

MÁV-START Zrt.

Annual Financial Statements

31 December 2020

## Table of Contents

Translation of the Independent Auditor's Report

Balance Sheet

Profit and loss statement

Supplementary notes

## **This is a translation of the Hungarian Report**

### **Independent Auditors' Report**

To the Shareholder of MÁV-START Zrt.

#### **Opinion**

We have audited the accompanying 2020 annual financial statements of MÁV-START Zrt. ("the Company"), which comprise the balance sheet as at 31 December 2020 - showing a balance sheet total of HUF 385,457 million and a profit after tax for the year of HUF 325 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 2020 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 the contracted services which are not covered by related revenues. The relevant ministry has not yet approved HUF 214,626 million cost refunds for 2020 until the date of our audit report, accordingly this amount may be subject to change. Our opinion is not modified in respect of this matter.

## **Other information**

Other information consists of the 2020 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 2020 is consistent, in all material respects, with the 2020 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, 28 April 2021

**(The original Hungarian version has been signed.)**

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

Lelkes Tamás  
Registered auditor  
Chamber membership No.: 007349

13834492-4910-114-01

Statistical code

01-10-045551

Company registration number

## **MÁV-START Railway Passenger Transport Company**

**1087 Budapest, Könyves Kálmán körút 54-60.**

### **Balance sheet and profit & loss account**

**31 December 2020**

Date: Budapest, 28 April 2021

Director (representative) of the Company

L.S.

**BALANCE SHEET - Assets**

31 December 2020 Data in million HUF

No.	Description	Previous year 31 December	Current year
a	b	c	e
<b>A.</b>	<b>Non-current assets</b>	<b>288,713</b>	<b>317,523</b>
1.	INTANGIBLE ASSETS	7,678	9,404
1.	Capitalised cost of foundation/restructuring	0	0
2.	Capitalised cost of development	0	0
3.	Concessions, licenses and similar rights	1,111	663
4.	Intellectual property	6,124	8,615
5.	Goodwill	0	0
6.	Advance payments for intangible assets	443	126
7.	Revaluation of intangible assets	0	0
II.	TANGIBLE ASSETS	280,782	307,866
1.	Land and buildings and related property rights	4,288	4,497
2.	Plant, machinery, equipment and vehicles	208,738	213,747
3.	Other equipment, fixtures and fittings, vehicles	5	4
4.	Breeding stock	0	0
5.	Tangible assets under construction	17,798	32,875
6.	Advance payments for assets under construction	49,953	56,743
7.	Revaluation of tangible assets	0	0
III.	LONG-TERM FINANCIAL ASSETS	253	253
1.	Long-term investments in related parties	252	252
2.	Long-term loans granted to related parties	0	0
3.	Long-term investments in undertakings with which the undertaking is linked by virtue of participating interest	0	0
4.	Long-term loans granted to undertakings with which the undertaking is linked by virtue of participating interest	0	0
5.	Other long-term investments	1	1
6.	Long-term loans granted to other investments	0	0
7.	Other long-term loans granted	0	0
8.	Long-term debt securities	0	0
9.	Revaluation of financial investments	0	0
10.	Fair value adjustment of financial investments	0	0

Date: Budapest, 28 April 2021

Stamp



**BALANCE SHEET - Assets**

31 December 2020 Data in million HUF

No.	Description	Previous year 31 December	Current year
a	b	c	e
<b>B.</b>	<b>Current assets</b>	<b>81,789</b>	<b>63,419</b>
I.	INVENTORIES	28,483	33,747
1.	Raw materials and consumables	21,365	25,047
2.	Work in progress and semi-finished products	3,620	4,549
3.	Animals for breeding, fattening and other livestock	0	0
4.	Finished products	1,866	3,436
5.	Goods	14	19
6.	Advance payments for inventories	1,618	696
II.	RECEIVABLES	49,883	11,918
1.	Accounts receivable	4,671	3,316
2.	Receivables from related parties	1,241	1,081
3.	Receivables from undertakings with which the undertaking is linked by virtue of participating interest	189	38
4.	Receivables from other investments	20	18
5.	Notes receivable	0	0
6.	Other receivables	43,762	7,465
7.	Fair value adjustment of receivables	0	0
8.	Positive fair value adjustment of derivatives	0	0
III.	SECURITIES	0	0
1.	Investments in related parties	0	0
2.	Investments in undertakings with which the undertaking is linked by virtue of participating interest	0	0
3.	Other investments	0	0
4.	Treasury shares and interests repurchased	0	0
5.	Marketable debt securities	0	0
6.	Fair value adjustment of securities	0	0
IV.	CASH AND BANK	3,423	17,754
1.	Cash, cheques	156	116
2.	Bank deposits	3,267	17,638
<b>C.</b>	<b>Prepaid expenses &amp; accrued income</b>	<b>3,545</b>	<b>4,515</b>
1.	Accrued income	1,285	1,656
2.	Prepaid expenses	1,192	1,424
3.	Deffered expenses	1,068	1,435
<b>Total assets</b>		<b>374,047</b>	<b>385,457</b>

Date: Budapest, 28 April 2021

Stamp

**BALANCE SHEET - Equity and liabilities**

31 December 2020 Data in million HUF

No.	Description	Previous year 31 December	Current year
a	b	c	e
<b>D.</b>	<b>Equity</b>	<b>132,849</b>	<b>132,804</b>
I.	REGISTERED CAPITAL	45,000	45,000
	of which: treasury shares redeemed at face value	0	0
II.	REGISTERED CAPITAL NOT PAID (-)	0	0
III.	CAPITAL RESERVE	71,301	71,301
IV.	RETAINED EARNINGS	13,938	15,663
V.	NON-DISTRIBUTABLE RESERVE	458	515
VI.	REVALUATION RESERVE	0	0
1.	Valuation reserve of revaluation	0	0
2.	Valuation reserve for mark to fair value	0	0
VII.	PROFIT / LOSS FOR THE YEAR	2,152	325
<b>E.</b>	<b>Provisions</b>	<b>6,778</b>	<b>8,285</b>
1.	Provisions for expected liabilities	1,618	1,445
2.	Provisions for future costs	4,550	5,920
3.	Other provisions	610	920
<b>F.</b>	<b>Liabilities</b>	<b>126,641</b>	<b>133,440</b>
I.	SUBORDINATED DEBT	0	0
1.	Subordinated debts to related parties	0	0
2.	Subordinated debts to undertakings with which the undertaking is linked by virtue of participating interest	0	0
3.	Subordinated debts to other investments	0	0
4.	Subordinated debts to third parties	0	0
II.	LONG-TERM LIABILITIES	14,062	11,470
1.	Long-term borrowings	0	0
2.	Convertible bonds	0	0
3.	Bonds payable	0	0
4.	Loans received for investment and development	8,584	6,677
5.	Other long-term loans	5,478	4,793
6.	Long-term debts to related parties	0	0
7.	Long-term debts to undertakings with which the undertaking is linked by virtue of participating interest	0	0
8.	Long-term debts to other investments	0	0
9.	Other long-term liabilities	0	0

Date: Budapest, 28 April 2021

Stamp

13834492-4910-114-01  
Statistical code

Page 4/6

01-10-045551  
Registration number

**BALANCE SHEET - Equity and liabilities**

31 December 2020 Data in million HUF

No.	Description	Previous year 31 December	Current year
a	b	c	e
III.	CURRENT LIABILITIES	112,579	121,970
1.	Short-term borrowings	0	0
	of which: convertible and mandatory convertible bonds	0	0
2.	Other short-term loans	19,737	3,369
3.	Advances received from trade debtors	4	5
4.	Accounts payable	10,103	9,413
5.	Notes payable	0	0
6.	Short-term debts to related parties	26,633	14,554
7.	Short-term debts to undertakings with which the undertaking is linked by virtue of participating interest	1,501	181
8.	Short-term debts to other investments	27	19
9.	Other current liabilities	54,574	94,429
10.	Fair value adjustment of liabilities	0	0
11.	Negative fair value adjustment of derivatives	0	0
<b>G.</b>	<b>Accrued expenses and deferred income</b>	<b>107,779</b>	<b>110,928</b>
1.	Prepaid income	256	301
2.	Accrued expenses	4,564	5,387
3.	Deferred income	102,959	105,240
<b>Total equity &amp; liabilities</b>		<b>374,047</b>	<b>385,457</b>

Date: Budapest, 28 April 2021

Stamp

**PROFIT AND LOSS ACCOUNT (total-cost method)**

31 December 2020

Data in million HUF

No.	Description	Previous year 31 December	Current year
a	b	c	e
01.	Domestic sales revenue, net	83,453	58,751
02.	Export sales revenue, net	16,404	7,392
<b>I.</b>	<b>Net sales (01+02)</b>	<b>99,857</b>	<b>66,143</b>
03.	Changes in self produced inventories	2,035	2,499
04.	Capitalised value of self produced assets	21,002	24,829
<b>II.</b>	<b>Capitalised own performance (±03+04)</b>	<b>23,037</b>	<b>27,328</b>
<b>III.</b>	<b>Other gains</b>	<b>180,785</b>	<b>222,291</b>
	of which: impairment reversed	31	289
05.	Raw materials and consumables used	50,496	49,598
06.	Services purchased	127,819	131,043
07.	Other services	2,182	2,279
08.	Cost of goods sold	269	97
09.	Cost of sold (intermediated) services	2,828	2,264
<b>IV.</b>	<b>Material-type expenses (05+06+07+08+09)</b>	<b>183,594</b>	<b>185,281</b>
10.	Payroll cost	68,856	78,823
11.	Other employee benefits	8,811	7,888
12.	Social security and other contributions	15,889	15,644
<b>V.</b>	<b>Personnel related expenses (10+11+12)</b>	<b>93,556</b>	<b>102,355</b>
<b>VI.</b>	<b>Depreciation expense</b>	<b>20,750</b>	<b>22,958</b>
<b>VII.</b>	<b>Other expenses</b>	<b>3,214</b>	<b>4,097</b>
	of which: impairment loss	343	740
<b>A.</b>	<b>OPERATING PROFIT/LOSS (I±II±III-IV-V-VI-VII)</b>	<b>2,565</b>	<b>1,071</b>

Date: Budapest, 28 April 2021

Stamp

**PROFIT AND LOSS ACCOUNT (total-cost method)**

31 December 2020 Data in million HUF

No.	Description	Previous year 31 December	Current year
a	b	c	e
13.	Dividends (due) received	200	150
	of which: from related parties	200	150
14.	Disposal and other gains of equity investments	0	0
	of which: from related parties	0	0
15.	Disposal and other gains of long-term financial investments (securities, loans)	0	0
	of which: from related parties	0	0
16.	Other interest received (due) and similar income	2	3
	of which: from related parties	0	1
17.	Other financial gains	502	762
	of which: fair value adjustment	0	0
<b>VIII.</b>	<b>Financial gains (13+14+15+16+17)</b>	<b>704</b>	<b>915</b>
18.	Disposal and other losses of equity investments	0	0
	of which: to related parties	0	0
19.	Disposal and other losses of long-term financial investments (securities, loans)	0	0
	of which: to related parties	0	0
20.	Interest payable (paid) and similar charges	411	428
	of which: to related parties	0	1
21.	Impairment loss of shares, securities, long-term loans granted, bank deposits	0	0
22.	Other financial losses	706	1,233
	of which: fair value adjustment	0	0
<b>IX.</b>	<b>Financial losses (18+19+20+21)</b>	<b>1,117</b>	<b>1,661</b>
<b>B.</b>	<b>FINANCIAL PROFIT/LOSS (VIII-IX)</b>	<b>-413</b>	<b>-746</b>
<b>C.</b>	<b>PROFIT/LOSS FROM ORDINARY ACTIVITIES (±A±B)</b>	<b>2,152</b>	<b>325</b>
<b>X.</b>	<b>Tax expense</b>	<b>0</b>	<b>0</b>
<b>D.</b>	<b>PROFIT/LOSS FOR THE YEAR (±C-X)</b>	<b>2,152</b>	<b>325</b>

Date: Budapest, 28 April 2021

Stamp



**MÁV-START RAILWAY PASSENGER TRANSPORT COMPANY**

**NOTES TO THE FINANCIAL  
STATEMENTS FOR 2020**

Date: Budapest, 28 April 2021

.....  
head of company (representative)

STAMP

# Table of Contents

<b>I</b>	<b>General Disclosures</b>	<b>5</b>
<b>I.1</b>	<b>The Company</b>	<b>5</b>
<b>I.2</b>	<b>Significant accounting policies</b>	<b>6</b>
<b>I.3</b>	<b>Changes in the accounting policies</b>	<b>7</b>
<b>I.4</b>	<b>Unbundling of the accounts for the Company's railway activities</b>	<b>8</b>
<b>I.5</b>	<b>Measurement methods applied by the Company</b>	<b>8</b>
<b>I.6</b>	<b>Obligation to prepare consolidated financial statements</b>	<b>9</b>
<b>II</b>	<b>Specific disclosures</b>	<b>10</b>
<b>II.1</b>	<b>Notes to the balance sheet</b>	<b>10</b>
II.1.1	Non-current assets	10
II.1.1.1	Changes in intangible assets	10
II.1.1.2	Changes in tangible assets	11
II.1.1.3	Handover-takeover free of charge	12
II.1.1.4	Presentation of the Company's long-term investments	12
II.1.1.5	Presentation of impairment of financial assets	12
II.1.1.6	Presentation of the value of subordinated assets by title	12
II.1.2	Current assets	13
II.1.2.1	Movements in inventories	13
II.1.2.2	Receivables	14
II.1.2.2.1	Receivables and impairment loss	14
II.1.2.2.2	Related party receivables	14
II.1.2.3	Securities	15
II.1.2.3.1	Impairment of securities	15
II.1.3	Prepaid expenses & accrued income	15
II.1.4	Equity	16
II.1.4.1	Movements in equity	16
II.1.4.2	Issued share capital	16
II.1.4.3	Non-distributable reserves	16
II.1.5	Provisions	17
II.1.5.1	Provisions for expected liabilities	17
II.1.5.2	Provisions for liabilities to related parties	17
II.1.5.3	Provisions for future expenses	17
II.1.5.4	Other provisions	18
II.1.5.4.1	Provisions for foreign exchange losses	18
II.1.5.4.2	Other statutory provisions	18
II.1.6	Liabilities	19
II.1.6.1	Subordinated liabilities	19
II.1.6.2	Long-term liabilities	19
II.1.6.2.1	Long-term loans	19
II.1.6.2.2	Long-term borrowings and bonds payable	20
II.1.6.3	Current liabilities	20
II.1.6.4	Liabilities to related parties	21
II.1.7	Accrued expenses and deferred income	22
II.1.8	Disclosures relating to off-balance sheet items	22
II.1.8.1	Draw down and repayment schedule of loans not disbursed by the reporting date	22
II.1.8.2	Derivative contracts	22
II.1.8.2.1	Futures, swaps and options in 2020	23
II.1.8.3	Joint and several guarantees and guarantee agreements	23

II.1.8.4	Lien liabilities	24
II.1.8.5	Expected environmental and reconstruction liabilities not presented among liabilities	24
II.1.8.6	Operating leases where the Company is a lessee existing at the reporting date	24
II.1.8.7	Other disclosures relating to off-balance sheet items	24
<b>II.2</b>	<b>Notes to the profit and loss account</b>	<b>25</b>
II.2.1	Net sales revenues	25
II.2.1.1	Net sales revenues by activity	25
II.2.1.2	Export revenues and imports	26
II.2.1.3	Services used	27
II.2.2	Other income and expenses	28
II.2.2.1	Other income	28
II.2.2.2	Other expenses	29
II.2.3	Financial profit or loss	29
II.2.3.1	Financial income	29
II.2.3.2	Financial expenses	30
II.2.4	Income from and expenses on related parties	30
II.2.5	Corporate tax base adjusting items	31
II.2.6	Profit and loss account using the cost of sales method	31
II.2.7	Other P&L related disclosures	32
<b>II.3</b>	<b>Cash flow statement</b>	<b>33</b>
<b>II.4</b>	<b>True and fair asset, financial and income position</b>	<b>35</b>
<b>II.5</b>	<b>Balance sheet and profit and loss account for items affecting previous years</b>	<b>36</b>
<b>III</b>	<b>Other information</b>	<b>37</b>
<b>III.1</b>	<b>Environment protection</b>	<b>37</b>
III.1.1	Environmental obligations	37
III.1.2	Tangible assets directly serving environment protection	38
III.1.3	Hazardous waste values and quantities	38
<b>III.2</b>	<b>Research and development expenses</b>	<b>41</b>
<b>III.3</b>	<b>Subsidies</b>	<b>41</b>
<b>III.4</b>	<b>Average headcount, payroll cost and other payments to personnel</b>	<b>42</b>
<b>III.5</b>	<b>Information about senior officers and Supervisory Board members</b>	<b>43</b>
III.5.1	Remuneration of executive officers and members of the Supervisory Board in the reporting year	43
III.5.2	Advance payments, loans disbursed to executive officers and Supervisory Board members, guarantees assumed on their behalf	43
III.5.3	Pension payment obligations towards former executive officers and Supervisory Board members	43
<b>III.6</b>	<b>The Company's investments</b>	<b>44</b>
<b>III.7</b>	<b>Disclosures of the exempted parent company</b>	<b>45</b>
<b>III.8</b>	<b>Material not arm's length transactions with related parties</b>	<b>45</b>
<b>III.9</b>	<b>Permanent establishments abroad</b>	<b>45</b>
<b>III.10</b>	<b>COVID-19</b>	<b>45</b>
<b>IV</b>	<b>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</b>	<b>46</b>
<b>IV.1</b>	<b>Balance sheet disclosures</b>	<b>47</b>
<b>IV.2</b>	<b>Profit and loss account disclosures</b>	<b>49</b>
	figures in HUF millions	49



<b>IV.3</b>	<b>Cash flow disclosures</b>	<b>50</b>
	figures in HUF millions	<b>50</b>
<b>IV.4</b>	<b>Statement of activities</b>	<b>51</b>
IV.4.1	Narrative to the rail passenger transportation supervisory report	54
IV.4.1.1	Revenues	54
IV.4.1.2	Costs and expenses	54
IV.4.2	Narrative to the supervisory report on rail passenger transportation performed as a public service	55
IV.4.2.1	Revenues	55
IV.4.2.2	Costs and expenses	56
<b>IV.5</b>	<b>Other disclosures relating to unbundling</b>	<b>56</b>
<b>V</b>	<b>Cost reimbursement for public service and funding in 2020</b>	<b>59</b>
<b>VI</b>	<b>List of tables</b>	<b>60</b>

## 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 in 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](http://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: József Kerékgyártó, Chief Executive Officer (2000 Szentendre, Kucsera Ferenc utca 2/A.)

- **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.

- **Auditors**

Auditors: Ernst & Young Könyvvizsgáló Kft.

Statutory auditor: Tamás Lelkes, registered auditor (MKVK 007349)

An audit of the annual financial statements is mandatory.

Contractual audit fee: HUF 20,4 million +VAT

In the reporting year, the auditors charged a fee of HUF 0.5 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, all held by the founder, MÁV Zrt. (H-1087 Budapest, Könyves Kálmán krt. 54-60., Hungary).

## 1.2 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 report contains 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 is 16 February.

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 note II.2.3

### **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) and were first applied for the financial year started 1 January 2020. However, as there was no significant change in the applied measurement procedures, the new policies have no material impact on the Company's equity and financial position and the results of its operations.

## **1.4 Unbundling of the accounts for the Company's railway activities**

In addition to meeting the requirements set out in the accounting act, the Company's accounting policies also complies with the provisions of Act CLXXXIII of 2005 on Railway Transport (hereafter: Railway Transport Act) and Joint Decree 50/2007. (IV.26.) of the Transport Ministry and the Ministry of Finance on the unbundling of accounts for various railway activities within railway companies (hereinafter referred to as: the Decree). Accordingly, an annual supervisory report on the Company's separable activities 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:

From 2020 onwards, the standard classification of trains, i.e. type of train, will determine exclusively the allocation of revenues and costs to the activities to be separated.

- The operational, transport and on-board services of own and leased sleepers, sleeper and dining cars belonging to a non-business train became part of the public service passenger transport activity after having being transferred from the former non-public passenger transport activity. Revenues from services provided in sleepers, sleeper and dining cars (surcharges, foreign car rental revenue, revenues from on-board sales) and costs – including the car operating and traffic costs (e.g. network access fees, energy, rents, depreciation, maintenance) and on-board service expenses (COGS, travelling staff) - both affect the results of public service passenger transport activities.
- All the revenues and costs related to sleepers, berth and dining car services in commercial trains continue to be recorded for non-public passenger transport activities.

## **1.5 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 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](http://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 2020 was HUF 317,523 million, which shows an increase of HUF 28,810 million (9.98%) 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 assets

figures in HUF millions

ITEM	Capitalsd found., restruct.	Capitalsd R&D	Concessions and similar rights	Intellectual property	Goodwill	Advances for capital projects	Total
<b>1. Cost, opening</b>	<b>3</b>	<b>516</b>	<b>3 315</b>	<b>10 299</b>	<b>0</b>	<b>443</b>	<b>14 575</b>
2. Additions, improvements, advance payments	0	0	121	2 985	0	0	3 106
3. Self-produced assets	0	0	0	800	0	0	800
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	0	0	0	0	0
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	-189	189	0	-317	-317
<b>14. Cost, closing</b>	<b>3</b>	<b>516</b>	<b>3 247</b>	<b>14 273</b>	<b>0</b>	<b>126</b>	<b>18 165</b>
<b>15. Amortisation, opening</b>	<b>3</b>	<b>516</b>	<b>2 204</b>	<b>4 175</b>	<b>0</b>	<b>0</b>	<b>6 898</b>
16. Ordinary charge for the year	0	0	380	1 483	0	0	1 863
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	0	0	0	0	0
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
<b>29. Amortisation, closing</b>	<b>3</b>	<b>516</b>	<b>2 584</b>	<b>5 658</b>	<b>0</b>	<b>0</b>	<b>8 761</b>
<b>30. NBV, opening</b>	<b>0</b>	<b>0</b>	<b>1 111</b>	<b>6 124</b>	<b>0</b>	<b>443</b>	<b>7 678</b>
<b>31. NBV, closing</b>	<b>0</b>	<b>0</b>	<b>663</b>	<b>8 615</b>	<b>0</b>	<b>126</b>	<b>9 404</b>

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

The net value of intangible assets increased by HUF 1,726 million compared to the previous year mainly due to the acquisition of the INKA system (HUF 1,829 million) and the JÉ application (HUF 1,112 million) in the reporting year. The decrease was due to ordinary depreciation of HUF 1,863 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	Capitalsd found., restruct.	Capitalsd R&D	Concession s and similar rights	Intellectu al property	Goodwill	Advances for capital projects	Total
<b>1. Cost, opening</b>	<b>5 181</b>	<b>357 767</b>	<b>136</b>	<b>0</b>	<b>17 811</b>	<b>49 953</b>	<b>430 848</b>
2. Acquisition, improvement, advances p	0	0	0	0	17 360	6 917	24 277
3. Self-produced assets	0	0	0	0	24 041	0	24 041
4. Assets received free of charge	0	0	0	0	0	0	0
5. Asset count surplus	0	0	0	0	0	0	0
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	-11	0	0	0	0	-11
9. Contribution in kind	0	0	0	0	0	0	0
10. Disposal	0	-38	0	0	0	0	-38
11. Scrapped	0	-67	-3	0	0	0	-70
12. Missing	0	-1	0	0	0	0	-1
13. Destroyed	0	0	0	0	0	0	0
14. Commissioned	457	25 844	23	0	-26 324	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)	-12	12	0	0	0	-127	-127
<b>19. Cost, closing</b>	<b>5 626</b>	<b>383 506</b>	<b>156</b>	<b>0</b>	<b>32 888</b>	<b>56 743</b>	<b>478 919</b>
<b>20. Depreciation, opening</b>	<b>893</b>	<b>149 029</b>	<b>131</b>	<b>0</b>	<b>13</b>	<b>0</b>	<b>150 066</b>
21. Ordinary charge for the year	236	20 835	24	0	0	0	21 095
22. Prior year ordinary charge	0	0	0	0	0	0	0
23. Extraordinary charge for the year	0	0	0	0	0	0	0
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	-11	0	0	0	0	-11
28. Contribution in kind	0	0	0	0	0	0	0
29. Disposal	0	-26	0	0	0	0	-26
30. Scrapped	0	-67	-2	0	0	0	-69
31. Missing	0	0	0	0	0	0	0
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
<b>36. Depreciation, closing</b>	<b>1 129</b>	<b>169 759</b>	<b>152</b>	<b>0</b>	<b>13</b>	<b>0</b>	<b>171 053</b>
<b>37. NBV, opening</b>	<b>4 288</b>	<b>208 738</b>	<b>5</b>	<b>0</b>	<b>17 798</b>	<b>49 953</b>	<b>280 782</b>
<b>38. NBV, closing</b>	<b>4 497</b>	<b>213 747</b>	<b>4</b>	<b>0</b>	<b>32 875</b>	<b>56 743</b>	<b>307 866</b>

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

The net value of tangible assets increased by HUF 27,084 million compared to the previous year.

The increase in the gross value of tangible assets was largely due to 17 IC + wagons put into operation in 2020 (HUF 8,396 million), the renovation of railcars (HUF 3,304 million) and a HUF 3,674 million increase in AICC related to IC + wagons.

The decrease was due to ordinary depreciation of HUF 21,095 million.



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

A significant part of the increase in advances for capital projects is related to vehicles purchased from subsidies, of which HUF 4,602 million was recorded for Tram-train trains and HUF 1,478 million for the standardization of FLIRT motor trains.

### **II.1.1.3 Handover-takeover free of charge**

In 2020, the Company handed over 518 mobile phones to its employees free of charge and were recorded at a book value of HUF 0.

There was no asset takeover free of charge in 2020.

### **II.1.1.4 Presentation of the Company's long-term investments**

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

### **II.1.1.5 Presentation of impairment of financial assets**

In 2020, the Company did not recognize any impairment loss on non-current financial assets presented in its books.

### **II.1.1.6 Presentation of the value of subordinated assets by title**

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

## II.1.2 Current assets

The balance sheet value of current assets in 2020 was HUF 63,419 million, which is by HUF 18,370 million (22.46%) 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>	21 947	3 620	0	1 894	14	1 618	29 093
2	Acquisition, advances paid	29 346	0	0	0	2 318	0	31 664
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	- 138	0	0	138	0	0	0
6	Recorded as inventory	0	6 027	0	200 269	9	0	206 305
7	Surplus	0	0	0	0	0	0	0
8	Other increase	0	0	0	0	0	34	34
9	Used (expensed)	-25 086	-5 098	0	-195 272	- 2	0	-225 458
10	Reclassified, advance deducted	0	0	0	0	0	- 956	- 956
11	Disposal	- 55	0	0	0	-2 306	0	-2 361
12	Assigned free of charge	0	0	0	0	- 6	0	- 6
13	Contribution in kind	0	0	0	0	0	0	0
14	Scrapped	- 29	0	0	3	- 8	0	- 34
15	Missing	0	0	0	0	0	0	0
16	Other decrease	0	0	0	-3 588	0	0	-3 588
17	<i>Inventories, closing</i>	25 985	4 549	0	3 444	19	696	34 693
18	<i>Impairment, opening</i>	582	0	0	28	0	0	610
19	Impairment in the reporting year	642	0	0	6	0	0	648
20	Reclassification	1	0	0	- 1	0	0	0
21	Written off due to decrease	- 23	0	0	- 1	0	0	- 24
22	Reversed impairment loss	- 264	0	0	- 24	0	0	- 288
23	<i>Impairment, closing</i>	938	0	0	8	0	0	946
24	<i>NBV, opening</i>	21 365	3 620	0	1 866	14	1 618	28 483
25	<i>NBV, closing</i>	25 047	4 549	0	3 436	19	696	33 747

3. Table: Inventories

The closing value of inventories increased by HUF 5,264 million compared to 2019.

Warehouse materials increased by HUF 3,682 million compared to 2019, especially inventories related to projects and materials required for other maintenance.

The HUF 929 million increase in work in progress was largely due to an increase in the use of IC + project materials.

Advance payments for inventories include the advance paid to Siemens Zrt. and 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 2020	Net book value 2019	Change
		Opening	Impairment loss	Reversed	Collected impaired receivable	Other write-offs	Closing			
<i>Trade receivables (debtors)</i>	3 376	45	17	0	2	0	60	3 316	4 671	-1 355
<i>Related party receivables</i>	1 081	12	0	0	12	0	0	1 081	1 241	-160
of which: from parent company	328	0	0	0	0	0	0	328	669	-341
of which: from fully consolidated subsidiary	658	0	0	0	0	0	0	658	465	193
of which: from non-fully consolidated subsidiaries	95	12	0	0	12	0	0	95	107	-12
<i>From significant related parties</i>	38	0	0	0	0	0	0	38	189	-151
<i>From other investments</i>	18	0	0	0	0	0	0	18	20	-2
<i>Bills of exchange</i>	0	0	0	0	0	0	0	0	0	0
<i>Other receivables</i>	8 121	626	39	1	7	1	656	7 465	43 762	-36 297
<b>Receivables, total:</b>	<b>12 634</b>	<b>683</b>	<b>56</b>	<b>1</b>	<b>21</b>	<b>1</b>	<b>716</b>	<b>11 918</b>	<b>49 883</b>	<b>-37 965</b>

4. Table: Receivables and impairment loss

The closing balance of receivables decreased by HUF 37,965 million compared to 2019, almost all of which was due to the payment of public service costs.

Of other receivables, reclaimed VAT totalled HUF 5,142 million, fare subsidies amounted to HUF 819 million, excise tax asset related to railway transport activities totalled HUF 668 million and health insurance and family support benefits receivable totalled HUF 211 million.

In 2020, 100% impairment loss was recognized on fare claims related to passengers for travelling without a ticket, and the accumulated impairment loss totalled HUF 626 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 2020:

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	103	0	103
Long-term loans to related parties	0	0	0	0
Advances for inventories	0	0	0	0
Related party debtors	328	658	95	1 081
<b>Total:</b>	<b>328</b>	<b>761</b>	<b>95</b>	<b>1 184</b>

5. Table: Related party receivables

Receivables from related parties totalled HUF 1,184 million, of which, HUF 328 million was from MÁV Zrt.

Of the receivables from fully consolidated subsidiaries, HUF 717 million was from MÁV VAGON Kft., of which HUF 601 million was cash-pool receivables. Of the other receivables from fully consolidated subsidiaries, HUF 18 million was from MÁV FKG Kft., HUF 11 million from MÁV-HÉV Zrt., HUF 8 million

from MÁV KfV Kft., HUF 5 million from MÁV Szolgáltató Központ Zrt., and HUF 2 million from MÁV Rail Tours Kft.

HUF 95 million was recorded as an amount receivable from a not fully consolidated subsidiary, MÁV NOSZTALGIA Kft.

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 in 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	Prior year	Reporting year	Change
<b>Accrued income</b>			
RIC car rent	886	1 125	239
Unbilled revenues	336	484	148
Revenues relating to the next period	22	0	-22
Late payment penalty, penalties and damages related to the reporting year	42	23	-19
Unrealised foreign exchange gain or loss on accrued income	-1	24	25
<b>Accrued income, total:</b>	<b>1 285</b>	<b>1 656</b>	<b>371</b>
<b>Prepaid expenses</b>			
Pre-billed costs	867	512	-355
Unbilled costs (credited)	325	912	587
<b>Prepaid expenses, total:</b>	<b>1 192</b>	<b>1 424</b>	<b>232</b>
<b>Deferred expenses</b>			
Unrealised FX loss on EUR 41,437,500 KfW Bank loan	555	746	191
Unrealised FX loss on EUR 38,250,000 EIB Bank loan	513	689	176
<b>Deferred expenses, total:</b>	<b>1 068</b>	<b>1 435</b>	<b>367</b>
<b>Total:</b>	<b>3 545</b>	<b>4 515</b>	<b>970</b>

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 increase of HUF 239 million.

The HUF 355 million change in pre-billed expenses was due mainly to a HUF 239 million decrease in prepaid expenses on non-life insurance and property management expenses.

The change in the prepaid unbilled expenses (credits) was mainly due to a HUF 326 million increase in education expenses and a HUF 222 million increase in IT service costs.

The HUF 367 million increase in foreign exchange losses related to loan agreements attributable to a weakening HUF in 2020.

## 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>	45 000	0	71 301	13 938	458	2 152	132 849
Prior year profit reclassified to retained earnings	0	0	0	2 152	0	-2 152	0
Released non-distributable reserve for unrealised FX loss	0	0	0	- 57	57	0	0
Net profit for the year	0	0	0	0	0	325	325
Dividends paid	0	0	0	- 370	0	0	- 370
<i>Closing balance</i>	45 000	0	71 301	15 663	515	325	132 804

7. Table: Movements in equity

### II.1.4.2 Issued share capital

The Company's issued capital remained unchanged in 2020 at HUF 45,000,000,000.

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	458	0	57	515
<i>KFW</i>	238	0	30	268
<i>EIB</i>	220	0	27	247
<i>Total:</i>	458	0	57	515

8. Table Details of non-distributable reserves

## II.1.5 Provisions

### II.1.5.1 Provisions for expected liabilities

figures in HUF millions

<b>Provisions for expected liabilities</b>	<b>Opening</b>	<b>Released</b>	<b>Made</b>	<b>Closing</b>
for redundancy costs	303	303	209	209
for litigations	435	102	105	438
for damages	241	30	48	259
for uniform costs	363	205	115	273
for default interest	76	76	19	19
for bonus payment (related to 2019)	175	175	0	0
for bonus payment (related to 2020)	0	0	225	225
for EU irregularities	3	3	0	0
for other litigated liabilities	22	0	0	22
<b>Total:</b>	<b>1 618</b>	<b>894</b>	<b>721</b>	<b>1 445</b>

9. Table: Provisions for expected liabilities

A provision of HUF 303 million was made in 2019 to cover employment-related liabilities and severance pay due to staff rationalization, which was released 100% in 2020 partly due to utilization and partly due to depreciation. A provision of HUF 209 million was made for similar expenses in 2020.

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 225 million for bonuses and the related taxes based on a pre-calculation and, concurrently, the HUF 175 million provision made for bonuses in the previous year was released in full in 2020.

### II.1.5.2 Provisions for liabilities to related parties

figures in HUF millions

<b>Liabilities to related parties</b>	<b>Opening</b>	<b>Released</b>	<b>Made</b>	<b>Closing</b>
MÁV Szolgáltató Központ Zrt.	5	5	7	7
MÁV Zrt.	69	69	0	0
MÁV VAGON Kft.	1	1	7	7
<b>Total:</b>	<b>75</b>	<b>75</b>	<b>14</b>	<b>14</b>

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

<b>Provisions for future expenses</b>	<b>Opening</b>	<b>Released</b>	<b>Made</b>	<b>Closing</b>
TRAXX locomotive maintenance	1 597	0	223	1 820
FLIRT train maintenance	2 953	0	1 147	4 100
<b>Total:</b>	<b>4 550</b>	<b>0</b>	<b>1 370</b>	<b>5 920</b>

11. Table: Provisions for future expenses

A provision of HUF 223m was made for the periodical (longer than annual) maintenance costs of TRAXX locomotives from the profit for 2020. As there were no maintenance works in 2020, no related provision was released.

Since 2014, the Company has also recognised provisions for the maintenance costs of FLIRT multiple unit trains (HUF 1,147m was made in 2020).

#### II.1.5.4 Other provisions

##### II.1.5.4.1 Provisions for foreign exchange losses

figures in HUF millions

<b>Loan</b>	<b>Opening</b>	<b>Released</b>	<b>Made</b>	<b>Closing</b>
KfW Bank loan (41.437.500 EUR) TRAXX	317	0	161	478
EIB bank loan (38.250.000 EUR) TRAXX	293	0	149	442
<b>Total:</b>	<b>610</b>	<b>0</b>	<b>310</b>	<b>920</b>

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 11,470 million at the balance sheet date, including HUF 6,677 million of investment and development loans and HUF 4,793 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 2020	
						EUR	HUFm
<b>Project and development loans</b>							
KfW (TRAXX)	2009.12.03	2024.05.15	-	EUR	41 437 500	11 602 500	4 236
EIB (TRAXX)	2009.12.03	2024.05.15	-	EUR	38 250 000	10 710 000	3 911
MFB*	2009.10.27	2024.09.30	-	HUF	2 800 000 000	-	742
UniCredit - MFB loan	2008.09.10	2023.12.31	-	HUF	2 376 000 000	-	467
<b>Total:</b>						<b>22 312 500</b>	<b>9 356</b>
<b>Other loans</b>							
MKB	2018.12.12	2028.12.12	-	HUF	6 847 623 010	-	5 478
<b>Total:</b>						<b>0</b>	<b>5 478</b>
<b>Grand total:</b>						<b>22 312 500</b>	<b>14 834</b>

13. Table: Long-term loans

\*The table reflects the actually drawn amount. The contractual amount is HUF 3,464m.

Of the outstanding loan portfolio, HUF 3,364 million related to instalments due in 2021 was included in short-term loans. Foreign exchange loans were translated at a rate of 365.13 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 5,478 million at the balance sheet date.

figures in HUF millions

Loan	2021.	2022.	2023.	2024.	2025 and beyond	Total
<b>Project and development loans</b>						
KfW	1 210	1 210	1 210	606	0	<b>4 236</b>
EIB	1 117	1 117	1 117	560	0	<b>3 911</b>
MFB	196	196	196	154	0	<b>742</b>
UniCredit	156	156	155	0	0	<b>467</b>
<b>Total:</b>	<b>2 679</b>	<b>2 679</b>	<b>2 678</b>	<b>1 320</b>	<b>0</b>	<b>9 356</b>
<b>Other loans</b>						
MKB	685	685	685	685	2 738	<b>5 478</b>
<b>Total:</b>	<b>685</b>	<b>685</b>	<b>685</b>	<b>685</b>	<b>2 738</b>	<b>5 478</b>
<b>Grand total:</b>	<b>3 364</b>	<b>3 364</b>	<b>3 363</b>	<b>2 005</b>	<b>2 738</b>	<b>14 834</b>

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 1,435m on the year-end revaluation of foreign exchange loans and presented among deferred expenses in the balance sheet as shown below.

figures in HUF millions

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
<i>EUR</i>	22 312 500	6 375 000	365,13	8 147	2 328	1 435
<i>Total:</i>				<i>8 147</i>		<i>1 435</i>

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 121,970 million at the balance sheet date and make up for 31.64% of the balance sheet total and while 91.40% of total liabilities. Compared to the previous year, current liabilities increased by 8.34%.

Short-term loans at the balance sheet date totalled HUF 3,369 million, which is a decrease of HUF 16,368 million compared to the previous year as a result of a decline in used overdrafts.

Of the HUF 9,413 million value of trade payables in 2020, domestic creditors totalled HUF 5,277 million, uninvoiced deliveries totalled HUF 2,645 million and export creditors amounted to HUF 612 million. Current liabilities to related parties totalled HUF 14,554 million, which is a HUF 12,079 million drop on the previous year, of which the most material amount was HUF 7,510 million owed to the parent company.

The value of other current liabilities was HUF 94,429 million, which shows an increase of 73.03% compared to the previous year. The change was largely due to an increase in the liabilities related to vehicle purchase projects implemented with subsidies.

## 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	7 709	6 825	20	14 554
<b>Total:</b>	<b>7 709</b>	<b>6 825</b>	<b>20</b>	<b>14 554</b>

16. Table: Liabilities to related parties

Liabilities to the parent company include primarily HUF 2,386 million traction electricity fee and HUF 2,043 million track usage charge.

Debts owed to the fully consolidated subsidiaries included HUF 3,130 million to MÁV Szolgáltató Központ Zrt., HUF 1,248 million to MÁV KfV Kft. (of which HUF 1,243 million cash pool), HUF 1,001 million to MÁV FKG Kft. (of which HUF 1,000 million cash pool), HUF 868 million to MÁV VAGON Kft., HUF 530 million to MÁV-HÉV Zrt. (of which HUF 530 million cash pool), 48 HUF million to ZÁHONY-PORT Zrt. (of which HUF 39 million cash pool). At 31 December 2020, the Company did not have any cash pool funds used.

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	2019	2020	Change
<b>Deferred income</b>			
Pre-billed revenues	146	102	- 44
Unbilled revenues (credited)	110	199	89
<b>Deferred income, total:</b>	<b>256</b>	<b>301</b>	<b>45</b>
<b>Accrued expenses</b>			
Unbilled costs	3 634	3 535	- 99
Invoices booked for the next period	16	0	- 16
RIC car rent	795	260	- 535
Interest (other than late payment penalty) due for the period	35	28	- 7
Late payment penalty and other penalties paid for 2020	7	0	- 7
Performance initiative - payroll	65	1 337	1 272
Performance initiative - taxes	12	227	215
<b>Accrued expenses, total:</b>	<b>4 564</b>	<b>5 387</b>	<b>823</b>
<b>Deferred extraordinary income</b>			
Surplus non-current assets	15	12	- 3
Cash permanently received from budget	4	4	0
KÖZOP-42 MV subsidies	60 844	58 359	-2 485
GOP subsidies	164	152	- 12
KÖZOP-INKA subsidies	211	63	- 148
KÖZOP-6 MV subsidies	9 373	9 022	- 351
KÖZOP-JKA subsidies	172	80	- 92
KÖZOP-JÉ subsidies	136	64	- 72
KDOP subsidies	3	2	- 1
IKOP-6+9 MV subsidies	24 290	23 342	- 948
CEF project Flirt ETCS 59	1 064	1 973	909
IKOP 39 NAGYKAP 8 pc MV	6 009	10 122	4 113
INKA2	643	1 549	906
FLIRT standardization	0	437	437
Tram-train	31	59	28
<b>Deferred extraordinary income, total:</b>	<b>102 959</b>	<b>105 240</b>	<b>2 281</b>
<b>Total:</b>	<b>107 779</b>	<b>110 928</b>	<b>3 149</b>

17. Table: Accrued expenses and deferred income

Accruals related to RIC car hire and unsettled traffic with international railways in the reporting year show a decreased of HUF 535 million.

There was a significant (HUF 1,487 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 Disclosures relating to off-balance sheet items

### II.1.8.1 Draw down and repayment schedule of loans not disbursed by the reporting date

The Company did not enter into any loan agreement in 2020 which was actually disbursed in 2021.

### II.1.8.2 Derivative contracts

Most of the Company's revenues were earned in HUF in 2020.

In 2020, the Company had foreign exchange expenses totalling EUR 86.46 million (EUR 7.13 million in contractual debt service for foreign currency loans and EUR 79.32 million in trade payables), of which EUR 70.68 million was not covered by the opening EUR balance and revenues in EUR earned during the year.

### II.1.8.2.1 Futures, swaps and options in 2020

In order to make up for foreign exchange shortages, spot contracts of EUR 68.98m and future contracts of EUR 1.7m were made. None of these contracts stretched into 2021.

No commodity hedging contract was signed in 2020 to mitigate the risks of increased fuel costs as a result of higher gasoline prices.

No hedging contract was signed in 2020 to cover the risks of interest rate fluctuations.

### II.1.8.3 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
<b>Bank guarantees</b>					
Ministry for Innovation and Technology based on government decree 271/2007. (X.19.)	payment guarantee	KDB Bank Zrt.	2014.01.01	2020.12.31	1100
Ministry for Innovation and Technology based on government decree 6/2010. (I.21.)	payment guarantee	KDB Bank Zrt.	2013.01.01	2020.12.31	150
Ministry for Innovation and Technology based on government decree 6/2010. (I.21.)	payment guarantee	KDB Bank Zrt.	2013.01.01	2020.12.31	5
Ministry for Innovation and Technology based on government decree 271/2007. (X.19.)	payment guarantee	KDB Bank Zrt.	2011.07.01	2020.12.31	10
Ministry for Innovation and Technology based on government decree 213/1996. (XII.23)	payment guarantee	KDB Bank Zrt.	2010.10.26	2021.06.30	7,5
<b>Bank guarantees, total:</b>					<b>1 272,5</b>

18. Table: Guarantee agreements existing at the reporting date

\* Guarantee agreements expiring at the balance sheet date were prolonged with OTP Bank as of 1 Jan 2021.

#### II.1.8.4 Lien liabilities

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

figures in HUF millions

Loan	Loans secured with lien at 31 Dec 2020	Security
EIB (TRAXX)	3 911	Rolling stock
KfW (TRAXX)	4 236	Rolling stock
UniCredit	467	Rolling stock
MFB	742	Rolling stock
MKB	5 478	Rolling stock
<b>Total:</b>	<b>14 834</b>	

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.1.8.5 Expected environmental and reconstruction liabilities not presented among liabilities

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

#### II.1.8.6 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	2 156
MÁV Zrt.	Office	2009.10.27	indefinite	34	n/a
MÁV Zrt.	Rail vehicles (rolling stock)	2007.06.20	indefinite	531	n/a
Mercarius Flottakezelő Kft.	Car fleet	2017.07.19	2021.07.19	24	456
<b>Total:</b>				<b>611</b>	<b>2 612</b>

20. Table: Operating leases at the reporting date

#### II.1.8.7 Other disclosures relating to off-balance sheet items

In 2020, 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	2019		2020		Change
	Amount	Percentage (%)	Amount	Percentage (%)	
<b>Public passenger transport service revenues</b>	<b>72 612</b>	<b>72,72</b>	<b>46 037</b>	<b>69,60</b>	<b>-26 575</b>
of which Fares and seats	51 515	51,59	31 155	47,10	-20 360
Fare subsidy	16 958	16,98	11 312	17,10	-5 646
Other	4 139	4,14	3 570	5,40	-569
<b>Non-public passenger transport service revenues</b>	<b>7 900</b>	<b>7,91</b>	<b>4 180</b>	<b>6,32</b>	<b>-3 720</b>
of which Fares and seats	3 070	3,07	1 557	2,35	-1 513
Fare subsidy	284	0,28	399	0,60	115
Cars used for international transport	1 477	1,48	1 067	1,61	-410
Sleepers and buffet car services	1 222	1,22	337	0,51	-885
Other	1 847	1,85	820	1,24	-1 027
<b>Other activities</b>	<b>19 345</b>	<b>19,37</b>	<b>15 926</b>	<b>24,08</b>	<b>-3 419</b>
of which Passenger and freight train traction	7 213	7,22	4 308	6,51	-2 905
Other traction	247	0,25	214	0,32	-33
Shunting	3 353	3,36	3 124	4,72	-229
Traction services	4 292	4,30	4 285	6,48	-7
Engineering	3 755	3,76	3 614	5,46	-141
Materials and goods sold	369	0,37	200	0,30	-169
Other	116	0,12	181	0,27	65
<b>Total:</b>	<b>99 857</b>	<b>100,00</b>	<b>66 143</b>	<b>100,00</b>	<b>-33 714</b>

21. Table: Net sales revenues by activity

In 2020, sales revenues from public service passenger transport decreased by HUF 26,575 million and from non-public passenger transport decreased by HUF 3,720 million compared to the previous period. This was mainly due to the coronavirus epidemic that started in March 2020 and the measures aimed at preventing or slowing down its spread (restrictions on international rail traffic, lockdown restrictions, distance schooling, home office).

The value of social policy fare support in public services was HUF 5,646 million lower, while in non-public services it was HUF 115 million higher than in 2019. (Due to a change in regulations, in contrast to 2019, MÁV-START Zrt. applied for a social policy fare subsidy in 2020 for tickets sold to GYSEV Zrt.)

Revenues from other activities decreased by HUF 3,419 million compared to 2019, 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	2019						2020					
	Exported goods	Exported services	Export total	Imported goods	Imported services	Import total	Exported goods	Exported services	Export total	Imported goods	Imported services	Import total
<b>EU countries</b>												
Germany	0	1,691	1,691	348	481	829	0	1,245	1,245	350	743	1,092
Austria	0	7,556	7,556	1,918	4,395	6,313	0	3,526	3,526	2,666	2,967	5,633
Italy	0	0	0	0	5	5	0	0	0	0	0	0
Slovakia	0	909	909	702	399	1,101	0	557	557	4,024	212	4,236
Czech Republic	0	1,151	1,151	27	54	81	0	625	625	50	545	595
Slovenia	0	136	136	0	9	9	0	53	53	0	1	1
Poland	0	306	306	1,189	17	1,206	0	246	246	939	3	942
France	0	362	362	0	37	37	0	34	34	0	4	4
UK	0	20	20	0	2	2	0	0	0	1	0	1
Sweden	0	112	112	0	16	16	0	6	6	0	1	1
Belgium	0	6	6	0	139	139	0	3	3	0	923	923
Denmark	0	1	1	0	0	0	0	1	1	0	1	1
Holland	0	965	965	7	124	131	0	3	3	0	36	36
Luxembourg	0	1	1	0	0	0	0	0	0	0	0	0
Spain	0	0	0	160	0	160	0	0	0	436	1	437
Romania	0	1,752	1,752	0	464	464	0	764	764	0	181	181
Croatia	0	182	182	0	13	13	0	60	60	0	1	1
Bulgaria	0	1	1	0	0	0	0	0	0	0	2	2
<b>EU countries, total</b>	<b>0</b>	<b>15,151</b>	<b>15,151</b>	<b>4,351</b>	<b>6,155</b>	<b>10,506</b>	<b>0</b>	<b>7,123</b>	<b>7,123</b>	<b>8,465</b>	<b>5,621</b>	<b>14,086</b>
<b>Non-EU countries</b>												
Serbia	0	151	151	0	5	5	0	-83	-83	0	1	1
Montenegro	0	0	0	0	0	0	0	0	0	0	0	0
Ukraine	0	198	198	0	19	19	0	47	47	0	5	5
Switzerland	0	894	894	1,085	6,484	7,569	0	305	305	0	2,430	2,430
Turkey	0	10	10	0	0	0	0	0	0	0	0	0
Bosnia-Herzegovina	0	0	0	0	4	4	0	0	0	0	0	0
<b>Non-EU countries</b>	<b>0</b>	<b>1,253</b>	<b>1,253</b>	<b>1,085</b>	<b>6,512</b>	<b>7,597</b>	<b>0</b>	<b>269</b>	<b>269</b>	<b>0</b>	<b>2,436</b>	<b>2,436</b>
<b>Total:</b>	<b>0</b>	<b>16,404</b>	<b>16,404</b>	<b>5,436</b>	<b>12,667</b>	<b>18,103</b>	<b>0</b>	<b>7,392</b>	<b>7,392</b>	<b>8,465</b>	<b>8,057</b>	<b>16,522</b>

22. Table: Exports and imports

As in 2019, the exports and imports of rail passenger transportation related primarily to the EU Member States. Of the EU Member States, significant traffic is generated with Germany, Austria, Czech Republic, Slovakia and Romania, where the settlement is based on the use of the rail passenger cars. The key non-EU countries where services are exported to and imported from are Switzerland, Ukraine and Serbia.

Our largest foreign suppliers are from Switzerland, Austria, Poland, Germany and Slovakia.

### II.2.1.3 Services used

figures in HUF millions

Item	2019	Percentage within total cost in 2019	2020	Percentage within total cost in 2020	Change
<b>Services used</b>					
Rail network access charge	73 786	24,77	74 669	24,04	883
Revenues from rail and road cars	7 301	2,45	7 192	2,32	-109
Railcar rent, RIC and other usage charges	4 976	1,67	3 867	1,25	-1 109
Railcar maintenance	9 645	3,24	9 778	3,15	133
Train heating/cooling, car tests, train replacement, call center, labour hire and other railway operating services	4 545	1,53	2 652	0,85	-1 893
Property rents	2 437	0,82	4 195	1,35	1 758
IT services	4 810	1,61	5 860	1,89	1 050
Procurement and inventory management services	1 750	0,59	1 981	0,64	231
Building management, maintenance	2 415	0,81	2 633	0,85	218
Traction and shunting	1 803	0,61	1 482	0,48	-321
Railcar cleaning, graffiti removal	3 320	1,11	5 839	1,88	2 519
Security services	2 226	0,75	2 740	0,88	514
Training and human services	2 858	0,96	3 094	1,00	236
Ticket sales commission	1 194	0,40	333	0,11	-861
Other maintenance	1 435	0,48	1 309	0,42	-126
Accounting and financial services	652	0,22	732	0,24	80
Public utilities (sewage, remote heating)	560	0,19	496	0,16	-64
Telecom and postal services	355	0,12	308	0,10	-47
Secondment	438	0,15	432	0,14	-6
Advertising, promotion, market surveys	339	0,11	270	0,09	-69
Railtrack measuring, cleaning, welding	28	0,01	73	0,02	45
Other rents	264	0,09	311	0,10	47
Legal	21	0,01	13	0,00	-8
Experts, tenders, authorship	35	0,01	62	0,02	27
Track maintenance	3	0,00	39	0,01	36
Other services used	622	0,21	683	0,22	61
<b>Services used, total:</b>	<b>127 819</b>	<b>42,91</b>	<b>131 043</b>	<b>42,19</b>	<b>3 224</b>

23. Table: Services used

The total value of the services used was HUF 131,043 million (HUF 3,224 million more than in 2019). Within this cost category, railway vehicle cleaning and graffiti removal costs increased the most compared to 2019 (HUF 2,519 million) as a result of stepped-up vehicle cleaning due to the COVID-19 pandemic.



## II.2.2 Other income and expenses

### II.2.2.1 Other income

figures in HUF millions

Item	2019	Percentage (%)	2020	Percentage (%)	Change
Tangible and intangible asset disposals	24	0,01	19	0,01	-5
Reversed impairment loss on inventories	30	0,02	288	0,13	258
Reversed impairment loss on receivables	1	0,00	1	0,00	0
Collected impaired receivables	30	0,02	20	0,01	-10
Damages received	376	0,21	685	0,31	309
Late payment penalties collected	9	0,00	10	0,00	1
Penalties collected	89	0,05	110	0,05	21
Provision for unrealised foreign exchange losses, released	0	0,00	15	0,01	15
Provision for expected liabilities, released	1 436	0,79	894	0,40	-542
Public service reimbursement	174 534	96,54	215 763	97,06	41 229
Development subsidies received	4 135	2,29	4 387	1,97	252
Surplus assets received free of charge, found during asset count	3	0,00	3	0,00	0
Miscellaneous other income	118	0,07	96	0,04	-22
<b>Total:</b>	<b>180 785</b>	<b>100,00</b>	<b>222 291</b>	<b>100,00</b>	<b>41 506</b>

24. Table: Other income

Reversed impairment loss on inventories increased by HUF 258 million, and damages received increased by HUF 309 million compared to the previous year.

Provisions for future expenses released dropped by HUF 542 million compared to the previous year. There was no economic event in 2020 that would have required the release of any provision made for expenses.

The HUF 252 million increase in development subsidies received was affected by the release of the reporting year's subsidy in proportion to the depreciation of the commissioned assets constructed from the subsidy.

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

## II.2.2.2 Other expenses

figures in HUF millions

Item	2019	Percentage (%)	2020	Percentage (%)	Change
Expenses on disposed of tangible and intangible assets, capital projects	19	0,59	12	0,29	-7
Expenses of scrapped and missing tangible and intangible assets, capital projects	0	0,00	2	0,05	2
Extraordinary depreciation of tangible and intangible assets	13	0,40	0	0,00	-13
Inventories impaired, scrapped	265	8,25	682	16,65	417
Impairment of receivables	66	2,05	56	1,37	-10
Losses from damage events	16	0,50	23	0,56	7
Late payment penalties paid	162	5,04	397	9,69	235
Damages paid	242	7,53	136	3,32	-106
Tax paid as a result of self-audit	1	0,03	1	0,02	0
Taxes and similar charges	172	5,35	64	1,56	-108
Penalties, fines	34	1,06	29	0,71	-5
Provisions for expected liabilities	907	28,22	721	17,60	-186
Provisions for future expenses	918	28,56	1 370	33,44	452
Provisions for unreliaed foreign exchange losses	89	2,77	310	7,57	221
Assets assigned and services provided free of charge	1	0,03	4	0,10	3
Forgiven receivables	5	0,16	3	0,07	-2
Amounts transferred free of charge	301	9,37	274	6,69	-27
Miscellaneous other expenses	3	0,09	13	0,32	10
<b>Total:</b>	<b>3 214</b>	<b>100,00</b>	<b>4 097</b>	<b>100,00</b>	<b>883</b>

25. Table: Other expenses

Other expenses increased by HUF 883 million compared to the previous year. Provision for future expenses increased by HUF 452 million and the provision for unrealized foreign exchange losses by HUF 221 million, which was offset by a HUF 186 million decrease in the provision for expected liabilities. Default interest paid exceeded the last year's amount by HUF 235 million. The impairment loss on inventories exceeds last year's expense by HUF 473 million which was partly set off by scrapped, unimpaired assets totalling HUF 55 million.

## II.2.3 Financial profit or loss

### II.2.3.1 Financial income

figures in HUF millions

Item	2019	Percentage (%)	2020	Percentage (%)	Change
Dividends received (due)	200	28,41	150	16,39	-50
Bank interest received (due) and similar income	2	0,28	2	0,22	0
Other interest received (due) and similar income	0	0,00	1	0,11	1
Realised foreign exchange gains on receivables and liabilities in foreign exchange	499	70,88	738	80,66	239
Other financial income	3	0,43	24	2,62	21
<b>Total:</b>	<b>704</b>	<b>100,00</b>	<b>915</b>	<b>100,00</b>	<b>211</b>

26. Table: Financial income

Financial income increased by HUF 211 million compared to the previous year, of which the most significant item was dividends of HUF 150 million received from MÁV VAGON Kft., which was HUF 50 million less than the amount received in the previous year.

The HUF 239 million increase in realized foreign exchange gains on foreign exchange receivables was due to foreign exchange rate fluctuations.

### II.2.3.2 Financial expenses

figures in HUF millions

Item	2019	Percentage (%)	2020	Percentage (%)	Change
Bank interest payable (paid) and similar charges	411	36,79	427	25,71	16
Other interest payable (paid) and similar charges	0	0,00	1	0,06	1
Realised foreign exchange losses on receivables and liabilities in foreign exchange	705	63,12	1 225	73,75	520
Other financial expenses	1	0,09	8	0,48	7
<b>Total:</b>	<b>1 117</b>	<b>100,00</b>	<b>1 661</b>	<b>100,00</b>	<b>544</b>

27. Table: Financial expenses

Financial expenses showed an increase of HUF 544 million compared to the previous year.

This increase was significantly affected by a HUF 520 million increase in realized foreign exchange losses on receivables and liabilities denominated in foreign exchange, consisting almost entirely of the following increases: HUF 163 million in foreign exchange loss on development loans, HUF 270 million in foreign exchange losses on other liabilities and HUF 75 million foreign exchange loss on receivables.

### II.2.4 Income from and expenses on related parties

figures in HUF millions

Item	Parent company	Fully consolidated subsidiaries	Non-fully consolidated subsidiaries	Total
<b>Revenues</b>				
Sales revenues, net	3 955	345	128	4 428
Other income	145	132	2	279
Financial income	1	171	0	172
<b>Revenues, total:</b>	<b>4 101</b>	<b>648</b>	<b>130</b>	<b>4 879</b>

28. Table: Income from and expenses on related parties

The most significant items of revenues from the parent company included shunting of HUF 2,964 million and emergency response and chemical protection emergency revenues of HUF 715 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 288 million, of which dividends were HUF 150 million. In the case of MÁV FKG Kft., the total revenue amounted to HUF 129 million, of which other mechanical services were HUF 108 million. In the case of MÁV KFV Kft., the total revenue was HUF 95 million, of which mechanical services totalled HUF 78 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.2.5 Corporate tax base adjusting items

figures in HUF millions

Item	Increasing items	Reducing items	Change in tax base
Pre-tax profit			325
Adjustment due to provisions	2 091	894	1 197
Adjustment due to depreciation	22 996	34 747	-11 751
Costs and expenses incurred outside the normal course of business	180	0	180
Penalty/reimbursement identified by authorities	6	0	6
Dividends received	0	150	- 150
Impairment loss on receivables recognised/reversed	56	21	35
Expense/income identified by tax audit, self-audit	736	777	- 41
Donations	0	19	- 19
Maintenance and operation of workers' accommodation according to the Personal Income Tax Act	0	14	- 14
<b>Total:</b>	<b>26 065</b>	<b>36 622</b>	<b>-10 232</b>

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 decreasing the tax base specified by law.

At MÁV-START Zrt., the following major items amended the pre-tax profit:

- The provision for expected liabilities and future expenses increased by HUF 2,091 million, while the release of the provision reduced the tax base by HUF 894 million.
- • The tax base was increased by the amount of charged ordinary depreciation and assets sold and expensed totalling HUF 22,996 million. The amount of depreciation charged in accordance with section 7 (1)(d) of and with Annexes 1 and 2 to the corporate tax act reduced the tax base by HUF 34,747 million.
- • In 2020, costs incurred outside the normal course of business, which increased the corporate tax base, amounted to HUF 180 million, of which HUF 150 million was used to cover passenger transport costs of the Children's Railway through MÁV Zrt., and HUF 30 million was a donation to the National Public Education and Leisure Association of Railways.

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.

In previous years, the Hungarian Tax Authority (NAV) conducted a comprehensive tax audit at MÁV-START Zrt. for all fiscal years ended 2011 and for the fiscal years of 2014-2015 and for the years 2018-2019, a revision is underway.

The tax authority may examine the books and records at any time for up to 6 (six) years after the respective tax year and may revise assessments or impose penalties. The managers of the Company are not aware of any condition based on which the Company could incur any related obligation.

## II.2.6 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.2.7 Other P&L related disclosures**

The Company intends to use the net profit to modernise its railcar fleet and therefore proposes to retain the dividends due to the parent company under the business plan.

## II.3 Cash flow statement

The Company's cash flow statement for 2020 is presented in the following table:

figures in HUF millions

No.	Item	2019.	2020.
<b>I.</b>	<b>Operating cash flows (lines 1-13)</b>	<b>26,692</b>	<b>40,378</b>
1a.	Pre-tax profit or loss ±	2,152	325
	of which: financially settled public service cost reimbursement and reimbursement subsidy	136,919	215,763
1b.	Dividends received -	-200	-150
1c.	Amounts received/transferred free of charge recognised in profit or loss ±	0	-1
1d.	Unrealised foreign exchange gain or loss on liquid assets ±	0	0
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 ±	192	464
1g.	Realised foreign exchange gain or loss related to the repayment of long-term loans granted and long-term liabilities ±	30	152
1h.	Non-specified pre-tax profit or loss adjustments related to managed state-owned assets ±	0	0
1i.	Non-current assets contributed ±	0	0
1j.	Non-current assets granted free of charge +	0	0
1k.	Other non-specified adjustments to the pre-tax profit or loss ±	-38	0
1.	Adjusted pre-tax profit or loss (1a+1b+1c+1d+1e+1f+1g+1h+1i+1j+1k) ±	2,137	790
2.	Amortisation charge +	20,750	22,958
3.	Impairment loss recognised and reversed ±	312	451
4.	Difference between provisions made and released ±	479	1,507
5.	Gains/Losses on non-current asset disposals ±	-5	-8
6.	Movements in creditors ±	-7,497	-42,269
7.	Movements in other current liabilities ±	17,424	26,721
7a.	Changes in intra-division settlements (liabilities) ±	0	0
8.	Movements in accrued expenses and deferred income ±	-3,955	-3,522
9.	Movements in debtors ±	207	1,355
10.	Movements in current assets (less debtors and liquid assets) ±	-2,974	33,736
10a.	Changes in intra-division settlements (receivables) ±	0	0
11.	Movements in prepaid expenses and accrued income ±	813	-970
12.	Income taxes paid, payable -	0	0
13.	Dividends paid, payable -	-1,000	-370
<b>II.</b>	<b>Investing cash flows (lines 14-18)</b>	<b>-29,859</b>	<b>-41,647</b>
14.	Non-current asset additions -	-30,062	-41,801
15.	Non-current asset disposals +	2	3
16.	Long-term loans and bank deposits repaid, terminated, redeemed +	1	0
17.	Long-term loans granted and bank deposits placed -	0	0
18.	Dividends received +	200	150
<b>III.</b>	<b>Financing cash flows (lines 19-26)</b>	<b>4,753</b>	<b>15,600</b>
19.	Shares issued, capital injection +	0	0
20.	Issue of bonds and debt securities +	0	0
21.	Loans and borrowings taken +	8,040	0
22.	Amounts received free of charge +	129	35,759
23.	Shares withdrawn, disinvestment (capital reduction) -	0	0
24.	Bonds and debt securities repaid -	0	0
25.	Loans and borrowings repaid -	-3,116	-19,885
26.	Amounts transferred free of charge -	-300	-274
<b>IV.</b>	<b>Cash flows (I.+II.+III.)</b>	<b>1,586</b>	<b>14,331</b>
27.	Revaluation of cash and cash equivalents held in foreign exchange	0	0
<b>V.</b>	<b>Change in cash and cash equivalents (IV.+27)</b>	<b>1,586</b>	<b>14,331</b>

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)	HUF -41.580m
line 8	Changes in accrued expenses and deferred income (related to assets constructed/acquired from subsidies)	HUF -6.671m

The pre-tax profit was HUF 325m.

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 an increase of HUF 14.331m in 2020. This change was due to the following factors:

- Operating cash flows relating to core operations show inflows of HUF 40.378 m in 2020 and were due predominantly to the changes in depreciation and in liabilities.
- There was a HUF -41.647 m outflow from investing cash flows as a result of tangible asset acquisitions.
- Financing cash flows show an outflow of HUF 15.600m mostly as a result of the repayment of development loans.

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

### Assets

#### Non-current asset ratio

$$\frac{\text{Non-current assets}}{\text{Total assets}} = \frac{317\,523}{385\,457} = 82,38\% \quad (\text{2019: } 77,19\%)$$

#### Tangible asset margin

$$\frac{\text{Equity}}{\text{Own tangible assets}} = \frac{132\,804}{307\,866} = 43,14\% \quad (\text{2019: } 47,31\%)$$

#### Fixed asset margin

$$\frac{\text{Equity}}{\text{Own non-current assets}} = \frac{132\,804}{317\,523} = 41,83\% \quad (\text{2019: } 46,01\%)$$

#### Current assets to non-current assets

$$\frac{\text{Current assets}}{\text{Non-current assets}} = \frac{63\,419}{317\,523} = 19,97\% \quad (\text{2019: } 28,33\%)$$

### Equity and liabilities

#### Gearing ratio

$$\frac{\text{Equity}}{\text{Total equity and liabilities}} = \frac{132\,804}{385\,457} = 34,45\% \quad (\text{2019: } 35,52\%)$$

#### Borrowed capital ratio

$$\frac{\text{Borrowed capital (Liabilities)}}{\text{Equity}} = \frac{133\,440}{132\,804} = 100,48\% \quad (\text{2019: } 95,33\%)$$

#### Indebtedness ratio

$$\frac{\text{Borrowed capital (Liabilities)}}{\text{Total equity and liabilities}} = \frac{133\,440}{385\,457} = 34,62\% \quad (\text{2019: } 33,86\%)$$



Long-term liabilities ratio

$$\frac{\text{Long-term liabilities}}{\text{Long-term liabilities} + \text{Equity}} = \frac{11\,470}{144\,274} = 7,95\% \quad (\text{2019: } 9,57\%)$$

Equity increase ratio

$$\frac{\text{Equity}}{\text{Issued capital}} = \frac{132\,804}{45\,000} = 2,95 \quad (\text{2019: } 2,9)$$

Profitability ratios

$$\text{EBITDA (operating profit} + \text{depreciation)} = 1\,071 + 22\,958 = 24\,029 \quad (\text{2019: } 23.315 \text{ M Ft})$$

$$\text{EBITDA rate} = \frac{\text{EBITDA}}{\text{Sales revenues, net}} = \frac{24\,029}{66\,143} = 36,33\% \quad (\text{2019: } 23,35\%)$$

$$\text{Return on sales (ROS)} = \frac{\text{Operating profit}}{\text{Sales revenues, net}} = \frac{1\,071}{66\,143} = 1,62\% \quad (\text{2019: } 2,57\%)$$

Financial position
Working capital and liquidity

## Net working capital

$$\text{Current assets} - \text{Current liabilities} = 63\,419 - 121\,970 = -58\,551 \quad (\text{2019: } -30.790 \text{ M Ft})$$

## Liquidity ratio

$$\frac{\text{Current assets}}{\text{Current liabilities}} = \frac{63\,419}{121\,970} = 52,00\% \quad (\text{2019: } 72,65\%)$$

## Quick ratio

$$\frac{\text{Current assets} - \text{Inventories}}{\text{Current liabilities}} = \frac{29\,672}{121\,970} = 24,33\% \quad (\text{2019: } 47,35\%)$$

## Cash liquidity

$$\frac{\text{Liquid assets}}{\text{Current liabilities}} = \frac{17\,754}{121\,970} = 14,56\% \quad (\text{2019: } 3,04\%)$$

## 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 2020 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.

In order to prevent the spread of the coronavirus epidemic, the environmental service provider took the following measures to collect the potentially infectious waste generated by the protective equipment provided by the employer to the workers:

- prepared and sent to the regional directors a group-level action plan, which, in addition to specifying the persons in-charge/participants/ deadlines, contains regulations for the collection, labelling and handling of the collection containers;
- purchased special collection containers,
- organized the collection of waste twice a week at group level during the first wave of the epidemic.

In 2020, there were two official environmental inspections:

- At the JBI site in Nyíregyháza, the Disaster Management Authority examined the implementation of the measures taken to prevent the coronavirus epidemic. The authority did not make any comments in their report.
- The waste inspection at the Szolnok site of the Szolnok VJT revealed only minor deficiencies, for which we took the necessary measures, which was accepted by the authority.

The car wash planned for the Szeged organizing railway station awaits permission.

The suburban developments implemented in recent years, the modernization of stations and stops have unfortunately also caused a number of noise complaints. The noise caused by passenger information is disturbing in many residential areas close to the railways. Other noise complaints relate to the changes in the types and groups of vehicles serving a given route. Most of the complaints are typically triggered by the noise of locomotives of conventional trains when stopping at stations.

##### III.1.1 Environmental obligations

The Company did not have any reserve or provision for environmental liabilities in 2020.

figures in HUF millions

<b>Item</b>	<b>2019</b>	<b>2020</b>	<b>Change</b>
Environmental expenses	424	496	72

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>	604	287	0	0	891
2.	Additions	104	46	0	0	150
3.	Disposals	0	0	0	0	0
4.	Reclassified	0	0	0	0	0
5.	<i>Cost, closing</i>	708	333	0	0	1 041
6.	<i>Depreciation, opening</i>	30	75	0	0	105
7.	Ordinary depreciation in 2019	32	22	0	0	54
8.	Extraordinaru deprec. in 2019	0	0	0	0	0
9.	Extraordinary deprec., reversed	0	0	0	0	0
10.	Depreciation written off	0	0	0	0	0
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>	62	97	0	0	159
15.	<i>NBV, opening</i>	574	212	0	0	786
16.	<i>NBV, closing</i>	646	236	0	0	882

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	7	7	2
130307*	Crude oil based, non-chlorine insulation and heat transmission oils	1	1	2	0
160601*	Lead batteries	2	8	4	6
<b>Total</b>		5	16	13	8

33. Table: Hazardous and polluting waste

- Movements in waste oil

figures in HUF millions

Receiver	2019.		2020.	
	Sold (kg)	Sold, net value	Sold (kg)	Sold, net value
MOL-LUB Kft.	154 574	8	147 512	9

34. Table: Waste oil disposed of

- Hazardous waste and pollutant quantities

figures in kgs

ID code	Item	Opening	Additions	Disposals	Closing
06 01 06*	Acidic sulphur waste	152	0	0	152
06 02 04*	Sodium and potassium hydroxide	0	4 821	3 931	890
07 01 04*	Other organic solvents, washing liquids and solid caustics	124	22	0	146
07 06 03*	Halogenic organic solvents, washing liquids	193	0	0	193
08 01 11*	Waste paint and varnish containing organic solvents and other hazardous substances	3 492	75 400	77 965	927
08 01 17*	Waste containing organic solvents or other hazardous substances from	8 276	20 411	18 434	10 253
08 03 17*	Toner waste with hazardous substances	1 425	1 144	1 268	1 301
08 04 09*	Waste adhesive, filling and sealing agents with organic solvents and other hazardous substances	1 778	7 041	5 341	3 478
10 04 02*	Blast furnace slag/cinder from primary and secondary production and	0	137	137	0
11 01 98*	Material with other hazardous substances	1 348	3 951	3 951	1 348
12 01 09*	Non-halogenic cooling-lubricant emulsions and solutions	298	579	579	298
12 01 12*	Waste wax and grease	2 331	2 422	3 473	1 280
12 01 16*	Sand blast waste with hazardous substances	10 760	16 678	27 438	0
12 01 18*	Oil stained metal sludge (from buffing, honing, lapping)	3 258	35 545	34 675	4 128
13 01 13*	Other hydraulic oils	2 740	1 860	773	3 827
13 02 05*	Chlorine engine and other lubricants	32 845	99 233	112 536	19 542
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	13 158	25 561	34 976	3 743
13 05 02*	Sludge from oil/water separators	8 976	34 180	33 850	9 306
13 05 06*	Oil from oil/water separators	0	78 190	78 190	0
13 05 08*	Mixed waste from de-gritter and from oil/water separators	0	666 905	666 905	0
13 07 01*	Burning oil and diesel oil	526	634	1 160	0
13 07 03*	Other fuel	680	0	0	680
13 08 99*	Unspecified waste (stained fuel)	330	359	689	0
14 06 01*	Chlorine-fluorine-hydrocarbons, HCFC, HFC	0	0	0	0
14 06 03*	Other solvent mixes	760	1 470	1 340	890
15 01 10*	Packaging with hazardous content or stains	9 575	66 177	66 537	9 215
15 01 11*	Metal packaging with hazardous solid porous matrix (e.g. asbestos)	1 077	1 539	1 333	1 283
15 02 02*	Absorbents, filters (incl. Non-specified oil filters), clothes and	31 288	71 928	72 254	30 962
16 01 04*	Vehicles no longer fit for use as a product	6 000	0	6 000	0
16 01 07*	Oil filters	4 126	6 836	7 383	3 579
16 01 14*	Anti-freeze with hazardous substances	1 514	2 443	2 220	1 737
16 01 21*	Hazardous spare parts	752	1 112	478	1 386
16 02 13*	Decommissioned equipment	512	25	37	500
16 03 03*	Inorganic waste with hazardous substances	158	37	67	128
16 03 05*	Organic waste with hazardous substances	5 135	8 041	5 250	7 926
16 05 06*	Laboratory chemicals with hazardous substance contents	45	46	0	91
16 05 07*	Demissioned inorganic chemicals with hazardous substance contents	246	26	20	252
16 06 01*	Lead batteries	10 759	45 066	21 013	34 812
16 06 06*	Electrolytes collected separately from batteries	2 860	5 590	5 590	2 860
16 07 08*	Oil stained waste	1 809	10 770	10 770	1 809
16 10 01*	Hazardous liquid waste	0	47 530	47 530	0
17 02 04*	Stained/contaminated glass, plastic, timber	1 296	2 349	1 460	2 185
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	100	0	100	0
17 05 03*	Stained soil and stones	5 973	16 296	17 802	4 467
17 06 01*	Asbestos insulators	0	0	0	0
17 06 03*	Other insulators with hazardous material contents	50	4 420	4 420	50
17 06 05*	Other waste the collection and treatment of which require special conditions in order to avoid contamination	26	0	0	26
18 01 03*	Saturated or depleted ion-exchange resins	10	30	39	1
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	525 020	525 020	11 460
20 01 21*	Hazardous washing agents	814	1 489	1 275	1 028
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	893	1 670	2 044	519
20 01 35*	Hazardous scrapped electric and electronic equipment other than waste coded 20 01 21 and 20 01 23	10 138	19 566	18 169	11 535
20 01 37*	Contaminated timber	690	985	985	690
<b>Total:</b>		<b>200 756</b>	<b>1 915 774</b>	<b>1 925 647</b>	<b>190 883</b>

35. Table: Hazardous waste and pollutant quantities

## III.2 Research and development expenses

In 2020, no research and development costs incurred. The values of assets commissioned in previous years had been written off through depreciation by 2020.

## III.3 Subsidies

figures in HUF millions

Subsidy	Subsidy received (approved) (as in the underlying document)	2020						2019					
		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*	12 808	1 097	11 711	0	13 919	0	- 819	1 330	17 242	0	20 800	0	-1 097
Reimbursed excise tax on gasoline use*	4 062	626	3 436	0	2 776	0	- 668	762	3 825	0	3 205	0	- 626
<b>Subsidies (project + cost)</b>	<b>173 897</b>	<b>58 225</b>	<b>43 127</b>	<b>72 546</b>	<b>35 758</b>	<b>21</b>	<b>35 525</b>	<b>43 985</b>	<b>14 240</b>	<b>70 570</b>	<b>130</b>	<b>82</b>	<b>- 39</b>
<b>of which:</b>													
<i>KÖZÖP-İKOP INKA</i>	671	630	0	42	0	0	0	629	0	42	0	0	0
<i>İKOP Tram Train</i>	17 623	7 985	28	9 609	28	0	0	7 954	31	9 638	31	0	0
<i>ETCS 59 pc train</i>	7 351	2 970	614	3 767	105	0	0	2 970	0	4 381	0	32	- 13
<i>İKOP 19 pc High capacity motortrain</i>	99 550	45 576	4 260	49 714	72	21	0	31 835	13 741	53 974	49	0	- 19
<i>İKOP- INKA2</i>	3 600	1 064	869	1 667	23	0	0	597	468	2 535	50	50	- 7
<i>FLIRT standardization</i>	4 987	0	1 831	3 157	5	0	0	0	0	0	0	0	0
<i>IC+</i>	31 045	0	31 045	0	31 045	0	31 045	0	0	0	0	0	0
Tram Train domestic subsidies	9 070	0	4 480	4 590	4 480	0	4 480	0	0	0	0	0	0
Prior years public service reimbursement settlements in 2020	1 137	0	1 137	0	38 753	0	0	11 349	893	0	12 242	0	0
Public service reimbursement for 2020	214 626	0	214 626	0	216 908	0	2 282	0	173 641	0	136 025	0	-37 615
GINOP-187 "Spektrum" subsidy received to cover expenses	8	8	0	0	- 8	0	0	0	8	0	0	0	0
Received to cover costs of "İKOP INKA 2 project"	14	0	14	0	0	0	0	0	0	0	0	0	0
<b>Összesen:</b>	<b>406 553</b>	<b>59 956</b>	<b>274 052</b>	<b>72 545</b>	<b>308 107</b>	<b>21</b>	<b>36 319</b>	<b>57 426</b>	<b>209 849</b>	<b>70 570</b>	<b>172 402</b>	<b>82</b>	<b>-39 377</b>

36. Table: Subsidies recognised in the reporting year

\* Includes the amount of statutory subsidy due in the reporting year

\*\* Amount reimbursed: HUF 8 million

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	2019				2020			
	Payroll cost	Other payments to personnel	Total	Percentage (%)	Payroll cost	Other payments to personnel	Total	Percentage (%)
Blue collar	48 729	6 298	<b>55 027</b>	70,85	55 685	5 634	<b>61 319</b>	70,72
White collar	20 074	2 508	<b>22 582</b>	29,08	23 058	2 241	<b>25 299</b>	29,17
Inactive	53	5	<b>58</b>	0,07	80	13	<b>93</b>	0,11
<b>Total:</b>	<b>68 856</b>	<b>8 811</b>	<b>77 667</b>	<b>100,00</b>	<b>78 823</b>	<b>7 888</b>	<b>86 711</b>	<b>100,00</b>

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

figures in HUF millions

Payroll taxes	2019		2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Social contribution tax	13 953	87,82	13 504	86,32
Rehabilitation contribution	910	5,73	980	6,27
Health care contribution	1	0,01	0	0,00
Vocational training contribution	1 025	6,45	1 160	7,41
<b>Total:</b>	<b>15 889</b>	<b>100,00</b>	<b>15 644</b>	<b>100,00</b>

38. Table: Payroll taxes by type

Staff category	2019		2020	
	Average statistical number of staff	Percentage (%)	Average statistical number of staff	Percentage (%)
Blue collar	9 861,4	70,82	9 738,2	70,60
White collar	4 063,6	29,18	4 055,4	29,40
<b>Total number of staff:</b>	<b>13 925,0</b>	<b>100,00</b>	<b>13 793,5</b>	<b>100,00</b>

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	2019	2020	Change
Senior officers	68	41	-27
Supervisory Board	7	10	3
<b>Total:</b>	<b>75</b>	<b>51</b>	<b>-24</b>

40. Table: Remunerations paid in 2020

#### 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 2020.

#### 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 2020	Reserves at 31 Dec 2020 *	Net profit for 31 Dec 2020 *	Equity at 31 Dec 2020 *	Registered capital 1 Jan 2020	Accumulated impairment loss at 1 Jan 2020	Book value at 1 Jan 2020
138	MÁV Szolgáltató Központ Zrt	0,25	2011.07.19	1087	Budapest	Könyves Kálmán körút 54-60.	801 000 000	1 535 434 022	704 626 013	3 041 060 035	2 000 000		2 000 000
195	MÁV Rail Tours Kft.	1,00	2020.02.27	1142	Budapest	Tatai utca 93/A	100 000 000	0	16 874 967	116 874 967	0		0
020	MÁV VAGON Kft	99,92	2014.01.01	8000	Székesfehérvár	Takarodó u. 1.	243 980 000	504 988 057	390 251 535	1 139 219 590	250 377 294		250 377 294
<i>Fully consolidated subsidiaries, total:</i>													
191	TS-MÁV Gépjármű Services Kft	49,02	2011.12.14	1097	Budapest	Fék u. 8/a	3 000 000	288 374 394	50 662 385	342 036 779	250 000		250 000
<i>Associate, total:</i>													
147	BCC	1,36	1997.01.28	B-1060	Bruxelles	40 Avenue de la Porte de Hal	40 255 583	n.a.	n.a.	n.a.	495 780		495 780
120	Vasúteg-szolgáltatói Kft	0,010	2013.10.07	1062	Budapest	Podmuniczy u 109.	701 020 000	n.a.	n.a.	2 510 294 270	100 000		100 000
<i>Other investments total:</i>													
											595 780	595 780	
<b>Total:</b>											<b>253 223 074</b>	<b>0</b>	<b>253 223 074</b>

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

\*based on preliminary figures

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
138	MÁV Szolgáltató Központ Zrt				1 000 000					1 000 000			1 000 000		1 000 000
195	MÁV Rail Tours Kft.	1 000 000								1 000 000					1 000 000
020	MÁV VAGON Kft									250 377 294					250 377 294
<i>Fully consolidated subsidiaries Total:</i>															
191	TS-MÁV Gépjármű Services Kft									250 000					250 000
<i>Associated companies Total:</i>															
147	BCC								51 915	547 695					547 695
120	Vasúteg-szolgáltatói Kft									100 000					100 000
<i>Other participating interests Total:</i>															
		0	0	0	0	0	0	0	51 915	647 695	0	0	0	0	647 695
<b>Total:</b>		<b>1 000 000</b>	<b>0</b>	<b>0</b>	<b>1 000 000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>51 915</b>	<b>253 274 989</b>	<b>0</b>	<b>0</b>	<b>1 000 000</b>	<b>0</b>	<b>253 274 989</b>

42. Table: Changes in the Company's investments in 2020

The following changes took place in MÁV-START Zrt's investments in 2020:

- MÁV-START Zrt. acquired a 1% quota in MÁV Rail Tours Kft., established with an issued capital of HUF 100,000,000. The value of the quota is HUF 1,000,000 and was registered by the Companies Court of the Metropolitan Tribunal on 27 February 2020.
- A share with a face value of HUF 1,000,000 in MÁV Szolgáltató Központ Zrt. was sold to VOLÁNBUSZ Zrt. on 2 October 2020 at book value.

### 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.	2020.12.31
Non-current assets	527
Equity	1 139
Sales revenues, net	11 209
Net profit	390
Statistical number of staff	204

43. Table: MÁV VAGON Kft. reported figures as at 31 December 2020

### 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

The pandemic that started in March 2020 caused material extra costs to MÁV Group which management has tried to set off by cost efficiency measures. However, such measures are unable to make up for the significant unearned fare revenues public service railway providers have suffered from as a result of a decline in passenger transport. Any cut in scheduled services is subject to the approval of the Principal (the Ministry for Innovation and Technology), but there has been no significant reduction in the ordered services precisely because of the pandemic. This means that each MÁV Group member is fully operational. All costs incurred in relation to the pandemic are reasonable costs and are therefore reimbursable by the Principal both based on the underlying legislation and service contract. Funding of the extra costs incurred in 2020 of the companies that provide public services is ensured. In 2021, we have been in continuous discussions with the relevant ministries in order to ensure railway services as adjusted to the actual government measures so that the potentially increased demand for reimbursement by the public service companies do not cause further difficulties. Any unmanageable cost increase of the subsidiaries that support public services will be made up for by cost based pricing.

## **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 information 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	
		2019.	2020.	2019.	2020.	2019.	2020.	2019.	2020.
<b>A.</b>	<b>NON-CURRENT ASSETS</b>	<b>277 182</b>	<b>308 247</b>	<b>11 531</b>	<b>9 276</b>	<b>0</b>	<b>0</b>	<b>288 713</b>	<b>317 523</b>
<b>I.</b>	<b>INTANGIBLE ASSETS</b>	<b>7 346</b>	<b>9 047</b>	<b>332</b>	<b>357</b>	<b>0</b>	<b>0</b>	<b>7 678</b>	<b>9 404</b>
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	1 109	663	2	0	0	0	1 111	663
4.	Trade-marks, patents and similar rights	5 794	8 258	330	357	0	0	6 124	8 615
5.	Goodwill	0	0	0	0	0	0	0	0
6.	Advance payments for intangible assets	443	126	0	0	0	0	443	126
7.	Revaluation of intangible assets	0	0	0	0	0	0	0	0
<b>II.</b>	<b>TANGIBLE ASSETS</b>	<b>269 583</b>	<b>298 947</b>	<b>11 199</b>	<b>8 919</b>	<b>0</b>	<b>0</b>	<b>280 782</b>	<b>307 866</b>
1.	Land and buildings and related property rights	4 287	4 497	1	0	0	0	4 288	4 497
2.	Plant, machinery, equipment and vehicles	197 618	204 836	11 120	8 911	0	0	208 738	213 747
3.	Other equipment, fixtures and fittings, vehicles	5	4	0	0	0	0	5	4
4.	Breeding stock	0	0	0	0	0	0	0	0
5.	Capital projects in progress	17 720	32 867	78	8	0	0	17 798	32 875
6.	Advance payments for capital projects	49 953	56 743	0	0	0	0	49 953	56 743
7.	Adjusted value of tangible assets	0	0	0	0	0	0	0	0
<b>III.</b>	<b>NON-CURRENT FINANCIAL ASSETS</b>	<b>253</b>	<b>253</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>253</b>	<b>253</b>
1.	Long-term investments in related parties	252	252	0	0	0	0	252	252
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>B.</b>	<b>CURRENT ASSETS</b>	<b>76 043</b>	<b>63 454</b>	<b>566</b>	<b>80</b>	<b>8 404</b>	<b>8 517</b>	<b>81 789</b>	<b>63 419</b>
<b>I.</b>	<b>INVENTORIES</b>	<b>28 216</b>	<b>33 598</b>	<b>182</b>	<b>0</b>	<b>85</b>	<b>149</b>	<b>28 483</b>	<b>33 747</b>
1.	Materials	21 210	25 047	155	0	0	0	21 365	25 047
2.	Work in progress and semi-finished products	3 532	4 400	3	0	85	149	3 620	4 549
3.	Animals for breeding, fattening and other livestock	0	0	0	0	0	0	0	0
4.	Finished products	1 856	3 436	10	0	0	0	1 866	3 436
5.	Goods	0	19	14	0	0	0	14	19
6.	Advance payments for inventories	1 618	696	0	0	0	0	1 618	696
<b>II.</b>	<b>RECEIVABLES</b>	<b>44 945</b>	<b>12 935</b>	<b>295</b>	<b>11</b>	<b>7 867</b>	<b>7 604</b>	<b>49 883</b>	<b>11 918</b>
1.	Trade debtors	613	361	233	10	3 825	2 945	4 671	3 316
2.	Receivables from related parties	463	659	1	0	777	422	1 241	1 081
3.	Receivables from significant investments	148	0	0	0	41	38	189	38
4.	Receivables from other investments	20	18	0	0	0	0	20	18
5.	Bills of exchange receivable	0	0	0	0	0	0	0	0
6.	Other receivables	43 701	7 464	61	1	0	0	43 762	7 465
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
	Receivables from inter-division settlements	0	4 433	0	0	3 224	4 199	0	0
<b>III.</b>	<b>SECURITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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
<b>IV.</b>	<b>LIQUID ASSETS</b>	<b>2 882</b>	<b>16 921</b>	<b>89</b>	<b>69</b>	<b>452</b>	<b>764</b>	<b>3 423</b>	<b>17 754</b>
1.	Cash, cheques	152	116	4	0	0	0	156	116
2.	Bank deposits	2 730	16 805	85	69	452	764	3 267	17 638
<b>C.</b>	<b>PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>3 043</b>	<b>3 879</b>	<b>412</b>	<b>519</b>	<b>90</b>	<b>117</b>	<b>3 545</b>	<b>4 515</b>
1.	Accrued income	821	1 020	374	519	90	117	1 285	1 656
2.	Prepaid expenses	1 154	1 424	38	0	0	0	1 192	1 424
3.	Deferred expenses	1 068	1 435	0	0	0	0	1 068	1 435
	<b>ASSETS, TOTAL</b>	<b>356 268</b>	<b>375 580</b>	<b>12 509</b>	<b>9 875</b>	<b>8 494</b>	<b>8 634</b>	<b>374 047</b>	<b>385 457</b>

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	
		2019.	2020.	2019.	2020.	2019.	2020.	2019.	2020.
<b>D.</b>	<b>EQUITY</b>	<b>122 202</b>	<b>123 466</b>	<b>2 300</b>	<b>759</b>	<b>8 347</b>	<b>8 579</b>	<b>132 849</b>	<b>132 804</b>
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	6 395	7 647	594	39	6 949	7 977	13 938	15 663
V.	ALLOCATED RESERVES	458	515	0	0	0	0	458	515
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	<b>1 309</b>	<b>1 264</b>	<b>-555</b>	<b>-1 541</b>	<b>1 398</b>	<b>602</b>	<b>2 152</b>	<b>325</b>
<b>E.</b>	<b>PROVISIONS</b>	<b>6 776</b>	<b>8 285</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6 778</b>	<b>8 285</b>
1.	Provisions for expected liabilities	1 616	1 445	2	0	0	0	1 618	1 445
2.	Provisions for future expenses	4 550	5 920	0	0	0	0	4 550	5 920
3.	Other provisions	610	920	0	0	0	0	610	920
<b>F.</b>	<b>LIABILITIES</b>	<b>119 960</b>	<b>133 168</b>	<b>9 868</b>	<b>8 881</b>	<b>37</b>	<b>23</b>	<b>126 641</b>	<b>133 440</b>
<b>I.</b>	<b>SUBORDINATED LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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
<b>II.</b>	<b>LONG-TERM LIABILITIES</b>	<b>14 062</b>	<b>11 470</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14 062</b>	<b>11 470</b>
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	8 584	6 677	0	0	0	0	8 584	6 677
5.	Other long-term loans	5 478	4 793	0	0	0	0	5 478	4 793
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
<b>III.</b>	<b>CURRENT LIABILITIES</b>	<b>105 898</b>	<b>121 698</b>	<b>9 868</b>	<b>8 881</b>	<b>37</b>	<b>23</b>	<b>112 579</b>	<b>121 970</b>
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	13 691	3 369	6 046	0	0	0	19 737	3 369
3.	Prepayments received from debtors	3	4	0	0	1	1	4	5
4.	Creditors	9 568	9 168	520	244	15	1	10 103	9 413
5.	Bills of exchange payable	0	0	0	0	0	0	0	0
6.	Short-term debts to related parties	26 586	14 548	47	4	0	2	26 633	14 554
7.	Short-term debts to significant investments	1 501	181	0	0	0	0	1 501	181
8.	Short-term debts to other investments	27	19	0	0	0	0	27	19
9.	Other current liabilities	54 522	94 409	31	1	21	19	54 574	94 429
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	3 224	8 632	0	0	0	0
<b>G.</b>	<b>ACCRUED EXPENSES AND DEFERRED INCOME</b>	<b>107 330</b>	<b>110 661</b>	<b>339</b>	<b>235</b>	<b>110</b>	<b>32</b>	<b>107 779</b>	<b>110 928</b>
1.	Deferred income	146	269	0	0	110	32	256	301
2.	Accrued expenses	4 225	5 152	339	235	0	0	4 564	5 387
3.	Deferred extraordinary revenues and negative goodwill	102 959	105 240	0	0	0	0	102 959	105 240
	<b>EQUITY AND LIABILITIES, TOTAL</b>	<b>356 268</b>	<b>375 580</b>	<b>12 509</b>	<b>9 875</b>	<b>8 494</b>	<b>8 634</b>	<b>374 047</b>	<b>385 457</b>

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	
		2019.	2020.	2019.	2020.	2019.	2020.	2019.	2020.
01.	Domestic sales, net	61 612	41 292	3 326	2 056	18 515	15 403	83 453	58 751
02.	Export sales, net	11 000	4 745	4 574	2 124	830	523	16 404	7 392
<b>I.</b>	<b>Sales revenues, net (01.+02.)</b>	<b>72 612</b>	<b>46 037</b>	<b>7 900</b>	<b>4 180</b>	<b>19 345</b>	<b>15 926</b>	<b>99 857</b>	<b>66 143</b>
	1. Revenues from other internal settlements	166 390	180 974	2 559	2 595	2	0	168 951	183 569
	4. Central management	19 997	23 089	0	5	0	0	19 997	23 094
<b>IV.A.</b>	<b>Internal revenues recognised:</b>	<b>186 387</b>	<b>204 063</b>	<b>2 559</b>	<b>2 600</b>	<b>2</b>	<b>0</b>	<b>188 948</b>	<b>206 663</b>
03.	Capitalised value of self produced assets	2 479	2 471	-449	-1	5	29	2 035	2 499
04.	Movements in self produced inventories	15 498	24 726	5 504	103	0	0	21 002	24 829
<b>II.</b>	<b>Capitalised own output (±03.+04.)</b>	<b>17 977</b>	<b>27 197</b>	<b>5 055</b>	<b>102</b>	<b>5</b>	<b>29</b>	<b>23 037</b>	<b>27 328</b>
<b>III.</b>	<b>Other income</b>	<b>180 762</b>	<b>222 276</b>	<b>15</b>	<b>1</b>	<b>8</b>	<b>14</b>	<b>180 785</b>	<b>222 291</b>
	of which: reversed impairment loss	31	289	0	0	0	0	31	289
05.	Materials	46 622	49 347	3 557	14	317	237	50 496	49 598
06.	Material type services used	125 773	130 394	1 978	593	68	56	127 819	131 043
07.	Other services	2 156	2 230	26	49	0	0	2 182	2 279
08.	Cost of goods sold	0	21	109	21	160	55	269	97
09.	Cost of (consignment) services	68	119	2 760	2 145	0	0	2 828	2 264
<b>IV.</b>	<b>Material-type expenses (05.+06.+07.+08.+09.)</b>	<b>174 619</b>	<b>182 111</b>	<b>8 430</b>	<b>2 822</b>	<b>545</b>	<b>348</b>	<b>183 594</b>	<b>185 281</b>
	1. Revenues from other internal settlements	148 115	165 944	5 673	4 517	15 163	13 108	168 951	183 569
	4. Central management	17 719	20 825	406	424	1 872	1 845	19 997	23 094
<b>IV.A.</b>	<b>Internal expenses recognised</b>	<b>165 834</b>	<b>186 769</b>	<b>6 079</b>	<b>4 941</b>	<b>17 035</b>	<b>14 953</b>	<b>188 948</b>	<b>206 663</b>
10.	Payroll cost	67 844	78 510	737	193	275	120	68 856	78 823
11.	Other payments to personnel	8 590	7 835	176	41	45	12	8 811	7 888
12.	Social security and other contributions	15 658	15 580	169	40	62	24	15 889	15 644
<b>V.</b>	<b>Payments to personnel (10.+11.+12.)</b>	<b>92 092</b>	<b>101 925</b>	<b>1 082</b>	<b>274</b>	<b>382</b>	<b>156</b>	<b>93 556</b>	<b>102 355</b>
<b>VI.</b>	<b>Depreciation charge</b>	<b>20 269</b>	<b>22 560</b>	<b>481</b>	<b>398</b>	<b>0</b>	<b>0</b>	<b>20 750</b>	<b>22 958</b>
<b>VII.</b>	<b>Other expenses</b>	<b>3 192</b>	<b>4 077</b>	<b>5</b>	<b>4</b>	<b>17</b>	<b>16</b>	<b>3 214</b>	<b>4 097</b>
	of which: impairment loss (862)	322	720	4	4	17	16	343	740
<b>A.</b>	<b>OPERATING PROFIT (I±II+III-IV-V-VI-VII)</b>	<b>1 732</b>	<b>2 131</b>	<b>-548</b>	<b>-1 556</b>	<b>1 381</b>	<b>496</b>	<b>2 565</b>	<b>1 071</b>
13.	Dividends (due) received	200	150	0	0	0	0	200	150
	of which: from related parties	200	150	0	0	0	0	200	150
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	2	3	0	0	0	0	2	3
	of which: from related parties	0	1	0	0	0	0	0	1
17.	Other financial income	358	604	128	105	16	53	502	762
	of which: revaluation difference	0	0	0	0	0	0	0	0
<b>VIII.</b>	<b>Financial income (13.+14.+15.+16.+17.)</b>	<b>560</b>	<b>757</b>	<b>128</b>	<b>105</b>	<b>16</b>	<b>53</b>	<b>704</b>	<b>915</b>
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	411	428	0	0	0	0	411	428
	of which: to related parties	0	1	0	0	0	0	0	1
21.	Impairment of shares, securities, bank deposits	0	0	0	0	0	0	0	0
22.	Other financial expenses	572	1 196	135	90	-1	-53	706	1 233
	of which: revaluation difference	0	0	0	0	0	0	0	0
<b>IX.</b>	<b>Financial expenses (18.+19.+20.+21.+22.)</b>	<b>983</b>	<b>1 624</b>	<b>135</b>	<b>90</b>	<b>-1</b>	<b>-53</b>	<b>1 117</b>	<b>1 661</b>
<b>B.</b>	<b>FINANCIAL LOSS OR PROFIT (VIII-IX)</b>	<b>-423</b>	<b>-867</b>	<b>-7</b>	<b>15</b>	<b>17</b>	<b>106</b>	<b>-413</b>	<b>-746</b>
<b>C.</b>	<b>PRE-TAX PROFIT (±A±B)</b>	<b>1 309</b>	<b>1 264</b>	<b>-555</b>	<b>-1 541</b>	<b>1 398</b>	<b>602</b>	<b>2 152</b>	<b>325</b>
<b>X.</b>	<b>TAX LIABILITY</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>D.</b>	<b>NET PROFIT (±C-X)</b>	<b>1 309</b>	<b>1 264</b>	<b>-555</b>	<b>-1 541</b>	<b>1 398</b>	<b>602</b>	<b>2 152</b>	<b>325</b>

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	
		2019.	2020.	2019.	2020.	2019.	2020.	2019.	2020.
<b>I.</b>	<b>Operating cash flows (lines 1-13)</b>	<b>23 720</b>	<b>33 520</b>	<b>2 612</b>	<b>6 549</b>	<b>359</b>	<b>309</b>	<b>26 692</b>	<b>40 378</b>
1a.	Pre-tax profit or loss ±	1 309	1 264	-554	-1 541	1 398	602	2 152	325
	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	136 919	215 763	0	0	0	0	136 919	215 763
1b.	Dividends received -	-200	-150	0	0	0	0	-200	-150
1c.	Amounts received/transferred free of charge recognised in profit or loss ±	0	-1	0	0	0	0	0	-1
1d.	Unrealised foreign exchange gain or loss on liquid assets ±	2	3	0	0	-2	-3	0	0
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 ±	192	464	0	0	0	0	192	464
1g.	Realised foreign exchange gain or loss related to the repayment of long-term loans granted and long-term liabilities ±	30	152	0	0	0	0	30	152
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	0	0	0	0	0	0	0
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 ±	-38	0	0	0	0	0	-38	0
1.	Adjusted pre-tax profit or loss (1a+1b+1c+1d+1e+1f+1g+1h+1i+1j+1k) ±	1 295	1 732	-554	-1 541	1 396	599	2 137	790
2.	Amortisation charge +	20 268	22 561	481	398	0	0	20 750	22 958
3.	Impairment loss recognised and reversed ±	291	431	4	4	17	17	312	451
4.	Difference between provisions made and released ±	488	1 509	-9	-2	0	0	479	1 507
5.	Gains/Losses on non-current asset disposals ±	-5	-8	0	0	0	0	-5	-8
6.	Movements in creditors ±	-7 426	-44 360	-86	2 105	15	-15	-7 497	-42 269
7.	Movements in other current liabilities ±	17 384	26 796	43	-74	-3	-1	17 424	26 721
7a.	Changes in intra-division settlements (liabilities) ±	0	0	-599	5 409	0	0	0	0
8.	Movements in accrued expenses and deferred income ±	-3 975	-3 341	43	-103	-22	-78	-3 955	-3 522
9.	Movements in debtors ±	319	268	215	223	-326	864	207	1 355
10.	Movements in current assets (less debtors and liquid assets) ±	-5 371	33 203	2 874	239	-477	295	-2 974	33 736
10a.	Changes in intra-division settlements (receivables) ±	0	-4 433	0	0	599	-975	0	0
11.	Movements in prepaid expenses and accrued income ±	452	-836	200	-107	160	-27	813	-970
12.	Income taxes paid, payable -	0	0	0	0	0	0	0	0
13.	Dividends paid, payable -	0	0	0	0	-1 000	-370	-1 000	-370
<b>II.</b>	<b>Investing cash flows (lines 14-18)</b>	<b>-23 174</b>	<b>-41 124</b>	<b>-6 685</b>	<b>-523</b>	<b>0</b>	<b>0</b>	<b>-29 859</b>	<b>-41 647</b>
14.	Non-current asset additions -	-23 377	-41 277	-6 685	-523	0	0	-30 062	-41 801
15.	Non-current asset disposals +	2	3	0	0	0	0	2	3
16.	Long-term loans and bank deposits repaid, terminated, redeemed +	1	0	0	0	0	0	1	0
17.	Long-term loans granted and bank deposits placed -	0	0	0	0	0	0	0	0
18.	Dividends received +	200	150	0	0	0	0	200	150
<b>III.</b>	<b>Financing cash flows (lines 19-26)</b>	<b>666</b>	<b>21 646</b>	<b>4 088</b>	<b>-6 046</b>	<b>0</b>	<b>0</b>	<b>4 753</b>	<b>15 600</b>
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 +	3 953	0	4 088	0	0	0	8 040	0
21.	Amounts received free of charge +	129	35 759	0	0	0	0	129	35 759
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 -	-3 116	-13 839	0	-6 046	0	0	-3 116	-19 885
26.	Amounts transferred free of charge -	-300	-274	0	0	0	0	-300	-274
<b>IV.</b>	<b>Cash flows (I.+II.+III.)</b>	<b>1 212</b>	<b>14 042</b>	<b>15</b>	<b>-20</b>	<b>359</b>	<b>309</b>	<b>1 586</b>	<b>14 331</b>
27.	Revaluation of cash and cash equivalents held in foreign exchange	-2	-3	0	0	2	3	0	0
<b>V.</b>	<b>Change in cash and cash equivalents (IV.+27)</b>	<b>1 210</b>	<b>14 039</b>	<b>15</b>	<b>-20</b>	<b>360</b>	<b>312</b>	<b>1 586</b>	<b>14 331</b>

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

## IV.4 Statement of activities

MÁV-START Zrt. prepared its supervisory report for 2020 pursuant to Section 8(4) of the GKM-PM Decree 50/2007 (IV. 26.) 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 48), 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 49). 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 thousands

GRAND TOTAL	MÁV-START Zrt. 2019.				MÁV-START Zrt. 2020.			
	Public service	Non-public service	Other activities	TOTAL	Public service	Non-public service	Other activities	TOTAL
Sales revenues, net	72 611 637	7 899 810	19 345 182	99 856 630	46 036 768	4 180 529	15 925 638	66 142 936
of which: fares	52 018 041	3 940 059	0	55 958 100	31 417 371	1 354 547	0	32 771 918
domestic fares	42 331 865	891 604	0	43 223 469	29 110 394	601 217	0	29 711 612
international fares	9 686 176	3 048 455	0	12 734 631	2 306 977	753 329	0	3 060 306
subsidised fares	16 958 017	283 891	0	17 241 908	11 311 603	399 150	0	11 710 753
car rent received	3 177 811	1 477 339	0	4 655 150	2 860 302	1 066 598	0	3 926 900
Other intra-group revenues	166 390 561	2 559 144	1 656	168 951 361	180 973 999	2 594 570	565	183 569 134
Central administration revenues	19 996 700	0	0	19 996 700	23 088 819	5 259	0	23 094 079
Capitalised own output	17 977 306	5 055 249	4 900	23 037 455	27 196 716	101 530	28 778	27 327 024
Other income	180 761 480	14 968	8 521	180 784 969	222 275 660	724	14 205	222 290 588
of which: government reimbursement	174 534 417	0	0	174 534 417	215 763 344	0	0	215 763 344
- reimbursement for 2019	173 640 875	0	0	173 640 875	214 626 219	0	0	214 626 219
- reimbursement for previous years	893 542	0	0	893 542	1 137 125	0	0	1 137 125
Other internal settlements, expenses	148 115 371	5 673 252	15 162 738	168 951 361	165 944 058	4 517 091	13 107 985	183 569 134
Central administration expenses	17 719 115	405 895	1 871 690	19 996 700	20 824 531	423 916	1 845 633	23 094 079
Material-type expenses	174 619 320	8 429 953	544 847	183 594 120	182 110 964	2 822 035	347 711	185 280 709
of which: network access charge	73 786 444	10	0	73 786 454	74 668 608	0	0	74 668 608
traction and shunting	1 694 343	109 001	0	1 803 344	1 421 881	60 027	0	1 481 908
pre-heating, pre-cooling and lights	0	0	0	0	0	0	0	0
maintenance	11 045 687	458 408	32 491	11 536 586	11 547 909	63 612	29 922	11 641 444
RIC usage charge of railcars	4 574 049	402 189	0	4 976 238	3 583 981	282 625	0	3 866 606
rent of tracted and traction vehicles	6 297 868	398 915	0	6 696 783	6 451 602	97 590	0	6 549 192
lease of tracted and traction vehicles	240 213	0	0	240 213	257 024	0	0	257 024
railcar cleaning costs	3 300 439	0	19 102	3 319 541	5 830 880	0	8 026	5 838 906
Central services	5 544 062	33 392	-42	5 577 412	6 137 332	23 797	5	6 161 134
Financial and accounting services	651 864	0	0	651 864	732 174	0	0	732 174
Human services (training, education, health and safety)	2 714 724	21 411	-42	2 736 093	2 938 836	19 291	5	2 958 133
Procurement, logistics, environmental services	1 928 524	11 981	0	1 940 505	2 213 677	4 505	0	2 218 182
Administrative costs	248 950	0	0	248 950	252 645	0	0	252 645
Payments to personnel	92 092 124	1 081 653	382 438	93 556 215	101 925 005	273 896	155 538	102 354 439
of which: payroll costs	67 844 096	736 522	275 249	68 855 867	78 510 166	192 790	119 604	78 822 560
fringe benefits	8 589 881	176 249	45 054	8 811 184	7 835 128	40 631	11 998	7 887 757
payroll taxes	15 658 147	168 882	62 135	15 889 164	15 579 711	40 475	23 936	15 644 122
Depreciation	20 268 402	481 307	0	20 749 709	22 559 798	397 541	0	22 957 339
Other expenses	3 191 407	5 007	17 221	3 213 635	4 076 683	3 983	16 609	4 097 274
Operating profit	<b>1 731 945</b>	<b>-547 896</b>	<b>1 381 325</b>	<b>2 565 374</b>	<b>2 130 924</b>	<b>-1 555 848</b>	<b>495 711</b>	<b>1 070 787</b>
Financial income	559 949	128 411	15 955	704 315	757 461	104 812	52 850	915 123
Financial expenses	983 345	134 897	-957	1 117 285	1 624 379	90 118	-53 268	1 661 230
Financial loss or profit	<b>-423 396</b>	<b>-6 486</b>	<b>16 912</b>	<b>-412 970</b>	<b>-866 918</b>	<b>14 693</b>	<b>106 118</b>	<b>-746 107</b>
Pre-tax profit	<b>1 308 549</b>	<b>-554 382</b>	<b>1 398 237</b>	<b>2 152 404</b>	<b>1 264 006</b>	<b>-1 541 155</b>	<b>601 829</b>	<b>324 680</b>
Tax liability	0	0	0	0	0	0	0	0
Net profit	<b>1 308 549</b>	<b>-554 382</b>	<b>1 398 237</b>	<b>2 152 404</b>	<b>1 264 006</b>	<b>-1 541 155</b>	<b>601 829</b>	<b>324 680</b>

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

figures in HUF thousands

GRAND TOTAL	MÁV START Zrt. 2019.				MÁV-START Zrt. 2020.			
	Public service	Non-public service	Other activities	TOTAL	Public service	Non-public service	Other activities	TOTAL
Sales revenues, net	72 611 637	7 899 810	19 345 182	99 856 630	46 036 768	4 180 529	15 925 638	66 142 936
of which: fares	47 410 834	2 809 873	0	50 220 707	28 572 585	989 195	0	29 561 780
domestic fares	38 000 874	793 414	0	38 794 289	26 336 960	547 848	0	26 884 808
international fares	9 409 960	2 016 459	0	11 426 418	2 235 624	441 348	0	2 676 972
subsidised fares	16 958 017	283 891	0	17 241 909	11 311 603	399 150	0	11 710 753
car rent received	3 177 811	1 477 339	0	4 655 150	2 860 302	1 066 598	0	3 926 900
Capitalised own output	18 377 550	5 005 593	-345 687	23 037 455	27 476 261	85 284	-234 521	27 327 024
Other income	180 460 086	73 664	251 219	180 784 969	221 985 265	49 885	255 439	222 290 588
of which: government reimbursement	174 534 417	0	0	174 534 417	215 763 344	0	0	215 763 344
- reimbursement for 2019	173 640 875	0	0	173 640 875	214 626 219	0	0	214 626 219
- reimbursement for previous years	893 542	0	0	893 542	1 137 125	0	0	1 137 125
<b>Operating income</b>	<b>271 449 274</b>	<b>12 979 066</b>	<b>19 250 714</b>	<b>303 679 054</b>	<b>295 498 294</b>	<b>4 315 699</b>	<b>15 946 555</b>	<b>315 760 548</b>
Material-type expenses	167 952 988	10 041 609	5 599 523	183 594 120	176 906 254	3 947 797	4 426 659	185 280 709
of which: network access charge	73 525 907	205 208	55 339	73 786 454	74 478 126	149 449	41 033	74 668 608
traction and shunting	1 694 343	109 001	0	1 803 344	1 421 881	60 028	0	1 481 908
pre-heating, pre-cooling and lights	0	0	0	0	0	0	0	0
maintenance	9 984 278	1 267 990	284 319	11 536 586	11 207 138	34 333	272 748	11 514 219
RIC usage charge of railcars	4 445 357	517 558	13 323	4 976 238	3 517 662	329 214	19 731	3 866 606
rent of tracted and traction vehicles	6 256 138	403 029	37 616	6 696 783	6 426 297	112 460	10 436	6 549 192
lease of tracted and traction vehicles	238 779	9	1 424	240 213	257 023	0	1	257 024
railcar cleaning costs	3 229 685	61 939	27 917	3 319 541	5 737 239	79 192	22 475	5 838 906
Central services	4 811 939	217 429	548 044	5 577 412	5 590 552	101 694	468 888	6 161 134
Financial and accounting services	567 516	12 906	71 443	651 864	653 587	13 005	65 583	732 174
Human services (training, education, health and safety)	2 412 446	98 868	224 780	2 736 093	2 700 935	56 056	201 142	2 958 133
Procurement, logistics, environmental services	1 614 802	100 517	225 186	1 940 505	2 010 409	27 792	179 980	2 218 182
Administrative costs	217 176	5 139	26 635	248 950	225 621	4 841	22 183	252 645
Payments to personnel	81 496 113	3 098 916	8 961 186	93 556 215	92 778 247	1 443 729	8 132 463	102 354 439
of which: payroll costs	59 997 136	2 206 162	6 652 569	68 855 867	71 441 430	1 088 355	6 292 774	78 822 560
fringe benefits	7 641 145	387 585	782 454	8 811 184	7 167 319	131 559	588 879	7 887 757
payroll taxes	13 857 832	505 169	1 526 164	15 889 164	14 169 498	223 815	1 250 810	15 644 122
Depreciation	17 435 019	329 870	2 984 820	20 749 709	20 023 834	418 411	2 515 093	22 957 339
Other expenses	2 887 135	47 893	278 607	3 213 635	3 744 752	51 641	300 881	4 097 274
<b>Operating expenses</b>	<b>269 771 256</b>	<b>13 518 288</b>	<b>17 824 136</b>	<b>301 113 680</b>	<b>293 453 087</b>	<b>5 861 578</b>	<b>15 375 095</b>	<b>314 689 761</b>
<b>Operating profit</b>	<b>1 678 018</b>	<b>-539 222</b>	<b>1 426 578</b>	<b>2 565 374</b>	<b>2 045 207</b>	<b>-1 545 880</b>	<b>571 460</b>	<b>1 070 787</b>
Financial income	488 370	139 317	76 627	704 315	686 468	108 909	119 746	915 123
Financial expenses	857 839	154 477	104 969	1 117 285	1 467 669	104 184	89 377	1 661 230
<b>Financial loss</b>	<b>-369 468</b>	<b>-15 161</b>	<b>-28 342</b>	<b>-412 970</b>	<b>-781 200</b>	<b>4 725</b>	<b>30 369</b>	<b>-746 107</b>
Tax liability	0	0	0	0	0	0	0	0
<b>Net profit</b>	<b>1 308 549</b>	<b>-554 382</b>	<b>1 398 237</b>	<b>2 152 404</b>	<b>1 264 006</b>	<b>-1 541 155</b>	<b>601 829</b>	<b>324 680</b>
<b>Exceptions for government reimbursement purposes</b>	<b>1 308 549</b>	<b>0</b>	<b>0</b>	<b>1 308 549</b>	<b>1 264 006</b>	<b>0</b>	<b>0</b>	<b>1 264 006</b>
Reimbursement related to previous years received	893 542	0	0	893 542	1 137 125	0	0	1 137 125
Impairment loss recognised, reversed	-29 967	0	0	-29 967	-31 710	0	0	-31 710
Penalties paid, recharged	-5 715	0	0	-5 715	-4 697	0	0	-4 697
Provisions used, made	448 500	0	0	448 500	152 558	0	0	152 558
Reimbursement related to previous years recognised	-168	0	0	-168	0	0	0	0
Other	2 357	0	0	2 357	10 730	0	0	10 730
<b>Net profit after exceptions</b>	<b>0</b>	<b>-554 382</b>	<b>1 398 237</b>	<b>843 854</b>	<b>0</b>	<b>-1 541 155</b>	<b>601 829</b>	<b>-939 326</b>

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 2020:

On March 11, 2020, the World Health Organization (WHO) declared a pandemic caused by the Covid-19 coronavirus. The measures taken to reduce and slow down the epidemic (territorial and personal quarantines, restriction of the movement of persons to reduce the chances of spreading) had a serious impact on the economy, including the Company. The radical fall in passenger numbers triggered by the epidemic, the Company's revenues drastically plummeted. At the same time, the schedule services were cut only to a minimal extent and our expenses increased due to the extra protection measures (intensified vehicle disinfection, protective masks, gloves and hand sanitizers).

In the pandemic situation of 2020, the most important goal of the Company was to perform public services in good quality and to ensure a safe journey for passengers.

### IV.4.1.1 Revenues

MÁV-START Zrt's net sales revenues for 2020 totalled HUF 66,143 million (2019: HUF 99,857 million). The HUF 33,714 million decrease in net sales compared to 2019 was mainly due to the decline in passenger numbers as a result of the Covid-19 coronavirus epidemic. Of net sales

- fare revenue was HUF 29,562 million, which is HUF 20,659 million less than in the previous year (2019: HUF 50,221 million);
- the amount of social fare subsidy was HUF 11,711 million, which is HUF 5,531 million less than in the previous year (2019: HUF 17,242 million).

A significant part of other income was HUF 215,763 million passenger transport cost reimbursement by the government, of which the reimbursement for the reporting year totalled HUF 214,626 million. The amount of cost reimbursement related to public services in the previous year recognised in the reporting year – approved by the Principal - was HUF 1,137 million. (Reimbursement for 2019: HUF 173,641 million, reimbursement related to previous periods recognised in 2019: HUF 894 million.)

In 2020, MÁV-START Zrt's operating income totalled HUF 315,761 million (2019: HUF 303,679 million).

### IV.4.1.2 Costs and expenses

Operating expenses totalled HUF 314,690 million in the reporting period (2019: HUF 301,114 million).

Material-type expenses totalled HUF 185,281 million in the reporting period (2019: HUF 183,594 million) the key items of which were as follows:

- Network access charge (rail track usage charge and other rail track services): HUF 74,669 million (2019: HUF 73,786 million);
- Traction by partner railways: HUF 1,482 million (2019: HUF 1,803 million);
- Maintenance costs HUF 11,514 million (2019: HUF 11,537 million);
- HUF 3,867 million expense paid by MÁV-START Zrt. for the number of kilometres run by rail passenger cars owned by partner railway companies (2019: HUF 4,976 million);
- Railcar rents: HUF 6,549 million (2019: HUF 6,697 million);
- Railcar cleaning costs: HUF 5,839 million in the reporting period (2019: HUF 3,320 million);
- Central services
  - financial and accounting services HUF 732 million (2019: HUF 652 million),

- costs of human services (education, training, work health and safety services) HUF 2,958 million (2019: HUF 2,736 million),
- procurement, logistics, environmental services HUF 2,218 million (2019: HUF 1,941 million),
- administrative services: HUF 253 million (2019: HUF 249 million).

Payments to personnel incurred in 2020 totalled HUF 102,355 million (payroll costs: HUF 78,823 million, fringe benefits: HUF 7,888 million and social security: HUF 15,644 million. (2019: total payments to personnel: HUF 93,556 million, of which payroll costs: HUF 68,856 million, fringe benefits: HUF 8,811 million, social security: HUF 15,889 million).

Annual depreciation charge totalled HUF 22,958 million in 2020 (2019: HUF 20,750 million).

Other expenses totalled HUF 4,097 million and included damages paid, fines and default interest paid, various grants, cost contributions, impairment of inventories and receivables, and provisions made (2019: HUF 3,214 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 -746 million (2019: HUF -413 million).

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

### **IV.4.2.1 Revenues**

MÁV-START Zrt's net sales revenues from public service passenger transport services totalled HUF 46,037 million in 2019, including HUF 28,573 million fare revenues and HUF 11,312 million social fare subsidy. (2019: net sales revenues HUF 72,612 million, of which fares HUF 47,411 million and social fare subsidy HUF 16,958 million.)

The HUF 26,575 million decrease in net sales compared to 2019 was mainly due to the decline in passenger numbers due to the Covid-19 pandemic.

A significant part of other revenues was the passenger transport cost reimbursement by the government totalling HUF 215,763 million, of which the reimbursement of reasonable costs not covered by revenues in the reporting year was HUF 214,626 million (2019 annual reimbursement was HUF 174,534 million, of which reimbursement for the reporting period was HUF 173,641 million). As required by the ministry, the reversed impairment loss on debtors, re-charged penalties and fines, 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 1,137 million recognised for the previous year) was HUF 1,965 million (Exceptional income in 2019: HUF 2,179 million, of which reimbursement related to previous periods HUF 894 million.)

MÁV-START Zrt's operating income related to public services totalled HUF 295,498 million in 2020 (2019: HUF 271,449 million). Operating income less cost reimbursement totalled HUF 79,735 million in 2020, which is HUF 17,180 million less than in the previous year (2019: HUF 96,915 million).

#### IV.4.2.2 Costs and expenses

Operating expenses on public railway passenger transport services in 2020 totalled HUF 293,453 million (2019: HUF 269,771 million).

Material-type expenses on public services totalled HUF 176,906 million in 2020 (2019: HUF 167,953 million), and included the following key items:

- Network access charge (rail track usage charge and other rail track services): HUF 74,478 million (2019: HUF 73,526 million);
- Traction by partner railways: HUF 1,422 million (2019: HUF 1,694 million);
- Maintenance costs related to public railway passenger transport: HUF 11,207 million (2019: HUF 9,984 million);
- Expense paid by MÁV-START Zrt. for the number of kilometres run by rail passenger cars owned by partner railway companies: HUF 3,518 million (2019: HUF 4,445 million);
- Railcar rent in relation to public service passenger services: HUF 6,426 million (2019: HUF 6,256 million);
- Railcar cleaning costs in 2020: HUF 5,737 million (2019: HUF 3,230 million).
- Of central services, the costs attributable to public passenger transport service were as follows:
  - financial and accounting services HUF 654 million (2019: HUF 568 million),
  - human services (education, training, work health and safety services) HUF 2,701 million (2019: HUF 2,412 million),
  - procurement, logistics, environmental services HUF 2,010 million (2019: HUF 1,615 million),
  - administrative services HUF 226 million (2019: HUF 217 million).

Payments to personnel incurred in 2020 totalled HUF 92,778 million, less the expenses of non-public workers (2019: HUF 81,496 million).

Depreciation charge relating to public services totalled HUF 20,024 million (2019: HUF 17,435 million).

Other expenses related to public railway passenger transport totalled HUF 3,745 million (2019: HUF 2,887 million). Of other expenses, items that are excluded from the reimbursable items (impairment of receivables, penalties paid, fines, provisions made except provisions for maintenance costs and for the revaluation of loans) totalled HUF 701 million in 2020 (2019: HUF 870 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 -781 million on public services (2019: HUF -369 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	5	2	0	7	95	1	0	96	-89
020 MÁV VAGON Kft.	2	68	170	240	3 300	20	74	3 394	-3 154
100 MÁV Zrt. Anyavállalat	45	145	1	191	114 050	518	0	114 568	-114 377
101 MÁV FKG Kft	2	0	0	2	11	2	7	20	-18
131 MÁV KfV Kft	0	0	0	0	42	0	1	43	-43
138 MÁV Szolgáltató Központ Zrt.	17	47	1	65	12 773	34	0	12 807	-12 742
179 ZÁHONY-PORT Zrt.	0	0	0	0	44	0	0	44	-44
194 MÁV-HÉV Zrt.	6	1	0	7	0	4	0	4	3
19 MÁV Rail Tours Zrt.	0	16	0	16	0	0	0	0	16
<b>Grand total</b>	<b>77</b>	<b>279</b>	<b>172</b>	<b>528</b>	<b>130 315</b>	<b>579</b>	<b>82</b>	<b>130 976</b>	<b>-130 448</b>

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 MAV NOSZTALGIA Kft	1	0	0	1	59	16	1	76	-75
020 MAV VAGON Kft.	34	0	0	34	0	0	0	0	34
100 MAV Zrt. Anyavállalat	0	0	0	0	21	0	0	21	-21
101 MAV FKG Kft	0	0	0	0	0	0	0	0	0
131 MAV KfV Kft	14	0	0	14	0	0	0	0	14
138 MAV Szolgáltató Központ Zrt.	0	0	0	0	24	0	0	24	-24
179 ZÁHONY-PORT Zrt.	0	0	0	0	0	0	0	0	0
194 MAV-HÉV Zrt.	0	0	0	0	15	0	0	15	-15
195 MAV Rail Tours Zrt.	0	0	0	0	0	0	0	0	0
<b>Grand total</b>	<b>49</b>	<b>0</b>	<b>0</b>	<b>49</b>	<b>119</b>	<b>16</b>	<b>1</b>	<b>136</b>	<b>-87</b>

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	122	0	0	122	0	0	0	0	122
020 MÁV VAGON Kft.	13	0	0	13	1	0	0	1	12
100 MÁV Zrt. Anyavállalat	3 910	0	0	3 910	14	0	0	14	3 896
101 MÁV FKG Kft	127	0	0	127	0	0	0	0	127
131 MÁV KfV Kft	81	0	0	81	0	0	0	0	81
138 MÁV Szolgáltató Központ Zrt.	16	0	0	16	0	0	0	0	16
179 ZÁHONY-PORT Zrt.	0	0	0	0	0	0	0	0	0
194 MÁV-HÉV Zrt.	33	0	0	33	0	0	0	0	33
195 MÁV Rail Tours Zrt.	0	0	0	0	0	0	0	0	0
<b>Grand total:</b>	<b>4 302</b>	<b>0</b>	<b>0</b>	<b>4 302</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>15</b>	<b>4 287</b>

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 MÁV NOSZTALGIA Kft	128	2	0	130	154	17	1	172	-42
020 MÁV VAGON Kft.	49	68	170	287	3 301	20	74	3 395	-3 108
100 MÁV Zrt. Anyavállalat	3 955	145	1	4 101	114 085	518	0	114 603	-110 502
101 MÁV FKG Kft	129	0	0	129	11	2	7	20	109
131 MÁV KfV Kft	95	0	0	95	42	0	1	43	52
138 MÁV Szolgáltató Központ Zrt.	33	47	1	81	12 797	34	0	12 831	-12 750
179 ZÁHONY-PORT Zrt.	0	0	0	0	44	0	0	44	-44
194 MÁV-HÉV Zrt.	39	1	0	40	15	4	0	19	21
195 MÁV Rail Tours Zrt.	0	16	0	16	0	0	0	0	16
<b>Grand total:</b>	<b>4 428</b>	<b>279</b>	<b>172</b>	<b>4 879</b>	<b>130 449</b>	<b>595</b>	<b>83</b>	<b>131 127</b>	<b>-126 248</b>

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

Annual average statistical number of employees in 2020:

Activity	No. of staff
Public service passenger transport	13 757
Non-public service passenger transport	36
<b>Company, total:</b>	<b>13 794</b>

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.	
	2019.	2020.	2019.	2020.	2019.	2020.	2019.	2020.
Subsidised fares on social grounds	16 958	11 312	284	399	0	0	17 242	11 711
Reimbursed excise tax on gasoline use	3 825	3 436	0	0	0	0	3 825	3 436
Development subsidy	14 240	43 127	0	0	0	0	14 240	43 127
<i>of which:</i>								
<i>IKOP Tram Train</i>	31	28	0	0	0	0	31	28
<i>FLIRT ETCS 59 Motor train standardization</i>	0	614	0	0	0	0	0	614
<i>IKOP 19 db high capacity train</i>	13 741	4 260	0	0	0	0	13 741	4 260
<i>IKOP-INKA 2 subsidy</i>	468	869	0	0	0	0	468	869
<i>FLIRT standardization</i>	0	1 831	0	0	0	0	0	1 831
<i>IC+</i>	0	31 045	0	0	0	0	0	31 045
<i>Tram Train domestic subsidy</i>	0	4 480	0	0	0	0	0	4 480
Public service reimbursement	174 534	215 763	0	0	0	0	174 534	215 763
GINOP-187 "Spektrum" received to cover expenses	8	0	0	0	0	0	8	0
Received to cover costs of "IKOP INKA 2 project"	0	14	0	0	0	0	0	14
<b>Recognised subsidies, total</b>	<b>209 565</b>	<b>273 653</b>	<b>284</b>	<b>399</b>	<b>0</b>	<b>0</b>	<b>209 849</b>	<b>274 052</b>
<i>Of which: recognised as income</i>	<i>191 500</i>	<i>227 089</i>	<i>284</i>	<i>399</i>	<i>0</i>	<i>0</i>	<i>191 784</i>	<i>227 489</i>

55. Table: Subsidies recognised in the reporting year

## V Cost reimbursement for public service and funding in 2020

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 2020 clause of the public service contract, amended several times, the planned amount of reimbursement for public service activities is HUF 216,908 million. In order to have all the reasonable costs of public services not covered with revenues, HUF 214,626 million was presented in the financial statements as the amount to be reimbursed, which is HUF 2,282 million less than the amount specified in the clause. The 2020 reimbursement will be accepted as part of the 2020 annual settlement (after the preparation of the 2020 annual financial statements), so the final amount may still change.

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

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

figures in HUF millions

Period	Receivables at 1 Jan 2020	Liabilities at 1 Jan 2020	Reasonable profits recognised for 2019.	Financial settlements in 2020	Receivables at 2020.12.31	Liabilities at 2020.12.31
2019.	37 616	0	1 137	38 753	0	0
2020.	0	0	0	0	0	2 282
<b>Grand total:</b>	<b>37 616</b>	<b>0</b>	<b>1 137</b>	<b>38 753</b>	<b>0</b>	<b>2 282</b>

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

Revenues from reimbursement:

figures in HUF millions

Reimbursement related income	2019	2020
Justified cost not covered with revenues	173 641	214 626
Reasonable profits related to previous years	894	1 137
<b>Total:</b>	<b>174 535</b>	<b>215 763</b>

57. Table: Revenues from reimbursement

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



## VI List of tables

1. Table: Changes in intangible assets in the reporting year .....	10
2. Table: Changes in tangible assets in the reporting year .....	11
3. Table: Inventories.....	13
4. Table: Receivables and impairment loss .....	14
5. Table: Related party receivables .....	14
6. Table: Prepaid expenses & accrued income .....	15
7. Table: Movements in equity.....	16
8. Table Details of non-distributable reserves .....	16
9. Table: Provisions for expected liabilities .....	17
10. Table Provisions for liabilities to related parties.....	17
11. Table: Provisions for future expenses .....	17
12. Table: Provision for foreign exchange loss.....	18
13. Table: Long-term loans .....	19
14. Table: Long-term loans repayment schedule.....	19
15. Table: Long-term liabilities in foreign exchange .....	20
16. Table: Liabilities to related parties.....	21
17. Table: Accrued expenses and deferred income .....	22
18. Table: Guarantee agreements existing at the reporting date .....	23
19. Table: Lien liabilities.....	24
20. Table: Operating leases at the reporting date.....	24
21. Table: Net sales revenues by activity.....	25
22. Table: Exports and imports .....	26
23. Table: Services used .....	27
24. Table: Other income.....	28
25. Table: Other expenses.....	29
26. Table: Financial income .....	29
27. Table: Financial expenses.....	30
28. Table: Income from and expenses on related parties .....	30
29. Table: Corporate tax base adjusting items .....	31
30. Table: Cash flow statement .....	33
31. Table: Environmental expenses .....	37
32. Table: Tangible assets directly serving environment protection.....	38
33. Table: Hazardous and polluting waste .....	38
34. Table: Waste oil disposed of.....	39
35. Table: Hazardous waste and pollutant quantities .....	40
36. Table: Subsidies recognised in the reporting year .....	41
37. Table: Payments to personnel, net of payroll taxes.....	42
38. Table: Payroll taxes by type .....	42
39. Table: Number of employees .....	42
40. Table: Remunerations paid in 2020 .....	43
41. Table: The Company's investments and opening balances.....	44
42. Table: Changes in the Company's investments in 2020.....	44
43. Table: MÁV VAGON Kft. reported figures as at 31 December 2020 .....	45
44. Table: Asset side of MÁV-START Zrt's unbundled balance sheet .....	47
45. Table: Equity and liabilities side of MÁV-START Zrt's unbundled balance sheet .....	48
46. Table: MÁV-START Zrt's unbundled profit and loss account .....	49
47. Table: MÁV-START Zrt's unbundled cash flow statement.....	50
48. Table: MÁV-START Zrt's profit and loss account per activity in the GL.....	52
49. Table: MÁV-START Zrt's statement of activities from a business perspective .....	53
50. Table: Related parties – public service passenger transport .....	57
51. Table: Related parties – non-public service passenger .....	57
52. Table: Related parties – other activities .....	57
53. Table: Related parties - MÁV-START Zrt. ....	58

---

54. Table: Annual average statistical number of employees per activity.....	58
55. Table: Subsidies recognised in the reporting year.....	58
56. Table: MÁV-START Zrt. – public service cost reimbursement.....	59
57. Table: Revenues from reimbursement .....	59