UBM Holding Nyrt.

Annual Report

based on International Financial Reporting Standards
(IFRS)

June 30 2023

~231 billion Ft
consolidated revenues
9,5 billion Ft
EBITDA

1,5 million tons
grain and commodity trade

Hungarian ownership
and an international management team

Export to 15 countries 47%
of turnover

Almost **1500 partners**
in Hungary and the export markets

Market leader
Market leader group of companies in feed production and commodity trade in Hungary

436 000 tons
of feed produced,
500 products

Certified
feed efficiency, manufacturing technology and quality assurance

24% average growth rate
between 2020 and 2023

394 full time employees
devoted, almost 2/3 professional workers, avergae age 43 years

More than **27 years**
of experience in providing for the Hungarian animal production sector

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MANAGEMENT COMMENTARY

PRESENTATION OF THE ACTIVITIES AND RESULTS OF THE PERIOD COVERED BY THE ANNUAL REPORT

UBM Holding Nyrt. and its affiliates have experienced a successful business year despite the challenges faced during the year. We have successfully completed the first milestone set in our growth strategy, since we have reached the goals set for both revenues and EBITDA, reaching once again historic highs for both indices. We have achieved these results in a challenging market, a turbulent macro-environment that had direct influence on the performance of our Group of companies.

The business year for our company spans the period between July 1st 2022 and June 30th 2023, corresponding to the seasonality of crop production, which fundamentally determines the Group's activities. Grains and sunflower are harvested and stored during the second half of the year, so the increase in stocks bought in and stored can be tracked seasonally and can be separated from the previous and the coming years.

The consolidated total annual turnover for UBM Holding Nyrt. in the closed business year was 231.6 billion HUF, which exceeds the revenues for the previous business year by 17.8%. This increase was in part due to increased raw material prices in the first half of the business year until December 2022, but the feed mill in Slovakia also contributed greatly to the increase, which had been renewed during 2022 and started producing in the beginning of the year 2023. During the second half of the business year, between January and June 2023, raw material prices started to drop drastically and continuously, which posed a major challenge to companies with planned production, such as UBM. Since production had to use the previously purchased, higher priced stocks bought to ensure continuous production, the reduction in the price of raw materials could only be applied to the price of finished feeds with a delay, and in some cases products could only be sold at a loss. This is reflected in the earnings before tax falling short of the business plan, a phenomenon affecting not only UBM, but the whole sector, and more widely speaking, all manufacturing companies whose procurement strategy includes stockholding.

Two factors determining results and EBITDA must be highlighted: interest rates environment and the effect of credit rates on profitability. The average 1 month BUBOR rate during the 2021/22 business year was 3.76%. This rate increased to 15.15% for the 2022/23 business year, with already 7.81% at the start of the business year and a peak BUBOR rate of 17.21% in April 2023. It can therefore be concluded that a company operating on market bank loans could only finance itself at a level of almost 20%, which is not sustainable in the long term. Even though credit rates started to decrease for the rest of the year due to the decrease of inflation and benchmark interest rates, the current rate is still considered to be extremely high.

MFB Invest Zrt. managed by Hiventures Venture Capital Fund Management Zrt. has performed a capital increase of 5 billion HUF in UBM Holding Nyrt. during the 2021/22 business year. The funds thus received by the Group on the capital side were used to increase the capital of foreign affiliates, strengthening their capital structure.

UBM Group has managed to incorporate the costs of financing into its prices by providing feed, grains, commodities and other services of outstanding quality to their partners, realising a historic high EBITDA, higher than expected.

The export turnover rate was slightly lower than in the previous year at 47%, which can be explained by lower inflation rates and the lower interest rate environment for prices in the neighbouring countries in comparison to Hungary. Nevertheless the Group is committed to pursuing a strategic expansion, which hopefully will mean completed acquisitions in the target countries during the next business year.

The Group has opened its newest trade office in Italy following the end of the business year on July 10th 2023, which will also contribute to the increase in export sales from 2024.

A substantial contamination of hydrocarbon origin has been discovered on the premises of UBM Feed Zrt., an affiliate of UBM Holding Nyrt. at 2851 Környe, Tópart utca 1. in the Környe Industrial Park. Preliminary investigations revealed that there are now unused tanks under the ground and these tanks or the connecting pipes are most probably the source of the contamination, which also affects other areas next to our premises in the Környe Industrial Park. UBM Group has not performed any activities on the premises either before or after acquiring it that could lead to such contamination; until the discovery of the contamination we didn't even know about the underground tanks. The exact extent of the contamination is currently under evaluation in close cooperation with the Department of Environmental protection and nature conservation of the Government Office of the county Komárom-Esztergom.

UBM Group has always put focus on employee retention and continuous training through various employee incentive schemes. The human resources policy of the Group is based on the following:

- investment in the training of employees;
- increasing employee commitment;
- providing employees opportunities to give feedback;
- vocational traineeship programme;
- forum for young employees;
- contractual rights to teleworking, possibility to work from home;
- special attention to older employees;
- operating realistic evaluation systems.

The result of various family friendly and employee wellbeing measures UBM has implemented can be seen as employees are becoming more committed and loyal towards their workplace. This is also reflected in the low fluctuation rate of the Group (fluctuation was 15.49% at the Group level for the past business year, of which only 8.1% was voluntary). Average employment time at our company is 6 years. Almost half of the employees (49.8%) have been working for the company for more than 5 years, and almost 1 in 5 colleagues (18%) has been employed for more than 10 years. 5.22% of the employees have been working at UBM for more than 20 years. These data demonstrate that a large proportion of our employees have been loyal to the Group for many years and that UBM's corporate culture, its attitude towards the employees and the family friendly approach have a great employee-retention power.

Our family friendly approach has been put to the test during tenders and audits. Within the framework of these we have been awarded a GOLDEN certification as Responsible Employers (2023) and the title "Family-friendly Company of the Year 2022".

We also pay special attention to sustainability goals defined by stakeholders within and outside our Group. Along with this Annual Report we are also publishing our first ESG Report, providing an assessment of our Group based on sustainability aspects and indicators, while also providing our commitments for the coming years. We shall publish our first ESG evaluation in Q4 of 2023 and a standardized (GRI) report shall be published at the end of the new business year, in the second half of 2024.

The Group has achieved substantial and practical results in Research and Development within the Feed division:

- UBM is the first feed company in the world to receive the Palm Oil Free Certification Accreditation Programme certification mark. We have received the Grand Prize of the "Hungarian Livestock Breeding Product Award 2023" for our research work.
- Our research project titled "A new approach diagnostic method and msb-met measuring system to monitor physiological changes in reproduction caused by feed additives in livestock breeding" has received 1st prize of the "Hungarian Livestock Breeding Product Award 2023".
- we have developed and marketed a new piglet feed range manufactured in Hungary.
- we have developed a freeze-dried probiotic based on rumen fluid to increase production efficiency in meat breeds of ruminants and to promote antibiotic-free production.
- we have developed a new feed range for meat ducks, with the specific aim to reduce the effects of heat stress.
- we have developed poultry feeds without added inorganic phosphate compounds in order to reduce the environmental load.
- we have organized trials to assess the use of alternative proteins in feed of production animals.
- we have studied the role of insect proteins as potential feed raw materials.

- the implementation of bacteriophages in the animal product supply chain to promote the safety of food production.
- formulating feed for production animals to optimize carbon-footprint.

Based on the results achieved in the completed business year, the market position of UBM Holding Nyrt. and its affiliates is stable, UBM is an indispensable player in Hungarian agriculture and the number one feed producer. It is our strategic aim to realize the growth potential based on our regional presence: following the start of operations in the feed mill in Hernádcsány (Slovakia) that was modernized in 2022, we are looking for further opportunities to strengthen our market position in the neighbouring countries. On the medium term we would like to achieve an annual feed production of 1 million tonnes.

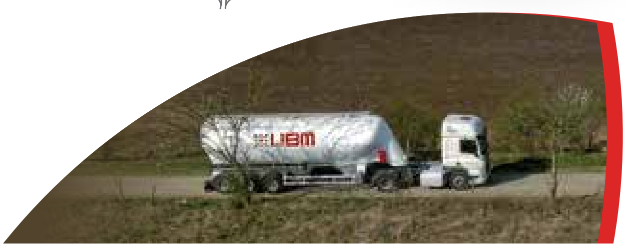
The management of UBM Holding Nyrt. is optimistic regarding the stability and profitability of the company and its affiliates despite the continuous market, financial and other challenges they face. We hope our present and potential future investors share our view of the company's situation and this will be reflected in an increase in shareholders.

GENERAL INTRODUCTION OF UBM HOLDING NYRT. AND INTRODUCTION OF OUR SITES

Activities of the UBM Group

UBM Holding Nyrt. was established in 1996 and is one of the major commodity traders in Hungary with a volume of 1.5 million tons. UBM Holding Nyrt. also has feed production capacities of 436,000 tons, making the Group the market leader in the feed manufacturing sector. Our Group of companies manufactures and sells feed, feed additives and premixes. Feed transport specialised for each animal species and technical support ensure a solid background for our partners.

Feed manufacturing is our main profile with production sites in Hungary (Szeleste, Környe, Szentes, Mátészalka), Romania (Kerelőszentpál) and Slovakia (Hernádcsány). Our plants operate efficiently due to the applied technologies and the size of the facilities. Another important segment is the trade of commodities, the buying-in and sale of grains, oilseeds and protein crops on both the domestic market and the Central European market, from the Black Sea to Italy. We have trade offices in Bucharest, Belgrade, Pilisvörösvár, Milan and Linz.



UBM Group - Export countries

The Group has grown dynamically since its establishment in 1996, with an expansion of activities both geographically and in complexity, as shown in this historical timeline:

Company history - reliable, stable background

2000
Sales of feed additives
for production animals

2008
Acquisition of the feed mill in Környe
20,000 ton capacity

2012
Start of operations at the Soypreme® plant in Környe
Production of unique full-fat soy products

1996
Estbalishment of Merchants Kft.
Focusing on soy trade

1997
Start of commodity trade
almost 900,000 tons of grains sold

2004
Launching the feed business unit
500 feed products marketed

2010
Starting the production of Naptáp
Special extracted sunflower meal

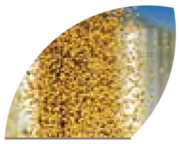
2012
Start-up of the MA-KA feed plant in Szentes
The most modern feed mixing plant in our country

2012-2015
Acquisition and renewing of the feed mill in Szeleste
130,000-ton capacity, fully utilised

2017
Opening the commodity trade office in Bucharest
The first step on the Romanian market

2018
Agromix feed mill
Acquiring ownership in the company in Mátészalka

2019
Opening the Serbian commodity trade office in Belgrade
Strengthening regional trade



2021
Establishing a Serbian feed trading company in Belgrade
Building markets for further expansion

2016
Start of manufacturing at the new premix plant in Környe
We have become key players on the premix market

2018
Acquisition of the feed mill in Hernádcsány (Čaňa), Slovakia
100,000 ton capacity

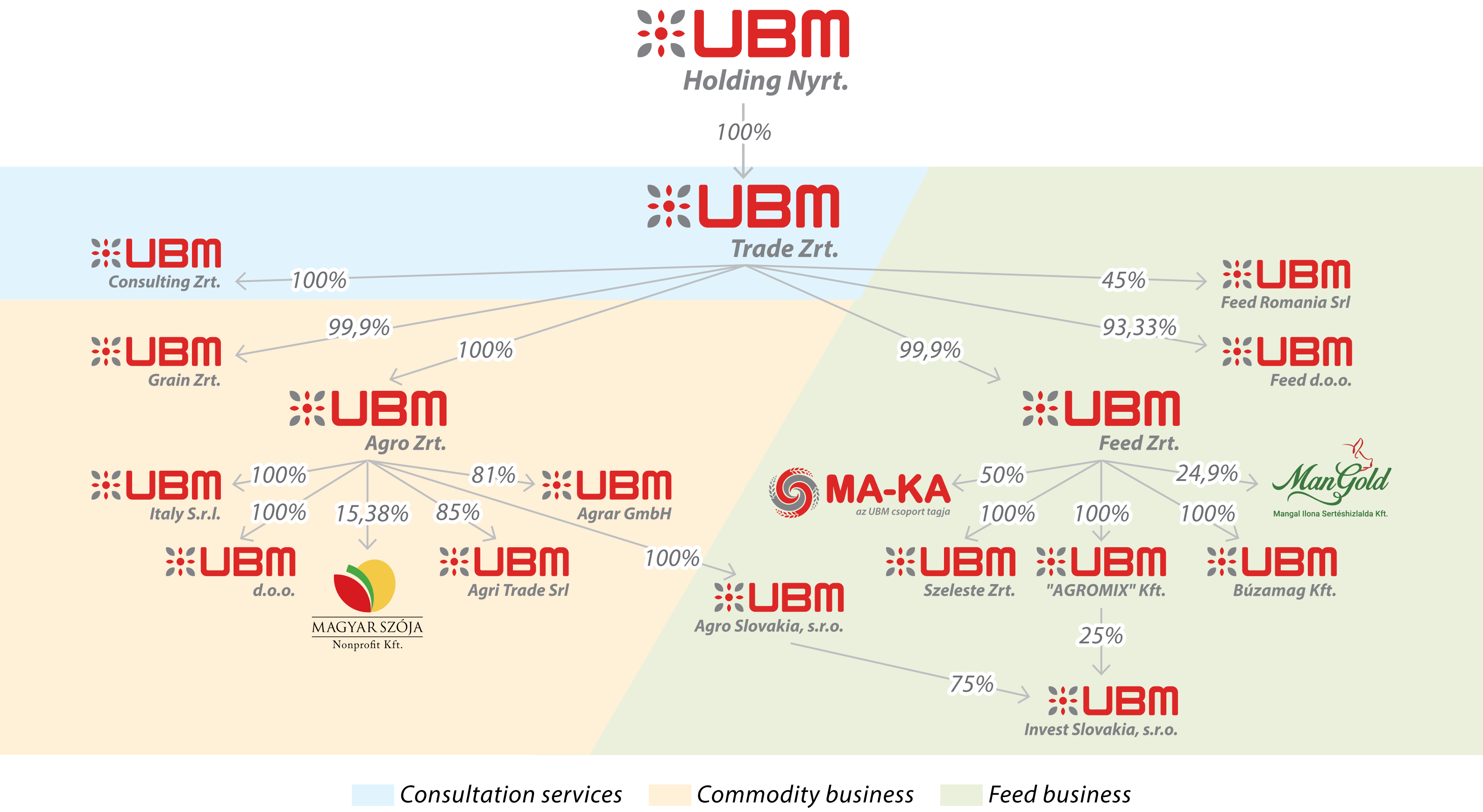
2019
Opening the nem plant in Kerelőszentpál (Sânpaul), Romania
The largest independent plant in the region

2020
Starting an Austrian grain trading office in Linz
Opening new market

2022
Reconstruction of the feed mills in Hernádcsány and Szeleste
Investments to fulfill future needs in capacity

The widespread domestic and international activities of the company require the integration of 16 companies in the two main fields of activity.

An overview of the companies in the UBM Group



The establishment of UBM Italy and the purchase of shares in Mangal Ilona Kft. took place after the balance sheet date.

Leading companies according to business units

UBM Grain Zrt. (commodity): Main field of activity: trade of grains and oilseeds. The grain trade activities of UBM Grain Zrt. have merged with the protein trade activities of UBM Agro Zrt. as part of a long term legal restructuring plan.

UBM Feed Zrt. (feed manufacturing): Within the UBM Group UBM Feed Zrt. - along with others - represents the feed business unit. Its market activities include the manufacturing of feed, concentrates, premixes and feed additives as well as the trade of feedstuffs, feed additives and concentrates.

Other companies supporting the main activity

UBM Feed Zrt.: It provides back office services within the Group but is also the owner of the UBM brand and of the licence of the Group's integrated enterprise resourcing system (IFS), while also providing management services.

UBM Consulting Zrt.: Provides administrative services.

Business activities in other affiliates

UBM Agro Zrt.

UBM Feed Zrt.: Main profile: soybean wholesale and commodity trade, on both domestic and international markets.

- The company gained full ownership of UBM Agro Slovakia s.r.o. in 2018, which had acquired the feed mill with an annual production capacity of 30,000 tons in Hernádcsány in 2018. The long term strategic plan is to merge this unit into the Feed business unit because of its profile. After the renewal of the plant, its annual production capacity has increased to 84,000 tons and it is currently operating at almost full capacity.
- The foreign based commodity trade companies UBM Agrar GmbH (AT), UBM Agri Trade Srl (RO) and UBM d.o.o. (SRB) also belong to this legal entity.
- UBM Agro has transferred its protein crop (mainly soy bean meal) wholesale activities within the Group to UBM Grain Zrt. in the 2023 business year.

UBM Agro Slovakia, s.r.o.

UBM Agro Slovakia s.r.o.: This affiliate of UBM Agro Zrt. provides representation of the Group for activities within the profile of the Group in Slovakia. This company is the owner of the feed mill in Hernádcsány, Slovakia. The company has a 75% ownership of UBM Invest Slovakia s.r.o. (the remaining 25% belongs to "AGROMIX" Kft. , also a member of the Group), the company that owns and operates the equipment in the feed mill in Hernádcsány.

UBM Agri Trade Srl

UBM Agri Trade Srl: Trade of soy and cereals in Romania.

UBM d.o.o.

UBM d.o.o.: A trade office located in Belgrade, active in the trade of cereals and soy beans, also supporting the presence of the Group in Serbia.

UBM Feed d.o.o.

UBM Feed d.o.o: Another trade office located in Belgrade, a UBM Group company specialising in the sale of commodities and premixes in Serbia.

UBM Agrar GmbH

UBM Agrar GmbH: Provides representation of the Group for activities within the profile of the UBM Group and supports sales in Austria.

UBM Búzamag Kft.

Búzamag Kft.: Main profile: manufacturing pet food and medicated feed.

UBM Szeleste Zrt.

UBM Szeleste Zrt.: This feed mill in Szeleste with a capacity of 140,000 tons has been fully rebuilt in 2015 and is owned by the company. Annual capacity increased to 200,000 tons after the reconstruction.

UBM "AGROMIX" Kft.

"AGROMIX" Kft.: This feed mill in Mátészalka with a capacity of 70,000 tons has been acquired by the company in 2019.

Activities in jointly controlled entities and associates

MA-KA az UBM csoport tagja

MA-KA Kft.: A company jointly owned with Családi Négyes Kft., owns a 200,000 ton feed mill in Szentes.

UBM Feed Romania Srl

UBM Feed Romania Srl: Investor and operator of the feed manufacturing plant in the county of Maros, in Kerelőszentpál.

Changes in company structure between July 1st 2022 and June 30th 2023

UBM Invest Furaje Srl: The 50% share in this company originally established to represent UBM Group in Romania and to support sales was sold in July 2022. This company didn't engage in business activities anymore during the previous year.

Naptáp Kft.: The company jointly owned with ÁRPÁD-AGRÁR Zrt. was sold in May 2023, it originally manufactured an alternative protein source from dehulled and protein enriched sunflower seeds in its plant in Szentes, but didn't engage in business activities anymore during the previous year.

Introduction of our establishments

The following production sites belong to UBM Group:

Address	Activity
2851 Környe, Tópart utca 1.	**Feed mill, premix plant and Soypreme plant in Környe**
9622 Szeleste, Kossuth Lajos u. 24/B	**Feed mill in Szeleste**
4700 Mátészalka , Meggyesi út 0119/24	**Feed mill in Mátészalka**
044 14 Čaňa, Železničná 2., Slovakia	**Feed mill in Hernádcsány**
547550 SAT SANPAUL COM. SANPAUL, NR.6/A, Romania	**Feed mill in Kerelőszentpál**
6600 Szentes Bese László utca 5-7	**Feed mill in Szentes**
2073 Tök, 036/31	**Feed mill in Tök**

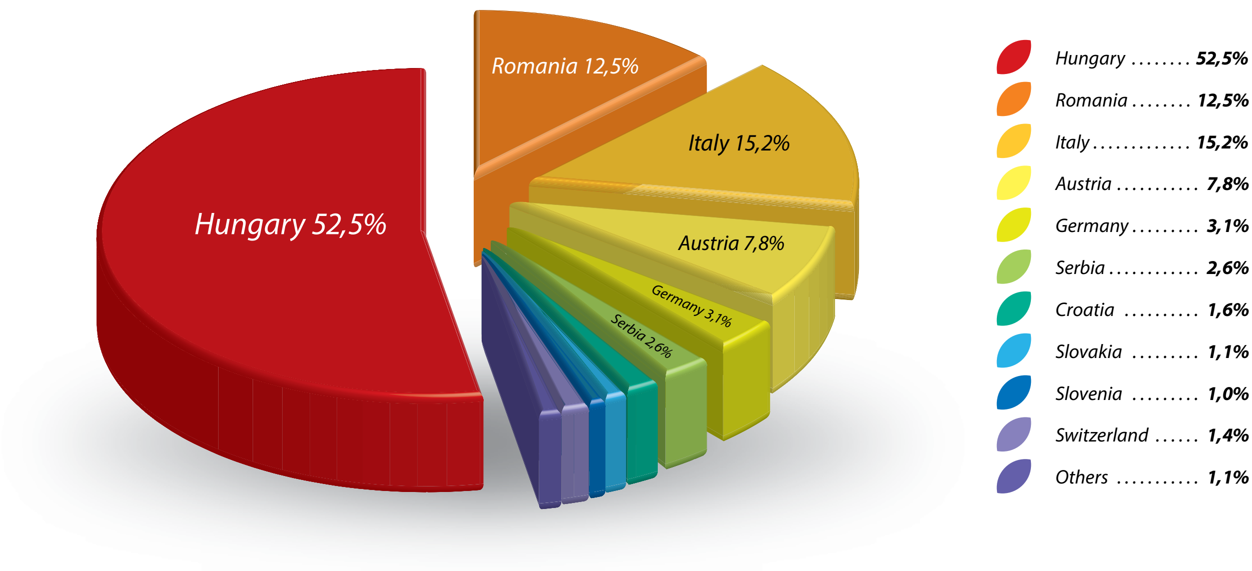
The trade activities of UBM Group are managed from the following offices

Address	Activity
2085 Pilisvörösvár, Kisvasút utca 1.	**Hungarian commercial centre and back-office**
014126 - Bucuresti, 1st district, 4th Tablitei street, Floor 1-2, Romania	**Romanian trade office and back-office**
4020 Linz, Bismarckstrasse 02, Austria	**Austrian trade office**
11070 NOVI BEOGRAD, Bulevar Mihaila Pupina 10I/223, Serbia	**Serbian trade office**

MARKET ENVIRONMENT

The activities of the UBM Group and the market environment are shown in the following figure:

The Hungarian market continues to represent about half (53%) of the company's consolidated turnover, with export activities accounting for the other half (47%). Our main markets are countries within our region (18,8%) and West Europe (27,5%).

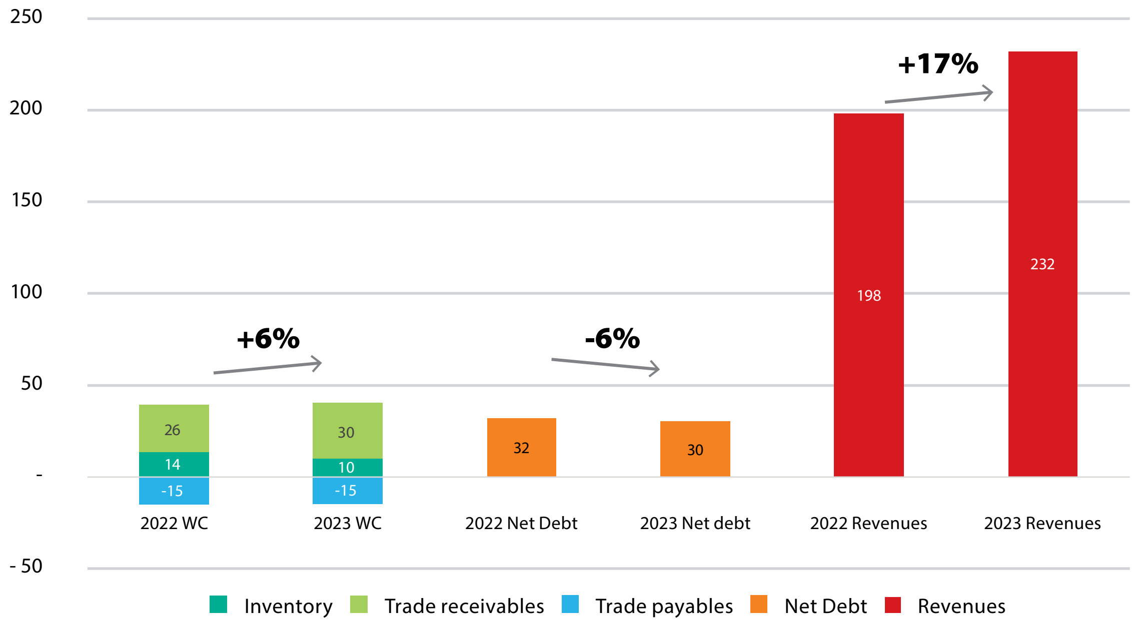


The market trend continues and traditional crops are considered as industrial raw materials rather than food raw materials. We have developed bio-ethanol, starch and isosugar capacities to such an extent that they have become decisive factors on both domestic and international markets and are important price driving factors. UBM commodity sells predominantly to traditional partners in agriculture, sales to the industrial sector represented 15% of the volume in Hungary and was insignificant in the neighbouring countries.

Logistics routes stabilised following the first shock after the start of the Ukrainian-Russian conflict, Ukrainian import represents a significant proportion of UBM Group's commodity trade in Hungary and Romania. Ukrainian import represents almost 25% on the Hungarian market, while it is even more important on the Romanian market with a share of 43%. Business activities with Ukrainian suppliers have continued seamlessly during the 2023 business year.

UBM Group was greatly affected by the drastic increase in financing costs in the given year. Parallel to this input cost also increased significantly, increasing the financial needs of the Group to historical highs. Working capital needs could be efficiently lowered by both the commodity and the feed business units: selective selling strategies were used in the commodity trade to decrease volumes, while the feed business unit applied strict stock management to lower the need for financing.

Change in Working Capital, Net Debt and Revenues



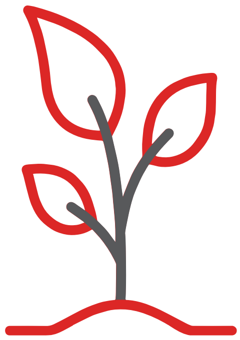
The 2023 business year will be remembered as a peculiar one: our grain commodities were subject to export restrictions in the first half of the business year with import restrictions implemented for commodities coming from the Ukraine starting in April 2023, just as export restrictions were lifted (January 2023). Export restrictions were mainly administrative in nature, with no effect on our trading, and neither did the import restrictions affect the prices or the trade volumes on the Hungarian and the regional markets.

The trend of shifting animal production capacities to Central and Eastern Europe has been ongoing for the past few years. German, Dutch, Danish and Belgian farmers are giving up animal farming because of environmental and political pressure - and funding, while new investments and increases in production capacities are the trend in Central-Eastern European countries, such as Hungary, Romania and Serbia, among others. This trend creates favourable conditions for UBM, which is aiming for regional presence and regional operations as part of its strategy. The expansion results in an increasing number of good partners who can afford feed produced at a high technical level. This can greatly support the expansion of UBM Group's activities.

The price volatility of agricultural products has been even greater in the reported period than usual, which resulted in higher profitability for the grain and protein trade activities of the UBM Group. Another effect of volatility and market uncertainty is that long term, stable partnerships in feed supply become of particular value. Consolidation and the abrupt decrease of input raw material prices between January and June 2023 have challenged all manufacturing companies because of the revaluation of their stocks required for production. Nevertheless, lower prices will have a favourable effect on price margins in animal production and the lower working capital requirement may provide room for new investments in the case of the predicted interest rate drop.

COMPANY GOALS AND STRATEGY

UBM Group announced its three-year strategy with the title "Tuned for growth - 2025" in March 2023. The main goals are summarized in the following figure:



1. **1 million ton** of feed produced anually
2. **2 million tons** in commodity trade volume
3. **Expansion in Central and Eastern Europe** with acquisitions and investments
4. **Widening the scope of operations** by evaluating entry into livestock breeding
5. **Opening new trade offices** in Eastern and Western Europe

Annual feed production: 1 million ton

Our group of companies is the largest producer in Hungary in terms of production capacity and volume of produced feed, and we achieved this without being members in vertical integrations. We aim to achieve the strategic goal with high quality feed, continuous innovation, highly qualified consultants and other services related to feed production, such as providing laboratory background, in conjunction with planned acquisitions in Central and Eastern Europe. Beside this, it is equally important to create strategic partnerships with suppliers and customers that can provide further benefits and stability for the partners involved. The fully consolidated affiliates have a production capacity of 436,000 tons, and if we count the capacity of the jointly managed MA-KA Kft. (170,000 tons) and the associated UBM Feed Romania Srl. (117,000 tons), it adds up to a 723,000 ton production capacity in the given year. We plan to reach our goal of producing 1 million ton of feed by taking these production capacities into account.

Annual commodity trade volume: 2 million tons

The structure of the regional commodity trade, which is related to feed production will be developed through our offices in Romania, Serbia and Austria. Regional commercial activities are strongly related to regional feed manufacturing activities. This provides an input opportunity to secure raw material supply for production, and also provides better means, geographically speaking, to pursue trade in line with the characteristics of local markets. Characteristics such as weather conditions, expected crop yields and stocks, price movements of the foreign currency on the given market, available logistics, etc., all factors that can be used to generate profits for trade. This is why it is important to create and operate regional branches of the trading divisions.

Expansion in the feed segment in Central and Eastern Europe

Increasing regional presence is the most important goal of our company, we see this as a resource that supports long-term efficient operations and further growth. The previously described market trend of shifting the focus of animal production from Western Europe to Central and Eastern Europe provides a good basis for this. We have to take into account however, that the risks associated with foreign green or brown field investments are significantly greater than previously planned, so we have to consider the use of other instruments to achieve our goals, such as acquisitions or establishment of joint ventures. Our most important target markets are Romania and Serbia, where UBM is already present with its feed manufacturing and feed export activities.

Widening the scope of operations

UBM can widen the scope of its activities both "downwards" (production of input material) and "upwards" (animal production, food sector). Taking into account how fragmented animal production and more specifically the swine sector is, and considering that it is relatively underdeveloped technologically, our strategical aim is to build a significant animal production potential to increase the efficiency and the quality of output in this sector. Beside increasing volumes, we aim to achieve intensive development with regards to our partners in livestock breeding and UBM capacities, supported by major IT investments.

Opening further trade offices

There is great potential in expanding the commodity network of the UBM Group by connecting traditional production platforms in Central and Eastern Europe with the import demands in Western Europe. This was the reason why we opened the office of UBM Italy in Milan in 2023, as it could be able to acquire 2% to 3% of the Italian import market within 3 years. We are currently examining the possibilities of fitting other Central and Eastern European countries into our network.

The pillars of our growth strategy:

- the trend in animal production and feed production to shift activities through Hungary to Central and Eastern Europe, facilitated by an overregulated economic environment. UBM can play a role in controlling this process, this transformation, exploiting further opportunities for growth;
- The development of intensive animal production is expected in Romania, Serbia and Bulgaria in the next 5 to 15 years, with a decreasing number of backyard farms, a process we can support with the production of high quality feeds, making it an area of focus for us;
- UBM is one of the leaders in terms of feed, feed additives and production technologies in Europe, a role we want to take to and represent in other countries as well;
- it is our aim to further expand trade activities by opening new offices in both Eastern and Western Europe by 2025 and to be able to serve all markets within a 2000 km radius of Hungary.

Research and development is the driving factor determining the efficiency of our products, and it is a part of client expectations enabling them to increase performance, and this makes it the key to our success in business. Our laboratory that is available to our partners conducts 17,000 test every year, providing an opportunity to promote professional knowledge and data awareness in clients. Our network of consultants play a key role in the animal production supply chain, in monitoring feed conversion rates and animal welfare. We have established strategic partnerships with both Hungarian and foreign universities and research institutes in order to incorporate the newest advances and technologies into our feed manufacturing practices.

Sustainability

UBM Group is committed to increasing sustainability, improving feed conversion (freeing up arable land to other uses) and increasing environmentally conscious performance. Preparing the ESG report focusing on sustainability aspects and compliance with sustainability criteria is already incorporated into our activities, the first ESG report for the business year 2023 will be published along with the Annual Report.

The activities of UBM Group are managed in an integrated way from professional, operational and management aspects, which means that the enforcement of ESG criteria, accountability and reporting are also applied to the group of companies as a whole.

SEGMENT INFORMATION FEED MANUFACTURING

Sales data regarding the feed segment:

CONSOLIDATED (tons)	2022-2023	2021-2022	Change
Total	435,831	434,838	0%
compound feed	324,111	318,733	2%
premix	13,157	12,618	4%
soypreme	16,221	16,349	-1%
sale of feed raw materials	82,342	87,138	-6%

Profit and loss for the Feed segment in the given period:

CONSOLIDATED (thousand HUF)	2022-2023	2021-2022	Change
Sales revenue	92,518,010	75,142,876	23%
Cost of goods sold and material expenditures	(84,712,810)	(69,145,037)	23%
Profit before tax	(400,494)	1,998,696	-120%

Major fundamentals affecting the commercial and production performance of the Feed segment in the closed business year:

- The competitiveness of small feed mills (output 20,000–40,000 tons/year) continues to decrease, consolidation of players is continuous. Because of current raw material prices, technological disadvantages and increasing cost of skilled labour, no changes are expected in the process of market concentration.
- The new, 400,000 ton capacity feed mill in North-Eastern Hungary is a major new player, the significance of which can be estimated when compared to the capacity of the whole feed market (3.5 million tons per year). This feed mill serves the requirements of the agricultural integration belonging to the investor, the growth of which is currently using all available capacities, but we are expecting this to change, we are expecting to have inquiries from partners outside of the integration in the future.
- The price of finished compound feeds did not decrease as rapidly in the period between January and June 2023 as it would have been expected based on the decrease in commodity prices, because feed mills and milling companies use stocks for production and this causes a delay, the cheaper stocks will appear at a later time in the finished products.
- Energy markets have calmed down, which resulted in a significant decrease of energy costs per ton of finished product compared to the previous year. UBM Group purchases electricity and gas for production through long-term service contracts, the cost of which is covered by hedging or prices negotiated annually.
- The profitability of the swine sector has improved with the winter trend change in feed prices in 2022, providing outstanding profitability from Q2 of 2023 for producers operating at a high technological level.
- Because of farms being closed down in Western Europe, the focus of swine fattening has shifted to Eastern Europe, which is clearly demonstrated by investments (developments in slaughterhouses, new sow farms).
- There is continuous demand for broiler feeds, the demand is growing dynamically each year. Water fowl have been affected by avian influenza, with two outbreaks in Hungary during this season.
- There is also continuous demand for our products for ruminants, the players could enforce their increased production costs through higher milk prices and higher meat prices, a trend which changed in Q2 of 2023 and led to a decrease in profitability.

SEGMENT INFORMATION COMMODITY TRADE

Consolidated volumes for the commodity segment for the reporting period are stated below, for information purposes we also provided the 12-month data for the given year and the previous year.

CONSOLIDATED (tons)	2022-2023	2021-2022	Change
grains	825,028	964,330	-14%
Wheat	277,455	349,342	-21%
Corn	281,361	320,548	-12%
Barley	66,980	84,743	-21%
Others	199,232	209,697	-5%
Protein sources	198,386	264,984	-25%
Soy bean meal	162,258	229,761	-29%
Soy bean	36,126	35,223	3%

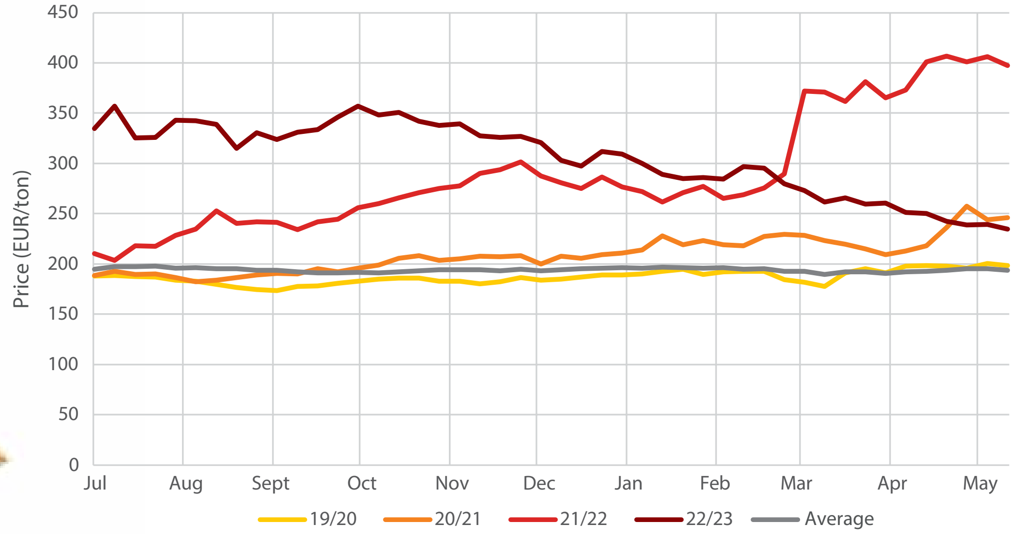
Profit and loss for the Commodity segment:

CONSOLIDATED (thousand HUF)	2022-2023	2021-2022	Change
Sales revenue	165,325,887	124,397,386	+33%
Cost of goods sold and material expenditures	(157,857,391)	(120,139,399)	+31%
Profit before tax	2,274,703	1,844,094	+23%

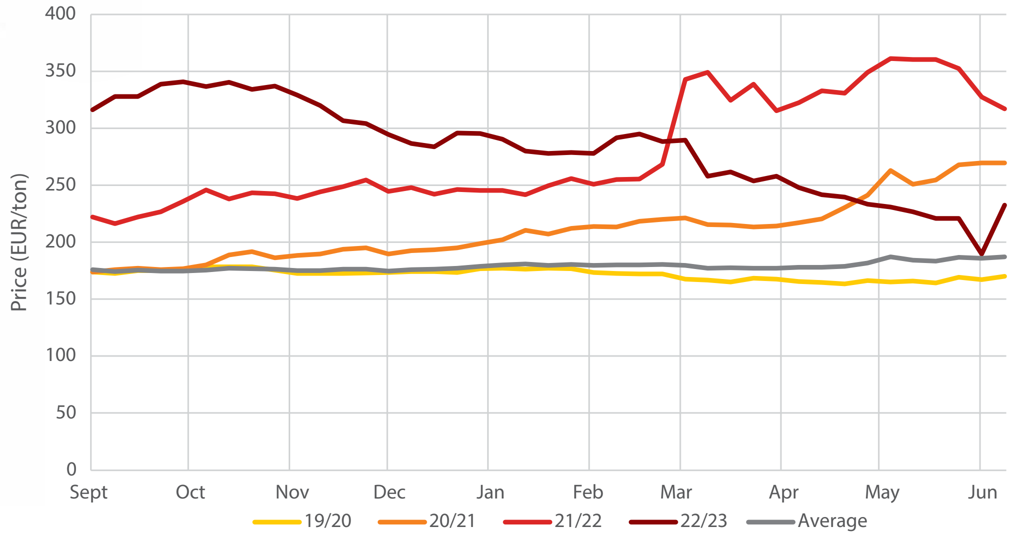
UBM Group has faced the following fundamentals in the commodity segment markets during the 2023 business year:

- demand:
  - Because of the drought the amount of wheat and corn harvested in the EU and Hungary remained below the average. Because of the tragic corn harvest, Hungary had to import corn: 1.2 to 1.5 million tons were imported from Ukraine and the neighbouring countries in the region to cover demand.
  - The appearance of quality problems (aflatoxins) was the major issue in our region in the past business year. UBM's experience showed that this was not an issue for the Ukrainian import, most of which originated from previous transitional stocks, that had been harvested under better climatic conditions in the previous years and contained no toxins at all.
  - Because of the rapid changes in supply and demand - mainly caused by regulatory changes - and despite the poor harvest, Hungary had unusually high transitional stocks at the time of the closure of the grain market in June 2023, which is keeping markets under pressure for the beginning of the next business year.

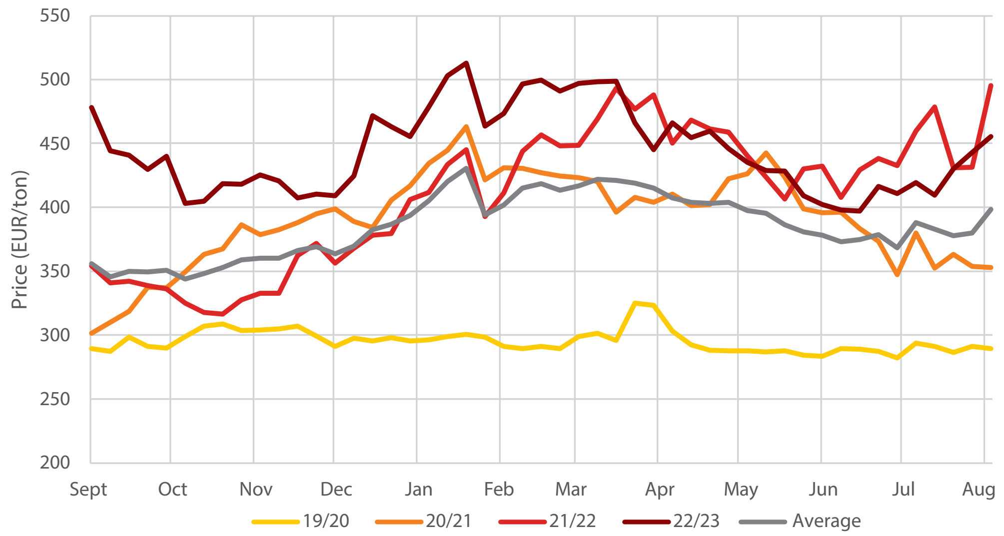
Seasonal changes in wheat prices



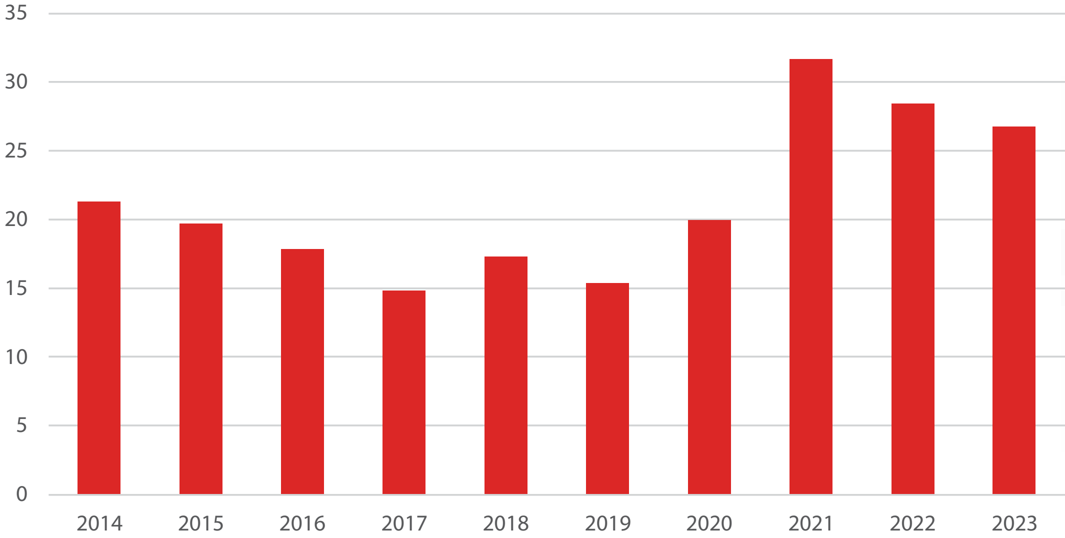
Seasonal changes in corn prices



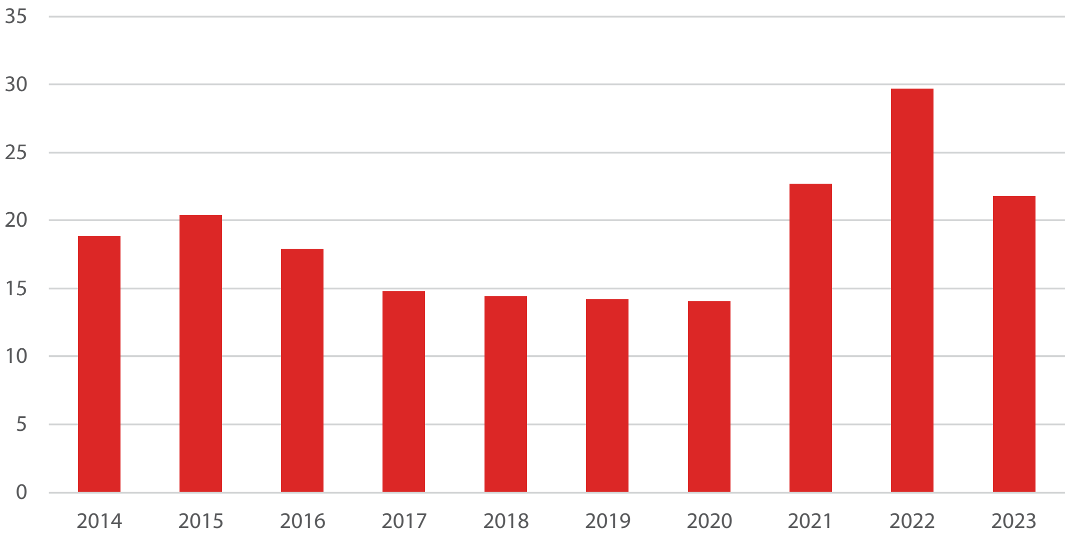
Seasonal changes in soy bean meal prices



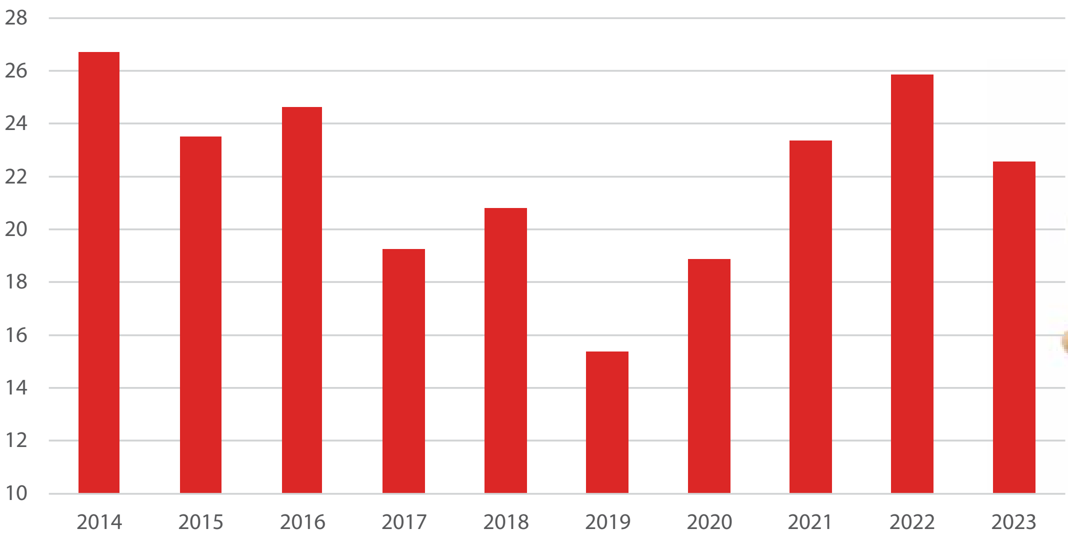
Average volatility of wheat prices per year (%)



Average volatility of corn prices per year (%)



Average volatility of soy bean meal prices per year (%)



  - Only 2.4 million tons of corn was harvested this year because of the drought, which is way below the average of 6 to 7 million tons, while wheat yield was average.
  - Soy bean meal is the major protein source and is imported mainly from South America. The Ukrainian war did not affect these type of products significantly.

- demand:
  - The industrial use of food crops has increased in the past few years, Hungary is no exception from this trend. The trend has continued in the given year. All industrial users have decreased demand because of the high prices, stocks were kept at the lowest possible levels. Purchases were performed mainly short-term and in low volumes, which is not surprising on the demand side, given the environment where prices are decreasing rapidly. High input prices, high prices of finished products and an unusually high inflation environment all contributed to a decrease in consumption - companies using industrial raw materials decreased their production by 10-20%.
  - The "corridor" agreement had a calming effect on the prices, Mediterranean countries were able to purchase corn across the Black Sea and the wheat, corn and barley prices continued the decrease that started in October 2023.
  - The appearance of avian influenza led to a slight decrease in the demand for both protein sources and grains.
  - EUR/HUF and USD/HUF foreign currency exchange rates are important elements in Hungarian market making. The significant weakening of the exchange rate in Q1 and the subsequent strengthening caused by the intervention of the central bank resulted in high volatility in trade.

INVESTMENTS IN THE GIVEN PERIOD

UBM Group has performed the following investments during the given period:

Investment at the feed mill in Szeleste

The total amount of investment in the new swine feed production line at the Szeleste site was 1,232 million HUF, with constructions completed by November 2022. This new investment will be capable of fully satisfying the needs of our current partners in swine production. The new production line makes it possible for us to separate the production of swine feed from the production of feed for other animal species and parallel production increases both the capacity and the efficiency of the plant. The planned increase in capacity is 60,000 tons/year, this will allow the Szeleste plant to work at an annual capacity of 200,000 tons.

Renewal of the Hernádcsány plant

Total investment in Hernádcsány: 5.9 million EUR, reconstruction was completed in September 2022. Investment in the Hernádcsány plant reflects the strategy of the Group for Northern Hungary, the plants in Mátészalka and Hernádcsány are managed jointly and produce for the same market. The investment increased the capacity of the plant from the current 30,000 tons to 88,000 tons, and its profile will be expanded from the traditional broiler, swine and ruminant feeds to also producing specialty products in low volumes that require high quality manufacturing technologies (piglet feed, poultry prestarter).

Acquiring shares in Mangal Ilona Kft.

By acquiring shared ownership in Mangal Ilona Kft. that currently operates a swine integration with an annual output of 150 000 pigs, UBM Group has widened its scope of operations further. UBM wishes to become an active player in the field of animal farming, beside its activities in commodity trade, the manufacture and sales of feed additives, premix production, production of compound feeds and distribution.

Budest logistics centre

The Romanian affiliate of the Group, UBM Agri Trade has purchased a facility with a floor area of 104,000 m2 suitable for storing 30-50,000 tons of agricultural commodities in the town of Budești on June 15. The investment in Budești focuses mainly on the Konstanca market, which is currently the highest liquidity market in the region. This acquisition makes it significantly easier to deliver goods to Konstanca. The investment included the renewal and reconstruction of the railway tracks leading directly from the silos to the port of Konstanca, which optimises shipping costs.

UBM Italy

The newly established affiliate of the Group, UBM Italy S.r.l. is seated in Milan and is planned to trade 80,000 tons of corn, wheat, soy beans, barley as well as sunflower-, rapeseed- and soy bean meal for feed production by the 2023/2024 business year, increasing volumes to 180,000 tons for 2024/2025 business year.

EMPLOYMENT POLICY, EQUAL OPPORTUNITIES AND CSR

a. Workforce structure

a.1. The average statistical number of employees in the companies of the UBM Group was 394 on June 30th 2023. 61.8% of our employees are qualified professionals and 38.2% perform manual labour. The latter group of employees work mainly at the feed production plants of the company.

a.2. Gender statistics: 68.5% of the employees are men and 31.5% are women.

a.3. Average age of employees is 43 years. 5.4% of our employees work part time, 3.2% are pensioners and 1.2% of our workforce are disadvantaged workers.

a.4. UBM believes in long-term cooperation that brings mutual advantages to both parties and thus works exclusively with their own employees.

b. Fluctuation rate, years of service

b.1. Fluctuation rate has increased at the Group level in the business year between 01.07.2022. and 30.06.2022. compared to the previous business year. Fluctuation rate was 11.45% in the previous year and increased to 15.49% in the closed business year, but only 8.1% was voluntary, which can be considered as quite favourable in the current market environment. These numbers show that the Group was able to retain employees despite the challenges on the labour market.

b.2. Fluctuation rates are low since UBM has a tradition of focusing on employee commitment. Almost half of the employees (49.8%) have been working for the company for more than 5 years, and 18% of our colleagues have been employed for more than 10 years. Many investments have been realised and new offices have been opened in the past few years, which have an effect on the years of service statistics. Average employment time at our company is 6 years. These data demonstrate that UBM's corporate culture, its attitude towards the employees and the family friendly approach have a great employee-retention power.

c. Family-friendly measures and awards

UBM traditionally has a strong, family-type corporate culture and we strive to maintain employee loyalty towards our company. We continuously look for solutions that support employees in fulfilling their personal goals while also creating a strong connection towards organizational goals. UBM's management believe in balanced, good partnerships, and employees are also considered as partners in this regard. We put special emphasis on implementing many small measures that increase the well-being of employees.

c.1. UBM Group has been awarded a GOLDEN certification as Responsible Employers in spring 2023, stepping two levels up from the BRONZE certification in 2021.

c.2. We also won the title "Family-friendly Company of the Year 2022" in November 2022. (*https://www.haromkiralyfi.hu/csaladbarat-vallalat*).

c.3. UBM has been awarded the title FAMILY-FRIENDLY PLACE in 2020 and again in 2022. (*https://csalad.hu/vedjegy/dijazottak/2022*).

c.4. It is important for UBM to take the family-friendly approach even further: if a child is born to a colleague they receive a gift card for the first Christmas of the baby and while new fathers are entitled to a rest leave by law, UBM is paying them 100% of their wage for the period of absence, which is 10 working days.

c.5. UBM takes care of employees and has them covered by group health and accident insurance since 2014, which covers any non-chronic diseases, surgical procedures and not workplace related accidents.

c.6. UBM also tries to help families with (small) children during the summer holidays by organizing day camps every summer. Employees can bring their children aged 4 to 12 years to summer camp for two weeks every summer since 2016.

c.7. A Family Day with catering is organized free of charge every summer at the Lake Balaton for employees and their families.

c.8. Every employee gets an extra 2 days of paid leave when they get married.

c.9. Children aged 16 and above regularly apply for a few weeks of student jobs every summer and get to know their parent's workplace, while also familiarizing themselves with the world of employment.

c.10. We have active relationships with colleagues who are on maternity leave: we invite them regularly to company events and health screening programs. The company also provides them the possibility of working part-time when they return, if they request it.

d. Health programs, preservation of physical and mental health

d.1. Employees who have been working for UBM for more than 3 years will be covered by health insurance, which gives them free access to private medical care at a level they are entitled to.

d.2. UBM organizes health days every autumn and provides free health screening programs (e.g. melanoma screening, sight test, assessment of the spine and vascular health) at many of the company's sites. UBM's employees and their family members are entitled to free dental screening and panoramic dental X-rays under a framework contract. We organized mobile lung cancer screening at our site.

d.3. We also organized a number of presentations and trainings on the preservation of physical and mental health (eye training, breathing techniques for stress release, healthy eating, etc.).

d.4. 10-15 minute office "training sessions" (yoga, stretching) are available at our headquarters 6 times per week during breaks. We also provide access to a gym, a sauna and a gravitational bench free of charge, and yoga classes are available twice a week at the same location after work hours.

d.5. The Group also provides participation in running competitions (UBM Red Run in Pilisvörösvár, UltraBalaton) for free or at a reduced rate for family members also, thus promoting a more active, healthy lifestyle.

UBM Társadalmi Felelősségvállalási Bizottság

e. Equal opportunities, CSR

e.1. UBM Group is open to employing disadvantaged people for jobs that allow for this. Currently we have 5 disadvantaged employees working in our Group.

e.2. For years, UBM Group has been supporting civil society organizations that focus on helping ill children and children from disadvantaged backgrounds. The organization that receives most support from us is Mosoly Alapítvány (Smile Foundation). We also support the activities of Démétér Alapítvány (Démétér Foundation) and Csodalámpa Alapítvány (Magic Lamp Foundation). We also have relationships with Teljes Élet Szociális Alapítvány (Complete Life Social Foundation). We have teamed with the municipality of Pilisvörösvár to organize the UBM Red Run, which had been organized for the second time this year with our support with 500-600 runners participating, among them our employees. This year we have donated 3 million HUF for 2 medical laser and electrotherapeutical devices to children's hospitals in Mykolaiv and Odessa. The Age of Hope Child Protection Foundation contacted us to support the donation of these medical devices and we were happy to help.

e.3. UBM closely cooperates with employees in the field of social responsibility also. We consider it important to involve each colleague in social responsibility activities. Not only a few leaders should know and make decisions about who and how to support, all employees should take part in the decision which organisation to support, giving them an active role in the process and raising awareness. This is why we started a tradition in 2019 and ask the colleagues participating at the company Christmas event to vote and divide the amount of money up for donation between the different charity organizations every year.

e.4. The Company Social Responsibility Committee has a meeting every 3 months and makes decisions regarding the allocation of the funds. The committee has members from different professional fields and with various job titles.

RESEARCH AND DEVELOPMENT

UBM Group is active in research and development to support the development of high quality feeds, other nutritional products and services. The role and aim of innovation can be summarised as follows:

- to increase profits benefiting from the novelty or efficiency of a product, service or manufacturing process
- to fit the business strategy of the Group
- provide answers to future challenges and changes
- the potential investment regarding the innovation is realistic
- it can secure or speed up the return on investments or on the increase of production capacities
- provide professional support or control of commercial activities
- stimulating the interest of the upcoming generation

Our R&D division currently has 3 employees with PhD degrees, 2 employees who are working on their PhD and 11 employees with MSc degrees. The company has a laboratory at the Környe site where all tests needed for the evaluation of feed quality can be performed. Our quality management and quality assurance systems are integrated into the R&D division. Providing technical support to farm visits is also the task of the R&D division.

UBM Group is actively cooperating with the following Hungarian and international organisations:

- MATE (Hungarian University of Agriculture and Life Sciences) Georgikon Campus
- University of Szeged, Institute of Pharmacodynamics and Biopharmacy
- Biological Research Centre of the Hungarian Academy of Sciences (MTA), Szeged
- Schothorst Feed Research
- Feed Design Lab
- Cumberland Valley Analytical Services
- Nutreco
- Ohio State University
- University of Wisconsin
- Micromir Research and Development Centre

High quality services

Consultancy in nutrition
Poultry, swine and cattle

Farm hygiene
Consultancy regarding farm hygiene for partners

Laboratory testing
Testing of raw materials and finished products, other laboratory services

Support for quality assurance
We provide our partners support for the implementation of quality assurance and feed formulation systems, as well as the formulation of feed

Technical support
We provide technical support to our partners in the building, reconstruction and operation of their feed mills

Professional support
professional support for our partners in their raw material purchasing and financing

Training
We contribute to the education and training of professionals in nutrition

Sales partnerships
We build partnerships in the sales of crops and live animals at our partners' request

17,000 accredited laboratory tests every year

Innovation

UBM's activity in R&D relies on scientific knowledge, partnerships, farm trials and cooperations with our partners. We have established partnerships with 10 universities, research institutes and companies in Hungary and abroad.

R&D results

- Broiler chicken and broiler duck feed range;
- Launching the swine model ¬- optimising genetics-selling price-nutrition;
- Dairy Cow nutritional concept;
- SoyPreme® - production of fullfat by-pass soy;
- Effective protection against;
- Fibre evaluation concept;
- Introducing split feeding in commercial layers;
- Modification of milk composition - Fit-Fat milk, modification of milk fat content
- Precision feed formulation to decrease feed costs.

Quality management

- **sampling** all manufactured products;
- performing **accredited laboratory tests** every week;
- evaluating and interpreting laboratory **test results**;
- **storing sample**s during the shelf life of the product;
- **solving issues** – **LUFA**-German parnership;
- purchasing raw materials from **certified suppliers**.

Within the framework of these partnerships UBM operates own or contracted trial facilities and has access to research results of various institutes and universities. We would like to highlight the following results of the R&D division:

- Broiler feed range (1.52-1.65 FCR, feeding 100 million broilers/year);
- Broiler duck feed range (1.8-1.9 FCR, 82% market share, feeding 25 million ducks/year);
- Launching the swine model (optimising genetics-selling price-nutrition, feeding almost 500,000 sows, which is 18.5% of the Hungarian market);
- By using the Dairy Cow nutritional concept, our consultants supervise the nutrition of over 40,000 cows, which means a market share of 30%. (380 million litres of milk / year);
- SoyPreme® - fullfat by-pass soy;
- Effective protection against toxins (our research results were acquired by the Brazilian feed additive manufacturer ICC);
- Fibre evaluation concept (a concept of lowering raw protein content to decrease ammonia emissions)
- Split feeding (160 Ft/layer cost reduction);
- Precision formulation (0.2-1.6 HUF/kg better price);
- Modification of milk composition (Fit-Fat milk, modification of milk fat content).

PROFESSIONAL AWARDS AND RECOGNITION

- The Animal Husbandry Grand Prize was awarded to UBM Feed Zrt. - at the Livestock Breeding and Farming Days 2023 - "For the development of palm oil-free feeding of dairy cows and the acquisition of a trademark certifying this",
- The 1st prize in the Agricultural informatics, husbandry technology category - at the Livestock Breeding and Farming Days 2023 - "Complex, non-invasive oestrus monitoring and based on this, feeding rich in omega-3 fats".
- Product Grand Prize – Livestock Breeding and Farming Days – 2019 – "Development of broiler duck feed range by determining species specific nutritional requirements and digestibility coefficients"
- Product Grand Prize – Livestock Breeding and Farming Days – 2014 – "Introducing the concept of including whole grain wheat in poultry nutrition"
- SoyPreme 1st prize in the Product category – Livestock Breeding and Farming Days – 2013

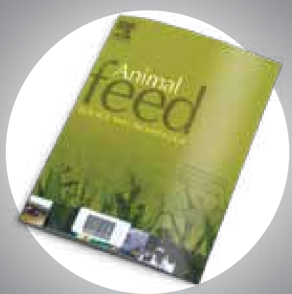
Professional awards and recognition

2023
Animal Husbandry Grand Prize

2021 and 2023
Responsible Employer

2020 and 2022
Family-friendly Workplace

2019
Animal Husbandry Grand Prize



2015
Recognition in the USA

2014
Animal Husbandry Grand Prize

2013
Soypreme® Animal Husbandry Product Prize

QUANTITATIVE AND QUALITATIVE MEASUREMENTS AND INDICATORS OF PERFORMANCE

The UBM Group's performance is measured mainly through financial indicators, of which the following three can be highlighted.

EBITDA: Profit before tax + Interest expenditure + Depreciation and amortisation

Calculation of EBITDA	
Depreciation	1,413,819
Interest expenditure	6,639,593
Profit before tax	1,500,949
Calculated EBITDA	**9,554,361**

Net debt/EBITDA: (Long and short-term debt - Cash and cash equivalents) / (Profit before tax + Interest expenditure + Depreciation and amortisation)

Calculation of net debt/EBITDA	
Long-term loans and borrowings	4,755,369
Long-term financing leasing liabilities	946,417
Short-term loans and borrowings	24,575,785
Short-term financial leasing liabilities	492,969
Cash and cash equivalents	(2,669,337)
Net debt	28,101,203
EBITDA	9,554,361
Net debt/EBITDA:	**2.94**

Debt service coverage ratio (DSCR): (Profit before tax + Interest expenditure + Depreciation and amortisation) / (Repayment of loans, borrowings and leases due during the following year + Interest expenditure in the current year)

Calculation of the Debt Service Coverage Ratio (DSCR)	
Short-term portion of investment credits	674,693
Short-term portion of general-purpose credits	481,669
Interest expenditure	6,639,593
Debt service	7,795,955
EBITDA	9,554,361
Debt service (DSCR) indicator	**1.23**

COMPARATIVE DATA

The figures for the previous year include the Group's 9-month performance, because UBM Holding Nyrt. acquired control over the Group's subsidiaries and associates only on 1 October 2021. In order to ensure comparability, UBM Holding discloses the following unaudited pro forma data:

	30 June 2023	30 June 2022
Sales revenue	231,612,070	196,547,246
Other operating income	916,156	1,230,444
Total operating income	**232,528,226**	**197,777,690**
Capitalised own performances	305,873	282,504
Cost of goods and services sold	151,831,784	139,769,520
Material expenditures	65,995,593	45,724,139
Personnel expenditures	4,674,861	3,660,694
Depreciation	1,413,819	945,489
Impairment	78,166	276,495
Other operating costs and expenditures	1,008,315	2,255,061
Total operating costs	**225,002,538**	**192,631,398**
Earnings before interest and taxes (EBIT)	**7,831,561**	**5,428,796**
Revenues from financial transactions	5,810,411	2,754,682
Expenditures on financial transactions	5,595,670	3,108,183
Interest expenditure	6,639,593	2,000,705
Share of profit of equity-accounted investees	94,240	734,541
Profit or loss from financial transactions	**(6,330,612)**	**(1,619,665)**
Profit before tax	**1,500,949**	**3,809,131**
Deferred tax	(2,124)	(22,663)
Income tax expense	589,961	606,742
Profit after tax	**913,112**	**3,225,052**

OTHER PRESENTATION OBLIGATIONS PROVIDED FOR IN THE ACT ON ACCOUNTING

The UBM Group discloses information on financial instruments, risk management and events after the balance sheet date in the Consolidated Financial Statements. The Consolidated Financial Statements also disclose information about investors that have a significant direct or indirect interest in the equity of UBM Holding Nyrt.

Decisions on issues related to shares and buybacks are at the discretion of the Board of Directors.

CONSOLIDATED FINANCIAL STATEMENTS

1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(amounts in thousands of HUF, unless otherwise indicated)

ASSETS	*Annexes*	30 June 2023	30 June 2022
Non-current assets			
Property, plant and equipment	6.7	12,139,430	11 486,604
Intangible assets	6.8	652,143	684,161
Other long-term receivables	6.9	1,183,307	2 078,676
Equity-accounted investees	6.10	2,007,544	2 110,940
Other investments	6.11	153,959	153,959
Right-to-use assets	6.12	1,490,453	1 424,219
Deferred tax receivables	6.13	250,825	397,563
Total non-current assets		**17,877,661**	**18 336,122**
Current assets			
Inventories	6.14	8,153,465	11,423,078
Trade receivables	6.15	30,265,365	26,866,423
Income tax receivables	6.24	93,809	2,490
Other receivables and prepayments	6.16	3,970,608	5,173,654
Cash and cash equivalents	6.17	2,669,337	8,308,032
Total current assets		**45,152,584**	**51,773,677**
Total assets		**63,030,245**	**70,109,799**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(amounts in thousands of HUF, unless otherwise indicated)

LIABILITIES	*Annexes*	30 June 2023	30 June 2022
Equity			
Subscribed capital	6.18	118,519	118,519
Treasury share reserve	6.18	(1,942,303)	(1,775,000)
Capital reserve	6.18	25,671,447	25,671,447
Cash flow hedging reserve	6.18	562,206	(546,462)
Translation reserve	6.18	(12,267)	72,529
Retained earnings	6.18	(12,164,120)	(10,319,234)
Equity attributable to shareholders of the Company		**12,233,482**	**13,221,799**
Non-controlling interests		188,203	437,766
Total equity		**12,421,685**	**13,659,565**
Long-term liabilities			
Long-term loans and borrowings	6.19	4,755,369	4,254,174
Government grants	6.20	1,349,903	519,439
Long-term financial leasing liabilities	6.21	946,417	801,273
Deferred tax liability	6.13	216,927	180,930
Total long-term liabilities		**7,268,616**	**5,755,816**
Short-term liabilities			
Short-term loans and borrowings	6.19	24,575,785	29,307,921
Trade payables	6.22	14,696,401	14,926,436
Provisions	6.23	326,000	71,109
Other liabilities and accruals	6.25	3,039,701	5,693,031
Short-term financial leasing liabilities	6.21	492,969	466,333
Income tax liabilities	6.24	209,088	229,588
Total short-term liabilities		**43,339,944**	**50,694,418**
Total liabilities and equity		**63,030,245**	**70,109,799**

2. CONSOLIDATED PROFIT AND LOSS ACCOUNT

(amounts in thousands of HUF, unless otherwise indicated)

	Annexes	30 June 2023	30 June 2022
Sales revenue	6.26	231,612,070	155,369,755
Other operating income	6.27	916,156	1,169,898
Total operating income		**232,528,226**	**156,539,653**
Capitalised own performances	6.28	305,873	7,009
Cost of goods and services sold	6.29	151,831,784	110,775,844
Material expenditures	6.30	65,995,593	35,301,722
Personnel expenditures	6.31	4,674,861	2,844,921
Depreciation	6.7, 6.8, 6,12	1,413,819	732,971
Impairment	6.15, 6.16	78,166	276,495
Other operating costs and expenditures	6.32	1,008,315	2,045,979
Total operating costs		**22,002,538**	**151,977,932**
Earnings before interest and taxes (EBIT)		**7,831,561**	**4,568,730**
Revenues from financial transactions	6.33	5,810,411	2,636,666
Expenditures on financial transactions	6.34	5,595,670	2,596,185
Interest expenditure	6.35	6,639,593	1,782,857
Share of profit of equity-accounted investees	6.10	94,240	603,409
Profit or loss from financial transactions		**(6,330,612)**	**(1,138,967)**
Profit before tax		**1,500,949**	**3,429,763**
Deferred tax		(2,124)	19,292
Income tax expense	6.36	589,961	568,044
Profit after tax			
Profit for the period		**913,112**	**2,842,427**
Profit attributable to:			
Shareholders of the Company		**800,414**	**2,663,543**
Non-controlling interests		**112,698**	**178,884**
Earnings per share (HUF)			
Basic	6.37	40.94	142.23
Diluted	6.37	40.94	142.23
EBITDA	6.39	**9,554,361**	**5,945,591**

* *Earnings per share for the previous period have been adjusted to reflect the 1:20 split of the nominal value of the ordinary shares in FY2023.*

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(amounts in thousands of HUF, unless otherwise indicated)

	Annexes	30 June 2023	30 June 2022
Profit for the period		**913,112**	**2,842,427**
Impact of the fair value changing of cash flow hedge	6.18	1,295,105	(623,149)
Impact of the changing of exchange rate	6.18	(101,863)	76,141
Impact of deferred tax	6.13	(128,772)	63,237
Other comprehensive income		**1,064,470**	**(483,771)**
From other comprehensive income			
Shareholders of the Company		1,023,872	(473,934)
Non-controlling interests		40,598	(9,837)
Total comprehensive income		**1,977,582**	**2,358,656**
From total comprehensive income			
Shareholders of the Company		1,824,286	2,189,609
Non-controlling interests		153,296	169,047

Notes to the Statement of comprehensive income

* *The financial (business) year of the Group for the current year covers the period from 1 July to 30 June, but UBM Holding Nyrt. acquired control over the rest of the Group only from 1 October 2021, therefore the performance of subsidiaries and companies included using the share of equity method is added to the Group's performance only from that date, and accordingly the previous year's data include the 9-month results of the subsidiaries.*

** *The impact of the fair value measurement of the cash flow hedge is an item reversed to the income statement in the future.*

*** *The impact of exchange rate differences is an item reversed to the income statement in the future.*

4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(amounts in thousands of HUF, unless otherwise indicated)

	Annexes	Capital sub-scri-bed	Treasury shares reserve	Capital re-serve	Cash flow hedge reserve	Retained earn-ings	Trans-lation diffe-rence	Equity attribu-table to the parent company	Non-cont-rolling interests	Total equity
Balance on 30 June 2021		**100,000**	**-**	**-**	**-**	**(19,720)**	**-**	**80,280**	**-**	**80,280**
Donation of UBM Trade Zrt. shares	6.18			20,710,000		(12,801,234)		7,908,766	881,976	**8,790,742**
Capital increase in the current year	6.18	18,519		4,961,447				4,979,966		**4,979,966**
Transactions with non-controlling in-terests with control retained	6.18					113,257		113,257	(613,257)	**(500,000)**
Treasury shares purchase	6.18		(1,775,000)					(1,775,000)		**(1,775,000)**
Total comprehensive income	6.18				(546,462)	2,663,542	72,529	2,189,609	169,047	**2,358,656**
Dividends received by minority sha-re-holders	6.18					(275,079)		(275,079)	-	**(275,079)**
Balance on 30 June 2022		**118 519**	**(1,775,000)**	**25,671,447**	**(546,462)**	**(10,319,234)**	**72,529**	**13,221,799**	**437,766**	**13,659,565**
Dividend payment	6.18					(1,500,000)		(1,500,000)		**(1,500,000)**
Transactions with non-controlling in-terests with control retained	6.18					(487,700)		(487,700)	(306,804)	**(794,504)**
Dividends received by minority share-holders	6.18					(657,600)		(657,600)	(96,055)	**(753,655)**
Treasury shares purchase	6.18		(167,303)					(167,303)		**(167,303)**
Total comprehensive income	6.18				1,108,668	800,414	(84,796)	1,824,286	153,296	**1,977,582**
Balance on 30 June 2022		**118,519**	**(1,942,303)**	**25,671,447**	**562,206**	**(12,164,120)**	**(12,267)**	**12,233,482**	**188,203**	**12,421,685**

5. CONSOLIDATED CASH FLOW STATEMENT

(amounts in thousands of HUF, unless otherwise indicated)

	30 June 2023	30 June 2022
Cash flow from operating activities		
Profit after tax	913,112	2 842,427
Corrections:		
Interest paid	6,639,593	1 782,857
Result of valuation of participations using the equity method	103,396	(806,218)
Exchange rate changes	(101,107)	75,841
Depreciation and amortisation for the current year	1,413,819	732,971
Result on sale of tangible fixed assets	(8,529)	71,995
Scrapping of fixed assets	617	35,544
Impairment of receivables	78,166	224,310
Deferred tax	182,735	(61,840)
Income tax	(111,819)	309,863
Changes in derivative transactions	2,566,271	198,982
Change in provisions	254,891	(29,111)
Change in stocks	3,269,613	4,888,262
Change of buyers	(3,477,108)	(4,486,109)
Other receivables and changes in accrued income and prepaid ex-penses	1,243,546	835,867
Change of suppliers	(230,035)	2,930,638
Other liabilities and changes in accruals and deferred income	(4,261,071)	(64,248)
Net cash flow from operating activities	**8,476,090**	**9,482,031**
Cash flow from investing activities		
Purchase of tangible and intangible fixed assets	(1,505,517)	(3,502,054)
Proceeds from sale of tangible fixed assets	10,570	109,872
Changes in financial assets	43,836	(263,387)
Cash received from non-controlling interest	57,029	-
Cash paid to non-controlling interest	-	(500,000)
One-off effect of a change in the Group	-	1,990,559
Net cash flow from investing activities	**(1,394,082)**	**(2,165,010)**
Cash flow from financing activities		
Loans and borrowings	2,845,639	720,531
Repayment of loans and borrowings	(7,076,580)	(2,487,456)
Change in leasing liability	(426,222)	(352,980)
Payment of capital	-	4,979,966
Changes in state aid	830,464	152,990
Dividends paid	(2,253,655)	(253,634)
Interest paid	(6,639,593)	(1,782,857)
Net cash flow from financing activities	**(12,719,947)**	**976,560**
Change in cash and cash equivalents	**(5,637,939)**	**8,293,581**
Cash and cash equivalents at the beginning of the year	8,308,032	14,151
Effect of exchange rate changes on foreign currency balances	(756)	300
Balance of cash and cash equivalents at the end of the year	**2,669,337**	**8,308,032**

6. ADDITIONAL REMARKS

6.1 GENERAL INTRODUCTION

The parent company of the UBM Group is UBM Holding Nyrt. (the "Company"), established on 8 February 2016, whose main activities are asset management and internal audit and controlling. There were no changes in the name or other identifying information of the reporting entity compared to the previous reporting period. The registered office of the Company is at 2085 Pilisvörösvár, Kisvasút utca 1. The legal form of the Company is Public Limited Company and its shares are traded on the Budapest Stock Exchange. The Company is registered in Hungary and is engaged in the production and trading of feed and the wholesale trade in cereals and protein crops. The registered office of the entity is at 2085 Pilisvörösvár, Kisvasút utca 1. The Company and its subsidiaries, jointly controlled and affiliated companies form the UBM Group. UBM Holding Nyrt. was listed in the Technical category of the BSE upon its incorporation and was moved to the Standard category of the BSE with effect from 2 May 2022.

The Company's financial (business) year covers the period from 1 July to 30 June, but UBM Holding Nyrt. only acquired control over the rest of the Group from 1 October 2021, so the performance of subsidiaries and companies involved using the equity method is only added to the Group's performance from that date.

The compliance, reliability and veracity of the accounts for the year under review have been audited by:

CMT Consulting Korlátolt Felelősségű Társaság

The Independent Auditor's Report is signed by Zsuzsanna Freiszberger, registered auditor, member of the Chamber of Hungarian Auditors, with registration number 007229. The audit fee for individual and consolidated financial statements for the year 2023 is HUF 16 000 000.

The person responsible for the management of the tasks falling within the scope of IFRS accounting services is Dávid Bagosi (registration number: 205339).

The Company's website: *www.ubm.hu*

Owners of UBM Holding Nyrt. on 30 June 2023:

Owner	Ownership share (%)
Andor Ágoston Botos	13.67%
Ákos Varga	12.82%
Imre Varga	11.74%
Péter Horváth	8.90%
Gábor Varga	8.90%
László Bustyaházai	8.90%
András Uzsoki	5.26%
Mihály Fekete	3.90%
Szabolcs Szalontai	3.90%
UBM Agro Zrt.	3.92%
UBM Feed Zrt.	0.66%
UBM Trade Zrt.	1.00%
UBM Szeleste Zrt.	0.49%
MFB Vállalati Beruházási és Tranzakciós Magántőkealap	15.62%
Free float	0.31%
Total	100.00%

Voting shares	Share of the vote (%)
Andor Ágoston Botos	14.56%
Ákos Varga	13.65%
Imre Varga	12.50%
Péter Horváth	9.48%
Gábor Varga	9.48%
László Bustyaházai	9.47%
András Uzsoki	5.60%
Mihály Fekete	4.15%
Szabolcs Szalontai	4.15%
MFB Vállalati Beruházási és Tranzakciós Magántőkealap	16.63%
Free float	0.33%
Total	100.00%

6.2 CORPORATE GOVERNANCE

As a company listed on the Budapest Stock Exchange (BSE), it is of paramount importance for UBM to operate under a clearly defined corporate governance model that is transparent to the public and to comply with legal and stock exchange requirements.

According to the Articles of Association of UBM Holding Nyrt., the governing body of the company is the Board of Directors and the members of the Board of Directors are entitled to represent the Company in transactions with third parties.

Name	Position	Start of legal relationship	End of legal relationship
Ákos Varga	President	15 February 2016	indefinite
László Bustyaházai	member	15 February 2016	indefinite
Péter Horváth	member	15 February 2016	indefinite
András Uzsoki	member	15 February 2016	indefinite
Gábor Varga	member	15 February 2016	indefinite
Imre Varga	member	15 February 2016	indefinite
Andor Ágoston Botos	member	28 October 2022	indefinite
Mihály Black	member	28 October 2022	indefinite
Janositz Balázs Ferenc	member	28 October 2022	indefinite
Szabolcs Szalontai	member	28 October 2022	indefinite
József Tóth	member	28 October 2022	indefinite

The Chair of the Board of Directors is elected by the members from among themselves for a term determined by the Board of Directors. The Board of Directors may revoke this mandate at any time. When the Chair of the Board of Directors ceases to be a member of the Board of Directors, he/she shall cease to be Chair of the Board. Mr. Varga Ákos, Chair of the Board of Directors, and Mr. Horváth, member of the Board of Directors, shall have independent right to sign documents in the Company's name.

The functioning of the Board of Directors

I. The Board of Directors shall hold regular meetings as and when necessary, or at the frequency specified in its Rules of Procedure, but at least four (4) meetings per year. The Chair of the Board of Directors, or in his/her absence, a designated member of the Board of Directors, shall be responsible for preparing, convening and chairing the meetings of the Board of Directors. Meetings of the Board of Directors shall be convened at the request of any two members of the Board of Directors.

II. A meeting convened in accordance with its Rules of Procedure shall constitute a quorum if at least half of its members are present. Minutes shall be taken of its meetings.

III. The Board takes its decisions by a simple majority of votes. At the request of any member of the Board, the Chair shall order a secret ballot.

IV. During the performance of its tasks, the Board may, if necessary, call in external experts or set up a committee or working group to carry out specific tasks.

The members of the **Supervisory Board** and the **Audit Committee** are the same and are all independent of the Company.

Name	Position	Independence
József Tóth	Chair	independent
Sándor Buda	member	independent
Attila Fazekas	member	independent

On 28 October 2022, the composition of the Supervisory Board of the Company changed, when Dr. Marcell Szőnyi's mandate was revoked, while on the same day the Company elected Sándor Buda as a member of the Supervisory Board. The term of the members of the Supervisory Board is for an indefinite period.

The functioning of the Supervisory Board

I. The Supervisory Board elects a Chair from among its members.

II. The quorum for a meeting of the Supervisory Board convened in accordance with the its Rules of Procedure shall be at least two thirds of its members, but at least three persons. Decisions shall be taken by a majority of votes. In the event of a tie, the Chair shall have a casting vote.

III. Minutes shall be taken of the meetings of the Supervisory Board.

IV. The Supervisory Board shall adopt its own Rules of Procedure.

The supreme body of the Company is the General Meeting, which consists of all the shareholders.

6.3 INFORMATION ON SHARES

The share capital of the Company is HUF 118,518,500, consisting of 23,703,700 dematerialised ordinary registered shares with a nominal value of HUF 5 each, giving equal rights. The shares are freely transferable and the transfer of the issued shares is not restricted. There are no shares with special management rights and no voting rights are restricted.

The 9 private owners of UBM Holding Nyrt. and the MFB Vállalati Beruházási és Tranzakciós Magántőkealap (MFB Corporate Investment and Transaction Private Equity Fund) have agreed that the dominant owner of the UBM Holding as of 30 June 2022 will be maintained until the ownership of the Investor is held, with the private owners committing to a lock-up obligation in the Issuer such that the combined ownership of the private owners will not fall below 75%.

Following an increase in the share capital, a change in the ownership of the Issuer is only possible with the prior approval of the Investor and the MFB may not unreasonably refuse to do so. An exception to this is if the combined ownership of the private equity holders does not fall below 75%.

The shares of the Company were listed on the Budapest Stock Exchange on 3 March 2017.

We are not aware of any shareholders' agreement related to management rights.

No agreement shall enter into force, be amended or terminated as a result of a change in the Company's management following a takeover bid.

There is no agreement between the Company and any executive officer or employee that provides for indemnification in the event of that officer's or employee's resignation or illegal termination, or the termination of employment as a result of a takeover bid.

6.4 BASIS FOR THE PREPARATION OF THE BALANCE SHEET

I. Acceptance and declaration of compliance with International Financial Reporting Standards.

All financial statements were approved by the Board of Directors on 10 October 2023. These financial statements have been prepared in accordance with International Financial Reporting Standards, as published and incorporated by regulation in the Official Journal of the European Union (EU). IFRS are standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

All financial statements are presented in Hungarian Forints, rounded to the nearest thousand, unless otherwise indicated.

II. Basis for the preparation of the accounts

All financial statements have been prepared in accordance with standards and IFRIC interpretations issued and in force until 1 July 2022.

These financial statements have been prepared under the historical cost convention, except where IFRS requires the use of a different measurement principle than that indicated in the accounting policies. The Company has changed its financial year from 31 December to 30 June from 2021 onwards.

III. Basis of measurement

For financial statements, the measurement basis is the original cost, except for the following assets and liabilities, which are presented at fair value, which are financial instruments at fair value through profit or loss.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses and the accounting policies used. Estimates and related assumptions are based on past experiences and a number of other factors that are believed to be reasonable under the circumstances, the results of which form the basis for estimating the book values of assets and liabilities that are not readily determinable from other sources. Actual results may differ from these estimates.

Estimates and basic assumptions are regularly reviewed. Revisions to accounting estimates shall be recognised in the period in which the estimate is revised, if the revision affects only the current year, and in the period of the revision and future periods if the revision affects both current and future years.

6.5 ACCOUNTING POLICY

THE BASIS FOR CONSOLIDATION

Subsidiaries

The consolidated financial statements include UBM Holding Nyrt. and the subsidiaries under its control. Control is generally presumed to exist when the Group directly or indirectly holds more than 50% of the voting rights of a company and benefits from its activities through its influence over the financial and operating activities of that company.

The Group exercises control over an investee when it is exposed to, or has rights to, variable returns from its participation in the investee and has the power to affect those returns through its influence over the investee.

Accordingly, the Group exercises control over the investee if, and only if, the investor has all of the following:

a) power over the investee;

b) exposure to or rights to variable returns arising from its participation in the investee; and

c) the ability to use its power over the investee to influence the amount of the investor's returns.

The acquisition method of accounting applies to the acquired shares, based on the fair value of assets and liabilities on the acquisition date, that is, based on its market value at the date on which control is obtained. The cost of acquisition is the sum of the consideration and the non-controlling interest in the acquired business. Companies acquired or sold during a year shall be included in the consolidated financial statements from the date of the transaction or up to the date of the transaction, as appropriate.

Transactions between consolidated companies, balances and results and unrealised gains and losses shall be eliminated unless such losses indicate impairment of related assets. In preparing the consolidated financial statements, similar transactions and events are recorded using uniform accounting principles.

The share of equity and profit or loss of owners of non-controlling interests are shown as separate line items in the Balance Sheet and Profit and Loss Account. For business combinations, non-controlling interests are measured either at fair value or at the non-controlling interests' share of the fair value of the net assets of the acquired company. The valuation method is selected individually for each business combination. Following an acquisition, the non-controlling interest is the amount initially recognised, adjusted with the amount of any changes in the equity of the acquired company attributable to non-controlling interests. Non-controlling interests also benefit from a share in total comprehensive income for the period even if this results in a negative balance of their interest.

Changes in the Group's share in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The Group's share and that of the non-controlling interests are adjusted to reflect changes in their interests in subsidiaries. The amount by which the non-controlling interest is adjusted and the difference between the consideration received or paid is recognised in equity as attributable to the owners of the company.

Joint ventures and associated enterprises

A joint venture is a contractual arrangement whereby two or more parties (contractors) carry out an economic activity under joint control. Joint control is achieved when the strategic, financial and operational decisions relating to the activity require the unanimous agreement of the entities. A joint venture is an undertaking that involves the creation of a company, partnership or other legal entity engaged in an economic activity that is jointly controlled by the Group and the other entities.

An associate is a company over whose financial and operating policies the Group has significant influence, but which is not a subsidiary or joint venture.

The Group's investments in joint ventures and associates are accounted for using the equity method. Under the equity method, investments in joint ventures and associates are carried in the Balance Sheet at cost plus the post-acquisition change in the Group's share of the net asset value of the business. Goodwill relating to the business is included in the carrying amount of the investment and is not amortised. The Profit and Loss Account includes the Group's share of the profit or loss from the operation of the business. If there is a recognised change in the equity of the entity, the Group also recognises its share and, where appropriate, discloses it as a change in equity.

The reporting dates of the joint ventures and associates are not the same as those of the Group, but a consolidation reporting package is prepared for the 30 June reporting date. The accounting policies of the entities are consistent with those used by the Group for similar transactions in similar circumstances.

Investments in joint ventures and associates are reviewed for objective evidence of impairment at the Balance Sheet date. Where such evidence exists, the realisable value of the investment and the impairment loss to be recognised shall be determined. The reasons for losses recognised in previous years will be considered in order to determine whether losses can be reversed or not.

On the cessation of significant influence in a joint venture or associate, the Group shall revaluate the remaining interest and recognise it at fair value. The difference between the carrying amount of the associate and the fair value of the investment retained and the consideration for the sale is recognised in the profit or loss.

Presentation currency and foreign currency balances

Given the content and circumstances of the underlying economic events, the Group's functional currency is the Hungarian Forint.

Foreign exchange transactions denominated in currencies other than HUF were initially recorded at the exchange rate established for the date of execution of such transactions. Receivables and payables in foreign currencies were translated into HUF at the exchange rate prevailing at the Balance Sheet date, irrespective of whether the return on the asset was considered doubtful or not. The resulting exchange differences are recognised in the Profit or Loss Account under financial income or expenses.

Financial statements are presented in Hungarian Forint (HUF), rounded to the nearest thousands, except where otherwise indicated.

Foreign operations are translated in accordance with IAS 21, assets and liabilities are translated at the closing rate, and the statement of comprehensive income is translated at the average exchange rate for the period, unless exchange rates fluctuate significantly during that period. Significant fluctuations are defined as fluctuations of more than 15% between the lower and upper quartile values calculated using daily exchange rates during the period. In such a case, the result for the period is converted at the average exchange rate for shorter intervals. Capital items are recorded at the rate at which they were initially recorded. The resulting differences are recorded in the line for translation reserve.

Transactions in foreign currencies are recorded in the functional currency, using the exchange rate between the reporting currency and the foreign currency at the date of the transaction for the amount in the foreign currency. In the Comprehensive Income Statement, exchange differences arising on the settlement of monetary items, on initial recognition during the period, or arising from the use of an exchange rate different from that used in the previous financial statements, are recognised as income or expense in the period in which they arise.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate of the functional currency at the end of the reporting period. Foreign currency items measured at fair value are translated at the exchange rate at the date when the fair value was determined. Exchange differences on trade receivables and trade payables are included in the results of operations, while exchange differences on loans are included in the income or expense from financial operations.

Sales revenue

Revenue from sales transactions is recognised when the conditions of the contracts are met. Sales revenue excludes value added tax. All income and expenses are recognised in the appropriate period using the principle of matching.

The basic principle of IFRS 15 is that companies should recognise revenue according to the amount of goods or services provided to their customers, which reflects the consideration (i.e. payment) to which the company expects to be entitled in exchange for those goods or services. The new standard has resulted in a more detailed presentation of revenue, and it provides guidance for transactions that were previously not clearly covered (e.g. revenue from services and contract amendments) and new guidance for multi-element agreements.

The standard has led to the development of a new model, the so-called 5-step model, in which important steps include the identification of the contract(s), the identification of individual performance obligations, the determination of the transaction price, the allocation of the transaction price between individual elements and the recognition of the revenue allocated to each obligation.

Performance obligations

When concluding a contract, the Company is required to identify which goods or services it has promised to provide to the buyer, i.e. what performance obligation it has undertaken. The Company may recognise revenue when it has fulfilled its obligations by delivering the promised goods or rendering the promised service. Obligations are met when the buyer has obtained control of the asset (service), which is indicated by signs such as:

- The Company has the right to receive consideration for the asset,
- Ownership title has passed to the buyer,
- The Company has physically transferred the asset,
- The buyer has significant risk and profit potential from owning the asset,
- The buyer has accepted the asset.

Determination of the transaction price

When a contract is performed, the Company is required to recognize the revenue associated with the performance, which is the transaction price assigned to the performance obligation. The transaction price is the amount that the Company expects to receive in exchange for the sale of goods and services. The elements of variable consideration (rebates and discounts) should also be taken into account in determining the transaction price. An expected value has been calculated to estimate the variable consideration, weighted by the Company using probability factors.

Real estate, machinery and equipment

Fixed assets are stated at cost less accumulated depreciation. This accumulated depreciation includes depreciation charges recognised for the depreciation of assets incurred in the continuing use and operation of the asset and for the extraordinary depreciation of assets as a result of unforeseen extraordinary circumstances, including significant damage or loss of assets.

The cost of a tangible asset includes the cost of its acquisition and, in the case of an investment in its own enterprises, the cost of materials and labour and other direct costs incurred. Interest recognised on credits for capital expenditure on tangible assets increases the cost of the asset until the asset is ready for its intended use.

The carrying amount of tangible fixed assets is reviewed at regular intervals to determine whether the carrying amount does not exceed the fair value of the asset, in which case a write-down to fair value is required. The fair market value of the asset is the higher of the selling price and the value in use of the asset. Value in use is the discounted value of the future cash flows generated by the asset.

The discount rate includes the corporate pre-tax interest rate, taking into account the time value of money and the impact of other risk factors associated with the asset. If no future cash flows can be attributed to the asset individually, the cash flows of the entity of which the asset is a part are used as the basis. Any impairment loss or write-down so determined is recognised in the Profit and Loss Account.

The cost of repair and maintenance of fixed assets and the replacement of spare parts are charged to maintenance expenditures. Value-adding investments and renovations are capitalised. The cost and accumulated depreciation of unused assets sold or written off at zero are written off. Any gain or loss arising in this way is included in the profit or loss for the year.

The Company depreciates the value of its assets over their useful lives using the straight-line method.

Lifetime by asset groups:

Assets	Depreciation rate
Real estate	2.00% - 8.00%
Technical machinery and equipment	4% - 14.50%
Office equipment	14.50%; 33.00%
IT equipment	33.00%
Other equipment	14.50%
Vehicles	20.00%

Assets with an individual purchase price of less than HUF 200,000 are depreciated immediately in one lump sum upon acquisition.

Useful lives and depreciation methods are reviewed at least annually on the basis of the actual economic benefits provided by the assets. If necessary, the adjustment is recognised against the profit or loss for the year.

Impairment of non-financial assets

At the end of each reporting period, the Company assesses whether there has been any change in the carrying amount of any assets that might be impaired. If such a change has occurred, the Company estimates the expected recovery value of the asset. The expected recovery value of an asset or cash-generating unit is its fair value less costs to sell or its value in use, whichever is higher. The Company recognises an impairment loss in the profit or loss when the expected recovery value of an asset is less than its carrying amount. The Company makes the necessary calculations based on appropriate discounting of long-term future cash flow projections.

Intangible assets

Intangible assets acquired individually and in a business combination are recorded at cost and at fair value at the date of acquisition, respectively. Recognition is made when there is evidence that the use of an asset will generate future economic benefits and its cost can be clearly determined.

After inclusion, the cost model is used for intangible assets. The useful lives of these assets can be either finite or indefinite. Assets with finite useful lives are amortised using the straight-line method based on the best estimate of their useful lives. The amortisation period and the amortisation method are reviewed annually at the end of the financial year. Internally generated intangible assets, other than development costs, are not capitalised but are charged to profit or loss in the year in which they are incurred. Intangible assets are reviewed annually for impairment, either individually or at the level of the cash-generating unit.

The acquisition costs of trademarks, licences, assets subject to industrial property rights and software are capitalised and amortised using the straight-line method over their estimated useful lives:

Intangible goods	Depreciation rate
Software	33.00%
Software developed for UBM Group	10.00%
Contracts with customers	linear over the expected dropout time
Exclusive supply contracts	linear over the contract period

Inventories

Inventories are assets that the Group

- acquired for sale in the ordinary course of business,
- which are at some stage of production or processing before sale or are awaiting sale in the finished state,
- which will be used in the production of goods to be sold or in the rendering of services (materials).

The Group uses the FIFO method to determine the value of inventories.

The cost of inventories includes all costs of acquisition, costs of conversion and costs necessary to bring the inventories to their current location and condition.

Costs shall exclude non-ordinary losses of materials, labour and other production costs, storage costs, unless these are part of the production process, administrative management costs not incurred in bringing stocks to their current condition and condition, and selling costs.

The costs of acquisition are the costs incurred by the acquirer of the stocks to obtain it from other parties. These costs include:

- the consideration paid for the inventory itself;
- import-related charges;
- non-recoverable taxes;
- transport and handling costs;
- any other payment directly linked to the purchase of the inventory in question.

The purchase cost is reduced by the discounts and rebates received.

The costs of conversion (transformation) can be linked to the production process, i.e. stocks from own-production. According to the standard, these are the costs associated with each unit of production. A typical example for the Group is the direct labour costs (wages and salaries) and direct material costs. Allocable indirect costs are also included in the conversion costs.

Other miscellaneous costs should be included in the value of the inventory if they are incurred to bring stocks to their current location and condition (for example, storage costs that are directly related to the technology (required by the technology) or the cost of normal (unavoidable) scraps).

Inventories are valued at purchase cost or net realisable value, whichever is lower. Net realisable value is the estimated selling price in the ordinary course of business after deducting the variable costs related to the sale.

Purchased inventories are presented in the Balance Sheet at average cost less impairment losses or reversals of impairment losses, and own-account inventories are included in the Balance Sheet at actual cost less impairment losses or reversals of impairment losses.

Inventories are presented at cost less any write-down for excess stocks or idle stocks or at net realisable value, whichever is lower.

Impairment is not assessed individually at contract level for commodities, but aggregated by product groups. In addition to the selling price less selling cost of the products, the impact of hedge transactions expected to occur after the Balance Sheet date in connection with the sale of the stocks is taken into account in determining the impairment.

Receivables

Receivables are stated at nominal value less an appropriate allowance for estimated losses. An estimate of bad debts has been made on the basis of a full review of the amounts still to be received at the end of the year.

Financial instruments

Financial instruments within the scope of IFRS 9 fall into three measurement categories: those measured at amortised cost on initial recognition, those measured at fair value through other comprehensive income (FVOCI) on initial recognition, and those measured at fair value through profit or loss (FVPL) on initial recognition.

The classification into a valuation group depends on the characteristics of the cash flows associated with a financial instrument. For debt financial instruments that the Company intends to measure at amortised cost or fair value through other comprehensive income, the cash flows of the financial instrument are assessed to determine whether they meet the requirement of Solely Payments of Principal and Interest (SPPI) under IFRS 9. The principal is the fair value of the financial instrument at initial recognition. Interest primarily reflects the time value of money of the outstanding principal and the credit risk over a period of time, in addition to other basic credit risks and charges and a profit margin.

When the SPPI requirement is met, the Company assesses whether the cash flows arising from the contract are consistent with the underlying loan agreements in the denominated currency of the financial instrument.

To assess whether contractual cash flows include solely payments of principal and interest, the Company examines the contractual terms of the financial ass instrument et. The assessment also considers whether the financial instrument contains contractual terms that would cause the amount or timing of the contractual cash flows to change such that the financial instrument no longer meets the SPPI requirement.

All other debt instruments are measured at fair value through profit or loss (FVTPL).

All equity instruments are measured at fair value in the Balance Sheet and the effect of changes in fair value is recognised directly in profit or loss, except for equity instruments where the enterprise has elected the Other Comprehensive Income (FVOCI) option. The Company does not uses the FVTOCI option.

The Company offsets financial assets and financial liabilities and recognises a net amount in the Balance Sheet if, and only if, the Company has a legally enforceable right to set off the amounts and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Lending losses on financial instruments

Based on changes in credit risk, the impairment should be reviewed at each reporting date and an assessment made as to whether the impairment should be recognised up to the amount of the lifetime expected credit loss or the 12-month' expected credit loss. If it is not possible to assess at the level of an individual financial instrument whether its credit risk has increased significantly, it should be assessed on a group basis. The simplified and general approaches to impairment assessment and recognition should apply.

1. Simplified approach

All financial instruments valued using the simplified approach are valued at the lifetime expected credit loss. The simplified approach is used for receivables from customers and contractual assets.

2. General approach

Based on the expected credit loss model, financial instruments are classified into three categories. This classification into the three categories is based on changes in the credit risk of the financial instrument. The relative credit risk model is used to assess the elevated credit risk. The increase in credit risk from the initial recognition is reflected in the transfer of the financial instruments between headings.

Based on the expected credit loss model, impairment can be divided into three categories: impairment calculated on the basis of expected credit loss over 12 months / impairment calculated on the basis of expected credit loss over lifetime / impairment calculated using the effective interest rate method.

This general approach is applied to other financial receivables and loans granted.

An enterprise should use the simplified practical approach to estimate expected credit losses if they follow the principles of the standard. For the valuation of trade receivables, it may be appropriate to use empirical tables, taking into account future expectations, where specified percentages of losses are determined by maturity group.

In the case of receivables with a small amount per buyer and debtor, the amount of the impairment is determined as a percentage of the book value of these receivables, based on the combined classification of buyers and debtors.

Expected credit loss based on group-level data	
Not expired	0.02%
Between 1-30 days	0.04%
Between 31-60 days	0.27%
Between 61-180 days	1.09%
Between 181-360 days	13.10%
Beyond 361 days	39.69%

The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal shall be recognised in profit or loss. Financial assets are derecognised only when the rights to the cash flows from the investment have expired or are transferred, and the entity has transferred all substantial risks and rewards of ownership.

Our expectations of expected credit losses on related receivables are based on past experience. Over the past 25 years, the Group has incurred minimal losses on receivables arising from loans and other financing (e.g. customer financing) to related parties, resulting from the write-off of receivables in the liquidation of UBM RUS, a Russian subsidiary. These facts support the expectation that the recognition of an impairment loss on related receivables is not warranted. The Group companies have significant positive equity and/or significant positive cash flow generating capacity, with the parent company increasing the capital or making additional contributions to companies operating at a loss to comply with the law. For these reasons, there is no doubt about the realisability of the related receivables.

Financial liabilities

The Company's Statement of Financial Position includes the following financial liabilities: payables and other short-term payables, loans, borrowings, bank overdrafts. These are disclosed and measured in the relevant sections of the accompanying notes to the financial statements as follows:

The Company initially measures all financial liabilities at fair value. In the case of loans, it even takes into account transaction costs that are directly attributable to the acquisition of the financial liability. Financial liabilities within the scope of IFRS 9 fall into two measurement categories: those measured at amortised cost on initial recognition and those measured at fair value through profit or loss (FVPL) on initial recognition. The classification of each financial liability is determined by the Company on acquisition. Loans and borrowings are stated at amortised cost using the effective interest method in the Statement of Financial Position. Gains and losses related to loans and borrowings are recognized in the Statement of Income through amortization using the effective interest method and on derecognition of the financial liability. Amortisation is recognised in the Statement of Income as a financial expense.

Provisions

The Company recognises provisions for obligations (legal or constructive) as a result of past events that are probable that the Company will be required to settle when the amount of the obligation can be measured reliably.

The amount recognised as a provision is the best estimate of the expenditure required to settle an existing obligation at the Balance Sheet date, taking into account the risks and uncertainties specific to the obligation. Where the expected cash flows required to settle an existing obligation are used to measure the provision, the carrying amount of the provision is the current value of those cash flows. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the receivable is recognised as an asset if it is virtually certain that the entity will receive reimbursement and the amount of the receivable can be measured reliably.

Existing commitments arising from unfavourable contracts are recognised as provisions. The Company classifies a contract as an unfavourable contract when the unavoidable costs of meeting the obligations under the contract exceed the financial benefits expected from the contract.

A provision for restructuring is recognised when the Company has prepared a detailed formal plan for the restructuring and, by starting to implement the plan or by announcing the main features of the plan to stakeholders, has created a legitimate expectation that it will carry out the restructuring. A provision for restructuring includes only direct costs incurred in connection with the restructuring that are necessarily incidental to the restructuring and not related to the continuing operations of the entity.

Income taxes

The rate of corporate tax is based on the tax liability determined by the Law on Corporate and Dividend Tax and the Ordinance on Local Business Tax, adjusted by the deferred tax. The corporate tax liability includes current and deferred tax elements. The Company also includes the amount of the subsidy paid for spectator sports in the corporate tax line, as it is considered as income tax in substance.

The tax liability for the current year is determined on the basis of the taxable profit for the current year. The taxable profit differs from the profit before tax shown in the accounts because of non-taxable profits and losses and items that are included in the taxable profit of other years. The current tax liability of the Company is determined using the tax rate that has been in force or enacted (if enactment is equivalent to being in force) on the Balance Sheet date. Deferred tax is calculated using the liability method.

Deferred tax arises when there is a timing difference between the recognition of an item in the annual accounts and the recognition of an item under the Tax Act. Deferred tax assets and liabilities are measured using the tax rates applicable to taxable income for the years in which the timing differences are expected to be recovered. The amount of the deferred tax liability and asset reflects the Company's estimate at the Balance Sheet date of how the tax assets and liabilities will be recovered or settled.

A deferred tax asset is recognised for deductible temporary differences, carried forward tax benefits and tax losses only if it is probable that the Company will realise a taxable profit in the future against which the deferred tax asset can be utilised.

At each Balance Sheet date, the Company takes into account deferred tax assets not recognised in the Balance Sheet and the carrying amount of recognised tax assets. It recognizes the portion of receivables not previously recognised in the Balance Sheet that is expected to be recovered through a reduction in future income taxes. Conversely, it reduces the Company's deferred tax asset to the extent that no taxable profit is expected to be available to recover this amount.

Current and deferred tax is charged directly to equity when it relates to items that were also charged to equity in the same or a different period, including adjustments to the opening balance of reserves due to retrospective changes in accounting policies.

Deferred tax assets and liabilities can be offset if the Company has a legal right to offset its current tax assets and liabilities with the same tax authority and the Company intends to settle these assets and liabilities on a net basis.

Leasing

Under IFRS 16 Leases, a lessee is required to recognise and measure a right to use an asset and a liability simultaneously on the Balance Sheet. The right to use assets is treated in the same way as other non-financial assets and depreciation is recognised accordingly. The initial measurement of the lease liability is based on the present value of the lease payments over the lease term, calculated using the implicit interest rate, if that rate can be determined precisely. If this rate is not available or is difficult to determine, the lessee may then use the incremental borrowing rate for discounting.

Off-balance sheet items

Off-balance-sheet liabilities are not included in the Balance Sheet and the Profit and Loss Account that are part of the annual accounts. They are presented in the accompanying notes unless the possibility of an outflow of resources embodying economic benefits is remote and minimal. Off-balance-sheet receivables are not included in the Balance Sheet and Profit and Loss Account that are part of the annual accounts, but are disclosed in the accompanying notes to the financial statements if an inflow of economic benefits is probable.

Treasury shares reserve

The UBM Holding Nyrt. shares repurchased by the Group are recorded as a reduction of equity in the amount of the value at the time of purchase.

Dividends

Dividends are recognised in the year in which they are approved by the shareholders.

Profit from financial operations

Financial results include interest and dividend income, interest and other financial expenses, fair value gains and losses on financial instruments, as well as realised and unrealised exchange rate differences.

Government grants

Government grants are recognised when it is probable that the grant will be received and the conditions attached to the grant have been met. When a grant is used to offset a cost, it is charged to the income statement in the period in which the cost to be offset is incurred (among other income items). When a grant relates to the acquisition of an asset, it is recognised as deferred income and charged to profit or loss in equal annual amounts over the useful life of the related asset.

Events after the Balance Sheet date

Events that occurred after the end of the reporting period, which provide additional information about the circumstances (adjusting items) at the end of the Company's reporting period, are presented in the financial statements. Post-year end events that do not change the amounts reported are reported in the notes to the financial statements, when material.

Changes in accounting policies

The Company has prepared its financial statements in accordance with all standards and interpretations, which entered into force before 1 July 2022.

The following standards and interpretations (including amendments) came into force in 2022:

- Framework for the Preparation and Presentation of Financial Statements – Amendments to IFRS 3 Business Combinations (issued on 14 May 2020 and effective for financial years commencing on or after 1 January 2022; the EU has adopted the amendments)
- Proceeds before intended use – Amendments to IAS 16 (issued on 14 May 2020 and effective for financial years commencing on or after 1 January 2022; the EU has adopted the amendments)
- Onerous Contracts: Cost of Fulfilling a Contract – Amendments to IAS 37 (issued on 14 May 2020, effective for financial years starting from 1 January 2022, the EU has adopted the amendments)
- Annual Improvements to IFRSs - 2018-2020 (issued on 14 May 2020 and effective for financial years commencing on or after 1 January 2022; the EU has adopted the amendments).

The adoption of the above amendments did not have a material impact on the Company's financial statements.

New and amended standards and interpretations issued by the IASB and adopted by the EU but not yet effective:

- Leases on Sale and Leaseback - Amendment to IFRS 16 Leases (issued on 22 September 2022 and effective for financial years commencing on or after 1 January 2024)
- IAS 1 Presentation of Financial Statements: amendment due to classification of non-current or current liabilities (effective for financial years commencing on or after 1 January 2023)
- IFRS 17 Insurance contracts (effective for financial years commencing on or after 1 January 2023)
- Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB; this amendment has not yet been endorsed by the EU). Asset sales between an investor and an associate or joint venture
- Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates (effective from 1 January 2023 and for financial years commencing on or after 1 January 2023. This amendment has not yet been endorsed by the EU)
- Amendments to IAS 12 Income Taxes – Deferred Tax Assets and Liabilities Arising from a Transaction (effective from 1 January 2023 and for financial years commencing on or after 1 January 2023. This amendment has not yet been endorsed by the EU)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 – Disclosure of Accounting Policies (effective from 1 January 2023 and for financial years commencing on or after 1 January 2023). This amendment has not yet been endorsed by the EU)

The adoption of the above amendments will not have a material impact on the Company's financial statements.

In 2023, the Company will apply all IFRS standards, amendments and interpretations effective from 1 July 2022 that are relevant to the Company's operations.

Significant accounting estimates and assumptions

The application of accounting policies requires the use of estimates and assumptions in determining the amounts of certain assets and liabilities at a given date that cannot be clearly identified from other sources. The estimation process involves judgements and relevant factors based on the latest information available. These significant estimates and assumptions affect the reported amounts of assets and liabilities, revenues and expenses in the financial statements and the disclosure of contingent assets and liabilities in the notes to the financial statements. Actual results may differ from these estimates.

The estimates are continuously updated. Changes in accounting estimates should be taken into account in the period of the change if the change affects only that period, or in the period of the change and future periods if the change affects both periods.

The main areas of estimation uncertainty and critical accounting judgements that have the most significant impact on the amounts recognised in the consolidated financial statements are:

Depreciation and impairment

Property, plant and equipment and intangible assets are recorded at cost and depreciated on a straight-line basis over their useful lives. The useful life of an asset is determined on the basis of historical experience of similar assets and expected technological developments and changes in wider economic or industry factors. The estimated useful life is reviewed on an annual basis.

Hedge accounting

Description of general IFRS requirements

UBM applies the hedge accounting rules for derivatives in accordance with IFRS 9.

Companies are exposed to various risks due to their management and may enter into hedging transactions to offset these risks. As part of a hedge transaction, a company takes on a risk in the opposite direction to its existing position in order to reduce the risk from an open position. In economic terms, the purpose of a hedge is to neutralise two transactions that react in opposite directions to the hedged risk. The extent to which the two transactions together can mitigate the risk is called hedging effectiveness.

For the purposes of these standards, a derivative is a financial instrument or other contract that has all of the following three characteristics:

- The value of the product changes due to changes in certain variables (e.g. the price of a commodity on the stock exchange, exchange rate, price index, etc.)
- The product requires little or no initial net investment compared to other types of contracts that would be expected to respond similarly to changes in market conditions, and
- The value of the product and the contract will be settled at a future date.

Derivatives usually have a nominal value, which determines the amount of the contract. This quantity must be multiplied by the change in the underlying price to determine the value that will be settled upon completion.

Under IFRS, a derivative is initially recognised in the Balance Sheet at fair value at the time of acquisition. Derivatives are subsequently measured at fair value. Changes in the fair value of derivatives are recognised in the income statement as required by IFRS 9, unless the derivative qualifies for hedge accounting.

The purpose of hedge accounting is to ensure that the effects of the hedged items and the hedging instrument are reflected in the profit or loss for the same reporting period, so they are offsetting each other.

The effective portion of hedging transactions (derivatives) is recognised in other comprehensive income, while the ineffective portion is recognised directly in the income statement in the results on financial operations.

Hedge effectiveness is measured in a forward-looking (prospective) way. The measurement should examine whether the expected changes in the fair value of the hedging instrument and the fair value or cash flows of the hedged item adequately offset each other and whether the appropriate economic relationship exists. UBM shall examine the causes of any lack of hedging effectiveness during the audit.

Hedging relationships in the Company’s practice are typically cash flow hedges (“CFH”).

Description of IFRS requirements for cash flow hedges

Cash flow hedge: a hedge of the exposure to variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or a component thereof that could affect profit or loss. A hedging relationship qualifies for hedge accounting only if the hedging relationship meets the following hedge effectiveness criteria:

I. there is an economic link between the hedged item and the hedging instrument, and

II. credit risk does not play a dominant role in the changes in value resulting from the economic relationship; and

III. the hedge ratio is the ratio between the amount of the hedged item actually hedged by the hedging entity and the amount of the hedging instrument actually used by the hedging entity.

The hedged item may be a recognised asset or liability, an unrecognised firm commitment, a forecast transaction or a net investment in a foreign operation. The hedged item may be: (a) an individual item; or (b) a group of items. The hedged item must be reliably measurable. If the hedged item is a forecast transaction (or a component thereof), the transaction must be highly probable.

Item group(s) are eligible as hedged item(s) only if:

I. items in the group are individually eligible;

II. the item group is managed on a group basis for risk management purposes.

Hedge accounting can (and should) be discontinued prospectively only when the hedging relationship (or part of it) no longer meets the qualifying criteria (taking into account, where appropriate, the rebalancing of the hedging relationship). This includes cases where the hedging instrument expires or is terminated.

The portion of the gain or loss on the hedging instrument that is designated as an effective hedge (i.e. offset by a change in the cash flow hedging reserve) is recognised in other comprehensive income.

As long as the cash flow hedge meets the qualifying criteria, the hedging relationship is accounted for as follows: the amount of the cash flow hedge reserve (effective portion) to be recognised in other comprehensive income is adjusted to the lower of the following (in absolute amounts):

I. cumulative gain/loss on the hedging instrument from the inception of the hedge; and

II. cumulative change in the fair value (present value) of the hedged item (whether or not represented as a hypothetical transaction) from the inception of the hedge (i.e. the present value of the cumulative change in the hedged expected future cash flows).

The ineffective portion of the hedging relationship, i.e. the amount of other gains/losses on the hedging instrument due to hedge ineffectiveness (or the gain or loss required to offset the change in the cash flow hedge reserve), is recognised in the income statement.

The cumulative amount of the cash flow hedge reserve shall be accounted for as follows:

- in the case of cash flow hedges, reclassification adjustments from other comprehensive income to profit or loss in the period or periods in which the hedged forecast future cash flows affect profit or loss (for example, in periods when interest income or interest expense is recognised or when the forecast sale occurs);
- if, however, the Company expects that all or part of the loss will not be recovered in one or more future periods, it shall immediately reclassify the amount not expected to be recovered to profit or loss as a reclassification adjustment.

In the income statement, the reclassification of the cash flow hedge reserve shall be recognised in the same lines of the income statement in which the effects on profit or loss of the hedged items are recognised.

If the Company discontinues cash flow hedge accounting, it shall account for the amount accumulated in the cash flow hedge reserve as follows:

- if hedged future cash flows are still expected to occur, the amount remains in the cash flow hedge reserve until the occurrence of certain future cash flow elements or until the reclassification of the amount not expected to be recovered.
- if the hedged future cash flows are no longer expected to occur, the amount shall be reclassified immediately from cash flow hedge reserve to profit or loss as a reclassification adjustment.

Net investment hedge

In order to reduce the risk of exchange rate differences, the UBM Group has entered into forward foreign exchange contracts to hedge its net investments in foreign operations. The purpose of these transactions is to minimise the impact of translation differences arising in foreign subsidiaries operating in a currency other than the Group's functional currency. The effective portion of hedges is recognised in the revaluation surplus on equity, while the ineffective portion is recognised in the financial results for the year.

Description of UBM-specific accounting decisions/accounting methods

The Group makes use of hedge accounting.

The purpose of hedging is to mitigate market risks, and based on its business processes, there are two types of risk for the UBM Group:

- Currency risk: the risk that the fair value or cash flows of financial instruments, inventories, and contracts to be performed in the future will fluctuate because of changes in exchange rates.
- Other price risk: the risk that the fair value or future cash flows of financial instruments, inventories, and contracts to be performed in the future will fluctuate due to changes in commodities (other than those arising from interest rate risk or currency risk). In the case of the UBM Group, this is the case for commodities (including soya, wheat, maize, and rapeseed).

Without hedge accounting, forward/futures transactions are measured at fair value through profit or loss. These forward/futures transactions are entered into by the Company at market price (arm's length market transactions), and therefore the market value of the transactions at inception according to IFRS requirements was zero.

In connection with ineffective CFH, the Company recognizes the effective portion of changes in the fair value of the hedge against other comprehensive income ("OCI") instead of the income statement in order to resolve the temporary accounting inconsistencies resulting from the default measurement of the hedged items and hedging instruments. In this way, the result of forward/futures transactions is recognised in profit or loss at the same rate at which the effect on profit or loss of the hedged risk of the cash flows of the hedged transactions is recognised in the income statement.

The Company reclassifies amounts from fair value differences accumulated in OCI to the income statement using CFH accounting in periods when the hedged expected future cash flows (cash flows from acquisitions or disposals) affect profit or loss (i.e. periods when the sales or consideration for acquisitions result in a foreign exchange gain or loss or a foreign exchange revaluation to the MNB exchange rate). This means that the foreign exchange revaluation effect of forward/futures transactions is "rolled over" through OCI, but is recognised immediately in the profit and loss account in the same way as the foreign exchange revaluation effect of hedged transactions.

As described above, changes in the fair value of forward/futures contracts relative to their market value at the time of designation are accounted for from the date of designation as follows:

- the amount of the effective portion is recognised as part of equity in OCI,
- and the amount of the ineffective part is recognised in the profit and loss account,
- the amount of the foreign exchange revaluation for the nominal value of the hedge transaction (and also the hedged items) is returned from equity to the income statement, i.e. the amounts arising from the spot element of the hedging relationship are recognised in the income statement.

The Company records the effective portion of the hedging relationship in the Balance Sheet line "Effect of fair value measurement" in other comprehensive income. The amount of the ineffective portion is recognised in the income statement under "Income/expenses from financial operations".

Rules for accounting for an effective cash flow hedge:

- In the case of hedging transactions related to the purchase of protein stocks, the Company adjusts the value of the stocks by the hedging result until the purchase, therefore the income statement is presented at the cost of goods sold in the case of commercial stocks and at the cost of materials in the case of raw materials.
- The results of hedging transactions affecting revenue are recorded under financial operations.
- The results of hedging transactions involving financial assets (e.g. foreign currency bank accounts) are recorded under financial operations.
- Cash flow hedges of investments adjust the value of tangible assets.

The UBM Group values its derivatives at the available forward rate. It also considers the forward points of the hedge as part of the hedge, so it does not use the approach that only the SPOT element is part of the hedge accounting. The UBM Group considers any change in the fair value of the forward points of derivatives as a hedge cost.

Real value hierarchy

Financial instruments measured at fair value are classified in a hierarchy for disclosure purposes consisting of three "levels". The levels within the hierarchy reflect the significance of the inputs used in measuring fair value. The Group uses Level 3 for fair value measurements, with the exception of derivative valuations. Derivatives are classified as Level 2 (Valuation techniques based on observable market data).

6.6 DISCLOSURES ON CONSOLIDATION

Subsidiaries included in the consolidation

Name	Address	Voting shares
UBM Trade Zrt.	2085 Pilisvörösvár, Kisvasút utca 1.	100.00%
UBM Grain Zrt.	2085 Pilisvörösvár, Kisvasút utca 1.	99.93%
UBM Agro Zrt.	2085 Pilisvörösvár, Kisvasút utca 1.	99.99%
UBM Consulting Zrt.	2085 Pilisvörösvár, Kisvasút utca 1.	100.00%
UBM Feed Zrt.	2085 Pilisvörösvár, Kisvasút utca 1.	99.93%
UBM Szeleste Zrt.	9622 Szeleste, Kossuth Lajos u. 24/B	99.93%
"AGROMIX" Terményszárító és takarmánykeverő Kft.	4700 Mátészalka , Meggyesi út 0119/24	99.93%
Búzamag Kft.	2073 Tök, 036/31	99.93%
UBM Agri Trade SRL	014126 - Bucuresti, 1st district, 4th Tablitei street, Floor 1-2, Romania	84.99%
UBM Invest Slovakia SRO	04414 Železničná 2., Košice, Slovakia	99.98%
UBM D.o.o	11070 NOVI BEOGRAD, Bulevar Mihaila Pupina 10I/223, Serbia	99.99%
UBM Agrar GmbH	4020 Linz, Bismarckstrasse 02, Austria	80.99%
UBM Feed d.o.o.	11070 NOVI BEOGRAD, Bulevar Mihaila Pupina 10I/223, Serbia	93.29%
UBM Agro Slovakia, s.r.o.	04414 Železničná 2., Košice, Slovakia	99.99%

Companies as joint venture

Name	Address	Voting shares
MA-KA Kft.	6600 Szentes Bese László utca 5-7	50.00%

Companies as associated companies

Name	Address	Voting shares
UBM Feed Romania Srl	547550 SAT SANPAUL COM. SANPAUL, NR.6/A, Romania	45,00%

6.7 PROPERTY, PLANT AND EQUIPMENT

Data in thousands of HUF	Real estate	Machinery and equipment	Investments in progress and advances	Total
Gross value				
30 June 2021	**0**	**0**	**0**	**0**
Change in the scope of consolidation	3,773,677,	5,673,398,	1,463,003,	10,910,078,
Growth and reclassification	167,372,	494,646,	3,847,837,	4,509,855,
Reduction and reclassification	(7,575)	(306,719)	(1,214,367)	(1,528,661)
30 June 2022	**3,933,474,**	**5,861,325,**	**4,096,473,**	**13,891,272,**
Growth and reclassification	1,759,655,	3,123,671,	1,994,369,	6,877,695,
Reduction and reclassification	-	(161,000)	(5,259,568)	(5,420,568)
Exchange rate impact	(25,867)	(34,279)	(163,863)	(224,009)
30 June 2023	**5,667,262,**	**8,789,717,**	**667,411,**	**15,124,390,**
Accumulated depreciation				
30 June 2021	**0**	**0**	**0**	**0**
Change in the scope of consolidation	322,473	1,858 928	-	2,181,401,
Annual depreciation	70,529	253,545	-	324,074,
Decrease	(375)	(104,356)	-	(104,731)
Exchange rate impact		3,924	-	3,924,
30 June 2022	**392,627**	**2,012,041**	**-**	**2,404,668,**
Annual depreciation	170,648	572,593	-	743,241,
Decrease	-	(154,445)	-	(154,445)
Exchange rate impact	(1,670)	(6,834)	-	(8,504)
30 June 2023	**561,605**	**2,423,355**	**-**	**2,984,960,**
Net book value				
30 June 2022	**3,540,847,**	**3,849,284,**	**4,096,473,**	**11,486,604,**
30 June 2023	**5,105,657,**	**6,366,362,**	**667,411,**	**12,139,430,**

The company has defined the investments in the pig feed production plant in Szeleste and the feed mixing plant in Hernádcsány as qualifying assets. The interest expense incurred on these qualifying assets until capitalisation of the investment loans is recognised as part of costs. No interest expenditure is capitalised in addition to these dedicated loans because no other external financing is used for them.

The most valuable assets included in tangible fixed assets are the feed mixing plants:

Name of the plant	Owning subsidiary
Feed mixer in Környe	UBM Feed Zrt.
Premix plant in Környe	UBM Feed Zrt.
Soypreme plant in Környe	UBM Feed Zrt.
Feed mixer in Szeleste	UBM Szeleste Zrt.
Feed mixer in Mátészalka	"AGROMIX" Kft.
Feed mixer in Hernádcsány	UBM Agro Slovakia Sro
Feed mixer in Tök	Búzamag Kft.

The Group has no significant commitment to acquire new tangible assets.

The Group applies the cost model to all its assets. There are no significant assets written down to zero but still in use. The Group's feed mixing plants are collateral for loans from financing banks.

6.8 INTANGIBLE ASSETS

Data in thousands of HUF	Property rights	Intellectual property	Total
Gross value			
30 June 2021	**0**	**0**	**0**
Change in the scope of consolidation	1,030,401	188,430	1,218,831
Growth and reclassification	91,518	-	91,518
Reduction and reclassification	(135,512)	-	(135,512)
30 June 2022	**986,407**	**188,430**	**1,174,837**
Growth and reclassification	70,278	22,100	92,378
Reduction and reclassification	(21)	-	(21)
Exchange rate impact	(5,709)	-	(5,709)
30 June 2023	**1,050,955**	**210,530**	**1,261,485**
Accumulated depreciation			
30 June 2021	**0**	**0**	**0**
Change in the scope of consolidation	424,141	93,540	517,681
Annual depreciation	87,024	21,483	108,507
Decrease	(135,512)	-	(135,512)
30 June 2022	**375,653**	**115,023**	**490,676**
Annual depreciation	100,099	20,113	120,212
Decrease	(10)	-	(10)
Exchange rate impact	(1,536)	-	(1,536)
30 June 2023	**474,206**	**135,136**	**609,342**
Net book value			
30 June 2022	**610,755**	**73,407**	**684,162**
30 June 2023	**576,749**	**75,394**	**652,143**

Among intangible assets, in addition to the software used by the Group, significant value is represented by the exclusive feed supply contracts acquired (gross value HUF 200,000; accumulated depreciation HUF 63,333,000; net value HUF 136,667,000) and customer contracts (gross value HUF 243,921,000; accumulated depreciation HUF 67,586,000; net value HUF 176,335,000). The most important software is the IFS ERP system (gross value HUF 324,449,000; accumulated amortisation HUF 182,964,000; net value 130,749,000). The UBM Group considers the three assets mentioned above to be the most significant intangible assets for the Company.

6.9 OTHER LONG-TERM RECEIVABLES

Data in thousands of HUF	30 June 2023	30 June 2022
Company name		
LOANS GRANTED		
S.P.M Hungary Kft.	190,891	300,891
BARSER Mezőgazdasági Kft.	-	49,500
UBM Feed Romania Srl	767,776	761,346
Naptáp Kft.	-	5,798
MA-KA Takarmánykeverő és Forgalmazó Kft.	-	17,183
Other loans	29,117	39,297
OTHER ITEMS		
Minority owner of UBM Szeleste Zrt.	-	726,457
BARSER Mezőgazdasági Kft.	130,723	113,660
HOLLAND-AGRO Kft.	64,140	63,836
Other	660	708
Total	**1,183,307**	**2,078,676**

Loans granted to related parties

The S.P.M Hungary Kft. loan is the result of the UBM Group's portfolio adjustment with real estate development being removed from UBM's activities. The annual instalment for the loan is HUF 110,000,000 in the financial year 2024 and HUF 120,000,000 in the following years, with an effective interest rate of 4.9%. The loan matures on 31 March 2026.

The participating loan granted to UBM Feed Romania is the unpaid part of the co-financing for the construction of a feed mixing plant in Kerelőszentpál, Romania. The loan matures on 31 December 2024 and bears interest at 3 months ROBOR + 1.3%.

Other items - related and other parties

In June 2023, UBM Feed Zrt. repurchased its 25% share in UBM Szeleste Zrt., which was sold in December 2020. The purchase price was HUF 1 billion, which was settled by compensation with outstanding receivables.

The BARSER Mezőgazdasági Kft. (related party) was sold to BARSER Mezőgazdasági Kft. for the purpose of portfolio adjustment the pig-rearing facility in Baracska. Other items include the purchase price instalments due after the year of sale of the property, with the last instalment due in February 2030.

In December 2020, UBM Trade Zrt. sold its 100% share in UBM Genetics Kft. to Holland-Agro Kft. The purchase price in this case will also be paid over a number of years, and the table above shows the discounted purchase price after one year. The last instalment of the purchase price should be paid on 8 December 2025.

No impairment is warranted for receivables, the loans are not past due, counterparty risk is low, and there are no signs indicative of other credit losses.

6.10 EQUITY-ACCOUNTED INVESTEES

Joint ventures and associates are consolidated using the equity method, and in the year under review the Group's share of their net profit or loss is recognised in the consolidated income statement. Both Naptáp Kft. and UBM Invest Furaje Srl were sold during the financial year.

Data in thousands of HUF	30 June 2023	30 June 2022
Company name		
MA-KA Takarmánykeverő és Forgalmazó Kft.	1,354,495	1,564,798
UBM Feed Romania Srl	653,049	546,142
Naptáp Kft.	-	-
UBM Invest Furaje Srl	-	-
Total	**2,007,544**	**2,110,940**

The breakdown of the amounts recognised in the income statement is as follows:

Data in thousands of HUF	30 June 2023	30 June 2022
Company name		
MA-KA Takarmánykeverő és Forgalmazó Kft.	(60,301)	449,688
UBM Feed Romania Srl	154,541	153,454
Naptáp Kft.	-	267
Total	**94,240**	**603,409**

In the case of MAKA, the Group's result for the year is HUF 22,000,000, and the elimination due to the recognised interim result is HUF -82,000,000.

Key financial data of the enterprises for the period between 1 July 2022 and 30 June 2023:

Data in thousands of HUF	MA-KA Kft.	UBM Feed Romania Srl
Balance Sheet total	14,482,493	10,405,578
Profit or loss	44,010	304,587
Equity capital	2,784,166	1,462,912

Both companies are profitable, there are no indications of impairment, and the Group's proportionate share of the companies' equity exceeds the value of the disclosed interest.

6.11 OTHER INVESTMENTS

Data in thousands of HUF	30 June 2023	30 June 2022
Company name		
Magyar Szója nonprofit Kft.	1,109	1,109
ÁRPÁD-AGRÁR Zrt.	152,250	152,250
Vegavit '99 Szövetkezet	600	600
Total	**153,959**	**153,959**

The UBM Group reports under other participating interests those interests in which the voting rights do not exceed 20%. These equity instruments are measured at fair value through profit or loss in accordance with IFRS 9. No reliable information is available at the Balance Sheet date to determine fair value and therefore the investments are carried at cost as an approximation of the fair value.

6.12 RIGHTS-TO-USE ASSETS

The Group presents its leased assets separately from its tangible assets, and the balances at the end of the financial year were as follows:

Data in thousands of HUF	Real estate properties	Machinery and equipment	Total
Gross value			
30 June 2021	**0**	**0**	**0**
Change in the scope of consolidation	318,603	1,302,090	1,620,693
Growth and reclassification	445,374	214,441	659,815
Reduction and reclassification	(299,979)	(5,807)	(305,786)
Exchange rate impact	-	(630)	(630)
30 June 2022	**463,998**	**1,510,094**	**1,974,092**
Growth and reclassification	31,084	599,249	630,333
Reduction and reclassification	(23,181)	(22,187)	(45,368)
Exchange rate impact		(3,803)	(3,803)
30 June 2023	**471,901**	**2,083,353**	**2,555,254**
Accumulated depreciation			
30 June 2021	**0**	**0**	**0**
Change in the scope of consolidation	-	257,814	257,814
Annual depreciation	39,565	260,827	300,392
Decrease	(8,333)	-	(8,333)
30 June 2022	**31,232**	**518,641**	**549,873**
Annual depreciation	114,282	417,486	531,768
Decrease	(3,033)	(12,378)	(15,411)
Exchange rate impact	(556)	(873)	(1,429)
30 June 2023	**141,925**	**922,876**	**1,064,801**
Net book value			
30 June 2022	**432,765**	**991,453**	**1,424,219**
30 June 2023	**329,976**	**1,160,477**	**1,490,453**

Among the real estate, the central office rented in Pilisvörösvár (gross value HUF 167,404,000; accumulated depreciation HUF 59,289,000; net value HUF 108,115,000) and the railway transfer station in Mátészalka (gross value HUF 256,054,000; accumulated depreciation HUF 61,643,000; net value HUF 194,411,000) represent a more significant value. Among the machinery and equipment, the vehicles and laboratory equipment rented by the Group represent a larger item.

Leasing liabilities by maturity	30 June 2023	30 June 2022
Within a year	343,045	316,255
Over one year but less than 5 years	700,208	554,615
Over 5 years	-	
Total	**1,043,253**	**870,870**

Presentation of IFRS 16 impact on profit or loss	30 June 2023	30 June 2022
Depreciation of right of use	(380,963)	(195,917)
Interest expenditure related to leasing liabilities	(62,708)	(19,733)
Exchange rate changes related to leasing liabilities	415,236	207,434
	(28,435)	**(8,216)**

Presentation of IFRS 16 impact on cash flow	30 June 2023	30 June 2022
Profit before tax	(28,434)	(8,216)
Depreciation	380,963	195,917
Interest expenditure	62,708	19,733
Net CF from operating activities	**415,237**	**207,434**
Repayment of leasing liabilities	(354,836)	(191,606)
Interest paid	(60,043)	(15,486)
Net CF from financial activities	**(414,879)**	**(207,092)**

Short-term rentals are included in material expenses in the amount of HUF 126,886,000.

6.13 DEFERRED TAX RECEIVABLES

In calculating deferred tax, the Group compares the tax base with the carrying amount by assets and liabilities. If the difference is a temporary difference, i.e. the difference will reverse in the foreseeable future, a deferred tax liability or asset is recognised, as appropriate. When an asset is included, the Company examines the recovery separately.

Based on the Company's assessment, the deferred tax asset recognised is expected to be recovered in the future based on the business plans of the subsidiaries that recognise the asset.

Deferred tax is calculated using the tax rate in the country where the parent company or the subsidiary is residing, as the assets and liabilities become current tax in periods when the tax rate is expected to remain unchanged.

Data in thousands of HUF	30 June 2023	30 June 2022
Differences in valuation of tangible fixed assets	(172,991)	(64,006)
Discounting of financial assets	(18,824)	17,065
Impairment	111,025	84,120
Provisions	29,340	1,476
Hedge	(68,658)	79,463
Accrued losses	149,722	97,710
Other	4,285	805
Total	**33,898**	**216,633**
Total deferred tax assets	**250,825**	**397,563**
Total deferred tax liability	**216,927**	**180,930**

6.14 INVENTORIES

Data in thousands of HUF	30 June 2023	30 June 2022
Materials	2,037,391	1,430,440
Finished products	230,946	141,568
Goods	5,885,128	9,851,070
Total	**8,153,465**	**11,423,078**

Inventories include raw materials for production and finished goods and commercials goods. No impairment has been recognised for inventories because they were sold after the balance sheet date with a positive margin.

A significant portion of the Group's inventories is used as collateral for loans granted by financing banks.

6.15 TRADE RECEIVABLES

Trade receivables include receivables from the sale of goods and the provision of services, with the following year-end balance:

Data in thousands of HUF	30 June 2023	30 June 2022
Domestic trade receivables	20,305,886	18,242,089
Foreign trade receivables	6,565,050	4,602,874
Trade receivables MA-KA Kft.	1,512,582	1,617,369
Trade receivables Naptáp Kft.	-	162
Trade receivables UBM Feed Romania SRL	1,881,847	2,403,929
Total	**30,265,365**	**26,866,423**

Trade receivables do not include a significant financing component.

The expected loss on trade receivables is determined on the basis of the expected credit loss model (ECL).

Changes in the reported impairment / credit loss:

Data in thousands of HUF	30 June 2023
Opening impairment	482,331
Impairment in the current year	104,611
Reversal/recognition of impairment for the current year	(54,021)
Closing impairment	**532,921**

6.16 OTHER RECEIVABLES AND PREPAYMENTS

Other receivables and prepayments include the following items:

Data in thousands of HUF	30 June 2023	30 June 2022
Advances on inventories	334,078	661,208
Advance for investment	64,240	14,910
Other advances	39,852	40,096
Stock exchange deposits	207,040	726,146
Customs	38,496	113,977
Purchased and assigned receivables	567,183	824,858
VAT receivables	151,398	240,754
Foreign VAT receivables	407,979	158,610
Accruals and deferred income	89,476	121,965
Accrued expenses and charges	263,244	260,069
Loans granted	480,044	401,077
Derivatives	1,013,236	1,221,039
Other	314,342	388,945
Total	**3,970,608**	**5,173,654**

The assigned receivables include trade receivables originally due from producers that have been assigned to the slaughterhouses to which the producers sell the live animals.

The advances on inventories were used up to the Balance Sheet date.

The UBM Group reports the fair value differences on cash flow hedges open at the Balance Sheet date in the derivatives line.

The stock exchange deposits include the balance of the deposit claims paid for open commodity futures, confirmed by the stock exchange brokers as at 30 June 2023. The Company treats these deposits as short term deposits as they are freely available for use after the termination of the deposits required.

The most significant of the short-term loans are those granted to S.P.M Hungary Kft. in the amount of HUF 110,000,000 and the loan of HUF 297,840,000 and interest to the senior officials of the UBM Group.

Changes in impairment/loss on loans and advances recognised for other receivables:

Data in thousands of HUF	30 June 2023
Opening impairment	96,306
Impairment in the current year	25,861
Reversal/recognition of impairment for the current year	(3,351)
Closing impairment	**118,816**

Impaired receivables include assigned trade receivables, for which impairment is determined on the basis of the ECL model.

6.17 CASH AND CASH EQUIVALENTS

Data in thousands of HUF	30 June 2023	30 June 2022
Cash and vouchers	3,102	7,719
Bank deposits	2,666,235	8,300,313
Total	**2,669,337**	**8,308,032**

The significant decrease in bank deposits is due to the fact that the Group used the capital injection of EUR 5 billion received at the end of June 2022 to finance new investments and repay outstanding loans.

6.18 SUBSCRIBED CAPITAL

The composition of the subscribed capital is as follows:

Series of shares	Nominal value (HUF/ share)	Shares issued (number)	Total nominal value (HUF)
Series "A" (ordinary shares)	HUF 5	23,703,700	HUF 118,518,500
Amount of the share capital:			HUF 118,518,500

The General Meeting of UBM Holding Nyrt. held on 5 April 2023 decided on the distribution of the nominal value of the ordinary shares at a ratio of 1:20. Accordingly, the nominal value of the shares was changed from HUF 100 to HUF 5, and the volume of UBM's securities quoted on the stock exchange was increased from 1,185,185 shares to 23,703,700 shares.

Presentation of the donation

As of 1 October 2021, the private owners of UBM Holding Nyrt. donated (without consideration to be paid) 99.82% of their shares in UBM Trade Zrt. to UBM Holding Nyrt. Prior to this donation, UBM Trade Zrt. was the ultimate subsidiary of the UBM Group, which directly or indirectly held the shares and controlled the subsidiaries. After the donation, control rights were transferred to UBM Holding Nyrt. In order to determine the value of the donation, the UBM Group carried out an independent valuation, which resulted in a value of 99.82% of the shares in UBM Trade Zrt. of HUF 20,710 million. The valuation used the DCF approach based on the business plan adopted by the Company. The economic objective of the donation is for UBM Holding Nyrt. to own UBM Trade Zrt. and through it the member companies of the UBM Group in order to enable the raising of capital through the stock exchange for the Group.

BEFORE THE DONATION

Shareholders

UBM Holding Nyrt. | **UBM Trade Zrt.**

Shareholders

AFTER THE DONATION

Shareholders

UBM Holding Nyrt.

UBM Trade Zrt.

Shareholders

Accounting treatment for donations under IFRS

A donation can be considered a common control business combination.

The accounting for business combinations of entities under common control is not regulated by IFRS, and the Company chooses to consolidate the assets and liabilities of its subsidiaries at their carrying amounts in its IFRS consolidated financial statements (in IFRS terminology, the "pooling of interest method").

For capital consolidation, the value of UBM Trade Zrt.'s equity interest recorded at market value in the separate financial statements is higher than the net carrying amount of the assets and liabilities recorded in the consolidated financial statements according to the IFRS, and the resulting difference is recognised against the consolidated equity.

Capital increase in the previous financial year

The share capital of UBM Holding Nyrt. increased from HUF 100,000,000 to HUF 118,518,500 in the previous financial year 2022. The total value of the new shares issued within the framework of the share capital increase was HUF 4,999,995,000. The new shares were created by over-issuance to the series of shares issued with ID number HU0000145990 ISIN and listed on the stock exchange.

The MFB Vállalati Beruházási és Tranzakciós Magántőkealap (MFB Corporate Investment and Transaction Private Equity Fund, MFB VBTM), managed by Hiventures Kockázati Tőkealap-kezelő Zártkörűen Működő Részvénytársaság (Hiventures Venture Capital Fund Management Limited Liability Company, registered office: 1027 Budapest, Kapás utca 6-12.), was assigned to implement this increase in capital. On 29 June 2022, MFB VBTM paid in full the full issue value of the new shares to UBM Holding Nyrt., i.e. HUF 4,999,995,000.

From the day following the last day of the 7th year after the date of the capital increase until 30 June 2031, MFB VBTM may exercise the investor's right to sale in respect of these new shares, the persons liable to exercise this right being those who were shareholders of the Company on 20 June 2022. If the investor exercises this right to sale, UBM Holding Nyrt. or UBM Trade Zrt. shall be entitled to assume the obligation to pay the option purchase price in accordance with the rules on the assumption of debts provided for in Article 6:203 of the Civil Code. The Company expects that UBM Holding Nyrt. does not intend to make use of this assumption of debt or only if it is in its favour.

Pursuant to the Agreement, UBM Holding Nyrt. and the respective shareholders have an option to purchase all or part of the shares issued for a fixed term from the date of crediting the new Shares to the Investor Securities Account until the last day of the 7th year following the date of creation of the new shares to trading on the BSE, upon payment of the option purchase price. The Company expects that UBM Holding Nyrt. will not exercise this right or will exercise it only if it is in its favour.

Of the amount of the capital increase, an amount of HUF 18,519,000 was transferred as the increase in subscribed capital, while the remaining amount was transferred to the capital reserve after deduction of the costs related to the capital increase. The amount of the premium, taking into account the consultancy and legal costs of HUF 20,030,000, was HUF 4,961,447,000.

Dividends

The Annual General Meeting of UBM Holding Nyrt. held on 28 October 2022 decided to pay dividends of HUF 1,500,000,000, i.e. one billion five hundred million HUF. The record date for the payment of dividends was 29 November 2022, from which date the dividends were paid within 10 working days.

Treasury shares reserve

The subsidiaries of UBM Holding Nyrt., UBM Agro Zrt., UBM Feed Zrt. and UBM Trade Zrt. purchased a total number of 46,442, 7,804 and 11,494 dematerialised ordinary shares (hereinafter referred to as "shares"), respectively, issued by UBM Holding Nyrt. with ID number HU0000145990 ISIN with a nominal value of HUF 100, i.e. hundred forints each, at a price of HUF 27,000 per share, in OTC transactions executed on 23 June 2022.

On 23 November 2022, UBM Szeleste Zrt., a subsidiary of the UBM Group, purchased 5,793 UBM Holding shares at a price of HUF 27,000 per share.

UBM Trade Zrt. bought 1050 shares at a price of HUF 29,173 per share and sold 700 shares of UBM Holding Nyrt. during the reporting year.

The UBM Group accounted for the cost of the repurchased shares as a reduction of equity. The total purchase price paid for the shares is reported in this line and no adjustment to share capital has been made.

Cash flow hedging reserve

The UBM Group recognises the fair value of derivative transactions directly in equity (OCI - cash flow hedge reserve) against the derivative asset or liability

The UBM Group has assessed hedge effectiveness as at the reporting date, and only the effective portion, which is the lower of the following two in absolute terms, is shown in the cash flow hedging reserve (OCI):

- The cumulative gain or loss on the hedging instrument (derivative) from the inception of the hedging relationship, and
- The cumulative gain or loss on the hedged expected future cash flows calculated from the inception of the hedging relationship.

Translation difference

In the translation differences line, the Group shows the cumulative exchange rate differences arising on the translation of the financial statements of foreign subsidiaries into HUF. When the related assets are derecognised, the accumulated translation reserve is recognised as income or expense (in the Profit or loss account) in the same period in which the gain or loss on the assets sold is recognised. The Group has entered into foreign exchange hedges to reduce the foreign currency exposure arising from revaluation in the context of net investment hedges. The foreign exchange forward contracts entered into effectively hedged the financial risk arising from the revaluation of foreign subsidiaries, offsetting the devaluation due to the strengthening forint exchange rate by approximately HUF 240 million in the period. The Group's accounting policy is to use the forward exchange rate.

Non-controlling interests

Non-controlling interests are presented at the carrying amount of the Group. The non-controlling interests represent a significant portion (over 85%) of the NCI attributable to UBM Agri Trade Srl and UBM Agrar GmbH.

6.19 LONG-TERM LOANS AND BORROWINGS

Loans and borrowings represent a significant proportion of the Group's liabilities, and at the end of the financial year the Group had the following outstanding balances:

Data in thousands of HUF	30 June 2023	30 June 2022
Long-term:		
Investment loans	1,796,024	2,528,457
General purpose loans	1,682,881	1,285,0717
Working capital loans	1,213,599	440,000
Loans from other enterprises	62,865	-
Total	**4,755,369**	**4,254,174**
Short-term:		
Working capital loans	23,298,830	27,793,172
Short-term part of investment loans	674,693	753,114
Short-term part of general purpose loans	481,669	500,712
Loans from other contractors	120,593	260,923
Total	**24,575,785**	**29,307,921**

During the period under review, loans amounting to HUF 2,845,639,000 were borrowed and loans amounting to HUF 7,076,580,000 were repaid. The working capital loans mainly finance commodities and secured trade receivables. Investment loans include loans taken out for the construction and modernisation of the Group's feed mixers. The general purpose loan did not include dedicated investment or working capital financing and was taken out by UBM for general financing of the Group.

The expected repayment of long-term loans is due in the following financial years:

Repayment plan	30 June 2023
1 July 2023 to 30 June 2024	24,575,784
1 July 2024 to 30 June 2025	1,530,076
1 July 2025 to 30 June 2026	1,589,184
After 1 July 2026	1,636,110
Total	**29,331,154**

The UBM Group breached the covenants for some of its loans until 30 June 2023, but the maturity of the loan remained unchanged and an additional 12 months were granted to comply with the covenants, based on the agreements with the banks. Management believes that the covenants will be in compliance with the bank agreements at the next reporting date.

The main guarantees and mortgages related to the loans are:

- In the case of working capital loans, the obligation to make a pledge on inventory and trade receivables, and the obligation to take out credit insurance on trade payables
- Mortgage on the related real estate and technical equipment of the feed mixing and premixing plant in Környe, the feed mixing plant in Szeleste and the feed mixing plant in Mátészalka
- Insurance obligation for plants and other assets
- Shares in UBM Grain Zrt., UBM Feed Zrt. and MA-KA Kft. have been included in the collateral of the loans.

Presentation of the main data on loans outstanding at 30 June 2023:

Type of credit	Credit line (th HUF)	Interest on transactions	Expiry	Balance at 30 June 2023
Investment loans	2,900,000	3 months BUBOR + market interest margin	30 Nov 2026 and 7 Feb 2027	1,692,266
Investment loans (EUR)	1,143,452	3-month EURIBOR + market interest margin	30 Nov 2026 and 31 Mar 2027	778,452
General purpose loans	2,000,000	3 months BUBOR + market interest margin	30 Oct 2027	1,285,714
General purpose loans (EUR)	927,825	3-month EURIBOR + market interest margin	20 Dec 2027	878,836
Working capital loans	42,251,772	1 month BUBOR + market interest margin	Between 22 Dec 2023 and 16 June 2027	20,619,332
Working capital loans (EUR)	5,641,516	1 month EURIBOR + market interest margin	Between 22 Dec 2023 and 16 June 2027	3,893,096
Loans from other enterprises	-			183,457

The Group has taken out a subsidized loan of HUF 4,000,000 thousand, with a fixed interest rate of 6%. The discounted value of the interest rate difference between the market interest rate (3-month BUBOR + market interest rate) and the actual interest rate is recognised as government grants, while HUF 3,544,648 thousand is recognised as working capital loans.

6.20 GOVERNMENT GRANTS

Government grants include the open balances at the end of the financial year of grants received for the development of facilities and capacity expansion. Income from grants is recognised in the Profit and Loss Account in proportion to the depreciation of the related assets.

Company name	Organisation providing support	Title of financing	30 June 2023
"AGROMIX" Kft.	Ministry of Innovation and Technology - Food Supplier Development Programme	Modernisation of a feed mixing plant	114,940
UBM Feed Zrt.	Ministry of Foreign Affairs and Trade - Competitiveness Enhancement Grant	Grant for the pig feed production plant	289,754
UBM Invest Slovakia SRO	CED Közép-európai Gazdaságfejlesztési Hálózat Nonprofit Kft. - Baross Programme	Expansion of feed mixing plant capacity	489,857
UBM Feed Zrt.	EXIM Bank - Baross Gábor Reindustrialisation Programme	Subsidised loan	455,352

The Group's subsidiary, UBM Feed Zrt., has taken out a HUF 4,000 million working capital loan at a fixed interest rate of 6% under the Baross Gábor Reindustrialisation Programme. The interest rate of the loan is more favourable than the financing available on the market at 3-month BUBOR + market interest margin. According to the Group's calculations, the discounted value of the interest rate differential due to the more favourable interest rate is HUF 455,352 thousand, which the UBM Group recognises as government grant.

6.21 LEASING LIABILITIES

The leases due in more than one year are shown in the table below:

Data in thousands of HUF	30 June 2023	30 June 2022
Real estate	256,148	325,222
Machinery and equipment	690,269	476,051
Total	**946,417**	**801,273**

Data in thousands of HUF	30 June 2023	30 June 2022
Short-term parts:		
Real estate	91,753	107,875
Machinery and equipment	401,216	358,458
Total	**492,969**	**466,333**

The breakdown of leasing liabilities by maturity is as follows:

Repayment plan	30 June 2023
1 July 2023 to 30 June 2024	492,969
1 July 2024 to 30 June 2025	398,402
1 July 2025 to 30 June 2026	283,097
1 July 2026 to 30 June 2027	153,038
After 1 July 2027	111,880
Total	**1,439,386**

6.22 TRADE PAYABLES

Trade payables relate primarily to the purchase of commercial goods and raw materials for production.

Data in thousands of HUF	30 June 2023	30 June 2022
Suppliers outside the Group	13,397,155	14,206,373
Trade payables - UBM Feed Romania Srl	48,007	31,916
Trade payables - Naptáp Kft.	-	635
Trade payables - MA-KA Kft.	1,251,239	687,512
Total	**14,696,401**	**14,926,436**

The fair value of trade payables approximates their carrying amount.

6.23 PROVISIONS

Data in thousands of HUF	Expected costs of restructuring the Group	Cost of expected losses on pending transactions	Provision for environmental protection	Total
30 June 2021	**-**	**-**	**-**	**-**
Change in the scope of consol-idation	14,880	-	-	14,880
Training	-	56,229	-	56,229
30 June 2022	**14,880**	**56,229**	**-**	**71,109**
Activation	(14,880)	(56,229)	-	(71,109)
Training	-	-	326,000	326,000
30 June 2023	**-**	**-**	**326,000**	**326,000**

The opening provisions were activated during the financial year. The UBM Group discovered significant hydrocarbon contamination at the site of the UBM Group located in the Környe Industrial Park, at Tópart utca 1. Based on the results of the investigations conducted so far, the contamination from the tanks out of service located under the surface of the property or from the pipelines connected to them also affects other areas in the vicinity of the Környe Industrial Park and the property. The Company did not carry out any activities on the property before or after the acquisition of ownership from which the above contamination could have resulted, nor was it aware of the tanks on the property until the contamination was discovered. Until the adoption of the Report, no environmental authority had issued a clean-up order to the Company, but it is likely that UBM Feed Zrt. will be at least partially liable as a passive polluter. An external expert has estimated the remediation costs at HUF 326 million and the Company has made a provision for this amount. A significant portion of the environmental remediation costs will be incurred within one year, with expenses from monitoring activities expected in subsequent years.

6.24 INCOME TAX ASSETS AND LIABILITIES

The Group's income tax includes is corporate tax, local business tax and innovation contribution.

Other tax liabilities are included in other short-term liabilities.

Data in thousands of HUF	30 June 2023	30 June 2022
Corporation tax	43,682	196,181
Business tax	45,103	14,315
Innovation contribution	26,494	16,602
Total	**115,279**	**227,098**
Total income tax receivables	**93,809**	**2,490**
Total income tax liabilities	**209,088**	**229,588**

6.25 OTHER LIABILITIES AND ACCRUALS

Data in thousands of HUF	30 June 2023	30 June 2022
Uninvoiced stocks	528,047	576,349
Advances received from customers	51,305	111,948
Tender advance received	217,573	1,473,236
Obligations to tax authorities	149,411	129,745
VAT liability	1,146,364	720,498
Obligations to employees	257,358	204,584
Accrued income	27,933	92,582
Accrued costs and charges	186,248	252,319
Derivatives	325,309	1,933,050
Other	150,153	198,720
Total	**3,039,701**	**5,693,031**

The UBM Group shows the fair value differences on cash flow hedges open at the Balance Sheet date in the derivatives line.

6.26 SALES REVENUE

Data in thousands of HUF	30 June 2023	30 June 2022
Domestic sales revenue	121,646,766	79,197,630
Export sales	109,965,304	76,172,125
Total	**231,612,070**	**155,369,755**

A negligible portion of the sales revenue comes from the provision of services.

Export sales by country are shown in the table below.

Percentage distribution of exports	30 June 2023	30 June 2022
Romania	26.22%	28.10%
Italy	31.92%	22.30%
Austria	16.53%	16.70%
Germany	6.58%	9.30%
Serbia	5.57%	4.80%
Croatia	3.34%	3.50%
Slovakia	2.42%	3.50%
Czech Republic	0.05%	3.20%
Slovenia	2.12%	2.70%
Belgium	0.48%	1.50%
Switzerland	2.88%	1.50%
Other	1.89%	2.90%
Total	**100.00%**	**100.00%**

Export sales by country and by segment for the year under review are shown in the table below.

Export amount per business sector	Commodities	Feed
Romania	22,485,802	6,326,115
Italy	35,101,453	-
Austria	18,187,619	-
Germany	7,237,514	1,677
Serbia	2,801,087	3,329,794
Croatia	959,469	2,977,358
Slovakia	1,162,462	1,892,074
Czech Republic	48,149	3,318
Slovenia	2,329,971	24,940
Belgium	524,705	81
Switzerland	3,163,077	-
Other	803,399	1,364,804
Total	**94,804,707**	**15,920,161**

Sales of products account for almost all of the Company's sales and the revenue is recognised at the time when control of the product is transferred to the customer. The Company's invoices to customers are based on contracts that clearly define the price, nature and point of receipt of the products/services provided.

We do not have any special contracts (repurchase agreements, agency agreements, retroactive rebates, significant financing components, sales commissions or customer contracts that would incur significant costs to enter into that would justify capitalising these costs as separate assets and amortising them subsequently).

6.27 OTHER OPERATING REVENUE

Data in thousands of HUF	30 June 2023	30 June 2022
Profit on tangible assets sold	10,570	7 131
Compensation	292,877	112,342
Inventory difference	42,250	39,116
Discounts received	61,546	28,180
Other revenue	155,256	74,238
Grants received	52,006	125,488
Wash-out revenue	201,545	689,586
Default interest received	100,106	93,817
Total	**916,156**	**1,169,898**

A wash-out is an agreement used in the grain and soybean trading sector to deal with situations where the parties agree to buy crops in the future at a predetermined price, but later agree to settle at the difference between the market price at the time of the contract and the current market price on the day of termination, rather than physically buying the crops.

6.28 CAPITALISED OWN PERFORMANCE

The value of the capitalised own performance in the year under review was HUF 305,873,000, while in the previous year it was HUF 7,009,000.

6.29 COST OF GOODS AND SERVICES SOLD

The UBM Group reports the cost of goods sold and indirect transport costs as part of the cost of goods and services sold.

6.30 MATERIAL EXPENDITURES

Data in thousands of HUF	30 June 2023	30 June 2022
Cost of raw materials and other related materials for production	54,723,049	28,698,294
Utility charges	2,291,399	732,149
Fuel costs	592,474	366,562
Maintenance materials	315,581	275,659
Other material costs	79,089	43,558
Transport costs	2,917,337	2,370,329
Storage and related costs	1,287,331	700,322
Service costs and overhead	122,069	79,571
Rental fees	167,033	126,866
Maintenance costs	273,583	192,059
Other services used	583,964	99,379
Marketing costs	85,140	42,090
Travel and accommodation costs	65,323	30,355
Internet, telephone, post	54,108	40,555
Other expert fees (accountancy, tax advice, audit, law-yer)	218,805	102,329
Consultancy fees	458,990	272,268
Commission paid	363,760	271,428
Laboratory, R&D, quality control costs	391,630	229,490
IT costs	161,261	57,291
Fees and charges to authorities	38,898	38,617
Bank charges, stock exchange commission	340,921	258,226
Insurance	463,848	274,325
Total	**65,995,593**	**35,301,722**

Behind the significant increase in utility charges is a sharp rise in energy prices.
Of the material expenditure, HUF 144.4 million relates to research and development.

6.31 PERSONNEL EXPENDITURES

Data in thousands of HUF	30 June 2023	30 June 2022
Wage costs	3,698,454	2,257,368
Payments to personnel	423,141	235,567
Social security contributions	553,266	351,986
Total	**4,674,861**	**2,844,921**

The average number of employees in the UBM Group was 394 in the year under review (previous year: 388).
Of the personnel costs, HUF 154.9 million relates to research and development.

6.32 OTHER OPERATING COSTS AND EXPENDITURES

Data in thousands of HUF	30 June 2023	30 June 2022
Wash-out expenditure	482,629	1,505,011
Compensation received	71,032	-
Profit on tangible assets sold	2,041	79,126
Result of tangible fixed assets discarded and derecog-nised	617	35,544
Inventory difference	52,294	117,467
Result on receivables sold and assigned	-	75,000
Allowances and grants to compensate for expenses	23,240	16,255
Write-off of irrecoverable debts	14,007	16,542
Retroactive rebates	113,839	28,937
Provisions for expected liabilities	-	7,042
Other expenditure	31,020	45,731
Late payment surcharge, default penalty, tax penalty, self-audit surcharge	4,209	2,890
Taxes on vehicles and buildings	9,727	5,486
NÉBIH fee, environmental product charge, environmen-tal pollution charge	203,660	110,948
Total	**1,008,315**	**2,045,979**

The content of the wash-out agreements is detailed in Section 6.25.

6.33 REVENUES FROM FINANCIAL OPERATIONS

Data in thousands of HUF	30 June 2023	30 June 2022
Other interests received (due)	573,176	155,573
Profit on hedging	1,087,350	185,240
Realised exchange rate gains	4,024,294	2,140,038
Unrealised exchange rate gains	125,591	155,743
Result of liabilities waived	-	72
Total	**5,810,411**	**2,636,666**

6.34 EXPENDITURES ON FINANCIAL OPERATIONS

Data in thousands of HUF	30 June 2023	30 June 2022
Exchange losses on financial assets invested	-	1,150
Loss on hedging transactions	1,627,854	578,378
Realised exchange rate losses	3,737,177	2,009,895
Unrealised exchange rate losses	216,433	6,762
Discount paid	14,206	-
Total	**5,595,670**	**2,596,185**

Both realised exchange rate gains and exchange rate losses increased significantly due to the high volatility in exchange rates.

6.35 INTEREST EXPENDITURE

Data in thousands of HUF	30 June 2023	30 June 2022
Interests payable to financial institutions	6,484,866	1,718,438
Interests payable to other enterprises	154,727	64,419
Total	**6,639,593**	**1,782,857**

The Group's loans for financing are mainly in the form of floating rate loans, and the rising interest rates have led to a significant increase in interest expenses in the year under review.

6.36 INCOME TAX EXPENSE

Data in thousands of HUF	30 June 2023	30 June 2022
Deferred tax	(2,124)	19,292
Income tax expense	589,961	568,044
Total	**587,837**	**587,336**

Data in thousands of HUF	30 June 2023	30 June 2022
Innovation contribution	61,381	43,381
Local business tax	318,855	252,822
Corporation tax	209,725	271,841
Total	**589,961**	**568,044**

6.37 EARNINGS PER SHARE

The calculation of basic earnings per share should take into account the after-tax profit distributable to shareholders and the average annual number of ordinary shares issued, excluding treasury shares.

Data in thousands of HUF	30 June 2023	30 June 2022
Profit after tax	**913 112**	**2 842 427**
Earnings per share (HUF)		
Basic	40,94	142,23
Diluted	40,94	142,23

Earnings per share for the previous period has been restated to reflect a 1:20 split of the nominal value of ordinary shares in the 2023 financial year.

There are no factors in either 2022 or 2023 that would dilute the earnings per share.

6.38 SEGMENT REPORT

The Group's management has identified two distinct operating segments, which can be separated in terms of legal structure, organisational operations and financial reporting:

Commodity trading segment: classic trading activities in wheat, maize, barley, oilseeds, soya meal, soya beans and mid-proteins. Commodity trading operates mainly in a regional operational framework, targeting markets in the geographical areas of the individual trading offices (Hungary, Romania, Austria, Serbia), as well as Italy, Germany, Slovakia - both in terms of buying and selling activities. In commodity trading there is a strong cooperation between the individual trading offices on both the buying and selling side. Approximately 13% to 15% of the total trading volume is used by the UBM Group factories.

Feed manufacturing and feed materials trading segment: feed manufacturing includes the production of compound feeds for poultry, pig and ruminant livestock for the Hungarian, Slovak, Romanian and Serbian markets, as well as premix production and research and development activities to service and develop these manufacturing activities. The feed materials trading unit is engaged in the procurement and trading of raw materials, other than grain crops, required for the production of feed, in particular vitamins, amino acids and trace elements. In view of UBM's large pool of partners, we also sell raw materials directly to our livestock partners.

30 June 2023	Commodities	Feed	Other	Between segments
Sales revenue	164,426,014	92,143,996	-	(24,957,940)
Other operating revenue	899,873	374,014	2,940	(360,671)
Total operating revenue	**165,325,887**	**92,518,010**	**2,940**	**(25,318,611)**
Capitalised own performance	-	277,332	-	28,551
Costs of goods and services sold	153,100,248	23,433,450	2,000	(24,703,914)
Materials expenditure	4,757,143	61,279,360	232,310	(273,220)
Personnel expenditure	1,058,257	3,600,580	16,024	-
Depreciation	162,634	1,250,690	495	-
Impairment	54,201	23,951	14	-
Other operating costs and expenses	656,691	700,691	16,800	(365,867)
Total operating costs	**159,789,174**	**90,288,722**	**267,643**	**(25,343,001)**
Earnings before interest and tax (EBIT)	**5,536,713**	**2,506,610**	**(264,703)**	**52,941**
Revenue from financial operations	4,457,646	1,313,059	467,730	(428,024)
Expenditure on financial operations	4,337,201	1,306,882	164,486	(212,899)
Interest expenditure	3,382,455	3,007,521	411,801	(162,184)
Share of equity accounted investments	-	94,240	-	-
Profit from financial operations	**(3,262,010)**	**(2,907,104)**	**(108,557)**	**(52,941)**
Profit before tax	**2,274,703**	**(400,494)**	**(373,260)**	**-**
Deferred tax	28,435	(30,184)	(375)	-
Income tax expenses	351,367	194,054	44,540	-
Profit after tax	**1,894,901**	**(564,364)**	**(417,425)**	**-**

30 June 2022	Commodities	Feed	Other	Between segments
Sales revenue	112,109,007	55,890,674	89,315	(12,719,241)
Other operating revenue	964,981	685,073	5,258	(485,414)
Total operating revenue	**113,073,988**	**56,575,747**	**94,573**	**(13,204,655)**
Capitalised own performance	-	5,802	-	(12,811)
Costs of goods and services sold	103,944,497	19,483,869	-	(12,652,522)
Materials expenditure	3,399,471	31,875,703	72,243	(45,695)
Personnel expenditure	594,130	2,239,329	11,462	-
Depreciation	93,557	639,168	246	-
Impairment	(2,291)	278,786	-	-
Other operating costs and expenses	2,168,710	262,911	99,770	(485,412)
Total operating costs	**110,198,074**	**54,785,568**	**183,721**	**(13,196,440)**
Earnings before interest and tax (EBIT)	**2,875,914**	**1,790,179**	**(89,148)**	**(8,215)**
Revenue from financial operations	1,532,791	685,010	148,591	7 339
Expenditure on financial operations	1,728,744	529,300	76,082	(876)
Interest expenditure	831,354	736,441	215,062	-
Share of equity accounted invest-ments	-	603,409	-	-
Profit from financial operations	**(1,027,307)**	**22,678**	**(142,553)**	**8,215**
Profit before tax	**1,848,607**	**1,812,857**	**(231,701)**	**-**
Deferred tax	12,718	(17,892)	24,466	-
Income tax expenses	336 554	211,871	19,619	-
Profit after tax	**1 499 335**	**1,618,878**	**(275,786)**	**-**

The UBM Group does not have any customers that account for 10% of total sales revenue.

The breakdown of the main Balance Sheet data by segment is as follows:

30 June 2023	Commodities	Feed	Other
Property, plant and equipment	317,844	11,703,211	118,274
Inventories	4,192,488	4,048,632	-
Trade receivables	9,940,949	20,292,247	32,169
Long-term loans and borrowings	-	3,072,488	1,682,881
Short-term loans and borrowings	8,848,306	15,124,761	602,718
Suppliers	7,052,191	7,586,544	57,666

30 June 2022	Commodities	Feed	Other
Property, plant and equipment	25,807	11,382,862	77,935
Inventories	5,542,133	5,880,945	-
Trade receivables	10,571,345	16,263,553	31,525
Long-term loans and borrowings	258,966	2,709,491	1,285,717
Short-term loans and borrowings	14,196,877	14,349,428	761,616
Trade payables	6,796,641	8,062,050	67,745

6.39 EBITDA

Application and definition of EBITDA: the Group has chosen to include this commonly used measure in view of widespread industry practice and the Group's belief that its disclosure is useful and informative to users of its financial statements.

Calculation of EBITDA	30 June 2023	30 June 2022
Depreciation	1,413,819	732,971
Interest expenses	6,639,593	1,782,857
Profit before tax	1,500,949	3,429,763
Calculated EBITDA	9,554,361	5,945,591

For ease of interpretation, the method of calculation is set out below:

- +/- Profit before tax
- -/+ Elimination of interest expenses
- -/+ Elimination of depreciation and amortisation

The Group adjusts profit before tax attributable to owners of the parent company for the following items:

Interest expenses: the Group adjusts the net result by the amount of interest expenses for all items included in the financial result.

Depreciation and amortisation: depreciation and amortisation of assets subject to IAS 16, IAS 40 and IAS 38, as well as depreciation and amortisation of assets under operating leases recognised as assets by the Group, are excluded from the calculation of this indicator. Impairment losses on such assets are also readjusted by the Group. (Impairment losses on other assets, e.g. financial instruments, are not adjusted in the calculation of the indicator.)

6.40 OFF-BALANCE SHEET ITEMS

The UBM Group did not have any contingent liabilities on either 30 June 2023 or 30 June 2022.

The Group's financing bank for the protein business provides a bank guarantee of USD 2,500,000 to a soy supplier. The expiry date of this bank guarantee is 31 August 2024.

The Group provided a bank guarantee of HUF 358,346,000 to the sponsor of a grant for the renovation of a feed mixer in Slovakia. The expiry date of this bank guarantee is 31 December 2023.

The Group provides a bank guarantee to the Hungarian State Treasury in connection with the renovation of the plant in Mátészalka under the Rural Development Programme. The bank guarantee amounts to HUF 212,006,000 and expires on 31 August 2024.

In previous periods, the UBM Group has not incurred any liabilities due to guarantees and the management does not expect to incur any significant liabilities in the future.

Some of the loans used by UBM Agri Trade S.r.l. and UBM Agro Slovakia S.r.o. were taken out by the legal entity UBM Agro Zrt. from its financing bank and then passed on to UBM Agri Trade Srl and UBM Agro Slovakia Sro. These loans are backed by UBM Agri Trade S.r.l. and UBM Agro Slovakia S.r.o. as obligors.

6.41 TRANSACTIONS WITH RELATED PARTIES

Interests received from individual related parties; the interest rate used is the base rate of the Central Bank + 5%.

Individual	Interest income in thousands of HUF
Andor Botos UBM	11,994
László Bustyaházai UBM	7,184
Mihály Black UBM	2,782
Péter Horváth UBM	1,666
Szabolcs Szalontai UBM	4,065
András Uzsoki UBM	3,164
Ákos Varga UBM	6,769
Gábor Varga UBM	4,504
Imre Varga UBM	1,714
Total	**52,842**

Individual	Open balance in thousands of HUF
Botos Andor	49,247
László Bustyaházai	31,276
Mihály Black	14,313
Péter Horváth	35,337
Szabolcs Szalontai	15,688
András Uzsoki	20,252
Ákos Varga	45,135
Gábor Varga	31,156
Imre Varga	11,277
Total	**253,681**

Business transactions with associates and joint ventures

30 June 2023	MA-KA Kft.	UBM Feed Romania SRL	Total
Trade and other receivables	1,513,002	1,114,103	2,627,105
Long-term loans	-	767,744	767,744
Payables	1,251,222	50,279	1,301,501
Net sales revenue	16,086,413	9,025,391	25,111,804

30 June 2022	MA-KA Kft.	UBM Feed Romania srl	Naptáp Kft.	Total
Trade and other receivables	1,617,369	2,403,929	162	4,021,460
Long-term loans	17,183	761,346	5,798	784,327
Payables	687,512	31,916	635	720,063
Net sales revenue	9,035,941	4,461,151	-	13,497,092

Transactions with related parties were as follows. Related party transactions were carried out subject to market terms and appropriate approvals.

Transactions in the current year	BARSER Kft.	Flumen Vitae Kft.	LIVERLAND Kft.	Fuchs Tojás Kft.	S.P.M. Hungary Kft.	Equicomt Equine Performance Kft.	Fuchs Agrár Kft.
Net sales revenue	566	-	74,043	224	-	1,053	360,865
Service requested	24,976	12,000	-	-	-	19,360	-
Interest receivable	10,705	-	-	-	-	-	-

Transactions in the previous financial year	BARSER Kft.	Flumen Vitae Kft.	LIVERLAND Kft.	Miiskolánk Kft.	S.P.M. Hungary Kft.	Vikomt Kft.	Fuchs Agrár Kft.
Net sales revenue	-	-	91,347	70	2,022	-	205,593
Service requested	16,958	11,600	-	16	17,135	14,402	-
Interest receivable	2,017	-	-	-	11,897	-	-

Open balances with related parties in the current and previous year:

Open balances 30 June 2023	BARSER Kft.	Flumen Vitae Kft.	LIVERLAND Kft.	Fuchs Tojás Kft.	S.P.M. Hungary Kft.	Equicomt Equine Performance Kft.	Fuchs Agrár Kft.
Trade receivables	154,347	2,302	875	-	-	113	-
Payables	2,328	-	-	-	-	1,651	-
Loans granted and interests	59,769	-	-	-	304,891	-	-

Open balances 30 June 2022	BARSER Kft.	Flumen Vitae Kft.	LIVERLAND Kft.	Miiskolánk Kft.	S.P.M. Hungary Kft.	Vikomt Kft.	Fuchs Agrár Kft.
Trade receivables	154,022	-	875	-	-	120	80,303
Payables	6,170	1,270	-	-	248	1,600	-
Loans granted and interests	52,645	-	-	-	385,176	-	-

6.42 RISK MANAGEMENT

The Company's assets include cash, trade and other receivables and other assets, excluding taxes. The Company's liabilities include loans and borrowings, trade and other payables, excluding taxes and gains and losses arising from the revaluation of financial liabilities at fair value.

The Company is exposed to the following financial risks:

- credit risk
- liquidity risk
- market risk

This chapter describes the above risks of the Company, the Company's objectives, policies, process measurement and risk management, and the Company's management capital. Management has overall responsibility for the establishment, oversight and risk management of the Company.

The Company's risk management policy is designed to identify and investigate the risks faced by the Company, to set up appropriate controls and to monitor the risks. The risk management policy and system will be reviewed to reflect changing market conditions and the Company's activities.

Capital markets

The Company's policy is to maintain a level of share capital sufficient to sustain investor and creditor confidence in its future development.

The Company's capital consists of the net debt and the Company's equity (the latter includes subscribed capital and provisions).

Credit risk

Credit risk is the risk that a debtor or counterparty will default on its contractual obligations, resulting in a financial loss to the Company. Financial assets that are exposed to credit risk may be long-term or short-term investments, cash and cash equivalents, accounts receivable and other receivables.

The carrying amount of financial assets represents the maximum exposure to risk. The table below shows the Company's maximum exposure to credit risk:

	30 June 2023	30 June 2022
Other long-term receivables	1,183,307	2,078,676
Trade receivables	30,265,365	26,866,423
Other receivables and accrued income	3,970,608	5,173,654
Cash and cash equivalents	2,669,337	8,308,032
Total	**38,088,617**	**42,426,785**

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to liquidity management is to ensure, as far as possible, that it always has sufficient liquidity to meet its obligations as they fall due, both in normal and stressed circumstances, without incurring unacceptable losses or risking the Company's reputation.

The Group's liquidity plan is as follows:

30 June 2023	Due within 1 year	Due in	2-3 éven belül esedékes	3 éven túl esedékes	Összesen
Other long-term receivables	-	668,416	204,000	310,891	1,183,307
Trade receivables	30,265,365	-	-	-	30,265,365
Income tax receivable	93,809	-	-	-	93,809
Other receivables and accrued income	3,970,608	-	-	-	3,970,608
Cash and cash equivalents	2,669,337	-	-	-	2,669,337
Financial instruments	**36,999,119**	**668,416**	**204,000**	**310,891**	**38,182,426**
Long-term loans and borrowings	-	1,530,076	1,589,184	1,636,109	4,755,369
Long-term finance lease liabili-ties	-	398,402	283,097	264,918	946,417
Short-term loans and borrowings	24,575,785	-	-	-	24,575,785
Suppliers	14,696,401	-	-	-	14,696,401
Other liabilities and accruals	3,039,701	-	-	-	3,039,701
Short-term finance lease liabili-ties	492,969	-	-	-	492,969
Income tax liability	209,088	-	-	-	209,088
Financial liabilities	**43,013,944**	**1,928,478**	**1,872,281**	**1,901,027**	**48,715,730**

30 June 2022	Due within 1 year	Due in	2-3 éven belül esedékes	3 éven túl esedékes	Összesen
Other long-term receivables	-	1,078,888	307,047	692,741	2,078,676
Trade receivables	27,200,508	-	-	-	27,200,508
Income tax receivable	2,490	-	-	-	2,490
Other receivables and accrued income	4,839,569	-	-	-	4,839,569
Cash and cash equivalents	8,308,032	-	-	-	8,308,032
Financial assets	**40,350,599**	**1,078,888**	**307,047**	**692,741**	**42,429,275**
Long-term loans and borrowings	-	1,414,439	974,439	1,865,296	4,254,174
Long-term finance lease liabili-ties	-	372,519	267,535	161,220	801,274
Short-term loans and borrowings	29,307,921	-	-	-	29,307,921
Suppliers	14,926,436	-	-	-	14,926,436
Other liabilities and accruals	5,693,030	-	-	-	5,693,030
Short-term finance lease liabili-ties	466,333	-	-	-	466,333
Income tax liability	229,588	-	-	-	229,588
Financial liabilities	**50,623,308**	**1,786,958**	**1,241,974**	**2,026,516**	**55,678,756**

Market risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and investment fund prices, will affect the Company's results or the value of its investments in financial instruments. The objective of market risk management is to manage and control exposures to market risk within acceptable limits while optimising profits.

6.43 EFFICIENCY ANALYSIS

Interest rate sensitivity analysis result (as a percentage of interest rate change). For continuing operations:

With actual interest	30 June 2023	30 June 2022
Profit before tax - excluding interest expenses	7,567,366	5,212,620
Net interest expense	(6,066,417)	(1,782,857)
Profit before tax	**1,500,949**	**3,429,763**
		1%
Profit before tax - excluding interest expenses	7,567,366	5,212,620
Net interest expense	(6,127,081)	(1,800,686)
Profit before tax	**1,440,285**	**3,411,934**
Change in profit before tax	**(60,664)**	**(17,829)**
Change in profit before tax (%)	**-4.04%**	**-0.52%**
		5%
Profit before tax - excluding interest expenses	7,567,366	5,212,620
Net interest expense	(6,369,738)	(1,872,000)
Profit before tax	**1,197,628**	**3,340,620**
Change in profit before tax	**(303,321)**	**(89,143)**
Change in profit before tax (%)	**-20.21%**	**-2.60%**
		10%
Profit before tax - excluding interest expenses	7,567,366	5,212,620
Net interest expense	(6,673,059)	(1,961,143)
Profit before tax	**894,307**	**3,251,477**
Change in profit before tax	**(606,642)**	**(178,286)**
Change in profit before tax (%)	**-40.42%**	**-5.20%**
		-1%
Profit before tax - excluding interest expenses	7,567,366	5,212,620
Net interest expense	(6,005,753)	(1,765,028)
Profit before tax	**1,561,613**	**3,447,592**
Change in profit before tax	**60,664**	**17,829**
Change in profit before tax (%)	**4.04%**	**0.52%**
		-5%
Profit before tax - excluding interest expenses	7,567,366	5,212,620
Net interest expense	(5,763,096)	(1,693,714)
Profit before tax	**1,804,270**	**3,518,906**
Change in profit before tax	**303,321**	**89,143**
Change in profit before tax (%)	**20.21%**	**2.60%**
		-10%
Profit before tax - excluding interest expenses	7,567,366	5,212,620
Net interest expense	(5,459,775)	(1,604,571)
Profit before tax	**2,107,591**	**3,608,049**
Change in profit before tax	**606,642**	**178,286**
Change in profit before tax (%)	**40.42%**	**5.20%**

Foreign exchange change sensitivity test results (as a percentage of the change in the exchange rate):

Exchange rate	30 June 2023	30 June 2022
Profit before tax - excluding exchange rate effects	1,304,674	3,150,639
Net exchange rate effect	196,275	279,124
Profit before tax	**1,500,949**	**3,429,763**
		1%
Profit before tax - excluding exchange rate effects	1,304,674	3,150,639
Net exchange rate effect	198,238	281,915
Profit before tax	**1,502,912**	**3,432,554**
Change in profit before tax	**1,963**	**2,791**
Change in profit before tax (%)	**0.13%**	**0.08%**
		5%
Profit before tax - excluding exchange rate effects	1,304,674	3,150,639
Net exchange rate effect	206,089	293,080
Profit before tax	**1,510,763**	**3,443,719**
Change in profit before tax	**9,814**	**13,956**
Change in profit before tax (%)	**0.65%**	**0.41%**
		10%
Profit before tax - excluding exchange rate effects	1,304,674	3,150,639
Net exchange rate effect	215,903	307,036
Profit before tax	**1,520,577**	**3,457,675**
Change in profit before tax	**19,628**	**27,912**
Change in profit before tax (%)	**1.31%**	**0.81%**
		-1%
Profit before tax - excluding exchange rate effects	1,304,674	3,150,639
Net exchange rate effect	194,312	276,333
Profit before tax	**1,498,986**	**3,426,972**
Change in profit before tax	**(1,963)**	**(2,791)**
Change in profit before tax (%)	**-0.13%**	**-0.08%**
		-5%
Profit before tax - excluding exchange rate effects	1,304,674	3,150,639
Net exchange rate effect	186,461	265,168
Profit before tax	**1,491,135**	**3,415,807**
Change in profit before tax	**(9,814)**	**(13,956)**
Change in profit before tax (%)	**-0.65%**	**-0.41%**
		-10%
Profit before tax - excluding exchange rate effects	1,304,674	3,150,639
Net exchange rate effect	176,648	251,212
Profit before tax	**1,481,322**	**3,401,851**
Change in profit before tax	**(19,628)**	**(27,912)**
Change in profit before tax (%)	**-1.31%**	**-0.81%**

The result of the exchange rate sensitivity analysis (as a percentage of the change in the exchange rate):

With current exchange rates	30 June 2023	30 June 2022
Non-monetary assets and assets denominated in HUF	44,717,010	56,080,452
Foreign currency assets	18,313,236	14,029,347
Liabilities denominated in HUF	35,113,314	41,800,877
Foreign currency liabilities	15,495,246	14,649,357
Net assets	**12,421,686**	**13,659,565**
		1%
Non-monetary assets and assets denominated in HUF	44,717,010	56,080,452
Foreign currency assets	18,496,369	14,169,641
Liabilities denominated in HUF	35,113,314	41,800,877
Foreign currency liabilities	15,650,198	14,795,851
Net assets	**12,449,866**	**13,653,365**
Change in net assets	**28,180**	**(6,200)**
Change in net assets (%)	**0.23%**	**-0.05%**
		5%
Non-monetary assets and assets denominated in HUF	44,717,010	56,080,452
Foreign currency assets	19,228,898	14,730,815
Liabilities denominated in HUF	35,113,314	41,800,877
Foreign currency liabilities	16,270,008	15,381,825
Net assets	**12,562,586**	**13,628,565**
Change in net assets	**140,900**	**(31,000)**
Change in net assets (%)	**1.13%**	**-0.23%**
		10%
Non-monetary assets and assets denominated in HUF	44,717,010	56,080,452
Foreign currency assets	20,144,560	15,432,282
Liabilities denominated in HUF	35,113,314	41,800,877
Foreign currency liabilities	17,044,770	16,114,293
Net assets	**12,703,485**	**13,597,564**
Change in net assets	**281,799**	**(62,001)**
Change in net assets (%)	**2.27%**	**-0.45%**
		-1%
Non-monetary assets and assets denominated in HUF	44,717,010	56,080,452
Foreign currency assets	18,130,104	13,889,054
Liabilities denominated in HUF	35,113,314	41,800,877
Foreign currency liabilities	15,340,293	14,502,864
Net assets	**12,393,506**	**13,665,765**
Change in net assets	**(28,180)**	**6,200**
Change in net assets (%)	**-0.23%**	**0.05%**
		-5%
Non-monetary assets and assets denominated in HUF	44,717,010	56,080,452
Foreign currency assets	17,397,575	13,327,880
Liabilities denominated in HUF	35,113,314	41,800,877
Foreign currency liabilities	14,720,483	13,916,889
Net assets	**12,280,787**	**13,690,565**
Change in net assets	**(140,900)**	**31,000**
Change in net assets (%)	**-1.13%**	**0.23%**
		-10%
Non-monetary assets and assets denominated in HUF	44,717,010	56,080,452
Foreign currency assets	16,481,913	12,626,413
Liabilities denominated in HUF	35,113,314	41,800,877
Foreign currency liabilities	13,945,721	13,184,421
Net assets	**12,139,887**	**13,721,566**
Change in net assets	**(281,799)**	**62,001**
Change in net assets (%)	**-2.27%**	**0.45%**

6.44 FINANCIAL INSTRUMENTS

Financial instruments include current assets, such as loans granted and cash and cash equivalents, and borrowings, loans and trade payables and derivative transactions.

30 June 2023	Declared value	Real value
Financial assets		
Valued at fair value against profit or loss		
Other participations	153,959	153,959
Valued at fair value against other comprehensive income		
Positive fair value of derivative assets	1,013,236	1,013,236
from which		
Currency hedge	760,364	*760,364*
Commodity hedge	252,872	*252,872*
Loans and receivables carried at amortised cost		
Other long-term receivables	1,183,307	1,183,307
Trade receivables	30,265,365	30,265,365
Other receivables	1,251,460	1,251,460
Loans granted	480,044	480,044
Cash and cash equivalents	2,669,337	2,669,337
Financial liabilities		
Valued at fair value against other comprehensive income		
Negative fair value of derivatives (Liability)	325,309	325,309
from which		
Currency hedge	298,646	*298,646*
Commodity hedge	26,663	*26,663*
Liabilities carried at amortised cost		
Long-term loans and borrowings	4,755,369	4,755,369
Short-term loans and borrowings	24,575,785	24,575,785
Other liabilities	1,054,283	1,054,283
Lease liabilities	1,439,386	1,439,386
Payables	14,696,401	14,696,401

30 June 2022	Declared value	Real value
Financial assets		
Valued at fair value against profit or loss		
Other participations	153,959	153,959
Valued at fair value against other comprehensive income		
Positive fair value of derivative assets	1,221,039	1,221,039
from which		
Currency hedge	*1,057,091*	*1,057,091*
Commodity hedge	*163,948*	*163,948*
Loans and receivables carried at amortised cost		
Other long-term receivables	2,078,676	2,078,676
Trade receivables	26,866,423	26,866,423
Other receivables	2,782,272	2,782,272
Loans granted	401,077	401,077
Cash and cash equivalents	8,308,032	8,308,032
Financial liabilities		
Valued at fair value against other comprehensive income		
Negative fair value of derivatives (Liability)	1,933,050	1 933,050
from which		
Currency hedge	*762,223*	*762,223*
Commodity hedge	*1,170,827*	*1,170,827*
Liabilities carried at amortised cost		
Long-term loans and borrowings	4,254,174	4,254,174
Short-term loans and borrowings	29,307,921	29,307,921
Other liabilities	2,366,117	2,366,117
Lease liabilities	1,267,606	1,267,606
Payables	14,926,436	14,926,436

Financial instruments measured at fair value are classified in a hierarchy for disclosure purposes consisting of three “levels”. The levels within the hierarchy reflect the significance of the inputs used in measuring fair value. The Group uses Level 3 for fair value measurements, with the exception of derivative valuations. Derivatives are classified as Level 2 (Valuation techniques based on observable market data). For other investments, fair value approximates carrying value.

6.46 EVENTS AFTER THE BALANCE SHEET DATE

Important issuer disclosures after the reporting date were as follows.

- On 10 July 2023, UBM Agro Zrt., a subsidiary of the Group, established a new subsidiary in Italy with the following company details: name: UBM Italy Società a responsabilità limitata; abbreviated company name: UBM Italy S.r.l.; registered office: 20135 Milano, Viale Monte Nero 66. The subsidiary will operate the UBM Group's new commercial office in Italy, with the planned involvement of a minority shareholder with a good knowledge of the local market and many years of international experience in crops trading.
- On 21 July 2023, the Group's subsidiary received a grant offer from HIPA Nemzeti Befektetési Ügynökség Nonprofit Zártkörűen Működő Részvénytársaság (HIPA National Investment Agency Nonprofit Private Limited Company), acting on behalf of the Ministry of Foreign Affairs and Trade as the sponsor. According to the Offer of Support, UBM Feed Zrt. may receive a total of HUF 781,468,000 in government grant aid under the Factory Rescue Programme for the implementation of its planned investment in renewable energy production, subject to the conditions set out in a previously submitted application for support. The Offer of Support contains a conditional commitment by the sponsor, which can only be considered as a legally enforceable commitment recognised by the sponsor after the signing of a support contract by both parties containing the detailed terms and conditions of the support, based on the approval of the Government of Hungary.
- UBM Feed Zrt., a subsidiary of the Group, acquired a 24.9% stake in Mangal Ilona Sertéshízlalda Termelő, Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság (registered office: 1013 Budapest, Pauler utca 6.), representing 24.9% of its share capital of HUF 101,300,000, amounting to a share deposit of HUF 25,223,700, by a Share Purchase Agreement signed on 1 August 2023. Simultaneously with the sale of the shares, Moldován & Fia Befektetési Korlátolt Felelősségű Társaság (registered office: 6 Pauler utca, 1013 Budapest) and UBM Feed Zrt. established a right to purchase and a right to sale in respect of the 25.1% of the share capital of Mangal Ilona Sertéshízlalda Kft. of HUF 101,300,000, amounting to HUF 25,426,300. UBM Feed Zrt. may exercise the right to purchase within 10 (ten) years from the closing of the aforementioned share sale, while Moldován & Fia Kft. may exercise the right to sale within 6 (six) months from the expiry of the period available to exercise the right to purchase.

6.47 REMUNERATION OF THE BOARD OF DIRECTORS

The amount of compensation for key management personnel is shown in the table below.

Data in thousands of HUF	30 June 2023	30 June 2022
Short-term employee benefits	189,229	61,232
Post-employment benefits	-	-
Other long-term benefits	-	-
Severance payments	-	-
Share-based payments	-	-
Total	**189,229**	**61,232**

Key management personnel include all members of the Board of Directors.

6.48 GOING CONCERN

In the context of the effects of the war in Ukraine, and after considering other market and liquidity risks, the Company has assessed and made estimates as to whether there is any material uncertainty as to its ability to continue as a going concern and concluded that it is appropriate to assume that it will continue as a going concern for the foreseeable future and that there is no material uncertainty.

6.49 RESPONSIBLE CORPORATE GOVERNANCE

The Company has a Responsible Corporate Governance Report and Statement and reviews its corporate governance system each year and makes changes where necessary. At the Annual General Meeting, shareholders vote to approve the Company's Corporate Governance Report and the Company publishes the Corporate Governance Statement after the meeting.

- The Corporate Governance Report is available at www.ubm.hu, www.bet.hu and www.kozzetetelek.hu.
- The Company prepares its Corporate Governance Report and Statement based on the Corporate Governance Recommendations published by the Budapest Stock Exchange.
- The Corporate Governance Report is adopted by the Board of Directors and approved by the General Meeting. The Corporate Governance Report contains the BSE recommendations and the details of and reasons for any deviation from them.
- The Corporate Governance Report contains the reasons for the practice outside the requirements of the legislation.
- The Corporate Governance Report contains the main features of the Company's internal control and risk management practices.

6.50 PERSONS AUTHORISED TO SIGN THE ACCOUNTS

Ákos Varga and Péter Horváth are jointly authorised to sign the accounts of the Company.

6.51 APPROVAL OF THE CONSOLIDATED ANNUAL ACCOUNTS

The financial statements were discussed and approved for disclosure in this form by the Board of Directors of the Company at its meeting on 10 October 2023.

Pilisvörösvár, 10 October 2023.

Ákos Varga *Chair of the Board*	**Péter Horváth** *member of the Board*

6.52 STATEMENT OF LIABILITY

The consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of UBM Holding Nyrt. and the entities included in the consolidation to the best of the Company's knowledge, and the Consolidated Management Report gives a true and fair view of the state of affairs, development and performance of UBM Holding Nyrt. and the entities included in the consolidation, together with a description of the principal risks and uncertainties.

The Issuer declares that the Report gives a true and fair view of the development and performance of the Company, that its data and statements are accurate and do not omit any fact material to the assessment of the Issuer's position.

Pursuant to Section 57(1) of the Act on the Capital Market, the Issuer shall be liable for compensation for any damage caused by the non-disclosure or misleading content of regulated information.

I accept responsibility for the financial information in these consolidated financial statements for the year ended on 30 June 2023 and for the accuracy of the analyses and conclusions.

Pilisvörösvár, 10 October 2023.

Ákos Varga *Chair of the Board*	**Péter Horváth** *member of the Board*

UBM Holding Nyrt.

Individual annual financial statements

based on International Financial Reporting Standards (IFRS) adopted by the EU

30 June 2023

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1. STATEMENT OF FINANCIAL POSITION

figures in thousands of HUF, unless otherwise indicated

	Annex	30 June 2023	30 June 2022
ASSETS			
Non-current assets			
Intangible assets	7	759	1,254
Permanent participations in affiliated entities	8	25,709,995	20,710,000
Total non-current assets		**25,710,754**	**20,711,254**
Current assets			
Receivables from related parties	10	24,484	26,516
Other current receivables	11	12,520	12,437
Dividends receivables	12	274,462	299,465
Cash and cash equivalents	13	6,382	5,010,997
Total current assets		**317,848**	**5,349,415**
Total assets		**26,028,602**	**26,060,669**
LIABILITIES			
Equity			
Share capital	14	118,519	118,519
Capital reserve	14	25,671,447	25,671,447
Retained earnings	14	209,470	207,889
Total equity:		**25,999,436**	**25,997,855**
Current liabilities			
Payables	15	5,706	32,709
Payables to related parties	16	-	15,503
Other liabilities		1,333	2,659
Income tax liabilities		327	343
Accruals	17	21,800	11,600
Total current liabilities		**29,166**	**62,814**
Total liabilities and equity		**26,028,602**	**26,060,669**

The annexes on pages 100 to 124 form an integral part of these accounts.

2. COMPREHENSIVE INCOME STATEMENT

figures in thousands of HUF, unless otherwise indicated

	Annex	30 June 2023	30 June 2022
Sales revenue	18	40,000	20,800
Other operating revenue	19	2	-
Material expenditures		-	-
Goods and services sold		(4,800)	-
Services requested	20	(71,302)	(72,243)
Personnel expenditures	21	(16,024)	(11,462)
Depreciation and impairment	7	(495)	(246)
Other operating expenses	22	(341)	(7,083)
Earnings before interest and tax (EBIT)		**(52,960)**	**(70,234)**
Revenues from financial transactions	23	1,556,424	302,456
Expenditures on financial transactions	24	(1,051)	(666)
Profit before tax		**1,502,413**	**231,556**
Tax liability	25	(832)	(447)
Deferred tax expense	25	-	(3,500)
Net profit		**1,501,581**	**227,609**
Other comprehensive income		**-**	**-**
Total comprehensive income		**1,501,581**	**227,609**
Earnings per share (HUF) *			
Basic	26	67,32	11,34
Diluted	26	67,32	11,34
EBITDA		**1,502,350**	**232,250**

** Earnings per share for the previous period has been restated to reflect a 1:20 split of the nominal value of ordinary shares in the 2023 financial year.*

The annexes on pages 100 to 124 are an integral part of the accounts

3. STATEMENT OF CHANGES IN EQUITY

figures in thousands of HUF, unless otherwise indicated

	Annex	Share capital	Capital reserve	Retained earnings	Total equity
30 June 2021		**100,000**	**-**	**(19,720)**	**80,280**
Profit for the period				227,609	227,609
UBM Trade Zrt. donation	14		20,710,000		20,710,000
Capital increase	14	18,519	4,961,447		4,979,966
30 June 2022		**118,519**	**25,671,447**	**207,889**	**25,997,855**
Profit for the period				1 501,581	1,501,581
Dividend payment	14			(1 500,000)	(1,500,000)
30 June 2023		**118,519**	**25,671,447**	**209,470**	**25,999,436**

The annexes on pages 100 to 124 form an integral part of these accounts.

4. CASH FLOW STATEMENT

figures in thousands of HUF, unless otherwise indicated

	30 June 2023	30 June 2022
Cash flow from operating activities		
Profit before tax	1,502,413	231,556
Corrections:		
Depreciation in the current year	495	246
Deferred tax	-	3,500
Tax liability	(832)	(3,947)
Dividends paid		-
Changes in working capital		
Change in amounts due from related parties	2,032	(26,182)
Change in trade and other receivables	(83)	(5,821)
Change in dividends receivable	25,003	(299,465)
Change of suppliers	(27,003)	29,954
Other current liabilities and accruals	(3,845)	4,939
Changes in accrued liabilities	10,200	10,600
Net cash flow from operating activities	**1,508,380**	**(54,620)**
Cash flow from investing activities		
Purchase of tangible and intangible fixed assets	-	(1,500)
Loans granted	-	60,000
Capital increase in a subsidiary	(4,999,995)	-
Net cash flow from investing activities	**(4,999,995)**	**(1,500)**
Cash flow from financing activities		
Capital payment	-	4,979,966
Dividends paid	(1,500,000)	-
Loans received	(13,000)	13,000
Net cash flow from financing activities	**(1,513,000)**	**5,052,966**
Net change in cash and cash equivalents	(5,004,615)	4,996,846
Effect of exchange rate changes on foreign currency balances	-	-
Cash and cash equivalents at the beginning of the year	5,010,997	14,151
Year-end cash and cash equivalents	**6,382**	**5,010,997**

The annexes on pages 100 to 124 form an integral part of these accounts.

5. GENERAL SECTION

Presentation of the Company

UBM HOLDING Nyrt. - hereinafter referred to as the "Company" - was established on 8 February 2016, its main activities are asset management and internal audit and controlling.

The registered office of the Company is 2085 Pilisvörösvár, Kisvasút utca 1.

Owners of UBM HOLDING Nyrt. on 30 June 2023:

Owner	Ownership (%)	Vote share (%)
Andor Ágoston Botos	13.67%	14.56%
Ákos Varga	12.82%	13.65%
Imre Varga	11.74%	12.50%
Péter Horváth	8.90%	9.48%
Gábor Varga	8.90%	9.48%
László Bustyaházai	8.90%	9.47%
András Uzsoki	5.26%	5.60%
Mihály Black	3.90%	4.15%
Szabolcs Szalontai	3.90%	4.15%
UBM Agro Zrt.	3.92%	0.00%
UBM Feed Zrt.	0.66%	0.00%
UBM Trade Zrt.	1.00%	0.00%
UBM Szeleste Zrt.	0.49%	0.00%
MFB Vállalati Beruházási és Tranzakciós Magántőkealap	15.62%	16.63%
Public domain	0.31%	0.33%
Total	**100.00%**	**100.00%**

The gross salary paid to key management personnel in the year under review was HUF 1,696,000.

The Company's related parties are:

List of companies belonging to the UBM Group (subsidiaries)

Name	Address
UBM Agro Zrt.	2085 Pilisvörösvár Kisvasút utca 1.
UBM Consulting Zrt.	2085 Pilisvörösvár Kisvasút utca 1.
UBM Feed Zrt.	2085 Pilisvörösvár Kisvasút utca 1.
UBM Grain Zrt.	2085 Pilisvörösvár Kisvasút utca 1.
UBM Trade Zrt.	2085 Pilisvörösvár Kisvasút utca 1.
UBM D.o.o	11070 Novi Beograd, Bulevar Mihajla Pupina 10i/223, Serbia
Búzamag Kft.	2073 Tök, parcel 036/31
UBM Szeleste Zrt.	9622 Szeleste, Kossuth Lajos u. 24/B
UBM Agri Trade Srl	014126 - Bucuresti, 1st district, 4th Tablitei street, Floor 1-2, Roma-nia
UBM Agro Slovakia, s.r.o.	04414 Železničná 2., Košice, Slovakia
"AGROMIX" Kft.	4700 Mátészalka, Meggyesi út 0119/24.
UBM Invest Slovakia Sro.	04414 Železničná 2., Košice, Slovakia
UBM Agrar GmbH	4020 Linz, Bismarckstrasse 02, Austria
UBM Feed d.o.o.	11070 NOVI BEOGRAD, Bulevar Mihaila Pupina 10I/223, Serbia

List of UBM Group companies (associates and joint ventures)

Name	Address
MA-KA Kft.	6600 Szentes Bese László utca 5-7
UBM Feed Romania Srl	547550, Sanpaul, nr. 6A, Jud. Mures, Romania

List of companies which are related parties and had business relations with the Company during the year under review:

Name	Address
Flumen Vitae Kft.	2081 Piliscsaba, Hegyalja utca 11-13.

The above company is not controlled by UBM Holding Nyrt. and this company does not control UBM Holding Nyrt. The business transaction with this company was conducted on approved arm's length terms.

Transactions in the year 2023:

Name	Legal address	Amount in thousands of HUF
Flumen Vitae Kft.	Consultancy services required	12,000

List of individual related parties:

Name	Address
Ákos Varga	2081 Piliscsaba, Domb utca 8.
László Bustyaházai	2481 Venice, Enyedi utca 11.
Péter Horváth	2081 Piliscsaba, József liget utca 36.
András Uzsoki	2081 Piliscsaba, Hegyalja utca 11-13.
Imre Varga	2000 Szentendre, Dézsma utca 1.
Gábor Varga	2081 Piliscsaba, Kilátó utca 5.
Andor Ágoston Botos	2081 Piliscsaba, Csokonai utca 10.
Mihály Black	2074 Perbál, Petőfi utca 10.
Janositz Balázs Ferenc	2081 Piliscsaba, Szent István király útja 110.
Szabolcs Szalontai	8000 Székesfehérvár, Iglói utca 19.
József Tóth	1138 Budapest, Népfürdő utca 13. 3rd floor, door 4.

In addition to the transactions described in note 18, the following transactions with related parties took place during the financial year:

- Dividend from UBM Trade to UBM Holding Nyrt. for the financial year ending on 30 June 2022: HUF 1,500,000,000.

Consolidated accounts

The consolidated financial statements of the Group are prepared by UBM Holding Nyrt. in accordance with IFRS international standards, for which the subsidiaries provide data. The consolidated accounts are publicly available. They are available at *www.ubm.hu* and www.bet.hu and at the office of UBM Holding Nyrt., Kisvasút utca 1, 2085 Pilisvörösvár, Hungary.

Basis of preparation of the Balance Sheet

I. Acceptance and declaration of compliance with International Financial Reporting Standards

All financial statements were approved by the Board of Directors on 10 October 2023. These financial statements have been prepared in accordance with International Financial Reporting Standards, as published and incorporated by regulation in the Official Journal of the European Union (EU). IFRS are standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

These financial statements are presented in Hungarian Forints, rounded to the nearest thousands, unless otherwise indicated.

II. Basis for the preparation of the accounts

All financial statements have been prepared in accordance with standards and IFRIC interpretations issued and in force until 1 July 2022.

These financial statements have been prepared under the historical cost convention, except where IFRS requires the use of a different measurement basis than that disclosed in the accounting policies. The Company has changed its fiscal year to 30 June beginning from 2021 onwards. The reason for this is to better align with the cyclicality of agriculture.

III. Basis of measurement

For financial statements, the measurement basis is the original cost, except for assets and liabilities that are financial instruments to be valued at fair value.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses and the accounting policies used. Estimates and related assumptions are based on historical experience and a number of other factors that are believed to be reasonable under the circumstances, the results of which form the basis for estimating the carrying amounts of assets and liabilities that are not readily determinable from other sources. Actual results may differ from these estimates.

Estimates and basic assumptions are regularly reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only the current year, and in the period of the revision and future periods if the revision affects both current and future years.

6. ACCOUNTING POLICY

The principal accounting policies applied in the preparation of the financial statements are set out below. Accounting policies have been consistently applied to the periods covered by these financial statements. The principal accounting policies applied in the preparation of the financial statements are as follows:

SIGNIFICANT ACCOUNTING POLICIES

Presentation currency and foreign currency balances

Given the content and circumstances of the underlying economic events, the Group's functional currency is the Hungarian Forint.

Foreign exchange transactions denominated in currencies other than HUF were initially recorded at the exchange rate established for the date of execution of such transactions. Receivables and payables in foreign currencies were translated into HUF at the exchange rate prevailing at the Balance Sheet date, irrespective of whether the return on the asset was considered doubtful or not. The resulting exchange differences are recognised in the Profit or Loss Account under financial income or expenses.

Financial statements are presented in Hungarian Forint (HUF), rounded to the nearest thousands, except where otherwise indicated.

Transactions in foreign currencies are recorded in the functional currency, using the exchange rate between the reporting currency and the foreign currency at the date of the transaction for the amount in the foreign currency. In the Comprehensive Income Statement, exchange differences arising on the settlement of monetary items, on initial recognition during the period, or arising from the use of an exchange rate different from that used in the previous financial statements, are recognised as income or expense in the period in which they arise.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate of the functional currency at the end of the reporting period. Foreign currency items measured at fair value are translated at the exchange rate at the date when the fair value was determined. Exchange differences on trade receivables and trade payables are included in the results of operations, while exchange differences on loans are included in the income or expense from financial operations.

Sales revenue

Revenue from sales transactions is recognised when the conditions of the contracts are met. Sales revenue excludes value added tax. All income and expenses are recognised in the appropriate period using the principle of matching.

The basic principle of IFRS 15 is that companies should recognise revenue according to the amount of goods or services provided to their customers, which reflects the consideration (i.e. payment) to which the company expects to be entitled in exchange for those goods or services. The new standard has resulted in a more detailed presentation of revenue, and it provides guidance for transactions that were previously not clearly covered (e.g. revenue from services and contract amendments) and new guidance for multi-element agreements.

The standard has led to the development of a new model, the so-called 5-step model, in which important steps include the identification of the contract(s), the identification of individual performance obligations, the determination of the transaction price, the allocation of the transaction price between individual elements and the recognition of the revenue allocated to each obligation.

Performance obligations

When concluding a contract, the Company is required to identify which goods or services it has promised to provide to the buyer, i.e. what performance obligation it has undertaken. The Company may recognise revenue when it has fulfilled its obligations by delivering the promised goods or rendering the promised service. Obligations are met when the buyer has obtained control of the asset (service), which is indicated by signs such as:

- The Company has the right to receive consideration for the asset,
- Ownership title has passed to the buyer,
- The Company has physically transferred the asset,
- The buyer has significant risk and profit potential from owning the asset,
- The buyer has accepted the asset.

Determination of the transaction price

When a contract is performed, the Company is required to recognize the revenue associated with the performance, which is the transaction price assigned to the performance obligation. The transaction price is the amount that the Company expects to receive in exchange for the sale of goods and services. The elements of variable consideration (rebates and discounts) should also be taken into account in determining the transaction price. An expected value has been calculated to estimate the variable consideration, weighted by the Company using probability factors.

Property, plant and equipment

Fixed assets are stated at cost less accumulated depreciation. This accumulated depreciation includes depreciation charges recognised for the depreciation of assets incurred in the continuing use and operation of the asset and for the extraordinary depreciation of assets as a result of unforeseen extraordinary circumstances, including significant damage or loss of assets.

The cost of a tangible asset includes the cost of its acquisition and, in the case of an investment in its own enterprises, the cost of materials and labour and other direct costs incurred. Interest recognised on credits for capital expenditure on tangible assets increases the cost of the asset until the asset is ready for its intended use.

The carrying amount of tangible fixed assets is reviewed at regular intervals to determine whether the carrying amount does not exceed the fair value of the asset, in which case a write-down to fair value is required. The fair market value of the asset is the higher of the selling price and the value in use of the asset. Value in use is the discounted value of the future cash flows generated by the asset.

The discount rate includes the corporate pre-tax interest rate, taking into account the time value of money and the impact of other risk factors associated with the asset. If no future cash flows can be attributed to the asset individually, the cash flows of the entity of which the asset is a part are used as the basis. Any impairment loss or write-down so determined is recognised in the Profit and Loss Account.

The cost of repair and maintenance of fixed assets and the replacement of spare parts are charged to maintenance expenditures. Value-adding investments and renovations are capitalised. The cost and accumulated depreciation of unused assets sold or written off at zero are written off. Any gain or loss arising in this way is included in the profit or loss for the year.

The Company depreciates the value of its assets over their useful lives using the straight-line method.

Lifetime by asset groups:

Assets	Depreciation rate
Properties	2.00-8.00%
Technical machinery and equipment	4-14.50%
Office equipment	14.50%; 33.00%
IT equipment	33.00%
Other equipment	14.50%
Vehicles	20.00%

Assets with an individual purchase price of less than HUF 200,000 are depreciated immediately in one lump sum upon acquisition.

Useful lives and depreciation methods are reviewed at least annually on the basis of the actual economic benefits provided by the assets. If necessary, the adjustment is recognised against the profit or loss for the year.

Impairment of non-financial assets

At the end of each reporting period, the Company assesses whether there has been any change in the carrying amount of any assets that might be impaired. If such a change has occurred, the Company estimates the expected recovery value of the asset. The expected recovery value of an asset or cash-generating unit is its fair value less costs to sell and its value in use, whichever is higher. The Company recognises an impairment loss in profit or loss when the expected recovery value of an asset is less than its carrying amount. The Company makes the necessary calculations based on appropriate discounting of long-term future cash flow projections.

Intangible assets

Intangible assets acquired individually and in a business combination are recorded at cost and at fair value at the date of acquisition, respectively. Recognition is made when there is evidence that the use of an asset will generate future economic benefits and its cost can be clearly determined.

After inclusion, the cost model is used for intangible assets. The useful lives of these assets can be either finite or indefinite. Assets with finite useful lives are amortised using the straight-line method based on the best estimate of their useful lives. The amortisation period and the amortisation method are reviewed annually at the end of the financial year. Internally generated intangible assets, other than development costs, are not capitalised but are charged to profit or loss in the year in which they are incurred. Intangible assets are reviewed annually for impairment, either individually or at the level of the cash-generating unit.

The acquisition costs of trademarks, licences, assets subject to industrial property rights and software are capitalised and amortised using the straight-line method over their estimated useful lives:

Intangible goods	Depreciation rate
Intellectual property and other rights and software	16.6-33%

Interests (in subsidiaries, joint ventures and associates)

UBM Holding Nyrt. does not meet the definition of an investment entity as defined in IFRS 10. It has elected to measure its investments at cost in accordance with Section 10 of IAS 27 as regards the valuation of the interests.

The subsequent measurement is determined in accordance with IAS 36 Impairment of Assets. An indication of impairment may arise, for example, if an adverse significant change in the technological, market, economic or legal environment in which the investment is held has occurred during the period or is expected to occur in the near future.

If the above circumstances indicate that the investment in a subsidiary may have fallen below cost, the recovery value of the investment should be determined.

If the recovery value is less than the cost, an impairment loss is recognised.

Inventories

Inventories are presented at cost less any write-down for excess stocks or idle stocks or at net realisable value, whichever is lower. The value of inventories is determined at actual cost.

Receivables

Receivables are stated at nominal value less an appropriate allowance for estimated losses. An estimate of bad debts has been made on the basis of a full review of the amounts still to be received at the end of the year.

Financial instruments

Financial instruments within the scope of IFRS 9 fall into three measurement categories: those measured at amortised cost on initial recognition, those measured at fair value through other comprehensive income (FVOCI) on initial recognition, and those measured at fair value through profit or loss (FVPL) on initial recognition.

The classification into a valuation group depends on the characteristics of the cash flows associated with a financial instrument. For debt financial instruments that the Company intends to measure at amortised cost or fair value through other comprehensive income, the cash flows of the financial instrument are assessed to determine whether they meet the requirement of Solely Payments of Principal and Interest (SPPI) under IFRS 9. The principal is the fair value of the financial instrument at initial recognition. Interest primarily reflects the time value of money of the outstanding principal and the credit risk over a period of time, in addition to other basic credit risks and charges and a profit margin.

When the SPPI requirement is met, the Company assesses whether the cash flows arising from the contract are consistent with the underlying loan agreements in the denominated currency of the financial instrument.

To assess whether contractual cash flows include solely payments of principal and interest, the Company examines the contractual terms of the financial ass instrument et. The assessment also considers whether the financial instrument contains contractual terms that would cause the amount or timing of the contractual cash flows to change such that the financial instrument no longer meets the SPPI requirement.

All other debt instruments are measured at fair value through profit or loss (FVTPL).

All equity instruments are measured at fair value in the Balance Sheet and the effect of changes in fair value is recognised directly in profit or loss, except for equity instruments where the enterprise has elected the Other Comprehensive Income (FVOCI) option. The Company does not uses the FVTOCI option.

The Company offsets financial assets and financial liabilities and recognises a net amount in the Balance Sheet if, and only if, the Company has a legally enforceable right to set off the amounts and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Lending losses on financial assets

Based on changes in credit risk, the impairment should be reviewed at each reporting date and an assessment made as to whether the impairment should be recognised up to the amount of the lifetime expected credit loss or the 12-month' expected credit loss. If it is not possible to assess at the level of an individual financial instrument whether its credit risk has increased significantly, it should be assessed on a group basis.

The simplified and general approaches to impairment assessment and recognition should apply.

1. Simplified approach

All financial instruments valued using the simplified approach are valued at the lifetime expected credit loss. The simplified approach is used for receivables from customers.

2. General approach

Based on the expected credit loss model, financial instruments are classified into three categories. This classification into the three categories is based on changes in the credit risk of the financial instrument. The relative credit risk model is used to assess the elevated credit risk. The increase in credit risk from the initial recognition is reflected in the transfer of the financial instruments between headings.

Based on the expected credit loss model, impairment can be divided into three categories: impairment calculated on the basis of expected credit loss over 12 months / impairment calculated on the basis of expected credit loss over lifetime / impairment calculated using the effective interest rate method.

This general approach is applied to other financial receivables and loans granted.

An enterprise should use the simplified practical approach to estimate expected credit losses if they follow the principles of the standard. For the valuation of trade receivables, it may be appropriate to use empirical tables, taking into account future expectations, where specified percentages of losses are determined by maturity group.

In the case of receivables with a small amount per buyer and debtor, the amount of the impairment is determined as a percentage of the book value of these receivables, based on the combined classification of buyers and debtors.

Expected credit loss based on group-level data	
Not expired	0.02%
Between 1-30 days	0.04%
Between 31-60 days	0.27%
Between 61-180 days	1.09%
Between 181-360 days	13.10%
Beyond 361 days	39.69%

The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal shall be recognised in profit or loss.

Financial assets are derecognised only when the rights to the cash flows from the investment have expired or are transferred, and the entity has transferred all substantial risks and rewards of ownership.

Our expectations of expected credit losses on related receivables are based on past experience. Over the past 25 years, the Group has incurred minimal losses on receivables arising from loans and other financing (e.g. customer financing) to related parties, resulting from the write-off of receivables in the liquidation of UBM RUS, a Russian subsidiary. These facts support the expectation that the recognition of an impairment loss on related receivables is not warranted. The Group companies have significant positive equity and/or significant positive cash flow generating capacity, with the parent company increasing the capital or making additional contributions to companies operating at a loss to comply with the law. For these reasons, there is no doubt about the realisability of the related receivables.

Financial liabilities

The Company's Statement of Financial Position includes the following financial liabilities: payables and other short-term payables, loans, borrowings, bank overdrafts. These are disclosed and measured in the relevant sections of the accompanying notes to the financial statements as follows:

The Company initially measures all financial liabilities at fair value. In the case of loans, it even takes into account transaction costs that are directly attributable to the acquisition of the financial liability.

Financial liabilities within the scope of IFRS 9 fall into two measurement categories: those measured at amortised cost on initial recognition and those measured at fair value through profit or loss (FVPL) on initial recognition. The classification of each financial liability is determined by the Company on acquisition.

Loans and borrowings are stated at amortised cost using the effective interest method in the Statement of Financial Position. Gains and losses related to loans and borrowings are recognized in the Statement of Income through amortization using the effective interest method and on derecognition of the financial liability. Amortisation is recognised in the Statement of Income as a financial expense.

Provisions

The Company recognises provisions for obligations (legal or constructive) as a result of past events that are probable that the Company will be required to settle when the amount of the obligation can be measured reliably.

The amount recognised as a provision is the best estimate of the expenditure required to settle an existing obligation at the Balance Sheet date, taking into account the risks and uncertainties specific to the obligation. Where the expected cash flows required to settle an existing obligation are used to measure the provision, the carrying amount of the provision is the current value of those cash flows.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the receivable is recognised as an asset if it is virtually certain that the entity will receive reimbursement and the amount of the receivable can be measured reliably.

Existing commitments arising from unfavourable contracts are recognised as provisions. The Company classifies a contract as an unfavourable contract when the unavoidable costs of meeting the obligations under the contract exceed the financial benefits expected from the contract.

A provision for restructuring is recognised when the Company has prepared a detailed formal plan for the restructuring and, by starting to implement the plan or by announcing the main features of the plan to stakeholders, has created a legitimate expectation that it will carry out the restructuring. A provision for restructuring includes only direct costs incurred in connection with the restructuring that are necessarily incidental to the restructuring and not related to the continuing operations of the entity.

Income taxes

The rate of corporate tax is based on the tax liability determined by the Law on Corporate and Dividend Tax and the Ordinance on Local Business Tax, adjusted by the deferred tax. The corporate tax liability includes current and deferred tax elements. The Company also includes the amount of the subsidy paid for spectator sports in the corporate tax line, as it is considered as income tax in substance.

The tax liability for the current year is determined on the basis of the taxable profit for the current year. The taxable profit differs from the profit before tax shown in the accounts because of non-taxable profits and losses and items that are included in the taxable profit of other years. The current tax liability of the Company is determined using the tax rate that has been in force or enacted (if enactment is equivalent to being in force) on the Balance Sheet date. Deferred tax is calculated using the liability method.

Deferred tax arises when there is a timing difference between the recognition of an item in the annual accounts and the recognition of an item under the Tax Act. Deferred tax assets and liabilities are measured using the tax rates applicable to taxable income for the years in which the timing differences are expected to be recovered. The amount of the deferred tax liability and asset reflects the Company's estimate at the Balance Sheet date of how the tax assets and liabilities will be recovered or settled.

A deferred tax asset is recognised for deductible temporary differences, carried forward tax benefits and tax losses only if it is probable that the Company will realise a taxable profit in the future against which the deferred tax asset can be utilised.

At each Balance Sheet date, the Company takes into account deferred tax assets not recognised in the Balance Sheet and the carrying amount of recognised tax assets. It recognizes the portion of receivables not previously recognised in the Balance Sheet that is expected to be recovered through a reduction in future income taxes. Conversely, it reduces the Company's deferred tax asset to the extent that no taxable profit is expected to be available to recover this amount.

Current and deferred tax is charged directly to equity when it relates to items that were also charged to equity in the same or a different period, including adjustments to the opening balance of reserves due to retrospective changes in accounting policies.

Deferred tax assets and liabilities can be offset if the Company has a legal right to offset its current tax assets and liabilities with the same tax authority and the Company intends to settle these assets and liabilities on a net basis.

Leasing

Under IFRS 16 Leases, a lessee is required to recognise and measure a right to use an asset and a liability simultaneously on the Balance Sheet. The right to use assets is treated in the same way as other non-financial assets and depreciation is recognised accordingly. The initial measurement of the lease liability is based on the present value of the lease payments over the lease term, calculated using the implicit interest rate, if that rate can be determined precisely. If this rate is not available or is difficult to determine, the lessee may then use the incremental borrowing rate for discounting.

Off-balance sheet items

Off-balance-sheet liabilities are not included in the Balance Sheet and the Profit and Loss Account that are part of the annual accounts. They are presented in the accompanying notes unless the possibility of an outflow of resources embodying economic benefits is remote and minimal. Off-balance-sheet receivables are not included in the Balance Sheet and Profit and Loss Account that are part of the annual accounts, but are disclosed in the accompanying notes to the financial statements if an inflow of economic benefits is probable.

Dividends

Dividends are recognised in the year in which they are approved by the shareholders.

Profit from financial operations

Financial result includes interest and dividend income, interest and other financial expenses, fair value gains and losses on financial instruments and realised and unrealised exchange rate differences.

Government grants

Government grants are recognised when it is probable that the grant will be received and the conditions attached to the grant have been met. When a grant is used to offset a cost, it is charged to the income statement in the period in which the cost to be offset is incurred (among other income items). When a grant relates to the acquisition of an asset, it is recognised as deferred income and charged to profit or loss in equal annual amounts over the useful life of the related asset.

Events after the Balance Sheet date

Events that occurred after the end of the reporting period, which provide additional information about the circumstances (adjusting items) at the end of the Company's reporting period, are presented in the financial statements. Post-year end events that do not change the amounts reported are reported in the notes to the financial statements, when material.

Changes in accounting policies

The following standards and interpretations (including amendments) came into force in 2022:

- Framework for the Preparation and Presentation of Financial Statements – Amendments to IFRS 3 Business Combinations (issued on 14 May 2020 and effective for financial years commencing on or after 1 January 2022; the EU has adopted the amendments)
- Proceeds before intended use – Amendments to IAS 16 (issued on 14 May 2020 and effective for financial years commencing on or after 1 January 2022; the EU has adopted the amendments)
- Onerous Contracts: Cost of Fulfilling a Contract – Amendments to IAS 37 (issued on 14 May 2020, effective for financial years starting from 1 January 2022, the EU has adopted the amendments)
- Annual Improvements to IFRSs - 2018-2020 (issued on 14 May 2020 and effective for financial years commencing on or after 1 January 2022; the EU has adopted the amendments).

The adoption of the above amendments did not have a material impact on the Company's financial statements. New and amended standards and interpretations issued by the IASB and adopted by the EU but not yet effective:

- Leases on Sale and Leaseback - Amendment to IFRS 16 Leases (issued on 22 September 2022 and effective for financial years commencing on or after 1 January 2024)
- IAS 1 Presentation of Financial Statements: amendment due to classification of non-current or current liabilities (effective for financial years commencing on or after 1 January 2023)
- IFRS 17 Insurance contracts (effective for financial years commencing on or after 1 January 2023)
- Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB; this amendment has not yet been endorsed by the EU). Asset sales between an investor and an associate or joint venture
- Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates (effective from 1 January 2023 and for financial years commencing on or after 1 January 2023. This amendment has not yet been endorsed by the EU)
- Amendments to IAS 12 Income Taxes – Deferred Tax Assets and Liabilities Arising from a Transaction (effective from 1 January 2023 and for financial years commencing on or after 1 January 2023. This amendment has not yet been endorsed by the EU)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 – Disclosure of Accounting Policies (effective from 1 January 2023 and for financial years commencing on or after 1 January 2023). This amendment has not yet been endorsed by the EU)

The adoption of the above amendments will not have a material impact on the Company's financial statements.

In 2022, the Company will apply all IFRS standards, amendments and interpretations effective from 1 January 2022 that are relevant to the Company's operations.

Significant accounting estimates and assumptions

Significant accounting estimates and assumptions

The application of accounting policies requires the use of estimates and assumptions in determining the amounts of certain assets and liabilities at a given date that cannot be clearly identified from other sources. The estimation process involves judgements and relevant factors based on the latest information available. These significant estimates and assumptions affect the reported amounts of assets and liabilities, revenues and expenses in the financial statements and the disclosure of contingent assets and liabilities in the notes to the financial statements. Actual results may differ from these estimates.

The estimates are continuously updated. Changes in accounting estimates should be taken into account in the period of the change if the change affects only that period, or in the period of the change and future periods if the change affects both periods.

The main areas of estimation uncertainty and critical accounting judgements that have the most significant impact on the amounts recognised in the consolidated financial statements are:

Depreciation and impairment

Property, plant and equipment and intangible assets are recorded at cost and depreciated on a straight-line basis over their useful lives. The useful life of an asset is determined on the basis of historical experience of similar assets and expected technological developments and changes in wider economic or industry factors. The estimated useful life is reviewed on an annual basis.

7. INTANGIBLE ASSETS

	30 June 2023	30 June 2022
Gross value	1,500	1,500
Depreciation in the current year	(495)	(246)
Accumulated depreciation	(741)	(246)
Net value	**759**	**1,254**

Intangible assets include software purchased in the previous year.

8. PERMANENT PARTICIPATIONS IN AFFILIATED ENTITIES

	30 June 2023	30 June 2022
Shareholding in UBM Trade Zrt.	25,709,995	20,710,000
Total	**25,709,995**	**20,710,000**

The 100% shareholding in UBM Trade Zrt. is shown under participations. The opening cost of the shares was their fair value at the date of the donation, which was HUF 20,710,000 thousand according to an independent expert opinion. During the financial year, UBM Holding Nyrt. increased the capital of its subsidiary by HUF 4,999,995 thousand, which was accounted for as an increase in the shareholding.

The Company carries the recognised investment in this subsidiary at cost in accordance with IAS 27. At the Balance Sheet date, the Company had not identified any indications of impairment of the investment.

9. DEFERRED TAX ASSETS

In calculating deferred tax, the Group compares the tax base with the carrying amount by assets and liabilities. If the difference is a temporary difference, i.e. the difference will reverse in the foreseeable future, a deferred tax liability or asset is recognised, as appropriate. When an asset is included, the Company examines the recovery separately.

The Company accounts for deferred tax using a tax rate of 9% because the assets and liabilities become current tax in periods when the tax rate is expected to remain unchanged.

The Company would be entitled to recognize a deferred tax asset of HUF 9,844,000 in the current period based on the loss carry forwards from previous years. As the Company's individual level of operations and unforeseen factors may have a significant impact on the Company's tax base, the accuracy of the individual-level plans for the future cannot be guaranteed, therefore, due to the uncertainty of the future, the Company does not recognise a deferred tax asset.

10. RECEIVABLES FROM RELATED PARTIES

	30 June 2023	30 June 2022
Trade receivables	24,384	26,416
Interest on a loan given	100	100
Total	**24,484**	**26,516**

The interest on the loan was received after the Balance Sheet date.

The breakdown of outstanding related trade receivables is as follows:

	30 June 2023
UBM Agro Zrt.	2,086
UBM Feed Zrt.	2,694
UBM Grain Zrt.	10,286
UBM Szeleste Zrt.	3,222
UBM Trade Zrt.	6,096
Total trade receivables	**24,384**

There were no reasons to recognise impairment losses or credit losses on related receivables. The receivables are not overdue and will be collected after the Balance Sheet date, with the exception of UBM Trade Zrt.

11. OTHER CURRENT RECEIVABLES

	30 June 2023	30 June 2022
VAT receivable	12,508	11,400
Accruals and deferred income	-	1,027
Other	12	10
Total	**12,520**	**12,437**

VAT receivable includes deductible VAT relating to transactions in the current year, which are settled after the Balance Sheet date.

12. DIVIDENDS RECEIVABLE

	30 June 2023	30 June 2022
Dividends receivable	274,462	299,465
Total	**274,462**	**299,465**

The dividends receivable line shows the dividends receivable from UBM Trade Zrt. for the financial year but not yet settled.

13. CASH AND CASH EQUIVALENTS

	30 June 2023	30 June 2022
Bank account	6,382	10,997
Fixed term deposits	-	5,000,000
Total	**6,382**	**5,010,997**

The decrease in cash is explained by the increase in the Company's capital in UBM Trade Zrt., the details of which are explained in Section 7.

14. SHARE CAPITAL, RETAINED EARNINGS AND CAPITAL RESERVE

The composition of the share capital is as follows:

Series of shares	Nominal value (HUF/share)	Shares issued (number)	Total nominal value (HUF)
"Series A" (ordinary share)	HUF 5	23,703,700	HUF 118,518,500
Amount of the share capital:			HUF 118,518,500

The General Meeting of UBM Holding Nyrt. held on 5 April 2023 decided on the distribution of the nominal value of the ordinary shares at a ratio of 1:20. Accordingly, the nominal value of the shares was changed from HUF 100 to HUF 5, and the volume of UBM's securities quoted on the stock exchange was increased from 1,185,185 shares to 23,703,700 shares.

The share capital of UBM Holding Nyrt. increased from HUF 100,000,000 to HUF 118,518,500 in the previous financial year 2022. The total value of the new shares issued within the framework of the share capital increase was HUF 4,999,995,000. The new shares were created by over-issuance to the series of shares issued with ID number HU0000145990 ISIN and listed on the stock exchange.

The MFB Vállalati Beruházási és Tranzakciós Magántőkealap (MFB Corporate Investment and Transaction Private Equity Fund, MFB VBTM), managed by Hiventures Kockázati Tőkealap-kezelő Zártkörűen Működő Részvénytársaság (Hiventures Venture Capital Fund Management Limited Liability Company, registered office: 1027 Budapest, Kapás utca 6-12.), was assigned to implement this increase in capital. On 29 June 2022, MFB VBTM paid in full the full issue value of the new shares to UBM Holding Nyrt., i.e. HUF 4,999,995,000.

From the day following the last day of the 7th year after the date of the capital increase until 30 June 2031, MFB VBTM may exercise the investor's right to sale in respect of these new shares, the persons liable to exercise this right being those who were shareholders of the Company on 20 June 2022. If the investor exercises this right to sale, UBM Holding Nyrt. or UBM Trade Zrt. shall be entitled to assume the obligation to pay the option purchase price in accordance with the rules on the assumption of debts provided for in Article 6:203 of the Civil Code on. The Company expects that UBM Holding Nyrt. does not intend to make use of this assumption of debt or only if it is in its favour.

Pursuant to the Agreement, UBM Holding Nyrt. and the respective shareholders have an option to purchase all or part of the shares issued for a fixed term from the date of crediting the new Shares to the Investor Securities Account until the last day of the 7th year following the date of creation of the new shares to trading on the BSE, upon payment of the option purchase price. The Company expects that UBM Holding Nyrt. will not exercise this right or will exercise it only if it is in its favour.

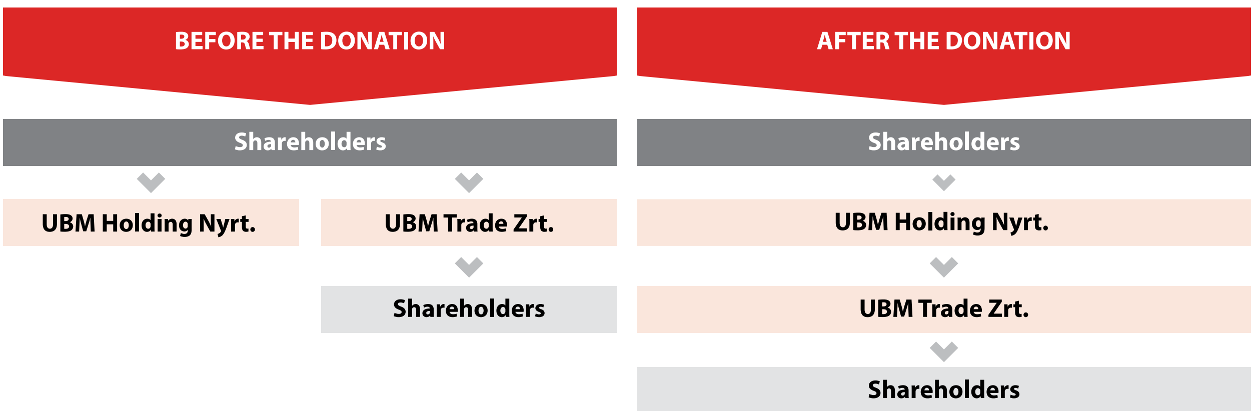
Of the amount of the capital increase, an amount of HUF 18,519,000 was transferred as the increase in subscribed capital, while the remaining amount was transferred to the capital reserve after deduction of the costs related to the capital increase. The amount of the premium, taking into account the consultancy and legal costs of HUF 20,030,000, was HUF 4,961,447,000.

Dividends

The Annual General Meeting of UBM Holding Nyrt. held on 28 October 2022 decided to pay dividends of HUF 1,500,000,000, i.e. one billion five hundred million HUF. The record date for the payment of dividends was 29 November 2022, from which date the dividends were paid within 10 working days.

Capital reserve – Presentation of the donation

As of 1 October 2021, the private owners of UBM Holding Nyrt. donated (without consideration to be paid) 99.82% of their shares in UBM Trade Zrt. to UBM Holding Nyrt. Prior to this donation, UBM Trade Zrt. was the ultimate subsidiary of the UBM Group, which directly or indirectly held the shares and controlled the subsidiaries. After the donation, control rights were transferred to UBM Holding Nyrt. In order to determine the value of the donation, the UBM Group carried out an independent valuation, which resulted in a value of 99.82% of the shares in UBM Trade Zrt. of HUF 20,710 million. The valuation used the DCF approach based on the business plan adopted by the Company. The economic objective of the donation is for UBM Holding Nyrt. to own UBM Trade Zrt. and through it the member companies of the UBM Group in order to enable the raising of capital through the stock exchange for the Group.



Accounting treatment for donations under IFRS

The donation of shares in UBM Trade is an ownership transaction, therefore it should be recorded as a movement in equity, with the amount of the donation recorded as an increase in capital reserve.

Equity correlation table:

The correlation table below shows the correspondence between equity components as determined in accordance with Section 114/B of Act C of 2000 on accounting in force in Hungary ("the Act") and equity components as reported in the separate financial statements under EU IFRS, in accordance with the provisions of Section 114/B of the Act C. The correspondence consists, on the one hand, of the allocation of the equity components under EU IFRS to the equity components under the Austrian Income Tax Act and, on the other hand, of the derivation of the differences between the two types of equity.

Data in thousands of HUF	30 June 2023
Share capital	118,519
Capital subscribed but not yet paid up	-
Treasury shares reserve	-
Capital reserve	25,671,447
Retained earnings	(1,292,111)
Valuation reserve	-
Committed reserve	-
Profit after tax	1,501,581
114/B (4) (a) Equity under IFRS	**25,999,436**
Subscribed capital as defined in the Articles of Incorporation, if it is an equity instrument	118,519
114/B. (4) (b) Subscribed capital under IFRS	**118,519**
114/B (4) (c) Capital subscribed but not yet paid up	**-**
The amount of all equity elements that do not meet the IFRS definition of subscribed capital, subscribed but not paid-in capital, retained earnings, valuation reserve, profit for the year or retained earnings	25,999,436
114/B. (4) (d) Capital reserve	**25,671,447**
Profit accumulated in prior years and not distributed to owners, recognised in the IFRS finan-cial statements	(1,292,111)
114/B (4) (e) Revenue reserve	**(1,292,111)**
114/B. (4) (h) Committed reserve	**-**
Profit for the year in the profit and loss section of the comprehensive income statement or in the separate income statement	1,501,581
114/B (4) (g) Profit/loss for the year	**1,501,581**
Unappropriated retained earnings available for dividend payments	
IFRS profit and loss reserve	209,470
Less: cumulative unrealised gains on fair value gains recognised in accordance with IAS 40 Investment Property	-
Plus: cumulative amount of income tax recognised under related IAS 12 Income Taxes	-
Profit reserve available for dividend payments	**209,470**
dividends received (receivable) accounted for up to the date of authorisation for publication	-
Retained earnings available for dividend payments + dividends received and pay-able after the current year	**209,470**

15. TRADE AND OTHER PAYABLES

	30 June 2023	30 June 2022
Payables	5,706	32,709
Wages and salaries	851	851
Tax liabilities	482	481
Negative balance of deposits	-	1,327
Income tax liabilities	327	343
Total	**7,366**	**35,711**

The suppliers' balance for the previous year primarily reflects invoiced consultancy costs related to capital increases.

16. PAYABLES TO RELATED PARTIES

	30 June 2023	30 June 2022
Trade payables	-	2,055
Loan received	-	13,000
Interest on loan received	-	448
Total	**-**	**15,503**

17. ACCRUALS

	30 June 2023	30 June 2022
Accrued costs	21,800	11,600
Total	**21,800**	**11,600**

Accrued costs include audit fees.

18. NET SALES REVENUE

The amount of internal audit fees and cost re-invoices invoiced to related entities during the financial year is shown as net sales revenue.

	30 June 2023	30 June 2022
Internal audit and controlling services	35,200	20,800
Cost re-invoicing	4,800	-
Total	**40,000**	**20,800**

From recognised sales revenue from an associated company:

	30 June 2023	30 June 2022
UBM Agro Zrt.	4,615	2,972
UBM Feed Zrt.	12,829	10,708
UBM Grain Zrt.	13,015	4,916
UBM Szeleste Zrt.	4,741	2,204
UBM Trade Zrt.	4,800	-
Total sales revenue	**40,000**	**20,800**

19. OTHER OPERATING REVENUE

	30 June 2023	30 June 2022
Other revenue	2	-
Total	**2**	**-**

20. SERVICES REQUESTED

	30 June 2023	30 June 2022
Accounting, tax advice, auditing	(21,793)	(19,352)
Consultancy fees	(25,299)	(24,968)
Lawyer's fees	(2,400)	(11,736)
Fees to authorities	(11,223)	(10,069)
Bank charges	(10,580)	(4,286)
Costs passed on to affiliated entities	-	(1,618)
Other	(7)	(214)
Total	**(71,302)**	**(72,243)**

21. PERSONNEL EXPENDITURES

	30 June 2023	30 June 2022
Wage costs	(14,526)	(10,382)
Contributions	(1,498)	(1,080)
Total	**(16,024)**	**(11,462)**

The average number of employees of the Company in the financial year 2023 was 0. Wage costs include the remuneration of the members of the Supervisory Board and the wages of part-time employees.

22. OTHER OPERATING EXPENSES

	30 June 2023	30 June 2022
Write-off of VAT receivables from previous periods	-	(7,083)
Self-revision interest	(337)	-
Other	(4)	-
Total	**(341)**	**(7,083)**

A portion of the VAT receivable recoverable and deductible in previous years was renounced by the Company in the previous year and removed from the accounts.

23. REVENUES FROM FINANCIAL OPERATIONS

	30 June 2023	30 June 2022
Interest received	56,427	2,992
Dividends received	1,499,997	299,464
Total	**1,556,424**	**302,456**

The significant increase in interest received is due to the fact that UBM Holding Nyrt. tied up the funds received from the capital increase until it could complete the capital increase of the subsidiary UBM Trade Zrt. The dividends received include dividends to UBM Holding Nyrt. approved by UBM Trade Zrt.

24. EXPENDITURES ON FINANCIAL OPERATIONS

	30 June 2023	30 June 2022
Interest paid	(558)	(448)
Exchange rate loss	(493)	(218)
Total	**(1,051)**	**(666)**

25. INCOME TAXES

Expenses related to income taxes consist of:

	30 June 2023	30 June 2022
Tax liability	(832)	(447)
Deferred tax income (expense)	-	(3,500)
Total	**(832)**	**(3,947)**

The corporation tax of HUF 75,000 in the year under review was determined on the basis of the company's tax base, with a tax rate of 9%.

	30 June 2023	30 June 2022
Profit before tax	1,502,413	231,556
Tax liability calculated at the current tax rate 9%	(135,217)	(20,840)
Dividends received	135,000	-
Non-reverting margin	67	26 355
Impairment / reversion of deferred tax asset	-	(9,015)
Activation of loss carried forward	75	-
Business tax and innovation contribution	(757)	(447)
Net result	**1,501,581**	**227,609**

Derivation of the corporate tax base

	30 June 2023
Profit before tax	**1,502,413**
Increasing items	
Other	-
Reducing items	
Business tax and innovation contribution	(757)
Dividends received	(1,499,997)
Carried forward losses	(830)
Tax base	**829**

26. EARNINGS PER SHARE

The calculation of basic earnings per share should take into account the after-tax profit distributable to shareholders and the average annual number of ordinary shares issued, excluding treasury shares.

	30 June 2023	30 June 2022
Profit after tax distributable to shareholders (th HUF)	1 501,581	227,609
Weighted average number of ordinary shares issued (thousands)	1,115	1,004
Weighted average number of ordinary shares issued (thousands) taking into account the 2023 share split	22,306	20,075
Earnings per share (basic) (HUF)	**67.32**	**11.34**

Earnings per share for the previous period have been restated to reflect a 1:20 split of the nominal value of ordinary shares in the 2023 financial year.

There are no factors in either 2022 or 2023 that would dilute earnings per share.

27. EBITDA

Application and definition of EBITDA: the Group has chosen to include this commonly used measure in view of widespread industry practice and the Group's belief that its disclosure is useful and informative to users of its financial statements.

For ease of interpretation, the method of calculation is set out below:

- +/- Profit before tax
- -/+ Elimination of interest expenses
- -/+ Elimination of depreciation and amortisation

The Group adjusts profit before tax attributable to owners of the parent company for the following items:

Interest expenses: the Group adjusts the net result by the amount of interest expenses for all items included in the financial result.

Depreciation and amortisation: depreciation and amortisation of assets subject to IAS 16, IAS 40 and IAS 38, as well as depreciation and amortisation of assets under operating leases recognised as assets by the Group, are excluded from the calculation of this indicator. Impairment losses on such assets are also readjusted by the Group. (Impairment losses on other assets, e.g. financial instruments, are not adjusted in the calculation of the indicator.)

28. RISK MANAGEMENT

The Company's assets include cash, trade and other receivables and other assets, excluding taxes. The Company's liabilities include loans and borrowings, trade and other payables, excluding taxes and gains and losses arising from the revaluation of financial liabilities at fair value.

The Company is exposed to the following financial risks:

- credit risk
- liquidity risk
- market risk

This chapter describes the above risks of the Company, the Company's objectives, policies, process measurement and risk management, and the Company's management capital. Management has overall responsibility for the establishment, oversight and risk management of the Company.

The Company's risk management policy is designed to identify and investigate the risks faced by the Company, to set up appropriate controls and to monitor the risks. The risk management policy and system will be reviewed to reflect changing market conditions and the Company's activities.

Capital Markets

The Company's policy is to maintain a level of share capital sufficient to sustain investor and creditor confidence in its future development.

The Company's capital consists of the net debt and the Company's equity (the latter includes subscribed capital and provisions).

Credit risk

Credit risk is the risk that a debtor or counterparty will default on its contractual obligations, resulting in a financial loss to the Company. Financial assets that are exposed to credit risk may be long-term or short-term investments, cash and cash equivalents, accounts receivable and other receivables.

The carrying amount of financial assets represents the maximum exposure to risk. The table below shows the Company's maximum exposure to credit risk:

	30 June 2023	30 June 2022
Trade receivables	24,384	26,416
Loans granted	100	100
Other receivables	12,520	12,437
Cash and cash equivalents	6,382	5,010,997
Total	**43,386**	**5,049,950**

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to liquidity management is to ensure, as far as possible, that it always has sufficient liquidity to meet its obligations as they fall due, both in normal and stressed circumstances, without incurring unacceptable losses or risking the Company's reputation.

Market risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and investment fund prices, will affect the Company's results or the value of its investments in financial instruments. The objective of market risk management is to manage and control exposures to market risk within acceptable limits while optimising profits.

29. FINANCIAL INSTRUMENTS

Financial instruments include current assets, such as loans granted and cash and cash equivalents, and borrowings, loans and trade payables.

30 June 2023.	Book value
Financial assets	
Assets carried at amortised cost	
Loans granted	0
Related trade receivables	24,384
Cash and cash equivalents	6,382
Financial liabilities	
Liabilities carried at amortised cost	
Trade and other payables	5,706
Amounts to be paid to related parties	0

30 June 2022.	Book value
Financial assets	
Assets carried at amortised cost	
Loans granted	100
Related trade receivables	26,416
Cash and cash equivalents	5,010,997
Financial liabilities	
Liabilities carried at amortised cost	
Trade and other payables	34,036
Amounts owed to related parties	15,503

Financial assets are not impaired and no expected credit loss has been recognised in relation to them, as the Company expects a full recovery on both related receivables and cash.

The fair values of financial instruments measured at amortised cost approximate their carrying amounts in both years.

30. INFORMATION ON THE SEGMENT

The whole company represents one segment, so no separate segment information is published. Customer sales in excess of 10% are disclosed in Section 18.

31. REMUNERATION OF THE BOARD OF DIRECTORS

The members of the Board of Directors received remuneration from the Company amounting to HUF 1,696,000 in the year under review. The remuneration received from the other members of the Group is disclosed in the Remuneration Report and in the Consolidated Supplementary Notes.

32. CONTINGENT LIABILITIES

The Company has not recorded any contingent liabilities on 30 June 2023 or 30 June 2022.

33. EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the Company's Balance Sheet date.

34. PROPOSAL FOR THE APPROPRIATION OF PROFIT AFTER TAX

The Board does not propose to pay dividends in 2023.

35. GOING CONCERN

In the context of the effects of the war in Ukraine, and after considering other market and liquidity risks, the Company has assessed and made estimates as to whether there is any material uncertainty as to its ability to continue as a going concern and concluded that it is appropriate to assume that it will continue as a going concern for the foreseeable future and that there is no material uncertainty.

36. IMPACT OF THE RUSSIAN-UKRAINIAN CONFLICT

The impact of the protracted conflict in Ukraine on the Group's energy business has been resolved in a reassuring way for the Group. The Group purchases electricity and gas under long-term contracts (electricity - evergreen, gas 3 years) with international traders, which ensures that UBM is protected against short-term price fluctuations by long-term price agreements.

The war and the increasingly severe natural challenges (droughts, floods) in 2023 have had a significant impact on crop volumes at both global and regional level, and through them on stock market and local price movements and market volatility. Increasing volatility in UBM's commodity segment is causing profitability to increase (thanks to prudent risk management mechanisms). Trading in both Hungary and the surrounding markets traded by UBM is not experiencing any defaults by producers. In the feeds segment, UBM is able to pass on the increase in the price of grain crops to the feed produced. On the one hand, the price reduction experienced between January and June 2023 has affected the pricing of stocks accumulated for production of finished products, and on the other hand, new purchases that become cheaper are passed on to feeds with a delay by UBM.

37. IMPACT OF THE COVID PANDEMIC

The COVID pandemic of previous years has had no impact on the current financial year.

38. AUDIT AND ACCOUNTING SERVICES

The compliance, reliability and veracity of the accounts for the year under review have been audited by:

CMT Consulting Korlátolt Felelősségű Társaság

The Independent Auditor's Report is signed by Zsuzsanna Freiszberger, registered auditor, member of the Chamber of Hungarian Auditors, with registration number 007229. The audit fee for individual and consolidated financial statements for the year 2023 is HUF 3,300 thousand.

The person responsible for the management of the tasks falling within the scope of IFRS accounting services is Dávid Bagosi (registration number: 205339).

39. PERSONS AUTHORISED TO SIGN THE ACCOUNTS

Ákos Varga and Péter Horváth are jointly authorised to sign the accounts of the Company.

40. AUTHORISATION OF FINANCIAL STATEMENTS FOR DISCLOSURE

The financial statements were discussed and approved for disclosure in this form by the Board of Directors of the Company at its meeting on 10 October 2023.

Pilisvörösvár, 10 October 2023.

Ákos Varga *Chair of the Board*	**Péter Horváth** *member of the Board*

41. STATEMENT OF LIABILITY

The financial statements give a true and fair view of the liabilities, financial position and profit or loss of UBM Holding Nyrt. to the best of the Company's knowledge, and the Management Report gives a true and fair view of the development and performance of UBM Holding Nyrt., with a description of the principal risks and uncertainties.

The Issuer declares that the Report gives a true and fair view of the development and performance of the Company, that its data and statements are accurate and do not omit any fact material to the assessment of the Issuer's position.

Pursuant to Section 57(1) of the Act on the Capital Market, the Issuer shall be liable for compensation for any damage caused by the non-disclosure or misleading content of regulated information.

I accept responsibility for this Annual Report for the year ended on 30 June 2023 and for the accuracy of the analyses and conclusions.

Pilisvörösvár, 10 October 2023.

Ákos Varga *Chair of the Board*	**Péter Horváth** *member of the Board*

UBM
Group

UBM HOLDING Nyrt.
Annual Report

based on International Financial Reporting Standards
(IFRS)

June 30 2023

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