



Consolidated Business (Management) Report on the activities of the B+N group in 2022

Introducing the B+N group of companies

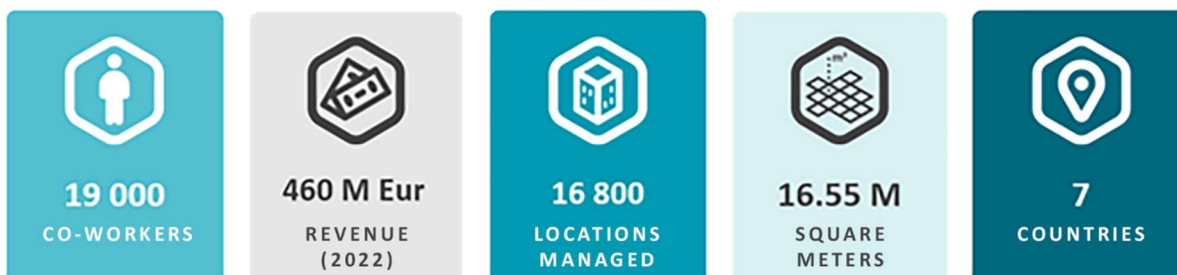
B+N Referencia Zrt. (hereinafter referred to as the “Company”), As the parent company, together with its subsidiaries, forms the B+N group of companies (hereinafter referred to as the “Group”), which provides property management, cleaning, gardening, and laundry services in the following Central and Eastern European countries:

- Hungary
- Romania
- Slovakia
- Czech Republic
- Slovenia
- Poland
- Bulgaria

The Company acquired its current form as a private limited company on August 22, 2011. Its activity from the beginning was office and industrial cleaning, which was expanded over the years with various elements of facility management.

The Company currently has one sole shareholder, Ferenc Kis-Szölgyémi.

The Group in numbers:



The Group's purpose and strategy

The Group's strategy is centered on customer-centricity, providing a comprehensive range of Facility Management services with tailored solutions, transparent processes, and sustainability in mind. Along this strategy, the Company has become the market leader in Hungary in the cleaning business, a significant market player in the operations, building cleaning, rental textiles and gardening businesses, has built up its fit-out business in recent years, and is an increasingly significant player at the group level in the laundry services, document storage, catering and security businesses.

The Group's most important goals are to maintain its stability and profitability in a changing market and economic environment, to increase its market share, and to make the most effective use of synergies within the Group.

Another important goal of the Group is to further develop its services and improve the level of customer service by applying more modern technologies. To this end, it carries out research and development activities: the development of the ROBIN cleaning robot, UV robot, UV disinfection handcart, as well as online work organization and control applications is ongoing, and in 2022 the technological development of laundries also began.

The Group's main resources and risks

Main resources:

- National and regional coverage with 20,000 own employees
- Central warehouse base in Hungary, established a national and regional logistics system
- Long-term contract portfolio (typically 2-4 years) from both the market and public sectors
- Decades of experience in the complex cleaning and operation of numerous office buildings, industrial plants, healthcare institutions, and other facilities
- Financially sound, 30 years of experience in the Company
- Integrating professional innovations and digital solutions into services
- Stable workforce thanks to competitive salary and benefits
- Close cooperation with vocational training centers
- Legally compliant employment and transparent operations
- Experienced managers, central support
- Advanced monitoring and reporting system

Main risks:

- Human resources: the labor shortage affecting the region and the entire continent also poses a challenge for the Group. On the one hand, legal, legally compliant employment, the employment of employees with disabilities, and special employer benefits (e.g. Salarify service) provide the Group with a competitive advantage among local employees. On the other hand, the Company launched several collaborations with foreign employment agencies in 2022, as a result of which the Company employs 30 Indian citizens at the end of 2022, and currently 110.
- Customer risk: refers to the risk arising from non-payment by customers. The individual characteristics of each customer influence this risk and its management; however, the Group also takes into account the geographical location of the customers, past experience, and the specificities of the sector. During receivables management, the Group monitors the payment ability of its customers and the factors influencing it. The payment discipline of our customers is above average, but special attention must be paid to players in certain segments.
- Currency risk: before international expansion, the Company was primarily operating on forint revenues, and a significant portion of its costs are forint-based. Following the acquisitions, in 2022, 24% of Group-level revenue will be realized in foreign currency. Thus, changes in foreign exchange rates may directly and indirectly affect profitability, especially in relation to certain rental fees, used hygiene and paper materials, fuels, equipment imported for investment, and the import of products and raw materials of the Bértexil Business Unit. The Group manages the resulting risk to a significant extent through hedging transactions.
- Inflation, interest rate increases: the risk lies in the time and manner in which existing contracts allow for price adjustments, while price increases quickly appear in expenses. The main risk for the Group is not inflation, but changes in minimum wages. In a significant part of foreign customer contracts, the company has the option of automatic indexation linked to changes in minimum wages. The Group's financing was secured with a fixed-interest bond, and the value of variable-interest instruments, and therefore the impact of potential interest rate changes, is not significant.
- Russian-Ukrainian conflict: the Group is not directly exposed to the effects of the conflict due to its service areas and procurement sources. The Group was able to fulfill its contractual obligations in terms of materials, personnel and technological conditions. It has not caused any damage to the business so far and the management still does not expect any disruption, but is continuously monitoring the potential risk.

Expected development (economic environment and expected effects of internal decisions)

The Group will transition to a new corporate governance system as of 01.01.2024. The main purpose of the investment is to meet the changed economic requirements resulting from the Group's growth. Continuing the acquisition strategy of recent years, the Group continues to seek foreign acquisition targets, but from 2023 it will place much greater emphasis on organic growth.

Due to the foreign expansion, the international team in the Company's management will be strengthened.

The integration of companies acquired through new acquisitions will receive special attention in 2023.

Results achieved and prospects during the reporting period

The Group successfully completed one domestic and two foreign acquisitions in 2022, strengthening its international presence in the FM sector:

- On 31.01.2022, the Polish Inwemer subsidiaries (Inwemer spzoo , Inwemer System spzoo , Inwemer Partner spzoo , Inwemer Service spzoo) 100% ownership, then 100% of the Bulgarian subsidiary (iFacility EOOD, later known as B+N Bulgaria EOOD) previously belonging to the ISS group on 31.08.2022 , and
- On 30.09.2022, 100% of the Hungarian Diesel Mobil Kft. was purchased.

After the reporting date but not before the financial statements are approved for issue another acquisition took place.

The Group's capital position and liquidity are adequate.

The Scope Ratings GmbH in October 2022 BB-/ Under review changed its credit rating to BB/ Stable in January 2023 .

Quantitative and qualitative indicators and characteristics of performance measurement (yield)

- billion from 2021 to 2022 , due to the changed economic environment and the declining revenue of the fit-out business.
 - from 22% in the previous year to 25% . This was due to the decrease in liabilities.
- Management continuously monitors the achieved returns, which include the results of operating activities and profit before tax, as well as the fulfillment of indicators related to financial commitments . Management also monitors the subscribed capital/equity ratio of the

Group members to ensure that it complies with the levels specified in the laws of each country.

In addition, management monitors the following indicators to ensure efficient financing:

	31 December 2022	31 December 2021
Cash and cash equivalent	22 383	40 334
<i>Lease liabilities</i>	<i>(9 709)</i>	<i>(8 128)</i>
<i>Issued bonds</i>	<i>(21 250)</i>	<i>(21 172)</i>
Interest-bearing debt	(30 959)	(29 300)
Net interest-bearing debt	(8 576)	11 034
EBITDA	20 439	28 842
Total equity	29 223	25 324
Net debt / EBITDA	(0,3)	0,4

- Liquidity indicators: there is a minimal deterioration in the Group's solvency, which is since in 2022 the Group spent its resources on acquisitions.

	2022	2021
Liquidity rate 1	1,493	1,575
Liquidity rate 2	1,443	1,538
Quick rate	0,449	0,719

More information

Events after the balance sheet date:

- The Company purchased an additional 2,270,000 shares in AKKO Invest Plc on 16 March 2023 in an over-the-counter transaction. With this transaction, the Company acquired a stake of over 10% in the listed company.
- In order to increase its regional market share, the Company made another successful acquisition abroad at the beginning of 2023 and acquired the Czech Tespranet on 27th April services sro and its subsidiary, Tespranet Landscaping sro 100% ownership

Budapest, 30 April 2023

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Ferenc Kis-Szölgyémi

CEO