



UBM Holding Nyrt. **Half-yearly Financial Report**

for the year ended 31 December 2023

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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 ended a successful half-year. Our group of companies achieved a sales revenue of HUF 105.3 billion, an EBIDTA of HUF 4.138 billion and a profit before tax of HUF 1.030 billion in the period between 1 July 2023 and 31 December 2023. Although these results are lower than for the previous half-year, we must note that the Group has achieved this result in a market where prices have decreased drastically. If we look at the price of grains used as feed raw materials, we can say that average corn prices decreased by more than 50%, while the average price of wheat dropped by 40% in the half-year ending on 31 December 2023, causing a significant negative impact on sales revenues. When comparing the volumes for the first half-year of the business year 2022-2023 to the same period of the business year 2023-2024, there is an increase of 19% for the Group, and there is also a 5% growth compared to the previous half-year, which is in line with the medium term strategy published in March 2023.

The Group realised an EBIDTA of HUF 4.138 billion for the half-year covered by this report, compared to the EBITDA of HUF 9.554 billion the last business year completed. The main reason for this was the decrease of the reference rate caused by the continuous decrease of inflation. Inflation peaked at 25.7% in January 2023 and decreased to 5.5% by December 2023; in parallel, the 1 month BUBOR used as a reference rate for the company's loans was 16.87% on 2 January 2023, 15.85% on 3 July 2023 and 10.60% on 29 December 2023, meaning an annual decrease of 37.2% and a decrease of 33.1% for the half-year. As a result, interest costs, a component of EBITDA decreased from HUF 6.639 billion (full business year) to HUF 2.294 billion (half-year).

Regarding profit before tax, the Group achieved HUF 1.030 billion for the half-year covered by the report, which shows a clearly improving trend compared to the HUF 1.501 billion of the previous full business year.

If we look at the two traditional business units of the UBM Group, it is clear that the Commodity unit involved in the trade of grains and oilseeds has ended the half-year above expectations, while the Feed unit involved in feed manufacturing and the trade of feed ingredients fell short of the expected results. The main cause for this is the stock kept to ensure continuous production, which didn't allow for a continuously profitable production in a market environment with decreasing prices. The management of the business unit took steps to mitigate the impact of market prices by allowing only a minimum inventory, so that a marked divergence between market price and inventory price - as seen in the last six months - would not occur.

The company's management is continuously looking for opportunities to expand regionally, as set out in the growth strategy. UBM continues to focus on Romania and Serbia for potential acquisitions to increase the output of feed manufacturing, also considering greenfield and brownfield investment projects. We would like to note that the Commodity business unit has opened its Italian office with UBM Italy S.r.l. this half-year, with activities starting in January 2024.

The environmental pollution incident at the Környe site that was mentioned in the previous report and published on 25 January 2023, is currently under regulatory investigation. We would like to emphasize once more, that UBM Feed Zrt. 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 UBM group aware of the tanks on the property. The assessment of the exact extent of the contamination and the identification of the person(s) responsible for the incident will be performed by the Department of Environmental protection and nature conservation of the Government Office of the county Komárom-Esztergom. Following the notification, the Government office replied to announce the regulatory procedure and welcomed the open, direct communication of our company.

Also in line with the growth strategy, UBM Group has opened its third, animal farming business unit by the acquisition of a 24.9% share in Mangal Ilona Ltd. The activities of this division encompass livestock farming and integration. The strategic plan sets forth an investment regarding a state-of-the-art swine farm, with an annual output of 500.000 fatteners within the next 3 years. The plans are currently being prepared in full compliance with the stipulations of the sustainability strategy of the UBM Group.

There were changes regarding the operational management of the UBM Group. The Feed business unit has a new leader, while a new director has been appointed within the Commodity business unit to enhance cooperation and integration of the foreign trade offices. This step means that the operational management has now become complete.

Both UBM Holding Nyrt. and the whole Group are committed to funding and actively participating in social responsibility matters. The Social Responsibility Committee has a meeting every 3 months and makes decisions regarding the allocation of the funds. It is important to note that the committee has members from different professional fields and with various job titles, so not only the board is involved in the allocation of funds. It is not uncommon to fund an organization that was recommended by our employees. UBM believes in being an actor not only in the world of business and on the market, but also in society, and should determine and implement not only business goals and strategies but also needs to take a positive attitude towards alleviating social inequalities and use its resources and energy to serve its environment, the people around it.

Based on the results achieved in the completed half-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. The Group is continuously managing challenges arising from the negative market developments and in parallel is evaluating the possibilities of regional expansion. Our internal goal is to remain the market leader in Hungary and also become one of the top 3 feed manufacturers on the Romanian and the Serbian market within 3 years. The wholesale business unit is striving to increase its market share on the continent by continuous market development. This will allow us to reach the targets published in our growth strategy: 1 million ton annual feed production and 2 million tons in commodity trade.



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

Activities of the UBM Group

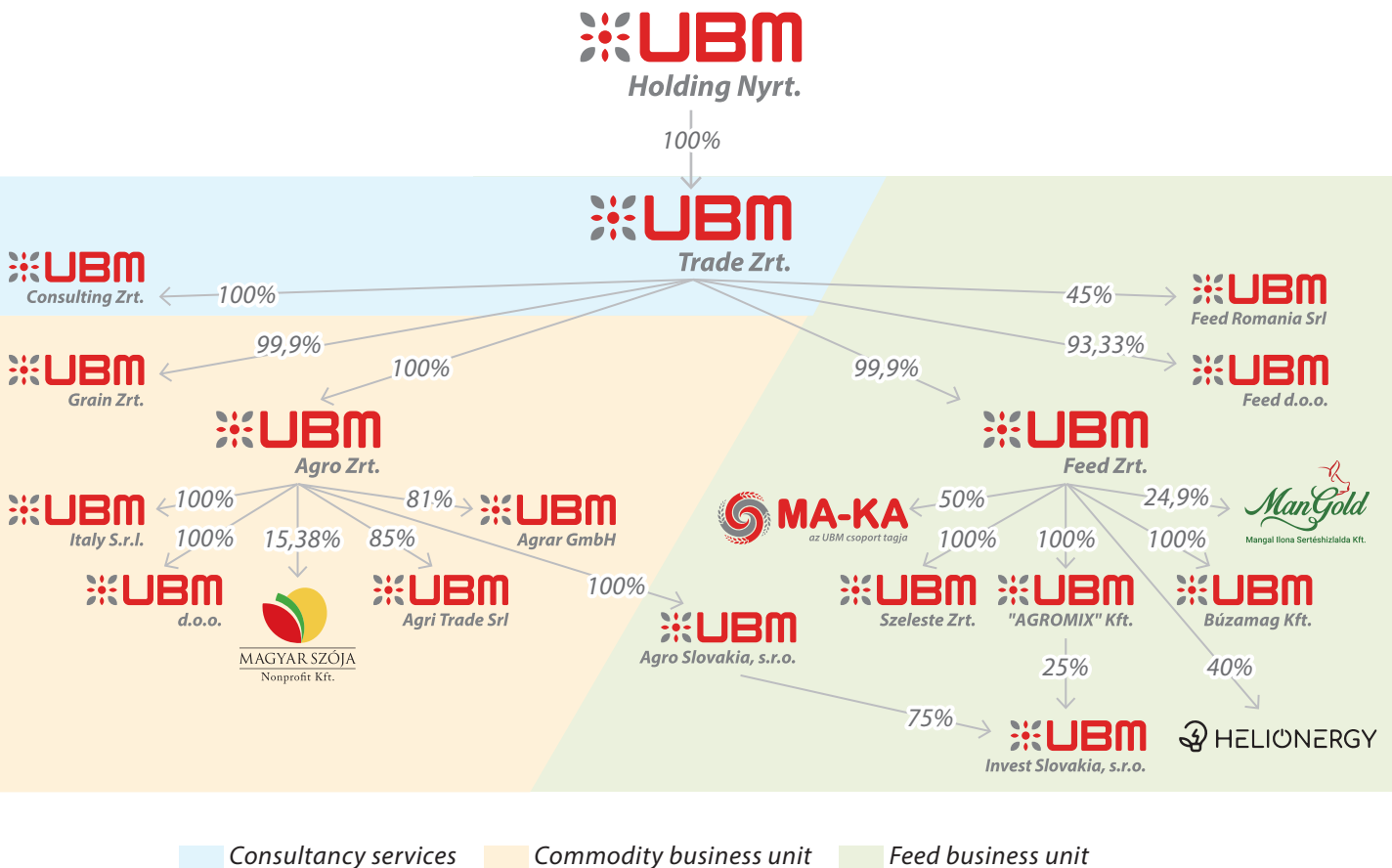
UBM HOLDING Nyrt, the parent company of UBM Group (hereinafter referred to as the "Company") was established on 8 February 2016, its main activities are asset management and internal audit and controlling. The registered office of the Company is 2085 Pilisvörösvár, Kisvasút utca 1. The Company and its subsidiaries, jointly controlled and affiliated companies form the UBM Group. UBM Holding Nyrt. is listed in the Standard category of the BSE.

UBM Group was established in 1996 and is one of the major commodity traders in Hungary and the market leading group of companies in feed manufacturing. The Group of companies manufactures and sells feed, feed additives and premixes. Feed transport and technical support specialised for each animal species ensure a solid background for our partners.

Feed manufacturing is the main profile of the UBM Group 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. The Group started activities in the segment of livestock production in August 2023.

The widespread domestic and international activities of the company require the integration of 21 companies in the three main fields of activity.

An overview of the companies in the UBM Group



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. Currently Feed Zrt. is the parent company of the livestock farming business also.

Other companies supporting the main activity



UBM Trade 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.: 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 tonnes 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), UBM d.o.o. (SRB) and UBM Italy S.r.l (IT) also belong to this legal entity.
- UBM Agro has transferred its protein crop (mainly soybean meal) wholesale activities within the Group to UBM Grain Zrt. in the 2023 business year.



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: Trade of soy and cereals in Romania.



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



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



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



UBM Szeleste Zrt.: This feed mill in Szeleste with a capacity of 200,000 tonnes has been fully rebuilt in 2015 and is owned by the company.



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



UBM Italy S.r.l.: A trade office located in Milan, specialising in the sale of cereals and soybean meal, also providing representation of the Group in Italy.

Activities in jointly controlled entities and associates



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



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



Mangal Ilona Kft.: The first UBM company active in the field of livestock production, operates an integration in swine production with an annual output of 150,000 pigs and owns a fattening operation at the Kapoly site.



Helionergy Léda Kft.: Owns the assets required for the planned construction of a 4 MW small solar power plant in Nyírmeggyes, Szabolcs county, which will be transferred to UBM Feed Zrt. during the course of the business year as part of a separation merger.

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 Tablítei 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 101/223, Serbia	Serbian trade office
20135 Milano Viale Monte Nero N 66.	Italian trade office

Owners of UBM HOLDING Nyrt. on 31 December 2023:

Owner	Ownership share (%)
<i>Andor Ágoston Botos</i>	13.67%
<i>Ákos Varga</i>	12.82%
<i>Imre Varga</i>	11.74%
<i>Péter Horváth</i>	8.90%
<i>Gábor Varga</i>	8.90%
<i>László Bustyaházai</i>	8.90%
<i>András Uzsoki</i>	3.51%
<i>Mihály Fekete</i>	3.90%
<i>Szabolcs Szalontai</i>	3.90%
<i>UBM Agro Zrt</i>	3.92%
<i>UBM Feed Zrt.</i>	0.66%
<i>UBM Trade Zrt</i>	1.00%
<i>UBM Szeleste Zrt</i>	0.49%
<i>MFB Vállalati Beruházási és Tranzakciós Magántőkealap</i>	15.62%
<i>Free float</i>	2.06%
Total	100.00%

Voting shares	Share of the vote (%)
<i>Andor Ágoston Botos</i>	14.56%
<i>Ákos Varga</i>	13.65%
<i>Imre Varga</i>	12.50%
<i>Péter Horváth</i>	9.48%
<i>Gábor Varga</i>	9.48%
<i>László Bustyaházai</i>	9.47%
<i>András Uzsoki</i>	3.74%
<i>Mihály Fekete</i>	4.15%
<i>Szabolcs Szalontai</i>	4.15%
<i>MFB Vállalati Beruházási és Tranzakciós Magántőkealap</i>	16.63%
<i>Free float</i>	2.20%
Total	100.00%

COMPANY 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
<i>Ákos Varga</i>	President	15 February 2016	indefinite
<i>László Bustyaházai</i>	member	15 February 2016	indefinite
<i>Péter Horváth</i>	member	15 February 2016	indefinite
<i>András Uzsocki</i>	member	15 February 2016	indefinite
<i>Gábor Varga</i>	member	15 February 2016	indefinite
<i>Imre Varga</i>	member	15 February 2016	indefinite
<i>Andor Ágoston Botos</i>	member	28 October 2022	indefinite
<i>Mihály Fekete</i>	member	28 October 2022	indefinite
<i>Janositz Balázs Ferenc</i>	member	28 October 2022	indefinite
<i>Szabolcs Szalontai</i>	member	28 October 2022	indefinite
<i>József Tóth</i>	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. Ákos Varga, 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
<i>József Tóth</i>	Chair	independent
<i>Sándor Buda</i>	member	independent
<i>Attila Fazekas</i>	member	independent

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.



MARKET ENVIRONMENT

The following main factors influenced the general market environment of the company: decreasing inflationary pressures and interest rate environment, stabilisation of energy prices, continuously decreasing commodity and other input material prices.

Interest rate environment has a fundamental influence on the operation of UBM Group because of the high credit volume, the majority of which are variable rate working capital loans. At the beginning of the given period, the BUBOR used as the reference rate for current assets was above 15%, while by the end of December 2023 the 3-month reference rate had fallen below 10%. The relatively quick change that was favourable for the UBM Group was reflected in the pricing policy, given the transactional nature of commodity trade and the average 1-3 monthly price agreements (depending on the animal species and the partner) in feed trade. The working-capital management program of the Group initiated during the past year is still a focus, mainly in the feed segment.

The exceptional situation in the energy market in previous years was replaced by relative price stability and an eroding price environment in the second half of 2023. The Group continues to manage energy price volatility through long-term gas and electricity purchase contracts, which is somewhat disadvantageous in a declining price environment, but the secure, predictable energy supply that this provides far outweighs these marginal disadvantages (our energy cost for feed production was again below 0.5% in the given period).

The UBM Group has not been able to fully exempt itself from the inflationary effects that have hit the European, and in particular the Hungarian economy. Inflation mainly affected the Group in terms of wage inflation claims, which were reduced substantially in the given period and did not require any extraordinary wage increases, unlike in the previous period.

Commodities

The activities of the commodity segment were characterised by a stagnating volatility for soybean and soybean meal, and a decreasing volatility for grains during the period between 1 July 2023 and 31 December 2023. We can say that the almost continuously increasing trend in prices that accompanied volatility had peaked and a correction was observed in the given period both in local and global prices, primarily for grains. Volatility was also a key factor for soybean meal in the given period, with soybean meal prices during July-December remaining in a similar price range to the previous year, at a relatively high price level compared to long-term trends. In terms of soybean meal quotes, there was no year-end correction, with high soybean meal quotes on the Chicago Mercantile Exchange, the benchmark market, both for the period under review and for many years.

Supply issues caused by the war in Ukraine resolved completely during the second half of 2023, with Ukrainian partners fulfilling their contractual obligations. The inflow of Ukrainian grain is determined primarily by the availability of rail infrastructure.

We have reached a milestone in the domestic commodity activities by signing a long term exclusive contract regarding the supply of soybean and the sales of soybean meal with the soybean processing plant established in Bóly in December 2023, which will result in a significant increase in turnover from the 2024-2025 business year.

Feed manufacturing

The market environment for this segment was characterised by decreasing commodity prices and decreased financing costs. Wheat and maize prices have been falling steadily since July 2022, with continuous price erosion in the period between July and December 2023. Soybean meal was the only exception with prices stabilising at a relatively high level by the end of 2023. BUBOR, used as a reference rate for the financing of current assets at UBM has decreased significantly in the second half of 2023, resulting in a significant reduction in the interest burden of the segment. In parallel, we have gradually decreased the volume of stocks in the Feed segment and have stabilised the raw material inventory for feed manufacturing at a lower level by the end of the period.



Stabilisation of energy supply and the energy markets was beneficial for the energy costs in feed production, and amid decreasing prices UBM continues to reap the advantages of economies of scale.

Avian influenza outbreaks continued in 2023, putting a burden on producers, mainly on water fowl producers in the south part of the Great Plain.

Livestock segment

In the second part of the calendar year 2023 UBM Group has acquired shares in Mangal Ilona Ltd., thus directly entering the animal farming segment of agricultural integration, namely swine production. An important factor determining the environment on the swine farming market is the ZMP reference price for the pig half carcass, which stabilised at a higher level during this period than for the previous years, improving the financial situation of pig farmers.



COMPANY GOALS AND STRATEGY

The aim of UBM Holding Nyrt. and its affiliates is to become a decisive player in feed manufacturing in the region and in commodity wholesales in Europe.

By regional presence we initially mean the countries of the Carpathian basin, namely Hungary, Slovakia, Ukraine, Romania and Serbia. Further strategic goals include the Balkan countries, i.e. Bulgaria, Bosnia and Herzegovina, Montenegro and Albania. As we see the situation, backyard farming is still dominant in these countries, the conditions for intensive livestock farming are not present yet. This will change in the next 5 to 10 years, with intensive farming gaining importance for all farm animal species (swine, poultry, cattle and other ruminants, water fowl). By dynamically connecting to this process, we can develop a network of state of the art feed manufacturing plants to provide quality feed to satisfy the need for high volumes of quality feed.

The numbers and results of the wholesale segment for the half-year under review show that the cooperation of European trade offices active on a wider geographic scale can create higher value, than more isolated trade activities that are restricted to a single country. This is why we performed the expansion of our sales network as set forth in our medium term strategy and opened the Italian trade office, which will use the Eastern European base to serve our Italian customers. In our broader region we continue to prioritize a complete trade network that spans all countries to provide coverage and goods across the continent.

The Group has set the goal for the business year 2025/2026: the production of 1 million tonnes of feed and the trade of 2 million tonnes of commodities annually.



By the 2025/26 business year

- annual **feed production of 1 MILLION TONNES**
- annual **commodity trade of 2 MILLION TONNES**

EMPLOYMENT POLICY, EQUAL OPPORTUNITIES AND CSR

a. Workforce structure

- a.1. The average number of employees at UBM Group for the second half of 2023 was 403.5. 62% of our employees are qualified professionals and 38% perform manual labour. The latter group of employees work mainly at the feed production plants of UBM.
- a.2. Gender statistics: 68% of the company's employees are men. 94% of employees performing manual labour are men.
- a.3. Average age of employees is 43 years.
- a.4. UBM believes in long-term cooperation that brings mutual advantages to both parties and thus works exclusively with their own employees. In our existence of 27 years we have never employed agency, interim or temporary workers.

b. Fluctuation rate, years of service

- b.1. Fluctuation rate did not change significantly at the Group level in the period between 01.07.2023. and 31.12.2023. compared to the previous business year (01.07.2022.– 30.06.2022.). Fluctuation rate in 2023 was 15.55%, compared to 15.49% % in the previous year and only 8.78% 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. 54% of the employees have been working at UBM for at least 5 years, and 21.35% of our colleagues have been employed for more than 10 years. 5.8% of our employees have been working at UBM for more than 20 years, so we can say that quite a large proportion of employees remain loyal to the company for long periods of time. Average employment time at our company is 7 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. Wages and other forms of payment to employees

- c.1. To address the challenges, the Group has increased wages, to counteract the effects of inflation in the summer of 2023.
- c.2. Beside this, the company has a cafeteria benefit system in place as a form of non monetary compensation. This applies to both manual labourers and qualified professionals, and even the passive employees (on sick leave, maternity leave, etc.), although to a smaller amount (a gross amount of HUF 30,000 per month) than the active employees, in line with UBM's family friendly approach.



d. 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 believes in balanced, good partnerships, and employees are also considered as "business partners" in this regard. This is why we put special emphasis on implementing and maintaining many small measures that increase the well-being of employees.

- d.1. UBM has received many awards since 2018 (e.g. Family Friendly Place 2022, Family Friendly Company 2022, Responsible Employer Gold level 2023).
- d.2. During the period covered by this report we have received further acknowledgements: Two awards were given to the UBM Group at the BeneFit Prize award ceremony in November 2023:
 - BeneFit Prize special award in the Family Friendly category
 - BeneFit Prize Public choice award
- d.3. 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.
- d.4. 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. This means that in the event of a minor or even major health problem or temporary incapacity to work, the employee can receive financial assistance from the insurance company. Furthermore, this financial assistance is now available within the framework of this insurance when a child is born.
- d.5. 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.
- d.6. 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.
- d.7. UBM employees can buy the cars from the company fleet at a discount when they are sold.
- d.8. 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 tries to provide a possibility of working part-time when they return, if they request it and it is possible.



e. Health programs, preservation of physical and mental health

- e.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.
- e.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.
- e.3. 10-15 minute office "training sessions" (yoga, stretching) are available at our headquarters 6 times per week during working hours as a 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.
- e.4. 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.

f. Maintaining work-life balance

We believe that if an organisation helps, or at least allows, its employees to become authentic and self-reflective people with good emotional competences, with the right skills and professional competences - and most of the people who work for the company, or the leaders are like this - they will survive many difficulties and also make the company successful. If the company invests resources well to encourage this, it will definitely pay off, because the quality and competences of the employees, their organisational skills cannot be copied by competitors, so it can be a "source of sustainable competitive advantage".

This is why UBM Group aims to support work-life balance:

- f.1. UBM allows its qualified professionals to work flexibly and in home office if their job allows it, as this might help them achieve a life-work balance.
- f.2. The cafeteria system also allows for extra days off, an option that especially young employees choose, since they are entitled to less days of leave.

f.3. A Loyalty Programme is part of the corporate welfare programme at the companies of UBM Group. This is a way UBM can provide added security to the first years of retirement to employees who will retire within 10 years.

f.4. Employees can apply for an advance of their salary, a personal loan or a housing loan at UBM. Starting in 2023 we will allocate a budget to providing interest- and tax-free housing loans to young colleagues buying their first home near their workplace, with specific conditions.

f.5. We give extra days of to colleagues who are getting married.

f.6. We opened the UBM Library and the relax room at the end of 2023.



UBM
*Family
Day*

g. Equal opportunities, CSR

- g.1. UBM Group is open to employing disadvantaged people for jobs that allow for this. Currently we have 6 disadvantaged employees working in our Group (1.43%).
- g.2. For years, UBM Group has been supporting civil society organizations or foundations that focus on helping ill children and children from disadvantaged backgrounds. While the Smile Foundation is the main charity we support, we also support other non-profit organisations with donations and financial support on a regular basis. (Our company also supports a few athletes who compete at a high level.)
- g.3. We launched our "Giving is good!" campaign in December 2023 and have "adopted" a small settlement in Baranya county: our colleagues volunteered to fill shoe boxes with personalised gifts to children in need. We received so many donations from our employees, that we had enough to give nicely wrapped gifts to those in need in our local community as well.
- g.4. 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 every December to vote and divide the amount of money up for donation between the different charity organizations every year. By this we would like to emphasize that every opinion counts when it comes to social responsibility. On the other hand, it is also important for our employees to see and to be proud of the company they work for, for using profits to help to many people in need, contributing to an improvement of their quality of life.
- g.5. UBM believes in being an actor not only in the world of business and on the market, but also in society, and should determine and implement not only business goals and strategies but also needs to take a positive attitude towards alleviating social inequalities and use its resources and energy to serve its environment, the people around it.



RESEARCH AND DEVELOPMENT

Our Group considers research and development activities to be a key strategic asset. We have 4 employees with a PhD and 12 with an MSc degree working in this field. 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;
- applied studies related to activities that fit the business strategy of the Group;
- provide answers to future challenges and changes;
- the potentially needed investment to support the innovation is feasible;
- it can secure or speed up the return on investments or on the increase of production capacities;
- development of precision formulation;
- provide professional support or control of commercial activities;
- stimulating the interest of the upcoming generation.

UBM Feed Zrt., an affiliate of UBM Holding Nyrt. has signed a framework contract with Agroloop Hungary Ltd. regarding the trade of insect based commodities (protein meal and feed grade fat) in 2022. By this UBM has contracted the majority of the production capacity of the Agroloop plant in Üllő. UBM Group is committed to applying environmentally friendly technologies in production, and considers this framework contract to be an important step towards achieving its sustainability goals.

Ongoing research activities of the Group

- aim to increase the efficacy of feed and to improve the analytical composition of animal products;
- evaluate the possible uses of insect proteins in the nutrition of farm animals;
- aim to produce palm oil free feed;
- develop flexible formulation solutions to include ESG principles;
- develop methods to introduce carbon farming solutions in Hungary.




PRINCIPAL RESOURCES AND RISKS FOR THE COMPANY, RELATED CHANGES AND UNCERTAINTIES

Financial resources

Production, assets, investments

The Company has seven production sites in Szeleste, Környe, Tök, Mátészalka, Szentés, Hernádcsány and Kerelőszentpál, the central office is in Pilisvörösvár. The Környe site hosts - along with a feed mill - our Soypreme plant, our premix plant and our R&D centre, that is equipped with a state of the art laboratory. The technology applied at the production plants and the laboratory are modern and meet the highest standards. In addition to this, UBM Group uses significant contract manufacturing capacity and the capacity of the plants is ensured in the long term. The current, multi-site production model is suitable for the Hungarian and regional needs, we are not planning any changes.



**7
production
sites**

We have finished the modernisation of the Szeleste and the Hernádcsány plants, in Szeleste we have built a feed mill optimised for swine feed beside the old plant, while in Hernádcsány we modernised the feed mixing system and the production management system, leading to an improvement of the energy efficiency of the plant.

Financial situation

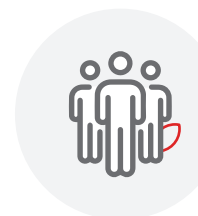
The financial situation of the Company is stable, we always fulfil our financial obligations in time. Financial transactions are performed by OTP Bank, Magyar Bankholding, Unicredit Bank, ING and Erste Bank in Hungary, with the addition of Oberbank in Austria.



**stable
financial
situation**

Human resources

Average headcount in the reviewed business year was 402. We continuously focus on the health of our employees, we support them by regularly providing health screening programs. The control of avian influenza and swine fever meant a special challenge for us, a challenge we have faced with success during the past years.



**402
employees**

Principal risks for the company

Moderation of the high inflation environment and the significant decrease of commodity prices

on the world markets has a beneficial effect on the company's purchase prices. The EUR/HUF exchange rate remained within a quite narrow range in comparison to the previous rates, which also contributed to a mitigation of the risks of the company and had a beneficial effect on the consumer prices of our products. We must note that the continuous decrease of household purchasing power - along with food inflation - significantly reduces domestic demand. This is counteracted by the significant export activities of UBM's partners.

A decreasing trend in meat consumption can be observed on the long term in Europe, which is the result of a decrease in purchasing power, as well as health and environmental considerations affecting consumers' choices. This European trend is not as obvious in our region but it is expected to have an effect on the medium term in our countries as well. Our Group expects meat consumption to shift towards decreased volume but increased quality in the next years.

A principal risk factor affecting the Company's business would be a change in the regulatory environment that would negatively affect domestic consumption, resulting in a decrease in sales volumes. The Company presents its risks related to climate change and its action plan in the annual ESG report.

As a company integrated into the agricultural sector we face various financial risks: market risks, credit risks and liquidity risks. Seeing the volatility and the uncertainties of the financial market, our Company tries to minimize any possible deleterious effects that affect the Company's financial performance. According to the accounting policy, the Company also uses derivative financial instruments to hedge certain financial risks.

Among our market risks, in order to mitigate the exchange rate risk arising from export and import activities and from commercial transactions denominated in euros and dollars, the hedging policy of the economic department is to continuously monitor the foreign currency receivables/payables portfolio and to fully hedge the Company's risks with the appropriate amount of foreign currency hedges on a daily basis.

There are no logistical anomalies in the countries where the UBM Group is active.

Sales to the Ukrainian and the Russian market are not significant either in terms of total or export revenues, which means that the conflict between Russia and Ukraine has no significant effect on the sales activities of the Company.

The Company has no significant credit risk on trade receivables due to the low concentration of our customers. The majority of trade receivables are insured by a financial institution, up to 90-95% of individual receivables. The Company does not use additional credit rating methods as it considers its credit insurance policy to be sufficiently effective in managing credit risk.

The Company's cash and cash equivalents and fixed-term deposits are primarily denominated in HUF. Bank counterparty risk is low as UBM Holding Nyrt. strives to place its funds with reliable financial institutions.

The Company's management of liquidity risk includes maintaining sufficient cash and cash equivalents and adequate credit facilities. Management continuously monitors the required liquidity buffer based on expected cash flow and has so far been able to successfully adjust the credit lines required for business operations to rising commodity prices.

The Company does not have a so-called non-performance risk, our partners deliver the previously agreed quantities - if necessary with the involvement of other commodity sources - contractually, on time and in the right quantities, the Group does not use a production contract.

Appropriate, long-term energy supply is key to operating the plants, UBM Group ensures this by contracts based on tenders with CEZ (electricity) and E2 (gas).



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	31.12.2023.	30.06.2023.	31.12.2022.
Depreciation	813,555	1,413,819	632,598
Interest expenditure	2,294,164	6,639,593	3,080,235
Profit before tax	1,030,290	1,500,949	2,293,053
Calculated EBITDA	4,138,009	9,554,361	6,005,886

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	31.12.2023.	30.06.2023.	31.12.2022.
Long-term loans and borrowings	5,741,040	4,755,369	3,493,336
Long-term finance lease liabilities	933,460	946,417	771,969
Short-term loans and borrowings	42,440,934	24,575,785	48,160,978
Short-term finance lease liabilities	488,635	492,969	407,304
Cash and cash equivalents	(8,441,021)	(2,669,337)	(6,047,602)
Net debt	41,163,048	28,101,203	46,785,985
EBITDA (for the 6 month period)	4,138,009	9,554,361	6,087,881
Net debt/EBITDA:	4.97	2.94	3.9

To calculate the index we used the annualised 6-month EBITDA from the columns 31.12.2023. and 31.12.2022. 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)	31.12.2023.	30.06.2023.	31.12.2022.
Short-term part of investment loans	587,160	674,693	707,833
Short-term part of general purpose loans	708,919	481,669	285,712
Interest expenses (for the 6 month period)	2,294,164	6,639,593	3,080,235
Debt service	3,590,243	7,795,955	4,073,780
EBITDA (for the 6 month period)	4,138,009	9,554,361	6,087,881
Debt service (DSCR) indicator	1.41	1.23	1.68

To calculate the index we used the annualised 6-month EBITDA and interest expenses from the columns 31.12.2023. and 31.12.2022.

INTERIM FINANCIAL REPORTING ACCORDING TO IAS 34 STANDARDS (CONSOLIDATED, NOT AUDITED)

1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(amounts in thousands of HUF, unless otherwise indicated)

ASSETS	31.12.2023.	30.06.2023.	31.12.2022.
Non-current assets			
Property, plant and equipment	12,687,136	12,139,430	11,944,874
Intangible assets	1,000,492	652,143	646,212
Other long-term receivables	1,010,205	1,183,307	2,074,547
Equity-accounted investees	3,061,956	2,007,544	2,038,815
Other participations	153,959	153,959	153,959
Right-to-use assets	1,378,061	1,490,453	1,265,374
Deferred tax receivables	201,205	250,825	311,233
Total non-current assets	19,493,014	17,877,661	18,435,014
Current assets			
Inventories	24,383,838	8,153,465	26,949,300
Trade receivables	26,913,759	30,265,365	30,094,849
Income tax receivable	160,836	93,809	31,578
Other receivables and accrued income	4,430,737	3,970,608	5,989,395
Cash and cash equivalents	8,441,021	2,669,337	6,047,602
Total current assets	64,330,191	45,152,584	69,112,724
Total assets	83,823,205	63,030,245	87,547,738

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(amounts in thousands of HUF, unless otherwise indicated)

LIABILITIES	31.12.2023.	30.06.2023.	31.12.2022.
Equity			
Share capital	118,519	118,519	118,519
Treasury share reserve	(1,942,303)	(1,942,303)	(1,942,303)
Capital reserve	25,671,447	25,671,447	25,671,447
Cash flow hedging reserve	(161,405)	562,206	365,822
Translation difference	6,796	(12,267)	14,367
Retained earnings	(11,851,182)	(12,164,120)	(10,701,613)
Equity attributable to shareholders of the Company	11,841,872	12,233,482	13,526,239
Non-controlling interests	234,454	188,203	563,850
Total equity	12,076,326	12,421,685	14,090,089
Long-term liabilities			
Long-term loans and borrowings	5,741,040	4,755,369	3,493,336
Government grants	1,185,044	1,349,903	917,870
Long-term finance lease liabilities	933,460	946,417	771,969
Deferred tax liability	167,946	216,927	191,979
Total long-term liabilities	8,027,490	7,268,616	5,375,154
Current liabilities			
Short-term loans and borrowings	42,440,934	24,575,785	48,160,978
Suppliers	12,293,520	14,696,401	13,504,978
Provisions	326,000	326,000	20,805
Other liabilities and accruals	8,065,625	3,039,701	5,732,432
Short-term finance lease liabilities	488,635	492,969	407,304
Income tax liability	104,675	209,088	255,998
Total current liabilities	63,719,389	43,339,944	68,082,495
Total liabilities and equity	83,823,205	63,030,245	87,547,738

2. CONSOLIDATED PROFIT AND LOSS ACCOUNT

(amounts in thousands of HUF, unless otherwise indicated)

	6 months ending on 31.12.2023.	12 months ending on 30.06.2023.	6 months ending on 31.12.2022.
Sales revenue	105,348,844	231,612,070	122,667,002
Other operating revenue	306,713	916,156	632,173
Total operating revenue	105,655,557	232,528,226	123,299,175
Capitalised own performance	65,457	305,873	345,083
Costs of goods and services sold	69,402,109	151,831,784	82,336,210
Materials expenditure	30,317,556	65,995,593	32,836,527
Personnel expenditures	2,674,851	4,674,861	2,255,267
Depreciation	813,555	1,413,819	632,598
Impairment	9,099	78,166	30,879
Other operating costs and expenses	99,676	1,008,315	413,559
Total operating costs	103,316,846	225,002,538	118,505,040
Earnings before interest and tax (EBIT)	2,404,168	7,831,561	5,139,218
Revenues from financial transactions	1,623,449	5,810,411	3,183,565
Expenditures on financial transactions	1,116,898	5,595,670	2,876,779
Interest expenditure	2,294,164	6,639,593	3,080,235
Share of equity accounted investments	413,735	94,240	(72,716)
Profit from financial operations	(1,373,878)	(6,330,612)	(2,846,165)
Profit before tax	1,030,290	1,500,949	2,293,053
Deferred tax	73,721	(2,124)	(59,517)
Income tax expense	286,587	589,961	453,602
Profit after tax	669,982	913,112	1,898,968
Profit attributable to:			
shareholders of the Company	635,687	800,414	1,768,812
Non-controlling interests	34,295	112,698	130,156
Earnings per share (HUF)			
Basis	30.04	40.94	84.98
Diluted	30.04	40.94	84.98
EBITDA	4,138,009	9,554,361	6,005,886

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(amounts in thousands of HUF, unless otherwise indicated)

	6 months ending on 31.12.2023.	12 months ending on 30.06.2023.	6 months ending on 31.12.2022.
Profit after tax	669,982	913,112	1,898,968
Impact of the fair value changing of cash flow hedge	(782,108)	1,295,105	1,102,428
Impact of exchange rate changes	24,373	(101,863)	(62,578)
Impact of deferred tax	65,856	(128,772)	(116,032)
Other comprehensive income	(691,879)	1,064,470	923,818
From other comprehensive income			
Shareholders of the Company	(704,548)	1,023,872	854,122
Non-controlling interests	12,669	40,598	69,696
Total comprehensive income	(21,897)	1,977,582	2,822,786
From total comprehensive income			
Shareholders of the Company	(68,861)	1,824,286	2,622,934
Non-controlling interests	46,964	153,296	199,852

Notes to the Statement of comprehensive income

* 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)

	Share capital	Treasury shares reserve	Capital reserve	Cash flow hedging reserve	Retained earnings	Translation difference	Equity attributable to shareholders of the Company	Non-controlling interests	Total equity
Balance at 30.06.2022	118,519	(1,775,000)	25,671,447	(546,462)	(10,319,234)	72,529	13,221,799	437,766	13,659,565
Transactions with non-controlling interests with control retained					6,409		6,409	22,287	28,696
Treasury shares purchase		(167,303)			-		(167,303)		(167,303)
Total comprehensive income				912,284	1,768,812	(58,162)	2,622,934	199,852	2,822,786
Dividend payment					(1,500,000)		(1,500,000)		(1,500,000)
Dividends received by minority shareholders					(657,600)		(657,600)	(96,055)	(753,655)
Balance at 31.12.2022	118,519	(1,942,303)	25,671,447	365,822	(10,701,613)	14,367	13,526,239	563,850	14,090,089
Transactions with non-controlling interests with control retained					(494,109)		(494,109)	(329,091)	(823,200)
Total comprehensive income				196,384	(968,398)	(26,634)	(798,648)	(46,556)	(845,204)
Balance at 30.06.2023	118,519	(1,942,303)	25,671,447	562,206	(12,164,120)	(12,267)	12,233,482	188,203	12,421,685
Total comprehensive income	-	-	-	(723,611)	635,687	19,063	(68,861)	46,964	(21,897)
Transactions with non-controlling interests with control retained	-	-	-	-	(322,749)	-	(322,749)	(713)	(323,462)
Balance at 31.12.2023	118,519	(1,942,303)	25,671,447	(161,405)	(11,851,182)	6,796	11,841,872	234,454	12,076,326

5. CONSOLIDATED CASH FLOW STATEMENT

(amounts in thousands of HUF, unless otherwise indicated)

	6 months ending on 31.12.2023.	12 months ending on 30.06.2023.	6 months ending on 31.12.2022.
Cash flow from operating activities			
Profit after tax	669,982	913,112	1,898,968
Corrections:			
Interest paid	2,294,164	6,639,593	3,080,235
Result of valuation of participations using the equity method	(431,912)	103,396	72,125
Exchange rate changes	24,563	(101,107)	(60,749)
Depreciation and amortisation for the current year	813,555	1,413,819	632,598
Result on sale of tangible fixed assets	-	(8,529)	(5,590)
Scrapping of fixed assets	30	617	253
Impairment of receivables	9,099	78,166	30,879
Deferred tax	639	182,735	97,379
Income tax	(171,440)	(111,819)	(2,678)
Changes in derivative transactions	(1,719,378)	2,566,271	1,703,874
Change in provisions	-	254,891	(50,304)
Change in stocks	(16,230,373)	3,269,613	(15,526,222)
Change of buyers	3,342,507	(3,477,108)	(3,259,305)
Other receivables and changes in accrued income and prepaid expenses	408,152	1,243,546	(416,027)
Change of suppliers	(2,402,881)	(230,035)	(1,421,458)
Other liabilities and changes in accruals and deferred income	5,160,769	(4,261,071)	(1,245,094)
Net cash flow from operating activities	(8,232,524)	8,476,090	(14,471,116)
Cash flow from investing activities			
Purchase of tangible and intangible fixed assets	(1,177,872)	(1,505,517)	(805,375)
Proceeds from sale of tangible fixed assets	-	10,570	6,683
Changes in financial assets	173,102	43,836	4,129
Purchase of shares	(622,500)	-	-
Cash received from non-controlling interest	-	57,029	-
Cash paid to non-controlling interest	-	-	28,696
One-off effect of a change in the Group	-	-	-
Net cash flow from investing activities	(1,627,270)	(1,394,082)	(765,867)
Cash flow from financing activities			
Loans and borrowings	20,040,893	2,845,639	18,804,931
Repayment of loans and borrowings	(1,190,073)	(7,076,580)	(712,712)
Change in leasing liability	(436,667)	(426,222)	(178,378)
Changes in state aid	(164,859)	830,464	398,431
Dividends paid	(323,462)	(2,253,655)	(2,253,655)
Interest paid	(2,294,164)	(6,639,593)	(3,080,235)
Net cash flow from financing activities	15,631,668	(12,719,947)	12,978,382
Change in cash and cash equivalents	5,771,874	(5,637,939)	(2,258,601)
Cash and cash equivalents at the beginning of the year	2,669,337	8,308,032	8,308,032
Effect of exchange rate changes on foreign currency balances	(190)	(756)	(1,829)
Balance of cash and cash equivalents at the end of the year	8,441,021	2,669,337	6,047,602

6. ADDITIONAL REMARKS

6.1 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 28 March 2024. The interim financial reporting was performed according to IAS 34 standards.

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

There were no changes in the accounting policy and the calculation methods applied to compile the half-yearly report compared to the ones applied to compile the annual financial reports for the previous years.

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 2023.

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.

iii) The basis of measurement

For financial statements, the measurement basis is the original cost, except for the financial instruments measured at fair value as described in the following chapter.

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.

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 sales are recorded under sales revenues.
- 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).

6.3 DISCLOSURES ON CONSOLIDATION

Subsidiaries included in the consolidation

Name	Address	Voting shares
UBM Trade Zrt.	2085 Pilisvörösvár, Kisvasút utca 1.	100%
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	74.95%
"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	Strada Tablítei nr. 4, et 1-2, sector 1, Bucuresti, Romania	84.99%
UBM Invest Slovakia, s.r.o.	Zeleznicná 2, Hernádcsány (CANA)	99.98%
UBM d.o.o.	11070 Novi Beograd, Bulevar Mihajla Pupina 10i/223	99.99%
UBM Agrar GmbH	4020 Linz Promenade 23	86.99%
UBM Feed d.o.o.	11070 NOVI BEOGRAD, Bulevar Mihaila Pupina 10i/223	93.29%
UBM Agro Slovakia, s.r.o.	044 14 Čaňa, Železničná 2., Slovakia	99.99%
UBM Italy S.r.l.	20135 Milano, Viale Monte Nero 66.	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%
Mangal Ilona Sertéshizlalda Ltd.	1013 Budapest, Pauler utca 6.	24.9%
Helionergy Leda Ltd.	1084 Budapest, Déri Miksa utca 6. 1. lház. 2. em. 2.	40%

6.4 SALES REVENUE

Data in thousands of HUF	31.12.2023.	30.06.2023.	31.12.2022.
Domestic sales revenue	48,092,573	121,646,766	64,411,628
Export revenues	57,256,271	109,965,304	58,255,374
Total	105,348,844	231,612,070	122,667,002

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

Export sales revenues by country are shown in the table below:

Percentage distribution of exports	31.12.2023.	30.06.2023.	31.12.2022.
Italy	19.88%	31.92%	31.15%
Romania	30.39%	26.22%	27.85%
Austria	14.49%	16.53%	14.77%
Serbia	4.40%	5.57%	5.96%
Germany	15.41%	6.58%	5.63%
Switzerland	2.39%	2.88%	3.69%
Croatia	2.81%	3.34%	3.51%
Slovakia	3.86%	2.42%	2.84%
Slovenia	0.97%	2.12%	2.42%
Belgium	1.35%	0.48%	0.81%
Czech Republic	0.49%	0.05%	0.09%
Other	3.56%	1.89%	1.26%
Total	100.00%	100.00%	100.00%

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.

6.5 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	31.12.2023.	30.06.2023.	31.12.2022.
Profit after tax	669,982	913,112	1,898,968
Earnings per share (HUF)			
Basis	30.09	40.94	84.98
Diluted	30.09	40.94	84.98

6.6 EXPLANATORY NOTES TO THE SEASONALITY OR CYCLIC NATURE OF OPERATIONS

The activities of the group are partly seasonal. In the commercial segment, the harvest period is key, as it is largely during this period that the buying-in necessary for trade activities takes place. The harvest period for wheat and barley is July-August, and September-October for corn. Sales revenues of the UBM Group show less cyclicality, as there is a balanced demand for the Group's products from its livestock farming and industrial partners in both the feed and the commodity business units throughout the year. The supply side naturally has to adjust to the crop production cycles, so the year-end closing stock value in December may be significantly higher.



6.7 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.

31.12.2023.	Commodities	Feed	Livestock	Other	Between segments
Sales revenue	78,443,189	37,369,357	-	-	(10,745,466)
Other operating revenue	220,186	271,642	-	-	(185,115)
Total operating revenue	78,663,375	37,640,999	-	-	(10,648,817)
Capitalised own performance	-	65,457	-	-	-
Costs of goods and services sold	72,664,774	7,354,848	-	-	(10,617,513)
Materials expenditure	3,711,161	26,273,549	-	51,081	-
Personnel expenditures	663,045	1,977,502	-	34,305	-
Depreciation	94,452	717,337	-	1,767	-
Impairment	(34,059)	43,085	-	73	-
Other operating costs and expenses	101,980	309,516	-	1,249	(313,069)
Total operating costs	77,201,353	36,675,837	-	88,475	(10,648,818)
Earnings before interest and tax (EBIT)	1,462,023	1,030,620	-	(88,475)	-
Revenues from financial transactions	892,015	876,464	-	139,797	(284,827)
Expenditures on financial transactions	517,579	627,000	-	95,625	(123,306)
Interest expenditure	937,047	1,323,678	-	194,961	(161,521)
Share of equity accounted investments	-	296,622	117,113	-	-
Profit from financial operations	(562,611)	(777,592)	117,113	(150,789)	-
Profit before tax	899,413	253,029	117,113	(239,264)	-
Deferred tax	(587)	75,231	-	(923)	-
Income tax expense	176,404	106,443	-	3,740	-
Profit after tax	723,596	71,355	117,113	(242,081)	-

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:

31.12.2023.	Commodities	Feed	Livestock	Other
Property, plant and equipment	382,710	12,145,521	0	158,905
Inventories	17,214,077	7,169,761	0	0
Trade receivables	9,541,643	17,317,973	0	54,143
Long-term loans and borrowings	0	2,803,054	0	2,937,986
Short-term loans and borrowings	20,155,705	21,674,524	0	610,705
Suppliers	6,623,855	5,624,787	0	44,878

The commodity and the feed segment achieved the following sales volumes outside the Group:

CONSOLIDATED (tonnes)	01.07.2023 -31.12.2023.	01.07.2022. -30.06.2023.	31.07.2022. -31.12.2022.
Total	274,763	435,831	218,934
Compound feed	169,691	324,111	160,912
Premix	6,272	13,157	6,110
Soypreme	7,043	16,221	9,285
Commodity trade	91,757	82,342	42,627

CONSOLIDATED (tonnes)	01.07.2023 -31.12.2023.	01.07.2022. -30.06.2023.	31.07.2022. -31.12.2022.
Grains	518,314	825,028	428,911
Wheat	157,420	277,455	141,223
Corn	194,194	281,361	178,490
Barley	127,481	66,980	42,484
Other	39,219	199,232	66,714
Protein sources	103,837	198,384	103,338
Soybean meal	83,109	162,258	85,176
Soybean	20,728	36,126	18,162

6.8 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.)

6.9 TRANSACTIONS WITH RELATED PARTIES

Business transactions with associates and joint ventures

Balance / Type of transaction	MA-KA Kft.	UBM Feed Romania Srl	Mangal Ilona Kft.	Total
Trade and other receivables	1,464,422	1,996,332	1,607,587	5,068,341
Long-term loans	0	623,617	0	623,617
Payables	381,308	55,175	125,287	561,770
Sales revenue	6,070,591	4,533,091	2,915,831	13,519,512

6.10 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:

	31.12.2023.	30.06.2023.	31.12.2022.
Other long-term receivables	1,010,205	1,183,307	2,074,547
Trade receivables	26,913,759	30,265,365	30,094,849
Other receivables and accrued income	4,430,737	3,970,608	5,989,395
Cash and cash equivalents	8,441,021	2,669,337	6,047,602
Total	40,795,722	38,088,617	44,206,393

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:

31.12.2023.	Due within 1 year	1-2 years	2-3 years	Due after 3 years	Total
Other long-term receivables	0	496,125	394,398	119,682	1,010,205
Trade receivables	26,913,759	0	0	0	26,913,759
Income tax receivable	160,836	0	0	0	160,836
Other receivables and accrued income	4,430,737	0	0	0	4,430,737
Cash and cash equivalents	8,441,021	0	0	0	8,441,021
Financial assets	39,946,353	496,125	394,398	119,682	40,956,558
Long-term loans and borrowings	0	1,671,080	1,726,575	2,343,386	5,741,040
Long-term finance lease liabilities	0	398,402	283,097	251,961	933,460
Short-term loans and borrowings	42,440,934	0			42,440,934
Suppliers	12,293,520	0			12,293,520
Other liabilities and accruals	8,065,625	0			8,065,625
Short-term finance lease liabilities	488,635	0			488,635
Income tax liability	104,675	0			104,675
Financial liabilities	63,393,389	2,069,482	2,009,672	2,595,347	70,067,889

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.

6.11 EFFICIENCY ANALYSIS

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

With actual interest	31.12.2023.	30.06.2023.	31.12.2022.
Profit before tax - excluding interest expenses	3,176,003	7,567,366	5,373,288
Net interest expenditure	(2,145,713)	(6,066,417)	(3,080,235)
Profit before tax	1,030,290	1,500,949	2,293,053
1%			
Profit before tax - excluding interest expenses	3,176,003	7,567,366	5,373,288
Net interest expense	(2,167,170)	(6,127,081)	(3,111,037)
Profit before tax	1,008,833	1,440,285	2,262,251
Change in profit before tax	(21,457)	(60,664)	(30,802)
Change in profit before tax (%)	-2.08%	-4.04%	-1.34%
5%			
Profit before tax - excluding interest expenses	3,176,003	7,567,366	5,373,288
Net interest expense	(2,252,999)	(6,369,738)	(3,234,247)
Profit before tax	923,004	1,197,628	2,139,041
Change in profit before tax	(107,286)	(303,321)	(154,012)
Change in profit before tax (%)	-10.41%	-20.21%	-6.72%
10%			
Profit before tax - excluding interest expenses	3,176,003	7,567,366	5,373,288
Net interest expense	(2,360,284)	(6,673,059)	(3,388,259)
Profit before tax	815,719	894,307	1,985,030
Change in profit before tax	(214,571)	(606,642)	(308,024)
Change in profit before tax (%)	-20.83%	-40.42%	-13.43%
-1%			
Profit before tax - excluding interest expenses	3,176,003	7,567,366	5,373,288
Net interest expense	(2,124,256)	(6,005,753)	(3,049,433)
Profit before tax	1,051,747	1,561,613	2,323,855
Change in profit before tax	21,457	60,664	30,802
Change in profit before tax (%)	2.08%	4.04%	1.34%
-5%			
Profit before tax - excluding interest expenses	3,176,003	7,567,366	5,373,288
Net interest expense	(2,038,427)	(5,763,096)	(2,926,223)
Profit before tax	1,137,576	1,804,270	2,447,065
Change in profit before tax	107,286	303,321	154,012
Change in profit before tax (%)	10.41%	20.21%	6.72%
-10%			
Profit before tax - excluding interest expenses	3,176,003	7,567,366	5,373,288
Net interest expense	(1,931,142)	(5,459,775)	(2,772,212)
Profit before tax	1,244,861	2,107,591	2,601,077
Change in profit before tax	214,571	606,642	308,024
Change in profit before tax (%)	20.83%	40.42%	13.43%

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

Exchange rate	31.12.2023.	30.06.2023.	31.12.2022.
Profit before tax - excluding exchange rate effects	883,231	1,304,674	1,918,902
Impact of exchange rate changes	147,059	196,275	374,151
Profit before tax	1,030,290	1,500,949	2,293,053
			1%
Profit before tax - excluding exchange rate effects	883,231	1,304,674	1,918,902
Net exchange rate effect	148,530	198,238	377,893
Profit before tax	1,031,761	1,502,912	2,296,795
Change in profit before tax	1,471	1,963	3,742
Change in profit before tax (%)	0.14%	0.13%	0.16%
			5%
Profit before tax - excluding exchange rate effects	883,231	1,304,674	1,918,902
Net exchange rate effect	154,412	206,089	392,859
Profit before tax	1,037,643	1,510,763	2,311,761
Change in profit before tax	7,353	9,814	18,708
Change in profit before tax (%)	0.71%	0.65%	0.82%
			10%
Profit before tax - excluding exchange rate effects	883,231	1,304,674	1,918,902
Net exchange rate effect	161,765	215,903	411,566
Profit before tax	1,044,996	1,520,577	2,330,468
Change in profit before tax	14,706	19,628	37,415
Change in profit before tax (%)	1.43%	1.31%	1.63%
			-1%
Profit before tax - excluding exchange rate effects	883,231	1,304,674	1,918,902
Net exchange rate effect	145,588	194,312	370,409
Profit before tax	1,028,819	1,498,986	2,289,311
Change in profit before tax	(1,471)	(1,963)	(3,742)
Change in profit before tax (%)	-0.14%	-0.13%	-0.16%
			-5%
Profit before tax - excluding exchange rate effects	883,231	1,304,674	1,918,902
Net exchange rate effect	139,706	186,461	355,443
Profit before tax	1,022,937	1,491,135	2,274,345
Change in profit before tax	(7,353)	(9,814)	(18,708)
Change in profit before tax (%)	-0.71%	-0.65%	-0.82%
			-10%
Profit before tax - excluding exchange rate effects	883,231	1,304,674	1,918,902
Net exchange rate effect	132,353	176,648	336,736
Profit before tax	1,015,584	1,481,322	2,255,638
Change in profit before tax	(14,706)	(19,628)	(37,415)
Change in profit before tax (%)	-1.43%	-1.31%	-1.63%

6.12 BALANCE SHEET EVENTS AFTER THE BALANCE SHEET DATE

UBM Holding Nyrt. and its affiliates (UBM Trade Zrt., UBM Feed Zrt and UBM Grain Zrt.) have established UBM Munkavállalói Résztulajdonosi Program Szervezet (Employee Ownership Program Organization) (registered seat: 2085 Pilisvörösvár, Kisvasút utca 1.), and the organization was registered by the Commercial Court of the Budapest District Court on 21 February 2024. The primary objective of the EOP Organisation is to promote the efficient and effective management of the above-mentioned founders, as set out in the EOP Organisation's statutes and remuneration policy.

The Department of Environmental protection and nature conservation of the Government Office of the county Komárom-Esztergom has issued a decision (Decision) with the identification number KE/041/00175-14/2024 on 2 February 2024 regarding the hydrocarbon contamination discovered by UBM Feed Zrt, an affiliate of UBM Holding Nyrt. at the site (Site) registered under the land registry number Környe, külterület 0633/76 that is currently owned by UBM Feed Zrt.. The Decision ordered UBM Feed Zrt. as the current owner of the Site and Környei Vagyonkezelő és Szolgáltató Korlátolt Felelősségű Társaság (seat: 2851 Környe, Tópart utca) as the successor in title to Mezőgazdasági Kombinát Környe, that has initiated the activities leading to the contamination to jointly and severally apply remediation technologies and monitoring in order to manage the contamination.

Neither UBM Feed Zrt. nor other companies belonging to the same group of companies as the Issuer have carried out any activities on the premises of the Környei Ipari Park that would have required the use of fuels responsible for the contamination, either before or after the acquisition of ownership of the Property. When the Site was purchased, Környei Vagyonkezelő Ltd., the seller didn't provide UBM Feed Zrt.'s predecessor in title any information regarding the tanks containing fuel placed underground at the Site or the related environmental risks. Taking these circumstances into consideration, UBM Feed Zrt. will examine the possibilities of appeal against the Decision within the imposed deadline. Independent of the above UBM Feed Zrt. will take any measures needed to prevent any further contamination and to mitigate the consequences of the current contamination without delay, all costs thereof will be charged to the person(s) responsible for the contamination.

6.13 STATEMENT OF LIABILITY

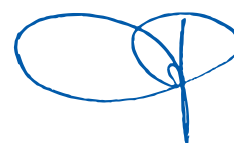
UBM Holding Nyilvánosan Működő Részvénytársaság (seat: 2085 Pilisvörösvár, Kisvasút utca 1.; registering authority: Commercial Court of the Budapest District Court; registry number: 13-10-041578) - in accordance with the provisions of PM Decree 24/2008 (VIII. 15.) on the detailed rules of the duty to provide information on publicly traded securities - shall establish and publish the half-yearly report for the first half of the business year from 1 July 2023 to 31 December 2023, approved by the Board of Directors of the Company, with the above content. The Company declares that the consolidated half-year financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company 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 the Company and the entities included in the consolidation, together with a description of the principal risks and uncertainties for the remaining six months of the business year.

The half-yearly financial statements, which form part of the half-yearly report, have not been audited by an independent auditor.

Pilisvörösvár, March 28, 2024



Ákos Varga
Chair of the Board of Directors



Péter Horváth
Member of the Board

UBM HOLDING Nyrt. HALF-YEARLY FINANCIAL REPORT

For the year ended
31 December 2023



UBM Group

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