

This is a translation of the Hungarian Report

Independent Auditors' Report

To the Shareholder of MÁV-Start Zrt.

Opinion

We have audited the accompanying 2021 annual financial statements of MÁV-Start Zrt ("the Company"), which comprise the balance sheet as at 31 December 2021 - showing a balance sheet total of HUF 501.629 million and a profit after tax for the year of HUF 1.980 million -, the related profit and loss account for the financial year then ended and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion the annual financial statements give a true and fair view of the equity and financial position of the Company as at 31 December 2021 and of the 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 annual financial statements" section of our report.

We are independent of the Company 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 V of the notes to the annual financial statements, in which it is disclosed that the Company is entitled to cost compensation with respect to its justifiable costs incurred in relation to public related services which are not covered by related revenues. The relevant ministry has not yet approved HUF 231,237 million cost refunds for 2021 until the date of our audit report, accordingly this amount may be subject to change. Note V further describes the potential impact of the increased volatility of the market prices and key macroeconomic indicators on the Company's justifiable costs and cost compensation needs for 2022. Our opinion is not modified in respect of this matter.

Other information

Other information consists of the 2021 business report of the Company. Management is responsible for the preparation of the business report in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any. Our opinion on the annual financial statements does not cover the business report.

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

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

In our opinion, the business report of the Company for 2021 is consistent, in all material respects, with the 2021 annual financial statements of the Company and the relevant requirements of the Hungarian Accounting Law.

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

Further to the above, based on the knowledge we have obtained about the Company and its environment in the course of the audit we are required to report whether we have identified any material misstatement in the 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 annual financial statements

Management is responsible for the preparation and fair presentation of the 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 annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting. 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 Company's business activity.

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

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

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 control that we identify during our audit.

Budapest, 27 April 2022

(The original Hungarian version has been signed.)

Kujbus Attila
Ernst & Young Kft.
1132 Budapest, Váci út 20.
Registration No. 001165

Kujbus Attila
Registered auditor
Chamber membership No.: 007370

13834492-4910-114-01
Statistical code

01-10-045551
Registration number

MÁV-START Railway Passenger Transport Co.

1087 Budapest, Könyves Kálmán Krt 54-60.

Balance sheet and profit & loss account

31 December 2021

Date: 27 April 2022

Manager (representative) of the Company

Stamp

13834492-4910-114-01
Statistical code

Page 1/6.

01-10-045551
Registration number

BALANCE SHEET Version "A" - Assets

31 December 2021

Data in million HUF

No.	Description	Previous year	Current year	Variance
a	b	c	d	e
A.	Non-current assets	317 523	439 174	121 651
I.	INTANGIBLE ASSETS	9 404	10 186	782
1.	Capitalised cost of foundation/restructuring	0	0	0
2.	Capitalised cost of development	0	0	0
3.	Concessions, licenses and similar rights	663	763	100
4.	Intellectual property	8 615	9 360	745
5.	Goodwill	0	0	0
6.	Advance payments for intangible assets	126	63	-63
7.	Revaluation of intangible assets	0	0	0
II.	TANGIBLE ASSETS	307 866	422 807	114 941
1.	Land and buildings and related property rights	4 497	2 263	-2 234
2.	Plant, machinery, equipment and vehicles	213 747	370 936	157 189
3.	Other equipment, fixtures and fittings, vehicles	4	3	-1
4.	Breeding stock	0	0	0
5.	Tangible assets under construction	32 875	15 645	-17 230
6.	Advance payments for assets under construction	56 743	33 960	-22 783
7.	Revaluation of tangible assets	0	0	0
III.	LONG-TERM FINANCIAL ASSETS	253	6 181	5 928
1.	Long-term investments in related parties	252	6 180	5 928
2.	Long-term loans granted to related parties	0	0	0
3.	Long-term investments in undertakings with which the undertaking is lin	0	0	0
4.	Long-term loans granted to undertakings with which the undertaking is linked by virtue of participating interest	0	0	0
5.	Other long-term investments	1	1	0
6.	Long-term loans granted to other investments	0	0	0
7.	Other long-term loans granted	0	0	0
8.	Long-term debt securities	0	0	0
9.	Revaluation of financial investments	0	0	0
10.	Fair value adjustment of financial investments	0	0	0

Date: 27 April 2022

Manager (representative) of the Company

Stamp

Statistical code

01-10-045551

Registration number

BALANCE SHEET Version "A" - Assets

31 December 2021

Data in million HUF

No.	Description	Previous year	Current year	Variance
a	b	c	d	e
B.	Current assets	63 419	56 262	-7 157
I.	INVENTORIES	33 747	26 249	-7 498
1.	Raw materials and consumables	25 047	16 387	-8 660
2.	Work in progress and semi-finished products	4 549	7 511	2 962
3.	Animals for breeding, fattening and other livestock	0	0	0
4.	Finished products	3 436	2 282	-1 154
5.	Goods	19	58	39
6.	Advance payments for inventories	696	11	-685
II.	RECEIVABLES	11 918	23 165	11 247
1.	Accounts receivable	3 316	2 332	-984
2.	Receivables from related parties	1 081	14 292	13 211
3.	Receivables from undertakings with which the undertaking is linked by virtue of participating interest	38	57	19
4.	Receivables from other investments	18	21	3
5.	Notes receivable	0	0	0
6.	Other receivables	7 465	6 463	-1 002
7.	Fair value adjustment of receivables	0	0	0
8.	Positive fair value adjustment of derivatives	0	0	0
III.	SECURITIES	0	0	0
1.	Investments in related parties	0	0	0
2.	Investments in undertakings with which the undertaking is linked by virtue of participating interest	0	0	0
3.	Other investments	0	0	0
4.	Treasury shares and interests repurchased	0	0	0
5.	Marketable debt securities	0	0	0
6.	Fair value adjustment of securities	0	0	0
IV.	CASH AND BANK	17 754	6 848	-10 906
1.	Cash, cheques	116	128	12
2.	Bank deposits	17 638	6 720	-10 918
C.	Prepaid expenses & accrued income	4 515	6 193	1 678
1.	Accrued income	1 656	2 883	1 227
2.	Prepaid expenses	1 424	2 240	816
3.	Deffered expenses	1 435	1 070	-365
Total assets		385 457	501 629	116 172

Date: 27 April 2022

Manager (representative) of the Company

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BALANCE SHEET Version "A" - Equity and liabilities

31 December 2021

Data in million HUF

No.	Description	Previous year	Current year	Variance
a	b	c	d	e
D.	Equity	132 804	134 784	1 980
I.	REGISTERED CAPITAL	45 000	45 000	0
	of which: treasury shares redeemed at face value	0	0	0
II.	REGISTERED CAPITAL NOT PAID (-)	0	0	0
III.	CAPITAL RESERVE	71 301	71 301	0
IV.	RETAINED EARNINGS	15 663	16 194	531
V.	NON-DISTRIBUTABLE RESERVE	515	309	-206
VI.	REVALUATION RESERVE	0	0	0
1.	Valuation reserve of revaluation	0	0	0
2.	Valuation reserve for mark to fair value	0	0	0
VII.	PROFIT / LOSS FOR THE YEAR	325	1 980	1 655
E.	Provisions	8 285	8 797	512
1.	Provisions for expected liabilities	1 445	2 026	581
2.	Provisions for future costs	5 920	6 010	90
3.	Other provisions	920	761	-159
F.	Liabilities	133 440	123 947	-9 493
I.	SUBORDINATED DEBT	0	0	0
1.	Subordinated debts to related parties	0	0	0
2.	Subordinated debts to undertakings with which the undertaking is linked by virtue of participating interest	0	0	0
3.	Subordinated debts to other investments	0	0	0
4.	Subordinated debts to third parties	0	0	0
II.	LONG-TERM LIABILITIES	11 470	8 143	-3 327
1.	Long-term borrowings	0	0	0
2.	Convertible bonds	0	0	0
3.	Bonds payable	0	0	0
4.	Loans received for investment and development	6 677	4 034	-2 643
5.	Other long-term loans	4 793	4 109	-684
6.	Long-term debts to related parties	0	0	0
7.	Long-term debts to undertakings with which the undertaking is linked by virtue of participating interest	0	0	0
8.	Long-term debts to other investments	0	0	0
9.	Other long-term liabilities	0	0	0

Date: 27 April 2022

Manager (representative) of the Company

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Statistical code

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01-10-045551
Registration number

BALANCE SHEET Version "A" - Equity and liabilities

31 December 2021

Data in million HUF

No.	Description	Previous year	Current year	Variance
a	b	c	d	e
III.	CURRENT LIABILITIES	121 970	115 804	-6 166
1.	Short-term borrowings	0	0	0
	of which: convertible and mandatory convertible bonds	0	0	0
2.	Other short-term loans	3 369	3 389	20
3.	Advances received from trade debtors	5	7	2
4.	Accounts payable	9 413	25 018	15 605
5.	Notes payable	0	0	0
6.	Short-term debts to related parties	14 554	13 221	-1 333
7.	Short-term debts to undertakings with which the undertaking is linked by virtue of participating interest	181	144	-37
8.	Short-term debts to other investments	19	16	-3
9.	Other current liabilities	94 429	74 009	-20 420
10.	Fair value adjustment of liabilities	0	0	0
11.	Negative fair value adjustment of derivatives	0	0	0
G.	Accrued expenses and deferred income	110 928	234 101	123 173
1.	Prepaid income	301	126	-175
2.	Accrued expenses	5 387	6 671	1 284
3.	Deferred income	105 240	227 304	122 064
Total equity & liabilities		385 457	501 629	116 172

Date: 27 April 2022

Manager (representative) of the Company

Stamp

PROFIT AND LOSS ACCOUNT (total-cost method)

31 December 2021

Data in million HUF

No.	Description	Previous year	Current year	Variance
a	b	c	d	e
01.	Domestic sales revenue, net	58 751	81 767	23 016
02.	Export sales revenue, net	7 392	8 556	1 164
I.	Net sales (01+02)	66 143	90 323	24 180
03.	Changes in self produced inventories	2 499	1 808	-691
04.	Capitalised value of self produced assets	24 829	14 793	-10 036
II.	Capitalised own performance (±03+04)	27 328	16 601	-10 727
III.	Other gains	222 291	244 481	22 190
	of which: impairment reversed	289	866	577
05.	Raw materials and consumables used	49 598	56 486	6 888
06.	Services purchased	131 043	141 660	10 617
07.	Other services	2 279	2 542	263
08.	Cost of goods sold	97	9 632	9 535
09.	Cost of sold (intermediated) services	2 264	2 163	-101
IV.	Material-type expenses (05+06+07+08+09)	185 281	212 483	27 202
10.	Payroll cost	78 823	76 657	-2 166
11.	Other employee benefits	7 888	12 238	4 350
12.	Social security and other contributions	15 644	14 142	-1 502
V.	Personnel related expenses (10+11+12)	102 355	103 037	682
VI.	Depreciation expense	22 958	27 804	4 846
VII.	Other expenses	4 097	5 213	1 116
	of which: impairment loss	740	1 323	583
A.	OPERATING PROFIT/LOSS (I±II±III-IV-V-VI-VII)	1 071	2 868	1 797

Date: 27 April 2022

Manager (representative) of the Company

Stamp

PROFIT AND LOSS ACCOUNT (total-cost method)

31 December 2021

Data in million HUF

No.	Description	Previous year	Current year	Variance
a	b	c	d	e
13.	Dividends (due) received	150	0	-150
	of which: from related parties	150	0	-150
14.	Disposal and other gains of equity investments	0	0	0
	of which: from related parties	0	0	0
15.	Disposal and other gains of long-term financial investments (securities, loans)	0	0	0
	of which: from related parties	0	0	0
16.	Other interest received (due) and similar income	3	88	85
	of which: from related parties	1	7	6
17.	Other financial gains	762	432	-330
	of which: fair value adjustment	0	0	0
VIII.	Financial gains (13+14+15+16+17)	915	520	-395
18.	Disposal and other losses of equity investments	0	0	0
	of which: to related parties	0	0	0
19.	Disposal and other losses of long-term financial investments (securities, loans)	0	0	0
	of which: to related parties	0	0	0
20.	Interest payable (paid) and similar charges	428	529	101
	of which: to related parties	1	163	162
21.	Impairment loss of shares, securities, long-term loans granted, bank deposits	0	0	0
22.	Other financial losses	1 233	879	-354
	of which: fair value adjustment	0	0	0
IX.	Financial losses (18+19+20+21)	1 661	1 408	-253
B.	FINANCIAL PROFIT/LOSS (VIII-IX)	-746	-888	-142
C.	PROFIT/LOSS FROM ORDINARY ACTIVITIES (±A±B)	325	1 980	1 655
X.	Tax expense	0	0	0
D.	PROFIT/LOSS FOR THE YEAR (±C-X)	325	1 980	1 655

Date: 27 April 2022

Manager (representative) of the Company



MÁV-START RAILWAY PASSENGER TRANSPORT COMPANY

**NOTES TO THE FINANCIAL
STATEMENTS FOR 2021**

Date: Budapest, 27 April 2022

.....
head of company (representative)

STAMP

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I General Disclosures

I.1 The Company

Incorporation and business operations

MÁV-START Vasúti Személyszállító Zártkörűen Működő Részvénytársaság (MÁV-START Railway Passenger Transport Company, hereafter “MÁV-START Zrt.” or the Company) was founded by MÁV Magyar Államvasutak Zártkörűen Működő Részvénytársaság (MÁV Hungarian State Railways Private Company Limited by Shares) as a single-shareholder company on 15 October 2006. By establishing MÁV-START Zrt., MÁV Zrt’s aim was to transfer its rail passenger transport business on its standard-gauge rail network to the newly set-up Company as of 1 July 2007.

In early 2014, MÁV-TRAKCIÓ Zrt., a company that carried out rail traction operations, and MÁV-GÉPÉSZET Zrt., a company that performed the repair and maintenance of rolling stock, merged into the Company. Thus, since January 2014, MÁV-START Zrt. has encompassed rail activities that are essential to rail passenger transport, such as the operations conducted by cashiers, conductors, carriage and wagon inspectors and train drivers as well as rolling stock repair and maintenance personnel. An integrated MÁV-START Zrt. is thus capable of performing all the activities essential and directly related to serving the travelling public and to delivering high quality passenger services.

The Articles of Association contain the key provisions for MÁV-START Zrt’s operations, organisation and governance system.

The Company does not elect a Board of Directors; the powers of the Board of Directors are exercised by the Chief Executive Officer who is considered a senior officer. The Company’s working organisation is managed by the Chief Executive Officer.

Key corporate details of the Company

- **Name of the Company in Hungarian**

MÁV-START Vasúti Személyszállító Zártkörűen Működő Részvénytársaság

- **Name of the Company in foreign languages**

In English: MÁV-START Railway Passenger Transport Company

In French: MÁV-START Transport des Voyageurs Ferroviaires S.A.

In German: MÁV-START Bahnpersonenverkehrs AG

- **Short name of the Company**

MÁV-START Zrt.

- **Short name of the Company in foreign languages**

In English: MÁV-START Co

In French: MÁV-START S.A.

In German: MÁV-START AG

- **Registered office of the Company**

H-1087 Budapest, Könyves Kálmán körút 54-60., Hungary, phone: +36 (1) 511 3160

- **Website of the Company**

www.mavcsoport.hu

- **Founder of the Company**

MÁV Magyar Államvasutak Zártkörűen Működő Részvénytársaság

- **The Company's**

Registration number: **Cg. 01-10-045551**

Tax number: **13834492-2-44**

Statistical code: **13834492-4910-114-01**

- **The Company's principal activity**

49.10'08 Interurban railway transport

- **Authorised representative**

The name and domicile of Company's authorised representative who is authorised to sign the annual financial statements: Péter Keresztes, CEO (2461 Tárnok, Mária utca 36.)

- **Personal details of the person responsible for bookkeeping and reporting**

Public particulars of the person responsible for the management of accounting tasks: Zsolt Karsai (H-2213 Monorierdő, Gyöngyvirág u. 13., Hungary), MÁV-START reporting manager, MÁV Szolgáltató Központ Zrt., registration number: MK181680.

- **Auditing**

Auditors: Ernst & Young Könyvvizsgáló Kft.

Statutory auditor: Attila Kujbus, registered auditor (MKVK 007370).

An audit of the annual financial statements is mandatory.

Contractual audit fee: HUF 18.7 million +VAT

In the reporting year, the auditors charged a fee of HUF 3.3 million + VAT for other assurance services. No fees were charged for tax advisory and other non-audit services.

- **Share capital and shareholder**

As at 31 December 2020, the share capital of MÁV-START Zrt. totalled HUF 45,000,000,000 and the shareholders were as follows:

- 99,996 %: MÁV Magyar Államvasutak Zrt. (Founder) (1087 Budapest, Könyves Kálmán krt. 54-60.)
- 0,002 %: MÁV HÉV Helyiérdekű Vasút Zrt. (1087 Budapest, Könyves Kálmán krt. 54-60.)
- 0,002 %: VOLÁNBUSZ Közlekedési Zrt. (1091. Budapest, Üllői út 131.)

I.2 Significant accounting policies

Key accounting policies used for the preparation of the financial statements

The functional and presentation currency is the Hungarian forint (HUF), and the financial statements are prepared in Hungarian.

The Company's financial year corresponds to the calendar year, i.e. the reporting date is 31 December.

The balance sheet, profit and loss account and notes to the annual financial statements contain figures for monetary values in HUF millions (HUF M) in compliance with the accounting act, except for the statement on passenger transport activities, for which figures are provided in HUF thousands (HUF K) as per the Decree, and the tables presenting the Company's investments, for which monetary values are provided in HUF.

The balance sheet preparation date was 15 February 2022.

The Company keeps records of incurred expenses broken down by expense type in account class 5.

The Company always capitalises the costs of establishment/restructuring and research & development, provided that the applicable legal conditions are met.

The Company keeps permanent records of the quantity and value of its inventories, with the exception of ticket inventories, coupons and gift vouchers.

The Company used the option provided by section 33(2) of the Accounting Act and makes other provisions for the range of fixed assets specified in the Accounting Act as set out in section 41(4) of the Accounting Act. With regard to current assets, the Company does not use the option provided in Section 33(2) of the Accounting Act.

Income and expense items recognised in any line over HUF 10 million are classified as exceptional and presented item by item in the notes if arose from any of the following events:

- contribution in kind (capital contribution),
- assets transferred/received free of charge
- gifts, estate,
- discontinued operations without legal succession,
- discontinued operations with legal succession (transformation, merger, demerger),
- reducing share capital through disinvestment,
- cancelled debt,
- assigned liabilities,
- assumed debt,
- forgiven liabilities,
- cash received free of charge
- cash transferred free of charge
- services supplied free of charge,
- services used free of charge,
- operational subsidy received,
- development subsidy received,
- grants any legal grounds
- other items accounted for as other income and other expenses not listed above, presented in notes II.2.2 and II.2.4.

I.3 Changes in the accounting policies

In 2020, the Company adopted a new set of accounting policies, including a new measurement policy in the form of EVIG Order 64/2020 (MÁV Notice No. 13 of 1 May) and EVIG Order 65/2020 (MÁV Notice No. 13 of 1 May) that were applied for the financial year started 1 January 2021 as well. There was no change in the accounting policies.

I.4 Unbundling of the accounts for the Company's railway activities

As required by the Railways Act (act CLXXXIII of 2005), the Passenger Transport Services Act (act XLI of 2012) and combined decree of the government and the finance minister No. 50/2007 (IV.16.) on the accounting unbundling of railway transport activities, the Company has a set of accounting unbundling policies, according to which an annual supervisory report is prepared on the Company's activities subject to unbundling and disclosed as part of the notes to the annual financial statements. Accordingly, an annual supervisory report on the Company's separable activities (balance sheet, profit and loss account, cash flow statement, statement of operations with a narrative, annual average statistical number of employees in the reporting year, government grants per purpose, related party income and expenses per party) must be disclosed in the notes to the financial statements (see Section IV).

Railway activities are unbundled for accounting purposes to public service passenger transport activities, non-public passenger transport activities and other activities and are accounted for in separate business lines.

Changes in accounting separation in 2020:

In 2021, the Company amended its accounting unbundling policies (CEO Instruction No. 39/2021. (IX.10. MÁV Ért. 33.) effective as of 1 June 2021. The amendments do not affect the principles of separation and accounting unbundling.

I.5 Measurement methods applied by the Company

Assets and liabilities denominated in foreign currency are initially recognised by the Company as converted to HUF based on the official foreign exchange rates published by the National Bank of Hungary. In order to determine the HUF value of receivables and liabilities, the Company has chosen in its accounting policy to apply the foreign exchange rate as set out in the Value Added Tax Act regarding the calculation of the VAT base in HUF.

For financial instruments, the Company does not apply the fair value method provided for in Section 59/A-F of the accounting act.

The ordinary depreciation of tangible assets and amortisation of intangible assets is charged monthly on a straight line basis over the expected useful life of the asset per calendar day.

The cost of Concessions, licences and similar rights intellectual property, and tangible assets with an individual purchase/production value under HUF 200,000 is accounted for in full as amortisation/depreciation when put to use.

The Company does not exercise the market value option under Section 57(3) of the accounting act and does not recognise any adjustment.

The Company accounts for inventories and any movements at weighted average price (standard cost).

The Company determines the amount of impairment to be recognized for inventories based on individual assessment and in view of the expected turnover period.

As a general rule, the Company determines the amount of impairment to be recognized for receivables on the basis of average age in accordance with applicable regulations.

The Company accounts for any decrease in foreign exchange and foreign currencies in cash at the sliding average exchange rate of the relevant foreign currency.

I.6 Key information and changes affecting the Company's operations

Another important change in the reporting year was Government Decision No. 1257/2021. (V. 12.) on the implementation of strategic rolling stock development goals in which the government endorsed the Company's profile cleansing plans and ordered the outsource MÁV-START Zrt's vehicle manufacturing activities not directly related to passenger transport, maintenance services related to major railway technical tests and the related human resources to MÁV Vagon Vasúti Jármű Gyártó és Javító Kft. effective as of 1 October 2021. The outsourcing was duly implemented by the prescribed deadline.

I.7 Obligation to prepare consolidated financial statements

Name of the consolidating entity:

MÁV Magyar Államvasutak Zártkörűen Működő Részvénytársaság.

Registered seat of the consolidating entity:

1087 Budapest, Könyves Kálmán krt. 54-60.

Pursuant to the accounting act, MÁV-START Zrt. qualifies as a parent company. However, MÁV Zrt., the superordinate parent company, prepares and publishes consolidated financial statements and a consolidated business report which include the financial statements of MÁV-START Zrt. and its subsidiary. Accordingly, with a view to Section 116(1) of the accounting act, MÁV-START Zrt. does not prepare consolidated financial statements or a consolidated business report.

The consolidated accounts of the MÁV Group are available on the Company's website at www.mavcsoport.hu.

II Specific disclosures

II.1 Notes to the balance sheet

The Company prepares the type “A” balance sheet as provided for in Annex 1 to the accounting act.

The Company does not add lines to, omit items from, nor combine anything in the balance sheet template specified in the Act.

The valuation methods applied to the individual balance sheet items are the same as used in the previous financial year so no consequential P&L impact can be identified in the current period either.

II.1.1 Non-current assets

The balance sheet value of non-current assets in 2021 was HUF 439,174 million, which shows an increase of HUF 121,651 million (38.31%) compared to the previous year.

Due to the Company's activities, 67.62% of tangible assets at the book value of HUF 208,173 million are railway vehicles.

II.1.1.1 Changes in intangible asset

figures in HUF millions

	ITEM	Capitalsd found., restruct.	Capitalsd R&D	Concessions and similar rights	Intellectual property	Goodwill	Advances for capital projects	Total
1.	<i>Cost, opening</i>	3	516	3 247	14 273	0	126	18 165
2.	Additions, improvements, advance payments	0	0	415	2 215	0	0	2 630
3.	Self-produced assets	0	0	0	574	0	0	574
4.	Received free of charge	0	0	0	0	0	0	0
5.	Asset count surplus	0	0	0	0	0	0	0
6.	Assigned free of charge	0	0	0	0	0	0	0
7.	Contribution in kind	0	0	0	0	0	0	0
8.	Disposal	0	0	0	0	0	0	0
9.	Scrapped	0	0	-43	-51	0	0	-94
10.	Missing	0	0	0	0	0	0	0
11.	Destroyed	0	0	0	0	0	0	0
12.	FX revaluation (advance)	0	0	0	0	0	0	0
13.	Reclassified (broken down, aggregated, deducted advance payment)	0	0	0	-151		-63	-214
14.	<i>Cost, closing</i>	3	516	3 619	16 860	0	63	21 061
15.	<i>Amortisation, opening</i>	3	516	2 584	5 658	0	0	8 761
16.	Ordinary charge for the year	0	0	315	1 893	0	0	2 208
17.	Prior year ordinary charge	0	0	0	0	0	0	0
18.	Extraordinary charge for the year	0	0	0	0	0	0	0
19.	Reversed extraordinary amortisation	0	0	0	0	0	0	0
20.	Assets received free of charge	0	0	0	0	0	0	0
21.	Asset count surplus	0	0	0	0	0	0	0
22.	Assigned free of charge	0	0	0	0	0	0	0
23.	Contribution in kind	0	0	0	0	0	0	0
24.	Disposal	0	0	0	0	0	0	0
25.	Scrapped	0	0	-43	-51	0	0	-94
26.	Missing	0	0	0	0	0	0	0
27.	Destroyed	0	0	0	0	0	0	0
28.	Reclassified (broken down, aggregated)	0	0	0	0	0	0	0
29.	<i>Amortisation, closing</i>	3	516	2 856	7 500	0	0	10 875
30.	<i>NBV, opening</i>	0	0	663	8 615	0	126	9 404
31.	<i>NBV, closing</i>	0	0	763	9 360	0	63	10 186

1. Table: Changes in intangible assets in the reporting year

The net value of intangible assets increased by HUF 782 million compared to the previous year mainly due to the acquisition of the INKA system (HUF 650 million), planning documentation of vehicle renovations (HUF 606 million) and the JÉ application (HUF 587 million) in the reporting year. The decrease was due to ordinary depreciation of HUF 2,208 million.

For intangible assets, amortisation is charged on a straight-line basis over the useful lives of the assets.

II.1.1.2 Changes in tangible assets

figures in HUF millions

ITEM	Land and buildings and related property rights	Plant, machinery, equipment and vehicles	Other equipment, fixtures and fittings, vehicles	Breeding stock	Tangible assets under construction	Advance payments for assets under construction	Total
1. Cost, opening	5 626	383 506	156	0	32 888	56 743	478 919
2. Acquisition, improvement, advances paid	0	0	0	0	154 475	26 330	180 805
3. Self-produced assets	0	0	0	0	14 205	0	14 205
4. Assets received free of charge	0	0	0	0	0	0	0
5. Asset count surplus	0	3	0	0	0	0	3
6. Taken into asset management	0	0	0	0	0	0	0
7. Increase due to asset settlement	0	0	0	0	0	0	0
8. Assigned free of charge	0	0	0	0	0	0	0
9. Contribution in kind	-4 187	-4 045	-48	0	-3	0	-8 283
10. Disposal	0	-184	0	0	0	0	-184
11. Scrapped	0	-1 547	-7	0	0	0	-1 554
12. Missing	0	-1	0	0	0	0	-1
13. Destroyed	0	0	0	0	0	0	0
14. Commissioned	1 324	184 731	3	0	-186 058	0	0
15. Resigned asset manager right	0	0	0	0	0	0	0
16. Decrease due to asset management	0	0	0	0	0	0	0
17. FX revaluation (advance)	0	0	0	0	0	0	0
18. Reclassified (broken down, aggregated, deducted advance payment)	0	0	0	0	151	-49 113	-48 962
19. Cost, closing	2 763	562 463	104	0	15 658	33 960	614 948
20. Depreciation, opening	1 129	169 759	152	0	13	0	171 053
21. Ordinary charge for the year	226	25 367	3	0	0	0	25 596
22. Prior year ordinary charge	0	0	0	0	0	0	0
23. Extraordinary charge for the year	0	48	0	0	0	0	48
24. Reversed extraordinary depreciation	0	0	0	0	0	0	0
25. Assets received free of charge	0	0	0	0	0	0	0
26. Asset count surplus	0	0	0	0	0	0	0
27. Assigned free of charge	0	0	0	0	0	0	0
28. Contribution in kind	-855	-2 081	-47	0	0	0	-2 983
29. Disposal	0	-114	0	0	0	0	-114
30. Scrapped	0	-1 451	-7	0	0	0	-1 458
31. Missing	0	-1	0	0	0	0	-1
32. Destroyed	0	0	0	0	0	0	0
33. Resigned asset manager right	0	0	0	0	0	0	0
34. Decrease due to asset management	0	0	0	0	0	0	0
35. Reclassified (broken down, aggregated)	0	0	0	0	0	0	0
36. Depreciation, closing	500	191 527	101	0	13	0	192 141
37. NBV, opening	4 497	213 747	4	0	32 875	56 743	307 866
38. NBV, closing	2 263	370 936	3	0	15 645	33 960	422 807

2. Table: Changes in tangible assets in the reporting year

The net value of tangible assets increased by HUF 114,941 million compared to the previous year.

The increase in the cost of tangible assets was due primarily to 28 KISS tram trains acquired in 2021 in a total of HUF 143,745 million and to 26 IC+ cars commissioned in a total of HUF 12,050 million.

The decrease reflects ordinary depreciation totalling HUF 25,596 million.

In relation to the activities outsourced in 2021, tangible assets totalling HUF 5,300 million were contributed to MÁV VAGON Kft.

Depreciation is charged on tangible assets (except for TRAXX locomotives) on a straight line basis over the useful lives of the assets.

Most of the advance payments for capital projects related to subsidised vehicle acquisitions, including advances in relation to the KISS tram trains totalling HUF 25,350 million in 2021 plus HUF 46,827 million carried over from the previous year.

II.1.1.3 Long-term investments

The details and movements of MÁV-START Zrt's long-term investments are in Note III.6.

II.1.1.4 Impairment of financial assets

In 2021, the Company did not recognize any impairment loss on non-current financial assets presented in its books.

II.1.1.5 Subordinated assets by title

The Company does not have any subordinated asset on its books.

II.1.2 Current assets

The balance sheet value of current assets in 2021 was HUF 56,262 million, which is by HUF 7,157 million (11.29%) less than in the previous year.

II.1.2.1 Movements in inventories

figures in HUF millions

	ITEM	Materials	Work in progress	Livestock	Finished products	Goods	Advances for inventories	Total
1	<i>Inventories, opening</i>	25 985	4 549	0	3 444	19	696	34 693
2	Acquisition, advances paid	37 314	0	0	39 886	2 298	0	79 498
3	Received free of charged	0	0	0	0	0	0	0
4	Contribution in kind received	0	0	0	0	0	0	0
5	Reclassified	-584	4 652	0	-4 068	0	0	0
6	Recorded as inventory	0	14 640	0	31 404	0	0	46 044
7	Surplus	8	0	0	17	0	0	25
8	Other increase	0	0	0	898	24	0	922
9	Used (expensed)	-35 658	-16 330	0	-59 617	-10	0	-111 615
10	Reclassified, advance deducted	0	0	0	0	0	-600	-600
11	Disposal	-9 553	0	0	-953	-2 250	0	-12 756
12	Assigned free of charge	0	0	0	0	-1	0	-1
13	Contribution in kind	0	0	0	0	0	0	0
14	Scrapped	-199	0	0	-17	-20	0	-236
15	Missing	0	0	0	0	-1	0	-1
16	Other decrease	0	0	0	-8 691	-1	-85	-8 777
17	<i>Inventories, closing</i>	17 313	7 511	0	2 303	58	11	27 196
18	<i>Impairment, opening</i>	938	0	0	8	0	0	946
19	Impairment in the reporting year	890	0	0	21	0	0	911
20	Reclassification	0	0	0	0	0	0	0
21	Written off due to decrease	-44	0	0	0	0	0	-44
22	Reversed impairment loss	-858	0	0	-8	0	0	-866
23	<i>Impairment, closing</i>	926	0	0	21	0	0	947
24	<i>NBV, opening</i>	25 047	4 549	0	3 436	19	696	33 747
25	<i>NBV, closing</i>	16 387	7 511	0	2 282	58	11	26 249

3. Table: Inventories

The closing value of inventories decreased by HUF 7,498 million compared to 2020.

Warehouse materials dropped by HUF 8,660m compared to 2020, mainly as a result of materials sold to MÁV VAGON Kft. in relation to the outsourced activities.

Work in progress increased by HUF 2,962m mostly in relation to an increase in materials used for the IC+ project. The closing balance of work in progress and semi-finished products also reflects IC+ cars in progress totalling HUF 4,652m.

Advance payments for inventories include the advance paid to Knorr-Bremse GmbH for bogies, brakes and braking system purchases as part of the IC+ project.

II.1.2.2 Receivables

II.1.2.2.1 Receivables and impairment loss

figures in HUF millions

Item	Total gross receivables	Impairment loss						Net book value 2021	Net book value 2020	Change
		Opening	Impairment loss	Reversed	Collected impaired receivable	Other write-offs	Closing			
Trade receivables (debtors)	2 379	60	2	0	15	0	47	2 332	3 316	-984
Related party receivables of which: from parent	14 292	0	0	0	0	0	0	14 292	1 081	13 211
of which: from fully consolidated subsidiary	598	0	0	0	0	0	0	598	328	270
of which: from non-fully consolidated subsidiaries	13 694	0	0	0	0	0	0	13 694	658	13 036
From significant related parties	0	0	0	0	0	0	0	0	95	-95
From other investments	57	0	0	0	0	0	0	57	38	19
Bills of exchange	21	0	0	0	0	0	0	21	18	3
Other receivables	0	0	0	0	0	0	0	0	0	0
Other receivables	6 813	656	29	1	3	331	350	6 463	7 465	-1 002
Receivables, total:	23 562	716	31	1	18	331	397	23 165	11 918	11 247

4. Table: Receivables and impairment loss

The closing balance of receivables increased by HUF 11,247 million compared to 2020 as a result of inventories sold to MÁV VAGON Kft. as part of the outsourced activities.

Of other receivables, fare subsidies amounted to HUF 2,227 million, reclaimed VAT totalled HUF 2,408million, excise tax asset related to railway transport activities totalled HUF 583 million and health insurance and family support benefits receivable totalled HUF 207 million.

In 2021, 100% impairment loss was recognized on fare claims related to passengers for travelling without a ticket, and the accumulated impairment loss totalled HUF 322 million.

II.1.2.2.2 Related party receivables

The closing balance of receivables from related parties of MÁV-START Zrt. was as follows in 2021:

figures in HUF millions

Item	Parent company	Fully consolidated subsidiaries	Non-fully consolidated subsidiaries	Total
Advances for intangible assets	0	0	0	0
Advances for capital projects	0	0	0	0
Long-term loans to related parties	0	0	0	0
Advances for inventories	0	0	0	0
Related party debtors	598	13 694	0	14 292
Total:	598	13 694	0	14 292

5. Table: Related party receivables

Receivables from related parties totalled HUF 14,292 million, of which, HUF 598 million was from MÁV Zrt.

Of the receivables from fully consolidated subsidiaries, HUF 13,551 million was from MÁV VAGON Kft., of which HUF 12,850 million reflects inventories sold in relation to the activities outsourced as of 1 October 2021 and HUF 600 million represents cash-pool receivables. Of the other receivables from fully consolidated subsidiaries, HUF 98 million was from MÁV Rail Tours Kft, HUF 29 million was from MÁV FKG Kft., HUF 29 million from MÁV KfV Kft., HUF 8 million from MÁV FKG Kft., HUF 6 million from MÁV Service Center Zrt., and HUF 2 million from MÁV-HÉV Zrt.

The classification of related parties is based on the Group categories defined from the perspective of the superordinate parent company (MÁV Zrt.).

II.1.2.3 Securities

The Company does not have any securities on its books.

II.1.2.3.1 Impairment of securities

No impairment loss on securities is recorded in the Company's books.

II.1.3 Prepaid expenses & accrued income

figures in HUF millions

Item	2020.12.31	2021.12.31	Change
Accrued income			
RIC car rent	1 125	818	-307
Unbilled revenues	484	1 583	1 099
Revenues relating to the next period	0	5	5
Late payment penalty, penalties and damages related to the reporting year	23	469	446
Unrealised foreign exchange gain or loss on accrued income	24	8	-16
Accrued income, total:	1 656	2 883	1 227
Prepaid expenses			
Pre-billed costs	512	366	-146
Unbilled corsts (credited)	912	1874	962
Prepaid expenses (total)	1 424	2 240	816
Deferred expenses			
Unrealised FX loss on EUR 41,437,500 KfW Bank loan	746	556	-190
Unrealised FX loss on EUR 38,250,000 EIB Bank loan	689	514	-175
Deferred expenses, total:	1 435	1 070	-365
Total:	4 515	6 193	1 678

6. Table: Prepaid expenses & accrued income

Accrued income related to RIC car hire and unsettled traffic with international railways in the reporting year showed a total decrease of HUF 307 million.

The HUF 146 million change in pre-billed expenses was due mainly to released accrued property insurance expenses.

The HUF 1,099 million increase in unbilled revenues was mainly due to ÖBB's traction revenues for 2021 and the materials sold to MÁV-VAGON Kft.

The change in the prepaid unbilled expenses (credits) was mainly due to credited Railjet passenger carriage usage fees totalling HUF 890 million.

The HUF 365 million decrease in foreign exchange losses was due to loan repayments in 2021 and the resulting overall decrease in loans.

II.1.4 Equity

II.1.4.1 Movements in equity

figures in HUF millions

Item	Issued capital	Issued capital not paid	Capital reserve	Retained earnings	Undistributable reserves	Net profit after tax	Equity
<i>Opening balance</i>	<i>45 000</i>	<i>0</i>	<i>71 301</i>	<i>15 663</i>	<i>515</i>	<i>325</i>	<i>132 804</i>
Prior year profit reclassified to retained earnings	0	0	0	325	0	-325	0
Released non-distributable reserve for unrealised FX loss	0	0	0	206	-206	0	0
Net profit for the year	0	0	0	0	0	1 980	<i>1 980</i>
<i>Closing balance</i>	<i>45 000</i>	<i>0</i>	<i>71 301</i>	<i>16 194</i>	<i>309</i>	<i>1 980</i>	<i>134 784</i>

7. Table: Movements in equity

II.1.4.2 Issued share capital

The Company's issued capital totalled HUF 45,000,000,000 in 2021. Beside the Founder, MÁV Magyar Államvasutak Zrt., MÁV HÉV Helyiérdekű Vasút Zrt. and VOLÁNBUSZ Közlekedési Zrt. acquired a 0.002% interest each at HUF 1,000,000 face value.

The Company's issued capital consists of 100 registered ordinary shares at a face value of HUF 100,000,000 each and 35,000,000 registered ordinary shares at a face value of HUF 1,000 each.

MÁV-START Zrt. has no convertible or equity bonds.

II.1.4.3 Non-distributable reserves

figures in HUF millions

Non-distributable reserves	Opening	Release in current year	Creation in current year	Closing
Difference between the provision made for unrealised FX loss on FX loans and deferred expenses	515	206	0	309
<i>KFW</i>	268	107	0	161
<i>EIB</i>	247	99	0	148
<i>Total:</i>	515	206	0	309

8. Table Details of non-distributable reserves

II.1.5 Provisions

II.1.5.1 Provisions for expected liabilities

figures in HUF millions

Provisions for expected liabilities	Opening	Released	Made	Closing
for redundancy costs	209	209	175	175
for litigations	438	270	147	315
for damages	259	151	0	108
for uniform costs	273	127	150	296
for default interest	19	18	28	29
for bonus payment (related to 2020)	225	225	0	0
for bonus payment (related to 2021)	0	0	19	19
for other litigated liabilities	22	22	0	0
Provision for other liabilities	0	0	1 084	1 084
Total:	1 445	1 022	1 603	2 026

9. Table: Provisions for expected liabilities

A provision of HUF 209 million was made in 2020 to cover employment-related liabilities and severance pay due to staff rationalization, which was released 100% in 2021 partly due to utilization and partly due to depreciation. A provision of HUF 175 million was made for similar expenses in 2021.

The amount of the bonuses due after the reporting year was not determined by the approving body until the approval of the Company's annual financial statements. As a result, the Company made a provision of HUF 19 million for bonuses and the related taxes based on a pre-calculation and, concurrently, the HUF 225 million provision made for bonuses in the previous year was released in full in 2021.

Provisions for other liabilities include HUF 1,084 million for labour law litigations related to off-work time.

II.1.5.2 Provisions for liabilities to related parties

figures in HUF millions

Liabilities to related parties	Opening	Released	Made	Closing
MÁV Szolgáltató Központ Zrt.	7	7	0	0
MÁV VAGON Kft.	7	7	11	11
TOTAL:	14	14	11	11

10. Table Provisions for liabilities to related parties

The provision for liabilities to associates relates to default interest. The figures are from Table 9.

II.1.5.3 Provisions for future expenses

figures in HUF millions

Provisions for future expenses	Opening	Released	Made	Closing
TRAXX locomotive maintenance	1 820	101	156	1 875
FLIRT train maintenance	4 100	765	800	4 135
Total:	5 920	866	956	6 010

11. Table: Provisions for future expenses

A provision of HUF 156m was made for the periodical (longer than annual) maintenance costs of TRAXX engines from the profit for 2021 and provisions totalling HUF 101m were released in relation to maintenance work.

Since 2014, the Company has also recognised provisions for the maintenance costs of FLIRT multiple unit trains: HUF 800m was made and HUF 765m was released for annual maintenance works in 2021.

II.1.5.4 Other provisions

II.1.5.4.1 Provisions for foreign exchange losses

figures in HUF millions

Loan	Opening	Released	Made	Closing
KfW Bank loan (41.437.500 EUR) TRAXX	478	83	0	395
EIB bank loan (38.250.000 EUR) TRAXX	442	76	0	366
Total:	920	159	0	761

12. Table: Provision for foreign exchange loss

II.1.5.4.2 Other statutory provisions

No other statutory provision was made by MÁV-START Zrt. based on other laws and regulations.

II.1.6 Liabilities

II.1.6.1 Subordinated liabilities

The Company does not carry any subordinated liability in its books.

II.1.6.2 Long-term liabilities

Long-term liabilities totalled HUF 8,143 million at the balance sheet date, including HUF 4,034 million of investment and development loans and HUF 4,109 million of other long-term loans.

II.1.6.2.1 Long-term loans

Most of MÁV-START Zrt's loans are „KFW, EIB TRAXX loans” and MKB refinancing loans taken out to repay the Eurofima loan which was bullet paid on 13 December 2018.

The long-term loans of our Company are presented in the table below:

Loan	Date of agreement	Matures on	Government guarantee (decision No.)	Currency	Facility (original currency)	Outstanding at 31 Dec 2021	
						EUR	HUFm
Project and development loans							
KFW (TRAXX)	2009.12.03	2024.05.15	-	EUR	41 437 500	8 287 500	3 058
EIB (TRAXX)	2009.12.03	2024.05.15	-	EUR	38 250 000	7 650 000	2 823
MFB*	2009.10.27	2024.09.30	-	HUF	2 800 000 000	-	546
UniCredit - MFB loan	2008.09.10	2023.12.31	-	HUF	2 376 000 000	-	312
Total:						15 937 500	6 739
Other loans							
MKB	2018.12.12	2028.12.12	-	HUF	6 847 623 010	-	4 793
Total:						0	4 793
Grand Total:						15 937 500	11 532

*The table reflects the actually drawn amount; the amount in the underlying loan agreement is HUF 3,464 million.

13. Table: Long-term loans

Of the outstanding loan portfolio, HUF 3,389 million related to instalments due in 2022 was included in short-term loans. Foreign exchange loans were translated at a rate of 369.00 HUF/EUR (as at the balance sheet date, published by the MNB).

The remaining term of the MKB loan exceeds 5 years and will mature on 12 December 2028. The outstanding amount of this loan was HUF 4,793 million at the balance sheet date.

figures in HUF millions

Loan	2022.	2023.	2024.	2025.	2026 and beyond	Total
Project and development loans						
KfW	1 223	1 223	612	0	0	3 058
EIB	1 129	1 129	565	0	0	2 823
MFB	196	196	154	0	0	546
UniCredit	156	156	0	0	0	312
Total:	2 704	2 704	1 331	0	0	6 739
Other loans						
MKB	685	685	685	685	2 053	4 793
Total:	685	685	685	685	2 053	4 793
Grand total:	3 389	3 389	2 016	685	2 053	11 532

14. Table: Long-term loans repayment schedule

MÁV-START Zrt. repays its long-term loans according to the underlying agreements. Contractual debt service of these loans is a top priority for both the Company and MÁV Group.

The Company's long-term foreign exchange liabilities constitute EIB and KfW loans for the acquisition of TRAXX locomotives.

The Company used the option allowed in section 33(2) of the accounting act and carried forward the unrealised losses of HUF 1,070m on the year-end revaluation of foreign exchange loans and presented among deferred expenses in the balance sheet as shown below.

Foreign exchange (FX)	Amount in FX	Of which current part in FX	FX rate	Liability (HUF)	Of which current	Accrued/deferred FX gain or loss at year-end
EUR	15 937 500	6 375 000	369	5 881	2 352	1 070
Total:				5 881		1 070

15. Table: Long-term liabilities in foreign exchange

II.1.6.2 Long-term borrowings and bonds payable

The Company does not carry any long-term borrowings or bonds payable in its books.

II.1.6.3 Current liabilities

Current liabilities totalled HUF 115,804 million at the balance sheet date and make up for 23.09% of the balance sheet total and while 93.43% of total liabilities. Compared to the previous year, current liabilities dropped by 5.05%.

Short-term loans at the balance sheet date totalled HUF 3,389 million, which is an increase of HUF 20 million compared to the previous year as a result of a HUF 24.7 million increase in the instalments of the FX loans due higher foreign exchange rates. This increase was reduced by a HUF 4.7 million drop in overdrafts.

Of the HUF 25,018 million value of trade payables in 2021, domestic creditors totalled HUF 5,518 million, uninvoiced deliveries totalled HUF 15,814 million and export creditors amounted to HUF 3,147 million. The HUF 15,605 million increase was due to increases of these latter two liability categories.

Current liabilities to related parties totalled HUF 13,221 million, which is a HUF 1,333 million drop on the previous year, of which the most material amount was HUF 8,011 million owed to the parent company.

The value of other current liabilities was HUF 74,009 million, which shows a 21.62% decrease compared to the previous year which was largely due to a decrease in the liabilities related to subsidised vehicle purchase projects.

II.1.6.4 Liabilities to related parties

figures in HUF millions

Item	Parent company	Fully consolidated subsidiaries	Non-fully consolidated sub.	Total
Subordinated liabilities to related parties	0	0	0	0
Long-term liabilities to related parties	0	0	0	0
Current liabilities to related parties	8 090	5 131	0	13 221
Total:	8 090	5 131	0	13 221

16. Table: Liabilities to related parties

Liabilities to the parent company include primarily HUF 4,722 million traction electricity fee, HUF 1,650 million track usage charge, HUF 535 million rolling stock rent, HUF 344 million rent, HUF 206 million property management cost, HUF 174 million vehicle maintenance cost, HUF 170 million public utilities expense and HUF 105 million IT costs.

Debts owed to the fully consolidated subsidiaries included: HUF 2,412 million (incl. HUF 1 million cash pool) to MÁV Szolgáltató Központ Zrt., HUF 2,138 million to MÁV VAGON Kft., HUF 355 million (incl. HUF 332 million cash pool) to MÁV KfV Kft., HUF 144 million to VOLÁNBUSZ Zrt., HUF 61 million (incl. HUF 61 million cash pool) to ZÁHONY-PORT Zrt., HUF 18 million to MÁV Rail Tours Kft. and HUF 3 million to MÁV-HÉV Zrt.

The classification of related parties is based on the Group categories defined from the perspective of the superordinate parent company (MÁV Zrt.).

II.1.7 Accrued expenses and deferred income

figures in HUF millions

Item	2020	2021	Change
Prepaid income			
Pre-billed revenues	102	35	-67
Unbilled revenues (credited)	199	91	-108
Prepaid income, total:	301	126	-175
Accrued expenses			
Unbilled costs	3 535	4 217	682
RIC car rent	260	306	46
Interest (other than late payment penalty) due for the period	28	29	1
Accrued cash-pool interest	0	33	33
Late payment penalty and other penalties paid for 2020	0	2	2
Performance initiative - payroll	1 337	1 844	507
Performance initiative - taxes	227	240	13
Accrued expenses, total:	5 387	6 671	1 284
Deferred income			
Surplus non-current assets	12	11	-1
Cash permanently received from budget	4	0	-4
KÖZOP-42 MV subsidies	58 359	55 974	-2 385
GOP subsidies	152	143	-9
KÖZOP-INKA subsidies	63	20	-43
KÖZOP-6 MV subsidies	9 022	8 657	-365
KÖZOP-JKA subsidies	80	28	-52
KÖZOP-JÉ subsidies	64	20	-44
KDOP subsidies	2	1	-1
IKOP-6+9 MV subsidies	23 342	22 455	-887
CEF project Flirt ETCS 59	1 973	3 297	1 324
IKOP 39 NAGYKAP 8 pc MV	10 122	91 488	81 366
INKA2	1 549	1 108	-441
FLIRT standardization	437	1 987	1 550
Tram-train	59	70	11
KISS LOT III 21 db MV	0	42 045	42 045
Deferred income, total:	105 240	227 304	122 064
Total:	110 928	234 101	123 173

17. Table: Accrued expenses and deferred income

The HUF 175 million decrease in deferred income was due primarily to released deferrals related to Rail Cargo Hungaria Zrt.

The HUF 682 million increase in accrued expenses was due to increased ÖBB carriage mileage charges and higher GYSEV engine and carriage mileage charges.

There was a significant (HUF 520 million) increase in incentive benefits compared to the previous year.

The change in deferred extraordinary income reflected the proportionate reversal of depreciation related to the grants received, and the recognition of grants received to finance the projects.

II.1.8 Other balance sheet disclosures

There was no business line disposal in 2021.

II.1.9 Disclosures relating to off-balance sheet items

II.1.9.1 Draw down and repayment schedule of loans not disbursed by the reporting date

The Company did not enter into any loan agreement in 2021 which was actually disbursed in 2022.

II.1.9.2 Hedging contracts

II.1.9.2.1 Derivative contracts

Most of the Company's revenues were earned in HUF in 2021.

In 2021, the Company had foreign exchange expenses totalling EUR 61.19 million (EUR 6.89 million in contractual debt service for foreign currency loans and EUR 54.3 million in trade payables), of which EUR 47.21 million was not covered by the opening EUR balance and revenues in EUR earned during the year.

II.1.9.2.2 Futures, swaps and options in 2021

In order to make up for foreign exchange shortages, spot contracts of EUR 46.71m and future contracts of EUR 0.5m were made. None of these contracts stretched into 2021.

No commodity hedging contract was signed in 2021 to mitigate the risks of increased fuel costs as a result of higher gasoline prices.

No hedging contract was signed in 2021 to cover the risks of interest rate fluctuations.

II.1.9.3 Joint and several guarantees and guarantee agreements

The Company did not have any joint and several guarantee agreement at the reporting date. The existing guarantee agreements are presented below:

figures in HUF millions

Beneficiary	Guarantee type	Contracting bank	Start date	End date	Amount
Bank guarantees					
Ministry for Innovation and Technology based on government decree 271/2007. (X.19.)	payment guarantee	OTP Bank Nyrt.	2021.01.01	2022.12.31	1 100
Ministry for Innovation and Technology based on government decree 6/2010. (I.21.)	payment guarantee	OTP Bank Nyrt.	2021.01.01	2022.12.31	150
Ministry for Innovation and Technology based on government decree 6/2010. (I.21.)	payment guarantee	OTP Bank Nyrt.	2021.01.01	2022.12.31	5
Ministry for Innovation and Technology based on government decree 271/2007. (X.19.)	payment guarantee	OTP Bank Nyrt.	2021.01.01	2022.12.31	10
Ministry for Innovation and Technology based on government decree 271/2007. (X.19.)	payment guarantee	OTP Bank Nyrt.	2021.06.01	2022.12.31	400
Ministry for Innovation and Technology based on government decree 6/2010. (I.21.)	payment guarantee	OTP Bank Nyrt.	2021.06.01	2022.12.31	20
Ministry for Innovation and Technology based on government decree 213/1996. (XII.23)	payment guarantee	KDB Bank Zrt.	2010.10.26	2022.06.30	7,5
Bank guarantees, total:					1 692,5

18. Table: Guarantee agreements existing at the reporting date

II.1.9.4 Lien liabilities

MÁV-START Zrt's lien liabilities are as follows:

figures in HUF millions

Loan	Loans secured with lien at 31 Dec 2021	Security
EIB (TRAXX)	2 823	Rolling stock
KfW (TRAXX)	3 058	Rolling stock
UniCredit	312	Rolling stock
MFB	546	Rolling stock
MKB	4 793	Rolling stock
Total:	11 532	

19. Table: Lien liabilities

The EIB and KfW loans relating to the purchase of 25 TRAXX locomotives are secured with liens on the TRAXX locomotives. The new MKB refinancing loan is secured by lien on 20 IC+ cars.

II.1.9.5 Expected environmental and reconstruction liabilities not presented among liabilities

The Company did not incur any off-balance sheet liability related to environment protection.

II.1.9.6 Operating leases where the Company is a lessee existing at the reporting date

figures in HUF millions

Contractor (lessor)	Subject matter	Date of agreement	Matures on	Amount (HUFm/month)	Outstanding at the BS date
Deutsche Leasing Hungaria Kft	8 Desiro trains	2008.09.24	2029.02.28	22	1 892
MÁV Zrt.	Office	2014.09.08	indefinite	34	n/a
MÁV Zrt.	Rail vehicles (rolling stock)	2007.06.20	indefinite	502	n/a
Mercarius Flottakezelő Kft.	Car fleet	2017.07.19	2022.07.19	32	223
Total:				590	2 115

20. Table: Operating leases at the reporting date

II.1.9.7 Other disclosures relating to off-balance sheet items

In 2021, the Company did not have any disclosures relating to off-balance sheet items other than the figures presented in the separate tables.

II.2 Notes to the profit and loss account

The Company prepares its profit and loss account with the total cost method as described in annex 2 of the accounting act.

The Company does not add lines to or omit items from nor merges items in the profit and loss account template specified in the act.

As the measurement methods applied to the individual balance sheet items are the same as used in the previous financial year, no consequential P&L impact is identifiable in the reporting year.

II.2.1 Net sales revenues

II.2.1.1 Net sales revenues by activity

figures in HUF millions

Activity	2020		2021		Change
	Amount	Percentage (%)	Amount	Percentage (%)	
Public passenger transport service revenues	46 037	69,60	71 143	78,77	25 106
of which Fares and seats	31 155	47,10	34 860	38,59	3 705
Fare subsidy	11 312	17,10	21 612	23,93	10 300
Other	3 570	5,40	14 671	16,24	11 101
Non-public passenger transport service revenues	4 180	6,32	3 720	4,12	-460
of which Fares and seats	1 557	2,35	1 772	1,96	215
Fare subsidy	399	0,60	164	0,18	-235
Cars used for international transport	1 067	1,61	384	0,43	-683
Sleepers and buffet car services	337	0,51	0	0,00	-337
Other	820	1,24	1 400	1,55	580
Other activities	15 926	24,08	15 460	17,12	-466
of which Passenger and freight train traction	4 308	6,51	3 549	3,93	-759
Other traction	214	0,32	195	0,22	-19
Shunting	3 124	4,72	2 967	3,28	-157
Traction services	4 285	6,48	4 178	4,63	-107
Engineering	3 614	5,46	69	0,08	-3 545
Materials and goods sold	200	0,30	464	0,51	264
Other	181	0,27	4 038	4,47	3 857
Total:	66 143	100,00	90 323	100,00	24 180

21. Table: Net sales revenues by activity

In 2021, sales revenues from public service passenger transport increased by HUF 25,106 million and from non-public passenger transport dropped by HUF 460 million compared to the previous period, mostly as a result of the stabilised coronavirus pandemic that started in March 2020 and the resulting lifted lockdown measures.

Social policy fare support increased by HUF 10,300 million in public services and dropped by HUF 235 million in non-public services compared to 2020.

Revenues from other activities decreased by HUF 466 million compared to 2020, the majority of which came from passenger and freight train traction revenues, in line with the general economic downturn due to the pandemic.

II.2.1.2 Export revenues and imports

figures in HUF millions

Country	2020						2021					
	Exported goods	Exported services	Export total	Imported goods	Imported services	Import total	Exported goods	Exported services	Export total	Imported goods	Imported services	Import total
EU countries												
Germany	0	1 245	1 245	350	743	1 092	0	905	905	341	398	739
Austria	0	3 526	3 526	2 666	2 967	5 633	0	3 730	3 730	2 400	2 631	5 031
Slovakia	0	557	557	4 024	212	4 236	0	783	783	591	145	736
Czech Republic	0	625	625	50	545	595	0	962	962	318	252	570
Slovenia	0	53	53	0	1	1	0	94	94	0	1	1
Poland	0	246	246	939	3	942	0	402	402	310	10	320
France	0	34	34	0	4	4	0	14	14	0	2	2
UK	0	0	0	1	0	1	0	0	0	0	0	0
Sweden	0	6	6	0	1	1	0	1	1	0	0	0
Belgium	0	3	3	0	923	923	0	5	5	0	3 122	3 122
Denmark	0	1	1	0	1	1	0	0	0	0	0	0
Holland	0	3	3	0	36	36	0	272	272	0	117	117
Luxembourg	0	0	0	0	0	0	0	0	0	0	5	5
Spain	0	0	0	436	1	437	0	0	0	170	0	170
Romania	0	764	764	0	181	181	0	1 053	1 053	0	325	325
Croatia	0	60	60	0	1	1	0	-19	-19	0	1	1
Bulgaria	0	0	0	0	2	2	0	0	0	0	0	0
EU countries total.:	0	7 123	7 123	8 465	5 621	14 086	0	8 202	8 202	4 130	7 009	11 139
Non-EU countries												
UK	0	0	0	0	0	0	0	8	8	1	0	1
Serbia	0	-83	-83	0	1	1	0	7	7	0	1	1
Ukraine	0	47	47	0	5	5	0	55	55	0	5	5
Switzerland	0	305	305	0	2 430	2 430	0	284	284	75 039	69 457	144 496
Non-EU countries	0	269	269	0	2 436	2 436	0	354	354	75 040	69 463	144 503
Total:	0	7 392	7 392	8 465	8 057	16 522	0	8 556	8 556	79 170	76 472	155 642

22. Table: Exports and imports

In 2021, the Company's major import supplier was Switzerland. The main EU suppliers included Germany, Austria, Czech Republic, Slovakia and Romania, where the settlement is based on the use of the rail passenger cars.

II.2.2 Other income

figures in HUF millions

Item	2020	Percentage (%)	2021	Percentage (%)	Change
Gains on tangible and intangible asset disposals	0	0,00	29	0,01	29
Tangible and intangible asset disposals	19	0,01	0	0,00	-19
Reversed impairment loss on inventories	288	0,13	866	0,35	578
Gains on the disposal of receivables	0	0,00	25	0,01	25
Reversed impairment loss on receivables	1	0,00	0	0,00	-1
Collected impaired receivables	20	0,01	6	0,00	-14
Damages received	685	0,31	803	0,33	118
Late payment penalties collected	10	0,00	9	0,00	-1
Penalties collected	110	0,05	205	0,08	95
Provision for unrealised foreign exchange losses, released	15	0,01	53	0,02	38
Provision for expected liabilities, released	894	0,40	1 022	0,42	128
Released provision for future expenses	0	0,00	866	0,35	866
Released provision for unrealised foreign exchange losses	0	0,00	159	0,07	159
Public service reimbursement	215 763	97,06	233 237	95,40	17 474
Development subsidies received	4 387	1,97	6 464	2,64	2 077
Positive difference between the book value and value in the articles of association of assets contributed by the Company	0	0,00	619	0,25	619
Surplus assets received free of charge, found during asset count	3	0,00	29	0,01	26
Miscellaneous other income	96	0,04	89	0,04	-7
Total:	222 291	100,00	244 481	100,00	22 190

23. Table: Other income

Reversed impairment loss on inventories increased by HUF 578 million, released provisions for future expenses totalled HUF 866 million (of which HUF 765 million related to the maintenance of FLIRT trains).

Development subsidies received increased by HUF 2,077 million as a result of subsidies for the reporting year released in proportion to the depreciation of commissioned assets constructed from the subsidy.

The public service cost reimbursement for the reporting year is presented in detail in Chapter V.

II.2.3 Services used

figures in HUF millions

Item	2020	Percentage within total cost in 2020	2021	Percentage within total cost in 2021	Change
Services used					
Rail network access charge	74 669	24,04	78 193	22,78	3 524
Revenues from rail and road cars	7 192	2,32	6 733	1,96	-459
Railcar rent, RIC and other usage charges	3 867	1,25	4 694	1,37	827
Railcar maintenance	9 778	3,15	12 712	3,70	2 934
Train heating/cooling, car tests, train replacement, call center, labour hire and other railway operating services	2 652	0,85	1 753	0,51	-899
Property rents	4 195	1,35	3 980	1,16	-215
IT services	5 860	1,89	7 156	2,08	1 296
Procurement and inventory management services	1 981	0,64	2 321	0,68	340
Building management, maintenance	2 633	0,85	2 673	0,78	40
Traction and shunting	1 482	0,48	2 041	0,59	559
Railcar cleaning, graffiti removal	5 839	1,88	8 271	2,41	2 432
Security services	2 740	0,88	2 775	0,81	35
Training and human services	3 094	1,00	3 248	0,95	154
Ticket sales commission	333	0,11	427	0,12	94
Other maintenance	1 309	0,42	1 002	0,29	-307
Accounting and financial services	732	0,24	804	0,23	72
Public utilities (sewage, remote heating)	496	0,16	576	0,17	80
Telecom and postal services	308	0,10	267	0,08	-41
Secondment	432	0,14	440	0,13	8
Advertising, promotion, market surveys	270	0,09	512	0,15	242
Railtrack measuring, cleaning, welding	73	0,02	72	0,02	-1
Other rents	311	0,10	275	0,08	-36
Legal	13	0,00	28	0,01	15
Experts, tenders, authorship	62	0,02	48	0,01	-14
Track maintenance	39	0,01	1	0,00	-38
Other services used	683	0,22	658	0,19	-25
Services used, total:	131 043	42,19	141 660	41,26	10 617

24. Table: Services used

Services used totalled HUF 141,660 million, which is a HUF 10,617 million increase on 2020. Owing to an increase in transport services compared to 2020, rail network access charges increased by HUF 3,524 million, railcar maintenance costs increased by HUF 2,934 million. As a result of the COVID-19 pandemic, vehicle cleaning and graffiti removal costs were HUF 2,432 million more than in 2020.

II.2.4 Other expenses

figures in HUF millions

Item	2020	Percentage (%)	2021	Percentage (%)	Change
Expenses on disposed of tangible and intangible assets, capital projects	12	0,29	0	0,00	-12
Expenses of scrapped and missing tangible and intangible assets, capital projects	2	0,05	32	0,61	30
Extraordinary depreciation of tangible and intangible assets	0	0,00	48	0,92	48
Inventories impaired, scrapped	682	16,65	1 212	23,25	530
Inventory shortage	0	0,00	1	0,02	1
Impairment of receivebales	56	1,37	31	0,59	-25
Losses from damage events	23	0,56	31	0,59	8
Late payment penalties paid	397	9,69	225	4,32	-172
Damages paid	136	3,32	89	1,71	-47
Tax paid as a result of self-audit	1	0,02	1	0,02	0
Taxes and similar charges	64	1,56	83	1,59	19
Penalties, fines	29	0,71	46	0,88	17
Provisions for expexted liabilities	721	17,60	1 603	30,75	882
Provisions for future expenses	1 370	33,44	956	18,34	-414
Provisions for unreliased foreign exchange losses	310	7,57	0	0,00	-310
Assets assigned and services provided free of charge	4	0,10	3	0,06	-1
Forgiven receivables	3	0,07	2	0,04	-1
Amounts transferred free of charge	274	6,69	390	7,48	116
Miscellaneous other expenses	13	0,32	460	8,82	447
Total:	4 097	100,00	5 213	100,00	1 116

25. Table: Other expenses

Other expenses increased by HUF 1,116 million compared to the previous year. Inventories impaired or scrapped exceeded last year's expense by HUF 530 million, while provisions made for expected liabilities increased by HUF 882 million. Miscellaneous other expenses reflect the loyalty bonuses of employees taken over by MÁV VAGON Kft. in relation to the outsourced activities.

These increases were set off only in part by the lower provision for future expenses and HUF for unrealised foreign exchange losses (by HUF 414 million and HUF 310 million, respectively).

The extraordinary depreciation (impairment) of tangible assets totalled HUF 48 million in 2021, most of which (HUF 44 million) related to 12 scrapped V43 engines.

II.2.5 Financial profit or loss

II.2.5.1 Financial income

figures in HUF millions

Item	2020	Percentage (%)	2021	Percentage (%)	Change
Dividends received (due)	150	16,39	0	0,00	-150
Bank interest received (due) and similar income	2	0,22	80	15,38	78
Other interest received (due) and similar income	1	0,11	8	1,54	7
Realised foreign exchange gains on receivables and liabilities in foreign exchange	738	80,66	431	82,88	-307
Other financial income	24	2,62	1	0,19	-23
Total:	915	100,00	520	100,00	-395

26. Table: Financial income

Financial income were behind last year's by HUF 395 million, caused mostly by HUF 307 million less realised foreign exchange gains on FX receivables and liabilities, and the fact that no dividend was received from MÁV VAGON Kft.

II.2.5.2 Financial expenses

figures in HUF millions

Item	2020	Percentage (%)	2021	Percentage (%)	Change
Bank interest payable (paid) and similar charges	427	25,71	366	25,99	-61
Other interest payable (paid) and similar charges	1	0,06	163	11,58	162
Realised foreign exchange losses on receivables and liabilities in foreign exchange	1 225	73,75	873	62,00	-352
Other financial expenses	8	0,48	6	0,43	-2
Total:	1 661	100,00	1 408	100,00	-253

277. Table: Financial expenses

Financial expenses showed a decrease of HUF 253 million compared to the previous year. Only the interest payable to cash pool members increased, by HUF 162 million, on the previous year.

This increase was significantly affected by a HUF 352 million decrease in realized foreign exchange losses on receivables and liabilities denominated in foreign exchange.

II.2.6 Income from related parties

figures in HUF millions

Item	Parent company	Fully consolidated subsidiaries	Non-fully consolidated subsidiaries	Total
Sales revenues, net	3 777	11 089	76	14 942
Other income	220	801	5	1 026
Financial income	0	31	0	31
Revenues, total:	3 997	11 921	81	15 999

28. Table: Income from and expenses on related parties

The most significant revenues from the parent company included shunting of HUF 2,774 million and emergency response and chemical protection emergency revenues of HUF 737 million.

In the case of the fully consolidated subsidiaries, most of the revenues came from MÁV VAGON Kft., MÁV FKG Kft., and MÁV KFV Kft. In the case of MÁV VAGON Kft., this amounted to a total of HUF 10,735 million, of which revenues from the sale of goods and services totalled HUF 10,398 million. In the case of MÁV FKG Kft., the total revenue amounted to HUF 121 million, of which railway vehicle maintenance were HUF 51 million. In the case of MÁV KFV Kft., the total revenue was HUF 109 million, of which railway vehicle maintenance totalled HUF 91 million.

No deferred income was recognised in relation to any Group entity.

The classification of related parties is based on the Group categories defined from the perspective of the ultimate parent company (MÁV Zrt.).

II.2.7 Corporate tax base adjusting items

figures in HUF millions

Item	Increasing items	Reducing items	Change in tax base
Pre-tax profit			1 980
Adjustment due to provisions	2 561	1 889	672
Adjustment due to depreciation	33 249	52 748	-19 499
Costs and expenses incurred outside the normal course of business	251	0	251
Penalty/reimbursement identified by authorities	13	0	13
Impairment loss on receivables recognised/reversed	31	7	24
Expense/income identified by tax audit, self-audit	1 900	924	976
Donations	0	25	-25
Maintenance and operation of workers' accommodation according to the Personal Income Tax Act	0	0	0
Total:	38 005	55 593	-15 608

29. Table: Corporate tax base adjusting items

The corporate tax base is established from the pre-tax profit, which must be adjusted with items increasing or reducing the tax base specified by law.

MÁV-START Zrt. does not have any corporate tax payment liability to the Hungarian Tax Authority as an overall result of the pre-tax profit and the adjusting items.

II.2.8 Profit and loss account using the cost of sales method

The Company does not prepare a profit and loss account with the cost of sales method.

II.2.9 Other P&L related disclosures

The Company intends to use its net after-tax profits to fund vehicle improvements and requests not to distribute profits unlike set out in the business plan.

II.3 Cash Flow Statement

The Company's cash flow statement for 2021 is presented in the following table:

figures in HUF millions

No.	Item	2020.	2021.
I.	Operating cash flows (lines 1-13)	40 378	19 546
1a.	Pre-tax profit or loss ±	325	1 980
	of which: financially settled public service cost reimbursement and reimbursement subsidy	215 763	231 237
1b.	Dividends received -	-150	0
1c.	Amounts received/transferred free of charge recognised in profit or loss ±	-1	0
1d.	Unrealised foreign exchange gain or loss on liquid assets ±	0	2
1e.	Realised foreign exchange gain or loss related to the repayment of long-term loans and long-term liabilities ±	0	0
1f.	Unrealised foreign exchange gain or loss on non-current assets and long-term liabilities ±	464	31
1g.	Realised foreign exchange gain or loss related to the repayment of long-term loans granted and long-term liabilities ±	152	-29
1h.	Non-specified pre-tax profit or loss adjustments related to managed state-owned assets ±	0	0
1i.	Non-current assets contributed ±	0	-620
1j.	Non-current assets granted free of charge +	0	0
1k.	Other non-specified adjustments to the pre-tax profit or loss ±	0	0
1.	Adjusted pre-tax profit or loss (1a+1b+1c+1d+1e+1f+1g+1h+1i+1j+1k) ±	790	1 364
2.	Amortisation charge +	22 958	27 804
3.	Impairment loss recognised and reversed ±	451	457
4.	Difference between provisions made and released ±	1 507	512
5.	Gains/Losses on non-current asset disposals ±	-8	-29
6.	Movements in creditors ±	-42 269	21 835
7.	Movements in other current liabilities ±	26 721	-21 403
7a.	Changes in intra-division settlements (liabilities) ±	0	0
8.	Movements in accrued expenses and deferred income ±	-3 522	-5 354
9.	Movements in debtors ±	1 355	1 083
10.	Movements in current assets (less debtors and liquid assets) ±	33 736	-5 045
10a.	Changes in intra-division settlements (receivables) ±	0	0
11.	Movements in prepaid expenses and accrued income ±	-970	-1 678
12.	Income taxes paid, payable -	0	0
13.	Dividends paid, payable -	-370	0
II.	Investing cash flows (lines 14-18)	-41 647	-26 988
14.	Non-current asset additions -	-41 801	-26 988
15.	Non-current asset disposals +	3	0
16.	Long-term loans and bank deposits repaid, terminated, redeemed +	0	0
17.	Long-term loans granted and bank deposits placed -	0	0
18.	Dividends received +	150	0
III.	Financing cash flows (lines 19-26)	15 600	-3 462
19.	Shares issued, capital injection +	0	0
20.	Issue of bonds and debt securities +	0	0
21.	Loans and borrowings taken +	0	0
22.	Amounts received free of charge +	35 759	268
23.	Shares withdrawn, disinvestment (capital reduction) -	0	0
24.	Bonds and debt securities repaid -	0	0
25.	Loans and borrowings repaid -	-19 885	-3 340
26.	Amounts transferred free of charge -	-274	-390
IV.	Cash flows (I.+II.+III.)	14 331	-10 904
27.	Revaluation of cash and cash equivalents held in foreign exchange	0	-2
V.	Change in cash and cash equivalents (IV.+27)	14 331	-10 906

30. Table: Cash flow statement

In accordance with the accounting policies, adjustments over HUF 500m of the changes in lines 6 to 11 of the cash flow statement were as follows:

line 6	Movements in creditors (related to fixed asset acquisitions)	6.229 million
line 8	Changes in accrued expenses and deferred income (related to assets constructed/acquired from subsidies)	-128.527 million

The pre-tax profit was HUF 1,980m.

The change in cash and cash equivalents (line IV) reflects the Cash and cash equivalents line in the balance sheet line (B. IV.) which shows a decrease of HUF 10,906m in 2021. This change was due to the following factors:

- Operating cash flows relating to core operations show inflows of HUF 19,545 million in 2021 and were due predominantly to the changes in depreciation, trade receivables and trade creditors.
- There was a HUF -26.987 million outflow from investing cash flows as a result of tangible asset acquisitions.
- Financing cash flows show an outflow of HUF 3,463 million mostly as a result of the repayment of loans.

II.4 True and fair asset, financial and income position

Assets

Non-current asset ratio

$$\frac{\text{Non-current assets}}{\text{Total assets}} = \frac{439\,174}{501\,629} = 87,55\% \quad (\text{2020: } 82,38\%)$$

Tangible asset margin

$$\frac{\text{Equity}}{\text{Own tangible assets}} = \frac{134\,784}{422\,807} = 31,88\% \quad (\text{2020: } 43,14\%)$$

Fixed asset margin

$$\frac{\text{Equity}}{\text{Own non-current assets}} = \frac{134\,784}{439\,174} = 30,69\% \quad (\text{2020: } 41,83\%)$$

Current assets to non-current assets

$$\frac{\text{Current assets}}{\text{Non-current assets}} = \frac{56\,262}{439\,174} = 12,81\% \quad (\text{2020: } 19,97\%)$$

Equity and liabilities

Gearing ratio

$$\frac{\text{Equity}}{\text{Total equity and liabilities}} = \frac{134\,784}{501\,629} = 26,87\% \quad (\text{2020: } 34,45\%)$$

Borrowed capital ratio

$$\frac{\text{Borrowed capital (Liabilities)}}{\text{Equity}} = \frac{123\,947}{134\,784} = 91,96\% \quad (\text{2020: } 100,48\%)$$

Indebtedness ratio

$$\frac{\text{Borrowed capital (Liabilities)}}{\text{Total equity and liabilities}} = \frac{123\,947}{501\,629} = 24,71\% \quad (\text{2020: } 34,62\%)$$

Long-term liabilities ratio

$$\frac{\text{Long-term liabilities}}{\text{Long-term liabilities} + \text{Equity}} = \frac{8\,143}{142\,927} = 5,70\% \quad (\text{2020: } 7,95\%)$$

Equity increase ratio

$$\frac{\text{Equity}}{\text{Issued capital}} = \frac{134\,784}{45\,000} = 3,00 \quad (\text{2020: } 2,95)$$

Profitability ratios

$$\text{EBITDA (operating profit} + \text{depreciation)} = 2\,868 + 27\,804 = 30\,672 \quad (\text{2020: } 24.029 \text{ M Ft})$$

$$\text{EBITDA rate} = \frac{\text{EBITDA}}{\text{Sales revenues, net}} = \frac{30\,672}{90\,323} = 33,96\% \quad (\text{2020: } 36,33\%)$$

$$\text{Return on sales (ROS)} = \frac{\text{Operating profit}}{\text{Sales revenues, net}} = \frac{2\,868}{90\,323} = 3,18\% \quad (\text{2020: } 1,62\%)$$

Financial position
Working capital and liquidity

Net working capital

$$\text{Current assets} - \text{Current liabilities} = 56\,262 - 115\,804 = -59\,542 \quad (\text{2020: } -58.551 \text{ M Ft})$$

Liquidity ratio

$$\frac{\text{Current assets}}{\text{Current liabilities}} = \frac{56\,262}{115\,804} = 48,58\% \quad (\text{2020: } 52,00\%)$$

Quick ratio

$$\frac{\text{Current assets} - \text{Inventories}}{\text{Current liabilities}} = \frac{30\,013}{115\,804} = 25,92\% \quad (\text{2020: } 24,33\%)$$

Cash liquidity

$$\frac{\text{Liquid assets}}{\text{Current liabilities}} = \frac{6\,848}{115\,804} = 5,91\% \quad (\text{2020: } 14,56\%)$$

II.5 Balance sheet and profit and loss account for items affecting previous years

The impact of the errors detected for the previous years in 2021 was below the threshold defined in the accounting policies and therefore the detected errors were recognised in the profit or loss for the reporting year and not in a separate column.

III Other information

III.1 Environment protection

MÁV-START Zrt's environmental service provider is MÁV SZK Zrt's Environmental Unit which delivers environmental services based on the underlying general service contract (Back-office contract). The Company's Safety Directorate is in charge of the technical management of our environmental activities.

Further to government decision No. 1257/2021.(V.12.), vehicle manufacturing, repair services necessary for technical licensing were outsourced to MÁV VAGON Kft. effective as of 1 October 2021, along with the related human and technical/material resources. This had only a minor impact on environment protection in 2021 and mostly affected waste quantities.

Two environmental audits were conducted in 2021 as follows:

- At the site of the Pécs vehicle insurance directorate (JBI), an audit conducted in November found that a hazardous waste collection site, which used to belong to the SZK RLK plant but has been used for some time by JBI was not licensed. The authority launched proceedings so that a retrospective licence can be obtained in 2022.
- At the site of the boiler house at Záhony, the authority carried out noise test further to noise nuisance during water rheostat measurement reported by civilians. The noise test found that the noise produced was by 7 dBA over the limit. A noise prevention plan was submitted to the environmental authority upon their request.

III.1.1 Environmental obligations

The Company did not have any reserve or provision for environmental liabilities in 2021.

figures in HUF millions

Item	2020	2021	Változás
Environmental expenses	496	456	-40

31. Table: Environmental expenses

III.1.2 Tangible assets directly serving environment protection

figures in HUF millions

Serial No.	ITEM	Properties and related rights	Technical machinery, equipment	Other equipment, fittings, vehicles	Capital projects, renovations	Total
1.	<i>Cost, opening</i>	708	333	0	0	1 041
2.	Additions	33	6	0	0	39
3.	Disposals	-5	-86	0	0	-91
4.	Reclassified	0	0	0	0	0
5.	<i>Cost, closing</i>	736	253	0	0	989
6.	<i>Depreciation, opening</i>	62	97	0	0	159
7.	Ordinary depreciation in 2021	35	24	0	0	59
8.	Extraordinaru deprec. in 2021	0	0	0	0	0
9.	Extraordinary deprec., reversed	0	0	0	0	0
10.	Depreciation written off	-4	-25	0	0	-29
11.	Other increase	0	0	0	0	0
12.	Other decrease	0	0	0	0	0
13.	Reclassified	0	0	0	0	0
14.	<i>Depreciation, closing</i>	93	96	0	0	189
15.	<i>NBV, opening</i>	646	236	0	0	882
16.	<i>NBV, closing</i>	643	157	0	0	800

32. Table: Tangible assets directly serving environment protection

Depreciation is charged on MÁV-START Zrt's environmental assets, just as for all other tangible assets, on a straight line basis over the useful life of the asset.

III.1.3 Hazardous waste values and quantities

Waste resulting from the Company's operations is continuously disposed of.

- Movements in hazardous waste

figures in HUF millions

EWC ID	Item	Opening	Increase	Decrease	Closing
130205*	Non-chlorine lubricants	2	6	7	1
130307*	Crude oil based, non-chlorine insulation and heat transmission oils	0	1	1	0
160601*	Lead batteries	6	8	13	1
Total		8	15	21	2

33. Table: Hazardous and polluting waste

- Waste oil disposals:

figures in HUF millions

Receiver	2020		2021	
	Sold (kg)	Sold, net value	Sold (kg)	Sold, net value
MOL-LUB Kft.	147 512	9	129 468	8

34. Table: Waste oil disposal

- Hazardous waste and pollutant quantities

figures in kgs

ID code	Item	Opening	Additions	Disposals	Closing
06 01 02*	Chlorohydric acid	0	195	0	195
06 01 06*	Acidic sulphur waste	152	0	152	0
06 02 04*	Natrium and potassium hidroxiide	890	1 100	1 000	990
06 02 05*	Other alkali solution	0	27	0	27
07 01 04*	Other organic solvents, washing liquids and solid caustics	146	3	146	3
07 06 03*	Halogenic organic solvents, washing liquids	193	0	193	0
08 01 11*	Waste paint and varnish containing organic solvents and other hazardous substances	927	75 670	75 985	612
08 01 17*	Waste containing organic solvents or pther hazardous substances from the removal of paint and varnish	10 253	16 070	19 850	6 473
08 03 17*	Toner waste with hazardous substances	1 301	939	1 274	966
08 04 09*	Waste adhesive, filling and sealing agents with organic solvents and other hazardous substances	3 478	2 343	4 043	1 778
10 04 02*	Blast furnace slag/cinder from primary and secondary production and separates	0	0	0	0
11 01 98*	Material with other hazardous substances	1 348	0	1 348	0
12 01 09*	Non-halgenic cooling-lubricant emulsions and solutions	298	0	298	0
12 01 12*	Waste wax and grease	1 280	2 667	2 506	1 441
12 01 16*	Sand blast waste with hazardous substances	0	24 070	24 070	0
12 01 18*	Oil stained metal sludge (from buffing,honing,lapping)	4 128	16 070	17 540	2 658
13 01 13*	Other hydraulic oils	3 827	1 170	3 487	1 510
13 02 05*	Chlorine engine and other lubricants	19 542	101 792	105 873	15 461
13 02 06*	Synthetic engine and gear oils and lubricants	0	180	0	180
13 02 08*	Other engine and gear lubricants	0	240	240	0
13 03 07*	Mineral oil based,non-chlorine insulation and heat transmitting oils	3 743	22 870	23 595	3 018
13 05 02*	Sludge from oil/water separators	9 306	6 231	8 495	7 042
13 05 06*	Oil from oil/water separators	0	0	0	0
13 05 08*	Mixed waste from de-gritter and from oil/water separators	0	346 536	344 920	1 616
13 07 01*	Burning oil and diesel oil	0	1 084	150	934
13 07 03*	Other fuel	680	0	680	0
13 08 99*	Unspecified waste (stained fuel)	0	1 150	200	950
14 06 01*	Chlorine-fluorine-hydrocarbons, HCFC, HFC	0	0	0	0
14 06 03*	Other solvent mixes	890	1 740	2 490	140
15 01 10*	Packaging with hazardous content or stains	9 215	53 652	54 526	8 341
15 01 11*	Metal packaging with hazardous solid porous matrix (e.g. asbestos) including empty spray cans	1 283	1 476	1 935	824
15 02 02*	Absorbents, filters (incl. Non-specified oil filters), clothes and protective clothing stained with hazardous materials	30 962	59 642	67 953	22 651
16 01 04*	Vehicles no longer fit for use as a product	0	0	0	0
16 01 07*	Oil filters	3 579	7 202	7 153	3 628
16 01 14*	Anti-freeze with hazardous substances	1 737	956	2 693	0
16 01 21*	Hazardous spare parts	1 386	810	1 344	852
16 02 13*	Decommissioned equipment	500	843	103	1 240
16 03 03*	Inorganic waste with hazardous substances	128	72	107	93
16 03 05*	Organic waste with hazardous substances	7 926	6 715	9 662	4 979
16 05 06*	Laboratory chemicals with hazardous substance contents	91	14	77	28
16 05 07*	Demissioned inorganic checmicals with hazardous substance contents	252	0	252	0
16 06 01*	Lead batteries	34 812	47 939	76 695	6 056
16 06 06*	Electrolites collected separately from batteries	2 860	9 081	9 081	2 860
16 07 08*	Oil stained waste	1 809	900	1 809	900
16 10 01*	Hazardous liquid waste	0	55 428	54 978	450
17 01 06*	Polluted porcelain	0	187	0	187
17 02 04*	Stained/contaminated glass, plastic, timber	2 185	8 211	10 396	0
17 03 01*	Asphalt mix with coal tar content	0	0	0	0
17 04 09*	Stained/contaminated metal waste	0	0	0	0
17 04 10*	Oil stained, carbon stained or other hazardous cable waste	0	55	0	55
17 05 03*	Stained soil and stones	4 467	11 522	13 738	2 251
17 06 01*	Asbestos insulators	0	0	0	0
17 06 03*	Other insulators with hazardous material contents	50	210	210	50
17 06 05*	Other waste the collection and treatment of which require special conditions in order to avoid contamination	26	0	26	0
18 01 03*	Saturated or depleted ion-exchange resins	1	18	19	0
19 08 06*	Sludge from industrial sewage treatment with hazardous substances	0	0	0	0
19 08 13*	Light tubes and other mercurous waste	11 460	255 820	255 820	11 460
20 01 21*	Hazardous washing agents	1 028	1 078	1 248	858
20 01 29*	hazardous detergents	0	0	0	0
20 01 33*	Batteries including those with codes 16 06 01, 16 06 02 and 16 06 03	519	1 495	1 675	339
20 01 35*	Hazardous scrapped electric and electronic equipment other than waste coded 20 01 21 and 20 01 23	11 535	25 083	27 317	9 301
20 01 37*	Contaminated timber	690	2 450	2 450	690
Total:		190 883	1 173 006	1 239 802	124 087

35. Table: Hazardous waste and pollutant quantities

III.2 Research and development expenses

No research and development costs incurred in 2021.

III.3 Subsidies received

figures in HUF millions

Subsidy	Subsidy received (approved) (as in the underlying document)	2020						2021					
		Subsidised amount in previous year(s)	Subsidised amount	Unused subsidy	Disbursed subsidy	Paid from subsidy	Cash available from the subsidy at the balance sheet date	Subsidised amount in previous year(s)	Subsidised amount	Unused subsidy	Disbursed subsidy	Paid from subsidy	Cash available from the subsidy at the balance sheet date
Subsidised fares on social grounds*	22 596	819	21 777	0	25 430		-2 227	1 097	11 711	0	13 919	0	-819
Reimbursed excise tax on gasoline use*	4 127	668	3 459	0	2 884		-583	626	3 436	0	2 776	0	-668
Subsidies (project + cost)	286 882	101 353	110 445	75 084	195	0	35 598	58 225	43 127	72 546	35 758	21	35 525
<i>of which:</i>													
<i>KÖZÖP-İKOP INKA</i>	671	630	0	41	0	0	0	630	0	42	0	0	0
<i>İKOP Tram Train</i>	17 623	8 013	11	9 599	11	0	0	7 985	28	9 609	28	0	0
<i>ETCS 59 pc train</i>	7 351	3 584	933	2 834	123	0	0	2 970	614	3 767	105	0	0
<i>İKOP 19 pc High capacity motortrain</i>	105 966	49 836	47 579	8 551	57	0	0	45 576	4 260	49 714	72	21	0
<i>İKOP- INKA2</i>	3 600	1 933	0	1 667	0	0	0	1 064	869	1 667	23	0	0
<i>FLIRT standardization</i>	4 988	1 831	1 233	1 923	4	0	0	0	1 831	3 157	5	0	0
<i>İKOP 21 Nagykap. Mv vehicles</i>	106 568	0	60 615	45 953	0	0	0	0	0	0	0	0	0
<i>IC+</i>	31 045	31 045	0	0	0	0	31 045	0	31 045	0	31 045	0	31 045
Tram Train domestic subsidies	9 070	4 480	74	4 516	0	0	4 553	0	4 480	4 590	4 480	0	4 480
Prior years public service reimbursement settlements in 2021	2 000	0	2 000	0	0	0	0	0	1 137	0	38 753	0	0
Public service reimbursement for 2021	231 237	0	231 237	0	231 999	0	762	0	214 626	0	216 908	0	2 282
GINOP-187 "Spektrum" subsidy received to cover expenses	0	0	0	0	0	0	0	8	0	0	-8	0	0
Received to cover costs of "İKOP INKA 2 project"	0	0	0	0	0	0	0	0	14	0	0	0	0
Total:	546 842	102 840	368 918	75 084	260 508	0	33 551	59 956	274 052	72 545	308 107	21	36 319

* Reflects the amount of statutory subsidy receivable in the reporting year

** Returned amount for the previous year: HUF 8 million

36. Table: Subsidies recognised in the reporting year

Further details of subsidies are presented in Chapter IV.5 among the other disclosures relating to accounting unbundling.

III.4 Average headcount, payroll cost and other payments to personnel

figures in HUF millions

Staff category	2020				2021			
	Payroll cost	Other payments to personnel	Total	Percentage (%)	Payroll cost	Other payments to personnel	Total	Percentage (%)
Blue collar	55 685	5 634	61 319	70,72	53 899	8 631	62 530	70,34
White collar	23 058	2 241	25 299	29,18	22 677	3 584	26 261	29,53
Inactive	80	13	93	0,11	81	23	104	0,12
Total:	78 823	7 888	86 711	100,00	76 657	12 238	88 895	100,00

37. Table: Payments to personnel, net of payroll taxes

figures in HUF millions

Payroll taxes	2020		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Social contribution tax	13 504	86,32	12 100	85,56
Rehabilitation contribution	980	6,26	952	6,73
Vocational training contribution	1 160	7,41	1 090	7,71
Total:	15 644	100,00	14 142	100,00

38. Table: Payroll taxes by type

Staff category	2020		2021	
	Average statistical number of staff	Percentage (%)	Average statistical number of staff	Percentage (%)
Blue collar	9 738,2	70,60	9 354,6	69,72
White collar	4 055,4	29,40	4 062,7	30,28
Total number of staff:	13 793,5	100,00	13 417,3	100,00

39. Table: Number of employees

III.5 Information about senior officers and Supervisory Board members

III.5.1 Remuneration of executive officers and members of the Supervisory Board in the reporting year

figures in HUF millions

Category	2020	2021	Change
Senior officers	41	49	8
Supervisory Board	10	11	1
Total:	51	60	9

40. Table: Remunerations paid in 2021

III.5.2 Advance payments, loans disbursed to executive officers and Supervisory Board members, guarantees assumed on their behalf

No advances were paid or loans were disbursed to, nor were guarantees assumed on the behalf of executive officers and Supervisory Board members in 2021.

III.5.3 Pension payment obligations towards former executive officers and Supervisory Board members

The Company has no pension payment obligations towards its former executive officers or Supervisory Board members.

III.6 The Company's investments

figures in HUF

Company code	Name	Ownership (%)	Date of foundation/acquisition	Postcode	Seat	Address	Issued capital at 31 Dec 2021	Reserves at 31 Dec 2021 *	Net profit for 31 Dec 2021 *	Equity at 31 Dec 2021 *	Registered capital 1 Jan 2021	Accumulated impairment loss at 1 Jan 2021	Book value at 1 Jan 2021
138	MÁV Szolgáltató Központ Zrt	0,12	2011.07.19	1087	Budapest	Könyves Kálmán körút 54-60.	801 000 000	1 880 059 000	988 178 000	3 669 237 000	1 000 000		1 000 000
195	MÁV Rail Tours Kft.	1,00	2020.02.27	1142	Budapest	Tatai utca 93/A	102 000 000	469 781 000	37 685 303	609 466 086	1 000 000		1 000 000
020	MÁV VAGON Kft	99,92	2014.01.01	5000	Szolnok	Körösi út 1-3.	245 180 000	6 853 105 350	1 044 741 261	8 143 026 611	250 377 294		250 377 294
194	MÁV HÉV Zrt.	0,01	2021.10.20	1087	Budapest	Könyves Kálmán körút 54-60.	11 000 000 000	7 940 720	226 431 851	19 167 152 877	0		
196	VOLÁNBUSZ Zrt.	0,01	2021.10.20	1091	Budapest	Üllői út 131.	82 768 309 000	61 585 053 833	6 834 590 086	151 187 952 919	0		
<i>Fully consolidated subsidiaries, total:</i>													
191	TS-MÁV Gépészet Services Kft	49,02	2011.12.14	1097	Budapest	Fék u. 8/a	3 000 000	n.a.	n.a.	386 227 136	252 377 294		252 377 294
<i>Associate, total:</i>													
147	BCC	1,36	1997.01.28	B-1060	Bruxelles	40 Avenue de la Porte de Hal	40 682 250	n.a.	n.a.	n.a.	547 695		547 695
120	Vasútegészségügyi Kft	0,010	2013.10.07	1062	Budapest	Podmaniczky u 109.	701 020 000	n.a.	n.a.	2 553 611 113	100 000		100 000
<i>Other investments total:</i>													
											647 695	647 695	
Total:											253 274 989	0	253 274 989

*based on preliminary figures

41. Table: The Company's investments and opening balances

figures in HUF

Company code	Name	Purchase	Capital increase, injection	Capital decrease, divestment	Disposal	Reversal due to winding up, final settlement	Increase due to transformation	Decrease due to transformation	Exchange difference at the end of current year	Registered capital at 30.09 Current year	Impairment for the current year	Impairment reversal	Reversal due to sale, contribution	Accumulated impairment at 31.12 Current year	Registered value at 31.12. current year
195	MÁV Rail Tours Kft.		4 545 387							5 545 387					5 545 387
020	MÁV VAGON Kft		5 919 780 579							6 170 157 873					6 170 157 873
194	MÁV HÉV Zrt.		1 654 811							1 654 811					1 654 811
196	VOLÁNBUSZ Zrt.		1 189 554							1 189 554					1 189 554
138	MÁV Szolgáltató Központ Zrt.									1 000 000					1 000 000
<i>Fully consolidated subsidiaries Total:</i>															
		0	5 927 170 331	0	0	0	0	0	0	6 179 547 625	0	0	0	0	6 179 547 625
191	TS-MÁV Gépészet Services Kft									250 000					250 000
<i>Associated companies Total:</i>															
		0	0	0	0	0	0	0	0	250 000	0	0	0	0	250 000
147	BCC								5 805	553 500					553 500
120	Vasútegészségügyi Kft									100 000					100 000
<i>Other participating interests Total:</i>															
		0	0	0	0	0	0	0	5 805	653 500	0	0	0	0	653 500
Total:		0	5 927 170 331	0	0	0	0	0	5 805	6 180 451 125	0	0	0	0	6 180 451 125

42. Table: Changes in the Company's investments in 2021

The following increases took place in MÁV-START Zrt's investments in 2021:

- Capital increase in MÁV-VAGON Kft. through a contribution in kind worth HUF 5,919,780,579.
- Shares purchased: HUF 1,189,554 in VOLÁNBUSZ Zrt., and HUF 1,654,811 in MÁV-HÉV Zrt.
- Capital increase of HUF 4,545,387 in MÁV Rail Tours Kft.

III.7 Disclosures of the exempted parent company

MÁV-START Zrt. exercises direct dominant control over MÁV VAGON Kft. due to its 99.92% participating interest held in the company.

figures in HUF millions

MÁV VAGON Kft.	2021.12.31
Non-current assets	6 748
Equity	8 143
Sales revenues, net	10 811
Net profit	1 045
Statistical number of staff	592

43. Table: MÁV VAGON Kft. reported figures as at 31 December 2021

III.8 Material not arm's length transactions with related parties

The Company had no significant not arm's length transactions in the reporting year.

III.9 Permanent establishments abroad

The Company has no permanent establishments abroad.

III.10 COVID-19 and other new, external circumstances and impacts

The pandemic situation that started in March 2020 persisted throughout 2021. While governmental pandemic management measures, improving vaccination rates and the cost saving actions taken by the management of MÁV Group companies managed to keep the effects on group-wide costs at relatively moderate, the lockdown measures and the resulting slump in passenger numbers had a drastic impact on the revenues of the Group's passenger transport public service entities.

At the public service companies, the pandemic-related extra costs and unearned revenues increased the reimbursement demand which the Principal is required to meet based on the underlying regulations and contractual terms. The increasing reimbursement demand resulting from unearned revenues in 2021 and the costs of anti-pandemic measures were regularly reported to the Owner and the Principal during the course of the year and all such extra costs were duly and properly reimbursed in 2021.

At the end of 2021, listed energy prices (traction, fuel etc.) started to hike, and the previously stable market shifted to a volatile environment with spiralling rates.

In February 2022, a war broke out in Ukraine. Although the Group does not have any operations in the area, and therefore any direct impact is immaterial, the ensuing sanctions have had a profound effect on Hungary's economy and all companies, and may further contribute to the spiralling fuel and energy prices in addition to similarly hiking raw material prices, rising inflation and volatile foreign exchange rates.

The future evolution of market prices and key macroeconomic indicators is currently hardly predictable. Group management as well as the managements of the Group companies continuously monitor and analyse the situation and its potential effects on the operations of the Company and the Group, including possible going concern considerations. Currently available information indicates that the soaring energy

prices will generate significant extra costs, mostly directly but also through the service value chain of the supporting companies, and therefore extra reimbursement demand for public service providers in 2022.

Discussions with the ministries were continuous in 2021 and remain so in 2022 in order to ensure seamless transport services while complying with the actual government measures and that the expected higher reimbursement needs of public service companies do not cause financing difficulties during the year.

IV Annual supervisory report – Disclosures pursuant to decree 50/2007 of the Ministry for Economy and Transport and the Finance Ministry (GKM-PM) on the accounting unbundling of rail transport activities within railway companies

The balance sheet, profit and loss account and cash-flow statement prepared separately for the unbundled activities required in the supervisory report are included in the tables below and reflect the values of assets, equity & liabilities, costs and expenses and revenues of the:

- public service passenger transportation division (SK) with respect to passenger transportation performed based on public service contract
- non-public service division (SN) with respect to non-public service passenger transportation and
- the other activities division (E) with respect to non-passenger transport services.

IV.1 Balance sheet disclosures

figures in HUF millions

Line	Item	Public service passenger transport (SK)		Non-public service passenger transport (SN)		Other activities (E)		MÁV-START Zrt. Total	
		2020.	2021.	2020.	2021.	2020.	2021.	2020.	2021.
A.	NON-CURRENT ASSETS	308 247	430 369	9 276	8 805	0	0	317 523	439 174
I.	INTANGIBLE ASSETS	9 047	9 918	357	268	0	0	9 404	10 186
1.	Capitalised cost of foundation/restructuring	0	0	0	0	0	0	0	0
2.	Capitalised cost of development	0	0	0	0	0	0	0	0
3.	Concessions, licenses and similar rights	663	763	0	0	0	0	663	763
4.	Trade-marks, patents and similar rights	8 258	9 092	357	268	0	0	8 615	9 360
5.	Goodwill	0	0	0	0	0	0	0	0
6.	Advance payments for intangible assets	126	63	0	0	0	0	126	63
7.	Revaluation of intangible assets	0	0	0	0	0	0	0	0
II.	TANGIBLE ASSETS	298 947	414 270	8 919	8 537	0	0	307 866	422 807
1.	Land and buildings and related property rights	4 497	2 263	0	0	0	0	4 497	2 263
2.	Plant, machinery, equipment and vehicles	204 836	362 399	8 911	8 537	0	0	213 747	370 936
3.	Other equipment, fixtures and fittings, vehicles	4	3	0	0	0	0	4	3
4.	Breeding stock	0	0	0	0	0	0	0	0
5.	Capital projects in progress	32 867	15 645	8	0	0	0	32 875	15 645
6.	Advance payments for capital projects	56 743	33 960	0	0	0	0	56 743	33 960
7.	Adjusted value of tangible assets	0	0	0	0	0	0	0	0
III.	NON-CURRENT FINANCIAL ASSETS	253	6 181	0	0	0	0	253	6 181
1.	Long-term investments in related parties	252	6 180	0	0	0	0	252	6 180
2.	Long-term loans granted to related parties	0	0	0	0	0	0	0	0
3.	Other long-term investments	0	0	0	0	0	0	0	0
4.	Long-term loans to significant investments	0	0	0	0	0	0	0	0
5.	Other long-term investments	1	1	0	0	0	0	1	1
6.	Long-term loans granted to other investments	0	0	0	0	0	0	0	0
7.	Other long-term loans granted	0	0	0	0	0	0	0	0
8.	Long-term debt securities	0	0	0	0	0	0	0	0
9.	Adjusted of financial investments	0	0	0	0	0	0	0	0
10.	Gain/Loss on the valuation of financial investments	0	0	0	0	0	0	0	0
B.	CURRENT ASSETS	63 454	55 638	80	115	8 517	9 764	63 419	56 262
I.	INVENTORIES	33 598	26 151	0	0	149	98	33 747	26 249
1.	Materials	25 047	16 387	0	0	0	0	25 047	16 387
2.	Work in progress and semi-finished products	4 400	7 413	0	0	149	98	4 549	7 511
3.	Animals for breeding, fattening and other livestock	0	0	0	0	0	0	0	0
4.	Finished products	3 436	2 282	0	0	0	0	3 436	2 282
5.	Goods	19	58	0	0	0	0	19	58
6.	Advance payments for inventories	696	11	0	0	0	0	696	11
II.	RECEIVABLES	12 935	23 330	11	24	7 604	9 066	11 918	23 165
1.	Trade debtors	361	484	10	21	2 945	1 827	3 316	2 332
2.	Receivables from related parties	659	13 505	0	0	422	787	1 081	14 292
3.	Receivables from significant investments	0	0	0	0	38	57	38	57
4.	Receivables from other investments	18	21	0	0	0	0	18	21
5.	Bills of exchange receivable	0	0	0	0	0	0	0	0
6.	Other receivables	7 464	6 460	1	3	0	0	7 465	6 463
7.	Revaluation difference of receivables	0	0	0	0	0	0	0	0
8.	Gain on derivative transactions	0	0	0	0	0	0	0	0
	<i>Receivables from inter-division settlements</i>	<i>4 433</i>	<i>2 860</i>	<i>0</i>	<i>0</i>	<i>4 199</i>	<i>6 395</i>	<i>0</i>	<i>0</i>
III.	SECURITIES	0	0	0	0	0	0	0	0
1.	Equity in related parties	0	0	0	0	0	0	0	0
2.	Significant equity investment	0	0	0	0	0	0	0	0
3.	Other equity investments	0	0	0	0	0	0	0	0
4.	Treasury shares and quotas	0	0	0	0	0	0	0	0
5.	Marketable debt securities	0	0	0	0	0	0	0	0
6.	Revaluation difference of securities	0	0	0	0	0	0	0	0
IV.	LIQUID ASSETS	16 921	6 157	69	91	764	600	17 754	6 848
1.	Cash, cheques	116	128	0	0	0	0	116	128
2.	Bank deposits	16 805	6 029	69	91	764	600	17 638	6 720
C.	PREPAID EXPENSES AND ACCRUED INCOME	3 879	4 968	519	334	117	891	4 515	6 193
1.	Accrued income	1 020	1 662	519	334	117	887	1 656	2 883
2.	Prepaid expenses	1 424	2 236	0	0	0	4	1 424	2 240
3.	Deferred expenses	1 435	1 070	0	0	0	0	1 435	1 070
	ASSETS, TOTAL	375 580	490 975	9 875	9 254	8 634	10 655	385 457	501 629

44. Table: Asset side of MÁV-START Zrt's unbundled balance sheet

figures in HUF millions

Line	Item	Public service passenger transport (SK)		Non-public service passenger transport (SN)		Other activities (E)		MÁV-START Zrt. Total	
		2020.	2021.	2020.	2021.	2020.	2021.	2020.	2021.
D.	EQUITY	123 466	125 458	759	-455	8 579	9 781	132 804	134 784
I.	ISSUED CAPITAL	44 767	44 767	233	233	0	0	45 000	45 000
	of which: treasury shares redeemed at face value	0	0	0	0	0	0	0	0
II.	ISSUED CAPITAL NOT PAID	0	0	0	0	0	0	0	0
III.	CAPITAL RESERVE	69 273	69 273	2 028	2 028	0	0	71 301	71 301
IV.	RETAINED EARNINGS	7 647	9 117	39	-1 502	7 977	8 579	15 663	16 194
V.	ALLOCATED RESERVES	515	309	0	0	0	0	515	309
VI.	REVALUATION RESERVE	0	0	0	0	0	0	0	0
1.	Revaluation reserve on value adjustments	0	0	0	0	0	0	0	0
2.	Revaluation reserve on fair value	0	0	0	0	0	0	0	0
VII.	PROFIT FOR THE YEAR	1 264	1 992	-1 541	-1 214	602	1 202	325	1 980
E.	PROVISIONS	8 285	8 797	0	0	0	0	8 285	8 797
1.	Provisions for expected liabilities	1 445	2 026	0	0	0	0	1 445	2 026
2.	Provisions for future expenses	5 920	6 010	0	0	0	0	5 920	6 010
3.	Other provisions	920	761	0	0	0	0	920	761
F.	LIABILITIES	133 168	123 034	8 881	9 439	23	729	133 440	123 947
I.	SUBORDINATED LIABILITIES	0	0	0	0	0	0	0	0
1.	Subordinated liabilities to related parties	0	0	0	0	0	0	0	0
2.	Subordinated liabilities to significant investments	0	0	0	0	0	0	0	0
3.	Subordinated liabilities to other investments	0	0	0	0	0	0	0	0
4.	Subordinated liabilities to third parties	0	0	0	0	0	0	0	0
II.	LONG-TERM LIABILITIES	11 470	8 143	0	0	0	0	11 470	8 143
1.	Long-term borrowings	0	0	0	0	0	0	0	0
2.	Convertible bonds	0	0	0	0	0	0	0	0
3.	Debts from the issue of bonds	0	0	0	0	0	0	0	0
4.	Investment and development loans	6 677	4 034	0	0	0	0	6 677	4 034
5.	Other long-term loans	4 793	4 109	0	0	0	0	4 793	4 109
6.	Long-term liabilities to related parties	0	0	0	0	0	0	0	0
7.	Long-term liabilities to significant investments	0	0	0	0	0	0	0	0
8.	Long-term liabilities to other investments	0	0	0	0	0	0	0	0
9.	Other long-term liabilities	0	0	0	0	0	0	0	0
III.	CURRENT LIABILITIES	121 698	114 891	8 881	9 439	23	729	121 970	115 804
1.	Short-term borrowings	0	0	0	0	0	0	0	0
	of which: convertible bonds	0	0	0	0	0	0	0	0
2.	Other short-term loans	3 369	3 389	0	0	0	0	3 369	3 389
3.	Prepayments received from debtors	4	2	0	0	1	5	5	7
4.	Creditors	9 168	24 535	244	149	1	334	9 413	25 018
5.	Bills of exchange payable	0	0	0	0	0	0	0	0
6.	Short-term debts to related parties	14 548	12 815	4	35	2	371	14 554	13 221
7.	Short-term debts to significant investments	181	144	0	0	0	0	181	144
8.	Short-term debts to other investments	19	16	0	0	0	0	19	16
9.	Other current liabilities	94 409	73 990	1	0	19	19	94 429	74 009
10.	Revaluation difference of liabilities	0	0	0	0	0	0	0	0
11.	Loss on the revaluation of derivative transactions	0	0	0	0	0	0	0	0
	Liabilities from inter-division settlements	0	0	8 632	9 255	0	0	0	0
G.	ACCRUED EXPENSES AND DEFERRED INCOME	110 661	233 686	235	270	32	145	110 928	234 101
1.	Deferred income	269	35	0	0	32	91	301	126
2.	Accrued expenses	5 152	6 347	235	270	0	54	5 387	6 671
3.	Deferred extraordinary revenues and negative goodwill	105 240	227 304	0	0	0	0	105 240	227 304
	EQUITY AND LIABILITIES, TOTAL	375 580	490 975	9 875	9 254	8 634	10 655	385 457	501 629

45. Table: Equity and liabilities side of MÁV-START Zrt's unbundled balance sheet

IV.2 Profit and loss account disclosures

figures in HUF millions

Line	Item	Public service passenger transport		Non-public service passenger transport		Other activities (E)		MÁV-START Zrt. Total	
		2020.	2021.	2020.	2021.	2020.	2021.	2020.	2021.
01.	Domestic sales, net	41 292	65 318	2 056	1 654	15 403	14 795	58 751	81 767
02.	Export sales, net	4 745	5 825	2 124	2 066	523	665	7 392	8 556
I.	Sales revenues, net (01.+02.)	46 037	71 143	4 180	3 720	15 926	15 460	66 143	90 323
	1. Revenues from other internal settlements	180 974	220 162	2 595	3 117	0	0	183 569	223 279
	4. Central management	23 089	23 313	5	0	0	0	23 094	23 313
I/A.	Internal revenues recognised:	204 063	243 475	2 600	3 117	0	0	206 663	246 592
03.	Capitalised value of self produced assets	2 471	1 885	-1	0	29	-77	2 499	1 808
04.	Movements in self produced inventories	24 726	14 782	103	11	0	0	24 829	14 793
II.	Capitalised own output (±03.+04.)	27 197	16 667	102	11	29	-77	27 328	16 601
III.	Other income	222 276	244 466	1	1	14	14	222 291	244 481
	of which: reversed impairment loss	289	866	0	0	0	0	289	866
05.	Materials	49 347	56 380	14	0	237	106	49 598	56 486
06.	Material type services used	130 394	140 752	593	545	56	363	131 043	141 660
07.	Other services	2 230	2 508	49	34	0	0	2 279	2 542
08.	Cost of goods sold	21	9 504	21	27	55	101	97	9 632
09.	Cost of (consignment) services	119	104	2 145	1 764	0	295	2 264	2 163
IV.	Material-type expenses (05.+06.+07.+08.+09.)	182 111	209 248	2 822	2 370	348	865	185 281	212 483
	1. Revenues from other internal settlements	165 944	206 474	4 517	5 022	13 108	11 783	183 569	223 279
	4. Central management	20 825	21 598	424	188	1 845	1 527	23 094	23 313
IV/A.	Internal expenses recognised	186 769	228 072	4 941	5 210	14 953	13 310	206 663	246 592
10.	Payroll cost	78 510	76 657	193	0	120	0	78 823	76 657
11.	Other payments to personnel	7 835	12 238	41	0	12	0	7 888	12 238
12.	Social security and other contributions	15 580	14 142	40	0	24	0	15 644	14 142
V.	Payments to personnel (10.+11.+12.)	101 925	103 037	274	0	156	0	102 355	103 037
VI.	Depreciation charge	22 560	27 330	398	474	0	0	22 958	27 804
VII.	Other expenses	4 077	5 211	4	0	16	2	4 097	5 213
	of which: impairment loss (862)	720	1 321	4	0	16	2	740	1 323
A.	OPERATING PROFIT (I±II+III-IV-V-VI-VII)	2 131	2 853	-1 556	-1 205	496	1 220	1 071	2 868
13.	Dividends (due) received	150	0	0	0	0	0	150	0
	of which: from related parties	150	0	0	0	0	0	150	0
14.	Foreign exchange gain on disposal of investments	0	0	0	0	0	0	0	0
	of which: from related parties	0	0	0	0	0	0	0	0
15.	Interest and gains on non-current financial investments	0	0	0	0	0	0	0	0
	of which: from related parties	0	0	0	0	0	0	0	0
16.	Other interest received (due) and similar income	3	88	0	0	0	0	3	88
	of which: from related parties	1	7	0	0	0	0	1	7
17.	Other financial income	604	393	105	17	53	22	762	432
	of which: revaluation difference	0	0	0	0	0	0	0	0
VIII.	Financial income (13.+14.+15.+16.+17.)	757	481	105	17	53	22	915	520
18.	Foreign exchange loss on financial investments	0	0	0	0	0	0	0	0
	of which: to related parties	0	0	0	0	0	0	0	0
19.	Foreign exchange loss and expenses on non-current financial assets (securities, loans)	0	0	0	0	0	0	0	0
	of which: to related parties	0	0	0	0	0	0	0	0
20.	Interest payable and similar charges	428	529	0	0	0	0	428	529
	of which: to related parties	1	163	0	0	0	0	1	163
21.	Impairment of shares, securities, bank deposits	0	0	0	0	0	0	0	0
22.	Other financial expenses	1 196	813	90	26	-53	40	1 233	879
	of which: revaluation difference	0	0	0	0	0	0	0	0
IX.	Financial expenses (18.+19.+20.+21.+22.)	1 624	1 342	90	26	-53	40	1 661	1 408
B.	FINANCIAL LOSS OR PROFIT (VIII-IX)	-867	-861	15	-9	106	-18	-746	-888
C.	PRE-TAX PROFIT (±A±B)	1 264	1 992	-1 541	-1 214	602	1 202	325	1 980
X.	TAX LIABILITY	0	0	0	0	0	0	0	0
D.	NET PROFIT (±C-X)	1 264	1 992	-1 541	-1 214	602	1 202	325	1 980

46. Table: MÁV-START Zrt's unbundled profit and loss account

Costs, expenses and revenues are primarily recognised for the controlling object that match the purpose of occurrence. Costs, expenses and revenues are allocated to the relevant division in view of the determined cost flow processes, specified projection bases and statistical indicators. The statement of unbundled activities from a business perspective is presented in Table 49.

IV.3 Cash flow disclosures

figures in HUF millions

Line	Item	Public service passenger transport (SK)		Non-public service passenger transport (SN)		Other activities (E)		MÁV-START Zrt. Total	
		2020.	2021.	2020.	2021.	2020.	2021.	2020.	2021.
I.	Operating cash flows (lines 1-13)	33 520	19 676	6 549	31	309	-162	40 378	19 546
1a.	Pre-tax profit or loss ±	1 264	1 992	-1 541	-1 214	602	1 202	325	1 980
	ebből: működésre kapott, pénzügyileg rendezett támogatás	0	0	0	0	0	0	0	0
	of which: financially settled public service cost reimbursement and reimbursement subsidy	215 763	231 237	0	0	0	0	215 763	231 237
1b.	Dividends received -	-150	0	0	0	0	0	-150	0
1c.	Amounts received/transferred free of charge recognised in profit or loss ±	-1	0	0	0	0	0	-1	0
1d.	Unrealised foreign exchange gain or loss on liquid assets ±	3	1	0	0	-3	1	0	2
1e.	Realised foreign exchange gain or loss related to the repayment of long-term loans and long-term liabilities ±	0	0	0	0	0	0	0	0
1f.	Unrealised foreign exchange gain or loss on non-current assets and long-term liabilities ±	464	31	0	0	0	0	464	31
1g.	Realised foreign exchange gain or loss related to the repayment of long-term loans granted and long-term liabilities ±	152	-29	0	0	0	0	152	-29
1h.	Non-specified pre-tax profit or loss adjustments related to managed state-owned assets ±	0	0	0	0	0	0	0	0
1i.	Non-current assets contributed ±	0	-620	0	0	0	0	0	-620
1j.	Non-current assets granted free of charge +	0	0	0	0	0	0	0	0
1k.	Other non-specified adjustments to the pre-tax profit or loss ±	0	0	0	0	0	0	0	0
1.	Adjusted pre-tax profit or loss (1a+1b+1c+1d+1e+1f+1g+1h+1i+1j+1k) ±	1 732	1 375	-1 541	-1 214	599	1 203	790	1 364
2.	Amortisation charge +	22 561	27 331	398	473	0	0	22 958	27 804
3.	Impairment loss recognised and reversed ±	431	455	4	0	17	2	451	457
4.	Difference between provisions made and released ±	1 509	512	-2	0	0	0	1 507	512
5.	Gains/Losses on non-current asset disposals ±	-8	-29	0	0	0	0	-8	-29
6.	Movements in creditors ±	-44 360	21 588	2 105	-87	-15	334	-42 269	21 835
7.	Movements in other current liabilities ±	26 796	-21 803	-74	31	-1	369	26 721	-21 403
7a.	Changes in intra-division settlements (liabilities) ±	0	0	5 409	622	0	0	0	0
8.	Movements in accrued expenses and deferred income ±	-3 341	-5 502	-103	35	-78	113	-3 522	-5 354
9.	Movements in debtors ±	268	-26	223	-11	864	1 120	1 355	1 083
10.	Movements in current assets (less debtors and liquid assets) ±	33 203	-4 709	239	-2	295	-334	33 736	-5 045
10a.	Changes in intra-division settlements (receivables) ±	-4 433	1 574	0	0	-975	-2 196	0	0
11.	Movements in prepaid expenses and accrued income ±	-836	-1 089	-107	184	-27	-773	-970	-1 678
12.	Income taxes paid, payable -	0	0	0	0	0	0	0	0
13.	Dividends paid, payable -	0	0	0	0	-370	0	-370	0
II.	Investing cash flows (lines 14-18)	-41 124	-26 977	-523	-11	0	0	-41 647	-26 988
14.	Non-current asset additions -	-41 277	-26 977	-523	-11	0	0	-41 801	-26 988
15.	Non-current asset disposals +	3	0	0	0	0	0	3	0
16.	Long-term loans and bank deposits repaid, terminated, redeemed +	0	0	0	0	0	0	0	0
17.	Long-term loans granted and bank deposits placed -	0	0	0	0	0	0	0	0
18.	Dividends received +	150	0	0	0	0	0	150	0
III.	Financing cash flows (lines 19-27)	21 646	-3 462	-6 046	0	0	0	15 600	-3 462
19.	Shares issued, capital injection +	0	0	0	0	0	0	0	0
18.	Issue of bonds and debt securities +	0	0	0	0	0	0	0	0
20.	Loans and borrowings taken +	0	0	0	0	0	0	0	0
21.	Amounts received free of charge +	35 759	268	0	0	0	0	35 759	268
22.	Shares withdrawn, disinvestment (capital reduction) -	0	0	0	0	0	0	0	0
23.	Bonds and debt securities repaid -	0	0	0	0	0	0	0	0
24.	Loans and borrowings repaid -	-13 839	-3 340	-6 046	0	0	0	-19 885	-3 340
26.	Amounts transferred free of charge -	-274	-390	0	0	0	0	-274	-390
IV.	Cash flows (I.+II.+III.)	14 042	-10 763	-20	21	309	-162	14 331	-10 904
27.	Revaluation of cash and cash equivalents held in foreign exchange	-3	-1	0	0	3	-1	0	-2
V.	Change in cash and cash equivalents (IV.+28)	14 039	-10 764	-20	22	312	-164	14 331	-10 906

47. Table: MÁV-START Zrt's unbundled cash flow statement

IV.4 Statement of activities

MÁV-START Zrt. prepared its supervisory report for 2021 pursuant to Section 8(4) of the GKM-PM Decree 50/2007 (26 April) and its effective accounting unbundling regulation.

The annual supervisory report is presented in two forms as a result of the new enterprise management system implemented as of 1 January 2017:

1. broken down in accordance with section 2(1) of decree 50/2007. (IV. 26.) GKM-PM, which includes cumulative figures resulting from the unbundled activities (recognised internal revenues and recognise internal expenses) based on the general ledger module of the integrated corporate governance system used by the Company (Table 66), and
2. operations based statement of activities, in which the settlements among the unbundled activities are presented as allocated to the relevant cost type – based on the settlements recorded in the Controlling module of the integrated corporate governance system used by the Company (Table 67). The operations based statement of activities ensures the comparability of reporting year figures with the previous period.

The statement of activities is prepared for public service passenger transport services, non-public service passenger transportation and for other activities.

figures in HUF

GRAND TOTAL	MÁV-START Zrt. 2020.				MÁV-START Zrt. 2021.			
	Public service	Non-public service	Other activities	TOTAL	Public service	Non-public service	Other activities	TOTAL
Sales revenues, net	46 036 768	4 180 529	15 925 638	66 142 936	71 143 695	3 719 826	15 459 786	90 323 307
of which: fares	31 417 371	1 354 547	0	32 771 918	34 843 725	1 771 869	0	36 615 594
domestic fares	29 110 394	601 217	0	29 711 612	30 629 427	678 287	0	31 307 714
international fares	2 306 977	753 329	0	3 060 306	4 214 298	1 093 582	0	5 307 880
subsidised fares	11 311 603	399 150	0	11 710 753	21 613 154	164 232	0	21 777 386
car rent received	2 860 302	1 066 598	0	3 926 900	3 632 192	365 184	0	3 997 376
Other intra-group revenues	180 973 999	2 594 570	565	183 569 134	220 161 498	3 116 701	490	223 278 689
Central administration revenues	23 088 819	5 259	0	23 094 079	23 312 527	0	0	23 312 527
Capitalised own output	27 196 716	101 530	28 778	27 327 024	16 667 383	11 017	-77 437	16 600 963
Other income	222 275 660	724	14 205	222 290 588	244 465 838	518	14 285	244 480 641
of which: government reimbursement	215 763 344	0	0	215 763 344	233 237 142	0	0	233 237 142
- reimbursement for 2021	214 626 219	0	0	214 626 219	231 237 161	0	0	231 237 161
- reimbursement for previous years	1 137 125	0	0	1 137 125	1 999 981	0	0	1 999 981
Other internal settlements, expenses	165 944 058	4 517 091	13 107 985	183 569 134	206 473 998	5 021 734	11 782 957	223 278 689
Central administration expenses	20 824 531	423 916	1 845 633	23 094 079	21 597 276	188 097	1 527 154	23 312 527
Material-type expenses	182 110 964	2 822 035	347 711	185 280 709	209 247 841	2 370 222	865 387	212 483 451
of which: network access charge	74 668 608	0	0	74 668 608	78 191 157	1 374	0	78 192 531
traction and shunting	1 421 881	60 027	0	1 481 908	1 894 742	146 720	0	2 041 463
pre-heating, pre-cooling and lights	0	0	0	0	0	0	0	0
maintenance	11 547 909	63 612	29 922	11 641 444	13 733 603	14 651	343 576	14 091 830
RIC usage charge of railcars	3 583 981	282 625	0	3 866 606	4 453 625	240 071	0	4 693 696
rent of tracted and traction vehicles	6 451 602	97 590	0	6 549 192	6 074 611	1 092	0	6 075 703
lease of tracted and traction vehicles	257 024	0	0	257 024	264 296	0	0	264 296
railcar cleaning costs	5 830 880	0	8 026	5 838 906	8 271 416	0	0	8 271 416
Central services	6 137 332	23 797	5	6 161 134	6 731 620	0	0	6 731 620
Financial and accounting services	732 174	0	0	732 174	803 715	0	0	803 715
Human services (training, education, health and safety)	2 938 836	19 291	5	2 958 133	3 119 482	0	0	3 119 482
Procurement, logistics, environmental services	2 213 677	4 505	0	2 218 182	2 530 543	0	0	2 530 543
Administrative costs	252 645	0	0	252 645	277 880	0	0	277 880
Payments to personell	101 925 005	273 896	155 538	102 354 439	103 036 796	203	0	103 036 998
of which: payroll cost	78 510 166	192 790	119 604	78 822 560	76 657 402	0	0	76 657 402
fringe benefits	7 835 128	40 631	11 998	7 887 757	12 237 632	203	0	12 237 835
payroll taxes	15 579 711	40 475	23 936	15 644 122	14 141 761	0	0	14 141 761
depreciation	22 559 798	397 541	0	22 957 339	27 330 587	473 527	0	27 804 115
other expenses	4 076 683	3 983	16 609	4 097 274	5 210 704	10	1 880	5 212 593
Operation profit	2 130 924	-1 555 848	495 711	1 070 787	2 853 738	-1 205 732	1 219 747	2 867 753
Financial income	757 461	104 812	52 850	915 123	480 753	16 589	22 559	519 900
Financial profit	1 624 379	90 118	-53 268	1 661 230	1 342 445	25 546	40 013	1 408 004
Financial loss or profit	-866 918	14 693	106 118	-746 107	-861 692	-8 958	-17 454	-888 104
Pre-tax profit	1 264 006	-1 541 155	601 829	324 680	1 992 046	-1 214 689	1 202 293	1 979 649
Tax liability	0	0	0	0	0	0	0	0
Net profit	1 264 006	-1 541 155	601 829	324 680	1 992 046	-1 214 689	1 202 293	1 979 649

48. Table: MÁV-START Zrt's profit and loss account per activity in the GL

figures in kHUF

GRAND TOTAL	MÁV START Zrt. 2020.				MÁV-START Zrt. 2021. év			
	Public service	Non-public service	Other activities	TOTAL	Public service	Non-public service	Other activities	TOTAL
Sales revenues, net	46 036 768	4 180 529	15 925 638	66 142 936	71 143 695	3 719 826	15 459 786	90 323 307
of which: fares	28 572 585	989 195	0	29 561 780	32 056 322	1 402 409	0	33 458 731
domestic fares	26 336 960	547 848	0	26 884 808	27 964 693	612 425	0	28 577 118
international fares	2 235 624	441 348	0	2 676 972	4 091 629	789 984	0	4 881 613
subsidised fares	11 311 603	399 150	0	11 710 753	21 613 154	164 232	0	21 777 386
car rent received	2 860 302	1 066 598	0	3 926 900	3 632 192	365 184	0	3 997 376
Capitalised own output	27 476 261	85 284	-234 521	27 327 024	16 994 761	-9 093	-384 704	16 600 963
Other income	221 985 265	49 885	255 439	222 290 588	244 023 056	34 122	423 463	244 480 641
of which: government reimbursement	215 763 344	0	0	215 763 344	233 237 142	0	0	233 237 142
- reimbursement for 2019	214 626 219	0	0	214 626 219	231 237 161	0	0	231 237 161
- reimbursement for previous years	1 137 125	0	0	1 137 125	1 999 981	0	0	1 999 981
Operating income	295 498 294	4 315 699	15 946 555	315 760 548	332 161 511	3 744 855	15 498 545	351 404 910
Material-type expenses	176 906 254	3 947 797	4 426 659	185 280 709	203 914 565	3 530 521	5 038 365	212 483 451
of which: network access charge	74 478 126	149 449	41 033	74 668 608	77 972 110	186 576	33 844	78 192 531
traction and shunting	1 421 881	60 028	0	1 481 908	1 894 742	146 720	0	2 041 463
pre-heating, pre-cooling and lights	0	0	0	0	0	0	0	0
maintenance	11 207 138	34 333	272 748	11 514 219	13 304 021	225 432	562 377	14 091 830
RIC usage charge of railcars	3 517 662	329 214	19 731	3 866 606	4 420 524	250 179	22 993	4 693 696
rent of tracted and traction vehicles	6 426 297	112 460	10 436	6 549 192	6 047 023	15 951	12 729	6 075 703
lease of tracted and traction vehicles	257 023	0	1	257 024	262 425	0	1 871	264 296
railcar cleaning costs	5 737 239	79 192	22 475	5 838 906	8 151 511	106 025	13 880	8 271 416
Central services	5 590 552	101 694	468 888	6 161 134	6 201 187	60 779	469 654	6 731 620
Financial and accounting services	653 587	13 005	65 583	732 174	739 114	6 408	58 194	803 715
Human services (training, education, health and safety)	2 700 935	56 056	201 142	2 958 133	2 909 923	29 563	179 995	3 119 482
Procurement, logistics, environmental services	2 010 409	27 792	179 980	2 218 182	2 296 439	22 403	211 701	2 530 543
Administrative costs	225 621	4 841	22 183	252 645	255 712	2 404	19 764	277 880
Payments to personnel	92 778 247	1 443 729	8 132 463	102 354 439	95 258 621	942 287	6 836 091	103 036 998
of which: payroll costs	71 441 430	1 088 355	6 292 774	78 822 560	70 850 345	685 580	5 121 477	76 657 402
fringe benefits	7 167 319	131 559	588 879	7 887 757	11 343 723	131 771	762 340	12 237 835
payroll taxes	14 169 498	223 815	1 250 810	15 644 122	13 064 553	124 935	952 273	14 141 761
Depreciation	20 023 834	418 411	2 515 093	22 957 339	25 388 531	438 032	1 977 552	27 804 115
Other expenses	3 744 752	51 641	300 881	4 097 274	4 815 487	32 758	364 348	5 212 593
Operating expenses	293 453 087	5 861 578	15 375 095	314 689 761	329 377 203	4 943 598	14 216 356	348 537 157
Operating profit	2 045 207	-1 545 880	571 460	1 070 787	2 784 308	-1 198 743	1 282 189	2 867 753
Financial income	686 468	108 909	119 746	915 123	442 307	20 156	57 437	519 900
Financial expenses	1 467 669	104 184	89 377	1 661 230	1 234 569	36 103	137 333	1 408 004
Financial loss	-781 200	4 725	30 369	-746 107	-792 262	-15 946	-79 896	-888 104
Tax liability	0	0	0	0	0	0	0	0
Net profit	1 264 006	-1 541 155	601 829	324 680	1 992 046	-1 214 689	1 202 293	1 979 649
Exceptions for government reimbursement purposes	1 264 006	0	0	1 264 006	1 992 046	0	0	1 992 046
Reimbursement related to previous years received	1 137 125	0	0	1 137 125	1 999 981	0	0	1 999 981
Impairment loss recognised, reversed	-31 710	0	0	-31 710	-23 575	0	0	-23 575
Penalties paid, recharged	-4 697	0	0	-4 697	-8 611	0	0	-8 611
Provisions used, made	152 558	0	0	152 558	-524 598	0	0	-524 598
Reimbursement related to previous years recognised	0	0	0	0	0	0	0	0
Other	10 730	0	0	10 730	548 847	0	0	548 847
Net profit after exceptions	0	-1 541 155	601 829	-939 326	0	-1 214 689	1 202 293	-12 396

49. Table: MÁV-START Zrt's statement of activities from a business perspective

IV.4.1 Narrative to the rail passenger transportation supervisory report

Events with a significant impact on the state of affairs in 2021:

Since March 2020, the pandemic has had a continuous impact, though to varying degrees, on the Company's operations and state of affairs. Travelling put off because of the COVID-19 pandemic caused slumping profits while, at the same time, prevention related costs increased. In 2021, the Company's aim remained to ensure safe journey to passengers and to maintain appropriate public service standards amidst the fluctuating effects of the COVID-19 pandemic.

Beside the pandemic, a sudden hike in energy prices towards the year-end also had a profound effect on our business in 2021. Traction energy costs increased by HUF 7,469 million compared to 2020, of which traction electricity cost was 35.4% higher (+ HUF 5,586 million), while traction fuel costs increased by 36.6% (+ HUF 1,882 million) on the previous year.

The significant changes affecting this activity are presented in Note I.6.

IV.4.1.1 Revenues

MÁV-START Zrt's net sales revenues for 2021 totalled HUF 90,323 million (2020: HUF 66,143 million). Net sales revenues increased by HUF 24,180 million on 2020 partly as a result of the disposal of inventories stored at the outsourced sites (as set off by the related material-type expenses [COGS]), and partly due to the effect of the legislative change in subsidised fares and to somewhat relaxed lockdown measures compared to 2020.

Of net sales, fare revenue was HUF 33,459 million, which is HUF 3,897 million more than in the previous year (2020: HUF 29,562 million); social fare subsidy was HUF 21,777 million, which is HUF 10,066 million more than in the previous year (2020: HUF 11,711 million). The increase in fare revenues was due to the change in related legislation effective as of 1 December 2020: further to Appendix 3 to section 19 of government decree 445/2020. (X.1.) Korm., subsidised tickets and travelpasses are fully funded by the state and revenues from subsidised free social fares increased from 16% to 30%.

A significant part of other income was HUF 233,237 million passenger transport cost reimbursement by the government, of which the reimbursement for the reporting year totalled HUF 231,237 million. The amount of cost reimbursement related to public services in 2020 recognised in the reporting year – approved by the Principal - was HUF 2,000 million. (Reimbursement for 2020: HUF 214,626 million, reimbursement related to previous periods recognised in 2020: HUF 1,137 million.)

In 2020, MÁV-START Zrt's operating income totalled HUF 351,405 million (2020: HUF 315,761 million). As a result of the outsourced activities in 2021, income from the transfer of the inventories stored at the outsourced sites totalled HUF 9,882 million.

IV.4.1.2 Costs and expenses

Operating expenses totalled HUF 348,537 million in 2021 (2020: HUF 314,690 million). As a result of the outsourced activities in 2021, expenses related to the transfer of the inventories stored at the outsourced sites totalled HUF 9,550 million.

Material-type expenses totalled HUF 212,483 million in the reporting period (2020: HUF 185,281 million) the key items of which were as follows:

- Network access charge (rail track usage charge and other rail track services): HUF 78,193 million (2020: HUF 74,669 million);

- Traction by partner railways: HUF 2,041 million (2020: HUF 1,482 million);
- Maintenance costs: HUF 14,092 million (2020: HUF 11,514 million);
- Expense paid by MÁV-START Zrt. for the number of kilometres run by rail passenger cars owned by partner railway companies: HUF 4,694 million (2020: HUF 3,867 million);
- Railcar rents: HUF 6,076 million (2020: HUF 6,549 million);
- Railcar cleaning costs: HUF 8,271 million in the reporting period (2020: 5.839 million);
- Central services
 - financial and accounting services HUF 804 million (2020: HUF 732 million),
 - costs of human services (education, training, work health and safety services) HUF 3,119 million (2020: HUF 2,958 million),
 - procurement, logistics, environmental services: HUF 2,531 million (2020: HUF 2,218 million),
- administrative services: HUF 278 million (2020: HUF 253 million);

Payments to personnel incurred in 2021 totalled HUF 103,037 million (payroll costs: HUF 76,657 million, fringe benefits: HUF 12,238 million and social security: HUF 14,142 million. (2020: total payments to personnel: HUF 102,354 million, of which payroll costs: HUF 78,823 million, fringe benefits: HUF 7,888 million, social security: HUF 15,644 million).

Annual depreciation charge totalled HUF 27,804 million in 2021 (2020: HUF 22,958 million).

Other expenses totalled HUF 5,213 million and included damages paid, fines and default interest paid, various grants, cost contributions, impairment of inventories and receivables, and provisions made (2020: HUF 4,097 million).

Financial income included interest received on term deposits and foreign exchange gains on receivables and liabilities. Financial expenses included interest paid on overdrafts, development loans and realized foreign exchange losses on receivables and liabilities. Overall, the Company had a financial loss of HUF -888 million (2020: HUF -746 million).

IV.4.2 Narrative to the supervisory report on rail passenger transportation performed as a public service

IV.4.2.1 Revenues

In 2021, MÁV-START Zrt's net sales revenues from public service passenger transport services totalled HUF 71,144 million, including HUF 32,056 million fare revenues and HUF 21,613 million social fare subsidy. (2020 net sales revenues HUF 46,037 million, of which fares HUF 28,573 million and social fare subsidy HUF 11,312 million.)

The HUF 25,107 million increase in net sales compared to 2020 was mainly the combined result of changes in the legislation regarding subsidised fares, eased lockdown measures and revenues from the transfer of inventories stored at the outsourced sites (less any related expenses).

A significant part of other revenues was the passenger transport cost reimbursement by the government totalling HUF 233,237 million, of which the reimbursement of reasonable costs not covered by revenues in the reporting year was HUF 231,237 million (2020 annual reimbursement was HUF 215,763 million, of which reimbursement for the reporting period was HUF 214,626 million). As required by the ministry, the reversed impairment loss on debtors, re-charged penalties and fines, revenues from tangible asset disposals, income from surpluses, gifts and contribution in kind, provisions used (except provisions for maintenance costs and loan revaluations) recognised among other income are exceptional items and are

not considered in the calculation of the annual reimbursable costs. The total of these exceptional amounts (including HUF 2,000 million recognised for the previous year) was HUF 3,550 million (Exceptional income in 2020: HUF 1,965 million, of which reimbursement related to previous periods HUF 1,137 million.)

MÁV-START Zrt's operating income related to public services totalled HUF 332,162 million in 2021 (2020: HUF 295,498 million). Operating income less cost reimbursement totalled HUF 98,925 million in 2021, which is HUF 19,190 million more than in the previous year (2020: HUF 79,735 million). Of this increase, HUF 9,437 million is related to the outsourced activities as referred to earlier in these notes.

IV.4.2.2 Costs and expenses

Operating expenses on public railway passenger transport services in 2021 totalled HUF 329,377 million (2020: HUF 293,453 million). Expenses on the activities outsourced in 2021 totalled HUF 9,446 million.

Material-type expenses on public services totalled HUF 203,915 million in 2021 (2020: HUF 176,906 million), and included the following key items:

- Network access charge (rail track usage charge and other rail track services): HUF 77,972 million (2020: HUF 74,478 million);
- Traction by partner railways: HUF 1,895 million (2020: HUF 1,422 million);
- Maintenance costs related to public railway passenger transport: HUF 13,304 million (2020: HUF 11,207 million);
- Expense paid by MÁV-START Zrt. for the number of kilometres run by rail passenger cars owned by partner railway companies: HUF 4,421 million (2020: HUF 3,518 million);
- Railcar rent in relation to public service passenger services: HUF 6,047 million (2020: HUF 6,426 million);
- Railcar cleaning costs in 2021: HUF 8,152 million (2020: HUF 5,737 million).
- Of central services, the costs attributable to public passenger transport service were as follows:
 - financial and accounting services HUF 739 million (2020: HUF 654 million),
 - human services (education, training, work health and safety services) HUF 2,910 million (2020: HUF 2,701 million),
 - procurement, logistics, environmental services: HUF 2,296 million (2020: HUF 2,010 million),
 - administrative services: HUF 256 million (2020: HUF 226 million).

Payments to personnel incurred in 2021 totalled HUF 95,259 million, less the expenses of non-public workers (2019: HUF 92,778 million).

Depreciation charge relating to public services totalled HUF 25,389 million (2020: HUF 20,024 million).

Other expenses related to public railway passenger transport totalled HUF 4,815 million (2020: HUF 3,745 million). Of other expenses, items that are excluded from the reimbursable items: impairment of receivables and own tangible assets, penalties paid, fines, expenses on tangible asset disposals, expenses on assets transferred free of charge and on contribution in kind, provisions made except provisions for maintenance costs and for the revaluation of loans. These excluded expenses totalled HUF 1,558 million in 2021 (2020: HUF 701 million).

Financial income from rail passenger transport performed as a public service include interest received on fixed-term deposits, foreign exchange gains on receivables and liabilities. Financial expenses include the interest paid on overdrafts and project loans, and realised foreign exchange loss on receivables and liabilities. Overall, the Company had a financial loss of HUF -792 million on public services (2020: HUF -781 million).

IV.5 Other disclosures relating to unbundling

Revenues from and expenses incurred toward related parties are included per related party in the tables below.

figures in HUF millions

Related party	Revenues				Expenses				Grand total
	Sales revenues, net	Other income	Financial income	Total	Costs	Other expenses	Financial expenses	Total	
015 MÁV NOSZTALGIA Kft	2	5	0	7	5	0	0	5	2
020 MÁV VAGON Kft.	10 391	713	27	11 131	12 599	465	15	13 079	-1 948
100 MÁV Zrt. Parent Company	25	220	0	245	124 786	423	1	125 210	-124 965
101 MÁV FKG Kft	1	64	0	65	0	0	7	7	58
131 MÁV KFV Kft	0	0	0	0	45	0	3	48	-48
138 MÁV Szolgáltató Központ Zrt.	11	24	0	35	14 237	26	0	14 263	-14 228
179 ZÁHONY-PORT Zrt.	0	0	0	0	22	0	1	23	-23
194 MÁV-HÉV Zrt.	5	0	2	7	12	0	3	15	-8
195 MÁVRail Tours Zrt.	6	0	2	8	71	0	0	71	-63
196 VOLÁNBUSZ Zrt.	3	0	0	3	1 488	5	139	1 632	-1 629
197 VOLAN Buszpark Kft.	0	0	0	0	0	0	9	9	-9
Grand total	10 444	1 026	31	11 501	153 265	919	178	154 362	-142 861

50. Table: Related parties – public service passenger transport

figures in HUF millions

Related party	Revenues				Expenses				Grand total
	Sales revenues, net	Other income	Financial income	Total	Costs	Other expenses	Financial expenses	Total	
015 MÁV NOSZTALGIA Kft	0	0	0	0	-3	0	0	-3	3
020 MÁV VAGON Kft.	18	0	0	18	0	0	0	0	18
100 MÁV Zrt. Parent Company	30	0	0	30	8	0	0	8	22
101 MÁV FKG Kft	0	0	0	0	0	0	0	0	0
131 MÁV KFV Kft	12	0	0	12	0	0	0	0	12
138 MÁV Szolgáltató Központ Zrt.	0	0	0	0	0	0	0	0	0
179 ZÁHONY-PORT Zrt.	0	0	0	0	0	0	0	0	0
194 MÁV-HÉV Zrt.	0	0	0	0	27	0	0	27	-27
195 MÁV Rail Tours Zrt.	1	0	0	1	98	0	2	100	-99
196 VOLÁNBUSZ Zrt.	0	0	0	0	36	0	0	36	-36
197 VOLAN Buszpark Kft.	0	0	0	0	0	0	0	0	0
Grand total	61	0	0	61	166	0	2	168	-107

51. Table: Related parties – non-public service passenger

figures in HUF millions

Related party	Revenues				Expenses				Grand total
	Sales revenues, net	Other income	Financial income	Total	Costs	Other expenses	Financial expenses	Total	
015 MÁV NOSZTALGIA Kft	74	0	0	74	0	0	0	0	74
020 MÁV VAGON Kft.	327	0	0	327	653	0	0	653	-326
100 MÁV Zrt. Parent Compnay	3 722	0	0	3 722	20	0	0	20	3 702
101 MÁV FKG Kft	119	0	0	119	0	0	0	0	119
131 MÁV KFV Kft	97	0	0	97	0	0	0	0	97
138 MÁV Szolgáltató Központ Zrt.	13	0	0	13	1	0	0	1	12
179 ZÁHONY-PORT Zrt.	0	0	0	0	0	0	0	0	0
194 MÁV-HÉV Zrt.	14	0	0	14	0	0	0	0	14
195 MÁV Rail Tours Zrt.	71	0	0	71	0	0	0	0	71
196 VOLÁNBUSZ Zrt.	0	0	0	0	0	0	0	0	0
197 VOLÁN Buszpark Kft.	0	0	0	0	0	0	0	0	0
Grand total	4 437	0	0	4 437	674	0	0	674	3 763

52. Table: Related parties – other activities

figures in HUF millions

Related party	Revenues				Expenses				Grand total
	Sales revenues, net	Other income	Financial income	Total	Costs	Other expenses	Financial expenses	Total	
015 MAV NOSZTALGIA Kft	76	5	0	81	2	0	0	2	79
020 MÁV VAGON Kft.	10 736	713	27	11 476	13 252	465	15	13 732	-2 256
100 MÁV Zrt. Parent Compnay	3 777	220	0	3 997	124 814	423	1	125 238	-121 241
101 MÁV FKG Kft	120	64	0	184	0	0	7	7	177
131 MÁV KFV Kft	109	0	0	109	45	0	3	48	61
138 MÁV Szolgáltató Központ Zrt.	24	24	0	48	14 238	26	0	14 264	-14 216
179 ZÁHONY-PORT Zrt.	0	0	0	0	22	0	1	23	-23
194 MÁV-HÉV Zrt.	19	0	2	21	39	0	3	42	-21
195 MÁV Rail Tours Zrt.	78	0	2	80	169	0	2	171	-91
196 VOLÁNBUSZ Zrt.	3	0	0	3	1 524	5	139	1 668	-1 665
197 VOLÁN Buszpark Kft.	0	0	0	0	0	0	9	9	-9
Grand total:	14 942	1 026	31	15 999	154 105	919	180	155 204	-139 205

53. Table: Related parties - MÁV-START Zrt.

Annual average statistical number of employees in 2021:

Activity	Headcount
Public service passenger transport	13,417
Not public service passenger transport	0
Company, total:	13,417

54. Table: Annual average statistical number of employees per activity

The assets, liabilities and employees are directly assigned to the Company's divisions reflected in the balance sheet (SK, SN, E divisions). The employees serving all separable activities were mostly assigned to the passenger transportation activity as a public service on the basis of the majority principle.

Subsidies by title per activity

figures in HUF millions

Item	Public service passenger transport		Non-public service passenger transport		Other activities		MÁV-START Zrt.	
	2020.	2021.	2020.	2021.	2020.	2021.	2020.	2021.
Subsidised fares on social grounds	11 312	21 613	399	164	0	0	11 711	21 777
Reimbursed excise tax on gasoline use	3 436	3 459	0	0	0	0	3 436	3 459
Development subsidy	43 127	110 445	0	0	0	0	43 127	110 445
<i>of which:</i>								
<i>IKOP Tram Train</i>	28	11	0	0	0	0	28	11
<i>FLIRT ETCS 59 Motor train standardization</i>	614	933	0	0	0	0	614	933
<i>IKOP 19 db high capacity train</i>	4 260	47 579	0	0	0	0	4 260	47 579
<i>IKOP-INKA 2 subsidy</i>	869	0	0	0	0	0	869	0
<i>FLIRT standardization</i>	1 831	1 233	0	0	0	0	1 831	1 233
<i>IKOP 21 Nagykap. Mv vehicles</i>	0	60 615	0	0	0	0	0	60 615
<i>IC+</i>	31 045	0	0	0	0	0	31 045	0
<i>Tram Train domestic subsidy</i>	4 480	74	0	0	0	0	4 480	74
Public service reimbursement	215 763	233 237	0	0	0	0	215 763	233 237
GINOP-187 "Spektrum" received to cover expenses	0	0	0	0	0	0	0	0
Received to cover costs of "IKOP INKA 2 project"	14	0	0	0	0	0	14	0
Recognised subsidies, total	273 653	368 754	399	164	0	0	274 052	368 918
<i>Of which: recognised as income</i>	<i>227 089</i>	<i>254 850</i>	<i>399</i>	<i>164</i>	<i>0</i>	<i>0</i>	<i>227 489</i>	<i>255 014</i>

55. Table: Subsidies recognised in the reporting year

V Cost reimbursement for public service and funding in 2021

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.

In the 2021 clause of the public service contract (as amended several times) the planned amount of reimbursement for public service activities is HUF 231,999 million. In order to have all the reasonable costs of public services not covered with revenues, HUF 231,237 million was presented in the financial statements as the amount to be reimbursed, which is HUF 762 million less than the amount specified in the clause. The 2021 reimbursement will be approved by the Principal as part of the 2021 annual settlement (after the preparation of the 2021 annual financial statements), so the final amount may still change.

In 2021, other income also included extra reimbursement (reasonable profit) of HUF 2,000 million related to and disbursed in 2020 as approved by the Principal. As a result, a total reimbursement of HUF 233,237 was recognised for 2021.

The Company's receivables from the state for public service cost are presented below:

figures in HUF millions

Period	Receivables at 1 Jan 2021	Liabilities at 1 Jan 2021	Reasonable profits recognised for 2020.	Financial settlements in 2021	Receivables at 2021.12.31	Liabilities at 2021.12.31
2020.	0	2 282	2 000	0	0	282
2021.	0	0	0	0	0	762
Grand total:	0	2 282	2 000	0	0	1 044

56. Table: MÁV-START Zrt. – public service cost reimbursement

Revenues from reimbursement:

figures in HUF millions

Reimbursement related income	2020	2021
Justified cost not covered with revenues	214 626	231 237
Reasonable profits related to previous years	1 137	2 000
Total:	215 763	233 237

57. Table: Revenues from reimbursement

Under the cost basis of accounting, a total governmental reimbursement of HUF 231,999 million was received in 2021 to compensate the costs of operations in the reporting year.

The HUF 2,282 million receivable reimbursement recorded for 2020 was reduced by the approved justified profit for 2020 (recognised in 2021). As a result, the Company carried HUF 282 million reimbursement receivable from the government for 2020.

The Company's receivable reimbursements from the government totalled HUF 762 million for 2021.

In 2022, significant changes in market circumstances have led to a number of events beyond the Company's control (e.g. spiralling energy prices, market interest rates and raw material prices etc.). While these are reflected in the annual business plan for 2022, they may generate a material increase in reimbursement need compared to the previous periods and the amount specified in the National Budget Act.

figures in HUF millions

	2021 actual	2022 business plan
Justified costs not covered with revenues	231 237	280 271

58. Table: Reimbursed public services in the reporting year

The future changes in market prices and key macroeconomic indicators are currently highly unpredictable and any such change may have further significant impacts on the Company's future reimbursement needs.

In order to maintain seamless public services and balanced finances, market developments and their impacts on both the Company and the Group are continuously monitored and analysed, are presented to the Owner and the Principal, and are continuously discussed in order to take appropriate action as necessary.

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