



## **Consolidated Business (Management) Report on the activities of the B+N Group for the first half of 2025**

### **Introducing the B+N group of companies**

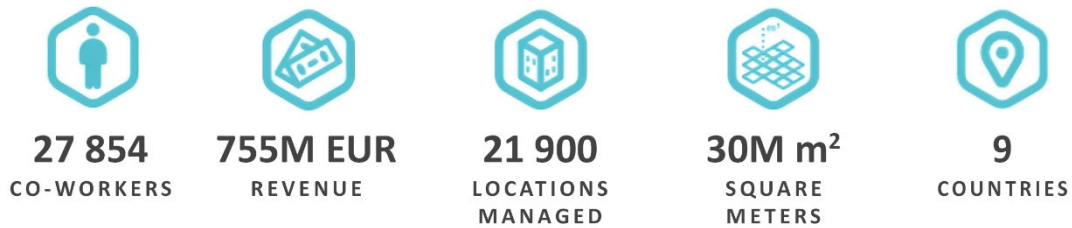
B+N Referencia Zrt. (hereinafter referred to as the “Company”), as the parent company, together with its subsidiaries, forms the B+N group of companies (hereinafter referred to as the “Group”), which provides property management, cleaning, gardening and laundry services in the following Central and Eastern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

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

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 2023, 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.

### 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 this strategy, the Company 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 an increasingly significant player at the group level 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.

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 in 2024. The Company began the implementation of the world's most advanced CAFM software, the IBM Tririga system, at several customers.

This year, B+N launched a completely new, own-brand hygiene paper product line under the HYGON brand. The HYGON products share the core values of environmentally friendly production and high functionality, while the start of in-house manufacturing reduces B+N's dependence on suppliers and supports the company in providing facility management services with consistent, high quality in this area as well.

On February 7, 2025, B+N Zrt. acquired the German Köberl Group, headquartered in Munich. The Köberl Group has 600 employees and generates approximately EUR 125 million in annual revenue. The group consists of six operating companies active in higher value-added segments of the FM sector (technical facility management and construction services).

In 2025, the integration of the German companies — including reporting and the implementation of IFRS — represents the biggest group-level challenge.

In January 2024, the Company and PFM Zrt. implemented the SAP S4/HANA Public Cloud enterprise management system, thus taking a significant step towards a more transparent, process-oriented operating model.

The group's smaller foreign subsidiaries uniformly use the Microsoft Business Central system. The Bulgarian subsidiary migrated to BC in June 2025. The Polish Inwemer Group is expected to go live with Microsoft Business Central on January 1, 2026, while for the Italian company SAGAD, the selection of the implementation consultant is currently in progress.

## **The Group's main resources and risks**

### Main resources:

- National and CEE regional coverage with nearly 27,000 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 solid, with 30 years of experience at the Company and 125 years of experience in Germany.
- 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 labour shortage affecting the region and the entire continent also poses a challenge for the Group. On the one hand, legal employment, the employment of people with reduced working capacity, and specific employer benefits provide the Group with a competitive advantage among local employees. On the other hand, in 2022 B+N Zrt. launched several cooperation agreements with foreign recruitment agencies, as a result of which by Q2 2025 nearly 400 Indian nationals were successfully employed, and from the second half of 2025, workers from the Philippines will also start working. At the same time, the Hungarian government is increasingly restricting labour import, which makes filling open positions more difficult.
- For the foreign subsidiaries, labour shortage is also a challenge. In Poland and the Czech Republic, the presence of Ukrainian workers helps mitigate the shortage, while in Slovenia, Bosnian and Serbian workers currently provide a solution. In Germany, the labour shortage is particularly severe, where the proportion of non-German employees is already significant. The Köberl Group's 600 employees represent 42 different nationalities. As part of its strategy, B+N aims to transfer workers from Hungary and the region to support its growth in Germany.
- Customer Risk: This refers to the risk of non-payment by customers. The level of this risk and its management are influenced by the specific characteristics of individual customers; however, the Group also takes into account their geographical location, past experience, and sector-specific factors. As part of its receivables management, the Group monitors the payment capacity of its customers and the factors affecting it. Overall, customers' payment discipline is above average, but special attention is required for certain segments. A particular challenge is the underfunding of hospitals in Hungary. Laundry services for hospitals represent a significant portion of RWi Zrt.'s revenues, while B+N is also responsible for hospital cleaning and facility management. Payment delays in this segment have a serious impact on the Group's cash flow. Currently, the use of bank factoring has become necessary, which imposes a significant cost burden on the Group. The Company tries to offset this by enforcing late payment interest, which is particularly challenging when dealing with state entities.  
  
For foreign subsidiaries, customer risk is minimal. The only exception is in Germany, where there is a receivable of approximately EUR 4 million, for which an impairment was recognized at the end of 2024. However, there is currently a realistic chance of recovery.

- **Foreign Exchange Risk:** Before international expansion, the Company primarily generated revenues and incurred costs in HUF. Following the acquisitions — especially the purchase of the Köberl Group — by 2025, one-third of the Group's revenue is already realized in foreign currencies. This has created a partial natural hedge with respect to lease payments, the purchase of hygiene and paper products, imported equipment for investments, and imported materials for the Textile Services Business Unit.

At the same time, the 10-year interest rate swap agreement concluded in 2021 in connection with the NKP bond can significantly influence exchange rate losses or gains during its term. The Group manages the resulting risks through hedging transactions.

- **Inflation and Rising Interest Rates:** The risk lies in how and when existing contracts allow for price adjustments, while cost increases appear much earlier in expenditures. For the Group, the main risk is not inflation itself, but changes in minimum wages. In most foreign customer contracts, the Company has the option to automatically index prices based on changes in minimum wages. However, many Hungarian customers operate with low added value, making even inflation-level price increases unacceptable for them.

Fortunately, global inflation decreased in 2025, reducing this risk. The Group's financing is secured through fixed, low-interest bonds, and the share of variable-rate instruments — and thus the impact of potential interest rate changes — is not significant.

- **Russia–Ukraine Conflict:** Due to the Group's service areas and procurement sources, it is not directly exposed to the impacts of the conflict. The Group has been able to meet its contractual obligations regarding materials, workforce, and technology. So far, the conflict has not disrupted operations, and management does not expect any significant disruptions going forward, although the potential risk continues to be closely monitored.

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

In 2023, B+N Zrt. bought out its two co-owners — Valton Zrt. and Civil Zrt. — from Airport Services Zrt. (AS), thereby becoming its sole owner. In 2024, B+N signed an agreement with Menzies Aviation, the world's largest ground handling group. Under the agreement, AS will acquire a 35% stake in Menzies' Hungarian subsidiary in exchange for transferring its ground handling business to the joint venture.

Following a lengthy review, the transaction was approved by the Hungarian Competition Authority (GVH), and the merger of the two operations is expected to be completed by September 30, 2025. The

AS entity, which will become inactive as a result of the transaction, is expected to merge into B+N Zrt. in 2026. Going forward, the B+N Group does not intend to actively engage in this business area, aiming instead to focus more on its core activities.

Continuing its acquisition strategy of recent years, the Group remains on the lookout for foreign acquisition targets. The main focus is on companies in existing countries of operation that can contribute to profitability and market share through synergies. A key target region for acquisitions is the DACH region.

Due to the Group's international expansion, the management team responsible for international operations has been strengthened.

In 2025, B+N will establish the legal and organizational structure needed to support group-level governance and regulatory functions. As part of this restructuring, B+N Magyarország Kft. will be created on October 1, 2025 through a spin-off from B+N Referencia Zrt., and will take over all Hungarian business operations. B+N Referencia Zrt. will focus exclusively on group-level management and holding activities in the future.

### **Results and prospects achieved in the reporting period**

In recent years, the B+N Group's strengthened sales team has achieved significant success across all companies within the Group. It has won several major, partly international tenders, such as JTI in Romania, which will increase the Romanian company's revenue by 40%, as well as contracts with the Office of the Prime Minister of Italy for catering services, the CCC retail chain, BMW, Santander Bank, Bosch plants, and others.

Operating in nine countries, the B+N Group has now become an indispensable partner in the region, capable of delivering comprehensive, one-stop services even to clients that were previously out of reach.

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

EBITDA: shows earnings before interest, taxes, depreciation and amortization. The Group's EBITDA as of June 30, 2025 amounted to EUR 33 million, which is significantly higher than the figure for the same period in 2024.

Management continuously monitors the achieved returns, which include operating profit, profit before tax, and the performance of indicators related to financial obligations. In addition, management keeps track of the registered capital to equity ratio of each Group member to ensure compliance with the levels required by the laws of the respective countries.

The equity-to-total-capital ratio is a key indicator for the Group, as it is also measured under the financing covenants, and therefore receives particular attention.

#### **Event occurring after the balance sheet date**

Following the approval of the Hungarian Tax Authority (NAV), the B+N Magyarország Kft. has been officially registered by the Court of Registration, making the spin-off official. The legal conditions for the AS merger have also been fulfilled, thereby removing all obstacles to the closing of the AS–Menzies transaction.

Budapest, 30 September 2025

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Ferenc Kis-Szölgyémi

CEO