousand in 2023 (2022: €207 thousand).

Key management compensation

in € thousands	**2023**	**2022**
Salaries	713	874
Legal and voluntary retirement contributions	86	79
Public health insurance	114	103
Other social insurance	33	52
Other personnel expenses	121	124
Provision for retirement and jubilee benefits	21	7
Expenses of share-based payments	723	181
Total	**1,811**	**1,420**

Details of the share option rights granted to key members of management during the period are as follows:

	2023		**2022**	
	Shares in option rights	**Weighted average exercise price per share**	**Shares in option rights**	**Weighted average exercise price per share**
	number of shares	*€*	*number of shares*	*€*
Outstanding at the beginning of the period	54,557	7.29	116,717	8.10
Granted during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Exercised during the period	(54,557)	7.29	-	-
Expired during the period	-	-	(62,160)	7.24
Outstanding at the end of the period	**-**	**-**	**54,557**	**7.29**
Exercisable at the end of the period	-	-	54,557	7.29

Long-term incentive schemes for management

A long-term incentive scheme for management consists of long-term interest in increase of the parent company's MOL Nyrt. share price (Note 4).

General incentive schemes for management

The incentive aim involves the Company and organizational level financial and operational targets, evaluation of the contribution to the strategic goals of the Company and determined individual tasks in the Performance

Management System (PMS). The incentives for the year 2023 will be paid to managers based on the evaluation of indicators and tasks defined in the individual agreements.

Loans granted

No loans have been granted to key management and members of the Board of Directors and the Supervisory Board.

32 Events after the reporting period

No events have occurred after 31 December 2023 that would require adjustment to, or disclosure in the financial statements.