



Consolidated Business (Management) Report on the activities of the B+N group in 2024

Introducing the B+N group of companies

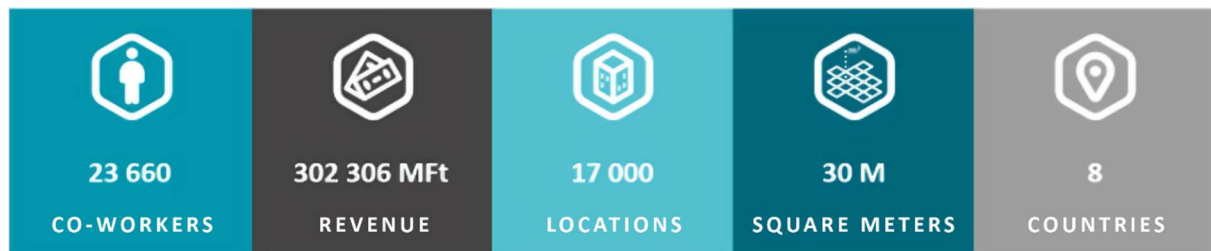
B+N Referencia Zrt. (hereinafter referred to as the “Company”), as the parent company, together with its subsidiaries, forms the B+N group of companies (hereinafter referred to as the “Group”), which provides property management, cleaning, gardening and laundry services in the following Central and Eastern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

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

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 over the years has expanded to include various elements of facility operation.

At the end of 2024, the Company had four shareholders, three private equity funds (Singulium I., II., and III.) and LSHF Kft. The ultimate owner of the company is Ferenc Kis-Szölgyémi, a private individual.

The Group in numbers:



The Group's purpose and strategy

The Group's strategy: customer-centricity above all, i.e. providing full-scale facility operation services with customized solutions, transparent processes, and sustainability in mind. Along with this strategy, the Group has become the market leader in Hungary in the cleaning business, a significant market player in the operation, rental textile and gardening businesses. In recent years, it has developed its fit-out business, and is also an increasingly significant player in the laundry services, document storage 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.

An important strategic goal of the Group is to reduce its dependence on the Hungarian market, which is why B+N has been present in 8 countries since 2021, through acquisitions.

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 is ongoing, and the fourth generation robots have currently started work. The development of the UV robot was also completed by 2024. B+N began the implementation of the world's most advanced CAFM software, the IBM Tririga system, at several of its customers. Technological development of the laundries also continued in 2024. In 2024, its new laundry plant in Velence was handed over, which significantly increased its performance with an investment: the company's total cleaning capacity increased by 30 tons per day, reaching 110 tons per day.

In January 2024, B+N Zrt. and PFM Zrt. introduced SAP S4/HANA public cloud enterprise management system, thereby taking a significant step towards a more transparent, process-oriented operating model. The group's smaller, foreign companies uniformly use the Microsoft Business Central system.

The Group's main resources and risks

Main resources:

- National and regional coverage with nearly 24,000 own employees
- Central warehouse base in Hungary, established 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 provide a competitive advantage for the Group among local employees. On the other hand, the Company launched several collaborations with foreign employment agencies in 2022, as a result of which more than 400 Indian citizens were employed by the end of 2024. Labor is also a problem for foreign subsidiaries. In the case of Poland and the Czech Republic, the appearance of Ukrainian workers helps to overcome the shortage. In Slovenia, Bosnian and Serbian workers represent a temporary solution.
- Customer risk: means the risk arising from non-payment by customers. This risk and its management are influenced by the individual characteristics of each customer, however, the Group also takes into account the geographical location of the customers, past experiences 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. The underfinancing of Hungarian hospitals poses a particular difficulty. Since laundry services

provided to hospitals represent a significant portion of RWI Zrt.'s revenue, the payment arrears arising there seriously affect the Group's cash flow. In such cases, the option of using bank factoring has arisen, which, in turn, entails a significant cost burden for the Group in the current interest rate environment, but this can be compensated by collecting late payment interest.

- Currency risk: prior to international expansion, the Company was primarily operating on forint revenues, and a significant portion of its costs are also forint-based. Following the acquisitions, in 2024, one-third of the Group-wide 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 the products and raw materials of the Bértexsil Business Unit. The Group manages the resulting risks with hedging transactions.
- Inflation, interest rate increases: the risk lies in the fact that existing contracts allow for price adjustments in time and in the manner in which they are implemented, while price increases in expenses quickly appear. The main risk for the Group is not inflation, but changes in minimum wages. In a significant portion of foreign customer contracts, the company has the option of automatic indexation linked to changes in the minimum wage. At the same time, a significant part of Hungarian customers work with such low added value that even an increase in prices at the rate of inflation is unacceptable to them. The Group's financing was secured with a fixed, low-interest bond, and the value of variable-interest instruments, and therefore the impact of possible 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)

Airport Services Zrt. (AS), a 100% owned subsidiary of B+N, has signed an agreement with two Menzies companies in Hungary to transfer its ground handling and cargo operations to Menzies in exchange for a 35% stake. The merger is still pending approval by the Hungarian Competition Authority.

Continuing the acquisition strategy of recent years, the Group continues to seek foreign acquisition targets.

Due to foreign expansion, the international team in the Company's management has been strengthened.

The integration of companies acquired through new acquisitions received special attention in 2024. As a result, personnel changes also took place in the management of two foreign subsidiaries. The main focus is on organic growth, therefore the development of sales teams is also an important task.

Results and prospects achieved in the reporting period

B+N Zrt. signed a purchase agreement in December 2024 to acquire the Köberl Group, headquartered in Munich, Germany. The deal closed in 2025. This brought B+N to the German-speaking world with its world-class services.

B+N won the operating tasks of the Hungarian pavilion at the Osaka World Expo.

Scope Ratings GmbH revised the Group's credit rating to BB/- in 2024.

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

- EBITDA: shows earnings before interest, taxes, depreciation and amortization. The EBITDA value achieved by the Group was HUF 32,404 million as of 31.12.2024. This is a significant increase compared to the value in 2023.

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.

Event occurring after the balance sheet date

The Köberl group, for more details, see **the Results and Outlook** chapter in the reporting period

The Italian subsidiary (SAGAD srl) has signed an agreement with Verona-based L'Alleanza Society Cooperativa's facilities management business, which provides cleaning, disinfection, green space maintenance, concierge, and delivery services to a wide range of corporate and institutional clients.

Budapest, 20 May 2025

Ferenc Kis-Szölgvényi

CEO