

PROHUMAN ZRT.
Audited Financial Statements
for 31 December 2023

Budapest, 30. April 2024

A blue ink signature consisting of a large, stylized loop followed by a horizontal line.

Sándor Zakor
Managing Director

A blue ink signature consisting of a horizontal line with a small upward curve at the end.

Tibor Csongor Juhász
Managing Director

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

Contents

BALANCE SHEET	3
PROFIT AND LOSS STATEMENT	4
STATEMENT OF CHANGES IN EQUITY.....	5
CASH-FLOW STATEMENT	6
SUPPLEMENTARY NOTES TO THE FINANCIAL STATEMENTS.....	7

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

BALANCE SHEET

Description	Ref.	31 Dec 2023	31 Dec 2022
Assets			
Fixed assets			
Property, plant and equipment	3.1	518,696	501,835
Other intangible assets	3.2	760,660	644,118
Investments in subsidiaries	3.3	10,787,774	8,827,543
Long-term receivables	3.4	65,728	94,126
Total fixed assets		12,132,858	10,067,622
Current assets			
Inventories	4.1	4,634	27,331
Trade receivables	4.2	13,712,352	8,646,746
Other current assets and accruals	4.3	4,565,866	5,215,040
Cash and cash equivalents	4.4	196,894	277,473
Total current assets		18,479,747	14,166,591
Non-current assets held for sale		0	0
Total assets		30,612,605	24,234,213
Shareholder's equity and liabilities			
Share capital		100,000	100,000
Retained earnings		5,242,272	4,635,477
Total shareholder's equity		5,342,272	4,735,477
Long-term liabilities			
Long-term loans	5.1	8,987,417	5,095,726
Deferred tax liabilities	5.3	1,153	5,072
Long-term provisions	5.4	3,672	3,672
Other long-term liabilities	5.2	540,534	449,485
Total long-term liabilities		9,532,776	5,553,955
Suppliers	6	782,376	908,396
Short-term loans	6.1	2,798,329	714,004
Short-term taxes payable	6	4,737,327	4,285,866
Other short-term liabilities and accruals	6.2	7,419,526	8,036,516
Total short-term liabilities		15,737,558	13,944,782
Liabilities related to assets held for sale		0	0
Total liabilities		25,270,333	19,498,737
Total equity and liabilities		30,612,605	24,234,213

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

PROFIT AND LOSS STATEMENT

Description	Ref.	2023	2022
Net sales	7	51,627,536	43,189,494
Material-type expenditures		11,155	26,307
Services used		1,121,752	1,045,513
Payroll costs		39,804,266	32,150,033
Depreciation and amortization		1,709	1,975
Other direct costs		3,078,392	2,777,523
Direct costs	8	44,017,274	36,001,351
Material-type expenditures		167,717	150,293
Services used		1,899,424	1,551,249
Payroll costs		3,398,508	2,490,292
Depreciation and amortization		361,053	277,490
Other indirect costs		91,905	124,429
Indirect costs	9	5,918,607	4,593,752
Other income	10	1,456,188	768,391
Other expenses	10	73,472	35,838
Operating costs		50,009,353	40,630,941
Operating result		3,074,371	3,326,944
EBITDA		3,437,133	3,606,408
Financial revenues	11	582,126	1,606,425
Financial expenses	11	1,282,447	2,594,936
Financial results		-700,321	-988,511
Profit before tax		2,374,050	2,338,433
Tax expenses	12	711,409	685,355
Profit after tax from continuing operations		1,662,641	1,653,078
Profit (loss) from discontinuing operations		0	0
Profit (loss) for the period		1,662,641	1,653,078
Profit (loss) for the period		1,662,641	1,653,078
Other comprehensive income for the period, after tax		0	0
Total comprehensive income for the period		1,662,641	1,653,078

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

STATEMENT OF CHANGES IN EQUITY

Changes	Share capital	Retained earnings	Other capital items	Total
Opening balance at 1 January 2022	100,000	8,424,370	0	8,524,370
Net profit for the period	0	1,653,078	0	1,653,078
Dividends for external members	0	-5,441,972	0	-5,441,972
Balance at 31 December 2022	100,000	4,635,477	0	4,735,477
Opening balance at 1 January 2023	100,000	4,635,477	0	4,735,477
Net profit for the period	0	1,662,642	0	1,662,642
Dividends for external members	0	-1,055,846	0	-1,055,846
Balance at 31 December 2023	100,000	5,242,272	0	5,342,272

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

CASH-FLOW STATEMENT

Description	Ref.	2023	2022
A. Cash flows from operating activities			
Profit before tax	+/-	2,374,050	2,338,433
Adjustments for:			
1. Depreciation	8,9 +	362,762	279,465
2. Foreign exchange gains/losses	+/-	-135,912	230,161
3. Interest and dividends received and paid	11 -	-402,661	-1,601,366
4. Interest expenses	11 +	829,629	568,721
5. Result on investment activities	+/-	0	1
6. Impairment and reversal of impairment	+	248,884	1,576,738
7. Deferred income	-	-12,540	-12,549
8. Contingent consideration changes	+	-1,029,869	0
Changes in working capital:			
9. Changes in inventories	+/-	22,697	-21,064
10. Changes in trade receivables	+/-	-5,059,570	-3,006,369
11. Changes in other receivables and deferred income	+/-	649,174	-1,592,825
12. Change in short-term liabilities, without loans and credits	+/-	834,264	489,253
13. Income taxes paid	-	-715,328	-689,070
Net cash flows from operating activities		-2,034,419	-1,440,472
B. Cash flows from investing activities			
1. Sale of intangible and tangible fixed assets	+	0	205
2. Sale of shares	+	0	114,137
3. Interest revenue	+	273,436	159,033
4. Purchase of intangible and tangible fixed assets	-	-496,166	-110,741
5. Purchase of shares	-	-2,171,506	0
6. Dividend received	+	129,224	0
7. Loans granted	-	-5,092	-8,093
8. Loan repayment	+	30,477	13,731
Net cash flows from investing activities		-2,239,627	168,271
C. Cash flows from financing activities			
1. Proceeds from loans and credits	+	6,542,252	5,383,756
2. Dividends and other payments to shareholders	-	-1,347,000	-3,518,550
3. Repayments of loans and credits	-	-341,505	-408,318
4. Interest paid	-	-829,629	-568,721
5. Other long-term liability changes	+/-	170,212	-151,055
Net cash flows from financing activities		4,194,330	737,113
D. Net change in cash and cash equivalents before FX effect		-79,716	-535,088
<i>FX effect on cash and cash equivalents</i>		<i>-863</i>	<i>0</i>
E. Net change in cash and cash equivalents after FX effect	4.4	-80,579	-535,088

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

SUPPLEMENTARY NOTES TO THE FINANCIAL STATEMENTS

I. GENERAL BACKGROUND

1.1. General information of PHU

The Prohuman Zrt. (hereinafter the “PHU” or the “Company”) changed its company form as of 30 November 2023. The previous name of Prohumán 2004 Kft. became Prohuman Zrt. starting from 1 December 2023.

PHU is owned by 2 legal entities, as follows:

- SUN GROUP Kft. (hereinafter “SG”) – with an 80.22% ownership share (direct share 20.22%, indirect share 60%);
- Profólió Projekt Tanácsadó Kft. (hereinafter “PPT”) - with a 19.78% ownership share.

PHU Holding Kft. became the 60% owner of PHU on 11 May 2023 by way of contribution in kind. PHU Holding Kft. is 100% owned by SUN GROUP Kft., thus the overall ownership structure of PHU did not change compared to the previous year.

PHU was established on 1 February 2005. The company is the largest HR service provider in Hungary. It provides complex HR services to its clients, including temporary staffing (both domestic and international), selection and recruitment, payroll services etc.

Headquarters	1146 Budapest, Hungária körút 140-144.
Company registration no.	01-10-142497
Tax no.	32371248-2-44
Statistical no.	32371248-7820-114-01
Website	www.prohuman.hu

The core business of the Company is:

- Temporary work,
- Selection and recruitment of employees,
- Personnel and payroll services, and
- Various outsourcing activities.

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

1.2. Investments

Companies controlled by PHU:

Subsidiary	Headquarters	Ownership	
		31 Dec 2023	31 Dec 2022
Prohumán Outsourcing Kft.	1146 Budapest, Hungária körút 140-144.	100%	100%
HR-Rent Kft.	7624 Pécs, Ferencesek utcája 52.	100%	100%
Finance Sales Hungary Kft.	1146 Budapest, Hungária körút 140-144.	100%	100%
Finance Care Hungary Kft.	1146 Budapest, Hungária körút 140-144.	100%	100%
BRC Services Kft.	2724 Újlyengyel, Ady Endre utca 41.	100%	0%
Alkotó Magyarország Nonprofit Kft.	2724 Újlyengyel, Kossuth Lajos utca 86.	100%	0%
PROHUMAN kadrovsko svetovanje d.o.o.	Slovenia, 1231 Ljubljana Cesta 24. junija 25.	100%	100%
Naton Ijudski potenciali d.o.o.	Croatia, Zagreb, Kralja Zvonimira 2	100%	100%
PROHUMAN APT SRL	Romania, Bucharest, Str. Av. Popisteanu 54A C	80%	80%
PROHUMAN APT RESOURCES SRL	Romania, Bucharest, Str. Av. Popisteanu 54A C	80%	80%
PROHUMAN APT BROKER SRL	Romania, Bucharest, Str. Av. Popisteanu 54A C	80%	80%
PROHUMAN APT FINANCE BROKER SRL	Romania, Bucharest, Str. Av. Popisteanu 54A C	80%	80%
CityScope Enterprises d.o.o.	Serbia, Beograd Rige Od Fere 16	80%	0%
CityScope d.o.o.	Serbia, Beograd Rige Od Fere 16	80%	0%
CS BPO d.o.o.	Serbia, Beograd Rige Od Fere 16	80%	0%

Associated company	Headquarters	Ownership	
		31 Dec 2023	31 Dec 2022
Hiper Projekt Hungary Kft.	1134 Budapest, Tüzér utca 39.	40%	0%

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

1.3. Significant change in PHU ownership

On 11 May 2023, SG contributed 60% of PHU's shares to PHU Holding Kft., which company was founded and is 100% owned by SG.

On 24 January 2023, PHU concluded a contract to purchase HR-Rent Kft.'s (hereinafter "HR-Rent") 30% stake, which contract was amended on 24 January 2024 and on 27 March 2024. According to this contract the purchase of the remaining ownership will take place gradually, in several steps, from 27 March 2024 to 2 March 2026. The consideration for the remaining 30% ownership share is THUF 2,350,000. This contract will affect the fair value of the contingent consideration related to HR-Rent Kft.

PHU acquired 12.75% of the remaining business of HR-Rent Kft. for THUF 1,000,000 in 2023.

Finance Sales Hungary Kft. founded Hiper Projekt Kft. together with two other legal entities on 27 June 2023.

In addition, PHU concluded contracts for the following acquisitions:

- 80% ownership of CityScope Enterprises d.o.o. and CityScope d.o.o. The acquisition will be a step-by-step acquisition, during which the purchase price will be paid by the buyer in three instalments, no later than 29 February 2024.
- 100% ownership of BRC Services Kft. The acquisition will be a step-by-step acquisition, during which the purchase price will be paid by the buyer in four instalments, no later than 30 July 2025.
- 100% ownership of Alkotó Magyarország Nonprofit Kft. The purchase price was fully paid by the balance sheet date of these financial statements.

Persons authorized to sign the financial statements:

- Sándor Zakor – managing director
- Tibor Csongor Juhász – managing director

The Company is obliged to undergo an audit according to the applicable legal provisions.

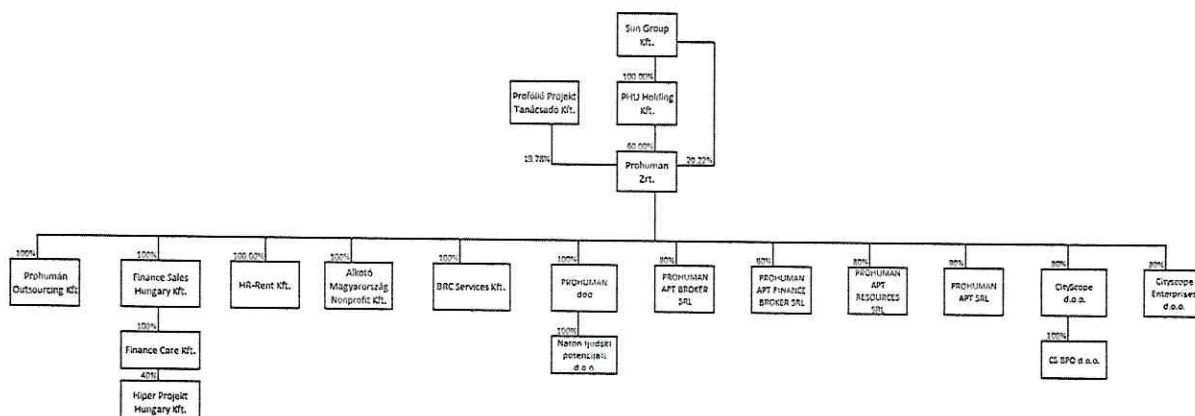
The auditor of the company is BDO Magyarország Könyvvizsgáló Kft. (registration number at the Hungarian Chamber of Auditors: 002387). The person responsible for conducting the audit is Péter Kékesi (registration number at the Hungarian Chamber of Auditors: 007128 IFRS certification number: IFRS000197).

Name and registration number of the person compiling the financial statements: Zsuzsanna Óz, registration number: 194863.

The date the financial report was authorised for issue: 30. April 2024.

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

1.4. PHU's owners and subsidiaries



II. DESCRIPTION OF RELEVANT ACCOUNTING POLICIES APPLIED

1.5. Basis of preparation of financial statements

The financial statements of PHU are prepared on the basis of the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and that have been effective as at 31 December 2023.

1.6. Going concern

The financial statements of PHU have been prepared on the assumption of continuation of business activity by the Company in an unchanged form and scope for a period of at least 12 months from the date of preparation of these financial statements. In the opinion of the management at the date of approval of these financial statements, there are no reasons and circumstances indicating a threat to the continuation of the Company's activities.

1.7. Reporting currency

The measurement currency of PHU included in the financial statements and the reporting currency of these financial statements is Hungarian Forint.

1.8. Basic accounting principles

The financial statements and comparative information have been prepared in accordance with the applicable IFRS accounting principles. These financial statements give a true and fair view of the financial position of PHU. Rules (policies) adopted for the preparation of these financial statements have been applied consistently and in accordance with the accounting principles applied.

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

1.9. Management of shares

Investments in subsidiaries, joint ventures and associated companies are valued by the entity at cost. Based on this, the Company does not use the revaluation resulting from the fair value. The rules of the IAS 36 standard govern the impairment of investments, and we proceed in accordance with its provisions when accounting for impairment.

1.10. Conversion of items expressed in foreign currency

Transactions denominated in currencies other than Hungarian Forint are converted into Hungarian Forint using the exchange rate prevailing on the transaction date.

At the balance sheet date, monetary assets and liabilities denominated in currencies other than Hungarian Forint are converted into Hungarian Forint using the effective exchange rate of the given currency as published by the National Bank of Hungary at the end of the reporting period. Exchange differences, resulting from conversion, are recognised in financial income (expense) or, in cases of certain accounting principles (policy), capitalised in the value of assets. Non-monetary assets and liabilities, measured at historical cost in a foreign currency, are recorded at the historical exchange rate on the transaction date.

1.11. Tangible fixed assets

Tangible fixed assets are stated at acquisition/manufacturing cost less accumulated depreciation and any write-downs for impairment. The initial value of fixed assets comprises its purchase price and any costs directly associated with the purchase and with bringing the asset to usable condition. The cost also includes the cost of replacing parts of machinery and equipment when incurred, if the recognition criteria are met. Costs incurred after transferring the asset into use, such as maintenance and repair costs, are charged to the profit and loss account, when incurred.

Fixed assets are depreciated using a linear depreciation method during the period corresponding to the period of its economic utility. PHU's depreciation rates are as follows:

- Buildings and structures: 2% - 20%
- Machinery and equipment: 10% - 33%
- Means of transport: 20%
- Other fixed assets: 14.5% - 33%

If during the preparation of the financial statements there are circumstances indicating that the carrying value of tangible fixed assets may not be recoverable, the review of these assets for possible impairment shall be carried out. If there are indications that impairment could occur and the carrying value exceeds the estimated recoverable amount, the value of the asset or cash-generating unit, to which the assets belong, is reduced to its recoverable amount. The recoverable amount is the higher of the following two values: fair value less cost of sale or value in use in determining value, the estimated future cash flows are discounted to their present value using a gross discount rate reflecting current market assessments of the value of money at the time and the risk related to the particular asset. In case of an asset that does not generate cash inflows that are largely independent, the recoverable amount is determined for the cash-generating unit to which the asset belongs to. At each balance sheet date, PHU assesses whether there is any indication that the write-down due to loss of value that was recognised in prior periods for an asset is irrelevant or whether it should be reduced.

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

A given item of tangible fixed assets may be derecognised from the balance sheet upon disposal or when the Company does not expect any economic benefits arising from the continuing use of the asset. Any profits or losses arising on derecognition of an asset (calculated as the difference between net sales proceeds and the carrying amount of the asset) are recognised in profit and loss account in the period in which such derecognition was carried out.

Capital investments in progress relate to assets under construction or assembly and are recognised at purchase price or production cost. Fixed assets under construction are not depreciated until completion of construction and transfer of the asset into use.

The residual value, the useful life and the depreciation method of assets are verified and, if necessary adjusted at the end of each financial year.

1.12. Costs of external financing

Costs of external financing directly attributable to the acquisition, construction or production of assets that require a substantial period in order to bring them into use are capitalised as part of the cost of acquisition or production until the assets are ready for use or sale. External financing costs consist of interest and profits or losses from exchange rate differences applicable to the amount of the interest cost. Other external financing costs are recognised as expenses when incurred.

1.13. Intangible assets

Intangible assets purchased in separate transactions are initially measured at acquisition or production cost. Purchase cost of intangible assets acquired in a merger of business entities is equal to their fair value at the date of the merger. Following initial recognition, intangible assets are recognised at acquisition or production cost less accumulated amortization and/or write-downs for impairment. Capital expenditure on intangible assets generated internally, excluding capitalised development costs, are not capitalized, but are recognised in expenses in the period in which they are incurred.

PHU determines whether the useful life of an intangible asset is finite or indefinite. Intangible assets with finite lives are depreciated over their useful economic life and submitted to tests for impairment whenever there are indications of impairment. The amortization period and the amortization method for intangible assets with finite lives are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected manner of consumption of future economic benefits embodied in the asset are recognised by changing the depreciation period or method and treated as changes in accounting estimates. Depreciation charge on intangible assets with finite lives is recognised in the profit and loss statement in the expense category consistent with the function of the intangible asset.

Intangible assets are amortized using the linear amortization method during the period corresponding to the period of its economic utility. PHU's amortization rates are as follows:

- Software: 20%
- Other intangible assets: 20%

Intangible assets with indefinite useful lives and those that are not used are annually tested for possible impairment in respect of individual assets or at the level of the cash-generating unit. In case of other intangible assets, there is an assessment made every year, whether there are any circumstances that may indicate impairment in their value. Research costs are expensed in the profit and loss account as incurred. Expenditures for research and development performed in the framework of a project are transferred to the next period, if it can be assumed that they will be recovered in the future. After the initial recognition of the development expenditure, the historical cost model is applied requiring the asset to be recognised at purchase price less any accumulated depreciation and accumulated write-down for

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

impairment. Any expenditure carried forward to another period is depreciated over the expected period of obtaining revenue from the sale of the given project. Development costs are subject to evaluation for impairment on a yearly basis - if the asset is not yet in use, or more often - when during the reporting period evidence of impairment appears, indicating that the carrying amount may not be recoverable.

1.14. Recoverable value of long-term assets

At each balance sheet date, PHU assesses assets for the existence of indications of impairment. In case such an indication exists, PHU makes a formal estimate of the recoverable value. Where the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount it is deemed to be impaired and an impairment of its value is recognised to the recoverable amount. The recoverable amount is the higher of the fair value less the costs of sale or of the value in use of an asset or the cash-generating unit.

1.15. Financial instruments

A financial instrument is a contractual agreement that results in a financial asset for one party and a financial liability or equity instrument for the other party.

Financial assets

Financial assets can typically be the followings:

- Cash and cash equivalents;
- Another party's capital instrument (e.g. shares);
- Contractual right to receive funds or other financial assets from another party (e.g. trade receivables, loans or debt-type securities);
- The exchange of financial assets or liabilities under presumably favorable conditions (derivative financial asset).

Financial assets must be classified into one of the following valuation categories based on the business model used by the Company to manage financial assets and the cash flow characteristics resulting from the contract of the financial asset:

- measured at amortized cost;
- measured at fair value through other comprehensive income;
- measured at fair value against profit.

PHU does not classify financial assets in the category valued at fair value against other comprehensive income; it values all its financial assets at fair value against profit, or records them at amortized cost.

Financial assets valued at fair value against the result are recognized at fair value, while transaction costs are accounted for in the income statement.

Impairment of financial assets

For financial assets valued at amortized cost, it may become necessary to account for a loss of value, which must be accounted for in the income statement, against the decrease in the book value of the corresponding financial asset.

The expected credit loss over the entire duration of the claim is used to evaluate the claim assessed using the simplified approach. Thus, with the exception of insolvency, neither indicators of a significant increase in credit risk nor cases of default affect the simplified approach. The simplified approach is used by the Company in the case of receivables from customers, contractual assets and lease receivables.

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

General approach

Based on the expected credit loss model, financial instruments are classified into different risk groups. The classification is based on changes in the credit risk of the financial instrument. The relative credit risk model is used to assess increased credit risk. The increase in credit risk compared to the initial presentation is reflected in the reclassification of financial instruments between groups.

Financial assets recorded at amortized cost

PHU evaluates the following financial assets at amortized cost:

- funds and bank deposits;
- trade receivables;
- employee loans;
- debt securities (discount treasury bills, government bonds);
- other claims.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and all other highly liquid deposits and securities with an original maturity of no more than three months, but do not include overdrafts. Records of inflows and outflows of cash in foreign currency is converted at the exchange rate published by the National Bank of Hungary on the last working day preceding the date of the transaction.

Trade receivables

PHU - taking advantage of the opportunity provided by IFRS 9 - applies a simplified valuation model for its financial assets classified as trade receivable and other non-derivative financial assets, i.e., in case of trade receivables that do not include a significant financing component, the expected lifetime credit loss is used in the valuation instead of the 12-month expected credit loss.

In the case of customer receivables, PHU determines the amount of the required impairment on a portfolio basis, i.e., to determine the amount of the expected credit loss, the customer receivables were grouped based on the number of days overdue.

Financial assets valued at fair value against profit or loss

Debt instruments that do not meet the conditions to be initially classified at amortized cost must be measured at fair value through profit or loss. The valuation category "financial assets at fair value through profit or loss" includes the following financial assets:

- Securities embodying a credit relationship, which were acquired by PHU not primarily for holding-to-maturity purposes.
- Capital instruments, which are basically acquired by PHU for the purpose of resale in the near future, and thus are considered held for trading purposes.
- Derivative financial instruments.

Financial assets valued at fair value through profit or loss must also be maintained at fair value subsequent to their initial recognition. Profits or losses resulting from changes in the fair value must be accounted for in the income statement in the year in which they arise.

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

Financial liabilities

Financial liabilities can be valued in two ways:

- at fair value against the result, or
- at amortized cost.

Financial liabilities valued at fair value against profit or loss

Typically, only derivative financial instruments (derivatives) are included in this category.

PHU does not apply hedge accounting, so all derivative products fall into the category valued at fair value against the result.

Derivatives must be valued at the fair value valid on the day the contract was entered into, and they must be valued at fair value thereafter, and the profit and loss achieved during the period must be accounted for in the income statement.

Financial liabilities recorded at amortized cost

This category includes all financial obligations that PHU does not value at fair value against the result. Thus, apart from derivatives, all other financial liabilities are included in this category.

Financial liabilities other than derivatives must be shown in the balance sheet at their fair value less transaction costs when they arise.

Long-term and/or interest-bearing liabilities (e.g., loans, leases) must be shown at the amortized cost value determined using the effective interest rate method. The effective interest must be accounted for in the income statement during the term of the obligation.

1.16. Inventories

Inventories must be recorded at the lower of net realizable value and of cost. This means that the acquisition or conversion costs must be compared with the net realizable value and if the net realizable value is lower on the balance sheet date, the value of the stock must be reduced to the net realizable value, so an impairment loss must be accounted for.

1.17. Provisions for liabilities

Provisions are recognised when PHU has a legal or constructive obligation resulting from past events and it is certain or highly probable that the fulfilment of this obligation will cause an outflow of resources embodying economic benefits, and if it is possible to make a reliable estimate of this obligation.

1.18. Leasing

Identification of leases

According to IFRS, a lease is a contract (or part of a contract) that transfers the right to use a specific asset (the leased asset) for a certain period of time in exchange for consideration. In the case of the following contracts, it is not necessary to apply the rules of IFRS for leases:

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

- Passes for a period of less than 12 months (exemption for short-term leases); and
- Rental/leasing contracts for new assets under USD 5,000 (exemption for low-value assets).

If a lease contains a purchase option, the short-term lease exemption may not be applied, regardless of whether or not it is reasonably likely to be exercised.

Measurement at recognition

PHU, as lessee, must display a right-of-use asset and a lease liability on the starting date of the lease, i.e., on the day the lessor transfers the leased asset to PHU for use.

The initial value of the lease obligation is equal to the present value of the future lease payments, while the initial value of the right-of-use asset is the initial value of the lease obligation plus the initial costs associated with the acquisition of the asset and the value of lease payments paid before the beginning of the term, less incentives received.

On the starting date, PHU must evaluate the lease liability as the present value of the lease payments that have not been paid up to that date. The lease payments must be discounted using the lease's implicit lease interest rate, if it can be easily determined. If this interest rate is difficult to determine, PHU's latest known interest rate must be used for discounting.

The implicit interest rate is the interest rate at which the present value of the lease payments and the non-guaranteed residual value equals the sum of the leased asset's fair value and the lessor's initial direct costs.

Measurement after initial recognition

After the starting date, the lease liability must be valued as follows:

- the obligation increases due to interest accrued;
- the liability is reduced due to the lease fees paid; and
- the value of the obligation may change:
 - due to its reassessment, or
 - due to modification of the rental agreement.

Similar to financial liabilities, lease obligations must be valued at amortized cost, evenly distributed over the term of the lease.

After recognition, PHU must value the right-of-use asset using the cost model:

- reduced by accumulated depreciation and impairment losses; and
- adjusted to the lease liability with adjustments due to revaluations or lease modifications.

Accounting for the depreciation of the right-of-use asset is the same as the method used for tangible assets.

1.19. Deferred tax

The economic purpose of accounting for deferred tax is to ensure that the pre-tax profit calculated according to IFRS and the profit tax expense accounted for according to IFRS are in harmony as much as possible, and also to present the tax elements burdening or becoming deductible in later periods.

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

Deferred tax is determined using the balance sheet method, so the basis of the deferred tax to be shown in the balance sheet is the difference between the accounting value of assets and liabilities according to IFRS and the value shown in the balance sheet prepared according to the tax law.

Most deferred tax assets and liabilities arise when the income or expenditure appears in the accounting profit in one period, while it is taken into account in the taxable profit in another period. Deferred tax related to these transactions must be recognized in the income statement.

Deferred tax assets and liabilities must be shown net in the balance sheet, depending on the sign of the net balance as assets or liabilities, classified as long-term in both cases, regardless of whether they will be reversed within a year.

The actual tax receivables and liabilities must be shown separately in the balance sheet for each tax authority (local and state), as receivables or liabilities, in both cases classified as short-term.

1.20. Revenues

The basic principle of revenue recognition is that in order to demonstrate the delivery of the promised products or services to the customer PHU must show revenue in an amount that reflects the consideration to which PHU expects to be entitled for the said products or services.

The sales revenue is determined and accounted for according to the 5-step model detailed below:

- Identification of the contract;
- Identification of performance obligations;
- Determination of the transaction price;
- Allocation of transaction price to performance obligations;
- Accounting for revenue.

PHU must show the additional costs related to the conclusion of the customer contract as an asset if it expects to recover these costs. Ancillary costs of concluding a contract are costs that are incurred by PHU in connection with the conclusion of the customer contract, and would not arise without the conclusion of the contract.

Contractual costs that would arise even without the conclusion of a contract must be shown as costs when incurred, unless they are specifically charged to the customer even in the absence of a contract. PHU immediately accounts for the additional costs of concluding the contract as costs when they arise, if they would be amortized within a maximum of one year after they were capitalized as assets.

Revenues from the provision of services are recognized in the period of performance.

Revenues from commission contracts where PHU acts as an intermediary, together with directly related expenses (net manner) are presented and accounted for in the performance period.

1.21. Dividends

Revenue from dividends is recognized when PHU becomes entitled to payment.

1.22. Estimation of the fair value and the important estimates and assumptions

The preparation of financial statements in accordance with IFRS required the use of certain critical accounting estimates and the application by the management own judgements. Areas where estimates and judgements are important for the presented financial statements refer to:

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

- estimates of write-downs on receivables - the level of value write-downs of receivables is established taking into account the expected risk associated with receivables and collateral made that affect the effectiveness of the recovery, despite the fact that the assumptions are based on best knowledge, actual results may differ from expected;
- write-downs of goodwill – are estimated based on assumptions of the management regarding the determination of the recoverable amount. PHU shall disclose the major indications of impairment, the applied models, discount rates and growth rates;
- evaluation of the potential costs associated with fiscal and court proceedings pending against PHU – during the preparation of financial statements, the opportunities and risks associated with such proceedings are always analysed and according to the results and outcomes of such analysis the reserves for potential losses are created – however, one cannot exclude the risk that a court or a tax authority will issue a judgement or a decision different from the expectations of entity and established reserves may not be sufficient.

Estimates and judgements are subject to PHU's periodic verification.

2. The effect of application of new accounting standards and changes in accounting policies

The accounting principles adopted in these financial statements were applied on a continuous basis and are compliant with the accounting principles applied in the last audited annual statements prepared in accordance with IFRS approved by the European Union for the 31 December 2023, apart from changes described below.

IFRS - Standards and interpretations binding in the reports for the annual periods starting on 1 January 2023 or later

Newly effective EU-endorsed standards for 1 January 2023

New IFRS 17 "Insurance Contracts"

- IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.
- The IASB tentatively decided to defer the effective date of IFRS 17, Insurance Contracts to annual periods beginning on or after 1 January 2022. [The IASB has also published 'Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)' to defer the fixed expiry date of the amendment also to annual periods beginning on or after 1 January 2023.] Effective 1 January 2021. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

- In February 2021 the IASB issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures.
- The key amendments to IAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.
- The amendments are effective from 1 January 2023 but may be applied earlier.

Definition of Accounting Estimate (Amendments to IAS 8)

- The IASB has issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.
- The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.
- The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.
- The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendment.

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes

- On 7 May 2021 the IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.
- The amendments clarify that the exemption does not apply to transactions such as leases and decommissioning obligations. For leases and decommissioning obligations, the related deferred tax assets and liabilities are recognized from the beginning of the earliest comparative period presented, and any cumulative effect is recognized as an adjustment to retained earnings or other components of equity at that date.
- The amendments are effective for annual periods beginning on or after 1 January 2023.

Non-binding standards (new standards and interpretations)

In these financial statements PHU has decided not to earlier apply the published standards or interpretations prior to their effective date.

PHU applied all the standards, which had effect on its operations as from 1 January 2023.

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

IFRS - Standards and interpretations still not binding in the reports for the annual periods starting on 1 January 2024 or later

Non-current Liabilities with Covenants – Amendments to IAS 1 and Classification of Liabilities as Current or Non-current – Amendments to IAS 1

- Under existing IAS 1 requirements, companies classify a liability as current when they do not have an *unconditional right* to defer settlement for at least 12 months after the reporting date. The International Accounting Standards Board (IASB) has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. Similar to existing requirements in IAS 1, the classification of liabilities is unaffected by management’s intentions or expectations about whether the company will exercise its right to defer settlement or will choose to settle early.
- A company will classify a liability as non-current if it has a right to defer settlement for at least 12 months after the reporting date. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. After reconsidering certain aspects of the 2020 amendments¹, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.
- The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with early application permitted. They also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments.

Lease Liability in a Sale and Leaseback - Amendments to IFRS 16

- The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted.
- Under IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16. This means that it will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments.

Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

- The IASB’s amendments apply to supplier finance arrangements¹ that have all of the following characteristics.
 - A finance provider² pays amounts a company (the buyer) owes its suppliers.
 - A company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid.
 - The company is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date.
 - The amendments do not apply to arrangements for financing receivables or inventory.
- The amendments introduce two new disclosure objectives – one in IAS 7 and another in IFRS 7 – for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company’s liabilities and cash flows, and the company’s exposure to liquidity risk.
- The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

III. EXPLANATORY NOTES**3. FIXED ASSETS**

PHU had the following fixed assets on 31.12.2022 and 31.12.2023.

3.1. Changes in own property, plant and equipment

Description	Own property	Plant and equipment	Total
Opening gross value:			
01.01.2022	408,362	390,364	798,726
Increase +	26,057	70,132	96,190
Sale -	0	12,903	12,903
Scrapping -	0	0	0
Reclass to investment property -	0	0	0
Gross value 31.12.2022	434,419	447,593	882,012
Depreciation and amortization:			
01.01.2022	33,235	271,172	304,408
Increase +	13,474	74,994	88,468
Sale -	0	12,698	12,698
Scrapping -	0	0	0
Reclass to investment property -	0	0	0
Depreciation 31.12.2022	46,709	333,468	380,178
Net value 31.12.2022	387,710	114,125	501,835
Opening gross value:			
01.01.2023	434,419	447,593	882,012
Increase +	43,031	101,731	144,762
Sale -	0	9,897	9,897
Scrapping -	0	0	0
Reclass to investment property -	0	0	0
Gross value 31.12.2023	477,450	539,427	1,016,877
Depreciation and amortization:			
01.01.2023	46,709	333,468	380,178
Increase +	12,879	114,943	127,823
Sale -	0	9,819	9,819
Scrapping -	0	0	0
Reclass to investment property -	0	0	0
Depreciation 31.12.2023	59,588	438,592	498,182
Net value 31.12.2023	417,861	100,835	518,696

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

The following item appears as own property:

- Office building in Miskolc, purchased by PHU. Its net book value was THUF 335,222 on 31.12.2022 and THUF 290,074 on 31.12.2023.

In accordance with the PHU's accounting policy to keep all properties under a revaluation model (at market price), a valuation by an external appraiser was prepared for the above property on 12 March 2024. The valuation was prepared using the market comparative valuation methodology, which resulted in a market value of THUF 303,400.

Fair value measurements are categorised into a three-level hierarchy, based on the type of inputs used in the valuation, as follows:

- Level 1 inputs are the unadjusted quotation prices in active markets for items identical to the asset or liability being measured.
- Level 2 inputs are inputs other than the quoted prices used in level 1 that are directly or indirectly observable in connection with the asset or liability being measured.
- Level 3 inputs are unobservable inputs.

When determining the fair value of the property, we relied on level 3 inputs since the application of level 1 and 2 inputs cannot be interpreted during the valuation of the property.

Since there was no significant difference in market value compared to the net book value, the difference was not accounted for, taking into account the materiality effect values of the PHU.

Therefore there is no adjustment to the book value of the above property, it is the same as if it had been kept under the cost model.

The book value of plant and equipment is defined by the book value of other office, administrative equipment and IT equipment that directly serve the activities of PHU.

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

3.2. Intangible assets

Description	Software	Right of use assets	Other intangible assets	Total
Opening gross value:				
01.01.2022	292,694	1,118,549	42,775	1,454,018
Increase +	12,826	1,726	0	14,552
Sale -	0	0	0	0
Scrapping -	0	0	0	0
Gross value 31.12.2022	305,520	1,120,275	42,775	1,468,570
Depreciation and amortization:				
01.01.2022	141,934	450,558	40,962	633,454
Increase +	35,503	154,954	539	190,997
Sale -	0	0	0	0
Scrapping -	0	0	0	0
Depreciation 31.12.2022	177,437	605,513	41,502	824,451
Net value 31.12.2022	128,083	514,762	1,273	644,118
Opening gross value:				
01.01.2023	305,520	1,120,275	42,775	1,468,570
Increase +	9,674	341,807	0	351,481
Sale -	0	0	0	0
Scrapping -	0	0	0	0
Gross value 31.12.2023	315,194	1,462,082	42,775	1,820,051
Depreciation and amortization:				
01.01.2023	177,437	605,513	41,502	824,452
Increase +	57,265	177,182	493	234,940
Sale -	0	0	0	0
Scrapping -	0	0	0	0
Depreciation 31.12.2023	234,702	782,695	41,995	1,059,390
Net value 31.12.2023	80,492	679,388	780	760,660

Right-of-use assets include asset values from leasing transactions identified in accordance with IFRS 16. Vehicles and office building leased by PHU were identified as leases.

PHU rented 8 new cars and extended the contract for 14 vehicles in 2023. In addition, 6 new real estate leases were recorded at PHU in 2023.

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

3.3. Investments in subsidiaries

Based on PHU's accounting policy, the shares of investments are valued at cost, and the loss of value related to the shares is accounted for according to IAS 36 standard. PHU constantly examines how the return value of the shares compares to the book value and whether there are signs of impairment. The recoverable value of PHU's investments was determined using the Discounted Cash Flow ("DCF") valuation method.

The DCF method is based on revenue generating capacity analysis, in other words the Income Approach. This approach provides an indication of value by converting future cash flows to a single current capital value.

In addition to cash flow forecasts, a discount rate is necessary to establish the present value of future cash flows. Under the DCF method, the discount rate has to reflect the rates of return expected by the investors (shareholders, creditors) in proportion to their contribution to the company's financing. This is best expressed by the weighted average cost of capital indicator ("WACC").

The calculation of the weighted average cost of capital used in the valuations performed by PHU is presented in the table below:

Company	Return on 10-year State bonds	Market risk premium	Beta	Cost of capital	Cost of debt	Weight of equity	Weight of debt	WACC
HR-Rent Kft.	6.26%	7.38%	1.170	14.90%	5.46%	4.56%	95.44%	5.89%
Finance Sales Hungary Kft.	6.26%	7.38%	1.170	14.90%	0.00%	100.00%	0.00%	14.90%
Prohumán Outsourcing Kft.	6.26%	7.38%	1.170	14.90%	9.69%	93.58%	6.42%	14.56%
BRC Services Kft.	6.26%	7.38%	1.170	14.90%	2.07%	64.88%	35.12%	10.39%
Alkotó Magyarország Nonprofit Kft.	6.26%	7.38%	1.170	14.90%	4.73%	31.18%	68.82%	7.90%
Naton kadrovsko svetovanje d.o.o.*	3.03%	6.35%	1.170	10.46%	5.21%	19.60%	80.40%	6.24%
APT Group**	6.45%	7.81%	1.170	15.59%	6.28%	56.96%	43.04%	11.58%
CityScope Group***	6.04%	9.00%	1.170	16.57%	5.53%	97.85%	2.15%	16.33%

* Naton Slovenia means Naton kadrovsko svetovanje d.o.o. and Naton Ijudski potenciali d.o.o. together

**APT Group refers to the combined value of PHU's four Romanian investments.

***CityScope Group refers to the combined value of PHU's three Serbian investments.

The table below shows the calculation of the market value of the investments:

Company	DCF based market value	Cash and cash equivalents	Other shares	Loan granted	Other financial receivables	Credit items	Market value	Ownership ratio	Market value of share
HR-Rent Kft.	39,594,113	1,864,583	0	6,477,263	450	-1,129,887	46,806,522	100%	46,806,522
Finance Sales Hungary Kft.	786,488	894	252,759	247,535	1,070	0	1,288,746	100%	1,288,746
Prohumán Outsourcing Kft.	-46,203	2,444	0	0	0	-3,787	-47,546	100%	-47,546
BRC Services Kft.	6,182,494	57,623	0	0	98,669	-263,545	6,075,241	100%	6,075,241
Alkotó Magyarország Nonprofit Kft.	1,207,689	9,106	0	0	800	-36,539	1,181,056	100%	1,181,056
Naton kadrovsko svetovanje d.o.o.	972,290	11,790	0	228,911	0	-315,732	897,257	100%	897,257
APT Group	3,898,412	807,545	0	0	0	-2,140,429	2,565,527	80%	2,052,422
CityScope Group	443,795	76,784	0	10,198	5,157	-6,648	529,285	80%	423,428

The amount of impairment accounted for is summarized in the following table:

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

Company	Market value of share	Book value of shares	Impairment requirement	Share value after impairment
HR-Rent Kft.	46,806,522	5,719,669	0	5,719,669
Finance Sales Hungary Kft.	1,288,746	1,158,783	0	1,158,783
Prohumán Outsourcing Kft.	-47,546	3,000	3,000	0
BRC Services Kft.	6,075,241	1,884,000	0	1,884,000
Alkotó Magyarország Nonprofit Kft.	1,181,056	25,000	0	25,000
Naton kadrovsko svetovanje d.o.o.	897,257	1,149,177	251,920	897,257
APT Group	2,052,422	711,971	0	711,971
CityScope Group	423,428	391,094	0	391,094
Total	58,677,127	11,042,694	254,920	10,787,774

Based on the value in use established above, an impairment of THUF 254,920 was booked on investments into Prohumán Outsourcing Kft. and Naton kadrovsko svetovanje d.o.o. in 2023.

Based on the same method, the recoverable amount of the shares was also determined at the end of 2022, in which year an impairment of THUF 1,566,315 was recorded on the investment into Finance Sales Hungary Kft.

3.4. Long-term receivables

Description	31.12.2023	31.12.2022
Loans granted	65,728	94,126
Impairment	0	0
Other long-term receivables	0	0
Total loan granted and other long-term receivables	65,728	94,126

The long-term receivables represent loans to employees by PHU. The loans were concluded between the parties for a fixed period of time, typically expiring between 2025-2027.

4. CURRENT ASSETS

4.1. Inventories

As a result of its activities, PHU has a low value of inventories, as it does not have own production.

The value of the inventories is presented in the table below:

Description	31.12.2023	31.12.2022
Goods	4,634	27,331
Total inventories	4,634	27,331

Work clothes and masks were included in goods in both periods presented.

No impairment of value was recognized for inventories at the end of the period, since there were no identified indications of impairment.

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

4.2. Trade receivables

PHU - taking advantage of the opportunity provided by IFRS 9 - applies a simplified valuation model for its financial assets classified as trade receivable and other non-derivative financial assets, i.e., in case of trade receivables that do not include a significant financing component, the expected lifetime credit loss is used in the valuation instead of the 12-month expected credit loss.

In case of customer receivables, PHU determines the amount of the required impairment on a portfolio basis, i.e., to determine the amount of the expected credit loss, the customer receivables were grouped based on the number of days overdue.

The trade receivable balances at the end of the period are presented in the table below:

Description	31.12.2023	31.12.2022
Trade receivables	13,746,203	8,686,634
Impairment	-33,851	-39,888
Total net trade receivables	13,712,352	8,646,746

The aging of trade receivables is presented in table below:

Description	31.12.2023	31.12.2022
Current	12,721,242	8,002,897
Up to 1 month	606,728	539,669
Over 1 month up to 3 months	59,407	89,388
Over 3 months up to 6 months	3,025	31,545
Over 6 months up to 12 months	321,950	-16,753
Above 12 months	0	0
Total net trade receivables	13,712,352	8,646,746

4.3. Other current assets and accruals

The balance of other receivables and accruals is given by the items below:

Description	31.12.2023	31.12.2022
Short-term loan granted	3,402,952	4,176,780
Accrued income	169,161	112,054
Accrued expenses	69,646	17,001
Tax receivables	151,531	141,312
Other items	772,576	767,893
Total other current assets and accruals	4,565,866	5,215,040

Short-term loan granted

In case of short-term loans, the business model of PHU is to hold the loans until maturity, it does not plan to sell these loans. Cash inflows from loans are principal repayments and interest. Taking these into account, short-term loans are classified as financial assets measured at amortized cost.

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

Expected credit loss (ECL)

Based on the expected credit loss model, financial instruments are classified into different risk groups. The classification is based on changes in the credit risk of the financial instrument. The relative credit risk model is used to assess increased credit risk. The increase in credit risk compared to the initial presentation is reflected in the reclassification of financial instruments between groups.

The amount of the established impairment did not reach the materiality level of PHU in any period, so impairment was not accounted for the short-term loan receivables.

The short-term loans granted include THUF 776,944 of loans granted to the parent company in 2023.

Accrued income and expenses

The amount of the accrued income for the year 2023 included items not yet invoiced, but which were performed in the current year.

Other items

The other items are presented in more detail in the table below:

Description	31.12.2023	31.12.2022
Advance payments to suppliers	308,237	441,350
Taxes receivable	104,528	108,861
Rental deposits	89,267	77,077
Dividend representing the sale price of a sold subsidiary	83,066	0
Salary advances	84,677	28,757
Concessions	38,492	12,039
Factor claims	0	34,747
Other items	64,309	65,060
Total other items	772,576	767,893

4.4. Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and all other highly liquid deposits and securities with an original maturity of no more than three months, but do not include overdrafts.

PHU-level value of cash and cash equivalents is presented in the table below:

Description	31.12.2023	31.12.2022
Petty cash	14,528	15,037
Cash at bank	182,366	262,437
Total cash and cash equivalents	196,894	277,473

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

5. LONG-TERM LIABILITIES

The long-term liabilities of PHU consisted of the following items:

Description	31.12.2023	31.12.2022
Long-term loans	8,987,417	5,095,726
Other long-term liabilities	540,534	449,485
Deferred tax liabilities	1,153	5,072
Provisions	3,672	3,672
Total long-term liabilities	9,532,776	5,553,955

5.1. Long-term loans

Financial liabilities

Typically financial liabilities are:

- obligations based on a contractual agreement due to the transfer of cash or other financial assets to another party (suppliers and other obligations), and
- exchange of financial assets or liabilities of another party under supposedly unfavorable conditions (derivatives).

Financial liabilities can be valued in two ways:

- at fair value against the result, or
- at amortized cost.

Financial liabilities belonging to both categories must be entered in the books at their fair value when they are entered, but their subsequent valuation is different. A financial liability (or part of it) must be deducted from the balance sheet when it has been settled, i.e. the contractual obligation has been settled by the company, released, or can no longer be enforced.

Financial liabilities measured at fair value against profit or loss

PHU does not apply hedge accounting, so all derivative products fall into the category valued at fair value against the result.

Financial liabilities recorded at amortized cost

This category includes all financial obligations that PHU does not value at fair value against the result. Thus, apart from derivatives, all other financial liabilities are included in this category.

Long-term and/or interest-bearing liabilities (e.g. loans, leases) must be shown at the amortized cost value determined using the effective interest rate method. The effective interest must be accounted for in the income statement during the term of the obligation.

In 2022, the long-term loans included loans received by PHU from two of its subsidiaries, while in 2023 it included a subsidiary loan and OTP Bank financing. The company evaluates these loan obligations using the amortized cost model.

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

The balance of long-term loans includes the following loans in 2023:

Description	Loan 1.	Loan 2.
Lender	HR-Rent Kft.	OTP Bank Nyrt.
Outstanding loan amount	4,987,417	4,000,000
Original principal amount (EUR)	11,806,931	-
Date of expiration	indefinite	31.03.2025
Interest (p.a.)	2.50%	6.00%

5.2. Other long-term liabilities

The total amount of long-term liabilities includes a lease liability. PHU, as lessee, must display a right-of-use asset and a lease liability on the starting date of the lease, i.e. on the day the lessor transfers the leased asset to the company for use. The initial value of the lease liability is equal to the present value of future lease payments. On the starting date, the company must evaluate the lease liability as the present value of the lease payments that have not been paid up to that date. The lease payments must be discounted using the lease's implicit lease interest rate, if it can be easily determined. If this interest rate is difficult to determine, the company's latest known interest rate must be used for discounting.

PHU discloses lease liabilities in connection with motor vehicles and office space. A total of 8 new car leases were included among assets and liabilities and the lease contract of 14 vehicles was extended in 2023. In addition, 6 new real estate leases were recorded at PHU in 2023.

The amount of interest expense resulting from the lease liabilities amounted to THUF 30,866 in 2023 and the total cash outflows related to leases amounted to THUF 202,023 in the same period.

The balance sheet value of long-term lease liabilities can be broken down into the following maturities:

Description	31.12.2023	31.12.2022
Due within 2-3 years	294,491	195,898
Due within 4-5 years	217,354	153,591
Due over 5 years	28,689	99,996
Total long-term lease liabilities	540,534	449,485

5.3. Deferred tax liabilities

In accordance with the IAS 12 standard, PHU accounts for all deferred taxes on temporary differences. PHU identified the followings as temporary differences:

- Depreciation differences between accounting and corporate tax;
- Impairment accounted on trade receivables;
- Provisions; and
- Available accrued tax loss.

Based on PHU's accounting policy deferred tax assets and liabilities must be shown net in the balance sheet, depending on the sign of the net balance as assets or liabilities, classified as long-term in both cases, regardless of whether they will be reversed within a year.

The resulting deferred tax assets are summarized in the following table:

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

Description	31.12.2023	31.12.2022
Depreciation of tangible and intangible assets	-50,332	-99,917
Impairment of trade receivables	33,851	39,888
Provisions	3,672	3,672
Accrued loss	0	0
Other items	0	0
Total taxable difference	-12,809	-56,357
Total deductible difference	0	0
Tax rate %	9%	9%
Total deferred tax liabilities	-1,153	-5,072
Total deferred tax assets	0	0

5.4. Provisions

A provision must be shown if:

- the company has an existing obligation as a result of a past event;
- it is likely that the fulfilment of the obligation will require an outflow of resources embodying economic benefits; and
- a reliable estimate of the amount of the obligation can be made.

Provisions must be shown in a separate line in the balance sheet, among short- and/or long-term liabilities. A short-term provision is a provision that is expected to be settled within 12 months.

Expenses incurred due to the formation and/or release of provisions must be shown under operating expenses. The provision can only be used for the expenditure for which it was originally formed by the company.

Provision was made for fines previously imposed by the Hungarian Competition Authority.

6. SHORT-TERM LIABILITIES

The balance of short-term liabilities consists of the following items:

Description	31.12.2023	31.12.2022
Suppliers	782,376	908,396
Short-term loans	2,798,329	714,004
Short-term taxes payable	4,737,327	4,285,866
Other short-term liabilities and accruals	7,419,526	8,036,516
Total short-term liabilities	15,737,558	13,944,782

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

6.1. Short-term loans

Short-term loan liabilities include a loan from the parent company, subsidiary and OTP Bank.

The balance of short-term loans includes the following loans in 2023:

Lender	Loan/CP amount	Date of expiration	Interest
OTP Bank Nyrt.	778,580	26.09.2024	1mBUBOR +1.3%
SUN GROUP Kft.	244,813	30.06.2024	fixed 12%
Naton Slovenia	220,787	indefinite	2.5%
HR-Rent Kft.	1,291,531	-	1mBUBOR +1.3%
Finance Sales Kft.	247,535	-	1mBUBOR +1.3%
Finance Care Kft.	15,083	-	1mBUBOR +1.3%

6.2. Other short-term liabilities and accruals

The summary table of other short-term liabilities and accruals is as follows:

Description	31.12.2023	31.12.2022
Payroll liabilities	2,344,344	2,001,720
Accrued income	10,027	30,621
Accrued expenses	304,544	280,055
Deferred income related to subsidies	131,134	143,675
Lease liabilities	180,520	101,357
Advance received	175,731	0
Other liabilities	4,273,222	5,479,088
Total other short-term liabilities and accruals	7,419,526	8,036,516

Deferred income related to grants

State grants can only be accounted for if there is reasonable certainty that:

- the company will fulfill the conditions related to them and
- the company will receive the subsidies.

The cash flow of the grant amount is not sufficient proof that the conditions related to the grant have been fulfilled or will be fulfilled. State grants must be systematically accounted for in the result (other income) in the periods in which the company accounts for the related costs that the state aid compensates as expenses.

Possible methods of settlement:

- Gross settlement method: the subsidy amount is shown as deferred income, and then it is credited to the result during the useful life of the received asset. In technical terms, this usually means a reduction in expenditure affected by the depreciation of the asset. It is also possible to present it in a separate income line as among other incomes.
- Net settlement method: the amount of the subsidy must be deducted from the cost value of the received invested asset; this reduced value will be the cost value of the asset to be depreciated.

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

PHU has chosen the gross settlement method for accounting for subsidies received for the acquisition and production of assets, i.e. it presents the subsidy received under deferred income and releases it in the income statement in an amount equal to the depreciation of the related asset.

Grants information is summarized in the following table:

Description	
Sponsor	Ministry of Foreign Affairs and Trade
Date of application	26.05.2020
Subject of grant	Office building and plot in Miskolc
Date of implementation of the investment	30.06.2021
Grant amount (THUF)	162,384
Grant intensity	50%

The investment was completed in 2021. The partially deferred income proportional to the related depreciation was released, which we accounted for against the other revenues.

Other liabilities

The breakdown of other liabilities is presented in the following table:

Description	31.12.2023	31.12.2022
Contingent Consideration	2,485,139	3,379,870
Dividends payable	1,632,268	1,923,422
EMMI liabilities	1,302	43,725
Factoring liabilities	67	42,345
Employee benefits	16,637	36,570
Restrictions against employees	38,936	32,908
Advances received	0	12,685
Customers with credit balance	58,688	0
Other items	40,185	7,563
Total other liabilities	4,273,222	5,479,088

Contingent Consideration

The balance of the contingent consideration related to the acquisition of subsidiaries by PHU and its change:

1. Contingent consideration related to HR-Rent Kft.

PHU concluded a multi-step acquisition contract in 2015 for the acquisition of 100% of HR-Rent. PHU gained control of HR-Rent in 2015 by acquiring 51% of its ownership, and subsequently obtained an additional 19% ownership based on several contract amendments until 2020. With this, PHU reached 70% ownership in HR-Rent. The contingent consideration obligation related to HR-Rent's 30% ownership share is THUF 3,379,870 at 31 December 2022.

On 24 January 2023, PHU concluded a contract to purchase HR-Rent's 30% stake, which contract was amended on 24 January 2024 and on 27 March 2024. According to this contract the purchase of the remaining ownership will take place gradually, in several steps, from 27 March 2024 to 2 March 2026.

FINANCIAL STATEMENTS 2023

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

The consideration for the remaining 30% ownership share is THUF 2,350,000. This contract will affect the fair value of the contingent consideration related to HR-Rent Kft.

PHU acquired 12.75% of the remaining business of HR-Rent Kft. for THUF 1,000,000 in 2023.

In 2023, the following changes occurred in HR-Rent's contingent consideration:

- THUF 1,029,869 decrease due to change in fair value;
- THUF 1,000,000 decrease due to financial performance.

Based on the above, the book value of the contingent consideration related to HR-Rent is THUF 1,350,000.

2. Contingent consideration related to CityScope Enterprises d.o.o. and CityScope d.o.o.

PHU purchased the 80% ownership shares of CityScope d.o.o. and of CityScope Enterprises d.o.o. within the framework of a share purchase agreement dated 14 February 2023. The date of closing the transaction and thus obtaining control: 20 March 2023.

The companies will be purchased within the framework of a step-by-step acquisition, where the purchase price will be paid in 3 installments, in March 2023, in August 2023 and in 2024.

The corresponding unpaid purchase price is presented as contingent consideration as follows:

- THUF 17,416 liability related to CityScope Enterprises d.o.o.;
- THUF 1,723 liability related to CityScope d.o.o.

3. Contingent consideration related to BRC Services Kft.

PHU purchased the 100% ownership of BRC Services Kft. within the framework of a share purchase agreement dated 31 October 2023. The date of closing the transaction and thus obtaining control: 31 October 2023.

The company will be purchased within the framework of a step-by-step acquisition, where the purchase price will be paid in 4 installments, in October 2023, in January 2024, in July 2024 and in July 2025.

The unpaid purchase price in the amount of THUF 1,116,000 is presented as contingent consideration.

Dividends payable

The balance of dividend obligations is made up of the following items:

- THUF 785,268 unpaid dividends due to PPT,
- THUF 847,000 unpaid dividends due to SG.

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

7. NET SALES

The following table shows the breakdown of net sales by type of activity:

Description	2023	2022
Revenue from temporary employment	48,959,143	39,133,521
Revenue from partnership fee	1,017,911	891,182
Revenue from outsourcing	886,448	2,382,094
Revenue from recruitment	487,947	589,772
Revenue from payroll services	179,168	111,190
Revenue from accounting services and cafeteria consulting	70,337	53,683
Revenue from property rental	600	1,500
Other net sales	25,982	26,552
Total net sales	51,627,536	43,189,494

8. DIRECT COST

The following table shows the breakdown of direct cost:

Description	2023	2022
Material-type expenditures	11,155	26,307
Services used	1,121,752	1,045,513
Payroll costs	39,804,266	32,150,033
Depreciation	1,709	1,975
Other direct cost items	3,078,392	2,777,522
Total direct cost	44,017,274	36,001,351

The other direct cost items include the following costs:

Description	2023	2022
Intermediated services	2,992,429	2,596,779
Authority fees	60,238	94,012
Fines, compensations, penalties	10,402	48,912
Other	15,323	37,819
Total other direct cost	3,078,392	2,777,522

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

9. INDIRECT COST

The following table shows the breakdown of indirect cost:

Description	2023	2022
Material-type expenditures	167,717	150,293
Services used	1,899,424	1,551,249
Payroll costs	3,398,508	2,490,292
Depreciation	361,053	277,490
Other indirect cost items	91,905	124,429
Total indirect cost	5,918,607	4,593,752

The other indirect cost items include the following costs:

Description	2023	2022
Intermediated services	50,000	38,105
Insurance costs	38,103	33,764
Authority fees	1,880	47,783
Other	1,922	4,777
Total other indirect cost	91,905	124,429

10. OTHER INCOME, NET OF OTHER EXPENSES

The following table shows the breakdown of other profit:

Description	2023	2022
Contingent consideration due to purchase price of subsidiary	1,029,869	398,472
Subsidies	295,600	295,677
Other income related to salaries	63,087	37,236
Release of impairment write-down on receivables	11,299	6,528
Proceeds from sale of fixed assets	0	205
Miscellaneous items	56,333	30,273
Total other income	1,456,188	768,391
Write-off of inventories and receivables	77	4,739
Donations	36,580	14,567
Penalties	23,739	3,300
Taxes	5,806	1,450
Value of sold components of fixed capital	0	205
Miscellaneous items	7,270	11,577
Total other expenses	73,472	35,838
Total other income, net of other expenses	1,382,716	732,553

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

11. FINANCIAL RESULT

The following table shows the breakdown of financial result:

Description	2023	2022
Dividends and profit shares	129,224	1,442,332
Interest income	273,436	159,033
Exchange rate differences (revenue)	179,466	5,060
Total financial revenues	582,126	1,606,425
Interest expense	829,629	568,721
Impairment of shares	254,920	1,566,315
Exchange rate differences (expense)	88,941	231,039
Bank charges	78,091	119,275
Loss from sale of a subsidiary	0	95,367
Other financial expense items	30,866	14,219
Total financial expenses	1,282,447	2,594,936
Total net financial result	-700,321	-988,511

Dividends related to the purchase price of Human Existence Kft. which is already up for sale, appear among the dividend income in 2023.

12. TAX EXPENSES

The following table shows the breakdown of tax expenses:

Description	2023	2022
Corporate income tax	84,754	156,426
Local business tax	486,601	412,494
Innovation contribution	143,973	120,150
Deferred tax expense	-3,919	-3,715
Total tax expenses	711,409	685,355

The PHU discloses the local business tax and innovation contribution among the tax expenditures.

Applied tax rates:

- Corporation tax: 9%
- Local business tax: 2%
- Innovation contribution: 0.3%.

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

The definition of the tax base is summarized in the table below:

Description	2023	2022
Profit before tax	2,374,050	2,338,433
Theoretical tax (9%)	213,665	210,459
Effect from tax base adjustments	-128,911	-54,033
Corporate tax	84,754	156,426
Local tax	486,601	412,494
Innovation contribution	143,973	120,150
Deferred tax in profit and loss accounts	-3,919	-3,715
Total tax expenses	711,409	685,355

Important elements between tax base corrections:

- corrections due to accounting for impairment;
- effect of making and releasing provisions;
- differences between accounting and tax depreciation;
- correction for costs not related to the operation of the business.

13. OTHER COMPREHENSIVE INCOME

There was no such item in either period presented in the financial statements.

14. AFFILIATED COMPANIES

Related parties

Since PHU does not have an executive with independent representation rights, at the same time SG as the parent company has independent representation rights for 3 executives (Róbert Kiss, Sándor Zakor and Gyula Kücsön) who are also owners of SG through their 100% owned companies, therefore they are considered as key management personnel from 2023.

We consider the following companies to be related parties:

- SUN GROUP Kft. – parent company
- HR-Rent Kft. – direct subsidiary
- Finance Sales Hungary Kft. – direct subsidiary
- Finance Care Hungary Kft. – indirect subsidiary
- Prohumán Outsourcing Kft. - direct subsidiary
- Human Existence Kft. - direct subsidiary until 26.07.2022.
- BRC Services Kft. - direct subsidiary
- Alkotó Magyarország Nonprofit Kft. - direct subsidiary
- Hiper Projekt Hungary Kft. – indirect associated company
- Naton kadrovsko svetovanje d.o.o. - direct subsidiary
- Naton Ijudski potenciali d.o.o. – indirect subsidiary
- APT Group - direct subsidiary
- CityScope Group – direct subsidiary

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

Companies under the control and significant influence of the above three individuals:

- KKB & More Kft.
- ZS-2000 Bt.
- HOME Ingatlan Kft.
- Admin Pro Kft.
- Wine & More Kft.
- Sarud & More Kft.
- Yourproperty Kft.
- Élményfalu Kft.

The following table shows open items and transactions with related parties:

Description	2023	2022
Net sales	31,426	32,727
Other income	15,518	3,728
Financial income	384	1,445,554
Direct costs	383,106	1,699
Indirect costs	127,968	68,001
Taxes and charges	0	560
Financial expenses	208,329	152,275
Receivables	792,656	792,342
Liabilities	8,371,748	6,656,866

A significant part of the financial income appearing in 2022, in the amount of THUF 1,442,332, is explained by the dividend income of the PHU.

A significant part of the related receivables is the THUF 776,944 loan granted to SG in 2022 and 2023.

The following items are included in the liabilities to affiliated companies in 2023:

- Loans received from subsidiaries in the amount of THUF 7,007,166 and
- Dividend liabilities towards the parent company in the amount of THUF 847,000.

The following items are included in the liabilities to affiliated companies in 2022:

- Loans received from subsidiaries in the amount of THUF 5,809,650 and
- Dividend liabilities towards the parent company in the amount of THUF 847,000.

The amount of benefits provided to executives as persons in key positions:

- THUF 13,200 short-term employee benefits in 2023.
- THUF 36,294 short-term employee benefits in 2022.

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

IV. Risks associated with financial instruments and method of the risk management

PHU's operations are exposed to various financial risks - credit risk, liquidity risk and market risk, including fluctuations in exchange rates and interest rates. PHU manages all elements of financial risks described below, that may have a significant impact on its operations in the future, putting in the process greatest emphasis on the management of market risks, including particularly the exchange rate risk.

Capital management

The PHU's policy is to maintain a share capital level that is sufficient for the confidence of investors and creditors in the future development of the PHU. It is the PHU's policy to assume higher exposure resulting from loans only with a higher yield based on the benefits and security provided by a strong capital position.

The capital structure of the PHU consists of net foreign capital and the PHU's own capital (the latter includes the registered capital, reserves).

Credit risk

Assets that are mostly exposed to credit risk are primarily receivables for services rendered. These receivables are characterised by a diversified concentration, which results from the nature of the portfolio of customers. The management of PHU reduces the credit risk by cooperating with reputable and financially strong partners. This risk is further limited by the use of such instruments of credit risk management as factoring or insurance of claims. The management believes that credit risk faced by the company have been properly assessed.

The book value of financial assets shows the maximum risk exposure. The table below shows the Company's maximum credit risk exposure on 31 December 2023:

Description	2023	2022
Trade receivables	13,712,352	8,646,634
Short-term loan granted	3,402,952	4,176,780
Other receivables	1,162,914	1,038,260
Long-term loan granted	65,728	94,126
Cash and cash equivalents	196,894	277,473
Total	18,540,840	14,233,273

Liquidity risk

PHU manages liquidity risk by maintaining cash balances, as well as providing access to financial resources in the form of credit lines and other external sources of financing. Planning the level of necessary cash is performed by the Finance Department, based on current and periodic statements of expected cash flows (inflows and outflows), which are then reported to the management. PHU's objective is the desire for optimal level of inflows and outflows, as well as providing the appropriate level of funding that is adequate to the scale of operations.

FINANCIAL STATEMENTS 2023

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

Liquidity analysis of the company:

Data in THUF					
31.12.2023	Liquid	Due within 1 year	Due within 1-5 years	Due over 5 years	Total
Cash and cash equivalents	196,894				196,894
Short-term loan granted		3,402,952			3,402,952
Trade receivables		13,712,352			13,712,352
Accrued income		169,162			169,162
Accrued expenses		69,646			69,646
Tax receivables		151,531			151,531
Other receivables		772,576			772,576
Inventories		4,634			4,634
Long-term receivables			65,728		65,728
Property, plant and equipment				518,696	518,696
Other intangible assets				760,660	760,660
Investments in subsidiaries				10,787,774	10,787,774
Total assets	196,894	18,282,852	65,728	12,067,130	30,612,605

Data in THUF					
31.12.2023	Liquid	Due within 1 year	Due within 1-5 years	Due over 5 years	Total
Suppliers		782,376			782,376
Short-term loans		2,798,329			2,798,329
Short-term taxes payable		4,737,327			4,737,327
Other short-term liabilities and accruals		7,419,526			7,419,526
Long-term loans			8,987,416		8,987,416
Deferred tax liabilities			1,153		1,153
Long-term provisions			3,672		3,672
Leasing long-term liabilities			511,845	28,689	540,534
Share capital				100,000	100,000
Retained earnings				5,242,272	5,242,272
Total equity and liabilities	0	15,737,558	9,504,087	5,370,961	30,612,605

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

Data in THUF					
31.12.2022	Liquid	Due within 1 year	Due within 1-5 years	Due over 5 years	Total
Cash and cash equivalents	277,473				277,473
Short-term loan granted		4,176,780			4,176,780
Trade receivables		8,646,746			8,646,746
Accrued income		112,054			112,054
Accrued expenses		17,001			17,001
Tax receivables		141,312			141,312
Other receivables		767,893			767,893
Inventories		27,331			27,331
Long-term receivables			94,126		94,126
Property, plant and equipment				501,835	501,835
Other intangible assets				644,118	644,118
Investments in subsidiaries				8,827,543	8,827,543
Total assets	277,473	13,889,117	94,126	9,973,496	24,234,213

Data in THUF					
31.12.2022	Liquid	Due within 1 year	Due within 1-5 years	Due over 5 years	Total
Suppliers		908,396			908,396
Short-term loans		714,004			714,004
Short-term taxes payable		4,285,866			4,285,866
Other short-term liabilities and accruals		8,036,516			8,036,516
Long-term loans			5,095,726		5,095,726
Deferred tax liabilities			5,072		5,072
Long-term provisions			3,672		3,672
Leasing long-term liabilities			349,489	99,996	449,485
Share capital				100,000	100,000
Retained earnings				4,635,477	4,635,477
Total equity and liabilities	0	13,944,782	5,453,959	4,835,473	24,234,213

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

Interest rate risk

PHU has financial assets in bank accounts, receivables from loans granted, as well as leasing, bank credit.

Since PHU has only loans and credits with fixed interest rates, the Company has not identified an interest rate risk for the year 2023.

Foreign exchange / currency risk

Foreign exchange risk is defined as the ability to increase or decrease the market value of equity due to changes in foreign exchange rates. These risks include:

- The risk of conversion (currency conversion risk), which occurs at the time of conversion and consolidation of financial statements of foreign subsidiaries. Foreign exchange conversion risk is defined as the difference between the total value of foreign currency denominated assets and the total value of foreign currency denominated liabilities. In particular, exposed to the risk are:
 - foreign receivables and liabilities,
 - cash denominated in foreign currencies,
 - securities denominated in foreign currencies.
- Economic risks relating to changes in exchange rates, which may permanently affect the competitiveness and market value of the company through an increase in the cost or decrease of the planned income from commercial foreign operations. Economic risk is equated with the long-term risk, very difficult to quantify and forecast.
- The transaction risk, also called contractual risk, is a result of breach of contractual obligations by the transaction participants as well as a result of circumstances beyond the control, having the force majeure nature. Basic transaction risk, which does not belong to the circumstances of force majeure, expressed primarily in choosing dishonest partner (contractor), who for reasons largely beyond its control, fails to comply with the agreement. Consequence of the choice of such a partner can be e.g., no or partial payment for a service, or delay in settling payments. Contractual risk may also arise from differences of interpretation in relation to individual contract data. To reduce the risk, conclusion of the contract is preceded by obtaining relevant information about a contractor and its financial condition, as well as an analysis of contractual clauses to prevent the possibility of their different interpretation. The contract risk level specifies the size of the capital employed, as direct and indirect, associated with the possibility of incurring losses due to non-performance or improper performance of obligations of the contractor.
- Foreign currency risk occurs when there is an imbalance between the amount of assets and liabilities denominated in the same foreign currency and with the same maturity (open currency position).

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

Sensitivity analysis

Exchange rate (FX)	31.12.2023	31.12.2022
Profit before tax - without exchange rate effects	2,283,525	2,564,412
Net exchange rate effect	90,525	- 225,979
Profit before tax	2,374,050	2,338,433
1%		
Profit before tax - without exchange rate effects	2,283,525	2,564,412
Net exchange rate effect	91,430	- 228,239
Profit before tax	2,374,955	2,336,173
<i>Change in profit before tax</i>	<i>905</i>	<i>- 2,260</i>
<i>Change in profit before tax (%)</i>	<i>0.04%</i>	<i>-0.10%</i>
5%		
Profit before tax - without exchange rate effects	2,283,525	2,564,412
Net exchange rate effect	95,051	- 237,278
Profit before tax	2,378,576	2,327,134
<i>Change in profit before tax</i>	<i>4,526</i>	<i>- 11,299</i>
<i>Change in profit before tax (%)</i>	<i>0.19%</i>	<i>-0.48%</i>
10%		
Profit before tax - without exchange rate effects	2,283,525	2,564,412
Net exchange rate effect	99,578	- 248,577
Profit before tax	2,383,103	2,315,835
<i>Change in profit before tax</i>	<i>9,053</i>	<i>- 22,598</i>
<i>Change in profit before tax (%)</i>	<i>0.38%</i>	<i>-0.96%</i>
-1%		
Profit before tax - without exchange rate effects	2,283,525	2,564,412
Net exchange rate effect	89,620	- 223,719
Profit before tax	2,373,145	2,340,693
<i>Change in profit before tax</i>	<i>- 905</i>	<i>2,260</i>
<i>Change in profit before tax (%)</i>	<i>-0.04%</i>	<i>0.10%</i>
-5%		
Profit before tax - without exchange rate effects	2,283,525	2,564,412
Net exchange rate effect	85,999	- 214,680
Profit before tax	2,369,524	2,349,732
<i>Change in profit before tax</i>	<i>- 4,526</i>	<i>11,299</i>
<i>Change in profit before tax (%)</i>	<i>-0.19%</i>	<i>0.48%</i>
-10%		
Profit before tax - without exchange rate effects	2,283,525	2,564,412
Net exchange rate effect	81,473	- 203,381
Profit before tax	2,364,998	2,361,031
<i>Change in profit before tax</i>	<i>- 9,053</i>	<i>22,598</i>
<i>Change in profit before tax (%)</i>	<i>-0.38%</i>	<i>0.96%</i>

FINANCIAL STATEMENTS 2023

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

Interest	31.12.2023	31.12.2022
Profit before tax - without interest	2,930,243	2,748,120
Net interest revenue/expenses	-	-
Profit before tax	2,374,050	2,338,433
1%		
Profit before tax - without interest	2,930,243	2,748,120
Net interest revenue/expenses	-	-
Profit before tax	2,368,488	2,334,336
<i>Change in profit before tax</i>	- 5,562	- 4,097
<i>Change in profit before tax (%)</i>	-0.23%	-0.18%
5%		
Profit before tax - without interest	2,930,243	2,748,120
Net interest revenue/expenses	-	-
Profit before tax	2,346,240	2,317,949
<i>Change in profit before tax</i>	- 27,810	- 20,484
<i>Change in profit before tax (%)</i>	-1.16%	-0.87%
10%		
Profit before tax - without interest	2,930,243	2,748,120
Net interest revenue/expenses	-	-
Profit before tax	2,318,431	2,297,464
<i>Change in profit before tax</i>	- 55,619	- 40,969
<i>Change in profit before tax (%)</i>	-2.39%	-1.78%
-1%		
Profit before tax - without interest	2,930,243	2,748,120
Net interest revenue/expenses	-	-
Profit before tax	2,379,612	2,342,530
<i>Change in profit before tax</i>	5,562	4,097
<i>Change in profit before tax (%)</i>	0.23%	0.18%
-5%		
Profit before tax - without interest	2,930,243	2,748,120
Net interest revenue/expenses	-	-
Profit before tax	2,401,860	2,358,917
<i>Change in profit before tax</i>	27,810	20,484
<i>Change in profit before tax (%)</i>	1.16%	0.87%
-10%		
Profit before tax - without interest	2,930,243	2,748,120
Net interest revenue/expenses	-	-
Profit before tax	2,429,669	2,379,402
<i>Change in profit before tax</i>	55,619	40,969
<i>Change in profit before tax (%)</i>	2.29%	1.72%

(all amounts presented in thousands of Hungarian Forints, unless otherwise stated)

Other market risks

In the context of other market risks, the management identifies and monitors the following:

- the risk of increased costs of employment,
- the risk of entering into agreements with dishonest/unreliable client,
- the economic risk resulting from the application of the provisions of the related laws.

Error adjustment

PHU did not adjust previously published data in these financial statements.

Litigation matters

There is no legal case against PHU which, according to the management, would involve a significant future payment and for which PHU should have made a provision.

Significant events after the balance sheet date**Future acquisitions**

On 16 October 2023, PHU entered into a contract for the acquisition of 100% ownership of KIK-EDU Kft. The purchase price was paid in 2023, but the ownership was only transferred to the PHU on 1 January 2024, therefore, the date of consolidation of the company is 1 January 2024.

Armed conflict risk

Based on the assessment of the potential economic impact on PHU of the Russian-Ukrainian armed conflict that began on 24 February 2022, we did not identify any specific circumstances that would have a material impact on PHU's financial position in 2023. However, due to the uncertainty of the situation, it is conceivable that such significant effects could occur in the future.

Epidemic risk

The coronavirus (COVID-19) epidemic fundamentally changed the social and economic environment in 2020 and 2021. PHU's management has concluded that the potential effects of the epidemic do not constitute a significant economic event.

At the time of preparing these financial statements there are no indications that the principle of going concern would be violated, nor has it identified any circumstance that would have a material effect on the events of 2023.

The financial statements adjusted by inflation rate

There was no need to adjust statements of PHU by inflation rate.

Statement

To the best of our knowledge, based on international financial reporting standards these financial statements give a true and reliable picture about the assets, liabilities, financial position and results of PHU.