Deloitte.

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Registered by the Capital Court of Registration
Company Registration Number: 01-09-071057

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Budapesti Értéktőzsde Zrt.

Opinion

We have audited the separate financial statements of Budapesti Értéktőzsde Zrt. (the „Company") for the year 2022 which comprise the statement of financial position as at December 31, 2022 – which shows a total assets of mHUF 18 753 –, and the related statement of recognized income, statement of comprehensive income – which shows a net loss for the year of mHUF 213 –, statement of changes in equity and statement of cash flows for the year then ended and notes to the separate financial statements including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at December 31, 2022 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (the „EU IFRS"), and the separate financial statements were prepared in all material respects in accordance with the provisions of the effective Hungarian Act C of 2000 on Accounting (the „Accounting Act") relevant to the entities preparing separate financial statements in accordance with EU IFRS.

Basis for Opinion

We conducted our audit in accordance with the Hungarian National Standards on Auditing and the effective Hungarian laws and other regulations on audits. Our responsibilities under these standards are further described in the "*The Auditor's Responsibilities for the Audit of the Separate financial statements*" section of our report.

We are independent of the Company in compliance with the relevant effective Hungarian regulations and the "Rules of conduct (ethical rules) of the auditor profession and the disciplinary process" of the Chamber of Hungarian Auditors and, in respect of matters not regulated therein, the Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the same ethical requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The previous year's financial statements were audited by another auditor. The auditor's report issued on June 1, 2022 contained an unqualified auditor's opinion.

Emphasis of Matter

We draw your attention to point 4. Changes in accounting policies, errors (IAS 8) of the separate financial statements, in which it is presented that the Company revealed a significant error in relation to the previous year. Our opinion is unqualified on this issue.

Other Information: The Business Report

Other information includes the business report of the Company for 2022. Management is responsible for the preparation of the business report in accordance with the relevant provisions of the Accounting Act and other regulations. Our opinion on the separate financial statements provided in the section of our independent auditor's report entitled „*Opinion*" does not apply to the business report.

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

Furthermore, in accordance with the Accounting Act, our responsibilities also include assessing whether the business report was prepared in accordance with the relevant provisions of the Accounting Act and other regulations, and to express an opinion on the above and on whether the business report is consistent with the separate financial statements.

In our opinion, the business report of the Company for 2022 corresponds to the separate financial statements of the Company for 2023 and the relevant provisions of the Accounting Act in all material respects. As the Company is not subject to additional requirements under any other regulation in connection with the business report, we have not formulated an opinion on this matter.

In addition to the above, based on the information obtained about the Company and its environment, we must report on whether we became aware of any material misstatements in the business report and, if so, on the nature of such material misstatements. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Separate financial statements

Management is responsible for the preparation of separate financial statements that give a true and fair view in accordance with EU IFRSs and for the preparation of the separate financial statements in accordance with provisions of the Accounting Act relevant to entities preparing separate financial statements in accordance with EU IFRSs, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Auditor's Responsibilities for the Audit of the Separate financial statements

Our objectives during the audit are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue, on the basis of the above, 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 the Hungarian National Standards on Auditing and the effective Hungarian laws and other regulations on audits will always detect a material misstatement when it exists. Misstatements can arise from fraud or error, and they are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with the Hungarian National Standards on Auditing and the effective Hungarian laws and other regulations on audits, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Budapest, April 4, 2023

the Hungarian original has been signed

Horváth Tamás
on behalf of Deloitte Auditing and Consulting Ltd.
and as a statutory registered auditor

Deloitte Auditing and Consulting Ltd.
1068 Budapest, Dózsa György út 84/C.
Registration number: 000083

Registration number of statutory registered auditor: 003449

Annual separate financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union for the business year ended 31 December 2022

Table of Contents

Separate statement of financial position

	Notes	31 December 2022 HUF million	31 December 2021 Restated HUF million	1 January 2021 Restated HUF million
ASSETS				
Property, plant and equipment	12	275	99	132
Intangible assets	12	303	274	259
Right of use assets	13	868	124	230
Investments in associates measured using the equity method and investments in subsidiaries	14	12 100	13 619	13 014
Loans at amortised cost	15	13	0	0
Non-current assets		**13 559**	**14 116**	**13 635**
Inventories	15	9	9	9
Trade and other receivables	15	570	138	151
Income tax assets	11	0	0	7
Prepaid expenses	15	29	48	85
Accrued revenues	15	632	648	476
Cash and cash equivalents	15	3 954	3 468	2 272
Current assets		**5 194**	**4 311**	**3 000**
Assets held for sale		**0**	**0**	**427**
TOTAL ASSETS		**18 753**	**18 427**	**17 062**
EQUITY AND LIABILITIES				
Subscribed capital (par value: HUF 100/share)	16	541	541	541
Retained earnings	16	15 240	15 955	14 533
Revaluation reserve originating from associates	16	-51	-37	11
Total shareholders' equity		**15 730**	**16 459**	**15 085**
Provisions	17	0	2	2
Employee benefit liabilities (non-current)	18	7	11	10
Non-current lease liability	13	887	21	168
Deferred tax liabilities	11	640	764	657
Non-current liabilities		**1 534**	**798**	**837**
Trade payables and other short-term liabilities	19	1 036	825	774
Current tax liabilities	19	91	0	0
Current lease liability	13	94	134	115
Prepaid revenues	19	60	63	63
Accrued expenses	19	205	146	186
Employee benefit liabilities (current)	18	3	2	2
Current liabilities		**1 489**	**1 170**	**1 140**
Liabilities		**3 023**	**1 968**	**1 977**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**18 753**	**18 427**	**17 062**

Budapest, 4 April 2023

Richárd Végh
Chief Executive Officer

Katalin Sámel
Financial Director

The accompanying notes to the financial statements on pages 6 to 50 form an integral part of these financial statements.

Separate statement of comprehensive income

	Notes	2022 HUF million	2021 HUF million
Revenue	7	3 665	3 056
Other income	7	622	290
Expenses for material costs	8	-4	-3
Expenses for services used	8	-924	-827
Personnel costs	9	-1 249	-1 178
Depreciation and amortisation	12,13	-316	-292
Expenses arising from miscellaneous other costs	8	-573	-409
Share in the profit or loss of associates	14	2 448	900
Impairment losses of associates	14	-3 953	0
Financial income	10	147	34
Finance expenses	10	-89	-17
Expenses from expected credit losses	15	-5	5
Profit/loss before taxation		**-231**	**1 559**
Income tax expense/income	11	18	-134
Net profit or loss		**-213**	**1 425**
Other comprehensive income			
Of which items to be subsequently reclassified to profit or loss			
Share of other comprehensive income of associates	16	-13	-48
Other comprehensive income		**-13**	**-48**
Total comprehensive income		**-226**	**1 377**

Budapest, 4 April 2023

Richárd Végh
Chief Executive Officer

Katalin Sámel
Financial Director

The accompanying notes to the financial statements on pages 6 to 50 form an integral part of these financial statements.

Statement of changes in Shareholders' equity
For the year ended 31 December 2022
(in million HUF)

Separate statement of changes in equity

	Subscribed capital	Other reserve	Retained earnings	Revaluation reserve originating from associates	Total shareholders' equity
Financial Year Ended 31 December 2021					
Balance as at 1 January 2021 (As previously reported)	**541**	**2 576**	**11 957**	**11**	**15 085**
Balance as at 1 January 2021 (Restated)	**541**	**0**	**14 533**	**11**	**15 085**
Net profit or loss/other comprehensive income for financial year 2021			1 422	-48	1 374
Balance as at 31 December 2021 (As previously reported)	**541**	**2 576**	**13 379**	**-37**	**16 459**
Balance as at 31 December 2021 (Restated)	**541**	**0**	**15 955**	**-37**	**16 459**
Financial Year Ended 31 December 2022					
Balance at 1 January 2022	**541**	**0**	**15 955**	**-37**	**16 459**
Net profit or loss/other comprehensive income for financial year 2022			-213	-13	-226
Dividends from retained earnings			-503		-503
Balance at 31 December 2022	**541**	**0**	**15 239**	**-50**	**15 730**
Notes	*16*	*4*	*16*	*16*	*16*

Budapest, 4 April 2023

Richárd Végh
Chief Executive Officer

Katalin Sámel
Financial Director

The accompanying notes to the financial statements on pages 6 to 50 form an integral part of these financial statements.

Statement of Cash Flows
For the year ended 31 December 2022
(in million HUF)

Separate statement of cash flows

	Notes	2022 HUF million	2021 HUF million
Cash flows from operating activities			
Profit before taxation		**-231**	**1 556**
Adjustments to reconcile net profit to operating cash flows			
Depreciation and amortisation	12,13	316	292
Share of associated companies profit before taxation	14	-2 448	-900
Adjustment for interest expenses on leases	13	33	7
Provision/release of provision	17	-2	0
Reclassification to investing cash flows	10	-136	-11
Non-cash adjustment (unrealised fx gains/losses)	10	56	-8
Non-cash item: Lease liability and ROU derecognition	13	-28	0
Impairments and reversals	14,15	3 958	-5
Employee benefits	18	-3	1
Working capital adjustments:			
Net (increase)/decrease in trade and other receivables	15	-397	-110
Net change in advances received on government grants	19	190	84
Net increase/(decrease) in trade and other creditors	19	102	-96
Income tax paid	11	-40	-4
Net Cash from Operating Activities		**1 371**	**806**
Cash flows from investing activities			
Interest received	10	136	11
Purchase of intangibles, property, plant and equipment	12	-417	-176
Income from the sale of participations	14	0	577
Loans to subsidiaries and the repayment thereof	22	0	100
Employee loans	15	-19	0
Repayment of employee loans	15	1	0
Net cash flow from investing activities		**-299**	**512**
Cash flows from financing activities			
IFRS 16 Leases – principal and interest payments	13	-144	-132
Dividends paid	24	-503	0
Net cash flow from financing activities		**-647**	**-132**
Net increase / (decrease) in cash and cash equivalents		**425**	**1 186**
Cash and Cash Equivalents at Beginning of Year	**15**	**3 468**	**2 272**
Unrealised exchange differences on cash and cash equivalents at year-end		**61**	**10**
Cash and Cash Equivalents at End of Year	**15**	**3 954**	**3 468**

Budapest, 4 April 2023

Richárd Végh
Chief Executive Officer

Katalin Sámel
Financial Director

The accompanying notes to the financial statements on pages 6 to 50 form an integral part of these financial statements.

(in million HUF)

1. REPORTING ENTITY

Name of Company:	Budapesti Értéktőzsde Zártkörűen Működő Részvénytársaság (Budapest Stock Exchange Private Company Limited by Shares)
Legal form	Private Company Limited by Shares
Registered office and address of the company:	H-1013 Budapest, Krisztina körút 55., Hungary VI. emelet
Company registration number:	01-10-044764
Country of registration and operation (applicable law)	Hungary
Par value and number of shares issued	5,413,481 shares with a par value of HUF 100 each
Data of persons authorised to sign the report on behalf of the Company:	Richárd Végh, Chief Executive Officer address: H-2040 Budaörs, Hegyalja utca 10/A Katalin Sámel, Director address: H-1135 Budapest, Lehel utca 60. 6/1

Budapest Stock Exchange Ltd. (hereinafter referred as: BSE or Company) was founded on 21 June 1990.

A key player on the Hungarian money and capital markets, Budapest Stock Exchange Ltd. (BSE) provides economic operators with access to financial resources and offers investors a broad range of investment instruments. BSE's mission is to create a Hungarian economy based on stable and independent funding and to continuously develop the financial culture of the Hungarian population and corporate sector.

The four main activities of the Company:
- listing services,
- trading services,
- dissemination of market information, and
- product development.

The Company is operating under the relevant Capital Market Act. The Company's registered office: H-1013 Budapest, Krisztina körút 55., Hungary VI. emelet. The ownership structure of the Company is presented in Note 16.

The Company's controlling shareholder is Magyar Nemzeti Bank (MNB, the Hungarian National Bank; address: H-1013 Budapest, Krisztina körút 55).

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements present BSE's financial position, financial performance and cash flows. The separate financial statements of the Company are prepared by BSE management and published after approval by the BSE Board of Directors.

The financial statements have been prepared in accordance with the International Financial Reporting Standard (IFRS) issued by the International Accounting Standard Board (IASB). The Company has applied IFRSs as adopted by the European Union. IFRSs comprise IFRSs and IASs as well as IFRICs and SICs as developed by the Interpretations Committee. Management declares that these financial statements fully comply with IFRS as adopted by the European Union, including IASs, IFRICs and SICs.

On the basis of compliance with the conditions set out in Section 114/C (6) of the Hungarian Accounting Act, BSE applies IFRS financial statements for submission to local authorities from 1 January 2022.

b) Going concern principle

The management of the Company has concluded that the going concern requirement is met, i.e. there are no indications that BSE will cease or materially reduce its operations in the foreseeable future, which is beyond one year.

c) Basis of measurement

The Company generally measures its assets at historical cost, except in situations where IFRSs require the element to be measured at fair value. Further disclosures on the basis of measurement are discussed in Note 3.

The methods used to measure fair values are discussed further in Note 3.

d) Functional and presentation currency

These financial statements have been prepared in Hungarian forint (HUF) (the presentation currency), which is also the functional currency of BSE. All financial information presented in HUF has been rounded to the nearest million ("HUF million").

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In the statement of financial position, BSE applied estimates and historical information for the Impairment of receivables. Comparing the applied credit loss allowance model with the historical information there is insignificant difference in the amount of credit loss allowance.

Days late	**Credit loss allowance as a % of the amount due**
Under 90 days	1%
90 – 180 days	20%
181 -365 days	50%

(in million HUF)

Over a year	100%

For the annual depreciation rates of Intangible assets and Property, plant and equipment, please see Note 3. g) and h).

Estimates and assumptions were also applied in the calculation of Employee benefits, according to BSE statistics (the basis of the calculation is explained in Note 3. l).

BSE has applied estimates in the valuation of its investment in associates, which is further explained in Note 14.

There are no other significant estimates in the financial statements.

b) Basis of preparation

The current financial statements prepared by BSE are separate financial statements.

Founded in 2017, Budapest Institute of Banking Zrt. (BIB) was a 100% subsidiary of the Company until it was sold in 2021. As the Group had no exemption under IFRS 10, it also prepared consolidated financial statements (in addition to these statements) starting from the business year 2017 to 2021, where BIB was consolidated, having been a 100% subsidiary of BSE. BIB was sold on 9 December 2021.

In 2019, BSE founded Első Értékpapírosítási Tanácsadó Zrt. (ELÉT) as its 100% subsidiary. ELÉT was sold on 26 February 2021.

The Company's associate company, Central Depository and Clearing House (Budapest) Ltd ("KELER") (and its consolidated subsidiary, KELER CCP Ltd. ("KELER CCP")) are included in these financial statements using the equity method, whereby the investment was initially recorded at cost and adjusted thereafter for the post acquisition change in the Company's share of net assets and impairment, if necessary. The statement of comprehensive income reflects the Company's share of the comprehensive income of the investee.

c) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency (HUF) of BSE at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency of the Company at the exchange rates prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date when the fair value was determined.

Foreign exchange gains or losses arising on retranslation are recognised in profit or loss.

d) Investments in associates

An associate is an entity over which the investor has significant influence, and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity.

Associate entities are accounted for using the equity method and adjusted by the necessary impairments.

BSE values its investments in associates using the equity method. The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Dividends from the investment are recognised by BSE as a reduction of the investment, and any impairment losses in excess of the proportional profit or loss are charged to profit or loss.

If there is objective evidence that the net investment in an associate is impaired, the requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to BSE's investment. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount.

e) Interests in subsidiaries

An entity that is controlled by another entity. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Investments that are 100% owned by BSE meet this condition.

BSE carried interests in subsidiaries at the value at which the investment is entered in its books at the time of incorporation (the sum of the subscribed capital and capital reserves made available). Any impairment losses, for example due to permanent and significant reductions in equity, were recognised in profit or loss.

f) IFRS 9 - Financial instruments

(a) Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: BSE's business model for managing the assets; and whether the instruments' contractual cash flows are "solely payments of principal and interests on the principal amount outstanding".

The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest is first made based on the facts and circumstances as at the initial recognition of the assets.

Trade and other receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost.

BSE has not designated any financial assets or liabilities as at fair value through profit or loss (there are no assets or liabilities where the fair value option had been chosen).

The **financial liabilities** of BSE comprise Trade and other payables.

(b) Impairment

Since the adoption of IFRS 9, BSE's accounting for impairment losses for financial assets is driven by a forward-looking expected credit loss (ECL) approach. IFRS 9 requires BSE to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and for contract assets.

(c) Accounting policy

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

- **Initial recognition and measurement**

At initial recognition, financial assets are classified at fair value, subsequently at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss.

With the exception of trade receivables that do not contain a significant financing component or for which BSE has applied the practical expedient, BSE initially measures a financial asset at its fair value (plus transaction costs in the case of financial assets not at fair value through profit or loss). Trade receivables that do not contain a significant financing component or for which BSE has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in Note 3) n) about Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

BSE's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

In case of receivables the business model of BSE is cash flow collection. For securities the business model is primarily cash flow generation, without excluding selling the assets.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to BSE. BSE measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment.

The effective interest method is the method used for the calculation of the amortised cost of a financial asset or a financial liability and for the allocation and recognition of the interest revenue or interest expense in profit or loss over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or the amortised cost of the financial liability. In calculating the effective interest rate, an entity shall estimate the expected cash flows taking into account all the contractual terms of the financial instrument, but excluding expected credit losses.

All gains and losses are recognised in profit or loss.

BSE's financial assets measured at amortised cost include cash and cash equivalents, trade receivables and loans given to employees.

Financial assets at fair value through OCI (debt instruments)

BSE measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling
  and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments measured at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

BSE does not currently classify any assets into debt instruments at fair value through OCI.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from BSE's statement of financial position) when:

- The rights to receive cash flows from the asset have expired
  or

- BSE has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) BSE has transferred substantially all the risks and rewards of the asset, or (b) BSE has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When BSE transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, BSE continues to recognise the transferred asset to the extent of its continuing involvement. In that case, BSE also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that BSE has retained.

- **Impairment of financial assets**

Aside from this note, other disclosures relating to impairment of financial assets (trade receivables) are included in Note 15.

Impairment of trade receivables

For **trade receivables** and contract assets, BSE applies a simplified approach in calculating ECLs. BSE has established an ECL matrix (considerint the historical credit loss experience of BSE). Historical willingness to pay was taken into account when determining the depreciation rates. Comparing the applied credit loss allowance model with the historical information there is insignificant difference in the amount of credit loss allowance. An impairment loss of 100% is recognised for receivables due in more than one year and a minimum of 1% for receivables due within one year. For the ECL matrix please see Note 3. a)

Financial liabilities

- **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

BSE's financial liabilities include **trade and other payables**.

- **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

- **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

- **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously. BSE currently has no items to which the offsetting would be applicable.

g) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The annual depreciation rates used for this purpose, which are consistent with those of the prior years, are:

	Annual depreciation rates
Investments implemented on leased property	6%
Electronic wiring, networks	8%
IT equipment	33%
Office furniture, equipment and installations	14.5%
Motor vehicles	20%

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Residual values are considered to be nil. Depreciation is not charged on tangible fixed assets which have not yet been brought into use and on land. Depreciation methods, useful lives and residual values are reassessed at the reporting date. Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining other income or other expenses.

h) Intangible assets

Software costs for the development and implementation of systems which enhance the services provided by BSE are capitalised and amortised straight line over their estimated useful lives.

	Annual depreciation rates
Rights and patents	10%
Licenses and software	20% or 33%

i) Impairment

I. Financial assets

For impairment of financial assets please see Note 3 f).

II. Non-financial assets

The carrying amounts of BSE's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

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

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss, as other expense.

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

j) Cash and cash equivalents

In the statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Due to the insignificant risk, cash and cash equivalents are measured at the same value as bank statements.

k) Inventories

Inventories shall be carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price of inventories less cost to sell.

l) Employee benefits

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due.

Wages and salaries include contributions to defined contribution schemes, on the basis of the decision of the employees. There are no defined benefit schemes at BSE.

Employees are entitled to jubilee benefits starting from the financial year 2016, after each 5 years of employment up to the 30th year. BSE measures the obligation according to IAS 19 Employee Benefits, in long-term liabilities, and any changes to the obligation are recognised against profit or loss.
BSE uses the projected unit cost method for calculating its obligation and uses its own statistics of fluctuation in the actuarial assumptions. For discounting, BSE uses market yield on government bonds.

m) Provisions

A provision is recognised if, as a result of a past event, BSE has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

n) Revenue

The Company accounts for its revenue in accordance with IFRS 15, Revenue from Contracts with Customers, effective from 2018.

IFRS 15 established a single model applicable to revenue from contracts. The standard does not contain revenue recognition requirements for, among other things, revenues within the scope of IFRS 9, Financial Instruments, and revenues from leasing contracts within the scope of IFRS 16, Leases.

A so-called five-step model is used to determine when and how much revenue should be recognised:

1. A contract is concluded under the standard if the following conditions are met:
   - The parties have accepted the contract and are committed to its implementation,
   - The rights of the parties can be clearly determined on the basis of it,
   - The contract has an economic benefit,
   - It is likely that the seller will receive the consideration for the goods/services provided, even if it uses legal means to collect it.
   - In the case of contract amendments, it should be examined how the content of the contract has changed, because it is possible that the amendment should be interpreted as a separate contract.

2. Identifying performance obligations: At contract inception, the Company shall assess the goods or services promised in a contract with a customer and shall identify as a performance obligation each promise to transfer to the customer either:

   (a) a good or service (or a bundle of goods or services) that is distinct, or
   (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

3. Determining the transaction price: Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, certain sales taxes). The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both fixed and variable amounts.

4. Assigning the price of the transaction to the individual obligations: The seller must allocate the price of the transaction between each obligation. If individual prices cannot be assigned to each obligation, an estimate is used for allocation in accordance with the methods adopted by the standard.

5. Recognition of revenue: Revenue is recognised when control of the asset or service purchased is transferred from the seller to the buyer. This can happen over a set period or at a specific time. Control is transferred when it gives the buyer the ability to control the use of the asset and the right to receive the benefits from the asset.

The Company assesses and reviews its contracts with customers on an individual basis, and applies the 5-step model of the standard to the contracts entered into.
The Company does not recognise items collected and transferred on behalf of others as part of revenue, as control over them is not transferred to the Company. The Company recognises VAT as such an item.

Characteristics of the different types of revenue of BSE:

Revenue comprises membership and other fees receivable from stockbrokers together with fees receivable in respect of the listing, clearing, registration and trading of quoted securities and related services.

Settlement period	At the given point in time	In a period (year/month/quarter)
Revenues from trading fees		
Annual admission fees		X
Trading fees (monthly)		X
Auctions	X	
Connection fees, licenses		X
Revenues from listing fees		
Listing (one-off) fee	X	
Quarterly fee		X
Revenues from sale of information		
Annual vendor fees		X
Monthly vendor fees		X
Other information services	X	X

Trading fees include an annual minimum fee (admission fee) and monthly transaction fee.
Companies pay an amount for the day of **listing**, and also a quarterly fee for **being listed**.
Information revenues include both annual and monthly fees depending on the product, according to the Regulations of BSE.

- Annual fees are recognised straight line over the 12 month period to which the fee relates.
- Admission fees are recognised at the time of admission to trading.
- Data, transaction, information and exchange charges are recognised in the month in which the data is provided or the transaction is effected.

All the revenues of BSE belong to a specific point or period in time that is usually a complete financial year, quarter or month. Revenues do not affect more than one financial year, as the frequency of issuing invoices of a contract generally cover a maximum of one calendar year.

Transactions accounted for on a net basis

BSE acts as an intermediary in some transactions, i.e. it resells the purchased service to a third party in an unchanged form. In such cases, BSE accounts for revenues and expenses on a net basis (such as the provision of secure lines to brokers).
Other transactions generate commissions or revenue splits that would not arise in the absence of the revenue realised (such as auction revenues or data sales audit commissions). The transactions listed are reported on a net basis by BSE.

o) Finance income and expenses

Finance income comprises interest income on funds invested, dividend income (except for dividend from associates), and gains on the disposal of financial assets. Interest income is recognised in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that BSE's right to receive payment is established.

Finance costs include interest paid (including interest expense on leases under IFRS 16), impairment losses on investments in subsidiaries and foreign exchange losses.

The foreign exchange difference is presented on a net basis by BSE (separately for realised and unrealised items).

p) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

From 2010 to 2021 financial intermediaries were obliged to pay a banking tax according to Act LIX. of 2006, levied at 5.6% of their adjusted net revenue of the second year before the tax year. The tax had to be recognized as operating expenses as it is not a net income based but a revenue based tax.

q) Events after the balance sheet date

Events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date and the date when the financial statements are authorised for issue. These events are adjusting and non-adjusting events according to IAS 10.

All adjusting events after balance sheet date have been taken into account in the preparation of the financial statements of BSE.

All non-adjusting events, if any, are disclosed in the Notes to the Financial Statements, please see Note 23.

r) Government grants

The main policy for recognizing government grants is that revenues/reimbursements of incurred costs should be accounted for in the same period, provided that there is reasonable assurance that BSE will comply with the conditions attaching to the grants and that the grants will be received. That is, if a certain expense is reimbursable from a government program, it should be recognized in the same financial year. Such items are presented as Other Income in the financial statements. The company accounts for government grants (all of which relate to compensation for costs and expenses) on a gross basis.

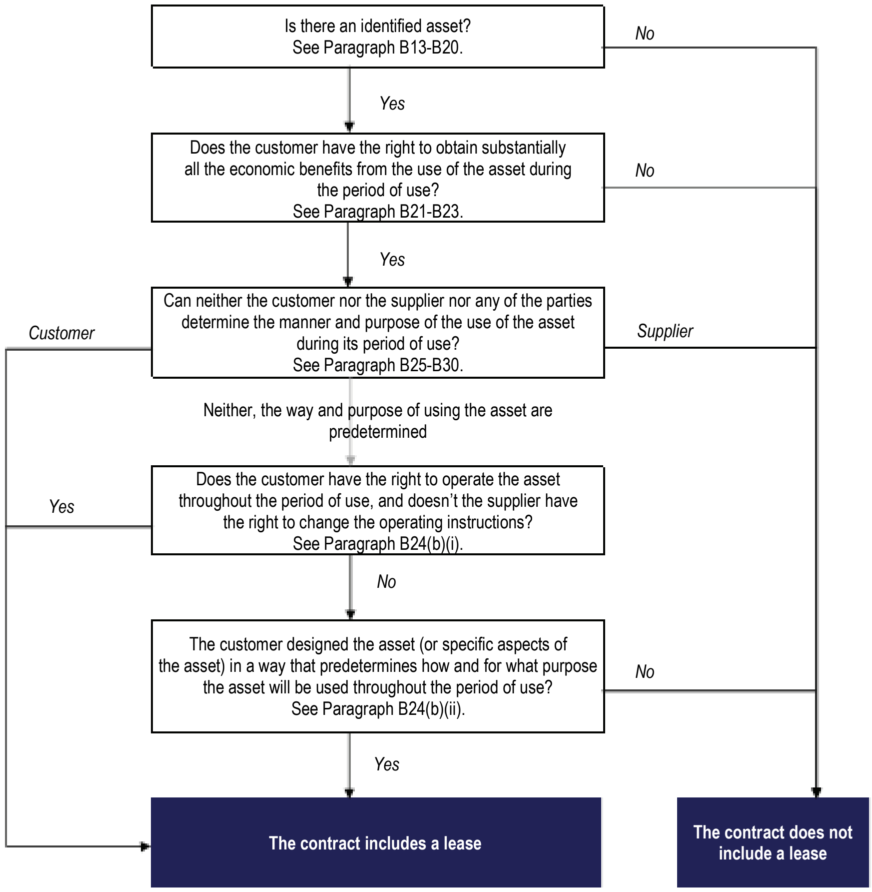
Financial statements are submitted to the counterparty providing the grant several times during the financial year. When the accounts are accepted, the grant is settled (usually by accounting for the reduction of the advance received). BSE may charge certain specific types of costs (personnel costs, bank guarantee, expert services) to the programme within the limits of the budget allocated to them. For details of the programme, see Note 7.

s) Leases

Identifying a lease

A contract is a lease contract or contains a lease if it conveys the right to use the underlying asset for a specified period in return for a fee. The lessee then has the right to collect the benefits from the use of the asset and the right to make decisions about its use. A situation where a company enters into a lease agreement for an asset, but the underlying asset is not controlled in the company's interest (e.g. a company car provided for personal use) does not constitute a lease.

The Company uses the flow chart in paragraph B31 of Appendix B of IFRS 16 to identify leases:



Lease contract classification IFRS 16.B31

In 2021 and 2022, the Company's property lease agreement was a contract that the Company determined, upon examination, to contain a lease. The current contract comprises an extension option but has no termination option and expires in February 2032 (the former lease agreement was terminated in February 2022, one year before its expiry). The Company used a lessee's incremental borrowing rate as allowed by the standards because the implicit interest rate in the transaction is difficult to determine.

Recognition at the lessee

At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability.

Recognition exemptions
If the Company is a lessee under IFRS 16 in respect of a contract, it does not apply the general rules in the standard to leases of short duration (less than 12 months) and leases of low-value underlying assets, but recognises the lease payments as a charge to profit or loss on a spread basis.

Measurement of right-of-use asset
The Company reports its assets used under leases as right-of-use assets in the balance sheet. The right-of-use assets are valued according to the cost model, with depreciation recognised primarily on the basis of the contractual term. The Company tests right-of-use assets for impairment in accordance with the IAS 36 rules. A right-of-use asset is recognised with the class of assets to which the underlying asset belongs. Right-of-use assets are separated in the Notes.
A lessor shall classify each of its leases as either an operating lease or a finance lease.
A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

Recognition at the lessor
The lessor should derecognise assets held under finance leases from the balance sheet at the commencement date and present lease receivables at the present value of the cash flows from the lease (net investment in the lease).
The Company recognises the present value of cash flows from finance leases as lease investments. In the present value calculation, the Company uses the incremental interest rate related to the lease income. The Company determines the ECL for the lease receivable using the simplified method.
A lessor shall recognise lease payments from operating leases in profit or loss using either the straight-line method or some other systematic method, by continuing to recognise the leased asset in the balance sheet and depreciating it.
The Company considers any arrangement to be a finance lease (as lessor) if

- it transfers the underlying asset to the lessee at the end of the lease term,
- the lessee has a right to obtain ownership of the underlying asset at the end of the lease term and there is a reasonable likelihood that that right will be exercised,
- the lease term (including proven extension periods) exceeds three quarters of the remaining economic life of the underlying asset,
- the total present value of the lease payments equals 90% of the fair value of the underlying asset,
- the underlying asset to which the lease relates is specific.

If the lease term is indefinite, the term is determined on the basis of an estimate of the enforceable period.

t) Assets held for sale

Classification

BSE classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered primarily through a sale transaction rather than through continuing use.

To meet this requirement, the asset (or disposal group) shall be ready for immediate sale in its current state, on terms that are normal and usual for sales of such assets (or disposal group), the sale shall be highly probable.

To make the sale highly probable:

- the appropriate level of management shall be committed to the asset (or disposal group) sales plan, together with an active programme to find a customer and implement the plan; in addition

- it is necessary that the asset (disposal group) is being marketed actively for sale at a price that is reasonable in comparison with its actual fair value; in addition

- the sale is required to meet the conditions for recognition as a completed sale within one year of classification; the measures necessary to implement the plan shall indicate that it is unlikely that significant changes will be made to the plan or that the plan will be withdrawn.

Measurement

BSE shall measure the non-current asset (or disposal group) classified as held for sale at the lower of its carrying amount and fair value less cost to sell.

4. CHANGES IN ACCOUNTING POLICIES AND ERRORS (IAS 8)

a) Changes in accounting policies

Impact of changes of IFRSs effective from 1 January 2022 and the introduction of new standards on financial statements

New and amended standards and interpretations issued by the IASB and adopted by the EU that are effective from the current reporting period:

- Amendments to IFRS 3 “Business Combinations”; IAS 16 “Property, Plant and Equipment”; IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” - Annual Improvements (effective for annual periods beginning on or after 1 January 2022).

The Company believes that the adoption of these standards and amendments to existing standards will not have a material impact on the Company’s financial statements.

New and revised standards and Interpretations issued by IASB and adopted by the EU but not yet effective

- IFRS 17 “Insurance Contracts” including amendments to IFRS 17 (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 8 “Accounting policies, Changes in Accounting Estimates and Errors” – Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 1 “Presentation of Financial Statements” and IFRS Practice Statement 2 - Disclosure of Accounting policies (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 12 “Income Taxes” – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IFRS 17 “Insurance contracts” – Initial Application of IFRS 17 and IFRS 9 – Comparative Information (effective for annual periods beginning on or after 1 January 2023).

Standards and interpretations issued by the IASB and not adopted by the EU

IFRSs adopted by the EU currently do not differ significantly from regulations adopted by the International Accounting Standards Board (IASB), except for the following new standards, amendments to existing standards and new interpretations that have not yet been adopted in the EU as at the date of disclosure of the financial statements:

(in million HUF)

- Amendments to IAS 1 “Presentation of Financial Statements” - Classification of Liabilities as Current or Non-Current – Deferral of Effective Date, Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024),
- Amendments to IFRS 16 “Leases” – Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024),
- Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),
- IFRS 14 “Regulatory Deferral Accounts” (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard.

The implementation of these amendments, new standards and interpretations would not have a material impact on the Company’s separate financial statements.

b) Prior year errors

In previous financial statements, Other reserves (in Shareholders’ equity) used to include:

- The General Meeting on 30 April 2002 accepted the evaluation that was prepared by American Appraisal Kft. based on which the revaluation difference was HUF 2,245 billion for KELER Központi Értéktár Zrt. This was a one-off market evaluation, which BSE had the opportunity to carry out because it had become a joint stock company. This value was booked by BSE at the time of its transformation in 2002.
- The Other reserve also includes grants received definitively before 2000 (1992-1994) for stock exchange development, amounting to HUF 331 million.

During the accounting closure procedures of 2022, the Company has revised the contents of Other reserves and has concluded that presentation should be corrected. The above items should correctly presented in Retained earnings. There are no reasons to separately present Grants received. The revaluation difference of KELER should also be reclassified to Retained earnings, as Associates are accounted for using the Equity method, and hence all related income/loss is recorded in profit/loss, which adds on to Retained earnings eventually.

Presentation before the correction:

	2021.12.31	**2020.12.31**	**2019.12.31**
Subscribed capital	541	541	541
Other reserve	2 576	2 576	2 576
Retained earnings	13 379	11 957	11 217
Revaluation reserve originating from associates	-37	11	5
Total shareholders’ equity	16 459	15 085	14 339

Presentation after the corrections:

	2021.12.31	**2020.12.31**	**2019.12.31**
Subscribed capital	541	541	541
Other reserve	0	0	0
Retained earnings	15 955	14 533	13 793
Revaluation reserve originating from associates	-37	11	5
Total shareholders’ equity	16 459	15 085	14 339

5. FINANCIAL RISK MANAGEMENT

a) Disclosure of risks according to IFRS 7

Risk characterisation and sensitivity analysis

BSE's activities expose it to risks arising from changes in market and financial conditions. These changes can affect profit or loss and the value of assets and liabilities. Financial risk management aims to continuously reduce risks through operating and financing activities.

BSE is exposed to the following risks arising from the use of financial instruments:

- credit risk
- liquidity risk
- market risk.

This Note presents information about BSE's exposure to each of the above risks, BSE's objectives, policies and processes for measuring and managing risk, and BSE's management of capital. Further disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of BSE's risk management framework. The Board has established a risk management policy, which describes the responsibilities for developing and monitoring BSE's risk management policies.

BSE's risk management policies are established to identify and analyse the risks faced by BSE, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and BSE's activities. BSE, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

b) Credit risk

Credit risk is the risk of financial loss to BSE if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from Trade receivables and investment securities.

BSE has no significant concentrations of credit risk. BSE has guidelines in place to ensure that sales are made to customers with the right risk rating. Before BSE grants trading or issuer status to a client, the partner must comply with the requirements laid down in BSE's regulations. Partners who do not comply with BSE's regulations will be sanctioned in accordance with the regulations.

Since the adoption of IFRS 9, the accumulated impairment on trade receivables represents the estimation of credit risk of the current due receivables, as seen in Note 15.

(in million HUF)

The credit risk analysis shows the following positions:

Description	31.12.2022	31.12.2021
Non-overdue receivables	546	106
< 30 days	8	17
31 - 60 days	0	3
61 - 90 days	17	3
91 - 180 days	4	3
181 - 360 days	1	13
360 days <	18	21
Total (trade and other receivables, gross amount)	**594**	**166**

Definition of default

BSE considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including BSE, in full.

Irrespective of the above analysis, BSE considers that default has occurred when a financial asset is more than 90 days past due unless BSE has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, BSE compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, BSE considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industry in which BSE and its debtors operate, obtained from various external sources of actual and forecast economic information that relate to BSE's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations
- An actual or expected significant deterioration in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise. Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations

BSE considers a financial asset to have low credit risk when the counterparty has a strong financial position and there are no past due amounts.

Currently, there are no significant financial assets where other procedures are applied than the simplified approach (i.e. trade receivables and the provision matrix).

Write-off policy
BSE writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under BSE's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.
In case of **trade receivables**, BSE applies the provision matrix as presented in Note 3. a) (i.e. grouping is applied for trade receivables).

c) Liquidity risk

Liquidity risk is the risk that BSE will not be able to meet its financial obligations as they fall due. BSE's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to BSE's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through credit facilities and the ability to close out market positions. The cash held by BSE is considered sufficient for liquidity management purposes, as the Cash balance has been significant throughout the financial year.

In accordance with legal provisions, BSE invests its free liquid assets as a deposit in the case of a period of less than a month, for a period of over a month it invests them in government securities or time deposits. BSE's liquid assets are stable. BSE has no bank or other loans and does not need external financing.

The Company manages liquidity risk by maintaining cash reserves and reserved borrowing options, by continuously monitoring planned and actual cash flow data, and by matching the maturities of financial assets and liabilities.

(in million HUF)

The liquidity analysis shows the following maturities:

as at 31 December 2022	Overdue	due within 1 year	due within 1-5 years	due after 5 years or in a certain	Total	Of which interest
Loans at amortised cost	0	0	13	0	13	1
Trade and other receivables (bruttó)	49	545	0	0	594	0
Accrued revenues	0	632	0	0	632	0
Cash and cash equivalents	0	3 954	0	0	3 954	0
Total financial assets	**49**	**5 131**	**13**	**0**	**5 193**	**1**
Employee benefit liabilities	0	3	4	3	10	0
Non-current lease liability	0	0	410	477	887	0
Deferred tax liabilities	0	0	11	629	640	0
Trade payables and other short-term liabilities	0	1 036	0	0	1 036	0
Current tax liabilities	0	91	0	0	91	0
Current lease liability	0	94	0	0	94	0
Accrued expenses	0	205	0	0	205	0
Total financial liabilities	**0**	**1 429**	**425**	**1 109**	**2 963**	**0**

Comparative data from the previous year:

as at 31 December 2021	Overdue	due within 1 year	due within 1-5 years	due after 5 years or in a certain situation	Total	Of which interest
Trade and other receivables (GROSS)	60	106	0	0	166	0
Tax assets	0	0	0	0	0	0
Accrued revenues	0	696	0	0	696	0
Cash and cash equivalents	0	3 468	0	0	3 468	0
Total financial assets	**60**	**4 270**	**0**	**0**	**4 330**	**0**
Provisions	0	0	2	0	2	0
Employee benefit liabilities	0	2	4	7	13	0
Non-current lease liability	0	0	21	0	21	0
Deferred tax liabilities	0	0	0	764	764	0
Trade payables and other short-term liabilities	0	825	0	0	825	0
Current lease liability	0	134	0	0	134	0
Accrued expenses	0	209	0	0	209	0
Total financial liabilities	**0**	**1 170**	**27**	**771**	**1 968**	**0**

The tables above show that liquidity risk is low, since Financial assets due within one year provide coverage for Financial liabilities due both within and past one year.

d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, will affect BSE's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

BSE operates mainly in Hungary, but it also has operations in foreign currencies (e.g. fees for data sales are set in EUR), which exposes it to foreign exchange risk. The fees applied by BSE are determined by internal rules approved by the Board of Directors.

Interest rate risk is the risk that the future cash flows of certain financial assets and liabilities will fluctuate because of changes in market interest rates. The Company analyses its exposure to interest rate risk dynamically, simulating different scenarios to calculate the impact of specific interest rate movements on its profit or loss. BSE operates with financial assets that do not bear significant interest rate risk.

For an interest rate sensitivity analysis of variable rate financial instruments, see Note 6 0.

e) Capital management

BSE's policy is to maintain a strong supply of capital in order to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital.

There were no changes in BSE's approach to capital management during the year.

BSE is not subject to externally imposed capital requirements, except for the minimal share capital that needs to be HUF 5 million.

6. FINANCIAL INSTRUMENTS: DISCLOSURES

a) Interest rate sensitivity analysis for variable and fixed rate instruments

The Stock Exchange does not currently have variable rate instruments. In this part, the interest rate sensitivity of fixed rate instruments is presented:

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables (if any) remain constant. The analysis was performed on the same basis for 2021.

	2022 HUF million	2021 HUF million
Interest income from banks	132	9
Average amount of Cash and cash equivalents	3 711	2 870
Average effective interest rate	3,56%	0,31%
Effect of change in interest rate (+1%)	37	29
Effect of change in interest rate (+5%)	186	144

Assuming that interest rates changed by 1%, income would have increased by HUF 37 million in 2022; a 5% change would have increased income by HUF 186 million.

b) Foreign exchange sensitivity

The following tables show sensitivity to a possible change in the EUR/HUF exchange rate (with all other factors held constant). The estimated impact on BSE's profit before taxation is calculated by applying an annual average exchange rate deviation of +/5% (net effect of income and expenses). The most significant EUR denominated revenue items are vendor fees. Among operating expensesand XETRA license fee, lease premises, certain professional services and software license fees. BSE has no significant transactions in other currencies.

	Changes in the EUR/HUF exchange rate	Impact on profit before taxation
2021	+5%	26
	-5%	-26
2022	+5%	43
	-5%	-43

The impact on the year-end cash balance was also analysed:

	2022	2021
Year-end amount of cash and cash equivalents denominated in EUR (in thousands of EUR)	1 862	2 119
Year-end balance of cash and cash equivalents denominated in EUR (in millions of HUF)	745	782
Year-end EUR/HUF exchange rate	400,25	369,00
Effect of +5% EUR/HUF exchange rate change on year-end balance (unrealised exchange rate gain)	37	39
Effect of -5% EUR/HUF exchange rate change on year-end balance (unrealised exchange rate loss)	-37	-39

c) Fair value hierarchy of financial assets and liabilities

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

In many cases, the transaction price will equal the fair value. When determining whether fair value at initial recognition equals the transaction price, BSE shall take into account factors specific to the transaction and to the asset or liability.

Pursuant to IFRS 13, BSE presents the fair value hierarchy by three levels of measurement for its assets and liabilities measured at fair value, as follows, in order to enhance consistency and comparability:

The inputs used to measure the fair value of an asset or liability can be classified into different levels within the fair value hierarchy. In these cases, the fair value measurement is assigned in its entirety to the level in the fair value hierarchy in which the lowest level input that is significant to the overall measurement is included. In order to assess the significance of a particular input to the overall measurement, an assessment is required that takes into account factors relevant to the asset or liability.

Measurement level 1: Quoted and generally stock exchange prices on active markets for homogeneous assets or liabilities to which BSE has access at the time of valuation.

Measurement level 2: A measurement including inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Measurement level 3: A measurement that uses inputs other than directly observable inputs to value the asset or liability.

Classification of financial instruments

The Company measures its financial instruments at amortised cost:
- Trade and other receivables
- Accrued revenues
- Cash and cash equivalents
- Employee benefit liabilities
- Non-current and current lease liabilities

(in million HUF)

– Trade payables and other short-term liabilities
– Accrued expenses

Presentation of assets and liabilities not measured at fair value by classification into the appropriate level of the fair value hierarchy

BSE does not hold any financial instruments whose fair value could be determined at Level 1. The fair value of Cash and cash equivalents can be determined at Level 2 of Fair value measurement. All other instruments are included in Level 3 of Fair value measurement. The applied valuation technique for the financial instruments are found in the referred Notes:

- Loans at amortised costs: 3. f)
- Trade and other receivables; Accrued revenues: 3. a) and 3. f)
- Cash and cash equivalents: 3. j)
- Trade payables and other short term liabilities; Accrued expenses: 3. f)

Classification of financial instruments:

31 December 2022	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Securities at fair value through other comprehensive income	Financial liabilities at amortised cost	Carrying value	Fair value
Loans at amortised cost	0	13	0	0	13	13
Trade and other receivables	0	570	0	0	570	570
Accrued revenues	0	632	0	0	632	632
Cash and cash equivalents	0	3 954	0	0	3 954	3 954
Trade payables and other short-term liabilities	0	0	0	1 036	1 036	1 036
Accrued expenses	0	0	0	205	205	205

31 December 2021	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Securities at fair value through other comprehensive income	Financial liabilities at amortised cost	Carrying value	Fair value
Trade and other receivables	0	138	0	0	138	138
Accrued revenues	0	648	0	0	648	648
Cash and cash equivalents	0	3 468	0	0	3 468	3 468
Trade payables and other short-term liabilities	0	0	0	825	825	825
Accrued expenses	0	0	0	146	146	146

7. REVENUES AND OTHER INCOME

	2022 HUF million	2021 HUF million
Revenues from trading fees		
Annual admission fees	64	65
Fees of trading (monthly) and auctions	1 323	1 078
Connection fees, licenses	25	32
Revenues from listing fees		
Listing (one-off) fee	177	145
Quarterly fee	880	644
Revenues from sale of information		
Annual vendor fees	509	476
Monthly vendor fees	665	566
Other information services	22	46
Revenues from other services	0	4
Total Revenues	**3 665**	**3 056**

All income is recognised within the year, or, if the Company recognises income over a given period, on a simple pro rata basis.

	2022 HUF million	2021 HUF million
Revenue from government grants	524	231
Other income	98	59
Total Other Income	**622**	**290**

Government grants

Total amount of non-repayable grants available under the EDIOP-1.1.7-2017-00001 programme: HUF 1,307 million after a budget increase in 2022, with the aim of implementing training and mentoring programmes and providing stock exchange preparation for IPOs for companies identified in the context of the call.
The mirror project of EDIOP, the "BSE Mentoring Programme in the Central Hungary Region" project targets the same stock exchange development elements by focusing on the central regions. After the budget increase in 2022, a total of HUF 846,75 million may be used for this aim.

Accrued income includes items that will be recognised in future years as the project progresses (e.g. ELITE training courses started but covering several academic years) or that relate to the current year but are not yet accounted for until after 31 December. Revenues and expenses relate to the period in which they incurred economically, therefore the **costs of ELITE trainings that will be finished next year are accrued** between the years.

Other current liabilities include advances received but not yet invoiced, both for the EDIOP-1.1.7-2017-00001 programme and its mirror project for Central Hungary. The breakdown by nature of expense of the items charged to the project for a given year is given in the last section of the table.

There are no unfulfilled conditions and other contingencies attaching to government assistance recognised. Government grants, including non-monetary grants at fair value, are not recognised until there is reasonable assurance that the entity will comply with the conditions attaching to them; and the grants will be received. Reasonable assurance means:

(in million HUF)

- the expense arised is in line with the government grant contracts
- the amount of the expense is in line with the maximum amounts to be granted
- interim reports of government grant payment claims have been approved

Description	2022	2021
2019 EDIOP items	1	39
2020 EDIOP items	3	25
2021 EDIOP items	6	63
2022 EDIOP items	194	0
2019 CHR items	0	19
2020 CHR items	5	11
2021 CHR items	91	140
2022 CHR items	269	
Total accrued income for projects	**569**	**297**
2020 EDIOP items (ELITE training)	0	0
2020 CHR items (ELITE trainings)	0	0
2021 EDIOP items (ELITE training)	0	9
2021 CHR items (ELITE trainings)	0	20
2022 EDIOP items (ELITE training)	6	0
2022 CHR items (ELITE trainings)	0	0
Total prepaid expenses for projects	**6**	**29**
EDIOP advance	154	314
CHR advance	632	282
Total project advances received	**786**	**596**
Personnel expenses - EDIOP	45	34
Personnel expenses - CHR	33	25
Expert costs - EDIOP	9	7
Expert costs - CHR	7	7
Other costs - CHR	8	8
Aids to SMEs - EDIOP	125	2
Aids to SMEs - CHR	147	47
ELITE training - EDIOP	56	49
ELITE training - CHR	55	52
ESG training, workshop - EDIOP	11	0
ESG training, workshop - CHR	13	0
Total of items recognised for the project	**509**	**231**

8. OPERATING EXPENSES

	Notes	2022 HUF million	2021 HUF million
Expenses for material costs		**4**	**3**
Expenses for services used		**924**	**827**
Expert fees		345	357
PR, marketing and sales costs		93	97
License fees		261	254
Leased office operating costs		113	38
Other services		112	82
Personnel costs		**1 249**	**1 178**
Wages and salaries		1 052	958
Contributions on wages and salaries		151	167
Other personnel type expenses		46	53
Depreciation and amortisation	12,13	**316**	**292**
Depreciation charge of right-of-use asset		104	106
Amortisation of intangible assets, depreciation charge of tangible fixed assets		212	186
Expenses arising from miscellaneous other costs		**573**	**412**
Banking tax		0	149
Local business tax		76	62
Non-deductible VAT		183	109
EDIOP, CHR indirect grants		272	49
Other costs		42	43
Other expenses		**0**	**0**
Total operating expenses		**3 066**	**2 712**

‘Expert fees’ also include amounts which are paid on behalf of SMEs within grant schemes and are eligible for recognition during the term of the programmes, thus are also included in ‘Other revenues’ (HUF 120 million in 2022, HUF 133 million in 2021).
Furthermore, ‘expert fees’ contain the audit and other consultancy fees paid in 2021 and 2022 due to preparations for introduction to the BSE regulated market.
License fees are not significant and include short-term (maximum 1 year) software and asset leases.
The operating costs of the leased office are higher due to the relocation in February 2022.
Other services include service expenses incurred in the normal course of the business.
The reason for the reduction in the contributions on wages and salaries is that the social contribution tax was 15.5% in 2021 and 13% in 2022, and the previous 1.5% vocational levy was abolished from 2022.
The obligation to pay a special tax on financial institutions abolished from 2022. Non-deductible VAT has mainly increased due to the higher amount of operating expenses compared to 2021.

9. EMPLOYEE INFORMATION

	2022 HUF million	2021 HUF million
Wages and salaries	1 052	958
Contributions on wages and salaries	151	167
Other personnel type expenses	46	53
Total	**1 249**	**1 178**

The average number of employees during the year was 60 (2021: 61). The above presented Employee costs are part of Operating expenses (Note 8). A significant part of other personal expenses includes employee Cafeteria benefits.

10. FINANCE INCOME AND EXPENSES

	2022 HUF million	2021 HUF million
Interest income from banks and other sources	136	11
Realised gains on exchange rates	11	13
Unrealised gains on exchange rates	0	10
Total Finance income	**147**	**34**

	2022 HUF million	2021 HUF million
Unrealised losses on exchange rates	56	10
Interest on lease liabilities (effective interest)	33	7
Total Finance expense	**89**	**17**

Interest income increased significantly due to the change in the yield environment: while in the first half of the year, bank deposits were concluded at an annual interest rate of around 4-7%, by the end of the year they were already at 12.8%.
Exchange gains include both realised exchange rate differences and differences on unrealised revaluations at year-end (year-end revaluations of bank accounts, trade receivables and payables, lease liability).
The increase in interest on the lease liability is due to the fact that BSE signed a new lease agreement for a 10-year term, thus an effective interest on a significantly higher lease liability shall be realised.

11. TAXATION

	2022 HUF million	2021 HUF million
Current income tax expense		
Corporate tax	106	27
	106	**27**
Deferred tax expense/reversal		
Origination of temporary differences	-124	107
	-124	**107**
Income tax expense	**-18**	**134**

From 2017, the tax rate is flat 9%, therefore this rate is applicable for deferred tax calculations.

The reconciliation of actual current tax expense and total incoem tax expense/income for the year:

	2022			2021		
	%	HUF million	Tax effect	%	HUF million	Tax effect
Profit/loss before taxation		**-231**	**-21**		**1 559**	**140**
Items increasing the tax base		**4 192**	**377**		**186**	**17**
from the above: impairment of KELER Group		3 953	356		0	0
from the above: Depreciation and amortisation acc. to IFRS		212	19		106	10
Items decreasing the tax base		**-2 695**	**-243**		**-1 154**	**-104**
from the above: Share in profit/loss from associate		-2 448	-220		0	0
from the above: Depreciation acc. to Income tax law		-201	-18		-204	-18
Use of deferred losses for tax purposes		**-89**	**-8**		**-296**	**-27**
Current tax base		**1 177**	**106**		**296**	**27**
Tax rate	9%			9%		
Current income tax expense		**-106**			**-27**	
Deferred tax income/expense for the year		**124**			**-107**	
Total income tax expense/income for the year		**18**			**-134**	

the corporate tax base must be calculated from the pre-tax profit as defined in the IFRS, and certain items must be added or deducted during the calculation.

A significant part of Miscellaneous items contain the effect of the use of losses carried forward.

The provision for deferred taxation (liability) for the year is analyzed as follows:

	2022 HUF million	2021 HUF million
At the beginning of the year	764	657
Debited/(Credited) in net profit	-124	107
At end of the year	**640**	**764**

Deferred income taxes are calculated on all temporary differences under the balance sheet liability method using a tax rate of 9%. The balance as at 31 December 2022 mainly represents the untaxed gain of investments in associated companies.

(in million HUF)

The derivation and source of the deferred tax is as follows:

Description	Carrying amount 31/12/2022	Tax value 31/12/2022	Difference 31/12/2022
Property, plant and equipment	275	269	6
Intangible assets	303	147	156
Right of use assets	868	868	0
Investments in associates measured using the equity method and investments in subsidiaries	12 100	5 115	6 985
Loans at amortised cost	13	13	0
Inventories	9	9	0
Trade and other receivables	570	594	-24
Prepaid expenses	29	29	0
Accrued revenues	632	632	0
Cash and cash equivalents	3 954	3 954	0
Employee benefit liabilities	10	0	-10
Non-current lease liability	887	887	0
Trade payables and other short-term liabilities	1 036	1 036	0
Current tax liabilities	91	91	0
Current lease liability	94	94	0
Prepaid revenues	60	60	0
Accrued expenses	205	205	0
Total			**7 113**
Total deductible difference			-34
Total taxable difference			7 147
Total deferred tax assets			0
Total deferred tax liabilities			640

(in million HUF)

Description	Carrying amount 31/12/2021	Tax value 31/12/2021	Difference 31/12/2021
Property, plant and equipment	99	100	-1
Intangible assets	274	121	153
Right of use assets	124	0	124
Investments in associates measured using the equity method and investments in subsidiaries	13 619	5 115	8 504
Inventories	9	9	0
Trade and other receivables	138	167	-29
Tax assets	0	0	0
Prepaid expenses	48	48	0
Accrued revenues	648	648	0
Cash and cash equivalents	3 468	3 468	0
Provisions	2	0	-2
Employee benefit liabilities	13	0	-13
Non-current lease liability	21	0	-21
Trade payables and other short-term liabilities	825	825	0
Current lease liability	134	0	-134
Prepaid revenues	63	63	0
Accrued expenses	146	146	0
Loss carry-forward	0	89	-89
Total			**8 492**
Total deductible difference			-289
Total taxable difference			8 781
Total deferred tax assets			0
Total deferred tax liabilities			764

12. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS

2022	Intangible assets	Property, plant and equipment					Total
		Investments implemented on leased property	IT equipment	Office furniture, equipment and installations	Motor vehicles	Total Property, plant and equipment	
		HUF million					
Cost							
as at 1 January 2020	1 697	46	474	109	22	651	2 348
Increase	166	163	86	2	0	251	417
Scrapping, sale	0	-43	-24	-40	0	-107	-107
as at 31 December 2022	**1 863**	**166**	**536**	**71**	**22**	**795**	**2 658**
Depreciation and amortisation							
as at 1 January 2022	1 423	46	390	101	15	552	1 975
Charge for the year	137	15	57	3	0	75	212
Decrease due to de-recognition	0	-43	-24	-40	0	-107	-107
as at 31 December 2022	**1 560**	**18**	**423**	**64**	**15**	**520**	**2 080**
Carrying amount							
as at 1 January 2022	**274**	**0**	**84**	**8**	**7**	**99**	**373**
as at 31 December 2022	**303**	**148**	**113**	**7**	**7**	**275**	**578**

2021	Intangible assets	Property, plant and equipment					Total
		Investments implemented on leased property	IT equipment	Office furniture, equipment and installations	Motor vehicles	Total Property, plant and equipment	
		HUF million					
Cost							
as at 1 January 2021	1 662	47	487	124	30	688	2 350
Procurement, capitalisation	123	0	56	5	1	62	185
Scrapping, sale	-88	-1	-69	-20	-9	-99	-187
as at 31 December 2021	**1 697**	**46**	**474**	**109**	**22**	**651**	**2 348**
Depreciation and amortisation							
as at 1 January 2021	1 403	45	377	115	19	556	1 959
Charge for the year	108	1	73	4	0	78	186
Decrease due to de-recognition	-88	0	-60	-18	-4	-82	-170
as at 31 December 2021	**1 423**	**46**	**390**	**101**	**15**	**552**	**1 975**
Carrying amount							
as at 1 January 2021	**259**	**2**	**110**	**9**	**11**	**132**	**391**
as at 31 December 2021	**274**	**0**	**84**	**8**	**7**	**99**	**373**

Intangible assets comprise of the following:

- trademarks
- software licences
- softwares developed by BSE.

Trademarks are usually purchased for 10 years, hence they are depreciatiated through the registration timeframe. Software licences are normally purchased for 3 years and are depreciated likewise. Self-developed softwares are usually depreciated through 5 years.

There are no restrictions on title, and no property, plant and equipment is pledged as security for liabilities.

There are some fully amortized intangible assets in the records of the Company, that are still in use. The five greatest items are all software of trading transactions, with initial values HUF 804 million in total.

(in million HUF)

13. LEASES UNDER IFRS 16

The right-of-use asset was capitalised on the basis of the contract for the office leased by BSE. BSE moved its registered office in February 2022 to a new address. Therefore, the right-of-use asset recognised at the end of 2021, together with the related provisions and lease liability, is derecognised at that date. The impact of the derecognition is included in Other income in HUF 28 million.

The right-of-use asset of the lease of the office in Krisztina körút 55. was included in the books in February 2022, together with the related lease liabilities. The right-of-use asset is depreciated using the straight-line method until February 2032.

	2022.01.01-2022.12.31	2021.01.01-2021.12.31
Gross amount		
as at 1 January	442	442
Recognition of the right-of-use asset of the new office (Krisztina krt. 55.)	954	0
Derecognition due to relocation (Bank Center)	-442	0
as at 31 December	**954**	**442**
Depreciation		
as at 1 January	318	212
Depreciation charged (Bank Center)	18	106
Derecognition due to relocation (Bank Center)	-336	0
Depreciation charged (K55)	86	0
as at 31 December	**86**	**318**
Carrying amount		
as at 1 January	**124**	**230**
as at 31 December	**868**	**124**

The evolution of the related lease liability can be derived as follows:

	01/01/2022–31/12/2022	01/01/2021–31/12/2021
Opening balance	**155**	**283**
Payment to lessor (Bank Center)	-22	-132
Interest incurred (Bank Center)	1	7
Derecognition due to relocation (BC)	-134	
Recognition of new office leasing liability obligation (K55)	954	
Payment to lessor (K55)	-122	
Interest incurred (K55)	32	
Year-end foreign exchange revaluation difference	117	-3
Lease balance on 31 December	**981**	**155**
Current lease liabilities	*94*	*134*
Non-current lease liabilities	*887*	*21*

Maturity analysis of Lease liabilities:

	HUF million
Liability due in 2023	94
Liability due in 2024	97
Liability due in 2025	101
Liability due in 2026	104
Liability due in 2027	108
Liability due after 2027	477
Total Lease liabilities	981

14. INVESTMENTS (INTERESTS IN OTHER ENTITIES)

BSE has no consolidated or unconsolidated interests in which control is not based on voting rights or where the voting rights are not used to direct the relevant activities leading to control (structured entities).
Neither BSE, nor KELER Group is an investment company or has an interest in one. All companies publish their separate financial statements in accordance with the law that applies to them.

a) Subsidiaries

Former subsidiaries, Budapest Institute of Banking Zrt. (BIB) and Első Értékpapírosítási Tanácsadó Zrt. (ELÉT), were sold in 2021.

b) Associates

Name of the entity	Place of business	Ownership interest held by BSE (%)		Principal activities	Type of relationship
		2022	2021		
KELER Zrt.	Hungary	46,67	46,67	depository services	associate
KELER KSZF Zrt.	Hungary	0,07	0,09	clearing service	associate

The Company holds an investment of 46.67% (2021: 46.67%) in KELER and an investment of 0.07% (2021: 0.09%) in KELER CCP Ltd. KELER CCP is 99.85% (2021: 99,81%) owned by KELER.

The value of the investment in the KELER Group changed in the standalone IFRS financial statements as follows:

	2022 HUF million	2021 HUF million
Opening balance	**13 619**	**12 767**
Share of post acquisition profit/loss	2 448	900
Share of other comprehensive income	-13	-48
Dividends received	0	0
Impairment losses of associate	-3 953	0
Closing balance	**12 100**	**13 619**

The aggregated IFRS consolidated financial information of **KELER** as at 31 December is as follows:

	2022 HUF million	2021 HUF million
Total assets	468 947	510 422
Total liabilities	434 571	481 258
Total shareholders' equity	34 376	29 164
Profit or loss from core activity	15 356	9 293
Profit or loss for the year	5 240	1 925
Other comprehensive income	-28	-103
Total comprehensive income	5 212	1 822

According to IAS 36, BÉT has to ensure that its assets are carried at no more than their recoverable amount. BSE has considered if there is any objective evidence that its net investment in the associate or joint venture is impaired. The circumstances that indicated possible impairment were the following:

- unfavorable macroeconomic environment
- effect of securities transaction tax introduced in 2022
- due to the increasing risk premium the evaluation of Hungarian assets generally deteriorated

In determining the value in use of the net investment, BSE estimated its share of the present value of the estimated future cash flows expected to be generated by KELER Group including the cash flows from the operations of the Group.

As a result, the fair value of the investment of BSE in KELER Group amounts to HUF million 12 100. Since the book value of the investment was HUF million 16 053, an impairment of HUF million 3 953 was recorded.

15. CURRENT ASSETS

	2022 HUF million	2021 HUF million
Inventories	9	9
Trade and other receivables	570	138
Corporate tax assets	0	0
Prepaid expenses	29	48
Accrued revenues	632	648
Cash and cash equivalents	3 954	3 468
Current assets	**5 194**	**4 311**

The Company had no significant value of inventory in 2022. These assets are not related to the Company's core business. The assets support the daily operation of the Company (stationery and other office related assets).

The amount of Impairment on trade receivables has changed according to the below:

	2022 HUF million	2021 HUF million
Gross amount of trade receivables	594	166
Accumulated impairment	-24	-28
Net amount of trade receivables	**570**	**138**

	2022 HUF million	2021 HUF million
Accumulated impairment as of 1 January	28	37
Net change of impairment	-4	-9
Accumulated impairment as of 31 December	**24**	**28**

The write-off ratio of trade receivables is low and not significant. The expenses from credit losses amounted to HUF 5 million in 2022; in 2021 there was reversal of HUF 5 million, which represented 0.14% of annual revenues in 2022 (0.16% in 2021).
The fair value of the receivables presented is close to their carrying amount.
During 2022, BSE has granted housing loans to its employees. The current amount of these loans is HUF 1 million included in Trade and other receivables. The non-current amount is in Non-current assets: Loans at amortized cost (HUF 13 million).

Cash and Cash Equivalents contains only the balance of the cash at bank and depository. Due to the insignificant risk, cash and cash equivalents are measured at the same value as bank statements as of 31. December 2022.

The above items are non-interest-bearing, except for cash equivalents, which bear interest when tied up.
In the first half of the year, bank deposits were concluded at an annual interest rate of around 4-7%, and by the end of the year, they were already at 12.8% due to the changes in the economic environment.

For maturity analysis, see Note 5.

(in million HUF)

16. EQUITY

Subscribed capital:

The Budapest Stock Exchange, originally established on 19 June 1990, was registered by the Metropolitan Court of Justice as a Court of Registration on 30 June 2002 under No. 01-10-044764 as a company limited by shares due to general succession.
The subscribed capital of the Company upon the foundation totalled HUF 550 million which consisted of registered ordinary shares issued in a dematerialised form, with a par value of HUF 100 each, all conferring equal and identical membership rights.
With its resolution No. 7/2003 dated 28 April 2003, the General Meeting decreased the share capital of the Budapest Stock Exchange Private Company Limited by Shares by withdrawing the shares of Garmond Capital Hungarian-American Service Providing Company Limited by Shares (i.e. by HUF 8,651,900 that is 86,519 shares with a par value of HUF 100 each). Thus the Company's subscribed capital fell to HUF 541,348,100. (Order No. 01-10-044764/24 of the Court of Registration, effective from 28 April 2003)

The Company's authorised, issued, called up and fully paid share capital comprises 5,413,481 (2021: 5,413,481) ordinary shares with par value of HUF 100 each. All shares rank pari passu in the event of a winding up. The share capital represents shares held by the following shareholders:

	2022 %	2021 %
Magyar Nemzeti Bank	81,4%	81,4%
KBC Securities Hungary Branch Office	5,2%	5,2%
CONCORDE Értékpapír Zrt.	4,2%	4,2%
OTP Bank Nyrt.	2,7%	2,7%
ERSTE Bank Hungary Zrt.	2,3%	2,3%
MOL Nyrt.	2,2%	2,2%
Others (all under 2% share individually)	2,1%	2,1%
Total	**100,0%**	**100,0%**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company.

Retained earnings:

Retained earnings include the cumulative amount of the profit after tax for each year.

Revaluation reserve originating from associates:

This balance sheet line currently includes the items included in the revaluation reserve for instruments at fair value through other comprehensive income of the KELER Group, using the equity method, based on the 46.67% stake in the KELER Group.

Equity correlation table

114/B § of the Hungarian Accounting Act specifies that equity should be reconciled accordingly starting from the IFRS Equity:

(in million HUF)

Equity under IFRS	**15 730**
Supplementary payments as liabilities under IFRS (+)	0
Supplementary payments as assets under IFRS (-)	0
Sum of the deferred income from cash received and transferred to the capital reserve under legislation (+)	0
Sum of deferred income under IFRS from assets received (+)	0
Sum of receivables from owners classified as equity instrument under capital contribution (-)	0
Total equity under IFRS	**15 730**
Total share capital under IFRS:	
Share capital according to the effective articles of association if classified as an equity instrument	541
Unpaid capital under IFRS	0
Section 114 B (4) h) Tied-up reserve:	
Opening amount	*0*
Supplementary payments as liabilities under IFRS(+)	0
Unused reserve for development purposes net of tax (+)	0
Total tied-up reserve	**0**
Section 114 B (4) e) Retained Earnings	
Accumulated profit after taxation of previous years under IFRS that is not yet distributed among owners and not include other comprehensive income (+)	-502
Amounts recognised in Retained earnings under IFRS	0
Supplementary payments as assets under IFRS (-)	0
Unused reserve for development purposes, net of deferred tax (-)	0
Retained earnings as of the day before transition to IFRS, including transition corrections	15 955
Total retained earnings	**15 453**
Section 114 B (4) g) Profit after taxation	
Profit/loss after tax according to Section 114/A (9)	-213
Section 114 B (4) f) Revaluation reserve	
Accumulated and current year other comprehensive income from statement of other comprehensive income (+/-)	-51

Capital reserve	
Section 114 B Equity	15 730
Share capital (-)	-541
Registered but unpaid capital (-)	0
Tied-up reserve (-)	0
Retained earnings (-)	-15 453
Profit/loss for the period (-)	213
Revaluation reserve (-)	51
Total capital reserve	**0**

Equity under 114 B:	
Share capital	541
Registered but unpaid capital	0
Capital reserve	0
Retained earnings	15 453
Tied-up reserve	0
Revaluation reserve	-51
Profit/loss for the period	-213
	15 730

Retained earnings 114 B (5) b) available for distribution	15 453
Profit/loss for the period	-213
Accumulated, unrealised profit from the increase of fair value of investment properties under IAS 40 (-)	0
Retained earnings available for distribution	**15 240**

17. PROVISIONS

	2022 HUF million	2021 HUF million
Opening balance	2	2
Additions	0	0
Amounts charged against provisions	-2	0
Closing balance	**0**	**2**

The estimated liability for restoration costs related to the lease contract (restoring the underlying asset to the condition required by the terms and conditions of the lease) is recognised as a provision. The provision originally made in 2019 was recognised against Right-of-use assets. Budapest Stock Exchange moved its registered office in 2022 to a new address, thus the provision was reversed, and no significant restoration costs were incurred. The costs relating to the relocation were recognised in the profit or loss, except for the custom design works of the new office, which were recognised in Property, plant and equipment. Based on the experience of the relocation in 2022, no new provision for restoration has been made in the new lease contract.

18. EMPLOYEE BENEFITS: JUBILEE BENEFITS

	2022 HUF million	2021 HUF million
Jubilee obligation as at 1 January	13	12
Interest cost	1	1
Current service cost	-3	2
Benefits paid	-3	-2
Actuarial gains/losses	2	0
Jubilee obligation as at 31 December	**10**	**13**
of which short-term	*3*	*3*
of which long-term	*7*	*10*

The sum of Current service costs and Actuarial gains/losses are included in Operating Expenses, under Personnel Expenses. For the turnover rate, BSE applied 11.5% in its estimates based on its own statistics. For discounting, the interest rate on currently available government bonds with a maturity of 15-20 years (currently 8.19%) is used. Jubilee benefits are awarded after 5, 10, 15, 20, 25 and 30 years of service on the stock exchange.
Of the long-term benefits, HUF 3 million will be due between 1 and 5 years, and HUF 7 million beyond 5 years (in 2021, the values of the two categories were HUF 4 million and HUF 6 million, respectively).

19. CURRENT LIABILITIES

	2022 HUF million	2021 HUF million
Accrued bonuses and expenses	205	146
Accruals, prepaid listing fees	60	63
Other items	0	0
Trade and other payables	119	103
Current lease liability	94	134
Advances received for project EDIOP and Central Hungarian	786	596
Current tax liabilities	91	0
Other tax items	131	126
Employee benefits	3	2
Current liabilities	**1 489**	**1 170**

The fair value of liabilities is close to their carrying amount. The above items do not bear interest (except for leases under IFRS 16).

20. Transition to IFRS

BSE prepares its separate financial statements for local company registration purposes according to the IFRS as adopted by the EU, starting from business year 2022. Beforehand, BSE prepared its financial statements for such purposes according to the Hungarian Accounting Act.

As BSE has published its IFRS financial statements for several years, BSE does not first apply IFRS according to IFRS 1. However, for legal purposes the current financial statements are a first.

(in million HUF)

Equity reconciliation for the date before transition to IFRS and the last day of the comparative period:

	Date of transition	Last day of comparative period
	2021.01.01	**2021.12.31**
According to Hungarian Accounting Act	8 134	8 720
Effect of equity accounting of associates	7 652	8 504
Effect of lease contracts (IFRS 16)	-56	-35
Effect of deferred tax	-657	-764
Effect of jubilee benefits	-12	-13
Effect of VAT on PPE and Intangible assets	34	49
Effect of expected credit losses acc. to IFRS	-10	-2
Reconciled for IFRS purposes:	**15 085**	**16 459**

Reconciliation of the statement of profit/loss of the comparative period:

	Year 2021
According to Hungarian Accounting Act	586
Share in the profit or loss of associates	900
Effect of deferred taxes	-107
Effect of jubilee benefits	-1
Effect of VAT on PPE and Intangible assets	14
Expenses/reversals for expected credit losses	8
Effect of IFRS 16 lease contracts	25
Reconciled for IFRS purposes	**1 425**
Other comprehensive income (due to associates)	-48
Total comprehensive income for IFRS purposes	**1 377**

Please find the Equity reconciliation table according to 114 B of Hungarian Accounting Act in Note 16.

21. Notes with reference to 459/2015. Government decree (XII. 29.)

a) **the number of companies with trading rights**:

The number of Exchange Members at the Budapest Stock Exchange Ltd. totalled 22 as of 31 December 2022. At the end of 2022, 17 members in the Equities Section, 17 members in the Debt Securities section. Regarding the Derivatives Section: futures market - 12 members, options market - 10 members, 1 members in the Commodities Section had trading rights. At the end of the year there were 11 members in the BÉTa Market, there were 12 members in the Xtend Market and 10 members in the Xbond Market.
6 members have Auction trading right exclusively.

b) **new exchange members in the business year and fees paid for the trading rights**: there were no new memberships in 2022.

c) **termination of exchange membership in the business year**:

- Random Capital Brokers Zrt. 3 October 2022

d) **annual fees paid by exchange members out of total revenues**: Please see Note 7.

22. RELATED PARTY INFORMATION

Transactions with related parties

The following transactions occurred with related parties:

BALANCE SHEET

Name of related party	Account type	HUF million 2022	HUF million 2021
	Trade accounts receivable	**1,0**	**0,6**
KELER CCP Ltd.		0,0	0,0
KELER Zrt.		0,0	0,0
Magyar Nemzeti Bank		1,0	0,6
	Trade accounts payable	**10,3**	**1,6**
KELER CCP Ltd.		0,0	0,0
KELER Zrt.		1,4	1,0
Magyar Nemzeti Bank		5,0	0,6
MNB-Ingatlan Kft.		1,0	0,0
MNB-Biztonsági Szolgáltatások Zrt.		2,9	0,0

Statement of Profit or Loss

Name of related party	Transaction type	HUF million 2022	HUF million 2021
	Sale of goods and services to related parties	**16,2**	**17,8**
KELER KSZF Zrt.	Sponsorship	1,0	0,0
KELER Zrt.	Sponsorship	1,0	0,0
KELER Zrt.	Disclosure obligations	8,9	8,9
KELER Zrt.	Other	0,0	0,1
Magyar Nemzeti Bank	Dual training	1,2	0,8
Magyar Nemzeti Bank	Leased lines and accesses	4,1	4,9
Magyar Nemzeti Bank	Stock exchange activity revenue	0,0	0,5
Budapest Institute of Banking Zt.	Interest on loan	0,0	1,6
Első Értékpapírosítási Tanácsadó Zrt.	Sub-contracted services revenue	0,0	1,0
	Purchase of services from related parties	**94,2**	**18,6**
KELER Zrt.	Share register management	1,0	0,5
KELER Zrt.	Securities account management	0,4	0,4
KELER Zrt.	Data sales	8,0	8,0
KELER Zrt.	Other	1,8	1,0
KELER Zrt.	Securities Registration fee	1,3	0,0
Magyar Nemzeti Bank	Amounts paid to MNB as Supervisory Authority	6,0	3,1
Magyar Nemzeti Bank	Rental fees for events	3,3	0,0
Magyar Nemzeti Bank	Other	3,2	0,0
MNB-Ingatlan Kft.	Property rental and operating costs	58,2	0,0
MNB-Biztonsági Szolgáltatások Zrt.	Expert fees	9,8	0,0
MNB-Biztonsági Szolgáltatások Zrt.	Other	1,2	0,0
Budapest Institute of Banking Zt.	Education	0,0	2,6
Budapest Institute of Banking Zt.	Sponsorship fee	0,0	1,0
Első Értékpapírosítási Tanácsadó Zrt.	Asset purchases	0,0	2,0

The majority owner of BSE is Magyar Nemzeti Bank (the Hungarian National Bank; MNB), which is owned by the Hungarian State. In the normal course of business, BSE does business with a number of companies controlled or jointly controlled by MNB or with companies in which MNB has significant influence. These are typically issuers whose securities are listed on the BSE. These transactions generate fee income in the normal course of business, which the company recognises as revenue. These counterparties do not even reach 1.5% of annual revenue in terms of total annual turnover, so the transactions are not significant. Fees received for services rendered are the usual stock exchange fees, and there are no discounts given due to being realted parties.

Management includes members of the Board of Directors and the members of the Supervisory Board.

Members of the Board of Directors

dr. Mihály Patai
Richárd Végh
dr. György Bacsa
dr. Géza Máté
Zsolt Kuti
dr. Barna Fömötör
Attila Bánfi

Members of the Supervisory Board

Lajos Bartha
Károly Régely
Dr. Kolos Viktor Kardkovács
dr. Zsolt Zoltán Selmeczi-Kovács
Orsolya Kása

Key management compensation

The key management of BSE are the executive members of the Budapest Stock Exchange's Board of Directors, Supervisory Board and members of the executive management.

Key management personnel remuneration is presented in the table below.

Key management compensation	2022 HUF million	2021 HUF million
Salaries including bonuses and social security Contributions	282	254
Company car allowance	2	2
Short-term employee benefits	**284**	**256**
Post-employment benefits	**0**	**0**
Other long-term employee benefits	**0**	**0**
Termination benefits	**0**	**0**
Share-based payment	**0**	**0**
Total remuneration	**284**	**256**

(in million HUF)

BSE did not have any transactions with related parties that would qualify as related parties only because of their key managers.

The controlling entity is the Magyar Nemzeti Bank. The list of its subsidiaries as of 31 December 2022 is the following:

Subsidiary's name	Place of business	Ownership interest held by the controlling entity (%)		Principal activities
		2022	2021	
Magyar Pénzverő Zrt. (Hungarian Mint Plc.)	Hungary	100	100	produce circulation coins
Pénzjegynyomda Zrt. (Hungarian Banknote Printing Shareholding Co.)	Hungary	100	100	production of forint banknotes and secure documents
GIRO Zrt.	Hungary	100	100	payment system operation
MNB-Biztonsági Szolgáltatások Zrt. (MNB-Security Services Plc.)	Hungary	100	100	personal guarding and protection
MNB-Ingatlan Kft. (MNB-Real Estate Ltd.)	Hungary	100	100	rental and operation of real estate
Pénzügyi Stabilitási és Felszámoló Nonprofit Kft. (Financial Stability and Liquidator Non-profit Ltd.)	Hungary	100	100	perform the liquidation of financial institutions
Budapest Stock Exchange Ltd.	Hungary	81,4	81,4	official listings on the stock exchange
KELER Központi Értéktár Zrt. (KELER Zrt.)	Hungary	53,3	53,3	depository services
KELER CCP Central Counterparty Zrt. (KELER CCP Zrt.)	Hungary	0,1	0,1	clearing service
MNB-EduLab Kompetencia Kft.	Hungary	100	0	education, training

23. EVENTS AFTER BALANCE SHEET DATE

The Stock Exchange **has started preparations for entering the Hungarian regulated market, i.e. becoming a listed company.** As of the date of signing of these financial statements, the Magyar Nemzeti Bank's procedure of admission of the securities to trading on the stock exchange has not started.

Macroeconomic environment:

BSE plays an important role in the capital financing of domestic companies, so the domestic macroeconomic environment has a significant impact on the willingness of these companies to be listed on the stock exchange, and also has a major impact on the investor perception of companies already listed. For this reason, a significant deterioration in macroeconomic indicators (e.g. GDP, sovereign risk, inflation, unemployment rate, household savings) could reduce the propensity of firms to raise equity financing, which would have a negative impact on the issuing revenues of BSE. Although a deterioration in macroeconomic figures could boost BSE trading activity in the short term due to a sudden increase in market volatility, a sustained negative shift in indicators could reduce investor activity in the domestic market in the long term, with a concomitant fall in both BSE revenues and profitability. It is important to point out that foreign investors play an important role in the BSE's trading activity, accounting for 55% of total spot secondary market volume in 2022. Thus, if domestic macroeconomic indicators turn out unfavourable for these groups of investors, this could have a significant impact on the BSE's operations.

24. PROPOSED AND APPROVED DIVIDENDS

After the results of 2021, dividend of HUF 503 453 733 has been paid by BSE in the business year 2022 (dividend per share: HUF 93). Based on the decision of the General Meeting, the BSE will pay HUF 552 175 062 in dividends (HUF 102 per share) in 2023 with regard to the year 2022.

25. AUDITOR-RELATED DISCLOSURES

Under Act C of 2000 (Hungarian Accounting Act), BSE is required to have its financial statements audited by an auditor. These financial statements have been audited by Deloitte Könyvvizsgáló és Tanácsadó Kft. (H-1068 Budapest, Dózsa György út 84/C; tax number: 10443785-2-42; registration number with the Chamber of Hungarian Auditors: 000083).

The person responsible for carrying out the audit:
Tamás Horváth (auditor certificate number: 003449).

In addition to the statutory audit (fee for 2022: HUF 16.9 million), the auditor didn't perform other activities for BSE.

26. AUTHORISATION OF FINANCIAL STATEMENTS FOR DISCLOSURE

BSE's prepared financial statements were approved by the Board of Directors on 4 April 2023, and at the same time the Board authorised the disclosure of the Company's annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS) for 2022.