

MÁV MAGYAR ÁLLAMVASUTAK ZRT.

**INDEPENDENT AUDITOR'S REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS**

31 DECEMBER 2020

This is a translation of the Hungarian Report

Independent Auditor's Report

To the Founder of MÁV Zrt.

Opinion

We have audited the accompanying 2020 consolidated annual financial statements of MÁV Zrt. and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as at 31 December 2020 - showing a balance sheet total of HUF 1,829,045 million and a profit after tax for the year of HUF 17,291 million -, the related consolidated profit and loss account for the financial year then ended and notes to the consolidated annual financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated annual financial statements give a true and fair view of the consolidated equity and financial position of the Group as at 31 December 2020 and of the consolidated results of its operations for the financial year then ended in accordance with the Act C of 2000 on Accounting ("Hungarian Accounting Law").

Basis for opinion

We conducted our audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated annual financial statements" section of our report.

We are independent of the Group in accordance with the applicable ethical requirements according to relevant laws in effect in Hungary and the policy of the Chamber of Hungarian Auditors on the ethical rules and disciplinary proceedings and, concerning matters not regulated by any of these, with the International Ethics Standards Board of Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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.

Emphasis of matter

We draw attention to Note II.3.1 to the financial statements, in which it is disclosed that the Group is entitled to cost compensation with respect to its justifiable costs incurred in relation to the public related services which are not covered by related revenues and refund of renovation expenses. The relevant ministry has not yet approved HUF 320,739 million cost refunds and HUF 26,941 million renovation refunds for 2020 until the date of our audit report, accordingly these amounts may be subject to change. Our opinion is not modified in respect of this matter.

We also draw attention to Note II.1.1.1 to the financial statements, in which it is disclosed that the ownership status of some of the Group's properties since the time of the foundation of the Group is not yet settled between the Group and the Hungarian State. According to the amendment as at 28 June 2013 on Act CVI of 2007 on State Property the settlement of the ownership of the assets should not have a negative effect on the Group's equity. Our opinion is not modified in respect of this matter.

Other information

Other information consists of the 2020 consolidated business report of the Group. Management is responsible for the preparation of the consolidated business report in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any. Our opinion on the consolidated annual financial statements does not cover the consolidated business report.

In connection with our audit of the consolidated annual financial statements, our responsibility is to read the consolidated business report and, in doing so, consider whether the consolidated business report is materially inconsistent with the consolidated annual financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Concerning the consolidated business report it is our responsibility also, in accordance with the Hungarian Accounting Law, to consider whether the consolidated business report has been prepared in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any.

In our opinion, the consolidated business report of the Group for 2020 is consistent, in all material respects, with the 2020 consolidated annual financial statements of the Group and the relevant requirements of the Hungarian Accounting Law.

Since no other legal regulations prescribe for the Group further requirements with regard to its consolidated business report, we do not express opinion in this regard.

Further to the above, based on the knowledge we have obtained about the Group and its environment in the course of the audit we are required to report whether we have identified any material misstatement in the consolidated business report, and if so, the nature of the misstatement in question. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated annual financial statements

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

In preparing the consolidated annual financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting. Management is required to apply going concern principle unless the applicability of that principle is precluded by other provisions or there are facts and circumstances that contradict with the continuance of the Group's business activity.

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

Auditor's responsibilities for the audit of the consolidated annual financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated annual 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 Hungarian National Auditing Standards and with applicable laws and regulations in Hungary 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 consolidated annual financial statements.

As part of an audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual 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 Group'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 Group'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 consolidated annual 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 Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated annual financial statements, including the disclosures, and whether the consolidated annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls of the Group that we identify during our audit.

Budapest, 31 May 2021

(The original Hungarian version has been signed.)

Lelkes Tamás
Ernst & Young Kft.
1132 Budapest, Váci út 20.
Registration No. 001165

Lelkes Tamás
Registered auditor
Chamber membership No.: 007349

Statistical code: 10856417-5221-114-01

Company registration number: 01-10-042272

MÁV HUNGARIAN STATE RAILWAYS
Private Company Limited by Shares

1087 Budapest, Könyves Kálmán krt. 54-60.

Consolidated
balance sheet and profit & loss account
2020.12.31

Date: Budapest, 31 May 2021

Director (representative) of the Company

L.S.

1	0	8	5	6	4	1	7	5	2	2	1	1	1	4	0	1
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Statistical code

0	1	-	1	0	-	0	4	2	2	7	2
---	---	---	---	---	---	---	---	---	---	---	---

Company registration number

Balance sheet date: 31/12/2020

BALANCE SHEET Version "A" Assets

Figures in million HUF

No.	Line item	Previous year 31/12/2019	Current year 31/12/2020
a	b	c	d
A.	Non-current assets (lines I+II+III)	1 315 446	1 623 813
I.	INTANGIBLE ASSETS	16 378	16 890
1.	Capitalised foundation/restructuring	0	0
2.	Capitalised research and development	134	134
3.	Concessions and similar rights	6 092	4 421
4.	Intellectual property	9 527	12 157
5.	Goodwill	0	0
6.	Advances for intangible assets	625	178
7.	Adjustment of intangible assets	0	0
II.	TANGIBLE ASSETS	1 291 786	1 600 047
1.	Properties and related rights	804 695	942 187
2.	Technical machinery, equipment, vehicles	397 342	464 980
3.	Other equipment, fittings, vehicles	383	400
4.	Breeding stock	0	0
5.	Capital projects, improvements	39 155	69 645
6.	Advances for capital projects	50 211	122 835
7.	Adjustment of tangible assets	0	0
III.	NON-CURRENT FINANCIAL ASSETS	7 282	6 876
1.	Long-term investments in related parties	1 191	1 772
2.	Long-term loans granted to related parties	0	62
3.	Long-term significant investments	3 474	2 167
4.	Long-term loans granted to significant related parties	0	0
5.	Other long-term investments	2 580	2 852
6.	Long-term loans granted to other related parties	0	0
7.	Other long-term loans granted	37	23
8.	Long-term debt securities	0	0
9.	Adjustment of non-current financial assets	0	0
10.	Valuation gain or loss on non-current financial assets	0	0
11.	Equity consolidation loss (goodwill)	0	0
	- from subsidiaries	0	0
	- from associates	0	0

1	0	8	5	6	4	1	7	5	2	2	1	1	1	4	0	1
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Statistical code

0	1	-	1	0	-	0	4	2	2	7	2
---	---	---	---	---	---	---	---	---	---	---	---

Company registration number

Balance sheet date: 31/12/2020

BALANCE SHEET Version "A" Assets

Figures in million HUF

No.	Line item	Previous year 31/12/2019	Current year 31/12/2020
a	b	c	d
B.	Current assets (lines I+II+III+IV)	137 722	198 596
I.	INVENTORIES	45 886	53 814
1.	Materials	34 945	41 613
2.	Work in progress and semi-finished products	4 842	5 949
3.	Livestock	0	0
4.	Finished products	3 138	4 159
5.	Goods	1 239	1 356
6.	Advances for inventories	1 722	737
II.	RECEIVABLES	76 202	27 662
1.	Trade receivables (debtors)	8 986	12 810
2.	Related party receivables	189	504
3.	Receivables from significant related parties	268	95
4.	Receivables from other related parties	23	31
5.	Bills of exchange receivables	0	0
6.	Other receivables	66 717	14 198
7.	Valuation gain or loss on receivables	0	0
8.	Revaluation gain on derivatives	0	0
9.	Corporate tax asset (calculated) arising on consolidation	19	24
III.	SECURITIES	0	0
1.	Investments in related parties	0	0
2.	Significant investments	0	0
3.	Other investments	0	0
4.	Treasury shares and quotas	0	0
5.	Securities held for trading	0	0
6.	Valuation gain or loss on securities	0	0
IV.	LIQUID ASSETS	15 634	117 120
1.	Cash, cheques	165	125
2.	Bank deposits	15 469	116 995
C.	Prepaid expenses & accrued income	6 796	6 636
1.	Accrued income	2 638	2 957
2.	Prepaid expenses	1 450	1 697
3.	Deferred expenses	2 708	1 982
	TOTAL ASSETS (lines A+B+C)	1 459 964	1 829 045

1	0	8	5	6	4	1	7	5	2	2	1	1	1	4	0	1
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Statistical code

0	1	-	1	0	-	0	4	2	2	7	2
---	---	---	---	---	---	---	---	---	---	---	---

Company registration number

Balance sheet date: 31/12/2020

BALANCE SHEET Version "A" Liabilities

Figures in million HUF

No.	Line item	Previous year 31/12/2019	Current year 31/12/2020
a	b	c	d
D.	Equity	245 058	273 122
I.	ISSUED CAPITAL	25 000	36 000
	of which: own shares repurchased at nominal value	0	0
II.	ISSUED CAPITAL NOT PAID	0	-9 763
III.	CAPITAL RESERVE	158 359	167 729
IV.	RETAINED EARNINGS/LOSSES	49 612	59 981
V.	NON-DISTRIBUTABLE RESERVE	1 373	1 782
VI.	VALUATION RESERVE	0	0
1.	Valuation reserve of adjustments	0	0
2.	Fair valuation reserve	0	0
VII.	ADJUSTED NET PROFIT/(LOSS) AFTER TAX	12 379	17 291
VIII.	CHANGES IN THE EQUITY OF SUBSIDIARIES	16 186	19 301
VIII./A	CHANGES IN THE INVESTMENT IN ENTITIES TREATED AS ASSOCIATES	2 316	2 735
IX.	CHANGES ARISING ON CONSOLIDATION	-20 167	-22 135
1.	Debt consolidation gain or loss	41	82
2.	Internal profit or loss differences	-20 208	-22 217
X.	THIRD PARTY INTEREST	0	201
E.	Provisions	35 038	35 242
1.	Provisions for expected liabilities	19 895	20 610
2.	Provisions for future expenses	13 250	13 220
3.	Other provisions	1 893	1 412
F.	Liabilities	1 031 164	1 367 069
I.	SUBORDINATED LIABILITIES	100	6 622
1.	Subordinated liabilities to related parties	0	0
2.	Subordinated liabilities to significant investments	0	0
3.	Subordinated liabilities to other investments	0	0
4.	Subordinated liabilities to third parties	0	0
5.	Equity consolidation gain (negative goodwill) from subsidiaries	100	6 622

1	0	8	5	6	4	1	7	5	2	2	1	1	1	4	0	1
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Statistical code

0	1	-	1	0	-	0	4	2	2	7	2
---	---	---	---	---	---	---	---	---	---	---	---

Company registration number

Balance sheet date: 31/12/2020

BALANCE SHEET Version "A" Liabilities

Figures in million HUF

No.	Line item	Previous year 31/12/2019	Current year 31/12/2020
a	b	c	d
II.	LONG-TERM LIABILITIES	878 924	1 076 562
1.	Long-term loans	0	0
2.	Convertible bonds	0	0
3.	Bonds payable	0	0
4.	Development loans	12 190	26 399
5.	Other long-term loans	5 478	4 793
6.	Long-term loans to related parties	0	0
7.	Long-term loans to significant investments	15	16
8.	Long-term loans to other investments	0	0
9.	Other long-term liabilities	861 241	1 045 354
III.	CURRENT LIABILITIES	152 140	283 885
1.	Short-term loans	0	0
	- of which: convertible bonds	0	0
2.	Short-term credits	27 256	9 843
3.	Advances received from customers	1 016	208
4.	Trade payables (creditors)	41 526	46 278
5.	Bills of exchange payable	0	0
6.	Current liabilities to related parties	81	66
7.	Current liabilities to significant investments	2 001	317
8.	Current liabilities to other investments	67	60
9.	Other current liabilities	80 193	227 113
10.	Valuation gain or loss on liabilities	0	0
11.	Revaluation loss on derivatives	0	0
12.	Corporate tax liability (calculated) arising on consolidation	0	0
G.	Accrued expenses and deferred income	148 704	153 612
1.	Prepaid income	7 854	7 684
2.	Accrued expenses	6 019	10 236
3.	Deferred income	134 831	135 692
	TOTAL EQUITY AND LIABILITIES (lines D+E+F+G)	1 459 964	1 829 045

1	0	8	5	6	4	1	7	5	2	2	1	1	1	4	0	1
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Statistical code

0	1	-	1	0	-	0	4	2	2	7	2
---	---	---	---	---	---	---	---	---	---	---	---

Company registration number

Balance sheet date: 31/12/2020

Profit and loss account using the cost by nature method

Figures in million HUF

No.	Line item	Previous year 31/12/2019	Current year 31/12/2020
a	b	c	d
01.	Net domestic sales revenues	124 162	95 841
02.	Net export sales revenues	19 015	10 213
I.	Net sales revenues (lines 01+02)	143 177	106 054
03.	Movements in self-produced inventories	2 943	2 128
04.	Capitalised self-produced assets	45 565	55 311
II.	Capitalised own output (lines ±03+04)	48 508	57 439
III.	Other income	347 600	439 713
	of which: reversed impairment loss	188	323
III/A.	Goodwill arising on debt consolidation (profit increasing)	0	0
05.	Material costs	80 228	78 968
06.	Services used	83 775	94 505
07.	Other services	4 218	4 414
08.	Cost of goods sold	12 216	11 365
09.	Services resold (intermediated)	3 254	2 533
IV.	Material-type expenses (lines 05+06+07+08+09)	183 691	191 785
10.	Payroll costs	174 519	202 196
11.	Other payments to personnel	22 785	20 162
12.	Social security and similar charges	40 170	39 770
V.	Payments to personnel (lines 10+11+12)	237 474	262 128
VI.	Depreciation charge	87 182	112 947
VII.	Other expenses	15 779	16 082
	of which: impairment loss	3 833	2 784
VII/A.	Goodwill arising on debt consolidation (profit reducing)	0	0
A.	OPERATING PROFIT/(LOSS) (lines I+II+III+III/A-IV-V-VI-VII-VII/A)	15 159	20 264

1	0	8	5	6	4	1	7	5	2	2	1	1	1	4	0	1
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Statistical code

0	1	-	1	0	-	0	4	2	2	7	2
---	---	---	---	---	---	---	---	---	---	---	---

Company registration number

Balance sheet date: 31/12/2020

Profit and loss account using the cost by nature method

Figures in million HUF

No.	Line item	Previous year 31/12/2019	Current year 31/12/2020
a	b	c	d
13/a.	Dividends received from associates	0	0
13/b.	Dividends received from other investments	23	25
14.	Exchange gain on investments disposed of	0	972
	of which: from related parties	0	0
15.	Interest and exchange gain on non-current financial assets (securities, loans)	0	1
	of which: from related parties	0	1
16.	Other interest received (receivable) and similar income	10	54
	of which: from related parties	0	0
17.	Other financial income	1 825	1 973
	of which: valuation gain or loss	0	0
VIII.	Financial income (lines 13/a+13/b+14+15+16+17)	1 858	3 025
18.	Expenses and exchange loss on investments	0	0
	of which: to related parties	0	0
19.	Expenses and exchange losses on non-current financial assets (securities, loans)	0	0
	of which: to related parties	0	0
20.	Interest payable (paid) and similar charges	504	474
	of which: to related parties	0	0
21.	Impairment loss on investments, securities, long-term loans and bank deposits	-44	-36
22.	Other financial expenses	4 100	5 517
	of which: valuation gain or loss	0	0
IX.	Financial expenses (lines 18+19+20+21+22)	4 560	5 955
B.	FINANCIAL PROFIT/(LOSS) (lines VIII-IX)	-2 702	-2 930
C.	PRE-TAX PROFIT/(LOSS) (lines ±A±B)	12 457	17 334
X.	Tax liability	90	48
X/A.	Corporate tax asset/liability (calculated) arising on consolidation	-12	-5
D.	AFTER-TAX PROFIT/(LOSS) (lines ±C-X±X/A)	12 379	17 291
23.	Subsidiaries' net profit/loss attributable to third party shareholders	0	0
E.	ADJUSTED NET PROFIT/(LOSS) AFTER TAX (D-23)	12 379	17 291



MÁV HUNGARIAN STATE RAILWAYS PRIVATE COMPANY LIMITED BY SHARES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2020

31 MAY 2021

STAMP HERE

.....
Director (Representative) of the Company

Table of contents

I	GENERAL PART	5
I.1	PRESENTATION OF THE GROUP	5
I.1.1	GENERAL INFORMATION OF THE PARENT COMPANY	5
I.1.2	THE PARENT COMPANY	7
I.1.3	FULLY CONSOLIDATED SUBSIDIARIES	8
I.1.4	CHANGES IN THE SCOPE OF CONSOLIDATION IN THE REPORTING YEAR	12
I.2	GROUP ACCOUNTING POLICIES	14
I.2.1	COMPILATION OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS	14
I.2.2	CHANGES IN THE ACCOUNTING POLICIES IN 2020	14
I.2.3	ASSIGNMENT TO CONSOLIDATION CATEGORIES	15
I.2.4	PREPARING FOR THE CONSOLIDATION	16
I.2.5	RULES OF EQUITY CONSOLIDATION BY THE ELIMINATION OF PARTICIPATING INTERESTS	16
I.2.6	DEBT CONSOLIDATION RULES	17
I.2.7	RULES ON THE CONSOLIDATION OF INCOME AND EXPENSES	18
I.2.8	RULES FOR THE ELIMINATION OF INTERNAL PROFIT/LOSS	18
I.2.9	RULES FOR THE MANAGEMENT OF DEFERRED TAX EXPENSE DUE TO CONSOLIDATION	19
II	SPECIFIC PART	21
II.1	NOTES TO THE BALANCE SHEET	21
II.1.1	CHANGES IN NON-CURRENT ASSETS	21
II.1.1.1	Movements in tangible and intangible assets	21
II.1.1.2	Managed state-owned assets	23
II.1.1.3	MÁV Group's investments	27
II.1.1.4	Other long-term loans and impairment of long-term debt securities	29
II.1.1.5	Goodwill arising on full consolidation	29
II.1.1.6	Negative goodwill arising on full consolidation	29
II.1.1.7	Goodwill arising on equity consolidation	29
II.1.1.8	Negative goodwill arising on equity consolidation	30
II.1.2	INVENTORIES AND IMPAIRMENT LOSS	30
II.1.3	RECEIVABLES AND IMPAIRMENT LOSS	31
II.1.4	PREPAID EXPENSES AND ACCRUED INCOME	32
II.1.5	EQUITY	33
II.1.6	PROVISIONS MADE AND RELEASED	34
II.1.6.1	Provision for expected liabilities	34
II.1.6.2	Provision for future expenses	34
II.1.6.3	Other provisions	34
II.1.7	LIABILITIES	35
II.1.7.1	Liabilities related to managed state-owned assets	35
II.1.7.2	MÁV Group's subordinated liabilities	36
II.1.7.3	MÁV Group's long-term loans	36
II.1.7.4	Leasing liabilities	37
II.1.8	ACCRUED EXPENSES AND DEFERRED INCOME	38
II.1.9	OFF-BALANCE SHEET LIABILITIES	39
II.1.9.1	Disbursement and repayment schedules of facilities undrawn at the balance sheet date	39
II.1.9.2	Hedging transactions	39
II.1.9.3	Joint and several liability and guarantee contracts	40

II.1.9.4	Lien and other off-balance sheet liabilities	41
II.1.9.5	Significant operating lease contracts signed by the Group and in effect at the balance sheet date	42
II.2	NOTES TO THE PROFIT AND LOSS ACCOUNT	43
II.2.1	NET SALES REVENUES BY ACTIVITY	43
II.2.2	EXPORT REVENUES AND IMPORTS	44
II.2.3	SERVICES USED	45
II.2.4	OTHER INCOME	46
II.2.5	OTHER EXPENSES	47
II.2.6	FINANCIAL PROFIT/ (LOSS)	48
II.2.6.1	Financial income	48
II.2.6.2	Financial expenses	48
II.2.7	CALCULATION OF THE GROUP'S CONSOLIDATED PROFIT OR LOSS	49
II.3	ACTUAL FINANCIAL POSITION, LIQUIDITY AND PROFITABILITY	50
II.3.1	STATE PARTICIPATION IN MÁV GROUP'S OPERATIONS	50
II.3.1.1	State participation in MÁV Group's rail infrastructure operations	50
II.3.1.2	State involvement in public passenger transport services provided by MÁV Group (net of the HÉV network)	53
II.3.1.3	State involvement in MÁV Group's public transport services on the HÉV network	54
II.3.2	CASH FLOW STATEMENT	55
II.3.3	CHANGES IN THE INDICATORS USED FOR ANALYSING THE FINANCIAL POSITION, LIQUIDITY AND PROFITABILITY	56
III	OTHER SUPPLEMENTARY NOTES	58
III.1	INFORMATION ABOUT THE PARENT COMPANY 'S ELECTED OFFICERS	58
III.2	SUBSIDIES RECEIVED	59
III.3	ENVIRONMENT PROTECTION	61
III.3.1	ENVIRONMENTAL LIABILITIES	61
III.3.2	TANGIBLE ASSETS SERVING ENVIRONMENTAL PROTECTION PURPOSES	62
III.3.3	QUANTITIES OF HAZARDOUS WASTE	63
III.4	PAYMENTS TO PERSONNEL AND AVERAGE STATISTICAL HEADCOUNT	65
III.5	RESEARCH AND EXPERIMENTAL DEVELOPMENT	66
III.6	COVID-19	67
IV	LIST OF TABLES	68
APPENDICES		70

II GENERAL PART

II.1 PRESENTATION OF THE GROUP

II.1.1 General information about the parent company

Further to Act LIII of 1992 on the management of permanent government businesses and their assets and to Act XVI of 1991 on concessions, on 30 June 1993, the Ministry for Transport, Telecommunications and Water of the Republic of Hungary, representing the government as owner (the Founder), founded Magyar Államvasutak Részvénytársaság (hereafter: “MÁV Zrt.” or “the Company”), as a single member private company limited by shares. MÁV Zrt. was created following a transformation and was responsible for passenger and goods transport. As the goods transport (cargo) activity was outsourced as of 1 January 2006, passenger transport on standard rail tracks was outsourced as of 1 July 2007, and traction as well as tractive and hauled vehicle maintenance were outsourced as of 1 January 2008 to separate entities, these activities no longer form a part of the Company’s operations. Since 2008, rail infrastructure operations has become the Company’s main activity.

The principles of MÁV Zrt’s operations, organisation and governance structure are set out in the Articles of Incorporation. The Company’s executive body is the Board of Directors; operations are directed by the Company’s Chairman and CEO.

Company name:

MÁV Magyar Államvasutak Zártkörűen Működő Részvénytársaság.

Company name in other languages:

English: MÁV Hungarian State Railways Company Private Company by Shares

French: MÁV Chemins de Fer de l’Etat Hongrois Société Anonyme privée

German: MÁV Ungarische Staatseisenbahnen Aktiengesellschaft betreibend in geschlossener Weise.

Abbreviated name:

MÁV Zrt.

In foreign languages:

English: MÁV Co.,

French: MÁV S.A.,

German: MÁV AG.

The Company’s registered office:

1087 Budapest, Könyves Kálmán krt. 54-60.

The Company’s homepage:

www.mavcsoport.hu

The Company's founder:

The Company's founder is the Hungarian State.

Date of foundation: 30 June 1993

The Company's owner:

The Company's owner is the Hungarian State. As of 26 June 2018, the ownership rights are exercised by the minister without portfolio in charge of national assets.

Further to section 3:109 (4) of the Civil Code, no general meeting operates at the Company, and matters that would otherwise fall within the competence of the general meeting are decided by the Founder in writing.

The Company's share capital:

At 31 December 2020, the Company's share capital was HUF 36,000,000,000, which consisted of 3,600,000 ordinary shares of HUF 10,000 face value each.

Company registration number: Cg 01-10-042272

Tax number: 10856417-2-44

Statistical code: 10856417-5221-114-01

The Company's principal activity: 5221'08 Auxiliary land transportation services

Authorised signatory of the consolidated financial statements:

dr. Homolya Róbert chairman-CEO (domicile: 2049 Diósd, Ilona utca 7-9.).

The person responsible for the management and supervision of accounting services and the compilation of the financial statements is:

MÁV Zrt. commissioned MÁV Szolgáltató Központ Zrt. to perform the management and supervision of accounting services and the compilation of the financial statements and of the consolidated financial statements as per Section 150 (2) of Act C of 2000 on Accounting (hereinafter: accounting act).

The person responsible for the management of accounting services: Imrik Márta, MÁV Szolgáltató Központ Zrt. deputy general director, head of business administration (domicile: 1173 Budapest, Vanília u. 46. registered qualified accountant, registration No.: 123386).

Auditors:

The consolidated financial statements are audited by Ernst & Young Könyvvizsgáló Kft.

Statutory signing auditor: Lelkes Tamás (address: 1161 Budapest, Baross u. 152. B épület, chamber membership No.: 007349).

Audit fees charged by the auditor for the reporting year:

- Fee of auditing MÁV Zrt's financial statements: HUF 13 million, net; fees of other assurance services: HUF 11 million.
- Fee of auditing the financial statements of MÁV Zrt's fully consolidated subsidiaries: HUF 59 million, net.
- Fee of other assurance services for MÁV Zrt's fully consolidated subsidiaries HUF 6 million, net.

II.1.2 The parent company

The parent company (MÁV Zrt.) transformed into a company limited by shares on 30 June 1993 as a general legal successor of the Hungarian Railways, a state owned company.

At the balance sheet date, the company's share capital comprised 3,600,000 registered ordinary shares of HUF 10,000 face value each. The shares are non-convertible and non-transferable dematerialised shares.

The company's founder holds all of the shareholders' rights specified by the Hungarian Civil Code.

Based on the company's contract with the government on the management of state-owned assets, managed state-owned assets, as well as the related other non-current liabilities, are presented in the company's books. In relation to the management of state-owned assets, MÁV Zrt.'s asset management practice is oriented towards efficient public services supplied, protection of the condition and value of the managed assets and to increasing the value of the managed assets.

The company's key figures (in million HUF):

Item	2019	2020	Change	Index
Balance sheet total	1 232 127	1 513 094	280 967	123%
Equity	242 885	268 796	25 911	111%
Issued capital	25 000	36 000	11 000	144%
Net sales revenues	158 689	156 942	-1 747	99%
Payroll cost	78 675	91 883	13 208	117%
Pre-tax profit	10 980	15 304	4 324	139%

Table 1. : Key figures of the parent company

The company's core activity: railway transport support activities (rail infrastructure operations). With effect from 1 January 2008, the company outsourced its rolling stock maintenance and traction operations to companies within MÁV Group. Since 2008 when rolling stock maintenance and traction operations were outsourced, the company's core activity has been rail infrastructure operations.

II.1.3 Fully consolidated subsidiaries

MÁV Zrt. includes 9 of its subsidiaries fully in its consolidated financial statements for 2020. Key figures of the fully consolidated subsidiaries are presented below.

1. MÁV-START Vasúti Személyszállító Zártkörűen Működő Részvénytársaság

Date of foundation: 15 October 2006

The company's registered office: 1087 Budapest, Könyves Kálmán krt. 54-60.

The company's key figures (in million HUF):

Item	2019	2020	Change	Index
Balance sheet total	374 047	385 457	11 410	103%
Equity	132 849	132 804	-45	100%
Issued capital	45 000	45 000	0	100%
Net sales revenues	99 857	66 143	-33 714	66%
Payroll cost	68 856	78 823	9 967	114%
Pre-tax profit	2 152	325	-1 827	15%

Table 2. : Key figures of MÁV-START Zrt.

The company's core activities: passenger transport by rail (mostly on the basis of public service contracts), as well as activities that are essential for passenger transport by rail: railway traction activity; operation of railway vehicles for traction purposes; repair and maintenance of locomotives, passenger cars, freight cars; building passenger cars; operation of equipment used to pre-heat carriages; prevention and management of chemical emergencies; and partly the prevention and management of accidents.

2. MÁV FKG Felépítménykarbantartó és Gépjavító Korlátolt Felelősségű Társaság

Date of foundation: 1 January 1994

The company's registered office: 5137 Jászkísér, Jászládányi u. 10.

The company's key figures (in million HUF):

Item	2019	2020	Change	Index
Balance sheet total	19 558	22 861	3 303	117%
Equity	5 103	5 401	298	106%
Issued capital	1 505	1 505	0	100%
Net sales revenues	31 465	40 658	9 193	129%
Payroll cost	6 027	6 757	730	112%
Pre-tax profit	1 363	1 314	-49	96%

Table 3. : Key figures of MÁV FKG Kft.

The company's core activities: rail track renovation and maintenance, operation, repair and renovation of special complex installations.

3. MÁV Szolgáltató Központ Zártkörűen Működő Részvénytársaság

Date of foundation: 1 November 1996

The company's registered office: 1087 Budapest, Könyves Kálmán krt. 54-60.

The company's key figures (in million HUF):

Item	2019	2020	Change	Index
Balance sheet total	10 343	12 804	2 461	124%
Equity	2 556	3 041	485	119%
Issued capital	801	801	0	100%
Net sales revenues	32 573	36 829	4 256	113%
Payroll cost	11 441	13 837	2 396	121%
Pre-tax profit	312	706	394	226%

Table 4. : Key figures of MÁV Szolgáltató Központ Zrt.

The company's core activities: the establishment and operation of the accounting systems of MÁV Group companies that are party to a service agreement, and the performance of accounting activities; provision of HR administration services and health and safety at work services; provision of centralised services (purchasing and inventory management, logistics services, implementation of public procurements, asset management, inventory taking, energy management related to railway technology, establishment and operation of environmental protection systems); educational activity; administrative and management support tasks. Operating and monitoring the IT systems required for the business and functional processes of companies within and outside MÁV Group; setting up, monitoring, managing and co-ordinating the new systems, and ensuring integration with the IT systems used.

4. MÁV Központi Felépítményvizsgáló Korlátolt Felelősségű Társaság

Date of foundation: 1 September 1996

The company's registered office: 1097 Budapest, Péceli út 2.

The company's key figures (in million HUF):

Item	2019	2020	Change	Index
Balance sheet total	4 041	4 417	376	109%
Equity	3 582	3 920	338	109%
Issued capital	569	569	0	100%
Net sales revenues	2 949	3 014	65	102%
Payroll cost	754	874	120	116%
Pre-tax profit	854	739	-115	87%

Table 5. : Key figures of MÁV KfV Kft.

The company's core activities: rail track monitoring, track geometry measurements, development of measurement tools and devices.

5. ZÁHONY-PORT Záhonyi Logisztikai és Rakománykezelési Szolgáltató Zártkörűen Működő Részvénytársaság

Date of foundation: 31 August 2006

The company's registered office: 4625 Záhony, Európa tér 12.

The company's key figures (in million HUF):

Item	2019	2020	Change	Index
Balance sheet total	709	672	-37	95%
Equity	322	232	-90	72%
Issued capital	11	11	0	100%
Net sales revenues	1 922	1 633	-289	85%
Payroll cost	1 026	1 076	50	105%
Pre-tax profit	34	-90	-124	-265%

Table 6. : Key figures of ZÁHONY-PORT Zrt.

The company's core activities: cargo handling, warehousing, storage, forwarding.

6. MÁV VAGON Vasúti Jármű Gyártó és Javító Korlátolt Felelősségű Társaság

Date of foundation: 30 December 1992

The company's registered office: 8000 Székesfehérvár, Takarodó utca 1.

The company's key figures (in million HUF):

Item	2019	2020	Change	Index
Balance sheet total	3 344	3 664	320	110%
Equity	899	1 179	280	131%
Issued capital	244	244	0	100%
Net sales revenues	8 804	11 209	2 405	127%
Payroll cost	816	1 023	207	125%
Pre-tax profit	339	443	104	131%

Table 7. : Key figures of MÁV VAGON Kft.

The company's core activities: manufacturing and repairs of fixed-track railway vehicles, and the production and distribution of related spare parts.

7. MÁV-HÉV Helyiérdekű Vasút Zártkörűen Működő Részvénytársaság

Date of foundation: 7 November 2016

The company's registered office: 1087 Budapest, Könyves Kálmán körút 54-60

The company's key figures (in million HUF):

Item	2019	2020	Change	Index
Balance sheet total	24 046	27 864	3 818	116%
Equity	18 775	18 981	206	101%
Issued capital	11 000	11 000	0	100%
Net sales revenues	2 571	1 713	-858	67%
Payroll cost	6 924	7 908	984	114%
Pre-tax profit	395	322	-73	82%

Table 8. : Key figures of MÁV-HÉV Zrt.

The company's core activities: urban and suburban land passenger transport.

8. MÁV Rail Tours Korlátolt Felelősségű Társaság

Date of foundation: 20 February 2020

The company's registered office: 1142 Budapest, Tatai utca 93/A.

The company's key figures (in million HUF):

Item	2019	2020	Change
Balance sheet total	0	155	155
Equity	0	117	117
Issued capital	0	100	100
Net sales revenues	0	153	153
Payroll cost	0	15	15
Pre-tax profit	0	17	17

Table 9. : Key figures of MÁV Rail Tours Kft.

The company's core activities: travel organisation

9. VOLÁN Buszpark Kft.

Date of foundation: 20 July 2006

The company's registered office: 1097 Budapest, Könyves Kálmán körút 11/B.

The company's key figures (in million HUF):

Item	2019	2020	Change	Index
Balance sheet total	62 074	67 402	5 328	109%
Equity	16 343	19 200	2 857	117%
Issued capital	8 464	8 464	0	100%
Net sales revenues	10 418	11 882	1 464	114%
Payroll cost	48	103	55	215%
Pre-tax profit	1 786	2 858	1 072	160%

Table 10. : Key figures of VOLÁN Buszpark Kft.

The company's core activities: vehicle rental (over 3.5 tons)

II.1.4 Changes in the scope of consolidation in the reporting year

Pursuant to the accounting act, MÁV Zrt. has fully included 9 of its subsidiaries in its consolidated financial statements for 2020; it exercises a direct controlling influence in all of these except MÁV VAGON Kft. Compared to the consolidated financial statements for 2019, the number of fully consolidated entities increased by two entities as a result of the incorporation of MÁV Rail Tours Kft. and the acquisition of a quota in VOLÁN Buszpark Kft.

As the first step towards the integration of VOLÁNBUSZ Zrt. into MÁV Group, in an effort to synchronise public railway and coach passenger services, as a result of an amendment of decree 1/2018. (VI. 25.) NVTNM of the minister for the management of national property on the appointment of persons exercising state ownership rights and obligations over state-owned companies, MÁV Zrt. became the entity exercising ownership rights over VOLÁNBUSZ Zrt. effective as of 15 July 2020.

On 29 December 2020, the minister without portfolio for the management of national property ordered to have MÁV Zrt's share capital increased by contributing 100% of the government's share package in

VOLÁNBUSZ Zrt. and 98.97% quota in VOLÁN Buszpark Kft. As a result, the Company's share capital increased to HUF 36,000 million and the difference between the face values and issue values of the new ordinary shares of HUF 99,938 million was posted to capital reserve. As a result of the capital increase, MÁV Zrt's equity was raised by a total of HUF 110,938 million.

As part of the capital increase, the quota of VOLÁN Buszpark Kft. was transferred on 31 December 2020, the share package of VOLÁNBUSZ Zrt. was transferred to MÁV Zrt. on 7 January 2021. The capital increase was registered by the companies court on 6 January 2021 and, according to the court decision, the change is effective as of 29 December 2020.

A total of five entities were equity consolidated in the consolidated financial statements for 2020, which is two less than in the consolidated financial statements for 2019. Our full quota held in Dunakeszi Járműjavító Kft. was disposed of and MÁV-THERMIT Kft. (v.a.) has been under voluntary liquidation since 1 April 2020 and was therefore reclassified to equity investments.

The number of entities classified as equity investments was 9, which is plus one compared to the consolidated financial statements for 2019 as a result of the reclassification of MÁV-THERMIT Kft. (v.a.) (under liquidation).

The indicators considered for identifying the scope of consolidation are shown in Appendix 1.

The allocation of the entities to the consolidation categories and any changes in the reporting year are shown in Appendices 2 and 3.

The group structure is shown in Appendix 4.

The classification of group companies and their final assignment to consolidation categories are shown in Appendix 5.

II.2 GROUP ACCOUNTING POLICIES

II.2.1 Compilation of the consolidated annual financial statements

The financial year of the consolidated financial statements matches the financial year of MÁV Zrt., which is the calendar year, i.e. the period from 1 January to 31 December. The balance sheet date of the consolidated financial statements is the last day of the financial year, i.e. 31 December.

MÁV Zrt. prepares the consolidated balance sheet in accordance with version “A” of Appendix No. 1 and Section I of Appendix No. 6 to the accounting act, with the following additional requirements:

- items denoted with Arabic numerals are not merged or omitted (Section 22 (3) and (5) of the accounting act),
- making use of the opportunity provided under Section 22 (2) of the accounting act, within equity, changes in equity attributable to changes in the value of participating interests in associated companies and constituting a component of retained earnings are recognised as a separate balance sheet line item, with the designation “D/VIII/A Changes in value of investments in associates”.

MÁV Zrt. prepares the consolidated profit and loss account in accordance with Schedule No. 2 and Section II of Appendix No. 6 to the accounting act.

The figures stated in the consolidated financial statements are presented in million forints (HUF M) in accordance with the requirements of Section 20 (2) of the accounting act.

The steps of consolidation must be performed in thousand forints (kHUF), regardless of how (with what number scale) a member company prepares its individual annual financial statements.

For the purposes of the consolidated financial statements, material errors are defined as follows: An error is material if, in the year when the error is identified, the aggregate of the absolute value of errors and/or their impact increasing/decreasing the profit or loss and/or equity identified during various audits of the same year exceeds either 2% of the balance sheet total for the audited business year or HUF 1 million where 2% of the balance sheet total is less than HUF 1 million.

Any discrepancies between the financial statements taken into account during the consolidation process and the final individual financial statements are recorded through profit/loss in the consolidation process of the following year, as items affecting the previous year.

II.2.2 Changes in the accounting policies in 2020

In 2020, a new set of accounting policies (including a new valuation policy) was adopted by the parent company (Chairman and CEO’s Order 64/2020 (MÁV Notice No. 13 of 1 May) and Order 65/2020 (MÁV Notice No. 13 of 1 May)) and were first applied for the financial year starting 1 January 2020. However, as there was no significant change in the applied measurement procedures, the new policies have no material impact on the Group’s equity and financial position and the results of its operations.

In line with the amendment of the Company’s accounting policies in 2021, effective as of 2020, no provision is made for the time proportional cost of recurring periodic maintenance, identified based on technical content, of high performing assets constructed as a result of EU funded development, reconstruction or general overhaul projects. The balance of provision as at 31 December 2019 will be released in the period when the relevant maintenance costs will incur.

II.2.3 Assignment to consolidation categories

For the purpose of assignment to consolidation categories and for the identification of the consolidation technique to be used, the members of MÁV Group must be classified. MÁV Zrt. performs the classification of the companies upon first inclusion in the consolidation or upon management during the consolidation process, i.e. upon acquisition (including the foundation of new entities).

The classification and assignment to a consolidation category performed at the time of acquiring a participating interest also determines the method of consolidation for the following years, which may only be departed from in the event of a material change. A change is considered to be material if:

- a new member is added to or an existing member leaves the group,
- a member goes into voluntary or involuntary liquidation or strike off action (dissolution),
- investment in an existing company increases as a result of acquiring an additional interest, or decreases due to the disposal the investment, and the classification of the entity changes as a result,
- there is a change in the nature or scope of the activities of a group member which makes it necessary to review the classification (in this case, classification is carried out on an individual basis).

Subsidiaries and jointly managed companies are exempt from full consolidation if, at the time of their first consolidation, the provision of the data necessary for consolidation is only possible at disproportionately high expenses and with a delay.

Subsidiaries and jointly managed companies are exempt from full consolidation if MÁV Group acquired the interest in equity for the purpose of resale, and for this reason the equity investment is recognised among current assets in the individual financial statements of the member that acquired them.

Subsidiaries and jointly managed companies are exempt from full consolidation if the MÁV Group is prevented, in the long-term, from exercising its controlling influence in respect of them due to material and long-term (existing for at least one year) legal restrictions or extraordinary circumstances. Such restrictions or extraordinary circumstances include, but are not limited to nationalisation, bringing under direct state control, liquidation proceedings, involuntary liquidation proceedings, etc.

Subsidiaries and jointly managed companies are exempt from full consolidation if, at the time of their first consolidation, any two of the following three conditions are in place in respect of them:

- the balance sheet total is less than 1% of the pre-consolidation aggregated balance sheet total of MÁV Zrt., the subsidiaries and jointly managed companies as at the same balance sheet date,
- the annual net sales revenue is less than 1% of the pre-consolidation aggregated annual net sales revenue of MÁV Zrt., the subsidiaries and jointly managed companies in respect of the same period,
- the annual payroll costs are less than 1% of the pre-consolidation aggregated annual payroll costs of MÁV Zrt., the subsidiaries and jointly managed companies.

For the purposes of examining the above conditions, jointly managed companies must be taken into account according to the extent of the equity stake (quota).

The examined indicators in respect of all the exempted subsidiaries and jointly managed companies together may not exceed 5% of the pre-consolidation aggregate value of the indicator concerned in respect of MÁV Zrt., the subsidiaries and jointly managed companies.

Members that have an equity investment in any other fully consolidated company may not be exempted on the basis of any of the conditions.

Member companies are exempt from first equity consolidation if, by the time of preparation of the consolidated financial statements, the data necessary for equity consolidation is not available.

If the fact or extent of control or controlling influence cannot be clearly determined on the basis of voting rights, then the parent company classifies the status of the member within the group on the basis of an individual assessment.

II.2.4 Preparing for the consolidation

MÁV Zrt., as parent company, prescribes standardised accounting procedures at the consolidated companies, in the framework of a group-level accounting and valuation policy. In this way, MÁV Zrt. ensures the uniformity of the financial statements to be consolidated, and therefore in the case of these member companies there are no tasks to be performed in preparation for the consolidation.

If the consolidated companies, with respect to issues regulated at group level, apply differing settlements or methods on the basis of the options available to them under the accounting act or based on their individual characteristics, this is specified in the group-level accounting policy and valuation regulations in relation to the companies concerned.

With respect to associated companies, the check on compliance with the balance sheet requirements and the valuation is standardised only if the information necessary for these is available during the consolidation process. If this information is not available or is missing, MÁV Zrt. omits these consolidation steps.

The conversion of the balance sheets of consolidated companies prepared in a foreign currency is performed by MÁV Zrt. on the basis of Section 123 (6) b. of the accounting act; that is, every item of the balance sheet is translated at the official exchange rate published by the National Bank of Hungary (MNB) as valid on the balance sheet date.

II.2.5 Rules of equity consolidation by the elimination of participating interests

MÁV Zrt. performs the first equity consolidation at book value on the basis of Section 124 (5) a) of the accounting act in every case.

MÁV Zrt. performs the first equity consolidation in accordance with the values applicable at the time of acquisition if a new company is consolidated upon its foundation, or in other cases if the conditions for performing the consolidation tasks from the date of acquisition are in place. The conditions may be regarded as being in place if the acquired company prepares a financial statement between the date of the acquisition and the following consolidated balance sheet date. In this case, the accounting date of the previous individual financial statements is to be treated as the date of acquisition.

If the conditions for performing the consolidation tasks from the date of acquisition are not in place, then the first equity consolidation is based on the values applicable as at the balance sheet date.

In the event of the removal from the group of companies treated using the equity method, or in the event of the acquisition of further participating interests in a previously consolidated company, the balance sheet date for the purpose of equity consolidation is the balance sheet date of the year preceding the reporting year, which is the same as the first day of the reporting year. In the event of removal from the group of companies treated using the equity method, during the first equity consolidation performed with the elimination of participating interests, the values recognised in connection with the reclassified company – previously treated as an associated company – in the previous years must be taken into account.

During the equity consolidation, goodwill or negative goodwill may arise, which must be broken down into hidden reserves or hidden liabilities in accordance with Section 124 (8) of the accounting act. In such case, MÁV Zrt. regards the hidden reserves or hidden liabilities as material – and performs the breakdown – if these exceed the book value of the participating interest by at least 10%, or if they fall short of it by at least 10%.

During the equity consolidation MÁV Zrt., making use of the opportunity provided under Section 124 (8) c) of the accounting act, aggregates the goodwill or negative goodwill arising from the consolidation of several subsidiaries.

The ordinary depreciation of the goodwill recognised among non-current financial assets – insofar as the useful life thereof cannot be determined – is accounted for by MÁV Zrt. over a period of 5 years.

Extraordinary depreciation is recognised on goodwill if the book value thereof materially (by 20%, or at least HUF 50 million) and persistently as per Section 46 (4) of the accounting act (for at least one year on the basis of historical facts or future expectations for at least one year, or permanently based on the information available at the time of valuation) exceeds its market value.

II.2.6 Debt consolidation rules

MÁV Zrt. eliminates intragroup receivables and liabilities for fully consolidated companies in accordance with Section 125 of the accounting act, and performs this step in every case regardless of the amount of the assets and liabilities to be eliminated.

When reconciling receivables and liabilities, differences are not classified as material if, at group level, in terms of their absolute value, they do not exceed 0.1% of the lower of receivables and liabilities to be eliminated, or a maximum of HUF 50 million. In such cases, receivables and liabilities are eliminated at the lower amount, which will be regarded as the identical amount.

In the event of a material discrepancy, the reasons for the differences must be established, and based on such reasons receivables or liabilities must be recognised or derecognised against the balance sheet or P&L item to which they were found to relate. If the reason for the discrepancy cannot be detected, receivables or liabilities must be recognised or derecognised against other income or expenses arising from the elimination of intragroup receivables and liabilities.

Differences in an amount equalling that of the previous year are recognised during the next consolidation process without an effect on profit/loss, as a change in equity, against the balance sheet item *D/IX Changes due to consolidation from the elimination of intragroup receivables and liabilities*.

II.2.7 Rules on the consolidation of income and expenses

MÁV Zrt. performs the consolidation of income and expenses for fully consolidated companies in every case, regardless of value threshold.

When reconciling the values of income and expenses, differences are not classified as material if, at group level, in terms of their absolute value, they do not exceed 0.05% of the income to be eliminated, or a maximum of HUF 50 million. In this case, the elimination must be performed at values net of the difference.

Following reconciliation, the elimination of income and expenses must be performed as follows:

- In the case of received own performance charged to profit/loss, revenues/gains recognised by the issuer must be eliminated against the expense recognised at the recipient. In the case of purchased performance, income recognised by the issuer must be eliminated against the cost of goods sold or the cost of sold (intermediated) services, at the lower of the income or expense recognised by the issuer, then the expense recognised by the recipient must be adjusted for the difference (reduced in the event of extra income, or increased in the event of extra expenses).
- In the case of performance received and recognised as an asset, for the elimination of gains and expenses, income recognised by the issuer must be eliminated against the capitalised value of self-produced assets in the case of own performance, or against the cost of goods sold, cost of sold (intermediated) services or other expenses, financial expenses in the case of external performance, at the lower of income or expenses recognised by the issuer.

In the case of unilaterally recognised gains or unilaterally recognised expenses, the unilateral recognition must be cancelled by eliminating the original recognition, and in the following year the balance sheet item 'changes due to consolidation from the elimination of internal profit/loss' within consolidated equity must be adjusted (reduced or increased) for this amount. In later consolidations, if the amount of unilateral settlement remains unchanged, the recognised equity adjustment is maintained in the accounts. If the amount changes because the unilateral settlement was cancelled by the member company concerned, it must be treated as a unilateral settlement arising in the current period. If the asset affected by the settlement ceases to exist or is excluded from full consolidation, the elimination of internal profit/loss due to unilateral accounting must be released. The change arising from the difference of internal profit/loss recognised separately within equity will automatically be settled through the adjusted after-tax profit/loss – as a result of the allocation of the adjusted after-tax profit/loss – on opening the next year.

II.2.8 Rules for the elimination of internal profit/loss

MÁV Zrt. performs the elimination of internal profit/loss among consolidated companies if the value of the received internal performance, with respect to all the relationships of a recipient member company – in aggregate, in the given year – reaches a new acquisition cost of HUF 10 million.

When eliminating internal profit/loss, income recognised by the issuer are adjusted, against the value of the assets received, for an amount equal to the difference between the income and expenses recognised by the issuer.

MÁV Zrt. does not regard the internal profit/loss recorded at year-end as material, and immediately derecognises it against ordinary depreciation, if its amount in the year-end book value of the individual

non-current assets is less than HUF 100 thousand. The absolute value of the internal profit/loss classified as immaterial, and consequently derecognised, may not exceed at group level 0.1% of the total accumulated depreciation charge for the reporting year, and a maximum of HUF 50 million. If the aggregate internal profit/loss classified as immaterial exceeds the aforementioned threshold, the internal profit and loss with the lower absolute value is derecognised first.

The path of an asset containing a material internal profit/loss is tracked by MÁV Zrt. in the current period and in subsequent periods, and if it

- appears in the form of a new asset within the given member company, the internal profit/loss is transferred to that asset,
- cancelled or is worn out within the given member company, the internal profit/loss is released in proportion to the wear or cancellation, modifying the expense recognised by the member company,
- flows out of the given member company but remains within the group of consolidated companies, the internal profit/loss is transferred to the asset or expense of the recipient member company,
- flows out of the given member company and the recipient is not a consolidated member company, the internal profit/loss is released against the recognised expense.

The internal profit/loss apportioned to inventories originating from the group of consolidated companies is eliminated and circulated separately for each recipient member company, and within the member company in aggregate for each inventory group (materials, goods net of intermediated services, intermediated services).

The internal profit/loss not realised by the end of the period is eliminated as a consolidation adjustment. Differences in an amount equalling that of the previous year are recognised during the next consolidation process without an effect on profit/loss, as a change in equity, against the balance item *D/IX Changes due to consolidation from the elimination of internal profit/loss*.

If differences arise in an amount that differs from the previous year, the difference from the previous year is recognised in the consolidated profit and loss account.

II.2.9 Rules for the management of deferred tax expense due to consolidation

Pursuant to Section 132 of the accounting act, MÁV Zrt. recognises and releases deferred tax in consolidation if consolidated companies carry out transactions between each other with an effect on profit/loss, and as a consequence of this the consolidated pre-tax profit/loss differs from the pre-tax profit/loss recognised in the individual financial statements, and this difference is reversed within the foreseeable future.

Deferred tax is recognised only if the consolidated member company receiving internal performance incurs a corporate tax liability during the reporting year.

MÁV Zrt. bases the quantification of deferred tax on the tax rate applicable to the member company receiving the asset whose value contains internal profit/loss. If the tax rate changes, the tax effects are recalculated. The effect of recalculation is recognised with an effect on profit/loss credited or charged to the reporting year. As a result of recalculation, deferred tax is released at the tax rate applicable according to Act LXXXI of 1996 on Corporate Tax and Dividend Tax as effective in the year in which it is no longer applicable.

The deferred tax for any given period must be stated in the consolidated balance sheet at net amount; a deferred tax receivable and a deferred tax liability may not be stated at the same time.

Transactions giving rise to deferred tax are taken into account during the elimination of the internal profit/loss, whereas the effect of these transactions is not considered to be material when intragroup receivables and liabilities are eliminated, incomes and expenses are consolidated (except for differences due to unilateral settlements) because all material differences are resolved when balances are reconciled.

The elimination of internal profit/loss results in a change in deferred tax, which MÁV Zrt. – as parent company – accounts in aggregate, on the basis of the posting of internal profit/loss eliminated in the reporting year, and the posting of internal profit/loss eliminated in the reporting year and previous years and released on the basis of the changes in the reporting year.

III SPECIFIC PART

III.1 NOTES TO THE BALANCE SHEET

III.1.1 Changes in non-current assets

III.1.1.1 Movements in tangible and intangible assets

Movements in tangible and intangible assets in the reporting year are presented in the tables below.

figures in million HUF

	Item	Capitalised foundation/restr ucturing	Capitalised research and development	Concessions and similar rights	Intellectual property	Goodwill	Advances for intangible assets	Total
1.	<i>Cost, opening</i>	2	654	21 326	29 767	0	625	52 374
2.	Advances for acquisition, improvement	0	0	546	2 749	0	-129	3 166
3.	Self-produced assets	0	0	0	2 400	0	0	2 400
4.	Consolidation adjustments	0	0	18	0	0	0	18
5.	Asset received free of charge	0	0	0	0	0	0	0
6.	Takeover of projects implemented by NIF Zrt./ NISZ Zrt. For asset management	0	0	0	0	0	0	0
7.	Inventory surplus	0	0	0	0	0	0	0
8.	Assets transferred free of charge	0	0	0	0	0	0	0
9.	Contribution in kind	0	0	0	0	0	0	0
10.	Disposal	0	0	0	0	0	0	0
11.	Scrapped	0	0	-41	0	0	0	-41
12.	Missing	0	0	0	0	0	0	0
13.	Destroyed	0	0	0	0	0	0	0
14.	Foreign exchange revaluation (advance)	0	0	0	0	0	0	0
15.	Reclassified (broken down, aggregated, advances considered)	0	0	176	-165	0	-318	-307
16.	<i>Cost, closing</i>	2	654	22 025	34 751	0	178	57 610
17.	<i>Depreciation, opening</i>	2	520	15 234	20 240	0	0	35 996
18.	Ordinary charge for the year	0	0	2 398	2 354	0	0	4 752
19.	Ordinary charge for the previous year	0	0	0	0	0	0	0
20.	Extraordinary charge for the year	0	0	0	0	0	0	0
21.	Extraordinary charge for the year, reversed	0	0	0	0	0	0	0
22.	Consolidation adjustments	0	0	13	0	0	0	13
23.	Asset received free of charge	0	0	0	0	0	0	0
24.	Inventory surplus	0	0	0	0	0	0	0
25.	Assets transferred free of charge	0	0	0	0	0	0	0
26.	Contribution in kind	0	0	0	0	0	0	0
27.	Disposal	0	0	0	0	0	0	0
28.	Scrapped	0	0	-41	0	0	0	-41
29.	Missing	0	0	0	0	0	0	0
30.	Destroyed	0	0	0	0	0	0	0
31.	Reclassified (broken down, aggregated)	0	0	0	0	0	0	0
32.	<i>Depreciation, closing</i>	2	520	17 604	22 594	0	0	40 720
33.	<i>Opening balance, net</i>	0	134	6 092	9 527	0	625	16 378
34.	<i>Closing balance, net</i>	0	134	4 421	12 157	0	178	16 890

Table 11. : Movements in intangible asset

Intangible assets increased mostly as a result of the Infr and rolling stock maintenance software (INKA) and the “JÉ” application.

figures in million HUF

ITEM	Properties and related rights	Technical equipment, machinery, vehicles	Other equipment, fittings, vehicles	Breeding stock	Capital projects, improvements	Advances for capital projects	Total
1. Cost, opening	1 323 654	951 759	4 079	0	40 462	50 211	2 370 165
2. Acquisition-improvement, advances given (+)	0	0	0	0	242 440	73 125	315 565
3. Self-produced (+)	0	0	0	0	48 499	0	48 499
4. Changes in the scope of consolidation	0	76 629	23		15	0	76 667
5. Consolidation adjustments	0	-4 609	0	0	0	0	-4 609
6. Received free of charge (+)	448	0	0	0	0	0	448
7. Count surplus (+)	71	22	1	0	0	0	94
8. Taken into asset management (+)	3 441	76	0	0	0	0	3 517
9. Asset constructed by NIF Zrt./ NISZ Zrt. taken into management (+)	177 815	21 632	0	0	-199 447	0	0
10. Asset constructed by NIF Zrt./ NISZ Zrt. capitalised (+)	0	0	0	0	0	0	0
11. Increase due to asset status settlement (+)	191	0	0	0	0	0	191
12. Transferred free of charge (-)	0	-11	0	0	-91	0	-102
13. Contribution in kind (-)	0	0	0	0	0	0	0
14. Disposal (-)	-2 912	-95	-34	0	-7	0	-3 048
15. Scrapped (fully and part) (-)	-3 984	-1 641	-98	0	-3	0	-5 726
16. Missing (-)	-941	-55	-37	0	-6	0	-1 039
17. Destroyed (-)	0	0	0	0	0	0	0
18. Commissioned (+/-)	27 942	32 523	278	0	-60 743	0	0
19. Asset management right surrendered (-)	-203	0	0	0	0	0	-203
20. Decrease due to asset status settlements (-)	-4 179	0	0	0	0	0	-4 179
21. Foreign exchange revaluation (advances) (+/-)	0	0	0	0	0	0	0
22. Reclassified (broke down, combined, advances considered) (+/-)	-29	21	0	0	-122	-501	-631
23. Cost, closing	1 521 314	1 076 251	4 212	0	70 997	122 835	2 795 609
24. Depreciation, opening	518 959	554 417	3 696	0	1 307	0	1 078 379
25. Charge for the year (+)	65 591	42 348	256	0	0	0	108 195
26. Charge for the previous year (+)	0	0	0	0	0	0	0
27. Extraordinary charge for the year (+)	1 247	55	3	0	48	0	1 353
28. Extraordinary charge for the year, reversed (-)	-11	0	0	0	0	0	-11
29. Changes in the scope of consolidation	0	20 841	15	0	0	0	20 856
30. Consolidation adjustments	0	-4 609	0	0	0	0	-4 609
31. Assets received free of charge (+)	0	0	0	0	0	0	0
32. Inventory surplus (+)	0	0	0	0	0	0	0
33. Transferred free of charge (-)	0	-11	0	0	0	0	-11
34. Contribution in kind (-)	0	0	0	0	0	0	0
35. Disposal (-)	-752	-93	-34	0	0	0	-879
36. Scrapped (-)	-3 771	-1 637	-96	0	-3	0	-5 507
37. Missing (-)	-718	-48	-28	0	0	0	-794
38. Destroyed (-)	0	0	0	0	0	0	0
39. Asset management right surrendered (-)	-22	0	0	0	0	0	-22
40. Decrease due to asset status settlements (-)	-1 388	0	0	0	0	0	-1 388
41. Reclassified (broke down, combined) (+/-)	-8	8	0	0	0	0	0
42. Depreciation, closing	579 127	611 271	3 812	0	1 352	0	1 195 562
43. Net book value, opening	804 695	397 342	383	0	39 155	50 211	1 291 786
44. Net book value, closing	942 187	464 980	400	0	69 645	122 835	1 600 047

Table 12. : Movements in tangible assets

The ownership status of certain MÁV Group properties has been unresolved between the Group and its Founder since MÁV Group’s foundation. Further to the amendment of the public property act of 28 June 2013, the settlement of properties is not likely to cause any loss to MÁV Group.

Tangible assets totalling HUF 199,447 million constructed as part of capital projects conducted by NIF Zrt. were taken over in legal and financial terms in 2020. Based on the information received from NIF Zrt., the gross value of assets technically handed over by NIF Zrt. but not yet taken over legally or financially by the Company totalled HUF 195,386 million at 31 December 2020. Further to the public property act, NIF Zrt has six months from the technical hand-over date to prepare a settlement statement of the constructed assets, which will be the basis of the legal and financial take-over of the assets in the financial year of 2021.

The cost of tangible assets increased by the value of 17 IC+ cars commissioned in 2020, the renovation of railcars and improvements in progress on self-produced IC+ cars. Most of the advances for capital projects relate to major subsidised vehicle acquisitions.

The inclusion of VOLÁN Buszpark Kft. as a fully consolidated entity was another significant increasing factor affecting tangible assets.

III.1.1.2 Managed state-owned assets

Within MÁV Group, only MÁV Zrt. has state-owned assets.

Tangible assets owned by the state and managed by the Company are carried separately in MÁV Zrt.'s books.

The accumulated values of managed state-owned tangible assets and the related liabilities are presented in the tables below.

figures in million HUF

Item	2019	2020	Change
Intangible assets	1 334	886	-448
Land	24 356	24 553	197
Building	45 919	53 217	7 298
Structures	666 925	800 755	133 830
Property rights	301	256	-45
Machinery, equipment, vehicles	101 823	111 161	9 338
Managed assets in the course of construction	17 943	30 517	12 574
Managed state-owned tangible assets, total:	858 602	1 021 345	162 743
Managed state-owned tangible assets	1 995	2 247	252
Managed state-owned finished products and work in progress	246	172	-74
Managed state-owned inventories, total:	2 241	2 419	178
Managed state-owned assets, total:	860 843	1 023 764	162 921
Opening long-term liabilities upon signing the asset management agreement at 30 September 2001:	275 578	275 578	0
Assets constructed by NIF/NISZ Zrt. Taken into asset management	639 402	838 849	199 447
<i>of which - from governmental and EU funds</i>	<i>636 918</i>	<i>836 315</i>	<i>199 397</i>
- <i>from own funds</i>	<i>1 645</i>	<i>1 645</i>	<i>0</i>
- <i>from other (municipal) funds</i>	<i>299</i>	<i>299</i>	<i>0</i>
- <i>from NIF/NISZ Zrt. Funds</i>	<i>540</i>	<i>590</i>	<i>50</i>
Taken into asset management	15 663	19 179	3 516
Taken into asset management due to status settlement	56 946	56 946	0
Improvement, renovation from renovation reimbursement	156 103	179 865	23 762
Improvement, renovation from other governmental/municipal/EU funds	185 523	201 995	16 472
Acquired from own funds	153 737	153 737	0
<i>of which: related to the previous year</i>			0
Capital projects funded by third parties	7 535	7 535	0
Surplus state-owned assets	2 129	2 179	50
Managed state-owned inventories used for managed state-owned tangible assets	1 724	1 867	143
Funds of managed state-owned tangible assets, total:	1 218 761	1 462 151	243 390
Increase in recuperated materials	4 972	5 401	429
Funds of managed state-owned inventories, total:	4 972	5 401	429
Funds the increase in managed state-owned assets, total:	1 223 733	1 467 552	243 819
Ordinary depreciation	522 674	601 675	79 001
Extraordinary depreciation charged and reversed	74 079	75 174	1 095
Disposal	57	57	0
Scrapping	17 678	17 903	225
Missing	2 457	2 603	146
Destroyed	4	4	0
Contributed free of charge	1 656	1 656	0
Net value of state-owned assets contributed to MÁV Zrt.	1 819	1 819	0
Status settlement of managed state-owned land	8 970	8 970	0
Redeemed asset management rights	6 341	6 523	182
Funds of the decrease in managed state-owned tangible assets, total:	635 736	716 385	80 649
Managed state-owned inventories, used	1 809	1 947	138
Managed state-owned inventories, disposed of	678	768	90
Managed state-owned inventories, scrapped	71	74	3
Managed state-owned inventories, impaired	175	193	18
Funds of the decrease in managed state-owned inventories, total:	2 733	2 982	249
Funds of the decrease in managed state-owned assets, total:	638 469	719 367	80 898
Funds of managed state-owned assets, total:	860 843	1 023 764	162 921

Table 13: Managed state-owned assets and their funds presented in the balance sheet

Movements in managed state-owned assets in the reporting year and in the basis year is presented in detail in the table below:

figures in million HUF

Changes in managed state-owned assets	2019	2020	Change
Managed state-owned assets, net, opening	892 008	860 843	-31 165
Assets constructed by NIF/NISZ Zrt. Taken into management	0	199 447	199 447
of which - from governmental and EU funds	0	199 397	199 397
- from NIF Zrt. Funds	0	50	50
Improvement, renovation from renovation reimbursement from state treasury funds	22 090	23 762	1 672
Taken into other asset management	574	3 516	2 942
Managed state-owned assets acquired from government funds	3 985	16 472	12 487
Treasury development/improvement project financed from third party funds	19	0	-19
Recuperated (state) materials used for managed assets	52	143	91
Managed state-owned assets surplus	39	50	11
Increase in managed state-owned inventories	26 759	243 390	216 631
Increase in recuperated materials	305	429	124
Increase in managed-state owned inventories	305	429	124
Increase in managed-state owned assets, total	27 064	243 819	216 755
Ordinary depreciation charge	-54 774	-79 001	-24 227
Extraordinary depreciation charged and reversed	-3 017	-1 095	1 922
Scrapped	-31	-225	-194
Missing, destroyed	-4	-146	-142
Asset management rights redeemed	-9	-182	-173
Decrease in managed state-owned tangible assets, total	-57 835	-80 649	-22 814
Recuperated (state) materials used	-7	-138	-131
Recuperated (state) materials disposed of	-387	-90	297
Recuperated (state) materials scrapped	0	-3	-3
Recuperated (state) materials impaired	0	-18	-18
Decrease in managed state-owned inventories, total	-394	-249	145
Decrease in managed state-owned assets, total	-58 230	-80 898	-22 668
Managed state-owned assets, net, closing	860 843	1 023 764	162 921

Table 14: Movements in managed state-owned assets in 2020 and 2019

Subsidies related to capital projects and managed state-owned assets are shown in the following table:

figures in million HUF

Use of subsidies received for the renovation and improvement of managed state-owned assets			
Subsidy	2019	2020	Change
Use of renovation reimbursement in relation to managed state owned assets	21 221	24 198	2 977
of which - Renewal of assets	20 996	23 327	2 331
Advances for assets	160	850	690
Value adding improvement on inventories	64	20	-44
Use of remaining reimbursement	1 546	-3	-1 549
IKOP grant "MÁV Zrt. Traffic safety projects". (IKOP, local percentage 15%)	169	-7	-176
IKOP grant "MÁV Zrt. Station improvement and integrated customer service development at 26 locations" (IKOP, local percentage 15%)	23	0	-23
Keleti railway station reconstruction preparation Gov. -15%	0	-6	-6
Nyugati railway station reconstruction preparation Gov. -15%	4	1	-3
Soroksár track adjusment SG370001 (100% Gov)	985	3	-982
Kisköre road and rail bridge (Tisza-híd) renovation ZE170001	20	0	-20
Kenderes reception building renovation ZV370027	471	0	-471
"MÁV Zrt station improvement and integrated customer service development at 26 locations "(CKTM, KAB funtion 100%)	10	0	-10
Budapest-Belgrade Archeology ZL680004	73	92	19
Light railways ZV560001	307	169	-138
Budapest-Belgrade independent engineer ZL680002	458	204	-254
TEB projects ZV980003	232	190	-42
Kalocsa level crossing 38188-4	19	0	-19
PAKS 2. ZV990001	2 674	2 113	-561
Budapest-Belgrade construction local percentage 15% Z1000303	0	73 545	73 545
Light railways Stage II Z1000408	0	206	206
Budapest-Belgrade NoBo/DeBo (Other activity) Z1000302	0	175	175
Government subsidies used, total	28 218	100 890	72 672
IKOP grant "MÁV Zrt Traffic safety projects" (IKOP, KA 85%)	955	-39	-994
IKOP grant "MÁV Zrt station improvement and integrated customer service development at 26 locations" (IKOP, KA 85%)	128	0	-128
Keleti railway station reconstruction preparation EU-85%	0	-34	-34
Nyugati railway station reconstruction preparation EU-85%	20	6	-14
Kaposvár, junction development, EU funds 88%	57	58	1
EU funds used, total	1 160	-9	-1 169
Use of subsidies received for the renovation and improvement of managed state-owned assets	29 378	100 882	71 504

Table 15: Use of development subsidies related to managed state-owned assets

III.1.1.3 MÁV Group's investments

The balance sheet value of equity consolidated companies and the gross value of the companies presented at book value in the balance sheet of MÁV Group, and recognised accumulated impairment loss are presented in the following tables.

figures in million HUF

Equity consolidated entities (treated as associates)				
Code	Company	Value in the financial statements		Change
		2019	2020	
15	MÁV NOSZTALGIA Kft.	101	1	-100
27	Dunakeszi Járműjavító Kft.	888	0	-888
37	VAMAV Kft.	2 049	1 617	-432
38	EURO-METALL Kft.	407	453	46
116	MÁV-THERMIT Kft	57	0	-57
142	MÁV MULTISZOLG Kft.	23	23	0
193	Kínai-Magyar Vasúti Nonprofit Zrt.	1 090	1 771	681
Total:		4 615	3 865	-750

Table 16: Equity consolidated entities

The value of equity consolidated companies decreased by HUF 750 million compared to the previous year.

Of the profit or loss realised by the companies in the reporting year, the balance of the loss and profit apportioned to MÁV Group reduced the value of investments by HUF 1,000 million, while the recognition as profit or loss of the differences between changes in the companies' initial and final equity available during the consolidation increased it by HUF 20 million.

The elimination of dividends received for the previous year but recognised by MÁV Zrt. in the reporting year reduced the balance sheet value of investments by HUF 1,125 million.

The balance sheet value of equity consolidated companies was increased by a HUF 2,300 million capital increase via share premium in Kínai-Magyar Vasúti Nonprofit Zrt.

Decreasing factors included the disposal of our investment in Dunakeszi Járműjavító Kft. for HUF 888 million and the reclassification of MÁV-THERMIT Kft. „v.a.” to entities recorded at book value (HUF 57 million) as a result of the launched liquidation voluntary proceedings.

figures in million HUF

Related parties and significant investments presented in the consolidated financial statements at book value								
Code	Company	2019			2020			Change (BV)
		Cost	Accumul. Impairment	BV	Cost	Accumul. Impairment	BV	
22	MÁV VASJÁRMŰ Kft. (f.a.)	158	158	0	0	0	0	0
116	MÁV-THERMIT Kft. "v.a."	0	0	0	48	24	24	24
165	MÁV-REC Kft.	50	0	50	50	0	50	0
191	TS-MÁV Gépészet Services Kft.	0	0	0	0	0	0	0
Total:		208	158	50	98	24	74	24

Table 17: Related parties and significant investments presented in the consolidated financial statements at book value

The balance sheet value of related parties and significant investments presented in the consolidated financial statements at book value increased by HUF 24 million as a result of the reclassification of MÁV-THERMIT Kft. "v.a." (under liquidation) from equity consolidated entities.

figures in million HUF

Other investments								
Code	Company	2019			2020			Change (BV)
		Cost	Accumul. Impairment	BV	Cost	Accumul. Impairment	BV	
22	MÁV VASJÁRMŰ Kft. "f.a."	0	0	0	158	158	0	0
120	Vasútegészségügyi NK Kft.	100	0	100	100	0	100	0
128	EUROFIMA	2 407	0	2 407	2 669	0	2 669	262
147	BCC	1	0	1	1	0	1	0
169	HIT Rail b.v.	72	0	72	79	0	79	7
204	Univerzál Beszerző Kft.	0	0	0	3	0	3	3
Total:		2 580	0	2 580	3 010	158	2 852	272

Table 18: Other investments

The year-end revaluation of investments in foreign exchange increased the balance sheet value of other investments by HUF 269 million and by HUF 3 million in respect to VOLÁN Buszpark Kft's quota held in Univerzál Beszerző Kft.

III.1.1.4 Other long-term loans and impairment of long-term debt securities

figures in million HUF

Item	Impairment loss				Closing
	Opening	Recognised in the reporting year	Reversed in the reporting year	Other decrease in the reporting year	
Long-term loans to related parties	0	0	0	0	0
Long-term loans granted to significant related parties	0	0	0	0	0
Long-term loans granted to other related parties	0	0	0	0	0
Other long-term loans granted	552	0	36	0	516
Long-term debt securities	0	0	0	0	0
Total:	552	0	36	0	516

Table 19: Impairment of long-term loans and long-term debt securities

III.1.1.5 Goodwill arising on full consolidation

MÁV Group's consolidated financial statements do not show any goodwill arising on full consolidation.

III.1.1.6 Negative goodwill arising on full consolidation

figures in million HUF

Company		Negative goodwill				
Code	Name	Opening	Change			Closing
			from shares purchased	from shares sold	due to merger due to change in scope	
20	MÁV VAGON Kft.	2	0	0	0	2
101	MÁV FKG Kft.	5	0	0	0	5
138	MÁV Szolgáltató Központ Zrt.	3	0	0	0	3
180	MÁV-START Zrt.	90	0	0	0	90
197	VOLÁN Buszpark Kft.	0	0	0	6 522	6 522
Total:		100	0	0	6 522	6 622

Table 20. : Negative goodwill arising on full consolidation

III.1.1.7 Goodwill arising on equity consolidation

MÁV Group's consolidated financial statements do not show any goodwill related to equity consolidated companies (associates).

III.1.1.8 Negative goodwill arising on equity consolidation

figures in million HUF

Company		Negative goodwill					
Code	Name	Opening	Change			Closing	
			from shares purchased	froms shares sold	due to merger		due to change in scope
27	Dunakeszi Járműjavító Kft.	13	0	-13	0	0	0
37	VAMAV Kft.	111	0	0	0	0	111
38	EURO-METALL Kft.	121	0	0	0	0	121
116	MÁV-THERMIT Kft.	13	0	0	0	-13	0
Total:		258	0	-13	0	-13	232

Table 21: Negative goodwill arising on equity consolidation

III.1.2 Inventories and impairment loss

Changes in inventories and in the impairment loss recognised in the reporting year are summarised below:

figures in million HUF

Inventory	Materials	Work in progress	Livestock	Finished products	Goods	Advances for inventories	Total
Inventories, opening, gross	36 425	4 842	0	3 258	1 263	1 722	47 510
Purchase, advances given	84 364	0	0	0	12 202	229	96 795
Received free of charge	50	0	0	0	0	0	50
Contribution in kind	0	0	0	0	0	0	0
Reclassified	0	0	0	0	0	0	0
Taken on inventory	0	8 379	0	202 562	0	0	210 941
Surplus	30	0	0	0	1	0	31
Other increase	424	0	0	162	7	34	627
Use (expensed)	-75 384	-7 141	0	-197 394	-4	-1 246	-281 169
Reclassified, advance considered	0	0	0	0	0	0	0
Disposal	-1 982	-131	0	-700	-12 006	0	-14 819
Transferred free of charge	0	0	0	0	-6	0	-6
Contributed	0	0	0	0	0	0	0
Scrapped	-88	0	0	0	-33	0	-121
Missing	-30	0	0	0	-2	0	-32
Other decrease	-144	0	0	-3 602	-5	-2	-3 753
Inventories, closing, gross	43 665	5 949	0	4 286	1 417	737	56 054
Impairment, opening	1 480	0	0	120	24	0	1 624
Impairment loss for the year	866	0	0	37	37	0	940
Written off due to inventory decrease	-27	0	0	0	0	0	-27
Impairment reversed	-267	0	0	-30	0	0	-297
Other changes	0	0	0	0	0	0	0
Impairment, closing	2 052	0	0	127	61	0	2 240
Opening, net	34 945	4 842	0	3 138	1 239	1 722	45 886
Closing, net	41 613	5 949	0	4 159	1 356	737	53 814

Table 22: Inventories and impairment loss

III.1.3 Receivables and impairment loss

Receivables and impairment loss recognised in the reporting year are summarised below:

figures in million HUF

Item	Receivables, gross	Impairment loss, receivables						BV of receivables in 2020	BV of receivables in 2019	Changes in book values
		Opening	Impairment loss in 2020	Impairment loss reversed	Bad debts collected	Other written off impairment loss	Closing			
<i>Trade receivables (debtors)</i>	15 594	2 834	269	-14	-151	-154	2 784	12 810	8 986	3 824
<i>Receivables from related parties:</i>	640	12	10	0	-12	0	10	504	189	315
of which: from fully consolidated subsidiaries	0	0	0	0	0	0	0	0		0
of which: from not fully consolidated subsidiaries	472	12	10	0	-12	0	10	462	155	307
of which: from companies under common control	42	0	0	0	0	0	0	42	34	8
<i>Receivables from significant related parties</i>	126	31	0	0	0	0	31	95	268	-173
<i>Receivables from other related parties</i>	31	0	0	0	0	0	0	31	23	8
<i>Bills of exchange receivables</i>	0	0	0	0	0	0	0	0	0	0
<i>Other receivables</i>	15 056	870	56	-1	-11	-56	858	14 198	66 717	-52 519
<i>Corporate tax asset (calculated) arising on consolidation</i>	24	0	0	0	0	0	0	24	19	5
Receivables, total:	31 471	3 747	335	-15	-174	-210	3 683	27 662	76 202	-48 540

Table 23: Receivables and impairment loss

III.1.4 Prepaid expenses and accrued income

figures in million HUF			
Item	2019	2020	Change
Accrued income			
RIC car rent	886	1 124	238
Accrued sales revenues	1 701	1 771	70
Accrued interest	0	12	12
Unsettled merchandise accounts with Dt balance	0	0	0
Late payment interest, penalties, damages	28	18	-10
Accrued other income	23	32	9
Accrued income, total	2 638	2 957	319
Prepaid expenses			
Prepaid insurance premium	379	446	67
Other prepaid costs and expenses	1 071	1 251	180
Prepaid expenses, total:	1 450	1 697	247
Deferred expenses			
Deferred unrealised foreign exchange loss	2 708	1 982	-726
Deferred expenses, total:	2 708	1 982	-726
Total:	6 796	6 636	-160

Table 24: Prepaid expenses and accrued income

The decrease in deferred unrealised foreign exchange losses was due to a reduced loan portfolio.

III.1.5 Equity

Movements in the Group's equity components are shown by category in the table below:

figures in million HUF

Item	Issued capital	Issued capital not paid (-)	Capital reserve	Retained earnings/losses	Non-distributable reserves	Adjusted net profit after tax	Changes in the equity of subsidiaries	Changes arising on consolidation		Changes in value of investments in associate	Third party interest	Total
								Debt consolidation gain or loss	Internal profit or loss differences			
<i>Equity in 2019</i>	25 000	0	158 359	49 612	1 373	12 379	16 186	41	-20 208	2 316	0	245 058
Adjusted net profit after tax for 2019				10 778		-12 379	3 117	41	-2 009	452		0
Capital injection	11 000	-9 763	11 243									12 480
Changes in the scope of consolidation							-2				201	199
Asset status settlement			-1 873									-1 873
Development reserve made				-811	811							0
Development reserve released				156	-156							0
Non-distributable reserve unrealised FX loss, released				246	-246							0
Adjustment to the value of associates w/o P&L effect										-33		-33
Adjusted net profit after tax for 2020						17 291						17 291
<i>Equity in 2020</i>	36 000	-9 763	167 729	59 981	1 782	17 291	19 301	82	-22 217	2 735	201	273 122

Table 25: Movements in equity components

Movements in the Group's non-distributable reserves are presented in the table below.

figures in million HUF

Non-distributable reserve	Opening	Increase due to changes in consolidation scope	Prior year adjustments	Released in 2020	Made in 2020	Closing
Difference between deferred expenses and provisions made for unrealised FX gains/losses on foreign exchange loans	816	0	0	246	0	570
Capitalised R&D not yet written off	134	0	0	0	0	134
Development reserve	423	0	0	156	811	1 078
<i>Total:</i>	1 373	0	0	402	811	1 782

Table 26: Non-distributable reserves

III.1.6 Provisions made and released

III.1.6.1 Provision for expected liabilities

figures in million HUF

Provision for expected liabilities	Opening	Adjustment due to changes in consolidation scope	Released in 2020	Made in 2020	Closing
Environmental provision	8 055	0	433	435	8 057
Annuity provision	6 255	0	551	641	6 345
Provision for litigations	1 402	372	209	475	2 040
Provision for employment termination payments	1 365	0	1 304	1 398	1 459
Provision for bonuses payable	1 027	0	985	1 124	1 166
Provision for damages	728	0	170	191	749
Provision for uniforms	638	0	361	251	528
Provision for contractual guarantee obligations	121	0	121	162	162
Provision for late payment interest liabilities	127	0	127	75	75
Other provisions	174	0	145	0	29
Provision for EU penalties	3	0	3	0	0
Total:	19 895	372	4 409	4 752	20 610

Table 27: Provisions for expected liabilities

The increase was due to the inclusion of VOLÁN Buszpark Kft. into consolidation as a fully consolidated entity.

III.1.6.2 Provisions for future expenses

figures in million HUF

Provisions for future expenses	Opening	Released in 2020	Made in 2020	Closing
Provision for priority maintenance costs (overhauls)	8 004	1 286	0	6 718
Provision for FLIRT train maintenance costs	2 953	0	1 147	4 100
Provision for TRAXX locomotives maintenance costs	1 597	0	223	1 820
Provision for other maintenance costs	548	107	31	472
Provision for demolition costs	148	38	0	110
Total:	13 250	1 431	1 401	13 220

Table 28: Provisions for future expenses

III.1.6.3 Other provisions

figures in million HUF

Other provision	Opening	Released in 2020	Made in 2020	Closing
Provision for the FX losses on foreign exchange development and improvement loans	1 893	670	189	1 412
Total:	1 893	670	189	1 412

Table 29: Other provisions

III.1.7 Liabilities

III.1.7.1 Liabilities related to managed state-owned assets

figures in million HUF

Liabilities related to managed state-owned assets	2019	2020	Change
Long-term liabilities related to managed state-owned assets	860 843	1 023 764	162 921
Replenishment obligation	0	0	0
Long-term liabilities related to managed state-owned assets, total	860 843	1 023 764	162 921
Balance of settlements with the Hungarian State Treasury related to capital projects	15	60 328	60 313
<i>of which: - performances involving subsidies in the reporting year</i>	-4 004	-16 472	-12 468
<i>- subsidised performance paid on the reporting year</i>	6 611	76 785	70 174
Liabilities from subsidies funded by the beneficiaries	1 599	34 024	32 425
Subsidy agreements with Cr balance, reclassified	2 130	932	-1 198
Year-end revaluation of FX items	0	-2 422	-2 422
Recuperated materials used	57	73	16
Current liabilities related to managed state-owned assets, total	3 801	92 935	89 134
Liabilities related to managed state-owned assets, total	864 644	1 116 699	252 055

Table 30: Liabilities related to managed state-owned assets

Liabilities related to the decrease in state-owned assets are detailed in the following table:

figures in million HUF

Replenishment obligation recognised since the amendment of the amendment of the Act on State Property (28 June 2013)	2019	2020	Change
Replenishment obligation, opening	27 088	0	-27 088
Ordinary depreciation charge	0	0	0
Extraordinary depreciation	0	0	0
Self-funded improvement on managed state-owned assets (-)	0	0	0
Contribution in kind	-27 088	0	27 088
Replenishment obligation recognised after the amendment of the Act on State Property in accordance with the rules effective before 28 June 2013	-27 088	0	27 088
Ordinary depreciation charge	54 774	79 001	24 227
Extraordinary depreciation	3 017	1 095	-1 922
<i>- Capital projects and tangible assets from scrapping</i>	3 017	1 058	-1 959
<i>- Extraordinary depreciation of capital projects related to managed state-owned assets</i>	0	37	37
Missing managed state-owned assets, net	4	146	142
Scrapped managed state-owned assets written off, net	31	225	194
Materials recuperated from scrapped managed state-owned assets (-)	-243	-404	-161
Forgiven replenishment obligation (-)	-57 583	-80 063	-22 480
Replenishment obligation recognised after the amendment of the railways Act on State Property in accordance with the rules effective after 27 June 2013	0	0	0
Replenishment obligation, closing	0	0	0
Recuperated managed state-owned materials used for maintenance, restoration	0	0	0
Liabilities related to decrease in managed state-owned assets, total	0	0	0

Table 31: Liabilities related to the decrease in state-owned assets

III.1.7.2 MÁV Group's subordinated liabilities

MÁV Group's subordinated liabilities include only the negative goodwill in accordance with Appendix 6 to the accounting act. For details see section II.1.1.6.

III.1.7.3 MÁV Group's long-term loans

The Group's long-term loans and borrowings, and the repayment schedules, are presented in the tables below.

Loan	Start date	Matures on	State guarantee (government decision No.)	Currency	Total facility (millions, original currency)	Outstanding facility	
						Currency thousands	HUF millions
Development loans							
Raiffeisen Bank Zrt. (+30 Flirt units)	2007.09.25	2021.11.28	-	EUR	142	10 910	3 983
KFW (TRAXX)	2009.12.03	2024.05.15	-	EUR	41	11 603	4 236
EIB (TRAXX)	2009.12.03	2024.05.15	-	EUR	38	10 710	3 911
MFB	2009.10.27	2024.09.30	-	HUF	2 800	-	742
UniCredit - MFB loan	2008.09.10	2023.12.31	-	HUF	2 376	-	467
K&H Bank Zrt	2019.06.20	2031.06.30	-	HUF	10 000	-	9 265
CIB - G1A-080562	2019.06.19	2031.06.30	-	HUF	7 500	-	4 282
Raiffeisen - K-41/2019	2019.06.19	2031.06.30	-	HUF	6 000	-	4 258
OTP - 1-1-19-9400-0291-9	2019.06.18	2031.06.30	-	HUF	9 500	-	1 323
Development loan -2923/2020/FKG	2020.04.30	2037.07.31	-	HUF	3 000	-	832
Development loan - 2926/2020/FKG	2020.04.30	2037.07.31	-	HUF	1 300	-	350
Development loan - 2879/2020/FKG	2020.04.30	2037.07.31	-	HUF	1 800	-	489
Development loan - 2880/2020/FKG	2020.04.30	2037.07.31	-	HUF	3 400	-	946
Total:							35 084
Operating and other loans							
MKB	2018.12.13	2028.12.12	-	HUF	6 848	-	5 478
Total:							5 478
Grand total:							40 562

Table 32: The Group's long-term loans and borrowings

Of development loans shown in the table, HUF 8,685 million is presented among operating and other loans and HUF 685 million is presented among short-term loans in the balance sheet.

figures in million HUF

Loan	2021	2022	2023	2024	2025 and beyond	Total
Development loans						
Raiffeisen Bank Zrt. (+30 Flirt units)	3 983	0	0	0	0	3 983
KFW (TRAXX)	1 210	1 210	1 210	606	0	4 236
EIB (TRAXX)	1 117	1 117	1 117	560	0	3 911
MFB	196	196	196	154	0	742
UniCredit - MFB loan	156	156	155	0	0	467
K&H Bank Zrt	999	999	999	999	5 268	9 265
CIB - G1A-080562	447	447	447	447	2 494	4 282
Raiffeisen - K-41/2019	444	444	444	444	2 483	4 258
OTP - 1-1-19-9400-0291-9	133	133	133	133	791	1 323
Development loan -2923/2020/FKG	0	28	55	55	694	832
Development loan - 2926/2020/FKG	0	12	23	23	292	350
Development loan - 2879/2020/FKG	0	16	33	33	407	489
Development loan - 2880/2020/FKG	0	63	63	63	757	946
Total:	8 685	4 821	4 875	3 517	13 187	35 084
Operating and other loans						
MKB	685	685	685	685	2 738	5 478
Total:	685	685	685	685	2 738	5 478
Grand total:	9 370	5 506	5 560	4 202	15 925	40 562

Table 33: Repayment schedule of the Group's long-term loans and borrowings

III.1.7.4 Leasing liabilities

The Group's leasing liabilities and repayment schedules are presented below:

Leasing	Start date	Matures on	State guarantee (government decision No.)	Currency	Total facility (millions, original currency)	Outstanding facility	
						Currency Thousands	Million HUF
Development loans							
Merkantil_31 TED 2018/S 041-089378	2018.06.04	2024.10.08		HUF	2 292		1 510
Merkantil_50 TED 2018/S 121-276017	2018.09.27	2029.04.10		HUF	3 087		2 626
MKB_30 per bus	2018.01.18	2024.02.22		HUF	1 895		1 004
KHB_43 2019000003-GG	2019.01.16	2029.05.28		HUF	2 888		2 476
KHB_20 2017000682-GG	2017.08.04	2024.01.01		HUF	1 403		758
BL_S60 LP1F20/120608	2020.04.07	2029.04.17		HUF	2 662		2 465
BL_25 LP1F19/120097	2019.01.16	2029.03.25		HUF	1 392		1 183
BL_60+40 LP1F16/122197	2016.12.13	2023.02.24		HUF	6 205		2 392
BL_28+72 LP1F18/120141	2018.01.25	2024.04.03		HUF	5 631		3 275
BL_20+80 LP1F17/121542	2017.08.03	2023.09.21		HUF	6 255		3 030
BL_120 LP1F18/122056	2018.10.04	2028.12.12		HUF	6 788		5 617
FHB_138 per bus	2017.01.18	2021.02.15		HUF	2 759		134
FHB_10 399/00139/2017	2017.06.06	2023.06.15		HUF	799		364
FHB_8 399/00182/2017	2017.07.25	2027.08.15		HUF	367		265
Total:							27 099

Table 34: The Group's financial leasing liabilities

figures in million HUF

Leasing	2021	2022	2023	2024	2025 and beyond	Total
Financial lease liabilities						
Merkantil_31 TED 2018/S 041-089378	376	388	401	345	0	1 510
Merkantil_50 TED 2018/S 121-276017	283	291	300	308	1 443	2 626
MKB_30 per bus	306	316	327	55	0	1 004
KHB_43 2019000003-GG	265	272	280	288	1 370	2 476
KHB_20 2017000682-GG	236	245	255	22	0	758
BL_S60 LP1F20/120608	296	296	296	296	1 282	2 465
BL_25 LP1F19/120097	123	129	134	139	658	1 183
BL_60+40 LP1F16/122197	1 078	1 122	191	0	0	2 392
BL_28+72 LP1F18/120141	937	975	1 015	347	0	3 275
BL_20+80 LP1F17/121542	1 064	1 107	860	0	0	3 030
BL_120 LP1F18/122056	608	633	659	685	3 033	5 617
FHB_138 per bus	134	0	0	0	0	134
FHB_10 399/00139/2017	139	147	77	0	0	364
FHB_8 399/00182/2017	34	36	38	40	118	265
Total:	5 879	5 958	4 832	2 526	7 904	27 099

Table 35: Repayment schedule of the Group's financial leasing liabilities

III.1.8 Accrued expenses and deferred income

figures in million HUF			
Item	2019	2020	Change
Prepaid income			
INVITEL Kft. prepaid other income	6 973	6 718	-255
Pre-billed income	497	450	-47
Prepaid other income	384	516	132
<i>Prepaid income</i>	<i>7 854</i>	<i>7 684</i>	<i>-170</i>
Accrued expenses			
RIC car rent	795	260	-535
Unbilled expenses	4 231	4 253	22
Traction expenses	0	778	778
Payment to personnel	551	4 203	3 652
Interest	48	88	40
Unsettled merchandise accounts with Cr balance	0	0	0
Late payment interest, penalties, damages	0	5	5
Other accrued expenses	394	649	255
<i>Accrued expenses</i>	<i>6 019</i>	<i>10 236</i>	<i>4 217</i>
Deferred income			
Deferred development subsidies	126 882	133 319	6 437
Tangible assets surplus	758	587	-171
Tangible assets received free of charge (as a gift)	811	1 117	306
Other deferred income related to tangible assets	6 380	669	-5 711
<i>Deferred income</i>	<i>134 831</i>	<i>135 692</i>	<i>861</i>
Total	148 704	153 612	4 908

Table 36: Accrued expenses and deferred income

III.1.9 Off-balance sheet liabilities

III.1.9.1 Disbursement and repayment schedules of facilities undrawn at the balance sheet date

figures in million HUF

Loan	2021	2022	2023	2024	2025 and beyond	Total
Development loan -2923/2020/FKG	1 689	282				1 971
Development loan - 2926/2020/FKG	710	118				828
Development loan - 2879/2020/FKG	992	165				1 157
Development loan - 2880/2020/FKG	1 267	898				2 165
Total:	4 658	1 463	0	0	0	6 121

Table 37: Disbursement schedule of loan facilities based on loan agreements signed by the end of the reporting year (loans undrawn at the balance sheet date)

figures in million HUF

Loan	2021	2022	2023	2024	2025 and beyond	Total
Development loan -2923/2020/FKG		66	132	132	1 641	1 971
Development loan - 2926/2020/FKG		28	55	55	690	828
Development loan - 2879/2020/FKG		38	77	77	965	1 157
Development loan - 2880/2020/FKG		95	148	148	1 774	2 165
Total:	0	227	412	412	5 070	6 121

Table 38: Repayment schedule of loan facilities based on loan agreements signed by the end of the reporting year (loans undrawn at the balance sheet date)

III.1.9.2 Hedging transactions

Financial market risk is an integral part of MÁV Zrt's business. We try to mitigate such risks by making hedging contracts where market rates and planned rates permit.

An EUR 1.7 million future contract was made to hedge the foreign exchange deficit. In 2020, no hedging contract was made by MÁV Group for the exposures from interest rate and commodity (e.g. gasoline) price fluctuations.

No contract affecting 2021 was made.

III.1.9.3 Joint and several liability and guarantee contracts

MÁV Group's guarantee contracts in effect as at 31 December 2020 are shown in the table below.

Beneficiary company	Guarantee type	Contractor	Guarantee starts	Guarantee ends	Amount in EUR	Amount in mHUF
Bank guarantee						
Ministry for Innovation and Technology	payment bank guarantee	KDB Bank Zrt.	2014.01.01	2020.12.31	-	1 100
Ministry for Innovation and Technology	Accidental damage	KDB Bank Europa Zrt.	2021.01.01	2021.12.31	-	1 000
Ministry for Innovation and Technology	payment bank guarantee	OTP Bank Nyrt.	2020.01.01	2020.12.31	-	1 000
National Tax Authority	excise security	OTP Bank Nyrt.	2021.01.01	2021.12.31	-	300
Ministry for Innovation and Technology	payment bank guarantee	KDB Bank Zrt.	2013.01.01	2020.12.31	-	150
National Tax Authority SZ-SZ-B County Tax and Customs Directorate	Endorsement of joint and several liability for goods under customs clearance	K&H Bank Zrt.	2017.03.20	2022.05.01	-	40
National Tax Authority SZ-SZ-B County Tax and Customs Directorate	Activity based customs bond	K&H Bank Zrt.	2011.03.18	2022.03.16	-	10
Ministry for Innovation and Technology	payment bank guarantee	KDB Bank Zrt.	2011.07.01	2020.12.31	-	10
Metropolitan Government Office for Budapest	payment bank guarantee	KDB Bank Zrt.	2010.10.26	2021.06.30	-	8
Ministry for Innovation and Technology	payment bank guarantee	KDB Bank Zrt.	2013.01.01	2020.12.31	-	5
Bank guarantees, total					0	3 623
Performance bonds						
Slovenian Railways	Performance bond	K&H Bank Zrt.	2020.07.17	2023.08.30	89 629	33
Slovenian Railways	Performance bond	K&H Bank Zrt.	2017.07.31	2021.01.10	70 075	25
Good performance guarantees, total:					159 704	58
Guarantees, total:					159 704	3 681

Table 39: Guarantee contracts in effect at the balance sheet date

III.1.9.4 Lien and other off-balance sheet liabilities

Loan	Outstanding facility at 31 Dec 2020 (mHUF)	Collateral
EIB (TRAXX)	3 911	Rolling stock
KfW (TRAXX)	4 236	Rolling stock
UniCredit	467	Rolling stock
MFB	742	Rolling stock
MKB	5 478	Rolling stock
Raiffeisen Bank Zrt Konzorcium (+30 Flirt units)	3 983	30 Flirt motor trains
K&H Bank Zrt	9 265	Buses
CIB - G1A-080562	4 282	Buses
Raiffeisen - K-41/2019	4 258	Buses
OTP - 1-1-19-9400-0291-9	1 323	Buses
Total:	37 945	

Table 40: Loans secured by lien

The EIB and KfW loans related to the purchase of the 25 TRAXX engines are also secured by lien on the subject matter TRAXX engines. The MKB refinancing loan is secured by lien on 20 IC+ passenger cars.

Based on a loan agreement with Raiffeisen Bank, 30 FLIRT motorcars to be acquired were encumbered with lien. The lien will also include all the ETCS equipment owned and to be installed by MÁV-START Zrt. on the railcars owned by MÁV Zrt.

MÁV Zrt. issued a parent company comfort letter to Kreditanstalt für Wiederaufbau and to the European Investment Bank as the funders of 25 TRAXX engines for MÁV-TRAKCIÓ Zrt. (merged into MÁV-START Zrt. as of 1 January 2014).

MÁV Zrt. is responsible for 0.7% (CHF 18.2 million) of EUROFIMA's share capital, of which CHF 14.56 million (80% of the share capital) is issued but not paid capital. Further to EUROFIMA's articles of association, share capital becomes payable upon a decision to this effect by EUROFIMA's Board of Directors. However, no such payment has yet been demanded by EUROFIMA.

Further to section 26 of EUROFIMA's articles of association, MÁV Zrt. assumes guarantee, up to its share in EUROFIMA's capital, to every borrower railway company in respect of the rolling stock financing contracts signed by EUROFIMA. However, this guarantee is only available if the railway company and its backing shareholder government failed to pay and the guarantee reserve as stipulated in section 29 of EUROFIMA's articles of association is not sufficient to make up for the losses due to such non-performance.

III.1.9.5 Significant operating lease contracts signed by the Group and in effect at the balance sheet date

Contracting party (renter)	Subject matter	Contract date	Matures on	Amount (mHUF/month)	Not recognised by the balance sheet date (mHUF)
Mercarius Flottakezelő Kft.	Vehicle rent MÁV	2017.10.19	2021.09.30	256	2 302
Raiffeisen Ingatlan Alap	Property rent	2013.05.06	2024.05.06	125	5 000
Mercarius Flottakezelő Kft.	Rental and operating agreement for 222 road vehicle	2016.05.20	2022.05.19	48	816
Mercarius Flottakezelő Kft.	Vehicle rent	2017.07.19	2021.07.19	24	456
Mercarius Flottakezelő Kft.	Vehicle rent	2017.11.01	2021.11.01	22	220
Deutsche Leasing Hungaria Kft.	8 Desiro trains	2008.09.24	2029.02.28	22	2 156
Népliget Beta Ingatlan Kft.	office, warehouse, parking rent	2017.08.03	2022.12.31	8	192
Mercarius Flottakezelő Kft.	Vehicle fleet management (operating lease) general agreement	2017.07.19	2021.10.31	2	23
Porsche Lízing és Szolgáltató Kft.	6 cars rented	2016.11.10	2021.05.26	1	6
Mercarius Flottakezelő Kft.	Vehicle rent	2017.07.19.	2021.07.19.	1	7
Other contract		several contract	definite/indefinite	57	619
Total:				566	11 797

Table 41: Significant operating lease contracts at the balance sheet date

III.2 NOTES TO THE PROFIT AND LOSS ACCOUNT

III.2.1 Net sales revenues by activity

figures in million HUF

Activity	2019		2020		Change
	Amount	%	Amount	%	
Passenger transport	64 145	44,8%	33 948	32,0%	-30 197
Railway infrastructure operation	40 780	28,5%	37 377	35,2%	-3 403
Subsidy passenger transport fares	18 110	12,6%	12 257	11,6%	-5 853
Traction, shunting	11 807	8,2%	12 907	12,2%	1 100
Machinery and vehicle repairs, production, operating, maintenance and records keeping	2 941	2,1%	2 862	2,7%	-79
Freight transport, loading and logistics service	1 613	1,1%	1 364	1,3%	-249
Property renting, operating, supervision, deconstruction	1 071	0,7%	1 594	1,5%	523
Materials, goods and finished products sold	642	0,4%	511	0,5%	-131
Security services	151	0,1%	169	0,2%	18
Machinery and vehicle rented out	266	0,2%	284	0,3%	18
Other services	1 651	1,2%	2 781	2,6%	1 130
Total:	143 177	100%	106 054	100%	-37 123

Table 42: Details of net sales revenues

Net sales revenues declined by HUF 37,123 million in total in the reporting year, primarily due to the coronavirus pandemic that started in March 2020 and to the measures taken to combat it/slow down its spreading (international rail travel restrictions, stay at home measures, distant schooling, home office).

III.2.2 Export revenues and imports

Exports and imports by geographical segment are shown in the table below.

figures in million HUF

Country	2019				2020			
	Export		Import		Export		Import	
	Goods	Services	Goods	Services	Goods	Services	Goods	Services
Austria	0	7 940	2 949	5 202	0	3 922	4 976	4 737
Belgium	0	6	0	160	0	3	0	946
Bulgaria	0	2	0	0	0	0	0	2
Cyprus	0	0	0	0	0	0	0	0
Czech Republic	2	1 171	833	91	0	703	1 154	598
Denmark	0	1	16	0	0	1	0	1
Estonia	0	0	0	0	0	0	0	0
Finland	0	0	0	25	0	0	0	78
France	0	378	258	107	1	133	350	74
Greece	0	1	0	0	0	1	0	0
Holland	0	965	7	136	0	3	0	47
Croatia	0	182	0	13	0	60	147	1
Ireland	0	0	0	24	0	0	0	21
Poland	0	306	1 576	22	0	255	1 055	5
Latvia	0	0	0	0	0	0	0	0
Lithuania	0	0	0	0	0	0	0	0
Luxemburg	0	1	0	0	0	0	0	0
Malta	0	0	0	0	0	0	0	0
Germany	17	1 701	993	725	0	1 265	1 053	896
Italy	0	26	8	1 176	0	28	24	62
Portugal	0	0	0	0	0	0	0	0
Romania	7	1 755	47	466	0	767	43	181
Spain	2	0	160	0	0	0	436	1
Sweden	0	112	74	16	0	6	57	1
Slovakia	0	2 885	715	428	1	2 572	4 037	225
Slovenia	0	236	0	21	0	223	2	23
EU countries, total:	28	17 668	7 636	8 612	2	9 942	13 334	7 899
Bosnia-Herzegovina	0	0	0	4	0	0	0	0
USA	0	0	0	16	0	0	9	2
United Kingdom	0	20	0	2	0	0	0	0
Kazakhstan	0	0	0	1	0	0	0	0
China					0	0	4	0
Russia	0	0	134	9	0	0	1	11
Switzerland	6	894	1 174	6 493	0	305	0	2 430
Serbia	0	151	0	5	0	-83	0	1
Turkey	0	10	0	0	0	0	0	0
Ukraine	0	198	0	31	0	47	0	18
South Korea	36	0	0	2	0	0	0	0
Other	4	0	0	0	0	0	0	0
Non-EU countries, total:	46	1 273	1 308	6 563	0	269	14	2 462
Total:	74	18 941	8 944	15 175	2	10 211	13 348	10 361

Table 43: Exports and imports by geographical segment

III.2.3 Services used

figures in million HUF

Item	2019		2020		Change
	Amount	%	Amount	%	
Services used					
Maintenance	18 666	22,3%	17 191	18,2%	-1 475
Services related to railway operations	15 921	19,0%	15 262	16,1%	-659
Rents	9 848	11,8%	11 279	11,9%	1 431
Security services	5 619	6,7%	6 602	7,0%	983
Public hygiene cost	3 858	4,6%	6 327	6,7%	2 469
IT services	3 440	4,1%	4 307	4,6%	867
Other services used	26 423	31,5%	33 537	35,5%	7 114
Service used, total:	83 775	100,0%	94 505	100,0%	10 730

Table 44: Services used

III.2.4 Other income

figures in million HUF

Item	2019		2020		Change
	Amount	%	Amount	%	
Disposal of tangible and intangible assets	555	0,2%	9 019	2,1%	8 464
Reversed extraordinary depreciation of tangible and intangible assets	0	0,0%	11	0,0%	11
Impairment loss on inventories, reversed	40	0,0%	297	0,1%	257
Reversed impairment loss on receivables	148	0,0%	15	0,0%	-133
Written off bad debts collected	208	0,1%	21	0,0%	-187
Damages received	776	0,2%	891	0,2%	115
Late payment interest received	110	0,0%	86	0,0%	-24
Penalties received	380	0,1%	224	0,1%	-156
Provision made for expected liabilities, released	6 566	1,9%	4 409	1,0%	-2 157
Provision made for future expenses, released	1 087	0,3%	1 431	0,3%	344
Provision for unrealised foreign exchange, loss, released	805	0,2%	670	0,2%	-135
Deferred income released to set off operating costs and expenses	2 794	0,8%	8 474	1,9%	5 680
Rail infrastructure operating cost reimbursement and reasonable profits	78 753	22,7%	97 540	22,2%	18 787
Cost reimbursement of public passenger transport services and reasonable profits	185 738	53,4%	233 173	53,0%	47 435
Non-refundable grants received to compensate for other costs and expenses	11 693	3,4%	2 672	0,6%	-9 021
Forgiven replenishment obligation	57 583	16,6%	80 063	18,2%	22 480
Income recognised in relation to assets received free of charge and surplus assets	136	0,0%	256	0,1%	120
Miscellaneous other income	228	0,1%	461	0,1%	233
Total:	347 600	100,0%	439 713	100,0%	92 113

Table 45: Other income

Main changes in other income: an increase in railtrack operating cost reimbursement and public passenger transport cost reimbursement as detailed in Note II.3.1. The increase in gains on the disposal of tangible and intangible assets was mainly the result of the disposal of properties related to Dunakeszi Járműjavító Kft. totalling HUF 8,700 million.

III.2.5 Other expenses

figures in million HUF

Item	2019		2020		Change
	Amount	%	Amount	%	
Cost of disposed tangible and intangible assets	78	0,5%	2 169	13,5%	2 091
Cost of scrapped and missing tangible and intangible assets	-110	-0,7%	35	0,2%	145
Extraordinary depreciation of tangible and intangible assets	3 057	19,4%	1 353	8,4%	-1 704
Inventories impaired, scrapped	529	3,4%	1 061	6,6%	532
Missing inventories	90	0,6%	32	0,2%	-58
Impairment of receivables	357	2,3%	335	2,1%	-22
Bad debts written off	13	0,1%	15	0,1%	2
Book value of disposed receivables	0	0,0%	0	0,0%	0
Losses due to damages	410	2,6%	658	4,1%	248
Late payment interest paid	6	0,0%	20	0,1%	14
Damages paid	666	4,2%	159	1,0%	-507
Extra tax due to self-correction	7	0,0%	4	0,0%	-3
Taxes and similar charges	3 216	20,4%	3 122	19,4%	-94
Penalties	345	2,2%	49	0,3%	-296
Provision for expected liabilities	5 192	32,9%	4 752	29,5%	-440
Provision for future expenses	1 153	7,3%	1 401	8,7%	248
Provision for unrealised foreign exchange losses	51	0,3%	189	1,2%	138
Amount granted free of charge	539	3,4%	440	2,7%	-99
Expenses on assets assigned and services provided free of charge	159	1,0%	236	1,5%	77
Miscellaneous other expenses	21	0,1%	52	0,3%	31
Total:	15 779	100%	16 082	100%	303

Table 46: Other expenses

III.2.6 Financial profit/(loss)

III.2.6.1 Financial income

figures in million HUF

Item	2019		2020		Change
	Amount	%	Amount	%	
Dividends received (receivable)	23	1,2%	25	0,8%	2
Proceeds from and gains on equity investments	0	0,0%	972	32,1%	972
Proceeds from and gains on non-current financial assets (securities, loans)	0	0,0%	1	0,0%	1
Bank interest received (receivable) and similar income	7	0,4%	50	1,7%	43
Other interest received (receivable) and similar income	3	0,2%	4	0,1%	1
Net profit of equity consolidated entities attributable to the Group	1 194	64,3%	745	24,6%	-449
Realised foreign exchange gains on receivables and liabilities in foreign exchange	594	32,0%	1 175	38,8%	581
Foreign exchange gains on forward and future contracts	0	0,0%	0	0,0%	0
Foreign exchange gains on year-end revaluation of foreign exchange items	0	0,0%	0	0,0%	0
Other financial income	37	2,0%	53	1,8%	16
Total:	1 858	100%	3 025	100%	1 167

Table 47: Details of financial income

III.2.6.2 Financial expenses

figures in million HUF

Item	2019		2020		Change
	Amount	%	Amount	%	
Expenses and exchange losses on equity investments	0	0,0%	0	0,0%	0
Expenses and exchange losses on non-current financial assets (securities, loans)	0	0,0%	0	0,0%	0
Bank interest paid (payable) and similar charges	504	11,1%	474	8,0%	-30
Other interest paid (payable) and similar charges	0	0,0%	0	0,0%	0
Impairment loss on investments, securities and bank deposits	-44	-1,0%	-36	-0,6%	8
Net loss equity consolidated subsidiaries attributable to the Group	1 745	38,3%	2 419	40,6%	674
Realised foreign exchange losses on receivables and liabilities in foreign exchange	2 135	46,8%	2 684	45,1%	549
Release of deferred foreign exchange losses on loans for capital projects	4	0,1%	0	0,0%	-4
Foreign exchange losses on forward and future contracts	0	0,0%	0	0,0%	0
Foreign exchange losses on the year-end revaluation of foreign exchange items	216	4,7%	411	6,9%	195
Other financial expenses	0	0,0%	3	0,1%	3
Total:	4 560	100%	5 955	100%	1 395

Table 48: Details of financial expenses

III.2.7 Calculation of the Group's consolidated profit or loss

The calculation of MÁV Group's consolidated profit/loss is shown in the table below.

figures in million HUF

<i>Item</i>	<i>Amount</i>
Aggregated net profit or loss of fully consolidated entities	19 032
<i>Adjusted pre-consolidation net profit or loss, total</i>	<i>19 032</i>
Eliminated dividends from subsidiaries	-2 240
Impairment loss on equity investments, eliminated	124
<i>Profit or loss effect of equity consolidation through eliminating equity investments</i>	<i>-2 116</i>
Eliminated dividends from associates	-1 125
Eliminated impairment loss on equity investments	1 775
Profit of associates for the reporting year	745
Loss of associates for the reporting year	-2 419
<i>Profit or loss effect of equity consolidation</i>	<i>-1 024</i>
Eliminated late payment interest, penalties and damages paid recognised unilaterally on a prudent basis	-24
Profit or loss effect of the treatment of other differences	-4
<i>Profit or loss effect eliminating receivables and liabilities</i>	<i>-28</i>
Eliminated provision made for intra-group expected liabilities and future expenses	441
Eliminated released provision for intra-group expected liabilities and future expenses	-383
<i>Profit or loss effect of eliminating gains and expenses</i>	<i>58</i>
Profit and loss effect of eliminated internal profit/loss realised on the intra-group performance of non-current assets	-1 310
Profit and loss effect of eliminated internal profit/loss realised on the intra-group disposal of tangible assets	-9
Adjustment of ordinary depreciation charge on assets with an internal profit and loss effect	1 839
Adjustment of extraordinary depreciation charged/reversed on assets with an internal profit and loss effect	25
Adjustment of other profit reducing/loss increasing items realised on assets with an internal profit and loss effect (disposal, scrapping, missing, etc.)	38
Deferred income reserved upon consolidation released in line with the depreciation charge for the year	808
Adjustment of deferred foreign exchange losses on foreign currency loan released due to repayment	39
Adjustment of unrealised deferred foreign exchange losses on foreign currency loans released due to repayment	-135
Adjustment of other provision made for the deferred foreign exchange losses on foreign currency loans	54
Profit and loss effect of eliminated and released interim profit/loss realised on inventories	15
<i>Effects of eliminated and released interim profits and losses on the consolidated profit or loss for the year</i>	<i>1 364</i>
Profit or loss effect of deferred tax as a result of consolidation entries for the reporting year	5
<i>Profit or loss effect of deferred tax</i>	<i>5</i>
<i>Adjusted net profit for the year</i>	<i>17 291</i>

Table 49: Calculation of the Group's consolidated profit or loss

III.3 ACTUAL FINANCIAL POSITION, LIQUIDITY AND PROFITABILITY

III.3.1 State participation in MÁV Group's operations

State funding of reasonable expenses of rail infrastructure operations and public service passenger transport that are not covered by revenues is key to ensure MÁV Group's liquidity.

Financing MÁV Group's operations, the repayment of its loans and the return on its assets depend significantly on the availability of state funds.

MÁV Group is entitled to be reimbursed for eligible expenses relating to the public services and rail infrastructure operations defined in the contract and not covered by revenues and for renovation expenses.

For 2020, MÁV Group recorded a reimbursement need of justified costs not covered with related revenues totalling HUF 320,739 million (MÁV Zrt., MÁV-START Zrt. and MÁV-HÉV Zrt.) and renovation expenses of HUF 26,941 million (MÁV Zrt.). The negotiations with the relevant ministry on the settlement of the reimbursement of operating expenses are still in progress, therefore these amounts may change. At 31 December 2020, MÁV Group had reimbursement receivables totalling HUF 6,839 million (MÁV Zrt., MÁV-START Zrt. and MÁV-HÉV Zrt.).

The details of reimbursements are presented below.

III.3.1.1 State participation in MÁV Group's rail infrastructure operations

On 21 December 2015, the Hungarian state and MÁV Zrt. signed a rail infrastructure operation agreement for the period 2016 to 2025. The agreement provides for the long-term financing of the costs of rail infrastructure operations.

For calculating the railtrack access charge for 2019/2020, a state reimbursement of HUF 103,308 million was considered based on statement No. VIF/51613-For1/2018-ITM of the Ministry for Innovation and Technology. Accordingly the same amount was presented in the initial business plan of MÁV Zrt. for 2020. The amended business plan contained extra reimbursement needs: HUF 5,171 million in relation to the pandemic situation, HUF 11,585 million for staff pay rise, and HUF 119 million for IT assets to be acquired because of the pandemic. The reimbursement requirement presented on our amended business plan for 2020 totalled HUF 120,183 million, of which HUF 87,183 million was for operating expenses and HUF 33,000 million for renovations. The final actual breakdown departed from the business plan and HUF 93,684 million was allocated to operating expenses and HUF 26,499 million for renovations.

In Hungary's budget act for 2020 (act LXXI of 2019 on the national budget), HUF 106,104 million was allocated to reimburse the justified expenses related to railtrack operations, of which HUF 99,050.9 million was allocated to MÁV Zrt. Beside the amount for the reporting year, the national budget act also specified HUF 7,829.5 million reimbursement approved for 2017. The reimbursement clause for 2020 which ensures the actual payment of the reimbursement was signed on 23 December 2019.

In order to ensure the amount of reimbursement specified in the business plan and to maintain the Company's stable liquidity position, extra reimbursements were transferred in three instalments during

the course of 2020 further to amendments to the budget act and the corresponding reimbursement clauses as follows:

- Instalment 1: reasonable profit for 2018 and cost efficiency incentive (HUF 4,185 million) in August,
- Instalment 2: required extra reimbursement for 2019 and reasonable profit (HUF 9,035 million) and extra funding for pay increases (HUF 11,585 million) in October,
- Instalment 3: expected required extra reimbursement for 2020 (HUF 13,242 million), extra funding because of the pandemic (HUF 4,135 million) and advance payment of reasonable profit for 2020 (HUF 3,908 million) in December.

In line with government ambitions, further to government decision No. 1912/2020. (XII.16.), HUF 20,000 million was transferred to the Company at the end of December 2020 for railway network development and will be used to renew a segment of route No. 120a.

Act XC of 2020 on the national budget for 2021 was passed by Parliament on 3 July 2020. According to the act, railtrack operations are funded by HUF 127,000 million. Based on the reimbursement clause for 2021 signed on 27 January 2021, HUF 117,992 million will be disbursed to MÁV Zrt. and the first instalment was dated 17 February 2021.

In MÁV Zrt's consolidated balance sheet, the gross value of managed state-owned assets has been increasing significantly for years. MÁV Zrt. is able to carry out the renovation of managed state-owned assets from and to the extent of the subsidies provided and the reimbursement of renovation expenses. In 2020, the reimbursement of renovation expenses provided to the Company was by HUF 53,602 million less (used renovation reimbursement was by HUF 53,564 million, used for state owned assets was by HUF 55,975 million less) than the ordinary and extraordinary depreciation recognised on state-owned assets, and was therefore not sufficient to replenish these assets.

MÁV Zrt. is entitled to be reimbursed for eligible expenses relating to rail infrastructure operations not covered by revenues and for renovation expenses. Negotiations with the relevant ministry on the settlement of the reimbursement of operating expenses of HUF 93,490 million and renovation expenses of HUF 26,941 million for 2020 are still in progress, therefore these amounts may change.

A reasonable profit of HUF 3,801 million plus the part available for non-specified use along with the extra incentive for performance improvement (HUF 249 million) was recognised upon approval of the settlement for 2019.

Amendment No. 3 to the reimbursement clause of the Rail Infrastructure Operation Agreement for 2020 was signed on 11 December 2020, on the basis of which the reimbursement disbursed for 2020 amounted to HUF 145,141 million. Of this, HUF 93,684 million operating cost reimbursement and HUF 26,499.1 million renovation reimbursement and HUF 21,050 million was additional reimbursement related to previous years approved in the relevant annual settlement clause, and HUF 3,908 million was advance payment for the reasonable profit and cost efficiency incentive for 2020.

The actual reimbursement of operating losses and the reimbursement for the renovation of rail infrastructure operating assets and the use of these amounts in 2020 are presented in the following table:

figures in million HUF

Ref.	Reimbursement item	2019	2020
A	Unused reimbursement/extra reimbursement need, opening	-6 205	-16 272
B	Amount remained from the previous year, used for development-improvement from allocated reimbursement	-1 126	0
C	Reasonable profit recognised in the reporting year, cost efficiency incentive	-4 069	-4 498
D	Receivables from previous years collected in the reporting year	0	21 050
I.	Unused reimbursement remained from previous year/extra reimbursement need (I.=A+B+C+D)	-11 400	280
E	Reimbursement of operating costs disbursed in the reporting year	68 277	93 684
F	Reimbursement of operating costs recognised in the reporting year	-74 685	-93 490
II.	Unused reimbursement of operating costs/extra reimbursement need in the reporting year (II.=E+F)	-6 408	194
G	Reimbursement of renovation expenses disbursed in the reporting year	23 031	26 499
H	Reimbursement of renovation expenses used in the reporting year	-21 495	-26 941
III.	Unused reimbursement of renovation expenses/extra reimbursement need in the reporting year (III.=G+H)	1 536	-442
IV.	Reasonable profit and cost efficiency incentive advance received in the reporting year	0	3 908
V.	Reimbursement, closing (IV= I.+II.+III.+IV.)	-16 272	3 941

(+) liability/unused reimbursement, (-) receivable/extra reimbursement need

Table 50: Use of reimbursement for operating and renovation/improvement costs

III.3.1.2 State involvement in public passenger transport services provided by MÁV Group (net of the HÉV network)

Pursuant to the rail passenger transportation public service contract between the Company and the Hungarian State, the Company is entitled to be reimbursed for eligible expenses relating to the public services defined in the contract and not covered by revenues.

According to the 2020 clause of the public service contract, the amount of cost reimbursement projected for the public service was HUF 216,908 million. Costs related to public services ordered and confirmed by the principal (NFM) not covered by revenues totalling HUF 214,626 million were reimbursed and recognised in the financial statements for 2020, which is by HUF 2,282 million less than the amount specified in the clause. The actual cost reimbursement is recognised upon the submission of the public service report for 2020, following the preparation of the annual financial statements for 2020.

In 2020, other income included reasonable profit for 2019 as approved by the Principal of HUF 1,137 million. As a result, a total reimbursement of HUF 215,763 million was recognised in 2020.

MÁV-START Zrt's receivables from the state for public service cost are presented below:

figures in million HUF

Period	Amount receivable at 1 Jan 2020	Amount payable at 1 Jan 2020	Reasonable profit recognised for 2019	Financial settlements in 2020	Amount receivable at 31 Dec 2020	Amount payable at 31 Dec 2020
2019	37 616	0	1 137	38 753	0	0
2020	0	0	0	0	0	2 282
Total	37 616	0	1 137	38 753	0	2 282

Table 51: Public service cost reimbursement (net of the HÉV network)

MÁV-START Zrt's revenues from reimbursement were as follows:

figures in million HUF

Reimbursement received	2019	2020
Reasonable costs not covered with revenues	173 641	214 626
Reasonable profit recognised for previous years	894	1 137
Total:	174 535	215 763

Table 52: Income related to public service cost reimbursement (net of the HÉV network)

Under the cost basis of accounting, a total governmental reimbursement of HUF 255,661 million was received in 2020. Of this amount, HUF 20,829 million due from the previous year and HUF 17,924 million related to reimbursement settlements for 2019 was received. The costs of operations in 2020 were funded from a HUF 216,908 million cost compensation.

III.3.1.3 State involvement in MÁV Group's public transport services on the HÉV network

The Ministry for Innovation and Technology (legal successor of the Ministry for National Development) reimburses public service costs not covered by revenues incurred in relation to passenger transport on HÉV routes.

According to the reimbursement clause of the public service agreement for 2020 signed with the Ministry for Innovation and Technology, the amount of public service reimbursement available for 2020 totalled HUF 13,239 million. The reimbursable justified costs not covered with revenues in 2020 totalled HUF 12,623 million. Of the unused reimbursement for 2020, HUF 1,019 million was received to cover the justified costs of the replacement bus service along the H7 HÉV route, not set off by related income, in the period of 1 January – 31 August 2020 in relation to the scheduled construction project of the National Athletics Center.

The reimbursement remained from 2016 included HUF 367 million reasonable profit approved and receivable for 2019, net of penalties, and HUF 80 million of the extra reimbursement need for 2019. The amount of extra reimbursement receivable for 2019 (HUF 174 million after net-offs and the above adjustment) was received on 16 December 2020.

The Municipality of Budapest provides a subsidy for public services within Budapest's administrative boundary, which amounted to HUF 4,420 million in 2019.

MÁV-HÉV Zrt. is entitled to receive a social fare subsidy for fare revenues from service outside the administrative boundary.

The fares and discounts are specified by law; they are not determined on a market basis. As a result of mandatory discounts, fares not paid by passengers are reimbursed by the state partially through social fare subsidies which amounted to HUF 546 million in 2020, so the Company recognises the net value of these fares as net sales revenue.

III.3.2 Cash flow statement

figures in million HUF

Nr.	Item	2019	2020
I.	Operating cash flow	48 301	140 046
1/a	Pre-tax profit or loss	12 457	17 334
	of which: subsidy for operations received	454	767
	of which: public service reimbursement (subsidy) received	220 179	326 021
1/b	Dividends received	-23	-25
1/c	Amounts received free of charge recognised in profit or loss	250	-36 860
1/d	Unspecified adjustments related to managed state-owned assets affecting pre-tax profit or loss	-57 584	-80 066
1/e	Realised and unrealised foreign exchange gains	509	1 251
1.	Adjusted pre-tax profit or loss	-44 391	-98 366
2.	Ordinary depreciation charge	87 182	112 947
2/b	Depreciation for previous year	0	0
3.	Recognised impairment loss	3 601	2 425
4.	Changes in provision	-2 062	204
5.	Gain on non-current asset disposals	-477	-7 822
5/b.	Gains or losses on changes in investments	0	0
6.	Movements in accounts payable	3 581	4 752
7.	Movements in other current liabilities	13 250	145 214
7/b.	Reclassified from other long-term liabilities	0	0
8.	Movements in accruals	1 699	4 908
8/b.	Deferred income released in connection with asset settlements	354	731
8/c.	Deferred income from assets received free of charge and surplus assets	-35	-542
9.	Movement in accounts receivable	-545	-4 887
10.	Movement in current assets (loss account receivable and liquid assets)	-14 435	44 172
11.	Movement in prepaid expenses and accrued income	1 706	160
12.	Income tax paid, payable	-78	-43
13.	Dividend payable	0	0
13/a	Movements in liabilities related to managed state-owned assets	-2 339	-70 285
13/b	Prior years' adjustment	0	0
13/c	Changes in deferred tax asset arising upon consolidation	-12	-5
13/d	Adjustment upon consolidation with no cash movement	1 302	2 797
13/e	Movements in assets and liabilities due to merger and changes in the consolidation scope	0	3 686
II.	Investing cash flow	-80 452	-161 477
14.	Non-current assets additions	-72 408	-97 068
15.	Non-current assets disposal	555	9 991
15/b	Movements in non-current financial assets	-2 300	-2 106
15/c	Movements in advances for capital projects	-6 362	-72 177
16.	Repayment of long-term loans granted and long-term bank deposits	40	61
17.	Long-term loans granted and long-term bank deposits	0	-203
18.	Dividends received	23	25
III.	Financing cash flow	22 257	122 821
19.	Income from shares issued, capital injection	0	0
20.	Income from bonds issued	0	0
21.	Loans and borrowings taken	9 411	3 085
22.	Amount received free of charge	28 453	147 879
23.	Withdrawal of shares, capital reduction	0	0
24.	Repayment of bonds and debt securities	0	0
25.	Loans and borrowings repaid	-15 106	-27 718
26.	Amount transferred free of charge	-549	-439
27.	Changes in other long-term liabilities	48	14
IV.	Changes in cash and cash equivalents (lines ±I±II±III.)	-9 894	101 390
28.	Revaluation of cash and cash equivalents held in foreign currencies	3	96
V.	Changes in cash and cash equivalents in the balance sheet (lines IV.+28.)	-9 891	101 486

Table 53: Cash flow statement

III.3.3 Changes in the indicators used for analysing the financial position, liquidity and profitability

figures in million HUF

Asset values and ratios

Fixed asset ratio

$$\frac{\text{Non-current assets}}{\text{Total assets}} = \frac{1\,623\,813}{1\,829\,045} = 88,78\% \quad (\text{basis: } 90,10\%)$$

Tangible asset margin

$$\frac{\text{Equity}}{\text{Own tangible assets}} = \frac{273\,122}{576\,283} = 47,39\% \quad (\text{basis: } 56,87\%)$$

$$\frac{\text{Equity+Government funds}}{\text{Tangible assets}} = \frac{1\,389\,821}{1\,600\,047} = 86,86\% \quad (\text{basis: } 85,90\%)$$

Non-current asset margin

$$\frac{\text{Equity}}{\text{Own non-current assets}} = \frac{273\,122}{600\,049} = 45,52\% \quad (\text{basis: } 53,91\%)$$

$$\frac{\text{Equity+Government funds}}{\text{Non-current assets}} = \frac{1\,389\,821}{1\,623\,813} = 85,59\% \quad (\text{basis: } 84,36\%)$$

Current assets to non-current assets

$$\frac{\text{Current assets}}{\text{Non-current assets}} = \frac{198\,596}{1\,623\,813} = 12,23\% \quad (\text{basis: } 10,47\%)$$

Equity and liabilities

Capital strenght

$$\frac{\text{Equity}}{\text{Equity \& liabilities}} = \frac{273\,122}{1\,829\,045} = 14,93\% \quad (\text{basis: } 16,79\%)$$

$$\frac{\text{Equity}}{\text{Equity \& liabilities - Governments funds}} = \frac{273\,122}{712\,346} = 38,34\% \quad (\text{basis: } 41,16\%)$$

Gearing ratio

$$\frac{\text{Debt}}{\text{Equity \& liabilities}} = \frac{1\,367\,069}{273\,122} = 500,53\% \quad (\text{basis: } 420,78\%)$$

$$\frac{\text{Borrowed capital - Government funds}}{\text{Equity}} = \frac{250\,370}{273\,122} = 91,67\% \quad (\text{basis: } 67,95\%)$$

Indebtedness

$$\frac{\text{Debt}}{\text{Equity \& liabilities}} = \frac{1\,367\,069}{1\,829\,045} = 74,74\% \quad (\text{basis: } 70,63\%)$$

Long-term liabilities ratio

$\frac{\text{Long-term liabilities}}{\text{Long-term liabilities} + \text{Equity}}$	=	$\frac{1\,076\,562}{1\,349\,684}$	=	79,76%	(basis: 78,20%)
$\frac{\text{Long-term liabilities} - \text{State liability}}{\text{Long-term liabilities} - \text{State liability} + \text{Equity}}$	=	$\frac{-40\,137}{232\,985}$	=	-17,23%	(basis: 5,51%)

Equity growth ratio

$\frac{\text{Equity}}{\text{Issued capital}}$	=	$\frac{273\,122}{36\,000}$	=	758,67%	(basis: 980,23%)
---	---	----------------------------	---	---------	------------------

Non-current asset margin

$\frac{\text{Equity}}{\text{Non-current assets}}$	=	$\frac{273\,122}{1\,623\,813}$	=	16,82%	(basis: 18,63%)
$\frac{\text{Equity}}{\text{Own non-current assets}}$	=	$\frac{273\,122}{600\,049}$	=	45,52%	(basis: 53,91%)

Profitability ratios

<i>EBITDA (Operating profit/loss + depreciation)</i>	=	20 264	+	112 947	=	133 211	(basis: 102 341)
<i>EBITDA rate</i>	=	$\frac{\text{EBITDA}}{\text{Sales revenue, net}}$	=	$\frac{133\,211}{106\,054}$	=	125,61%	(basis: 71,48%)
<i>Return on Sales</i>	=	$\frac{\text{Operating profit/loss}}{\text{Sales revenue, net}}$	=	$\frac{20\,264}{106\,054}$	=	19,11%	(basis: 10,59%)

Financial position

Working capital and liquidity

Net working capital

$\text{Current assets} - \text{Current liabilities}$	=	198 596	-	283 885	=	-85 289	(basis: -14 418)
--	---	---------	---	---------	---	---------	------------------

Liquidity ratio

$\frac{\text{Current assets}}{\text{Current liabilities}}$	=	$\frac{198\,596}{283\,885}$	=	69,96%	(basis: 90,52%)
--	---	-----------------------------	---	--------	-----------------

Quick ratio

$\frac{\text{Current assets} - \text{inventories}}{\text{Current liabilities}}$	=	$\frac{144\,782}{283\,885}$	=	51,00%	(basis: 60,36%)
---	---	-----------------------------	---	--------	-----------------

Cash liquidity ratio

$\frac{\text{Cash}}{\text{Current liabilities}}$	=	$\frac{117\,120}{283\,885}$	=	41,26%	(basis: 10,28%)
--	---	-----------------------------	---	--------	-----------------

IV OTHER SUPPLEMENTARY NOTES

IV.1 Information about the parent company's elected officers

figures in million HUF

Category	2019	2019	Change
Senior officers	83	102	19
Supervisory Board	16	24	8
Total:	99	126	27

Table 54: Remuneration of the parent company's officers

No advance payments, loans were disbursed to, or guarantees were assumed on behalf of members of the Board of Directors and Supervisory Board in 2020.

No pension liability existed at the reporting date towards the Company's former Board and Supervisory Board members.

IV.2 Subsidies received

figures in million HUF

Subsidy	Amount received (approved)	2020						2019					
		Amounts recognised from subsidies in previous years	Amounts recognised from subsidies in the reporting year	Yet unused subsidies	Subsidies disbursed/refunded	Payments made from subsidies	Cash available from disbursed subsidies at the balance sheet date	Amount recognised from subsidies in previous year	Amount recognised from subsidies in the reporting year	Yet unused subsidies	Subsidies disbursed/refunded	Payments made from subsidies	Cash available from disbursed subsidies at the balance sheet date
Public service cost reimbursement for the reporting year	239 049	10 816	227 617	616	230 768	12 797	2 898	0	184 357	-153	146 588	10 716	-37 768
Amount recognised from reimbursement of public service costs received in previous year	2 327	1 190	1 137	0	38 306	0	0	21 606	1 280	448	12 242	387	447
Public service cost reimbursement for year 2021	1 019	0	0	1 019	1 019	0	1 019	0	0	0	0	0	0
Subsidised passenger transport fares	13 354	1 097	12 257	0	14 465	546	-819	1 330	18 110	0	21 668	868	-1 097
Reimbursement of improvements/renovation (reporting year)	26 499	0	26 941	-442	26 499	26 941	-442	0	21 495	1 535	23 031	21 495	1 534
Reimbursement of operating costs (reporting year)	93 684	0	93 490	194	93 684	93 490	194	0	74 685	-6 408	68 277	74 685	-6 408
Tavel cost allowance	4 420	0	4 420	0	4 420	4 420	0	0	4 420	0	4 420	4 420	0
Reimbursed excise tax on traction gasoline	4 062	626	3 436	0	2 776	0	-668	762	3 825	0	3 205	0	-626
Station development and integrated customer service development programme at 25 location	9 965	6 882	10	3 073	57	10	-157	6 584	298	3 083	0	27	-205
INKA Project	3 287	3 246	0	42	0	0	-28	2 616	0	0	0	0	-28
Holocaust Child Victims' Memorial-European Training Centre foundation	0	0	0	0	0	0	0	6 675	0	640	0	0	0
Keleti railway station building reconstruction	24	102	-78*	0	0	-78	0	86	16	887	0	16	-78
MÁV Zrt. traffic safety projects	10 858	9 078	-44*	1 825	16	-44	19	8 600	478	1 780	37	30	-42
Nyugati railway station building reconstruction	55	95	-41*	0	0	-34	0	65	31	972	31	24	-34
Soroksár route adjustment	1 196	1 196	0	0	0	3	0	1 104	92	4	-4	985	3
Kenderes reception building renovation	471	471	0	0	0	0	0	0	471	0	78	471	0
INKA 2	1 143	455	359	329	10	-84	-47	42	413	674	16	143	-141
Tüskevár junction improvement in Kaposvár	131	66	66	0	66	66	0	65	0	0	0	65	0
Budapest-Belgrade railway development	0	0	0	0	0	0	0	827	0	1 270	0	0	-1
Budapest-Belgrade independent engineer	6 139	675	311	5 153	600	204	438	92	583	5 464	500	458	42
Budapest-Belgrade archeology	202	168	20	14	-7	110	0	4	163	34	202	73	117
Rákospuszta property utilisation project	750	682	0	68	-68	0	0	0	682	68	300	682	68
GINOP (Integrated Intelligent Railway Supervision System dev.)	464	78	-15*	401	27	-15	146	0	78	386	46	78	104
RFC 7 PSA	154	13	4	136	0	0	64	13	0	141	0	12	64
Subsidy for light railway developments	1 464	1 461	0	2	-2	538	0	419	1 042	2	0	677	541
TEB Project	472	472	0	0	0	239	0	0	472	0	472	232	239
Railways renovation in the Mid-Danube area	7 000	1 231	4 339	1 429	3 300	2 113	2 212	0	1 231	5 769	3 700	2 674	1 026
Volánbusz coach parking construction at Déli Pályaudvar (Southern Station)	80	0	0	80	-80	0	0	0	0	80	80	0	80
Electronic telecommunication network development for railway operations	1 988	0	0	1 988	998	0	1 885	0	0	1 988	888	0	888
Self-calibrating wheel load weighing network research	79	0	17	62	0	5	28	0	0	79	33	0	33
RFC11 webpage development	3	3	0	0	0	0	0	0	3	0	0	0	0
Budapest-Belgrade NoBo/DeBo (Other activity)	12 036	0	351	0	1 115	277	838	0	0	0	0	0	0

Light railway development subsidies received Stage II	1 140	0	1 006	0	1 140	206	934	0	0	0	0	0	0
Renovation of Route 13 (Veszprémműhely-Francsávágás)	2 498	0	0	0	2 498	0	2 498	0	0	0	0	0	0
Modernisation of Route 100 a. (Vecsés-Monor)	20 000	0	0	0	20 000	0	20 000	0	0	0	0	0	0
Renovation of Tatabánya station building	1 016	0	0	0	1 016	0	1 016	0	0	0	0	0	0
Property utilisation study for Keleti Pályaudvar (Eastern Station) and adjacent area	800	0	0	0	800	0	800	0	0	0	0	0	0
Elimination of bottlenecks along the Bp. Kelenföld-Hegyeshalom route	25 627	0	2	0	0	0	0	0	0	0	0	0	0
Improving service standards on route No. 80	341	341	0	0	0	0	0	341	0	0	325	0	0
Budapest-Belgrade railway development	715 959	0	10 554	705 404	76 818	73 545	3 273	0	0	0	0	0	0
Public work subsidy for the settlement period of 11 March 2019 - 29 February 2020	569	337	64	168	5	71	0	0	0	0	0	0	0
Public work subsidy for the settlement period of 9 March 2020 - 28 February 2021	409	0	249	160	223	223	0	0	0	0	0	0	0
Public work subsidy for the settlement period of 13 July 2020 - 28 February 2021	168	0	25	143	19	19	0	0	0	0	0	0	-2
OSZSD Ministerial Meeting	12	0	9	3	-338	9	3	0	0	0	0	0	0
P+R parking at Celdömölk	0	0	0	0	0	0	0	20	0	0	0	0	0
Kisköre road and railway bridge (Tisza-híd) renovation	0	0	0	0	0	0	0	33	0	0	0	20	0
Sárvár footbridge (flyover) renovation, maintenance	0	0	0	0	0	0	0	20	0	0	0	0	0
KÖZOP-İKOP INKA	0	0	0	0	0	0	0	629	0	42	0	0	0
İKOP Tram Train	17 623	7 985	28	9 609	28	0	0	7 954	31	9 638	31	0	0
ETCS 59 trains	7 351	2 970	614	3 767	105	0	0	2 970	0	4 381	0	33	-13
İKOP 19 Nagyk. MV	99 550	45 576	4 260	49 714	72	21	0	31 833	13 745	53 973	49	0	-21
İKOP- INKA2	3 600	1 064	869	1 667	23	0	0	597	468	2 535	50	50	-7
FLIRT standardisation	4 987	0	1 831	3 157	5	0	0	0	0	0	0	0	0
IC+	31 045	0	31 045	0	31 045	0	31 045	0	0	0	0	0	0
Tram Train local subsidy	9 070	0	4 480	4 590	4 480	0	4 480	0	0	0	0	0	0
Installation of light barriers at Kalocsa	0	0	0	0	0	0	0	0	19	0	19	19	0
Subsidy received to compensate costs GINOP-187 "Spektrum"	8	8	0	0	-8	0	0	0	8	0	0	0	0
Support from the MÁV-REC Kft. led consortium	24	0	24	0	24	24	0	0	0	0	0	0	0
Kvassay HÉV-bridge renovation project	2 181	0	438	1 743	2 181	1 581	600	0	0	0	0	0	0
Diesel engine Mk 48 "clean" battery locomotive renovation project	79	0	0	79	79	0	79	0	0	0	0	0	0
Joining routes H5-H6-H7 project	150	0	15	135	15	15	0	0	0	0	0	0	0
Spektrum Program - employee skills development programme	0	0	0	0	0	0	0	0	0	20	19	0	19
Dynamic, suburban railway (HÉV) tracker passenger information system, real time passenger counting project	0	0	0	0	0	0	0	0	170	20	190	170	0
Money received for development purposes (electric vehicle purchase)	2	2	0	0	0	0	0	0	0	0	0	0	0
Total:	1 386 583	98 386	430 111	796 330	558 199	217 220	72 309	95 289	328 665	89 352	286 493	119 509	-41 264

Table 55: Details of subsidies received

IV.3 Environment protection

IV.3.1 Environmental liabilities

The change in the balance sheet value of provision for environmental liabilities is presented in the table below.

figures in million HUF

Item	Opening	Increase	Decrease	Closing
Provison	8 054	435	433	8 056

Table 56: Environmental provision

Changes in environmental provision, broken down by item are shown in the table below.

figures in million HUF

Category	Provision			
	2019	Released	Made	2020
Illegal waste	2 232	95	305	2 442
Liabilities related to soil and soil pollution	1 773	162	119	1 730
Protection of gasoline feeder and unloading systems	1 480	0	0	1 480
Elimination of wooden cross sleepers	1 360	176	0	1 184
Hazardous waste containers and lubricant containers - leak survey and coating repairs	400	0	0	400
Technological sewer system survey, cleaning, coating	175	0	0	175
Dead channel survey, utilities mapping	66	0	0	66
Concrete foundation and other waste disposal	547	0	0	547
Environment control system implementation	21	0	11	32
Liabilities, total:	8 054	433	435	8 056

Table 57: Use of the environmental provision per purpose

Changes in environmental expenses incurred in 2019 and 2020 are shown in the following table:

figures in million HUF

Item	2019	2020	Change
Environmental expenses	2 439	1 762	-677

Table 58: Environmental expenses recognised

IV.3.2 Tangible assets serving environmental protection purposes

The reporting year's changes in tangible assets used directly for environment protection are shown in the table below.

figures in million HUF

No.	ITEM	Properties and related rights	Technical machinery, equipment, vehicles	Other equipment, fittings, vehicles	Capital projects, improvements	Total
1.	Cost, opening	9 259	726	25	0	10 010
2.	Additions	168	46	0	0	214
3.	Disposals	-26	-5	-9	0	-40
4.	Reclassified	0	0	0	0	0
5.	Cost, closing	9 401	767	16	0	10 184
6.	Depreciation, opening	3 107	503	19	0	3 629
7.	Ordinary depreciation for the year	369	23	0	0	392
8.	Extraordinary depreciation for the year	-4	0	0	0	-4
9.	Extraordinary depreciation reversed	0	0	0	0	0
10.	Depreciation derecognised	-3	-5	-8	0	-16
11.	Other increase	0	0	0	0	0
12.	Other decrease	0	0	0	0	0
13.	Reclassified	0	0	0	0	0
14.	Depreciation, closing	3 469	521	11	0	4 001
15.	Opening balance, net	6 152	223	6	0	6 381
16.	Closing balance, net	5 932	246	5	0	6 183

Table 59: Movements in environmental assets

IV.3.3 Quantities of hazardous waste

EWG code	Item	Opening quantity (kg)	Increase (kg)	Decrease (kg)	Closing quantity (kg)
050103*	Tank sludge	400	0	400	0
060101*	Sulphuric acid and sulphurous acid	315	135	315	135
060102*	Hydrochloric acid	120	60	0	180
060106*	Other acids	75	152	75	152
060204*	Sodium and potassium hydroxide	1 030	4 821	4 961	890
060205*	Other lye	0	286	286	0
060404*	Mercury stained waste	0	35	14	21
060601*	Sulphuric acid and sulphurous acid	0	0	0	0
070104*	Other organic solvents, detergents and lye	135	82	11	206
070413*	Solid hazardous waste	15	0	15	0
070603*	Halogenic organic solvents, washing liquid	0	193	0	193
080111*	Waste paint or varnish with organic solvents and other hazardous contents	54 601	82 236	132 861	3 976
080113*	Paint stained sludge	0	978	978	0
080117*	Contaminated waste from the removal of paint or varnish	36 875	21 956	48 578	10 253
080317*	Waste toner with hazardous substance contents	5 436	5 036	7 951	2 521
080409*	Waste adhesives and sealing agents with organic solvents and other hazardous contents	7 888	7 119	11 419	3 588
100402*	Dross from primary and secondary production and skin	775	137	912	0
110111*	Cross-linking agent	0	83	83	0
110198*	Other materials with hazardous content	2 735	3 951	5 338	1 348
120109*	Non-halogenous cooling and lubricant fluids and agents	207	3 560	3 469	298
120112*	Used wax and grease	2 121	3 660	4 460	1 321
120116*	Hazardous sand blast waste	18 173	16 678	34 851	0
120118*	Oil/metal sludge (from abrasion, honing, lapping)	20 836	35 545	52 253	4 128
120120*	Used abrasive materials	0	233	233	0
130105*	Non-chlorine waste	0	0	0	0
130113*	Other hydraulic oils	1 412	3 188	773	3 827
130205*	Non-chlorine engine oils and lubricants	118 898	110 111	207 107	21 902
130208*	Other engine, driver oils and lubricants	45	240	285	0
130307*	Mineral oil based, non-chlorine coating and heat transmission oils	23 767	40 275	60 277	3 765
130501*	Shovelled oily sludge	0	3 279	3 279	0
130502*	Sludge from oil-water separators	26 409	138 257	154 271	10 395
130506*	Oil from oil-water separators	12 258	78 197	90 455	0
130507*	Water containing oil from oil-water separators	145	75 990	76 135	0
130508*	Waste mix from degreeters and from oil-water separators	335 428	1 034 875	1 365 253	5 050
130701*	Heating and diesel oil	5 831	689	4 770	1 750
130703*	Other fuel	0	680	0	680
130899*	Other non-specified waste (polluted fuel)	333	359	692	0
140601*	Chlorine-fluorine-hydrocarbons, HCFC, HFC	80	85	165	0
140603*	Non-halogenous solvents (washing liquid)	1 869	2 017	2 991	895
150110*	Waste packaging materials with hazardous content, stains	84 578	83 549	156 241	11 886
150111*	Hazardous metal packaging materials with porous matrix content (e.g. asbestos), including empty spray cans	2 350	2 572	3 275	1 647
150202*	Polluted absorbents and filters (incl. unspecified oil filters), cloths, protective clothing	106 309	117 959	187 933	36 335
160104*	Vehicles no longer usable as products	3 600	2 400	6 000	0
160107*	Oil filters	7 066	8 327	11 807	3 586
160114*	Antifrost liquids with hazardous contents	3 932	2 685	4 879	1 738
160121*	Hazardous parts	1 331	1 112	1 057	1 386
160211*	Decommissioned equipment with HCFC, HFC content	25	4 029	3 805	249
160213*	Decommissioned equipment	6 609	3 116	6 712	3 013
160303*	Inorganic waste with hazardous contents	198	199	193	204
160305*	Organic waste with hazardous contents	11 719	8 995	12 650	8 064
160504*	Hazardous gases stored in pressure proof tanks	10	3	10	3
160506*	Hazardous laboratory chemicals and stains	79	60	41	98
160507*	Decommissioned hazardous inorganic chemicals and stains	164	152	59	257
160601*	Lead batteries	65 220	102 328	87 645	79 903
160606*	Separately collected electrolytes from batteries	8 530	5 590	11 260	2 860
160708*	Only waste	2 325	10 787	11 301	1 811
160709*	Other waste with hazardous contents/substances	0	3 379	2 009	1 370
161001*	Wet waste with heavy metal contents	25 603	70 451	95 839	215
170106*	Concrete, bricks, tiles and ceramic fractions with hazardous contents	0	0	0	0
170204*	Stained or hazardous waste containing glass, plastic and wood	2 277	1 908 270	1 907 213	3 334
170301*	Asphalt mixture with carbonized tar contents	54	1 360	1 264	150
170409*	Metal waste with hazardous stains	899	2 902	3 801	0
170410*	Cables stained/polluted with oil, carbonized tar or other hazardous materials	33 392	26 421	59 713	100
170503*	Soil and stones with hazardous stains	24 264	16 743	36 365	4 642
170507*	Polluted track bedding ballast	0	23 400	23 400	0
170601*	Asbestos containing insulation materials	500	865	1 215	150
170603*	Other insulators with hazardous material contents	51	4 690	4 691	50
170605*	Asbestos containing with building materials	150	8 252	8 136	266
170901*	Mercury stained building and demolishing waste	0	0	0	0
170903*	Other hazardous building and demolishing waste	0	21 870	21 870	0
180103*	Other waste, the collection and elimination of which is subject to special requirements in order to avoid contamination	27	1 957	1 983	1
190806*	Depleted ion exchange (amionoplast) resins	0	0	0	0
190813*	Hazardous sludge from industrial sewage treatment	409 996	525 020	923 556	11 460
200119*	Pesticide waste	0	1	0	1
200121*	Light tubes and other mercury containing waste	2 010	4 220	4 897	1 333
200127*	Paint residue, ink, adhesives, resins	0	565	565	0
200129*	Hazardous detergents	146	0	146	0
200133*	Batteries including those coded 16 06 01, 16 06 02 and 16 06 03	2 503	5 059	6 519	1 043
200135*	Hazardous scrapped electric and electronic equipment other than waste coded 20 01 21 and 20 01 23	32 685	48 533	61 761	19 457
200137*	Timber containing hazardous materials	2 030	985	2 325	690
090106*	Argentiferous waste from the on-site treatment of photographic waste	9	1	10	0
Total		1 518 853	4 703 985	5 948 062	274 776

Table 60: Quantities of hazardous waste

figures in million HUF

EWC code	Item	Opening	Increase	Decrease	Closing
160601*	Lead batteries	3	16	5	14
130502*	Oily sludge (pumped)	0	2	0	2
150202*	Oily work clothes, sand, absorbents, filters, cloth	0	1	0	1
170204*	Cross sleepers	0	5	0	5
130205*	Non-chlorous engine, driver oil and lubricants	2	6	7	1
130307*	Mineral oil based, non-chlorous insulating and heat transmission oils	1	1	2	0
Total		6	31	14	23

Table 61: Values of hazardous waste

IV.4 Payments to personnel and average statistical headcount

MÁV Group's payments to personnel and average statistical headcount are presented in the tables below.

figures in million HUF

Category	2019				2020			
	Payroll cost	Other payments to personnel	Total	%	Payroll cost	Other payments to personnel	Total	%
Blue collar	105 479	14 800	120 279	61%	122 390	12 871	135 261	61%
White collar	68 482	7 913	76 395	39%	79 093	7 233	86 326	39%
Inactive	558	72	630	0%	713	58	771	0%
Total:	174 519	22 785	197 304	100%	202 196	20 162	222 358	100%

Table 62: MÁV Group payroll costs and other payments to personnel

figures in million HUF

Payroll taxes	2019		2020	
	Amount	%	Amount	%
Social contribution tax	35 175	88%	34 226	86%
Health care contribution	6	0%	0	0%
Vocational training contribution	2 590	6%	2 942	7%
Rehabilitation contribution	2 399	6%	2 602	7%
Total:	40 170	100%	39 770	100%

Table 63: Payroll taxes and social security

Category	2019		2020	
	Average statistical number of staff	%	Average statistical number of staff	%
Blue collar	24 667	67%	24 553	66%
White collar	12 401	33%	12 536	34%
Number of staff	37 068	100,0%	37 089	100,0%

Table 64: MÁV Group's average statistical number of staff

IV.5 Research and experimental development

MÁV Group's research and experimental development expenses in the reporting year are shown in the table below.

figures in million HUF

Item	2019	2020
Research activities	0	0
of which: basic research	0	0
applied research	0	0
Experimental development	97	0
Production development	0	0
of which: capitalised	0	0
Product development	97	0
of which: capitalised	97	0
Total:	97	0

Table 65: Research and experimental development costs incurred in 2020

The main purposes of MÁV Group's research and development activities are to enhance transport safety and service quality, improve cost-efficiency and to protect the environment.

IV.6 COVID-19

As a result of the pandemic outbreak in March 2020, MÁV Group incurred material extra costs and lost revenues which management has tried to offset through various cost saving measures. However, these measures are not adequate to make up for the significant lost revenues of the passenger public service companies. Any cut in scheduled services is subject to the approval of the Principal (the Ministry for Innovation and Technology), but there has been no significant reduction in the ordered services precisely because of the pandemic. This means that each MÁV Group member is fully operational. All costs incurred in relation to the pandemic are reasonable costs and are therefore reimbursable by the Principal both based on the underlying legislation and service contract. Funding of the extra costs incurred in 2020 of the companies that provide public services was ensured. In 2021, we have been in continuous discussions with the relevant ministries in order to ensure railway services as adjusted to the actual government measures so that the potentially increased demand for reimbursement by the public service companies do not cause further difficulties. The unbudgeted cost increases of public service supporting subsidiaries will be recovered through cost-based pricing.

V LIST OF TABLES

1: Key figures of the parent company	7
2: Key figures of MÁV-START Zrt	8
3: Key figures of MÁV FKG Kft.	9
4: Key figures of MÁV Szolgáltató Központ Zrt.	9
5: Key figures of MÁV KfV Kft.	10
6: Key figures of ZÁHONY-PORT Zrt.	10
7: Key figures of MÁV VAGON Kft.	11
8: Key figures of MÁV-HÉV Zrt.	11
9: Key figures of MÁV Rail Tours Kft.	12
10: Key figures of VOLÁN Buszpark Kft.	12
11: Movements in intangible assets	21
12: Movements in tangible assets	22
13: Managed state-owned assets and their funds presented in the balance sheet	24
14: Movements in managed state-owned assets in 2020 and 2019.....	25
15: Use of development subsidies related to managed state-owned assets.....	26
16: Equity consolidated entities	27
17: Related parties and significant investments presented in the consolidated financial statements at book value	28
18: Other investments	28
19: Impairment of long-term loans and long-term debt securities.....	29
20: Negative goodwill arising on full consolidation.....	29
21: Negative goodwill arising on equity consolidation	30
22: Inventories and impairment loss	30
23: Receivables and impairment loss.....	31
24: Prepaid expenses and accrued income	32
25: Movements in equity components	33
26: Non-distributable reserves	33
27: Provisions for expected liabilities.....	34
28: Provisions for future expenses	34
29: Other provisions.....	34
30: Liabilities related to managed state-owned assets	35
31: Liabilities related to the decrease in state-owned assets	35
32: The Group's long-term loans and borrowings	36
33: Repayment schedule of the Group's long-term loans and borrowings.....	36
34: The Group's financial leasing liabilities.....	37
35: Repayment schedule of the Group's financial leasing liabilities.....	37
36: Accrued expenses and deferred income.....	38
37: Disbursement schedule of loan facilities based on loan agreements signed by the end of the reporting year (loans undrawn at the balance sheet date)	39
38: Repayment schedule of loan facilities based on loan agreements signed by the end of the reporting year (loans undrawn at the balance sheet date).....	39
39: Guarantee contracts in effect at the balance sheet date.....	40
40: Loans secured by lien.....	41
41: Significant operating lease contracts at the balance sheet date.....	42
42: Details of net sales revenues	43

43: Exports and imports by geographical segment	44
44: Services used	45
45: Other income	46
46: Other expenses	47
47: Details of financial income	48
48: Details of financial expenses	48
49: Calculation of the Group's consolidated profit or loss	49
50: Use of reimbursement for operating and renovation/improvement costs	52
51: Public service cost reimbursement (net of the HÉV network)	53
52: Income related to public service cost reimbursement (net of the HÉV network)	53
53: Cash flow statement	55
54: Remuneration of the parent company's officers	58
55: Details of subsidies received	60
56: Environmental provision	61
57: Use of the environmental provision per purpose	61
58: Environmental expenses recognised	61
59: Movements in environmental assets	62
60: Quantities of hazardous waste	63
61: Values of hazardous waste	64
62: MÁV Group payroll costs and other payments to personnel	65
63: Payroll taxes and social security	65
64: MÁV Group's average statistical number of staff	65
65: Research and experimental development costs incurred in 2020	66

APPENDICES

- Appendix 1 – Key indicators of subsidiaries for non-inclusion in the consolidation
- Appendix 2 – Consolidated entities
- Appendix 3 – Changes in consolidation groups
- Appendix 4 – Organisational chart
- Appendix 5 – Required level of consolidation and actual method of consolidation applied
- Appendix 6 – Items posted as part of the consolidation

Appendix 1
Key indicators of subsidiaries and jointly managed companies for non-inclusion in the consolidation

figures in million HUF

NO.	Company		BS total		Net sales revenue		Payroll cost	
	Code	Name	Value	%	Value	%	Value	%
1	100	MÁV Zrt.	1 513 094	75,57%	156 942	48,78%	91 883	43,48%
2	020	MÁV VAGON Kft.	3 664	0,18%	11 209	3,48%	1 023	0,48%
3	101	MÁV FKG Kft.	22 851	1,14%	40 658	12,64%	6 757	3,20%
4	131	MÁV KfV Kft.	4 414	0,22%	3 014	0,94%	873	0,41%
5	138	MÁV Szolgáltató Központ Zrt.	12 804	0,64%	36 829	11,45%	13 837	6,55%
6	179	ZÁHONY-PORT Zrt.	672	0,03%	1 633	0,51%	1 076	0,51%
7	180	MÁV-START Zrt.	385 457	19,25%	66 143	20,56%	78 823	37,30%
8	194	MÁV-HÉV Zrt.	27 996	1,40%	1 713	0,53%	7 908	3,74%
9	195	MÁV Rail Tours Kft.	155	0,01%	153	0,05%	15	0,01%
10	197	VOLÁN Buszpark Kft.	27 996	1,40%	1 713	0,53%	7 908	3,74%
Fully consolidated entities, total:			1 999 103	99,84%	320 007	99,46%	210 103	99,42%
11	015	MÁV NOSZTALGIA Kft.	820	0,04%	1 748	0,54%	668	0,32%
Equity consolidated subsidiaries (treated as associates), total:			835	0,04%	1 748	0,54%	668	0,32%
12	193	Kínai-Magyar Vasúti Nonprofit Zrt.*	342	0,02%	1	0,00%	84	0,04%
Equity consolidated companies under common control (treated as associates), total:			2 277	0,11%	3	0,00%	557	0,26%
Subsidiaries, companies under common control and parent company, total:			2 002 215	100,00%	321 758	100,00%	211 328	100,00%

* apportioned to equity investment

Appendix 2

Consolidated entities

Fully consolidated			
Parent		Subsidiary	
100	MÁV Zrt.	020	MÁV VAGON Kft.
		101	MÁV FKG Kft.
		131	MÁV KfV Kft.
		138	MÁV Szolgáltató Központ Zrt.
		179	ZÁHONY-PORT Zrt.
		180	MÁV-START Zrt.
		194	MÁV-HÉV Zrt.
		195	MÁV Rail Tours Kft.
		197	VOLÁN Buszpark Kft.

Equity consolidated entities (associates)					
Subsidiary		Common control		Associate	
015	MÁV NOSZTALGIA Kft.	193	Kínai-Magyar Vasúti Nonprofit Zrt.	037	VAMAV Kft.
				038	EURO-METALL Kft.
				142	Multiszolg 97 Hídmérleg Kft.

Entities treated as investments					
Subsidiary		Associate		Other investments	
		116	MÁV-THERMIT Kft. (v.a.)	022	MÁV Vasjármű Kft. (f.a.)
		165	MÁV-REC Kft.	120	Vasutegészségügyi Nonprofit Kft.
		191	TS-MÁV Gépészet Services Kft.	128	EUROFIMA
				147	BCC
				169	HIT Rail b.v.
				204	Univerzál Beszerző Kft.

Appendix 3

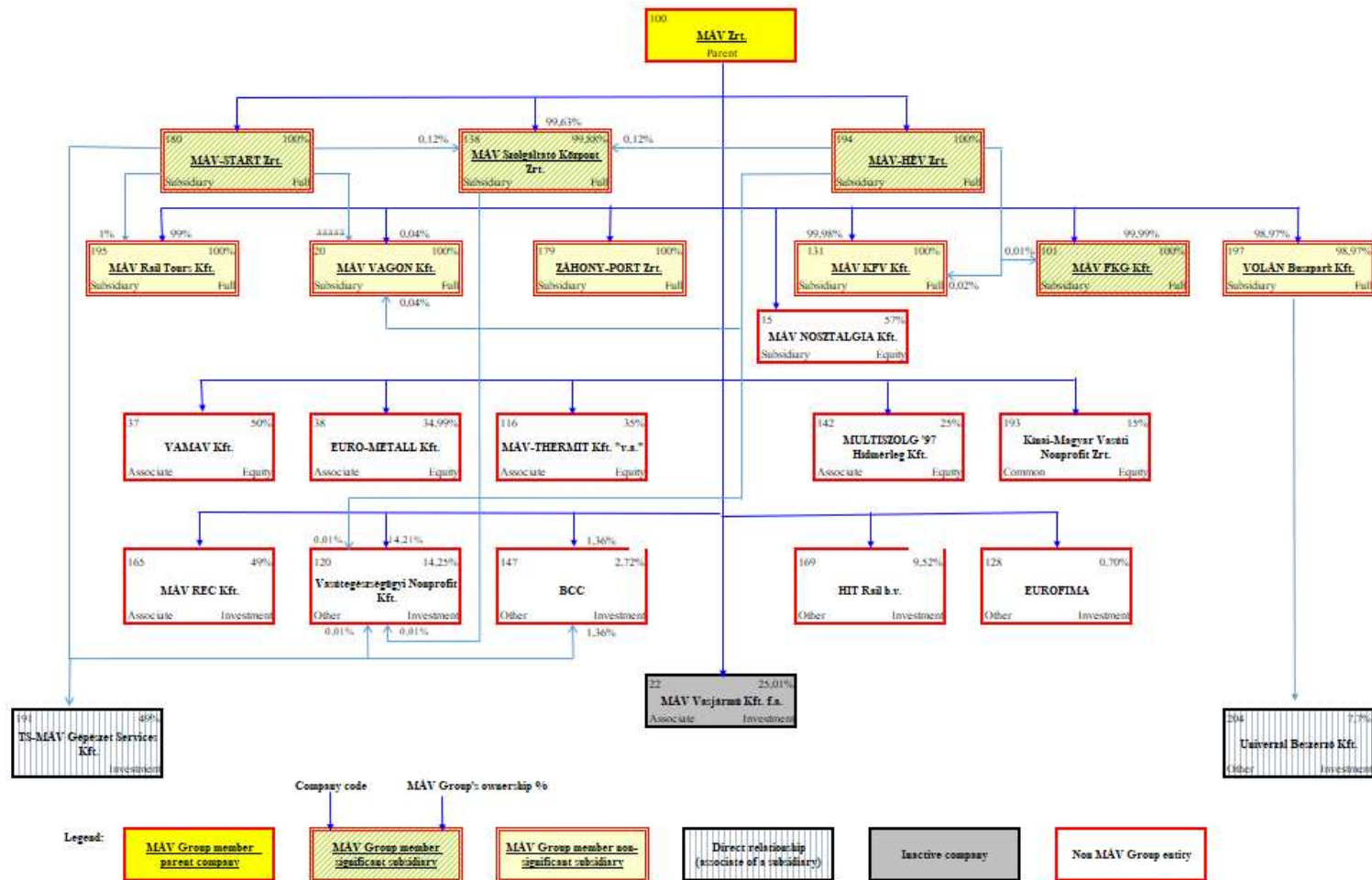
Changes in the scope of consolidation

Changes in fully consolidated entities					
Increase		Reason	Decrease		Reason
195	MÁV Rail Tours Kft.	Foundation			
197	VOLÁN Buszpark Kft.	Equity investment	-	-	-

Changes in equity consolidated entities (associate)					
Increase		Reason	Decrease		Reason
-			027	Dunakeszi Járműjavító Kft.	Disposal
-	-	-	116	MÁV-THERMIT Kft. "v.a."	Changes in scope (voluntary liquidation proceedings)

Changes in entities consolidated as other investments					
Increase		Reason	Decrease		Reason
116	MÁV-THERMIT Kft. "v.a."	Changes in scope (voluntary liquidation proceedings)			
204	Univerzál Beszerző Kft.	Equity investment	-	-	-

Appendix 4 Organisational chart



Appendix 5

Required level of consolidation and applied consolidation method

Serial No.	Company		Class.	Class. Basis	Consequent degree of consolidation	Actual degree of consolidatoin
	Code	Name				
1	100	MÁV Zrt.	parent	voting right	full	full
2	020	MÁV VAGON Kft.	subsidiary	voting right	full	full
3	101	MÁV FKG Kft.	subsidiary	voting right	full	full
4	131	MÁV KfV Kft.	subsidiary	voting right	full	full
5	138	MÁV Szolgáltató Központ Zrt.	subsidiary	voting right	full	full
6	179	ZÁHONY-PORT Zrt.	subsidiary	voting right	full	full
7	180	MÁV-START Zrt.	subsidiary	voting right	full	full
8	194	MÁV-HÉV Zrt.	subsidiary	voting right	full	full
9	195	MÁV Rail Tours Kft.	subsidiary	voting right	full	full
10	197	VOLÁN Buszpark Kft.	subsidiary	voting right	full	full
11	015	MÁV NOSZTALGIA Kft.	subsidiary	voting right	full	equity
12	193	Kínai-Magyar Vasúti Nonprofit Zrt.	common control	voting right	proportionate to equity investment	equity
13	037	VAMAV Kft.	associate	voting right	equity	equity
14	038	EURO-METALL Kft.	associate	voting right	equity	equity
15	142	Multiszolg 97 Hídmérleg Kft.	associate	voting right	equity	equity
16	116	MÁV-THERMIT Kft. (v.a.)	associate	voting right	equity	investment
17	165	MÁV-REC Kft.	associate	voting right	equity	investment
18	191	TS-MÁV Gépészet Services Kft.	associate	voting right	equity	investment
19	022	MÁV Vasjármű Kft. (f.a.)	other investment	voting right	investment	investment
20	120	Vasutegészségügyi Nonprofit Kft.	other investment	voting right	investment	investment
21	128	EUROFIMA	other investment	voting right	investment	investment
22	147	BCC	other investment	voting right	investment	investment
23	169	HIT Rail b.v.	other investment	voting right	investment	investment
24	204	Univerzál Beszerző Kft.	other investment	voting right	investment	investment

Appendix 6

Items posted as part of the consolidation

figures in million HUF

Serial No.	Item	Accumulated FS figures for 2020		Opening, total	Effects of consolidation in 2020					Consolidation in 2020, total		Consolidated figures for 2020		Comparison	
		Prior year adjustment	2020		Opening settlements, total	Equity consolidation, total	Debt consolidation, total	Consolidation of gains and expenses	Eliminated internal profit or loss, total	Eliminations in prior year	Eliminations in 2020	Prior years' adjustments	2020	Consolidated FS 2019	Change (2020-2019)
01.	A NON-CURRENT ASSETS	0	1 794 917	-157 459	0	-13 512	-722	0	589	0	-13 645	0	1 623 813	1 315 446	308 367
02.	I. INTANGIBLE ASSETS	0	17 071	-156	0	0	0	0	-25	0	-25	0	16 890	16 378	512
03.	Capitalised foundation/restructuring	0	0	0	0	0	0	0	0	0	0	0	0	0	0
04.	Capitalised research and development	0	134	0	0	0	0	0	0	0	0	0	134	134	0
05.	Concessions and similar rights	0	4 429	-14	0	0	0	0	6	0	6	0	4 421	6 092	-1 671
06.	Intellectual property	0	12 330	-142	0	0	0	0	-31	0	-31	0	12 157	9 527	2 630
07.	Goodwill	0	0	0	0	0	0	0	0	0	0	0	0	0	0
08.	Advances for intangible assets	0	178	0	0	0	0	0	0	0	0	0	178	625	-447
09.	Adjustment of intangible assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10.	II. TANGIBLE ASSETS	0	1 611 989	-11 834	0	0	-722	0	614	0	-108	0	1 600 047	1 291 786	308 261
11.	Properties and related rights	0	948 454	-5 911	0	0	0	0	-356	0	-356	0	942 187	804 695	137 492
12.	Technical machinery, equipment, vehicles	0	469 485	-5 657	0	0	0	0	1 152	0	1 152	0	464 980	397 342	67 638
13.	Other equipment, fittings, vehicles	0	408	-6	0	0	0	0	-2	0	-2	0	400	383	17
14.	Breeding stock	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15.	Capital projects, improvements	0	70 085	-260	0	0	0	0	-180	0	-180	0	69 645	39 155	30 490
16.	Advances for capital projects	0	123 557	0	0	0	-722	0	0	0	-722	0	122 835	50 211	72 624
17.	Adjustment of tangible assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18.	III. NON-CURRENT FINANCIAL ASSETS	0	165 857	-145 469	0	-13 512	0	0	0	0	-13 512	0	6 876	7 282	-406
19.	Long-term investments in related parties	0	162 332	-148 161	0	-12 399	0	0	0	0	-12 399	0	1 772	1 191	581
20.	Long-term loans granted to related parties	0	62	0	0	0	0	0	0	0	0	0	62	0	62
21.	Long-term significant investments	0	588	2 692	0	-1 113	0	0	0	0	-1 113	0	2 167	3 474	-1 307
22.	Long-term loans granted to significant related parties	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23.	Other long-term investments	0	2 852	0	0	0	0	0	0	0	0	0	2 852	2 580	272
24.	Long-term loans granted to other related parties	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.	Other long-term loans granted	0	23	0	0	0	0	0	0	0	0	0	23	37	-14
26.	Long-term debt securities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
27.	Adjustment of non-current financial assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0
28.	Valuation gain or loss on non-current financial assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0
29.	Equity consolidation loss (Good-will)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30.	from subsidiaries	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31.	from associates	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32.	B CURRENT ASSETS	0	229 598	-38	0	0	-30 984	0	20	0	-30 964	0	198 596	137 722	60 874
33.	I. INVENTORIES	0	53 863	-64	0	0	0	0	15	0	15	0	53 814	45 886	7 928
34.	Materials	0	41 662	-64	0	0	0	0	15	0	15	0	41 613	34 945	6 668
35.	Work in progress and semi-finished products	0	5 949	0	0	0	0	0	0	0	0	0	5 949	4 842	1 107
36.	Livestock	0	0	0	0	0	0	0	0	0	0	0	0	0	0
37.	Finished products	0	4 159	0	0	0	0	0	0	0	0	0	4 159	3 138	1 021
38.	Goods	0	1 356	0	0	0	0	0	0	0	0	0	1 356	1 239	117
39.	Advances for inventories	0	737	0	0	0	0	0	0	0	0	0	737	1 722	-985
40.	II. RECEIVABLES	0	58 615	26	0	0	-30 984	0	5	0	-30 979	0	27 662	76 202	-48 540
41.	Trade receivables (debtors)	0	12 810	0	0	0	0	0	0	0	0	0	12 810	8 986	3 824
42.	Related party receivables	0	31 352	7	0	0	-30 855	0	0	0	-30 855	0	504	189	315
43.	Receivables from significant related parties	0	95	0	0	0	0	0	0	0	0	0	95	268	-173
44.	Receivables from other related parties	0	31	0	0	0	0	0	0	0	0	0	31	23	8
45.	Bills of exchange receivables	0	0	0	0	0	0	0	0	0	0	0	0	0	0
46.	Other receivables	0	14 327	0	0	0	-129	0	0	0	-129	0	14 198	66 717	-52 519
47.	Valuation gain or loss on receivables	0	0	0	0	0	0	0	0	0	0	0	0	0	0
48.	Revaluation gain on derivatives	0	0	0	0	0	0	0	0	0	0	0	0	0	0
49.	Corporate tax asset (calculated) arising on consolidation	0	0	19	0	0	0	0	5	0	5	0	24	19	5
50.	III. SECURITIES	0	0	0	0	0	0	0	0	0	0	0	0	0	0
51.	Investments in related parties	0	0	0	0	0	0	0	0	0	0	0	0	0	0
52.	Significant investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
53.	Other investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
54.	Treasury shares and quotas	0	0	0	0	0	0	0	0	0	0	0	0	0	0
55.	Securities held for trading	0	0	0	0	0	0	0	0	0	0	0	0	0	0
56.	Valuation gain or loss on securities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
57.	IV. LIQUID ASSETS	0	117 120	0	0	0	0	0	0	0	0	0	117 120	15 634	101 486
58.	Cash, cheques	0	125	0	0	0	0	0	0	0	0	0	125	165	-40
59.	Bank deposits	0	116 995	0	0	0	0	0	0	0	0	0	116 995	15 469	101 526
60.	C PREPAID EXPENSES AND ACCRUED INCOME	0	13 871	-117	0	0	-7 022	0	-96	0	-7 118	0	6 636	6 796	-160
61.	Accrued income	0	7 340	0	0	0	-4 382	0	-1	0	-4 383	0	2 957	2 638	319
62.	Prepaid expenses	0	4 341	-4	0	0	-2 640	0	0	0	-2 640	0	1 697	1 450	247
63.	Deferred expenses	0	2 190	-113	0	0	0	0	-95	0	-95	0	1 982	2 708	-726
64.	ASSETS, TOTAL	0	2 038 386	-157 614	0	-13 512	-38 728	0	513	0	-51 727	0	1 829 045	1 459 964	369 081

figures in million HUF

Serial No.	Item	Accumulated FS figures for 2020		Opening, total	Effects of consolidation in 2020					Consolidation in 2020, total		Consolidated figures for 2020		Comparison	
		Prior year adjustment	2020		Opening settlements, total	Equity consolidation, total	Debt consolidation, total	Consolidation of gains and expenses	Eliminated internal profit or loss, total	Eliminations in prior year	Eliminations in 2020	Prior years' adjustments	2020	Consolidated FS 2019	Change (2020-2019)
65.	D. EQUITY	0	453 672	-161 919	-1	-20 034	-28	58	1 374	0	-18 631	0	273 122	245 058	28 064
66.	I. ISSUED CAPITAL	0	103 695	-59 130	0	-8 565	0	0	0	0	-8 565	0	36 000	25 000	11 000
67.	of which: own shares repurchased at nominal value	0	0	0	0	0	0	0	0	0	0	0	0	0	0
68.	II. ISSUED CAPITAL NOT PAID	0	-9 763	0	0	0	0	0	0	0	0	0	-9 763	0	-9 763
69.	III. CAPITAL RESERVE	0	244 689	-72 860	0	-4 100	0	0	0	0	-4 100	0	167 729	158 359	9 370
70.	IV. RETAINED EARNINGS/LOSSES	0	94 153	-26 698	-5	-7 512	0	0	42	0	-7 475	0	59 981	49 612	10 369
71.	V. NON-DISTRIBUTABLE RESERVES	0	1 866	-42	1	0	0	0	-42	0	-41	0	1 782	1 373	409
72.	VI. VALUATION RESERVES	0	0	0	0	0	0	0	0	0	0	0	0	0	0
73.	1. Valuation reserve of adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
74.	2. Fair valuation reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0
75.	VII. ADJUSTED PROFIT OR LOSS AFTER TAX	0	19 032	0	0	-3 140	-28	58	1 369	0	-1 741	0	17 291	12 379	4 912
76.	VIII. CHANGES IN THE EQUITY OF SUBSIDIARIES	0	0	16 183	3	3 115	0	0	0	0	3 118	0	19 301	16 186	3 115
77.	VIII/A. CHANGES IN THE INVESTMENT IN ENTITIES TREATED AS ASSOCIATES	0	0	2 768	0	-33	0	0	0	0	-33	0	2 735	2 316	419
78.	IX. CHANGES ARISING ON CONSOLIDATION	0	0	-22 140	0	0	0	0	5	0	5	0	-22 135	-20 167	-1 968
79.	debt consolidation gain or loss	0	0	82	0	0	0	0	0	0	0	0	82	41	41
80.	internal profit or loss differences	0	0	-22 222	0	0	0	0	5	0	5	0	-22 217	-20 208	-2 009
81.	X. THIRD PARTY INTEREST	0	0	0	0	201	0	0	0	0	201	0	201	0	201
82.	E. PROVISIONS	0	36 346	-992	0	0	0	-58	-54	0	-112	0	35 242	35 038	204
83.	1. Provisions for expected liabilities	0	21 589	-921	0	0	0	-58	0	0	-58	0	20 610	19 895	715
84.	2. Provisions for future expenses	0	13 220	0	0	0	0	0	0	0	0	0	13 220	13 250	-30
85.	3. Other provisions	0	1 537	-71	0	0	0	0	-54	0	-54	0	1 412	1 893	-481
86.	F. LIABILITIES	0	1 393 081	36	1	6 522	-32 571	0	0	0	-26 048	0	1 367 069	1 031 164	335 905
87.	I. SUBORDINATED LIABILITIES	0	0	100	0	6 522	0	0	0	0	6 522	0	6 622	100	6 522
88.	to related parties	0	0	0	0	0	0	0	0	0	0	0	0	0	0
89.	to significant investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
90.	to other investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
91.	to third parties	0	0	0	0	0	0	0	0	0	0	0	0	0	0
92.	Equity consolidation gain or loss on subsidiaries	0	0	100	0	6 522	0	0	0	0	6 522	0	6 622	100	6 522
93.	II. LONG-TERM LIABILITIES	0	1 076 562	0	0	0	0	0	0	0	0	0	1 076 562	878 924	197 638
94.	Long-term loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0
95.	Bonds payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0
96.	Debenture loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0
97.	Investment and development credits	0	26 399	0	0	0	0	0	0	0	0	0	26 399	12 190	14 209
98.	Other long term credits	0	4 793	0	0	0	0	0	0	0	0	0	4 793	5 478	-685
99.	Long-term loans to related parties	0	0	0	0	0	0	0	0	0	0	0	0	0	0
100.	Long-term loans to significant investments	0	16	0	0	0	0	0	0	0	0	0	16	15	1
101.	Long-term loans to other investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
102.	Other long-term liabilities	0	1 045 354	0	0	0	0	0	0	0	0	0	1 045 354	861 241	184 113
104.	III. CURRENT LIABILITIES	0	316 519	-64	1	0	-32 571	0	0	0	-32 570	0	283 885	152 140	131 745
105.	Short term loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0
106.	-of which: convertible or equity bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0
107.	Short-term credits	0	9 843	0	0	0	0	0	0	0	0	0	9 843	27 256	-17 413
108.	Advances received from customers	0	208	0	0	0	0	0	0	0	0	0	208	1 016	-808
109.	Trade payables (creditors)	0	46 278	0	0	0	0	0	0	0	0	0	46 278	41 526	4 752
110.	Bills of exchange payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0
111.	Current liabilities to related parties	0	32 701	-64	0	0	-32 571	0	0	0	-32 571	0	66	81	-15
112.	Current liabilities to significant investments	0	317	0	0	0	0	0	0	0	0	0	317	2 001	-1 684
113.	Current liabilities to other investments	0	60	0	0	0	0	0	0	0	0	0	60	67	-7
114.	Other current liabilities	0	227 112	0	1	0	0	0	0	0	1	0	227 113	80 193	146 920
115.	Valuation gain or loss on liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
116.	Revaluation loss or derivatives	0	0	0	0	0	0	0	0	0	0	0	0	0	0
117.	Corporate tax liability (calculated) arising on consolidation	0	0	0	0	0	0	0	0	0	0	0	0	0	0
118.	G. ACCRUED EXPENSES AND DEFERRED INCOME	0	155 287	5 261	0	0	-6 129	0	-807	0	-6 936	0	153 612	148 704	4 908
119.	Prepaid income	0	8 673	0	0	0	-989	0	0	0	-989	0	7 684	7 854	-170
120.	Accrued expenses	0	15 391	-15	0	0	-5 140	0	0	0	-5 140	0	10 236	6 019	4 217
121.	Deferred income	0	131 223	5 276	0	0	0	0	-807	0	-807	0	135 692	134 831	861
122.	EQUITY AND LIABILITIES, TOTAL	0	2 038 386	-157 614	0	-13 512	-38 728	0	513	0	-51 727	0	1 829 045	1 459 964	369 081

figures in million HUF

Serial No.	Item	Accumulated FS figures for 2020		Opening, total	Effects of consolidation in 2020					Consolidation in 2020, total		Consolidated figures for 2020		Comparison	
		Prior year adjustment	2020		Opening settlements, total	Equity consolidation, total	Debt consolidation, total	Consolidation of gains and expenses	Eliminated internal profit or loss, total	Eliminations in prior year	Eliminations in 2020	Prior years' adjustments	2020	Consolidated FS 2019	Change (2020-2019)
01.	Net domestic sales	0	308 081	0	0	0	-10	-177 640	-34 590	0	-212 240	0	95 841	124 162	-28 321
02.	Net export sales	0	10 213	0	0	0	0	0	0	0	0	0	10 213	19 015	-8 802
I.	SALES REVENUES, NET	0	318 294	0	0	0	-10	-177 640	-34 590	0	-212 240	0	106 054	143 177	-37 123
03.	Movements in self-produced inventories	0	2 128	0	0	0	0	0	0	0	0	0	2 128	2 943	-815
04.	Capitalised self-produced assets	0	31 891	0	0	0	0	0	23 420	0	23 420	0	55 311	45 565	9 746
II.	CAPITALISED OWN OUTPUT	0	34 019	0	0	0	0	0	23 420	0	23 420	0	57 439	48 508	8 931
III.	OTHER INCOME	0	440 688	0	0	0	-72	-1 528	625	0	-975	0	439 713	347 600	92 113
	of which: reversed impairment loss	0	323	0	0	0	0	0	0	0	0	0	323	188	135
III/A.	GOODWILL ARISING ON DEBT CONSOLIDATION (PROFIT INCREASING)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
05.	Material costs	0	82 138	0	0	0	0	-1 511	-1 659	0	-3 170	0	78 968	80 228	-1 260
06.	Services used	0	240 386	0	0	0	0	-143 445	-2 436	0	-145 881	0	94 505	83 775	10 730
07.	Other services	0	4 423	0	0	0	0	-9	0	0	-9	0	4 414	4 218	196
08.	Cost of goods sold	0	45 759	0	0	0	0	-28 689	-5 705	0	-34 394	0	11 365	12 216	-851
09.	Services unsold (intermediated)	0	6 624	0	0	0	0	-4 014	-77	0	-4 091	0	2 533	3 254	-721
IV.	MATERIAL-TYPE EXPENSES	0	379 330	0	0	0	0	-177 668	-9 877	0	-187 545	0	191 785	183 691	8 094
10.	Payroll costs	0	202 196	0	0	0	0	0	0	0	0	0	202 196	174 519	27 677
11.	Other payment to personnel	0	20 282	0	0	0	-4	-116	0	0	-120	0	20 162	22 785	-2 623
12.	Social security and similar charges	0	39 770	0	0	0	0	0	0	0	0	0	39 770	40 170	-400
V.	PAYMENTS TO PERSONNEL	0	262 248	0	0	0	-4	-116	0	0	-120	0	262 128	237 474	24 654
VI.	DEPRECIATION CHARGE	0	114 786	0	0	0	0	0	-1 839	0	-1 839	0	112 947	87 182	25 765
VII.	OTHER EXPENSES	0	17 864	0	0	0	-50	-1 442	-290	0	-1 782	0	16 082	15 779	303
	of which: impairment loss	0	2 847	0	0	0	0	0	-63	0	-63	0	2 784	3 833	-1 049
VII/A.	GOODWILL ARISING ON DEBT CONSOLIDATION (PROFIT REDUCING)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
A.	OPERATING PROFIT OR LOSS	0	18 773	0	0	0	-28	58	1 461	0	1 491	0	20 264	15 159	5 105
13.	Dividends received	0	3 390	0	0	-3 365	0	0	0	0	-3 365	0	0	0	0
	of which: from related parties	0	2 240	0	0	-2 240	0	0	0	0	-2 240	0	0	0	0
13/a.	Dividends received from associates	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13/b.	Dividends received from other investments	0	0	0	0	0	0	0	0	0	0	0	25	23	2
14.	Exchange gain on investments disposed of	0	972	0	0	0	0	0	0	0	0	0	972	0	972
	of which: from related parties	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15.	Interest and exchange gain on non-currents financial assets (securities, loans)	0	1	0	0	0	0	0	0	0	0	0	1	0	1
	of which: from related parties	0	1	0	0	0	0	0	0	0	0	0	1	0	1
16.	Other interest received (receivable) and similar income	0	56	0	0	0	0	-2	0	0	-2	0	54	10	44
	of which: from related parties	0	2	0	0	0	0	-2	0	0	-2	0	0	0	0
17.	Other financial income	0	1 383	0	0	745	0	-14	-141	0	590	0	1 973	1 825	148
	of which: gain or loss	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VIII.	FINANCIAL INCOME	0	5 802	0	0	-2 620	0	-16	-141	0	-2 777	0	3 025	1 858	1 167
18.	Expenses and exchange loss on investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	of which: to related parties	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19.	Expenses and exchange loss on non-currents financial assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	of which: to related parties	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20.	Interest payable (paid) and similar charges	0	476	0	0	0	0	-2	0	0	-2	0	474	504	-30
	of which: to related parties	0	2	0	0	0	0	-2	0	0	-2	0	0	0	0
21.	Impairment loss on investments, securities, long-term loans guaranteed, bank deposits	0	1 863	0	0	-1 899	0	0	0	0	-1 899	0	-36	-44	8
22.	Other financial expenses	0	3 156	0	0	2 419	0	-14	-44	0	2 361	0	5 517	4 100	1 417
	of which: valuation gain or loss	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IX.	FINANCIAL EXPENSES	0	5 495	0	0	520	0	-16	-44	0	460	0	5 955	4 560	1 395
B.	FINANCIAL PROFIT/LOSS	0	307	0	0	-3 140	0	0	-97	0	-3 237	0	-2 930	-2 702	-228
C.	PRE-TAX PROFIT OR LOSS	0	19 080	0	0	-3 140	-28	58	1 364	0	-1 746	0	17 334	12 457	4 877
X.	TAX LIABILITY	0	48	0	0	0	0	0	0	0	0	0	48	90	-42
X/A.	CORPORATE TAX ASSET/LIABILITY (CALCULATED) ARISING ON CONSOLIDATION	0	0	0	0	0	0	-5	0	0	-5	0	-5	-12	7
D.	AFTER TAX PROFIT OR LOSS	0	19 032	0	0	-3 140	-28	58	1 369	0	-1 741	0	17 291	12 379	4 912
23.	Subsidiaries net profit or loss attributable to third party shareholders	0	0	0	0	0	0	0	0	0	0	0	0	0	0
E.	ADJUSTED NET PROFIT OR LOSS AFTER TAX	0	19 032	0	0	-3 140	-28	58	1 369	0	-1 741	0	17 291	12 379	4 912