



Márta Aranyossy

Cases on Business Development

Selected Case Studies



Márta Aranyossy

Cases on Business Development

Selected Case Studies

Budapest, 2026

Editor:

Márta Aranyossy

Authors of the chapters:

Chapter 1., 2., 3., 4., 5., 6.: Márta Aranyossy

Chapter 7.: Márk Recskó and Márta Aranyossy

Chapter 8.: Borbála Szedmák and Márta Aranyossy

This publication © Corvinus University of Budapest, 2026

Overall concept, structure, and editing of this publication © Aranyossy Márta, 2026

The intellectual content of certain chapters © A szerzők, 2026

ISBN: 978-963-503-998-2

This publication may not be reproduced in whole or in part without the written permission of the copyright holders, whether by electronic or mechanical means, including photocopying, computer recording, or use in a database.

Prepress:

Print Shop of Corvinus University of Budapest

Responsible publisher:

the Rector of the Corvinus University of Budapest

Contents

Author's Preface	7
Financial Planning and Modelling: The Complex Case of a Vineyard	11
Entrepreneurship Promotion at Universities	27
Venture Capital Financing: Financial Evaluation of Portfolio Companies	44
Exit Strategies and Initial Public Offerings: Lessons from the WeWork Case	55
Financing Growth: The Concept of Sustainable Growth Rate	72
Expanding Horizons: Strategic Options for Revenue Growth in the Hungarian Business School	80
Energizing the Future: Strategic Growth Opportunities for Hell Energy	102
Balancing Heritage, Innovation, and Global Growth: Levi Strauss & Co.	135

Author's Preface

This case collection has been developed primarily for use in university-level business education, particularly in courses and programs dedicated to business development, entrepreneurship, in the intersection of corporate finance and strategic management. The cases can be used at both undergraduate and graduate level, although several of them are particularly well suited to MSc, MBA, and executive education settings in which students are expected not only to apply analytical tools but also to formulate and defend managerial recommendations. They may support classroom discussion, individual assignments, team-based case analysis, financial modelling exercises, and capstone projects. Instructors may use individual cases to illustrate specific concepts, or combine several cases to demonstrate how financial, strategic, and entrepreneurial decisions interact across different stages of organisational development.

Three areas of teaching are especially relevant to the collection. First, several cases lend themselves directly to courses on business planning and financial modelling, where students must translate operational assumptions into investment plans, projected financial statements, cash-flow implications, or scenario-based forecasts. Second, the volume addresses important questions in start-up and venture financing, including the evaluation and monitoring of venture-capital-backed companies and the eventual exit of investors. Third, a substantial part of the collection focuses on growth strategy, asking students to identify, compare, financially test, and ultimately recommend different paths toward revenue expansion. In this sense, growth is treated not simply as a desirable business objective, but as a managerial problem involving market choices, organisational capabilities, financing requirements, risk, and implementation.

A common pedagogical principle connects the cases. Quantitative and financial challenges are deliberately embedded in broader qualitative and strategic dilemmas. Financial models are therefore not intended to produce mechanically “correct” answers in isolation. Rather, they provide evidence that students can use to evaluate alternative courses of action. A strategy that appears attractive from a market perspective may create substantial working-capital requirements; a promising new market may require capabilities that the organisation does not possess; and a financially attractive initiative may

conflict with brand positioning or long-term institutional objectives. Students are consequently expected to move repeatedly between quantitative analysis and managerial judgment. This integration reflects the reality of business development, where the most important decisions are neither purely financial nor purely strategic.

Financial Planning and Modelling: The Complex Case of a Vineyard provides the most comprehensive financial-planning exercise in the volume. Students enter the case at a point when a newly established Hungarian winery has completed much of its initial investment program and is preparing to produce its first estate wines. The task is to transform a detailed set of operational assumptions into a coherent short- and long-term financial plan covering a seven-year horizon. The central challenge is not simply computational complexity: students must understand the economic logic of the business before they can model it. The case is especially useful for teaching how a business plan becomes an internally consistent financial model and how investment, operations, sales, and warehousing interact in a capital-intensive business with a relatively long payback period.

Entrepreneurship Promotion at Universities shifts the level of analysis from an individual venture to the entrepreneurial ecosystem surrounding venture creation. Drawing on international and Hungarian practices, the case examines how universities can influence entrepreneurial competences, intentions, and ultimately entrepreneurial action through education, mentoring, incubation, competitions, networks, financing, infrastructure, and external partnerships. Students are asked to investigate contemporary good practices and then design an entrepreneurship promotion programme for a Hungarian university. The central dilemma is one of institutional design: which combination of instruments is likely to create meaningful entrepreneurial impact, and how should the university justify its choices?

Venture Capital Financing: Financial Evaluation of Portfolio Companies introduces students to the investor's perspective after an investment has already been made. The case focuses on portfolio management and monitoring, using two venture-backed companies with markedly different financial trajectories. Students apply a structured assessment system of performance indicators incorporating financial ratios of liquidity, profitability, and buyout capacity, and then complement the resulting scores with a broader reading of the financial statements. The exercise demonstrates why venture-capital monitoring cannot be reduced to a single ratio or even to financial analysis

alone. Students must interpret the quantitative results, identify areas requiring explanation, formulate questions for company management, and recommend appropriate portfolio-management actions. The case thus connects start-up financing with financial statement analysis and highlights the importance of combining accounting information and qualitative dialogue with founders when evaluating venture performance.

Exit Strategies and Initial Public Offerings: Lessons from the WeWork Case addresses the other end of the venture-capital investment cycle. After introducing alternative exit routes and the role of initial public offerings, the case examines WeWork's planned 2019 IPO and the events that led to its collapse. The company provides an unusually rich setting in which growth expectations, valuation, profitability, corporate governance, founder control, and investor narratives intersect. Students are encouraged to examine information available to prospective investors, assess factors that could materially affect the company's value, and investigate the eventual outcome of the IPO process. The principal dilemma is not merely whether a rapidly growing business can successfully enter public markets, but how investors should distinguish a compelling growth narrative from economically sustainable value creation.

Financing Growth: The Concept of Sustainable Growth Rate demonstrates that profitable growth can itself become a financing problem. Growing Ltd., a (hypothetical) Hungarian manufacturer, has an opportunity to substantially increase its revenues through a major new customer contract. At first sight, the opportunity appears highly attractive: substantial additional sales can be generated without major new production investments. Yet the commercial terms require additional inventories, longer customer payment periods, and higher liquidity reserves, creating a significant working-capital requirement. Students are expected to prepare projected income-statement and balance-sheet effects, identify the resulting funding gap, and consider possible financing responses. The case is especially useful for demonstrating a central principle of business development: growth consumes resources, and an expansion that is profitable in may still be unsustainable unless its financing consequences are anticipated and managed.

Expanding Horizons: Strategic Options for Revenue Growth in the Hungarian Business School how the programme portfolio of a university can generate sustainable revenue growth while remaining competitive and consistent with its educational mission. Students must consider interconnected choices concerning programme language, local versus international target markets,

tuition pricing, one-year versus two-year degrees, portfolio breadth, and traditional, hybrid, or online delivery. The assignment requires students to formulate a coherent growth strategy and test its implications through financial modelling. The case explicitly calls for strategic recommendations supported by financial scenario planning.

Energizing the Future: Strategic Growth Opportunities for Hell Energy places students in the position of decision makers at a successful Hungarian company whose existing performance does not eliminate the need to prepare for future disruption. The case presents multiple routes toward revenue growth: further internationalisation, stronger penetration of existing markets, new flavours, broader beverage categories, private-label production, alternative pricing and positioning strategies, healthier product concepts, and changes in marketing and celebrity partnerships. At the same time, management must respond to changing consumer preferences, regulatory uncertainty, health concerns, input-cost pressures, and strong international competitors. Students must therefore decide not merely where growth is possible, but which opportunities fit the company's capabilities and positioning and are likely to create sustainable economic value.

Finally, **Balancing Heritage, Innovation, and Global Growth: Levi Strauss & Co.** examines growth strategy in the context of one of the world's most famous apparel brands. Levi Strauss & Co. must preserve the value of its heritage while responding to rapidly changing consumer behaviour, fast-fashion competition, digital transformation, sustainability pressures, and greater price sensitivity. Students are confronted with a classic strategic tension: exploiting a highly valuable existing identity while continuing to explore new products, channels, technologies, and consumer segments. As in the preceding growth cases, the objective is to identify and compare alternative revenue-growth paths, select a coherent strategy, specify implementation actions, and assess its financial implications.

Taken together, the cases are intended to encourage a form of business analysis in which strategic imagination is disciplined by financial reasoning. There is no single solution to the presented dilemmas – different visions and assumptions lead to different conclusions. What matters is that students make their assumptions explicit, connect their recommendations to evidence, understand the financial consequences of their proposals, and recognise the trade-offs inherent in business development decisions. If this case study collection helps students become more comfortable moving between financial models and strategic arguments and more critical in assessing both, it will have achieved its principal educational purpose.

Financial Planning and Modelling: The Complex Case of a Vineyard¹

Author: Márta Aranyossy

Our winery is located in Hungary, in the heart of a traditional wine-producing region. When we founded the winery in January 2025 and developed the infrastructure required for the production of quality wines, we sought to revive the long-standing traditions of both our family and the surrounding area. The selection of the wine cellar and the vineyard sites was preceded by a thorough analysis of the industry and of competitors operating in the region. We subsequently documented our concept in a business plan prepared to inform potential investors. As an initial financial test of the assumptions and business concept set out in the business plan, we first prepared a feasibility study using a direct cash-flow (CF) calculation.

Following the acquisition of the wine cellar, we selected and leased the appropriate vineyard sites and then purchased the viticultural and winemaking technology and equipment. After completion of the major capital investments and vineyard establishment projects, we plan to produce our first genuine estate wines in 2026. At this stage, however, in response to the investors' requirements, we must prepare both a short-term financial plan for 2026 and a long-term financial plan covering the full seven-year planning horizon.

General Information

The first planning year is 2026, while the long-term plan extends through 2032. The relatively long, seven-year planning horizon is justified by the long payback

¹ An earlier, Hungarian version of this case has been published as: Aranyossy, Márta: Pénzügyi modellezés - Borászat Kft. In: Jáki, Erika (szerk.) Pénzügyi kimutatások, gyakorlati pénzügyi modellezés. Budapest, Magyarország: Budapesti Corvinus Egyetem (2018) 148 p. pp. 74-85. Also: special thanks are due to Dr. Márk Radó for sharing his valuable practical experience.

period characteristic of winemaking and vineyard operations and, apart from the greater uncertainty in grape yields due to weather-related factors, by the comparatively stable operating environment. Partly for the same reasons, the long-term and short-term plans are prepared in parallel, together and within the same planning structure. (Several pre-formatted planning tables are available for this purpose in the Appendices.) Unless expressly stated otherwise, the financial plan is prepared in thousands of Hungarian forints (HUF ,000, indicated as thHUF).

The principal planning assumptions are as follows:

- The medium-term inflation forecast is 3%, and this rate is applied throughout the entire planning period.
- The profits of business entities are subject to a 9% corporate income tax rate.
- The value added tax (VAT) rate is 27%; however, the timing cycle of VAT payments and VAT reclaims is disregarded for purposes of the financial plan.

The following sections summarize the investment and financing policies underlying the plan and set out the principal assumptions and key parameters of the production and sales plans.

Investment Policy

One particularly important and specialized area of investment – and, more generally, of viticultural and winemaking operations – is the establishment of vineyards. Accordingly, vineyard establishment is given special emphasis within the capital investment plan. There are four vineyard sites, with areas of 10, 20, 5 and 5 hectares, respectively. The total establishment cost of each vineyard varies according to soil conditions and grape variety, amounting respectively to thHUF 14,880, thHUF 15,600 thousand, thHUF 16,080 thousand, and thHUF 15,840 thousand per hectare. The expenditure is incurred over five consecutive years in the following pattern: 5% - 50% - 20% - 20% - 5%. Each vineyard is commissioned and capitalized at the end of the fifth year, on 31 December. Establishment of Vineyards 3 and 4 (each covering 5 hectares) has not yet been completed. For Vineyard 3, only the final-year finishing work remains to be carried out in 2026, whereas establishment of Vineyard 4 will commence only in 2026. Historical data relating to vineyard-establishment investments

are provided in the relevant planning tables. Vineyard assets are depreciated on a straight-line basis at 3% per annum, with no residual value.

Most of the winemaking equipment required for operations has already been acquired and brought into use:

Past capital expenditures	Year 2025
Wine cellar	480 000
Machinery shed	80 000
REAL ESTATE	560 000
Winery technology	240 000
Agricultural machinery	80 000
Wooden barrels +	0
Replacement investment	0
TECHNICAL MACHINERY, EQUIPMENT, VEHICLES	320 000
Other equipment	32 000
Replacement investment	0
OTHER MACHINERY, EQUIPMENT, VEHICLES	32 000
Consumables	640
OTHER (LOW-VALUE)	640
TOTAL REAL ESTATE, TECHNOLOGY & OTHER EQUIPMENT	912 640

The following expansion and replacement investments are still planned for future years:

- Acquisition of winery tanks over the next three years in the amounts of thHUF 120,000, thHUF 60,000, and thHUF 60,000, respectively.
- Ongoing acquisition of wooden wine barrels at an annual amount of thHUF 48,000, expressed at 2026 prices.
- From 2031 onward, annual replacement and refurbishment of winemaking and agricultural machinery will be equal to 2.5% of the corresponding 2025 asset value.
- From 2031 onward, annual replacement and refurbishment of other machinery equal to 15% of its corresponding 2025 asset value.

- Acquisition of low-value tangible fixed assets at an annual amount of thHUF 960 thousand, expressed at 2026 prices.

The depreciation rates applied by the company are as follows:

- Buildings and real estate: 2%
- Technical machinery and other machinery: 14.5%
- Other low-value tangible fixed assets: 100%
- A residual value of 30% is assumed for buildings/real estate and for technical machinery and equipment.

Production Plan

The winery's core activity is the production of grape wine, which is determined each year by the quantity and quality of grapes harvested. Following the harvest, the grapes are processed, and the resulting base wines are matured separately by grape variety, initially in wooden barrels and winery tanks. The winemakers then blend some of these base wines to produce several cuvée wines. Consequently, the resulting bulk wines may be either single-varietal wines or cuvées. Bottling follows thereafter and, in our winery, is generally scheduled in line with the planned pace of sales.

The following grape varieties are grown on the individual vineyard sites:

- Vineyard 1: 100% Sauvignon Blanc
- Vineyard 2: 50% Pinot Blanc, 50% Merlot
- Vineyard 3: 100% Pinot Noir
- Vineyard 4: 100% Merlot

Newly established vines begin to bear a commercial crop in the fourth year after planting (for example, in 2024 for Vineyard 1). In their first bearing year, however, they yield only 25% of the expected full production level. This increases to 50% in the following (fifth) year and reaches 100% by the sixth year (for example, in 2026 for Vineyard 1). For this reason, the first wines will be produced only in 2026; the grapes harvested in 2025 are sold to other wineries. Grape yields naturally depend to a considerable extent on weather conditions in the relevant vintage. Nevertheless, based on viticultural experience and taking into account the different grape varieties and vine-spacing arrangements,

normal or standard yield assumptions can be established. Accordingly, the expected average annual yield is 9,500 kg/ha for white varieties (Sauvignon Blanc and Pinot Blanc) and 8,000 kg/ha for red varieties (Merlot and Pinot Noir).

Average pressing loss is 4% for all grape varieties, while the wine yield – that is, the number of liters of wine obtained from 1 kg of grapes – differs by variety as follows:

- Sauvignon Blanc: 0.70 l/kg
- Pinot Blanc: 0.67 l/kg
- Merlot and Pinot Noir: 0.65 l/kg

The vineyard sites are leased by the company for different hectare-based rents depending on their location. Vineyard cultivation is performed by an external service provider, using the company's own machinery, for a hectare-based service fee that varies by grape variety and planting density. Both service agreements specify the 2026 fee levels and provide for inflation indexation thereafter. Therefore, from the date each vineyard is commissioned and capitalised, the vineyard-related service fees - in addition to depreciation on the vineyard-establishment investment - are as follows:

Vineyard	Area (hectares)	Lease payment (thHUF /ha/year)	Cultivation cost (thHUF /ha/year)
Vineyard 1	10	1 800	1 800
Vineyard 2	20	2 016	2 640
Vineyard 3	5	2 304	3 360
Vineyard 4	5	2 136	3 120

Until a vineyard is commissioned and capitalized – that is, from the commencement of the establishment project through the end of the fifth year (Vineyard 3: till the end of 2026; Vineyard 4: till the end of 2030) – the company treats the cultivation costs as capital expenditure and carries them as part of the vineyard investment, within the amount budgeted in the investment plan. Consequently, during this establishment period, those cultivation costs are not charged as operating expenses against the grapes produced in the relevant vineyard.

Based on the costs attributable to each vineyard and the expected volume of wine, we can determine the production cost per liter of the base wines, meaning wines that have not yet undergone subsequent winemaking treatment or blending.

In addition to the single-varietal wines, the winemaker produces two blended wines, cuvées. Their composition and planned production volumes are shown in the following table:

Wine	Component 1	Component 2	2026	2027	2028	2029	2030–25
Cuvée 1	30% Sauvignon Blanc	70% Pinot Blanc	30 000	40 000	50 000	60 000	60 000
Cuvée 2	20% Pinot Noir	80% Merlot	20 000	25 000	30 000	40 000	50 000

The winery employs three winemakers. Their average annual employment cost is thHUF 12,960 per person, including payroll-related contributions and taxes, and is indexed to inflation. The specific winemaking cost per liter is derived by allocating the winemakers' employment costs and the depreciation of wine-making equipment (all technical machinery and equipment) over the liters produced, together with an average auxiliary-material cost of HUF 8 per liter. The production cost of each bulk wine therefore consists of the production cost of the relevant base wine or base wines plus the allocated cost of the winemaking operation itself.

Administrative expenses also include thHUF 240 per month for office supplies and thHUF 1,200 per month for utilities and other premises-related overheads. In addition, depreciation expense not included in the product production cost must also be recognised for real estate, other machinery and low-value tangible fixed assets. The winery's managing director has a monthly employment cost of thHUF 1,920, including payroll-related contributions and charges.

Inventories of materials are required only for auxiliary winemaking materials. To ensure uninterrupted operations, the company maintains an inventory equivalent to three months of consumption (assuming even usage throughout the year). The winery pays its suppliers on average within 30 days.

Sales and Packaging Plan

The fresh wine from each vintage is bottled partly in the harvest year and partly in the following year, in 0.7-liter bottles. The planned bottling proportions by wine are as follows:

Wine	Harvest year	Following year
Sauvignon Blanc	100%	
Pinot Blanc	100%	
Cuvée 1	90%	10%
Pinot Noir	30%	70%
Merlot	30%	70%
Cuvée 2	30%	70%

The entire quantity bottled in a given year is also planned to be sold during that same year. Accordingly, the winery has no finished-goods inventory at year-end, although it naturally holds work-in-progress inventory in the form of bulk wine stored in barrels and tanks. Average packaging cost is HUF 312 per bottle, including the bottle, label, cork, and other packaging components, expressed at 2026 prices.

An Extended Producer Responsibility fee is payable on wine bottles at HUF 107 per kilogram, on average HUF 50 per bottle. For planning purposes, this fee is assumed to remain unchanged over the planning horizon. Based on these selling-related costs and the production cost of the bottled wines, the direct cost of sales can be calculated.

The company sells through a single wholesaler, which resells our wines at an average markup of 50%.

For the winery's first wines, produced in 2026, the winery and the wholesaler agreed on the following wholesale transfer prices:

Wine	2026 prices (HUF)	Aging premium
Sauvignon Blanc	1 408	5%
Pinot Blanc	1 560	5%
Cuvée 1	1 600	10%
Pinot Noir	2 352	20%
Merlot	2 136	20%
Cuvée 2	3 120	35%

The final column of the table shows the aging premium by which the selling price of wine from a given vintage is increased when it is aged for one year and bottled and sold in the second year. In addition, the parties agreed that

all prices are indexed to inflation. For example, Merlot harvested in 2026 but bottled in 2027 is priced 20% above the 2026 price due to the one-year ageing premium, with a further 3% increase to reflect inflation.

Under the framework sales agreement, the wholesaler settles invoices on 60-day payment terms. In addition, in connection with sales, the winery must reimburse the wholesaler for part of the freight costs for two shipments per month, resulting in a cost of thHUF 192 per shipment. The company also employs one sales administrator at a monthly employment cost of HUF 960 thousand, including payroll-related contributions and charges.

Assignment

Using the available data and the provided planning-table templates, prepare the following components of the financial plan for the vineyard:

- Create the capital investment plan and the depreciation plan.
- After understanding the production logic, prepare the production plans at grape, base-wine and bulk-wine levels, together with the related production-cost calculations.
- Prepare the 2026 bottling and sales plan, both in physical quantities – liters and number of bottles - and in monetary terms.
- Finally, prepare the company's projected income statement. (If you wish to prepare the income statement forecast for the entire period through 2032, repeat the completion of the first and last tables in Appendix 3 for wines produced from the 2027, 2028, 2029, 2030, 2031, and 2032 harvests as well.)

The Appendices provide table structures to systematically go through the planning process.

Appendices

VINEYARD ESTABLISHMENT INVESTMENTS															
(thousand HUF)	Area (ha)	Vineyard establishment cost												Total	Cost / hectare
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032		
						actual	plan	plan	plan	plan	plan	plan	plan		
Price increase															
Price level															
Total Vineyard 1															
Total Vineyard 2															
Total Vineyard 3															
Total Vineyard 4															
VINEYARD DEPRECIATION															
(thousand HUF)	Capitalizati on date	Residual value	Depreciat ion rate	Depreciation charged											
				2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
								actual	plan	plan	plan	plan	plan	plan	plan
Vineyard 1															
Vineyard 2															
Vineyard 3															
Vineyard 4															
TOTAL VINEYARD DEPRECIATION															

Figure 1

CAPITAL EXPENDITURE PLAN																
(thousand HUF)					Investment at nominal value											
					2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
									actual	plan	plan	plan	plan	plan	plan	plan
Price increase											3%	3%	3%	3%	3%	3%
Price level										100%	103%	106%	109%	113%	116%	119%
INTANGIBLE RIGHTS																
INTELLECTUAL PROPERTY																
Wine cellar																
Machinery shed																
REAL ESTATE										0	0	0	0	0	0	0
Winery technology																
Agricultural machinery																
Wooden barrels +																
Replacement investment																
TECHNICAL MACHINERY, EQUIPMENT, VEHICLES																
Other equipment																
Replacement investment																
OTHER MACHINERY, EQUIPMENT, VEHICLES																
Consumables																
OTHER (LOW-VALUE)																
TOTAL REAL ESTATE, TECHNOLOGY & OTHER EQUIPMENT																

Figure 2

MACHINERY & EQUIPMENT DEPRECIATION															
(thousand HUF)	Capitalization date	Residual value	Depreciation rate	Depreciation charged											
				2021	2022	2023	2024	2025 actual	2026 plan	2027 plan	2028 plan	2029 plan	2030 plan	2031 plan	2032 plan
Price increase															
Price level															
INTANGIBLE RIGHTS															
INTELLECTUAL PROPERTY															
Wine cellar															
Machinery shed															
REAL ESTATE															
Winery technology															
Agricultural machinery															
Wooden barrels +															
Replacement investment															
TECHNICAL MACHINERY, EQUIPMENT, VEHICLES															
Other equipment															
Replacement investment															
OTHER MACHINERY, EQUIPMENT, VEHICLES															
Consumables															
OTHER (LOW-VALUE)															
TOTAL REAL ESTATE, TECHNOLOGY & OTHER EQUIPMENT															
TOTAL DEPRECIATION															

Figure 3

NEW VINEYARDS: BEARING AGE & EXPECTED GRAPE YIELDS (kg)												
Variety	Vineyard	Grape variety (red / white)	Area (ha)	Vineyard allocation	2025	2026	2027	2028	2029	2030	2031	2032
(kg)					actual	plan	plan	plan	plan	plan	plan	plan
Sauvignon Blanc	1	white										
Pinot Blanc	2	white										
Merlot 1	2	red										
Pinot Noir	3	red										
Merlot 2	4	red										
EXPECTED WINE VOLUME												
(L)	Wine yield (L/kg)	Loss %			2025	2026	2027	2028	2029	2030	2031	2032
					actual	plan	plan	plan	plan	plan	plan	plan
Sauvignon Blanc												
Pinot Blanc												
Pinot Noir												
Merlot												
Total expected wine volume												
COSTS BY VINEYARD SITE												
(thousand HUF)	Area	Cost / ha (2006)			2025	2026	2027	2028	2029	2030	2031	2032
					actual	plan	plan	plan	plan	plan	plan	plan
Price increase												
Price level												
Lease fee												
Vineyard cultivation costs												
Depreciation												
Total Vineyard 1	10											
Lease fee												
Vineyard cultivation costs												
Depreciation												
Total Vineyard 2	20											
Lease fee												
Vineyard cultivation costs												
Depreciation												
Total Vineyard 3	5											
Lease fee												
Vineyard cultivation costs												
Depreciation												
Total Vineyard 4	5											
Total	40											

Figure 4

UNIT PRODUCTION COST OF BASE WINES												
(HUF/L)	Vineyard				2025 actual	2026 plan	2027 plan	2028 plan	2029 plan	2030 plan	2031 plan	2032 plan
Sauvignon Blanc	1											
Pinot Blanc	2											
Pinot Noir	3											
Merlot	2 and 4											
Average												
APPROXIMATE VARIETAL COMPOSITION OF BULK WINES												
(%)	Sauvigno n Blanc	Pinot Blanc	Cuvée 1	Pinot Noir	Merlot	Cuvée 2						
Sauvignon Blanc												
Pinot Blanc												
Pinot Noir												
Merlot												
Total	100%	100%	100%	100%	100%	100%						
EXPECTED BULK WINE VOLUME						2026						
(L)	Sauvigno n Blanc 2026	Pinot Blanc 2026	Cuvée 1 2026	Pinot Noir 2026	Merlot 2026	Cuvée 2 2026	Total wine					
Sauvignon Blanc												
Pinot Blanc												
Pinot Noir												
Merlot												
Total												
EXPECTED BULK WINE VOLUME												
(HUF/L)					2025 actual	2026 plan	2027 plan	2028 plan	2029 plan	2030 plan	2031 plan	2032 plan
Sauvignon Blanc												
Pinot Blanc												
Cuvée 1												
Pinot Noir												
Merlot												
Cuvée 2												
Total												

Figure 5

WINEMAKING COSTS												
(thousand HUF)					2025 actual	2026 plan	2027 plan	2028 plan	2029 plan	2030 plan	2031 plan	2032 plan
Price increase							3%	3%	3%	3%	3%	3%
Price level						100%	103%	106%	109%	113%	116%	119%
	Headcount	Avg payroll cost / person										
Winemakers payroll cost												
	Processing aids cost / L											
Winemaking processing aids												
Winery equipment depreciation												
Total thousand HUF												
Total HUF/L												
UNIT PRODUCTION COST OF BULK WINES												
(HUF/L)					2025 actual	2026 plan	2027 plan	2028 plan	2029 plan	2030 plan	2031 plan	2032 plan
Sauvignon Blanc												
Pinot Blanc												
Cuvée 1												
Pinot Noir												
Merlot												
Cuvée 2												
Average												

Figure 6

PACKAGING COSTS											
thousand HUF	HUF/bottle (2026)	2023	2024	2025 actual	2026 plan	2027 plan	2028 plan	2029 plan	2030 plan	2031 plan	2032 plan
Price increase											
Price level											
Packaging cost HUF/bottle											
Packaging (bottles)											
Total packaging cost (thousand HUF)											
SALES-RELATED FEES AND TAXES											
Sales-related fees and taxes											
thousand HUF	HUF/bottle (2026)			2025 actual	2026 plan	2027 plan	2028 plan	2029 plan	2030 plan	2031 plan	2032 plan
Price increase											
Price level											
Sales (bottles)											
Environmental product fee											
Excise duty											
TOTAL FEES AND TAXES											
PRODUCTION COST LEVELS											
HUF/bottle				2025 actual	2026 plan	2027 plan	2028 plan	2029 plan	2030 plan	2031 plan	2032 plan
Base wine production cost											
Winemaking cost											
Bulk wine production cost											
Packaging cost											
Bottled wine production cost											
Sales-related costs											
Direct cost of sales											
SELLING PRICES											
(HUF/bottle)	2026 wines plan	2027 wines plan	2028 wines plan	2029 wines plan	2030 wines plan	2031 wines plan	2032 wines plan	Year 2 premium plan			
Price increase											
Price level											
Sauvignon Blanc											
Pinot Blanc											
Cuvée 1											
Pinot Noir											
Merlot											
Cuvée 2											

Figure 7

INCOME STATEMENT										
(thousand HUF)	Inputs		2025	2026	2027	2028	2029	2030	2031	2032
			actual	plan	plan	plan	plan	plan	plan	plan
Price increase										
Price level										
Net domestic sales revenue										
Net export sales revenue										
Net sales revenue										
Direct production cost of sales										
Cost of goods sold										
Resold (intermediated) services										
Direct costs of sales										
GROSS PROFIT ON SALES										
- transportation costs										
- sales staff										
Selling and distribution costs										
- office supplies										
- overheads										
- depreciation										
- administrative staff										
Administrative expenses										
Other general expenses										
Indirect costs of sales										
Other income										
of which: impairment reversal										
Other expenses										
of which: impairment loss										
OPERATING PROFIT										
Finance income										
Finance expenses										
NET FINANCE RESULT										
PROFIT FROM ORDINARY ACTIVITIES										
PROFIT BEFORE TAX										
Income tax expense										
PROFIT AFTER TAX										

Figure 8

Entrepreneurship Promotion at Universities²

Author: Márta Aranyossy

Unipreneurship Around the World

“Academic entrepreneurship”, or in the more recent and fashionable terminology “unipreneurship”, refers to the creation of a new business venture based on ideas and knowledge developed within a university environment (Fini et al., 2016) – including student entrepreneurship, faculty entrepreneurship and university spin-offs. Many university ventures have achieved major commercial success. Examples include Genentech, Google, Reddit, Dropbox and Cirrus Logic in the United States, Turbo Power Systems in the United Kingdom, and Silicon Biosystems in Italy – all of which, albeit through different forms of affiliation, originated in a university environment.

The ways in which the university environment can influence entrepreneurial intentions are often interpreted through Ajzen’s (1991) model. In this model, Ajzen examines the effect of three factors on entrepreneurial intention: (1) personal attitude, (2) subjective norms, and (3) perceived behavioral control (i.e., confidence in one’s own entrepreneurial capabilities). In addition to these factors, perceptions of other personal characteristics – such as risk aversion, fear of failure, and alertness to opportunities – also affect the likelihood that an individual will pursue an entrepreneurial career (Arenius and Minniti, 2005; Szabó and Aranyossy, 2024). The success of a venture is also influenced by more tangible personal characteristics, such as formal education, labor-market experience, and prior entrepreneurial activity (Hopp and Sonderegger, 2015). The university environment can influence several of these factors through education, role models, peer networks, mentoring, access to resources and exposure to entrepreneurship (Iglesias-Sánchez et al., 2016).

² An earlier, Hungarian version of this case has been published as: Aranyossy, Márta: Vállalkozásösztönzés az egyetemen. In: Jáki, Erika (szerk.) A kockázati tőkefinanszírozás elméleti kérdései gyakorlati problémákkal illusztrálva I. Budapest, Magyarország: Budapesti Corvinus Egyetem (2019) 162 p. pp. 35-47.

Entrepreneurial intention is nevertheless not identical to actual venture creation. Whether an intention is converted into entrepreneurial action also depends on access to resources and networks, market opportunities, prior experience, team formation, institutional support and the wider entrepreneurial ecosystem. This distinction is important when universities evaluate the impact of entrepreneurship education: stronger intentions may be a useful outcome, but they are only one step in a longer entrepreneurial process.

Entrepreneurship competence development

Universities use a wide variety of approaches to promote entrepreneurship. The most basic is a course embedded in the curriculum, which can be complemented by elective courses, specialisations, project-based modules, internships, startup competitions, coaching, mentoring, workshops and accelerator-style programmes. Contemporary programmes increasingly emphasise learning by doing: customer discovery, problem validation, business-model design, minimum viable product (MVP) development, experimentation, pitching and interaction with founders and investors. Earlier Hungarian research highlighted five particularly important competence groups in entrepreneurship education (Árváné et al., 2017, pp. 54–55):

1. management competencies,
2. collaboration skills and competencies,
3. financial competencies,
4. continuous-learning skills and competencies,
5. communication skills and competencies.

These remain relevant, but a contemporary competence framework should be broader. The European Commission's EntreComp framework (EntreComp Europe, 2020) conceptualizes entrepreneurship through fifteen interconnected competences organized into three areas (see Figure 9): Ideas & Opportunities, Resources, and Into Action. EntreComp covers opportunity recognition, creativity, vision, valuing ideas, ethical and sustainable thinking, self-awareness and self-efficacy, motivation and perseverance, mobilising resources and others, financial and economic literacy, taking initiative, planning and management, coping with uncertainty and risk, teamwork, and learning through experience.

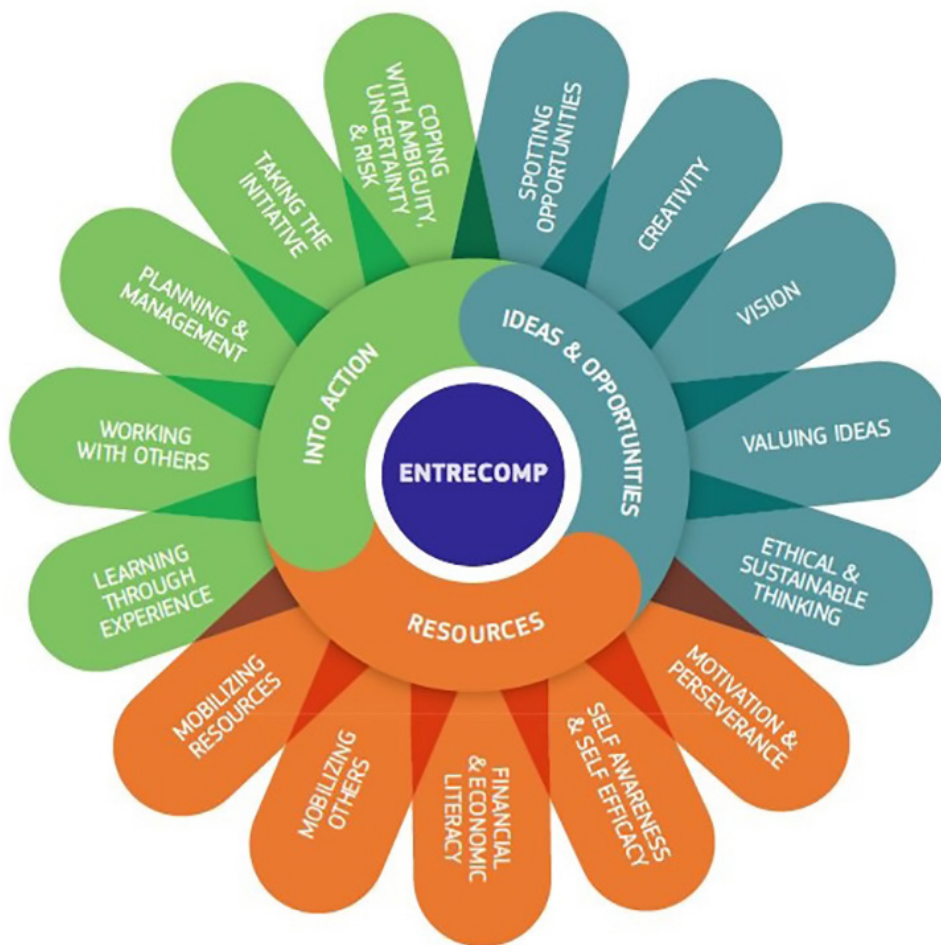


Figure 9: The EntreComp Competence Framework (EntreComp Europe, 2020)

In current entrepreneurship education, these competences are increasingly complemented by digital capabilities, responsible use of data and artificial intelligence, sustainability awareness and the ability to work with emerging technologies. This does not replace core business capabilities; rather, it reflects the environment in which new ventures now operate.

Research suggests that university-based advisory services, coaching, workshops and training of this kind can increase students' willingness to become entrepreneurs and, consequently, their likelihood of becoming self-employed after graduation. Such initiatives also have a broader impact on students' future plans and aspirations (Maresch et al., 2016; Premand et al., 2016). However, based on empirical findings, researchers also emphasize that entrepreneurship education alone is not always sufficient and does not necessarily contribute directly to stronger entrepreneurial intentions (Nowiński, 2019).

From individual programs to university entrepreneurship ecosystems

Research concludes that university entrepreneurship education – encompassing curricular teaching, business plan competitions, and entrepreneurial practice – positively shapes students' entrepreneurial attitudes and intentions, with entrepreneurial competence and self-efficacy serving as key mediating mechanisms (Lv et al., 2021; Fan et al., 2024; Sun et al., 2023). Perceived university support exerts its strongest influence on entrepreneurial self-efficacy through educational support, followed by concept development support and business development support, which together build students' confidence and intention to start ventures (Saeed et al., 2015). Extracurricular activities such as mentoring by practitioners, entrepreneurial workshops, business incubators, innovation and maker spaces, and networking events complement formal coursework by providing hands-on experience that strengthens entrepreneurial skills and attitudes (Isac et al., 2023; Matotola, 2025; Subhadrammal et al., 2023). Students perceive meeting successful entrepreneurs and participating in business-plan competitions as among the most effective extracurricular activities for building entrepreneurial intention (Isac et al., 2023). Campus-based incubators and information centres have a demonstrated positive impact on entrepreneurship attitude, often working indirectly through perceived desirability and feasibility of business creation (Arranz et al., 2017).

Instrumental start-up support services – including advisory services, access to seed capital, low-cost finance, and specialist business advice – appear more effective than courses alone in converting entrepreneurial intention into actual venture creation behavior (Lyu et al., 2023; Bozward et al., 2022; Lyu et al., 2023). Access to incubation resources has the strongest effect on entrepreneurial intention by increasing perceived norms, which in turn boosts positive attitudes and perceived behavioral control (Ahmed et al., 2020). University incubators foster entrepreneurial mindset and competences through challenge-based learning in a safe, creative environment (Mele et al., 2024). Evidence is mixed on whether university environments directly improve entrepreneurial attitudes: one study found no significant correlation between the university environment and entrepreneurial attitudes, though university support services did strengthen perceived behavioral control (Makai & Dóry, 2023). Curricular and extracurricular activities can generate positive attitudes

while simultaneously lowering perceived capacity and intention, suggesting that exposure to entrepreneurship’s complexities may deter some students (Arranz et al., 2017; Isac et al., 2023). University entrepreneurship programs may not uniformly increase entrepreneurship but instead help students better identify their entrepreneurial potential and improve venture quality (Lee & Eesley, 2020). Tailoring support matters: students with a high need for autonomy perceive stronger effects of university support on attitudes and self-efficacy, indicating that one-size-fits-all approaches may be suboptimal (Liu et al., 2022).

From a policy point-of-view, the most frequent structural elements in university entrepreneurship ecosystems are the following (heinnovate, 2026):

- Senior executive sponsorship and entrepreneurship embedded in university strategy
- Academic units, research centers or institutes focused on entrepreneurship and innovation
- Entrepreneurship courses, specializations, and practice-oriented project modules
- Entrepreneurship education for students outside business programs
- Continuous curriculum renewal and educational innovation
- Networking events, student organizations and founder communities
- Startup competitions, demo days, and investor-facing pitch events
- Connections with business angels, venture capital investors, and corporate partners
- Incubation and acceleration programs, including access to mentoring and workspace
- Technology-transfer and research-commercialization capabilities
- Seed grants, proof-of-concept funding or access to external investment
- Internationalization support and access to external markets
- Systematic impact measurement with relevant KPIs and long-term follow-up

In practice, we see many – and diverse – examples from leading universities and business schools of programs aimed at fostering student entrepreneurship. The following table provides some quick examples from the 2020–2026 period:

Universities	Program elements and sources
MIT – delta v Accelerator; Pozen Fellowship	Full-time summer venture building, intensive mentoring, entrepreneurial education, team development and a public Demo Day; paid summer placements in MIT-founded start-ups that provide hands-on experience in early-stage company building. (See more: https://news.mit.edu/2023/demo-day-2024-startup-event-0912 ; https://entrepreneurship.mit.edu/news/2023-pozen-fellows-prepare-to-startup-their-summers/)
Harvard – Harvard Innovation Labs (i-lab)	Venture-development programs, advisers and mentors, founder community, workshops and the university-wide President’s Innovation Challenge. (See more: https://innovationlabs.harvard.edu/articles/announcing-1-600-harvard-innovation-labs-members-and-137-presidents-innovation-challenge-semifinalists)
Stanford – Ecopreneurship programs; Student Accelerator / Education Entrepreneurship Hub	Sustainability-focused entrepreneurship courses, case studies, experiential classes and paid internships with start-ups; workshops, founder coaching, expert mentoring, interdisciplinary venture development and connections to potential investors. (See more: https://ecopreneurship.stanford.edu/reports/2024-stanford-ecopreneurship-annual-report/ ; https://emergence2024.sites.stanford.edu/translation/student-accelerator-program)
University of Oxford – Saïd Entrepreneurship Centre / EnSpire Oxford; Oxford Seed Fund	On-demand entrepreneurship learning, skills courses, idea development, mentoring, entrepreneurship projects, venture acceleration and investor events; student participation in venture evaluation and investment, seed funding for start-ups, investor exposure and entrepreneurship awards. (See more: https://www.sbs.ox.ac.uk/sites/default/files/2024-10/Students%20guide%20to%20OSEC.pdf)
University of Cambridge – Start Accelerator	Early-stage funding, workshops, workspace and laboratory access, entrepreneur-in-residence mentoring and exposure to investors. (See more: https://founders.cam.ac.uk/meet-the-11-start-ups-selected-for-the-first-founders-at-the-university-of-cambridge-start-1-0-accelerator/)
ETH Zürich – Student Project House / Entrepreneur Club	Project-based experimentation, prototyping space, pitch competitions, networking, failure-learning events, start-up coaching, funding support and access to university infrastructure. (See more: https://ethz.ch/en/news-and-events/eth-news/news/2024/06/globe-how-the-eth-start-up-eco-system-works.html)

Universities	Program elements and sources
Imperial College London – WE Innovate; Global Challenge Lab	Women-focused pre-accelerator support through masterclasses, coaching, expert advice, peer mentoring and a final pitch competition with prize funding; international interdisciplinary team formation, challenge-based venture development, workshops, expert speakers, mentoring and prize funding. (See more: https://www.imperial.ac.uk/events/177423/we-innovate-2024-grand-final-imperial-enterprise-lab/; https://www.imperial.ac.uk/events/177416/global-challenge-lab-2024-imperial-enterprise-lab/)
UC Berkeley – Entrepreneurship Hub / LAUNCH / StEP / Student Seed Fund	Entrepreneurship courses, no-equity incubation, acceleration, mentoring, hackathons, team-building space and non-dilutive seed grants for student ventures. (See more: https://newsroom.haas.berkeley.edu/magazine/fall-2024/beyond-yourself-entrepreneurship-edition/)
INSEAD – Startup Bootcamps; INSEAD Venture Competition; Entrepreneurs-in-Residence	Startup bootcamps support team formation and venture development, the university-wide Venture Competition provides a structured process for developing and pitching business concepts, and experienced entrepreneurs and investors offer personalized one-to-one advice through the Entrepreneurs-in-Residence program. (See more: https://www.insead.edu/insead-centre-entrepreneurship ; https://www.insead.edu/insead-centre-entrepreneurship/insead-venture-competition ; https://www.insead.edu/insead-centre-entrepreneurship/entrepreneurs-in-residence)
ESADE – eWorks Incubator; eWorks Accelerator	A free, no-equity incubator helps aspiring founders conceptualize ideas, validate projects and develop entrepreneurial skills within a founder community; teams can progress to the equity-free eWorks Accelerator, which focuses on market readiness, entrepreneurial mindset, mentoring and startup development. (See more: https://www.esade.edu/en/learning-innovation/rambla/eworks/eworks-incubator ; https://www.esade.edu/en/eworksaccelerator)
Bocconi University – B4i Bocconi for Innovation; Pre-Acceleration; Acceleration	The pre-accelerator takes teams from idea to minimum viable product through workshops on market assessment, business-model development, MVP design and financial planning plus personalized mentoring; the accelerator adds product, legal, UX/UI and digital-marketing expertise, investor access and, for selected startups, an €80,000 investment via convertible note. (See more: https://www.b4i.unibocconi.it/ ; https://www.viasarfatti25.unibocconi.eu/notizia.php?idArt=25974&kmese=4)

To conclude, the following structural elements frequently play a role in university entrepreneurship promotion programs:

Instrument category	Typical examples
1. Entrepreneurship education	Courses, bootcamps, workshops, Lean Startup/customer-discovery training and venture-building modules — Oxford, HEC, IESE, Esade, Bocconi, RSM.
2. Incubation/pre-acceleration	Support for students who have an idea but are not yet ready for investment — Berkeley StEP, Esade eWorks Incubator, Bocconi B4i Pre-Acceleration, ESCP Blue Factory.
3. Acceleration	Structured cohorts moving startups toward launch, product-market fit and investment — MIT delta v, Cambridge START, HEC Startup Launchpad, Esade eWorks and Bocconi B4i.
4. Mentoring / Entrepreneurs-in-Residence	One-to-one support from founders, investors, alumni and sector experts — especially visible at INSEAD, Cambridge, HEC and Berkeley.
5. Seed funding and prizes	Small experimentation grants through to substantial venture investment — Berkeley's \$5,000 seed grants, Oxford Seed Fund, Harvard's President's Innovation Challenge, Bocconi investment and IMD's MBA Venture Award.
6. Startup work experience	Allowing students to learn entrepreneurship inside an existing startup before founding one themselves — MIT's Pozen Fellowship, Nova SBE's Startup Summer Experience and IMD's startup collaborations.
7. Competitions and Demo Days	Pitching provides deadlines, visibility, feedback and access to investors — Harvard, MIT, INSEAD, ETH, Imperial, ESCP and Berkeley.
8. Physical entrepreneurial spaces	Dedicated environments where multidisciplinary students repeatedly meet and develop ideas — ETH Student Project House, Berkeley Entrepreneurship Hub, HEC at Station F and ESCP Blue Factory.
9. Cross-disciplinary team formation	Deliberately bringing together management, engineering, science and other students — Cambridge SYNC, IESE technology-transfer activities, Berkeley multidisciplinary programs and Imperial Global Challenge Lab.
10. External ecosystem integration	Connections with investors, corporations, accelerators, alumni, research institutes and other universities — HEC, Bocconi, Cambridge, INSEAD and RSM/ECE are particularly strong examples

Case Study

The purpose of the following case is to familiarize students with domestic and international practices in university entrepreneurship promotion and, through the design of an independent program, to encourage them to consider the most important tools, components, and impacts of such initiatives.

The entrepreneurship promotion initiatives at Corvinus fit right in the international landscape introduced earlier. In a 2022 comparative study among Hungarian universities, leaders on the field of business and management, the following practices have been identified (Jáki et al., 2023, p.17-19.):

Universities' roles in the entrepreneurial ecosystem based on the categories proposed by Stam (2015)	Service portfolio elements	Relative frequency of professors mentioning the availability (bold: >=50%)			Overall availability	Perceived importance by students on a 4-point scale; bold: >average)		Relative frequency students mentioning the availability		
		CUB*	UD*	USZ*		with NO entr. career plans (N=36)	with entr. career plans (N=57)	CUB	UD	USZ
knowledge and talent	entrepreneurship-related elective subject	100%	89%	50%	available & well-known at 3 universities	3.58	3.51	86%	76%	80%
	entrepreneurial role models in the classroom	60%	78%	10%	widely available & known at 2 universities, rare at 1			77%	63%	72%
	entrepreneurial exercises	30%	33%	10%	available, but not widely at 3 universities			66%	72%	80%

Universities' roles in the entrepreneurial ecosystem based on the categories proposed by Stam (2015)	Service portfolio elements	Relative frequency of professors mentioning the availability (bold: >=50%)			Overall availability	Perceived importance by students on a 4-point scale; bold: >average)		Relative frequency students mentioning the availability		
		CUB*	UD*	USZ*		with NO entr. career plans (N=36)	with entr. career plans (N=57)	CUB	UD	USZ
supporting services	consulting	67%	10%	34%	available at 2 universities, but widely known only at 1	3.64	3.44	68%	81%	87%
	mentoring	78%	50%	69%	available & well-known at 3 universities	3.44	3.23	61%	81%	80%
	coaching	78%	20%	38%	available at 3 universities, but widely known only at 1	2.86	2.88	41%	81%	67%
	workshops	78%	50%	52%	available & well-known at 3 universities	3.08	2.95	61%	90%	73%
	student organizations dedicated to entrepreneurship	67%	20%	62%	available at 3 universities, but widely known only at 2	2.81	2.84	95%	76%	53%
	idea generation, pitch contests	67%	40%	55%	available at 3 universities, but widely known only at 2	3.14	3.14	82%	71%	73%
physical infrastructure	providing a physical workplace	33%	0%	21%	available, but not widely known at 2 universities	2.83	3.02	39%	76%	20%
	providing digital infrastructure	67%	10%	34%	available at 2 universities, but widely known only at 1	3.11	3.25	44%	86%	60%

Universities' roles in the entrepreneurial ecosystem based on the categories proposed by Stam (2015)	Service portfolio elements	Relative frequency of professors mentioning the availability (bold: >=50%)			Overall availability	Perceived importance by students on a 4-point scale; bold: >average)		Relative frequency students mentioning the availability		
		CUB*	UD*	USZ*		with NO entr. career plans (N=36)	with entr. career plans (N=57)	CUB	UD	USZ
finance	scholarships dedicated to entrepreneurship	22%	10%	21%	available, but not widely known at 2 universities	3.47	3.46	50%	81%	60%
	incubation with financing	44%	10%	24%	available, but not widely known at 2 universities	3.08	3.30	58%	52%	60%
	angel investment on campus	33%	30%	21%	available, but not widely known at 2 universities	3.08	3.21	44%	43%	40%
networks and demand	connecting startups with university corporate partners	67%	20%	38%	available at 3 universities, but widely known only at 1	3.42	3.39	63%	57%	72%
	cooperation with external incubators	67%	20%	48%	available at 3 universities, but widely known only at 1	3.19	3.25	55%	71%	67%
culture	promoting innovation as a value	60%	78%	50%	mostly supportive at 3 universities	average level of the universities promoting innovation: 73.4 %				
	promoting entrepreneurship as a value	80%	78%	30%	mostly supportive at 2 universities	average level of the universities promoting entrepreneurship: 75.4%				

Source: Jáki et al., 2022, p. 17-19.

* CUB – Corvinus University of Budapest; UD – University of Debrecen; USZ - University of Szeged

Although currently fewer than ten per cent of recent Corvinus graduates are involved in starting a business, the university's medium-term strategy aims to increase this proportion, i.e., to strengthen entrepreneurship promotion. It should also be emphasized that many successful young companies and entrepreneurs are already associated with the University. (A short selection is provided in Appendix 1.) Courses and specializations focusing on the establishment and management of small businesses have formed part of the educational portfolio for decades. In courses such as "Enterprise and the Global Market" and "Startup Navigator", students can meet not only qualified faculty members but also leaders of successful startups and investors. Through the Entrepreneurship specialization within the BSc in Business Administration and Management, the MSc in Entrepreneurship Development, or MSc in Innovation and Entrepreneurship, or even as part of the MBA programs, students at any stage of life and at any level of study have the opportunity to pursue small-business-focused professional development. Also, rather than being centered on a small number of individual courses or extracurricular initiatives, entrepreneurship is increasingly embedded in a broader institutional ecosystem that combines academic education, mentoring, startup development, innovation support, student communities and external partnerships.

The most important elements of the university's entrepreneurial ecosystem:

- The Institute of Entrepreneurship and Innovation provides an academic home for entrepreneurship- and innovation-related education and research. Entrepreneurship is addressed through courses and programs at different levels, while practice-oriented activities connect students with founders, mentors, corporate partners, and investors.
- One important national program delivered at Corvinus is the Hungarian Startup University Program (HSUP). The two-semester program combines entrepreneurship education with interdisciplinary teamwork, mentoring, and the development of student startup ideas. In the 2025/26 academic year, 284 Corvinus students enrolled in HSUP, placing the university second nationally by participant numbers. The program also offers scholarship support in its second semester and provides selected teams with opportunities to pitch at Demo Day.
- Corvinus has also strengthened its own venture-support infrastructure through the Corvinus Entrepreneurship Platform (CEP) at the Gellért Campus. CEP provides co-working and meeting facilities, mentoring, net-

working events, demo days and the Boost Program. The Boost Program in 2014 has been a hands-on development journey designed to help aspiring founders validate ideas, develop business models, improve products, acquire customers and prepare investor pitches. The platform was open to students at different venture stages, from early concepts to prototypes and revenue-generating startups.

- The academic portfolio is also evolving. From September 2026 Corvinus launches an English-language MSc in Innovation and Entrepreneurship. The program combines innovation and entrepreneurship with areas such as design thinking, financial management, entrepreneurial strategy, marketing, and ethical business models, reflecting a broader understanding of venture creation and innovation management.
- Student entrepreneurship is further reinforced through competitions and community initiatives. The Danube Cup, co-founded by Corvinus, has become an international student startup competition linking universities along the Danube. In 2026 the competition reached its tenth edition. Such initiatives add an important cross-university and international layer to the entrepreneurship ecosystem.

Assignment

1. Conduct additional research to identify recent good practices in university entrepreneurship promotion, building on the examples described above. Focus primarily on international examples, although outstanding Hungarian practices may also be relevant. Look for solutions created independently by universities as well as initiatives in which universities achieve success in cooperation with external partners.
2. Next, develop a proposed model in which Corvinus University of Budapest launches an entrepreneurship promotion programme. Provide justification for the individual elements and choices in your proposal.

References

Ahmed, T., Chandran, V., Klobas, J., Liñán, F., & Kokkalis, P. (2020). Entrepreneurship education programmes: How learning, inspiration and resources

affect intentions for new venture creation in a developing economy. *The International Journal of Management Education*. <https://doi.org/10.1016/j.ijme.2019.100327>

Arenius, P., & Minniti, M. (2005). Perceptual variables and nascent entrepreneurship. *Small business economics*, 24(3), 233-247.

Arranz, N., Ubierna, F., Arroyabe, M. F., Perez, C., & De Arroyabe, F. (2017). The effect of curricular and extracurricular activities on university students' entrepreneurial intention and competences. *Studies in Higher Education*, 42, 1979 - 2008. <https://doi.org/10.1080/03075079.2015.1130030>

Árváné Ványi, G., Katonáné Kovács, J., & Gál, T. (2017). An examination of entrepreneurship development education in Hungarian higher education. *Vezetéstudomány-Budapest Management Review*, 48(6-7), 49-56.

Ajzen, I. (1991), The theory of planned behavior, *Organizational Behavior and Human Decision Process*, 50 (2), 179-211.

Bozward, D., Rogers-Draycott, M., Angba, C., Zhang, C. L., H., An, F., Topolansky, F., Sabia, L., Bell, R., & Beaumont, E. (2022). How can entrepreneurial interventions in a university context impact the entrepreneurial intention of their students?. *Entrepreneurship Education*, 6, 1 - 23. <https://doi.org/10.1007/s41959-022-00083-x>

Education Institutions. <https://www.heinnovate.eu/sites/default/files/2026-02/Foundation%20Guide.pdf>

EntreComp Europe (2020): Inspiring Practices from across Europe. Available online: <https://entrecomeurope.eu/resources/#PracticalGuide>

Fan, J., Hu, J., & Wang, J. (2024). How entrepreneurship education affects college students' entrepreneurial intention: Samples from China. *Heliyon*, 10. <https://doi.org/10.1016/j.heliyon.2024.e30776>

Fini, R., Lacetera, N., & Shane, S. (2016). Academic entrepreneurship. *The Palgrave Encyclopedia of Strategic Management*, 1-4.

heinnovate (2026): The HEInnovate Foundation Guide. A practical introduction for Higher

Hopp, C., & Sonderegger, R. (2015). Understanding the dynamics of nascent entrepreneurship—prestart-up experience, intentions, and entrepreneurial success. *Journal of Small Business Management*, 53(4), 1076-1096.

Iglesias-Sánchez, P. P., Jambrino-Maldonado, C., Velasco, A. P., & Kokash, H. (2016). Impact of entrepreneurship programmes on university students. *Education+ Training*, 58(2), 209-228.

Isac, C., Iordache, A., Baltador, L., Coculescu, C., & Niță, D. (2023). Enhancing Students' Entrepreneurial Competencies through Extracurricular Activities—A Pragmatic Approach to Sustainability-Oriented Higher Education. *Sustainability*. <https://doi.org/10.3390/su15118708>

Jáki, E., Aranyossy, M., Halmosi, P., & Becsky-Nagy, P. (2023). Comparative analyses of the educational methods in the leading business development masters programmes in Hungary. *Society and Economy*, 45(1), 8-32. <https://doi.org/10.1556/204.2022.00021>

Lee, Y. S., & Eesley, C. (2020). Do university entrepreneurship programs promote entrepreneurship?. *Strategic Management Journal*. <https://doi.org/10.1002/smj.3246>

Liu, M., Gorgievski, M., Qi, J.-J., & Paas, F. (2022). Perceived university support and entrepreneurial intentions: Do different students benefit differently?. *Studies in Educational Evaluation*. <https://doi.org/10.1016/j.stueduc.2022.101150>

Lv, Y., Chen, Y., Sha, Y., Wang, J., An, L., Chen, T., Huang, X., Huang, Y., & Huang, L. (2021). How Entrepreneurship Education at Universities Influences Entrepreneurial Intention: Mediating Effect Based on Entrepreneurial Competence. *Frontiers in Psychology*, 12. <https://doi.org/10.3389/fpsyg.2021.655868>

Lyu, J., Shepherd, D., & Lee, K. (2023). From intentional to nascent student entrepreneurs: The moderating role of university entrepreneurial offerings. *Journal of Innovation & Knowledge*. <https://doi.org/10.1016/j.jik.2023.100305>

Makai, A. L., & Dóry, T. (2023). Perceived university support and environment as a factor of entrepreneurial intention: Evidence from Western Transdanubia Region. PLOS ONE, 18. <https://doi.org/10.1371/journal.pone.0283850>

Maresch, D., Harms, R., Kailer, N., & Wimmer-Wurm, B. (2016). The impact of entrepreneurship education on the entrepreneurial intention of students in science and engineering versus business studies university programs. Technological forecasting and social change, 104, 172-179.

Matotola, S. (2025). Attitudes of university students towards entrepreneurship courses and intention: the role of innovations space programmes as enterprise support systems. LBS Journal of Management & Research. <https://doi.org/10.1108/lbsjmr-07-2024-0080>

Mele, G., Sansone, G., Secundo, G., & Paolucci, E. (2024). Speeding Up Student Entrepreneurship: The Role of University Business Idea Incubators. IEEE Transactions on Engineering Management, 71, 2364-2378. <https://doi.org/10.1109/tem.2022.3175655>

Nowiński, W., Haddoud, M. Y., Lančarič, D., Egerová, D., & Czeglédi, C. (2019). The impact of entrepreneurship education, entrepreneurial self-efficacy and gender on entrepreneurial intentions of university students in the Visegrad countries. Studies in Higher Education, 44(2), 361-379.

Premand, P., Brodmann, S., Almeida, R., Grun, R., & Barouni, M. (2016). Entrepreneurship education and entry into self-employment among university graduates. World Development, 77, 311-327.

Saeed, S., Yousafzai, S. Y., Yani-De-Soriano, M., & Muffatto, M. (2015). The Role of Perceived University Support in the Formation of Students' Entrepreneurial Intention. Journal of Small Business Management, 53, 1127 - 1145. <https://doi.org/10.1111/jsbm.12090>

Subhadrammal, D., Bliemel, M., Bressan, A., & De Burgh-Woodman, H. (2023). Extra-curricular support for entrepreneurship among engineering students:

development of entrepreneurial self-efficacy and intentions. *Humanities and Social Sciences Communications*, 10, 1-10. <https://doi.org/10.1057/s41599-023-02171-2>

Sun, J., Shi, J., & Zhang, J. (2023). From entrepreneurship education to entrepreneurial intention: Mindset, motivation, and prior exposure. *Frontiers in Psychology*, 14. <https://doi.org/10.3389/fpsyg.2023.954118>

Szabó, K., & Aranyossy, M. (2024). The influence of family business background on the entrepreneurial intention of individuals: A quantitative study of Hungarian university students. *Society and Economy*, 46(4), 441-461.

Stam, E. (2015): Entrepreneurial Ecosystems and Regional Policy: A Sympathetic Critique. *European Planning Studies* 23(9): 1759-1769. <https://doi.org/10.1080/09654313.2015.1061484>

Appendix: Selected Startup Ventures Associated with CORVINUS Alumni

BookR <https://bookrkids.com/>
Bridge Budapest <http://bridgebudapest.org/>
Neticle <https://neticle.hu/>
BITRISE <https://www.bitrise.io/>
eOptika <https://eoptika.hu>
Ordit <https://www.ordit.hu/>
MyConcept Kft. <http://www.myconcept.hu/>
red house apps <https://redhouseapps.com/>
Case Solvers <https://case-solvers.com/>
Sofórhívó <https://soforhivo.hu/>
RateMate <https://rate-mate.com/>
Zyntern <http://zyntern.com/>
EDM designer <https://edmdesigner.com>

Venture Capital Financing: Financial Evaluation of Portfolio Companies³

Author: Márta Aranyossy

At venture capital fund management companies, the investment process can be divided into four stages (Jáki, 2018b): (1) contracting, (2) disbursement, (3) portfolio management, and (4) exit. During the investment process, the various functional areas of the venture capital fund manager must cooperate in decision-making – these areas include legal, risk management, investment, and monitoring affairs (Jáki, 2018a). It should be added that a fund manager's staffing level depends heavily on the number of funds under management and on the minimum and maximum investment ticket sizes. A smaller organization is sufficient where the number of investments is lower. In addition to fund size, the average amount invested must also be considered. With an investment ticket size of HUF 30 million, a large number of transactions must be expected, whereas with a HUF 500 million ticket size, the same fund can make substantially fewer investments. With a small staff, functions are not performed by separate organizational units and/or may be outsourced. The investment and monitoring functions are generally not separated; the investment manager often follows the investment from the opportunity phase through to exit. Legal and risk-management tasks (including those involving financial and industry analysts) are typically outsourced through service engagements, either on an ad hoc basis or under framework agreements. At other fund managers with larger portfolios, a staff of as many as 50-70 may be required; in such cases, the functional areas of portfolio management is handled by separate organizational units or directorates.

The basis for the investment decision is the business plan submitted by the target company (Jáki, 2017b), to which the financial plan must be attached. In the investment decision, the revenue forecast is typically subjected

3 An earlier, Hungarian version of this case has been published as: Aranyossy, Márta: Portfoliótársaságok pénzügyi értékelése. In: Jáki, Erika (szerk.) A kockázati tőkefinanszírozás elméleti kérdései gyakorlati problémákkal illusztrálva I. Budapest, Magyarország: Budapesti Corvinus Egyetem (2019) 162 p. pp. 142-154.

to the most detailed scrutiny by the fund manager. The investor has industry and financial experts validate the assumptions and projections contained in it, focusing primarily on market size, growth trends, selling prices and expected market share. Venture capital fund managers generally adjust the figures in the business plan because experience shows that founders tend to view their own businesses too optimistically (Jáki, 2008).

The investment agreement then usually incorporates the business plan, or at least its key figures. The portfolio management phase of the investment starts here: with the investment agreement, or at the latest with the disbursement of the investment amount. During portfolio management, as part of the portfolio analysts' monitoring activities, the actual figures reported in the financial statements are compared with the figures set out in the business plan, resulting in a budget-to-actual variance analysis used to monitor the portfolio company's operations. Ratios and trends are also calculated from actual data. Narrative analysis is part of portfolio management and is used to explain variances. The analyst usually contacts the company's representative or a member of the Supervisory Board for information; however, portfolio companies are in all cases expected to provide explanations for variances as part of their regular reporting package.

Evaluation of Investment Portfolio Companies

Venture capital investors continuously monitor and evaluate the development of their investments, that is, the operations of portfolio companies. On a monthly, quarterly, and annual basis, they seek to collect information on portfolio-company performance through various channels, such as mandatory or ad hoc reporting requests, monitoring official databases, on-site visits, or management presentations.

Portfolio companies are usually asked to provide the following information – typically with less detail monthly, and with more detail quarterly and annually:

- interim balance sheet, income statement;
- a cash-flow report or bank statements;
- a report on the implementation of the investment purpose (for example, capital expenditure) and plans for future development and operations;

- information on extraordinary corporate events (for example, regulatory investigations, major losses or damage events, litigation, the departure or appointment of senior executives, withdrawal of an operating licence, etc.);
- information on transactions that require investor consent or approval under the investment agreement (off-balance-sheet commitments, commitments above specified thresholds, borrowing, shareholder loans, business-process matters, sales, development, etc.).

A portion – often a large portion – of the information collected in annual reporting is financial, more specifically, accounting in nature. Portfolio managers frequently process this business information in the form of financial ratios. Different groups of ratios – liquidity, turnover, profitability, and debt ratios (Virág and Fiáth, 2010; Jáki, 2017a) – carry different weights at this stage: profitability and liquidity ratios usually receive the greatest emphasis. Ratios calculated from interim financial statements generally fall into one of the following categories (Brush - Vanderwerf, 1992; Chandler - Hanks, 1993; Murphy et al., 1996; Robinson, 1998):

- revenue (in absolute terms or as a budget-to-actual variance);
- revenue growth (in absolute terms or as a percentage change);
- physical/operational growth (for example, employee headcount or number of customers);
- profit (accounting profit or other calculated measures such as EBIT, in absolute terms, as a budget-to-actual variance, or as a trend over time);
- return ratios (ROS, ROA, ROE, ROI, ROIC);
- other traditional financial ratios;
- free cash flow.

Financial Evaluation Methodology

Although the methodology presented here cannot be regarded as universal in its quantitative level of detail, it illustrates well the types of indicators and weights that a more detailed financial-analysis methodology may use when evaluating portfolio companies. The table below presents seven indicators emphasized by the methodology, their precise calculation methods, and the score assigned to each indicator range. On this basis, up to 100 points can be awarded for a portfolio company's performance in a given year.

Indicator	Calculation	Scores				
		10	8	6	4	2
Revenue budget attainment	(actual revenue - budgeted revenue)/ budgeted revenue	ratio > -10%	-10% > ratio > -30%	-30% > ratio > -50%	-50% > ratio > -65%	-65% > ratio
Revenue trend	actual revenue/3-year historical average actual revenue	ratio > 115%	115% > ratio > 100%	100% > ratio > 85%	85% > ratio > 70%	70% > ratio
Profit budget attainment	(actual profit after tax - budgeted profit after tax)/budgeted profit after tax	ratio > -30%	-30% > ratio > -50%	-50% > ratio > -65%	-65% > ratio > -90%	-90% > ratio
Profit trend	actual profit after tax/3-year historical average actual profit after tax	ratio > 115%	115% > ratio > 100%	100% > ratio > 85%	85% > ratio > 70%	70% > ratio, and annual profit is negative
Current ratio	current assets/current liabilities	> 2	2 > ratio > 1.5	1.5 > ratio > 1	1 > ratio > 0.8	0.8 > ratio
Quick liquidity ratio (cash ratio)	(cash and cash equivalents + securities)/ current liabilities	> 0.5	0.5 > ratio > -0.3	0.3 > ratio > 0.2	0.2 > ratio > 0.05	0.05 > ratio
Buyout capacity	(retained earnings + profit after tax x years remaining until buyout)/invested capital	40 points if > 1.1		score = 40 x ratio / 1.1 minimum value: 0		

Evaluation of a portfolio company's annual performance based on scores assigned to financial indicators

Case Study

The purpose of the following case is to familiarize students with one aspect of the portfolio-management and monitoring activities of venture capital firms: the periodic qualitative and quantitative evaluation of portfolio companies. After learning the evaluation methodology presented in the preceding subsections - by no means the only possible methodology, but one that is characteristic of some investors - students can immediately apply it to the two example companies.

Game Developer Ltd.

Game Developer Ltd. was established in 2022 with the participation of a private-market venture capital investor. Its principal activity is „Publishing of computer games”; accordingly, it develops and publishes games for both mobile phones and computers. Since its establishment, the company has operated in Szeged with a small staff, outsourcing part of its development work and all of its graphic-design work. In 2022, Game Developer Ltd. generated revenue of HUF 1,560 thousand and a loss of HUF 91,280 thousand. The annual-report data for 2024 are shown below (amounts in HUF thousands) and are to be used to evaluate the company. Budgeted revenue for 2024 was HUF 200 million and budgeted profit was HUF 100 million. The value of the venture capital investor’s equity interest at the time of investment was HUF 500 million, while the planned exit date was 2028; therefore, at the valuation date four years remained in the investment period.

Indicator	Current financial year	Preceding financial year	Financial year two years earlier
Average number of employees during the financial year	1	2	2

For the period 1 January 2024 to 31 December 2024

Simplified Annual Report - Income Statement (Total Cost Method)

No.	Line item	Prior financial year*	Current-year figures
001.	I. Net sales revenue	18,600	16,260
002.	II. Capitalised value of own performance	0	0
003.	III. Other income	10	2,780

No.	Line item	Prior financial year*	Current-year figures
004.	IV. Material-type expenses	51,600	23,550
005.	V. Personnel expenses	29,050	5,120
006.	VI. Depreciation and amortisation	2,360	2,360
007.	VII. Other expenses	430	360
008.	A. Operating profit/(loss)	-64,830	-12,350
009.	VIII. Financial income	450	120
010.	IX. Financial expenses	1,470	430
011.	B. Net financial result	-1,020	-310
012.	C. Profit/(loss) before tax	-65,850	-12,660
013.	X. Tax payable	40	40
014.	D. Profit/(loss) after tax	-65,890	-12,700

* Prior financial year figures: comparability under the Accounting Act is ensured.

** Adjustments to closed financial year(s): None

For the period 1 January 2024 to 31 December 2024

Simplified Annual Report - Balance Sheet

(„A” format under the Accounting Act)

No.	Line item	Prior financial year*	Current-year figures
001.	Assets		
002.	A. Non-current assets	458,400	456,040
003.	I. Intangible assets	180,950	180,950
004.	II. Tangible assets	3,11	760
005.	III. Long-term financial assets	274,340	274,330
006.	B. Current assets	4,750	9,220
007.	I. Inventories	0	0
008.	II. Receivables	1,790	5,800
009.	III. Securities	0	0
010.	IV. Cash and cash equivalents	2,960	3,420
011.	C. Prepayments and accrued income	0	0

No.	Line item	Prior financial year*	Current-year figures
012.	Total assets	463,150	465,260
013.	Equity and liabilities		
014.	D. Equity	455,160	442,450
015.	I. Registered capital	105,030	105,030
016.	II. Subscribed capital unpaid (-)	0	0
017.	III. Capital reserve	507,300	507,300
018.	IV. Retained earnings	-91,280	-157,180
019.	V. Tied-up reserve	0	0
020.	VI. Revaluation reserve	0	0
021.	VII. Profit/(loss) after tax	-65,890	-12,700
022.	E. Provisions	0	0
023.	F. Liabilities	6,490	21,310
024.	I. Subordinated liabilities	0	0
025.	II. Long-term liabilities	0	0
026.	III. Short-term liabilities	6,490	21,310
027.	G. Accruals and deferred income	1,500	1,500
028.	Total equity and liabilities	463,150	465,260

* Prior financial year figures: comparability under the Accounting Act is ensured.

** Adjustments to closed financial year(s): None

Game Developer Ltd. - 2024 annual financial statements (amounts in HUF thousands)

Software Ltd.

Software Ltd. was established in 2021 as the successor to an existing software-development business and as part of a corporate group. The investor was a state-backed venture capital fund holding preferred shares with voting, liquidation, and dividend preferences. The company's principal activity is „Information technology consultancy activities”; it also engages in „Other software publishing” and „Computer programming activities”. In this field – software development and related consulting – the company works primarily for large Hungarian corporations and foreign companies (mainly in the United Kingdom). Budgeted revenue for 2024 was HUF 2,500 million and budgeted profit was HUF 750 million. The value of the venture capital investor's equity

interest at the time of investment was HUF 1,500 million (at group level). The annual-report data for Software Ltd. for 2023-2024 are shown below (amounts in HUF thousands), while the key financial data for the preceding years were:

- 2022: revenue HUF 1,774,120 thousand; profit after tax HUF 303,810 thousand;
- 2021: revenue HUF 228,660 thousand; profit after tax HUF 105,760 thousand.

The investor plans to sell its equity interest in the company after 2026.

Indicator	Current financial year	Preceding financial year	Financial year two years earlier
Average number of employees during the financial year	33	28	19

For the period 1 January 2024 to 31 December 2024

Simplified Annual Report - Income Statement (Total Cost Method)

No.	Line item	Prior financial year*	Adjustments relating to closed financial year(s)**	Current-year figures
001.	I. Net sales revenue	1,988,430		4,0809,700
002.	II. Capitalised value of own performance	0		0
003.	III. Other income	20		60
004.	IV. Material-type expenses	389,780		991,100
005.	V. Personnel expenses	888,440		2,084,840
006.	VI. Depreciation and amortisation	15,100		38,130
007.	VII. Other expenses	34,550		47,510
008.	A. Operating profit/(loss)	660,580		1,648,180
009.	VIII. Financial income	2,770		1,440
010.	IX. Financial expenses	34,840		98,110
011.	B. Net financial result	-32,070		-96,670
012.	C. Profit/(loss) before tax	628,510		1,551,510
013.	X. Tax payable	56,570		257,460
014.	D. Profit/(loss) after tax	571,940		1,294,050

* Prior financial year figures: comparability under the Accounting Act is ensured (figures carried over from the published financial statements without adjustment).

** Adjustments to closed financial year(s): None

For the period 1 January 2024 to 31 December 2024

Simplified Annual Report - Balance Sheet

(„A” format under the Accounting Act)

No.	Line item	Prior financial year*	Adjustments relating to closed financial year(s)**	Current-year figures
001.	Assets			
002.	A. Non-current assets	106,150		121,000
003.	I. Intangible assets	0		0
004.	II. Tangible assets	106,150		121,000
005.	III. Long-term financial assets	0		0
006.	B. Current assets	3,276,710		5,066,120
007.	I. Inventories	0		0
008.	II. Receivables	1,426,070		1,835,690
009.	III. Securities	0		0
010.	IV. Cash and cash equivalents	1,850,640		3,230,430
011.	C. Prepayments and accrued income	89,670		26,030
012.	Total assets	3,472,530		5,213,150
013.	Equity and liabilities			
014.	D. Equity	2,920,200		4,214,250
015.	I. Registered capital	100,000		100,000
016.	II. Subscribed capital unpaid (-)	0		0
017.	III. Capital reserve	480,860		480,860
018.	IV. Retained earnings	1,767,400		2,339,340
019.	V. Tied-up reserve	0		0
020.	VI. Revaluation reserve	0		0
021.	VII. Profit/(loss) after tax	571,940		1,294,050
022.	E. Provisions	0		0
023.	F. Liabilities	390,270		817,270
024.	I. Subordinated liabilities	0		0
025.	II. Long-term liabilities	0		0
026.	III. Short-term liabilities	390,270		817,270
027.	G. Accruals and deferred income	162,060		181,630
028.	Total equity and liabilities	3,472,530		5,213,150

*Prior financial year figures: comparability under the Accounting Act is ensured (figures carried over from the published financial statements without adjustment).

** Adjustments to closed financial year(s): None

Software Ltd. - 2024 annual financial statements (amounts in HUF thousands)

Assignment

1. Evaluate the 2024 performance of the two companies using the indicator system presented in Section 1. Based on the results, how would you assess the operations of the two companies?
2. Having also reviewed the annual financial statements more generally, what would you add to the evaluation?
3. Based on the information and the results of the analysis, what questions would you ask the management of the two investee companies?
4. What recommendations would you make for the portfolio management of the two companies? Based on the analysis, would you take any action, and if so, what action?

References

Brush C. G. & Vanderwerf P. A. (1992), 'A comparison of methods and sources for obtaining estimates of new venture performance', *Journal of Business Venturing*, 7, 157-170.

Chandler G. N. & Hanks S. H. (1993), 'Measuring the performance of emerging businesses: A validation study', *Journal of Business Venturing*, 8, 391-408.

Jáki, E. (2008). Rationality and Investment Appraisal, October 2008, in: Bartók, István; Simon, Judit: 60 Years of the University of Economics: Studies Prepared for the Jubilee Scientific Conference. Faculty of Business Administration, book chapter, Budapest, AULA, 39-53.

Jáki, E. (2017a): Analysis of Financial Statements; in: Jáki, Erika: Financial Aspects of the Business Plan; 2017, Budapest, Foundation of the Department of Investments and Corporate Finance; pp. 22-65; ISBN 978-615-80642-2-4.

Jáki, E. (2017b): Business Plan Documentation; in: Jáki, Erika: Business Plan Preparation; 2017, Budapest, Foundation of the Department of Investments and Corporate Finance; pp. 6-23; ISBN 978-615-80642-3-1.

Jáki, E. (2018a): Functions to Be Performed at Investment Companies, in Jáki, E.; Berlinger, E.; Lovas, A.; Csepy (2018): Readings in Corporate Finance I. Budapest, Corvinus University of Budapest; pp. 5-23. ISBN 978-963-503-748-3; <http://unipub.lib.uni-corvinus.hu/3861>.

Jáki, E. (2018b): Decision-Making Processes at Investment Companies, in: Jáki, E. (ed., 2018): Readings in Corporate Finance I., Budapest, Corvinus University of Budapest, pp. 41-71. ISBN 978-963-503-748-3; <http://unipub.lib.uni-corvinus.hu/3861/>.

Murphy G. B. & Tailer J. W. and Hill R. C. (1996), 'Measuring Performance in Entrepreneurship Research', *Journal of Business Research*, 36, 15-23.

Robinson K. C. (1998), 'An Examination of the influence of industry structure on eight alternative measures of new venture performance for high potential independent new ventures', *Journal of Business Venturing*, 14, 165-187.

Virág, M. & Fiáth, A. (2010): *Financial Ratio Analysis*. Aula Kiadó, Budapest, 2010. 158 p.

Exit Strategies and Initial Public Offerings: Lessons from the WeWork Case

Author: Márta Aranyossy

Exit Options for Venture Capital Investors

Venture capital investors typically retain their ownership position in a company only over the medium term and seek to exit after a certain period. Under the Invest Europe (2026a) standards, any decision regarding the timing of an exit should consider:

- **Current value versus future potential:** comparison of the investment's present value with the expected value from holding it longer.
- **Future exit opportunities:** assessment of whether more attractive or realistic exit opportunities are likely to arise later.
- **Cost of continued ownership:** consideration of management time, additional capital needs, fees, risk exposure, and the opportunity cost for fund investors.
- **Fund-level considerations:** evaluation of the investment in the context of the fund's remaining life, liquidity needs, return targets, portfolio concentration, and obligations to investors.
- **Market conditions:** accounting for buyer demand, valuation levels, financing conditions, industry trends, and the wider economic environment.
- **Company performance and prospects:** review of the portfolio company's growth, profitability, strategic position, risks, and readiness for sale.
- **Stakeholder agreements:** considering restrictions, consent rights, drag-along or tag-along provisions, and other arrangements involving shareholders, co-investors, management, or the company.
- **Execution risk:** consideration of the likelihood, timing, cost, and certainty of completing a transaction.

The objective of assessing these factors is, naturally, to maximize exit value. An exit generally occurs when:

- the company, or an ownership interest in it, attracts a sufficiently compelling investment or acquisition offer, and the investor considers the timing appropriate for selling its stake;
- the company reaches a stage at which further growth can be financed from other, potentially less expensive sources, such as retained earnings or debt;
- a predetermined exit date is reached, either under an agreement relating to the specific portfolio company or because the investment fund is approaching the end of its fixed term, typically six to ten years.

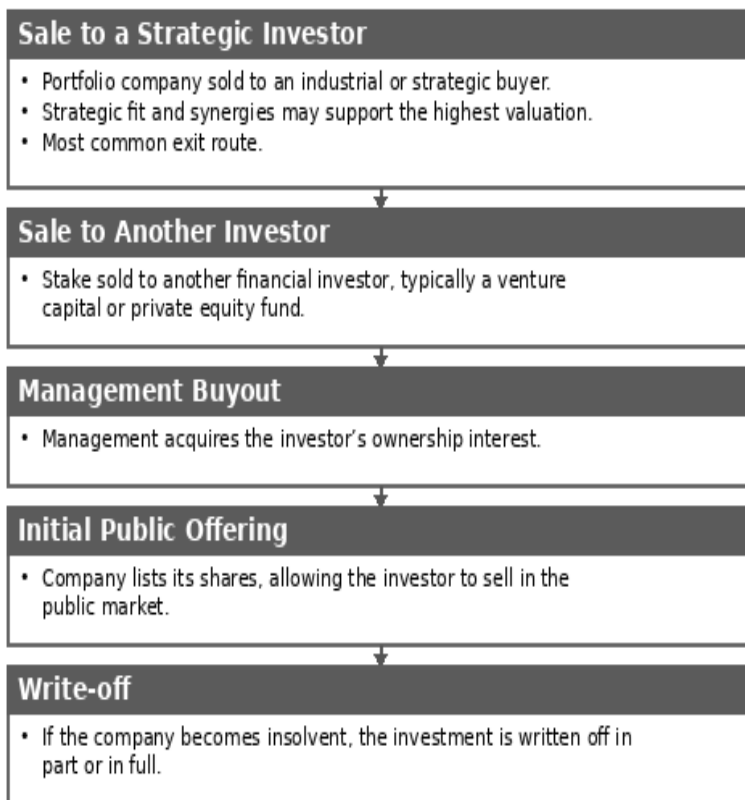


Figure 10: Main Exit Routes Available to Venture Capital Investors
(based on HVCA, 2018, p. 29)

Closed-end structures were also relatively common among Hungarian state-backed venture capital investors in the 2000's- 2010's. In such cases, the investor agrees as part of the investment contract with the portfolio company's

original owners on both the timing and the financial terms of the repurchase of the investor’s stake. Portfolio management is then primarily responsible for executing this specific arrangement or, if it is not fulfilled, for managing the claim and minimizing losses. Market-based investors likewise tend to plan the exit early on during the investment process, naturally, however, the plan is often revised later in light of the company’s actual operating performance and market conditions. The fund’s closing date also imposes a time constraint on exit timing.

The exit might be carried out in several way – the most common exit routes are summarized in the figure above.

The frequency of different exit routes varies considerably by market. The statistics in the following three graphs provide some insight into this geographic diversity in Europe. The US capital market naturally records more stock market listings, both by value and by number of transactions, than the European venture capital market. Nevertheless, IPO exits account for 2-7% of the total exit value of venture-backed companies in Europe, while only a handful of such transactions were completed in Central and Eastern Europe yearly. In this region, including Hungary, the most common exit routes are trade sales and management or founder buyouts.

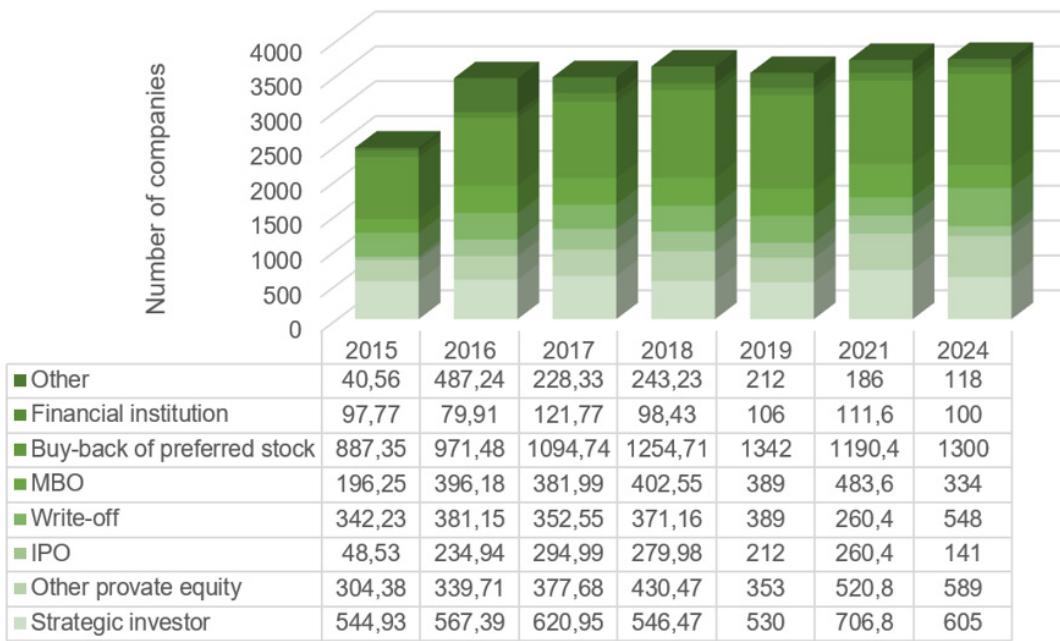


Figure 11: European exit statistics by type (based on Invest Europe, 2026b)

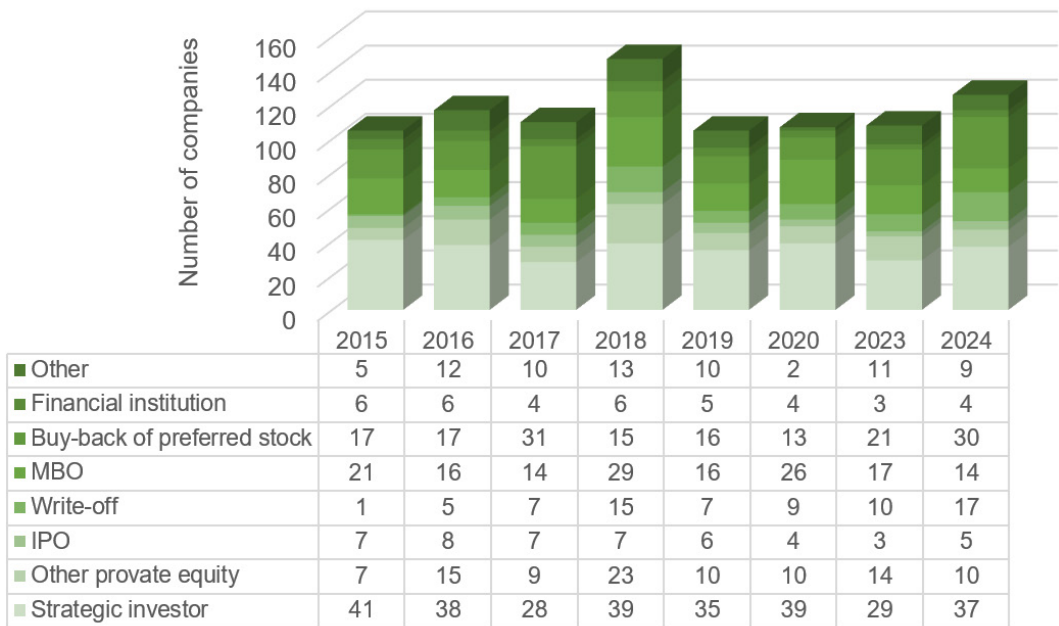


Figure 12: Central and European exit statistics by type (based on Invest Europe, 2026b)

IPO - Initial Public Offering

An initial public offering, or IPO, is the process through which a company lists its shares on a stock exchange for the first time. Depending on the objectives of the company and its owners, the transaction may involve the sale of existing shares, where an owner seeks a partial or full exit; the issuance of new shares, where the objective is to raise capital for growth or development; or a combination of the two (Csóka and Hermann, 2019). In addition to serving these objectives, a public offering may provide the following principal benefits (Zsembery, 2009, p. 4):

- liquidity for existing shareholders;
- a comprehensive and objective market valuation;
- realization of shareholder value;
- continued participation in future earnings through the retained ownership interest;
- access to additional funding for the company;
- enhanced corporate prestige;

- greater visibility among existing and prospective suppliers and customers;
- improved recruitment and employee retention through equity-based incentive programs.

A stock market listing also entails high costs and potential disadvantages. These may include substantial legal, audit, and public relations expenses, considerable demands on internal resources, extensive disclosure obligations, and, following the listing, compliance with stringent regulatory requirements and the shorter-term expectations of investors (Zsembery, 2009).

Even after considering these factors, venture capital investors generally welcome the opportunity for a portfolio company to go public. Although the literature also identifies IPO underpricing, whereby share prices frequently rise sharply after the offering (see Aggarwal et al., 2002; Csóka, 2019), investors can typically realize substantial returns. Between 2019 and 2024, US venture capital investors achieved an average IPO valuation of almost six times invested capital (based on NVCA, 2025, p. 25). According to the U.S. National Venture Capital Association 2026 Yearbook, the largest U.S. venture-backed IPOs of 2025 were CoreWeave, with a \$17.1 billion exit value, followed by Figma at \$15.7 billion, Chime Financial at \$9.1 billion, BETA Technologies at \$6.6 billion, and Circle at \$6.4 billion; together with the next five largest offerings, the top ten IPOs accounted for roughly 76% of total U.S. VC-backed IPO exit value in 2025, highlighting the strong concentration of public-market exits among a small number of mature companies. In 2018, tight before the IPO story of WeWork started, 40% of U.S. initial public offerings were (at least partly) financed by venture capital, including success stories such as Dropbox, DocuSign, and Moderna Therapeutics.

Year	IPO pre-money valuation	Total VC raised to date	Ratio
2019	\$193.0B	\$29.2B	6.6×
2020	\$175.7B	\$35.0B	5.0×
2021	\$499.3B	\$70.8B	7.1×
2022	\$6.9B	\$1.9B	3.7×
2023	\$26.1B	\$3.7B	7.1×
2024	\$41.2B	\$6.9B	6.0×

Ratio of IPO Pre-Valuation to Total VC Invested (NVCA, 2025, p.25.)

Case Study: WeWork's 2019 IPO Plans

WeWork, later renamed The We Company, is a US real estate leasing and services company operating in the shared and coworking office market. The New York-based business was founded in 2010 by Adam Neumann and Miguel McKelvey and managed approximately four million square meters of office space by 2018. In Manhattan alone, its portfolio of nearly half a million square meters made it the city's largest occupier of office space (Morris and Brown, 2018).

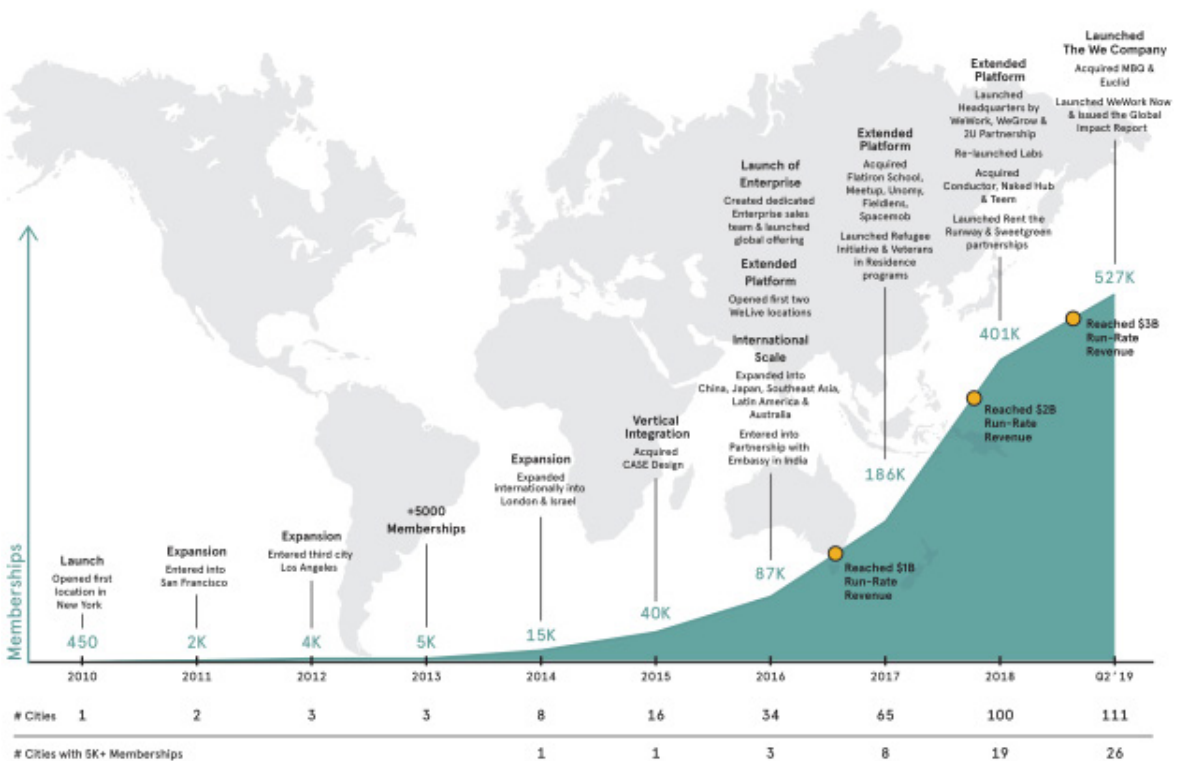


Figure 13: WeWork's Growth Trajectory as Presented in Its IPO Filing (SEC, 2019, p. 66)

During earlier funding rounds, WeWork attracted capital from investors including Manhattan real estate developer Joel Schreiber; J.P. Morgan Chase & Co.; T. Rowe Price Associates; Wellington Management; Goldman Sachs Group; Harvard Corporation; Mortimer Zuckerman, former head of Boston Properties; and Benchmark Capital, an early investor in Twitter and eBay. Legend Holdings and Hony Capital joined in later rounds. WeWork was valued at USD 16 billion in 2016 and at USD 20 billion in 2017 following an investment of more than USD



Figure 14: WeWork Founders Miguel McKelvey and Adam Neumann (New York Business Journal, 2021)

1 billion by SoftBank. SoftBank subsequently provided a further USD 3 billion, and in early 2019 WeWork raised USD 10 billion at a reported valuation of USD 47 billion (Portfolio, 2018).

In the second half of 2019, WeWork planned to raise additional capital through an IPO. According to Bloomberg (2019), the company intended to raise USD 3.5 billion in the offering, which, together with committed lending facilities, would have provided approximately USD 10 billion in additional financing (Portfolio, 2019). Unfortunately, there was a series of disturbing information that came to light right before the IPO process, the most significant issues included the following (partly based on Origo, 2019):

- WeWork's financial statements and business plans provided no clear path to profitability, as the company had reported increasingly large losses year after year. The IPO prospectus itself acknowledged this issue, listing among its ten principal risk factors the company's "ability to achieve profitability at a company level in light of our history of losses" (SEC, 2019, p. 15).

(Amounts in thousands, except share and per share data)	Year Ended December 31,			Six Months Ended June 30,	
	2016	2017	2018	2018	2019
Consolidated statement of operations information:					
Revenue	\$ 436,099	\$ 886,004	\$ 1,821,751	\$ 763,771	\$ 1,535,420
Expenses:					
Location operating expenses (1)	433,167	814,782	1,521,129	635,968	1,232,941
Other operating expenses (1)	—	1,677	106,788	42,024	81,189
Pre-opening location expenses	115,749	131,324	357,831	156,983	255,133
Sales and marketing expenses	43,428	143,424	378,729	139,889	320,046
Growth and new market development expenses (2)	35,731	109,719	477,273	174,091	369,727
General and administrative expenses (2)	115,346	454,020	357,486	155,257	389,910
Depreciation and amortization	88,952	162,892	313,514	137,418	255,924
Total expenses	832,373	1,817,838	3,512,750	1,441,630	2,904,870
Loss from operations	(396,274)	(931,834)	(1,690,999)	(677,859)	(1,369,450)
Interest and other income (expense), net	(33,400)	(7,387)	(237,270)	(46,406)	469,915
Pre-tax loss	(429,674)	(939,221)	(1,928,269)	(724,265)	(899,535)
Income tax benefit (provision)	(16)	5,727	850	1,373	(5,117)
Net loss	(429,690)	(933,494)	(1,927,419)	(722,892)	(904,652)
Net loss attributable to noncontrolling interests	—	49,500	316,627	94,762	214,976
Net loss attributable to WeWork Companies Inc.	<u>\$ (429,690)</u>	<u>\$ (883,994)</u>	<u>\$ (1,610,792)</u>	<u>\$ (628,130)</u>	<u>\$ (689,676)</u>

Figure 15: The We Company's Financial Performance as Presented in Its IPO Filing (SEC, 2019, p. 21)

- WeWork sought to position itself as a technology company (see also Appendix 2), a classification that could imply attractive growth, scalability, and value-creation opportunities under prevailing market conditions. In reality, however, technology was not central to its core business, which remained primarily focused on property leasing, although technology was not irrelevant given broader proptech trends. “Community” was another investor-friendly term used frequently in the IPO filing, appearing 150 times; “technology” appeared 98 times.



Figure 16: The We Company's Key Strengths as Presented in Its IPO Filing (SEC, 2019, p. 13)

- Several transactions came to light in which Adam Neumann personally benefited while WeWork remained deeply loss-making. For example:

- Adam Neumann purchased properties personally and subsequently leased them to WeWork on favorable terms.
- Adam Neumann sold trademarks associated with the “We” name from his own company to the rebranded WeWork/The We Company for USD 5.9 million in 2019.
- In July, Adam Neumann sold approximately USD 700 million of his WeWork stake, even though owners confident in a company’s value creation and market prospects would typically wait until after the IPO before selling part of their holdings.

The IPO prospectus also referred to this issue by identifying “transactions with related parties” among the key risks.

- Adam Neumann held shares carrying twenty votes per share, an unusually high level of control even among founders of comparable startups and unicorns. The IPO filing also highlighted this risk, referring to the co-founder and CEO’s control over key decision-making processes through super-voting rights.
- The personal conduct, leadership style, and management decisions of founder Adam Neumann and his wife also drew criticism, including concerns about the absence of female executives and the treatment of pregnant employees (see, for example, Feuer and Feiner, 2019).

The following figure reproduces, in its original format and wording, all key risk factors highlighted in the August IPO prospectus.

Risk Factors

Our business is subject to a number of risks and uncertainties, as more fully described under “Risk Factors” in this prospectus. These risks could materially and adversely impact our business, financial condition, results of operations and prospects, which could cause the trading price of our Class A common stock to decline and could result in a loss of all or part of your investment. Some of these risks include:

- the sustainability of our rapid growth and our ability to manage our growth effectively;
- our ability to expand in new and existing markets and enhance our solutions and product and service offerings;
- our ability to achieve profitability at a company level in light of our history of losses;
- our ability to retain existing members and attract new members;
- risks related to the long-term and fixed-cost nature of our leases;
- risks relating to our ability to generate sufficient cash and to obtain financing on adequate terms;
- our ability to maintain the value and reputation of our brand;
- risks related to our transactions with related parties;
- our Co-Founder and Chief Executive Officer has control over key decision-making as a result of his control over a majority of the total voting power of our outstanding capital stock; and
- the success of our strategic partnerships.

Figure 17: Principal Risk Factors Affecting The We Company’s Operations as Presented in Its IPO Filing (SEC, 2019, p. 15)

Events then unfolded rapidly, ultimately resulting in the founder's departure and a dramatic decline in WeWork's valuation. Key developments are summarized chronologically below, partly based on Meisenzahl (2019):

- 14 August 2019: The We Company formally files its IPO registration statement. The filed S-1 form is publicly available on the SEC website (SEC, 2019).
- 15 August 2019: Morgan Stanley withdraws from participation in the offering.
- 4 September 2019: WeWork appoints Harvard Business School professor and former Uber troubleshooter Frances Frei to address criticism of the company's corporate culture.
- At the same time, founder Adam Neumann returns the USD 5.9 million that the company had recently paid him for rights to the "We" brand.
- 9 September 2019: SoftBank, WeWork's largest investor, having invested more than USD 10 billion, equivalent to approximately 10% of its own fund, calls for the IPO to be suspended. By this point, the company's valuation has already fallen by roughly half.
- 13 September 2019: An amended S-1 form announces changes to the company's governance structure. The measures include reducing Adam Neumann's voting rights, removing his wife, Rebekah Neumann, from management, and requiring Neumann to repay profits earned from leasing his personally owned properties to WeWork.
- By this stage, the company's valuation has fallen to approximately USD 10 billion, below the cumulative amount of capital invested in the business since 2010.
- 16 September 2019: The IPO is formally postponed indefinitely, but at least until October.
- Aswath Damodaran, a leading authority on corporate valuation, comments that WeWork is worth at least 70% less than the valuation previously indicated.
- 18 September 2019: The Wall Street Journal publishes a detailed report on Adam Neumann's controversial personal conduct and management practices.
- 24 September 2019: Adam Neumann resigns as CEO. Artie Minson and Sebastian Gunningham are appointed co-chief executives and soon postpone the IPO indefinitely. Effective 18 February 2020, industry veteran Sandeep Mathrani became CEO and has led the company for several years.

- **14 October 2019:** A further controversy arises concerning the risk of formaldehyde exposure in WeWork offices.
- **30 October 2019:** By now facing liquidity pressure, WeWork receives USD 1.5 billion in accelerated financing from SoftBank, originally scheduled for spring 2020. Adam Neumann is stripped of his board voting rights and reportedly receives a USD 1.7 billion exit package in exchange, comprising USD 970 million for his remaining shares, USD 185 million for consulting services, and a USD 500 million credit facility to repay loans from J.P. Morgan (Portfolio, 2019).
- **6 November 2019:** SoftBank Group announces a USD 9.2 billion impairment charge on its WeWork investments, representing nearly 90% of their original value.

Discussion questions

- Review the original IPO prospectus and identify further statements or pieces of information that could materially affect the company's value but have not been discussed in the case study above. (<https://www.sec.gov/Archives/edgar/data/1533523/000119312519220499/d781982ds1.htm>)
- Research the subsequent outcome of the company's IPO plans and summarize the developments, supported by data and sources. In your view, should the outcome be considered a success or a failure?

References

Bloomberg (3 September 2019): "Are You a Robot?" www.bloomberg.com (Accessed: 7 November 2019).

Csóka, Péter and Hermann, Dávid (2019): "ICO and IPO: The IPO of Kiss és Társa Zrt." In: Walter, György (ed.), *Financial and Corporate Cases and Decisions*. Budapest, Hungary: Corvinus University of Budapest, pp. 48-54.

Feuer, Lauren and Feiner, William (31 October 2019): "Ex-WeWork CEO Accused of Gender Discrimination, Smoking Pot in Front of Pregnant Staffer." CNBC. (Accessed: 1 November 2019).

HVCA (2019): Guide to Raising Capital. Hungarian Venture Capital and Private Equity Association. www.hvca.hu (Accessed: 2 October 2018).

Invest Europe (2026a): Handbook of Professional Standards. <https://www.investeurope.eu/industry-standards/professional-standards>

Invest Europe: European Private Equity Activity Data 2007-2024. <http://www.investeurope.eu/research/activity-data/annual-activity-statistics/> (Accessed: 11 May 2026).

Meisenzahl, M. (22 October 2019): “WeWork’s Had a Terrible Two Months, and Now SoftBank Is Reportedly Taking Control of the Company in a Bailout Deal—Here’s Everything That Has Happened Since the Embattled Company Tried to Go Public.” Business Insider. <https://www.businessinsider.com/wework-ipo-timeline-delayed-ceo-adam-neumann-scandals-explained-2019-9> (Accessed: 8 November 2019).

Morris, Keiko and Brown, Eliot (18 September 2018): “WeWork Surpasses JPMorgan as Biggest Occupier of Manhattan Office Space.” The Wall Street Journal. <https://www.wsj.com/articles/wework-surpasses-jpmorgan-as-biggest-occupier-of-manhattan-office-space-1537268401> (Accessed: 8 November 2019).

New York Business Journal (2021): WeWork co-founder Neumann nearing settlement with SoftBank. <https://rew-online.com/neumann-out-as-wework-ceo/> (Accessed: 11 August, 2026)

NVCA (2025): Yearbook.

<https://nvca.org/wp-content/uploads/2025/03/2025-NVCA-Yearbook.pdf> (Accessed: 11 August, 2026)

Origo (13 September 2019): “Another Controversial Company Is Preparing to Go Public: Caution Is Advisable.”

<https://www.origo.hu/gazdasag/20190911-heti-befektetesi-otletek-wework.html> (Accessed: 8 November 2019).

Portfolio (5 November 2019): “He Suffered the Year’s Most Spectacular Failure, Yet Still Exited as a Billionaire.”

https://www.portfolio.hu/uzlet/20191103/megcsinalta-az-ev-legcsunyabb-buktajat-megis-milliardoskent-szall-ki-belole-405721?utm_source=hirkereso_es_kapu&utm_medium=portfolio_linkek&utm_campaign=hiraggregator (Accessed: 7 November 2019).

SEC (2019): United States Securities and Exchange Commission, Washington, D.C. 20549. Form S-1 Registration Statement under the Securities Act of 1933. The We Company.

<https://www.sec.gov/Archives/edgar/data/1533523/000119312519220499/d781982ds1.htm> (Accessed: 8 November 2019).

Zsembery, Levente (2009): Share Issuance: The IPO Process. Budapest Stock Exchange. https://www.bet.hu/pfile/file?path=/site/Magyar/Dokumentumok/Kibocsatok/Tozsdei_bevezetes/TCK_ismerteto/1_Reszvenykibocsatas_az_IPO_folyamata.pdf1 (Accessed: 13 November 2019).

Appendices

Trends Enabling the Re-invention of Work

Excerpt from the WeWork S1 prospectus (SEC, 2019, p. 133)

“We believe the following trends are enabling the re-invention of work and will allow us to continue to grow our business:

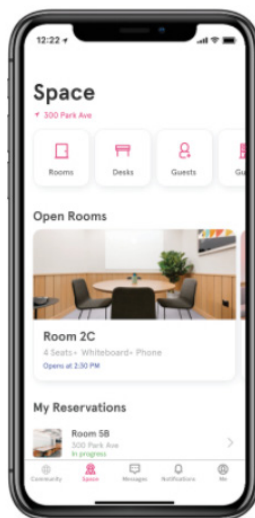
- **Urbanization.** People are moving to major global urban centers, prioritizing greater accessibility to services and increased human connection over lower cost of living and property ownership. According to a United Nations study, by 2030 urban areas are projected to house 60% of people globally, and one in every three people will live in cities with at least half a million inhabitants. Increased population density puts pressure on urban infrastructure and resources, leading to demand for innovative, environmentally sustainable solutions at a more cost-effective price.
- **Globalization.** The world is increasingly connected through trade and the movement of capital, people and information across borders. According to a Wells Fargo Market Strategies International survey, 95% of respondents agreed that U.S. companies should consider expanding internationally for long-term growth. As individuals and organizations increasingly operate internationally, we believe that they will value a single provider that can offer a global network of spaces, products and services that makes managing global teams and driving employee satisfaction more efficient.
- **Independent workforce.** People are increasingly engaged in independent work. According to McKinsey, within the next decade, independent workers could make up as much as 50% of the U.S. workforce. As people shift to working independently, they seek a community that provides support and social opportunities during the workday. This shift is creating a need for flexible workplace solutions that meet the diverse needs of independent workers, including support and business opportunities that stem from access to a global network and a vibrant community.

- **Flexible solutions.** Individuals and organizations are increasingly looking to lower fixed costs by converting long-term lease obligations into flexible solutions that can expand and contract with their evolving space needs in a capital-efficient manner. “As-a-service” models allow companies to focus on their core operations while outsourcing non-core aspects of their operations that have typically been viewed as fixed costs. For example, a report by the IFRS Foundation in 2016 stated that the 14,000 companies sampled had almost \$3 trillion of off-balance sheet lease commitments. In contrast to traditional leases, shorter-term flexible space offerings may also help companies manage the balance sheet impact of the new accounting guidance for leases under U.S. GAAP, which requires both operating leases and finance leases to be recorded on their balance sheets as both an asset and a liability.
- **Workplace culture.** People are increasingly seeking environments that humanize the work experience. Despite nearly 80% of executives acknowledging employee experience as “very important” according to a Deloitte 2017 Human Capital Trends report, only 22% reported their companies as being “excellent” at building a differentiated employee experience. We believe today’s workforce seeks moments of connection, collaboration and convenience, whether grabbing a coffee from the friendly office barista, taking a yoga break without having to leave the office, or getting to know others in the community during events.
- **Sharing economy.** People are demonstrating a greater willingness to share, driven by a desire for value, quality and variety. According to a survey published by Boston Consulting Group in 2017, of those who use sharing services, 57% of U.S. survey respondents said that they would give up ownership for well-priced and convenient offerings. As people increasingly embrace the sharing economy, we believe today’s workforce will continue to seek out flexible shared workspaces that provide a variety of value-added products and services.”

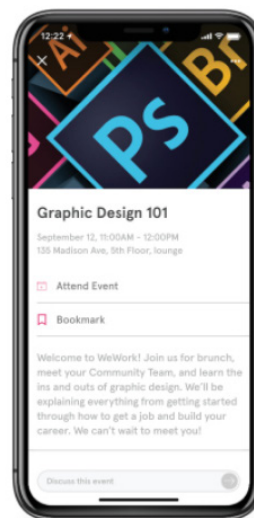
Our Community Technology

Excerpt from the WeWork S1 prospectus (SEC, 2019, p. 139-140)

“We integrate community technology across all of our operations to further enhance the value we deliver to our members. Our WeWork app enables our members to easily book space, connect with other members for advice or services and discover events and activities. We designed the app with a focus on personalization. As our members select space, engage with posts and rate events, we learn their preferences so we can create an experience tailored to their interests. The longer our members stay with us, the better we become at matching members and companies to highly relevant services and communities.



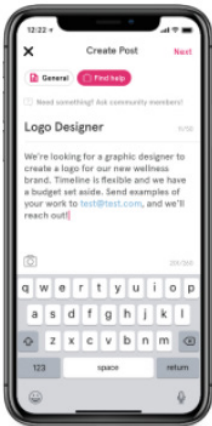
One-click booking for rooms that a member uses frequently



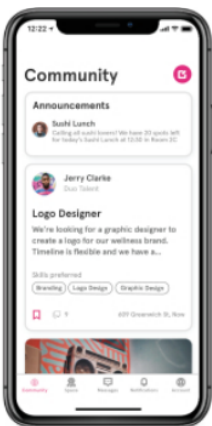
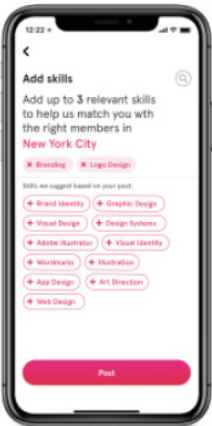
Relevant events are matched to a member's interests

Figure 18

We believe our engaged global community is a key benefit for our members. By providing structured ways for members to connect with each other, we encourage our members to help one another grow personally and professionally. Through our “Ask for Help” feature, members can initiate a request for help and specify assistance and skills they need to grow their businesses. Our machine learning recommendation engine matches those requests with members who have expressed proficiency in those skills and are willing to help. Approximately 30% of posts on the WeWork app are requests for help from the member community.



"Ask for Help" employs machine learning to suggest relevant skills

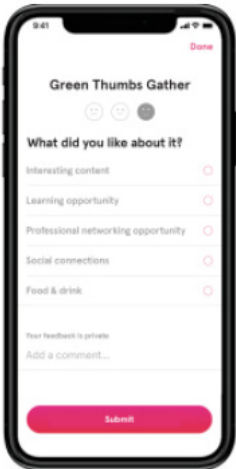
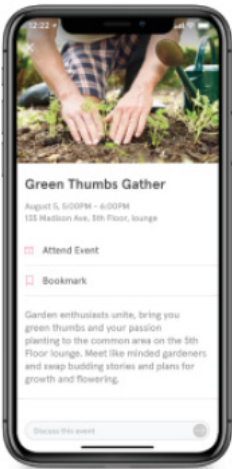


Requests for help are delivered to other members with matching skills

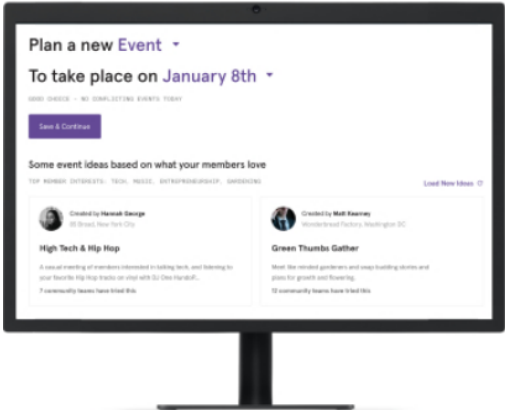
Figure 19

Figure 20

To create the best member experience, we strive to pair human judgment and creativity with algorithms that amplify ideas quickly and globally. Our community teams provide a rich source of programming ideas, and with an average of over 2,500 events occurring per week, we can develop insights quickly on what works best for members with select interests. We then use those insights to recommend the top performing new events to relevant community teams worldwide. “



We collect event feedback and create a quality score for new events



The best performing event types are recommended to community teams globally

Figure 21

Figure 22

Financing Growth: The Concept of Sustainable Growth Rate⁴

Author: Márta Aranyossy

The Sustainable Growth Rate

Corporate growth can be measured in many ways. It may refer to the company's physical expansion (such as the number of offices, production capacity or employees), growth in output or sales (in physical volume or monetary terms), or even an increase in profit or enterprise value (Kaliczka-Naffa, 2010). Sustainable growth is a specific corporate finance concept that focuses exclusively on revenue growth. In this context, the term “sustainable” also has a precise financial meaning. Sustainable growth is the rate at which a company's revenue can grow without exhausting its financial resources, while maintaining its prevailing financing policy (Higgins, 1977).

In most cases, growth creates an additional funding requirement. This is not limited to the fact that higher revenue generally entails higher output and may require additional production capacity, thereby generating a need for further investment in non-current assets. Growth may also require financing even when no new production or service capacity is needed, as higher revenue typically increases working capital requirements. Increased sales directly raise trade receivables, while inventory may also need to grow proportionately, and additional cash may be required to maintain adequate liquidity when a larger scale of operations is achieved.

Higgins (1977), one of the pioneers of the literature on sustainable growth in a financial sense, models the effects briefly described here, as illustrated in the Figure 25. The model presumes that growth can be financed primarily

⁴ An earlier, Hungarian version of this case has been published as: Aranyossy, Márta: Fenntartható növekedés – Growing Kft. In: Walter, György (szerk.) Pénzügyi, vállalati esetek és döntések. Budapest, Magyarország : Budapesti Corvinus Egyetem (2019) 123 p. pp. 6-14

from within, organically and relies on a relatively large number of simplifying assumptions. These assumptions are:

- The company intends to grow as quickly as market conditions permit. It is important to note, however, that the sustainable growth rate does not assess market growth opportunities; the formulas do not address demand-side growth potentials.
- The company cannot issue new shares or raise additional equity.
- The company intends to maintain a constant leverage ratio and dividend payout ratio.

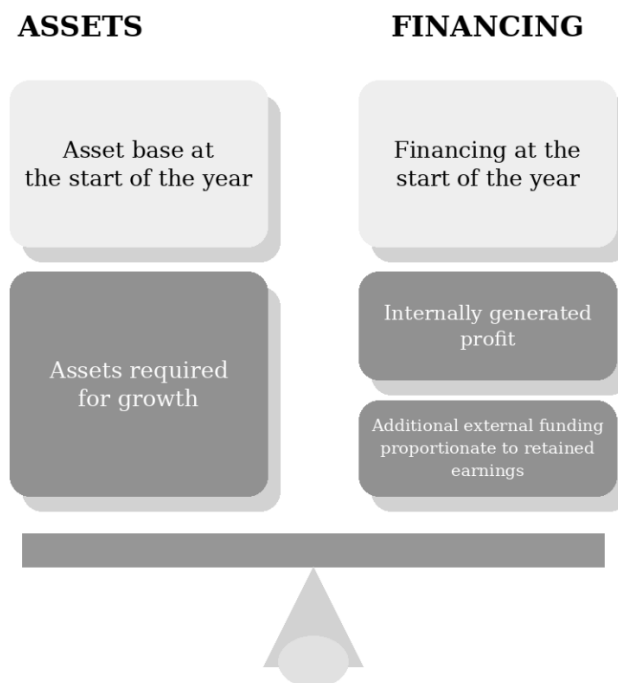


Figure 23: The concept of sustainable growth reflected in the balance sheet

Based on the derivation of Higgins's model (1977, p. 8), sustainable growth can be calculated as follows:

$$g = \frac{\Delta s}{s} = \frac{p * (1 - d) * (1 + L)}{t - p * (1 - d) * (1 + L)}$$

where the symbols represent the following ratios describing the company's operations (Virág et al., 2013):

$\Delta s/s$ = revenue growth rate, i.e. revenue increase in the current period/
previous-period revenue

p = constant profit margin, i.e. profit/revenue

d = target payout ratio, i.e. dividends/profit

L = target leverage ratio, i.e. debt/equity

t = constant asset requirement, i.e. total assets/revenue

The sustainable growth rate, therefore, depends on operating profitability, because the generated profit can be retained and reinvested to finance corporate growth (Fazakas, 2016), providing a natural source of internal funding. Only the portion of profit not distributed as dividends can be used in this way, so the sustainable growth rate also depends on the dividend payout ratio. The target leverage ratio likewise affects the rate, as it indicates how much additional debt can be raised in proportion to retained earnings without increasing the risk associated with indebtedness. The simplified formula most commonly used in practice reflects the same relationships:

$$g = ROE * (1 - d) = \frac{\text{Net profit}}{\text{Total equity}} * (1 - d)$$

$$= \frac{\text{Net profit}}{\text{Total revenue}} * \frac{\text{Total revenue}}{\text{Total assets}} * \frac{\text{Total assets}}{\text{Total equity}} * \frac{\text{Net profit} - \text{Dividend pay-out}}{\text{Net profit}}$$

In other words, the sustainable growth rate is the product of the net profit margin ($\frac{\text{Net profit}}{\text{Total revenue}}$), total asset turnover ($\frac{\text{Total revenue}}{\text{Total assets}}$), leverage ($\frac{\text{Total assets}}{\text{Total equity}}$) and earnings retention ratio ($\frac{\text{Net profit} - \text{Dividend pay-out}}{\text{Net profit}}$). These formulas are accurate only within the limited framework of their assumptions and should therefore be used in practice primarily as guidance or a rule of thumb. When planning real-world corporate growth, we recommend modelling and assessing the financing effects through a sufficiently detailed financial plan (Jáki, 2018a; 2018b, 2018c). In practical cases, the following key steps are advisable:

1. First and foremost, recognise that revenue growth typically creates an additional funding requirement. This is true even when no new capital

expenditure is needed, and only the increase in working capital must be financed.

2. Assess whether the new order will be profitable, for example by preparing a projected income statement, because companies should generally pursue growth opportunities that generate an adequate return.
3. Once the projected income statement has been prepared, a projected balance sheet can be used to estimate the associated increase in assets and determine the size of the funding requirement.
4. If the funding requirement associated with growth exceeds accumulated internal resources, a solution should be identified in advance. Options for financing additional working capital include short-term bank facilities (Béza et al., 2013; Walter, 2014), factoring (Walter-Jáki, 2014), renegotiating payment terms, or reducing dividend distributions (Platt et al., 1995).

The following case illustrates the limits of sustainable growth through a hypothetical example. By preparing a projected income statement and balance sheet, the exercise assesses the financial impact of a growth opportunity and identifies both the size and the underlying causes of the resulting funding requirement. The case also provides an opportunity to consider and model potential financing solutions.

The case of Growing Ltd.

Growing Ltd. is a successful shoelace manufacturer operating in Hungary. In 2025, it generated revenue of HUF 1 billion and recorded profit of HUF 182 million, which was distributed to the owners as dividends. At the beginning of the 2026 financial year, the Managing Director met the Procurement Director of a major footwear company, giving Growing Ltd. the opportunity to become the corporation's principal shoelace supplier. The new contract would generate an additional HUF 500 million in revenue, increasing the company's size by 50%. All other activities are expected to continue in line with the previous year. The following information is available regarding the new contract:

1. Growing Ltd. will generate HUF 500 million in net revenue under the new contract.
2. Given its negotiating position and the size of the order, the company will operate at a lower margin: material costs will amount to 80% of the selling price.

3. No additional employees will be required to fulfil the order, but existing staff will work longer hours and incur overtime. The labour requirement for the new order is in line with the company's existing operations, although the overtime an extra 20% premium above the normal hourly wages.
4. No new property, plant and equipment will be required, but the existing asset base must be maintained in good condition through refurbishment expenditure equal to depreciation.
5. The footwear company requires its suppliers to maintain two months of raw material and finished goods inventory to ensure an undisturbed continuous supply, and settles invoices on 90-day payment terms.
6. An additional HUF 15 million cash balance is required to ensure continuous liquidity.
7. Supplier payment terms remain unchanged, and the effective corporate income tax rate remains 9%.
8. The company does not intend to change its financing or dividend policy.

Growing Ltd.'s 2025 balance sheet and income statement are presented on the following pages. Based on the information above, the Managing Director, Production Director and Chief Financial Officer are evaluating the proposed contract. Should the company accept the offer and enter into the agreement with the footwear manufacturer? What factors should management consider, what issues may emerge, and how should they be addressed?

GROWING LTD. BALANCE SHEET (HUF million)	2025	Change due to the growth opportunity	2026
A. Non-current assets	1400		
I. INTANGIBLE ASSETS	0		
II. TANGIBLE ASSETS	1400		
1. Land and buildings and related property rights	0		
2. Plant, machinery, equipment and vehicles	1400		
III. LONG-TERM FINANCIAL ASSETS	0		
B. Current assets	225		
I. INVENTORIES	100		
II. RECEIVABLES	100		
III. SECURITIES	0		
IV. CASH AND CASH EQUIVALENTS	25		
C. Prepaid expenses & accrued income	0		
TOTAL ASSETS	1625		
D. Equity	1600		
I. REGISTERED CAPITAL	1600		
II. CAPITAL RESERVE	0		
III. RETAINED EARNINGS	0		
IV. REVALUATION RESERVE	0		
V. NON-DISTRIBUTABLE RESERVE	0		
VI. PROFIT / LOSS FOR THE YEAR	0		
E. Provisions	0		
F. Liabilities	25		
I. LONG-TERM LIABILITIES	0		
1. Investment and development loans	0		
2. Long-term borrowings	0		
II. CURRENT LIABILITIES	25		
1. Accounts payable	25		
2. Short-term borrowings	0		
G. Accrued expenses and deferred income	0		
TOTAL EQUITY AND LIABILITIES	1625		
Asset-financing difference	0		

GROWING LTD. INCOME STATEMENT (HUF million)	2025	Change due to the growth opportunity	2026
01. Domestic revenue	1000		
I. NET REVENUE	1000		
II. Other income	0		
III. Material-type expenses	500		
IV. Personnel expenses	100		
V. Depreciation and amortisation	200		
VI. Other operating expenses	0		
A. OPERATING PROFIT	200		
VII. Finance gains	0		
VIII. Finance losses	0		
B. FINANCIAL PROFIT / LOSS	0		
C. PROFIT BEFORE TAX	200		
XI. Corporate income tax	18		
F. PROFIT AFTER TAX	182		
Dividend distribution	182		
RETAINED PROFIT	0		

References

Béza, D. – Csákné, F. – Csapó, K. – Csubák, T. K. – Farkas, Sz. – Szerb, L. (2013): *Kisvállalkozások finanszírozása*, Budapest, Perfekt

Fazakas, G (2016) *Vállalati pénzügyek 1.*, Budapest. A növekedési ütem becslése, pp. 122-129.

Higgins, R. C. (1977): How Much Growth Can a Firm Afford? Financial Management. Fall 1977, pp. 7-16.

Jáki, Erika (2018a): Beruházási terv pénzügyi modellezése: Miskolc Nyomda hosszú távú pénzügyi tervezés; In: Jáki Erika: Pénzügyi kimutatók, gyakorlati pénzügyi modellezés; Budapesti Corvinus Egyetem, 14-25 o. ISBN: 9789635037186

Jáki, Erika (2018b): Értékesítési tervek és az operatív működés pénzügyi modellezése: Miskolc Nyomda hosszú távú pénzügyi tervezés; In: Jáki Erika: Pénzügyi kimutatók, gyakorlati pénzügyi modellezés; Budapesti Corvinus Egyetem, 26-54. o. ISBN: 9789635037186

Jáki, Erika (2018c): Finanszírozási elképzelések pénzügyi modellezése: Miskolc Nyomda hosszú távú pénzügyi tervezés. In: Jáki Erika: Pénzügyi kimutatók, gyakorlati pénzügyi modellezés; Budapesti Corvinus Egyetem, 55-73 o. ISBN: 9789635037186

Kaliczka, N. – Naffa, H. (2010): Természetes jelzések a megbízó-ügynök koalíció jóvedelmének hitelesítésében. Vezetéstudomány, 41: 4 pp. 45-54.

Platt, H. – Platt, M. – Chen, G. (1995): Sustainable growth rate in financial distress. Journal Economics & Finance. Vol. 19. No. 2. pp. 147-151.

Virág, M. – Fiáth, A. – Kristóf, T. – Varsányi, J. (2013): Pénzügyi elemzés, csődelőrejelzés, válságkezelés Budapest, Kossuth Kiadó

Walter, Gy. – Jáki, E. (2014): A követelés értékesítés és faktoring In: Walter, György (szerk.) Vállalatfinanszírozás a gyakorlatban: lehetőségek és döntések a magyar piacon, Budapest, Alinea Kiadó, pp. 84-94.

Walter, Gy. (2014): A sztenderd kereskedelmi banki hiteltermékek. In: Walter, György (szerk.) Vállalatfinanszírozás a gyakorlatban: lehetőségek és döntések a magyar piacon, Budapest, Magyarország, Alinea Kiadó, pp. 63-76.

Expanding Horizons: Strategic Options for Revenue Growth in the Hungarian Business School⁵

Author: Márta Aranyossy

Dr. Márta Aranyossy, the program director at the Business development master program of the Corvinus University of Budapest, navigates her bustling office with a mix of determination and weariness. Each day presents a new set of challenges as she juggles the demands of students and colleagues while the grappling perennial question of financial sustainability weighs heavily on her shoulders. Amidst the creative chaos, Dr. Aranyossy received the Dean's invite to a strategic workshop and she finds herself pondering the strategic options available to drive revenue growth for the master program portfolio, knowing that she could help shaping the future of the institution she holds dear.

In the midst of a rapidly evolving educational landscape, the task of programme portfolio development has never been more challenging nor critical. Tasked with navigating the complexities of market demand, educational trends, and financial sustainability, Dr. Aranyossy and her fellow members of the Dean's workshop find themselves at a pivotal juncture, confronted with the pressing need to identify strategic options for revenue growth, ensuring the continued relevance and competitiveness of the institution in a dynamic global economy.

5 The case study is written by Marta Aranyossy, associate professor at Corvinus University of Budapest, in March 2024. The information presented in this case study is intended for educational purposes only. The views, opinions, and recommendations expressed herein are those of the authors and contributors and do not necessarily reflect the views of the organisation(s) in focus. Although the case study is mostly built on public information, some non-public data points are included in a slightly distorted way whilst these also lead to realistic conclusions. While every effort has been made to ensure the accuracy and completeness of the information contained in this case study, readers are encouraged to critically evaluate the content and apply their own judgment in interpreting the information provided.



Figure 24

With a rich history and a reputation for academic excellence, Corvinus University of Budapest has long been a beacon of higher education in Hungary. However, in recent years, shifting demographics, technological advancements, and international competition have introduced new challenges to the institution's growth trajectory. Some of the **key challenges influencing the demand for master programmes include the following trends:**

- Business schools need to ensure that their programs are globally competitive and attract both local and international students. The international competitiveness of programmes is influenced by factors beyond the control of the university, including geopolitical environment and country image. For example, the EU's decision that Hungarian universities operating in a governance structure led by private foundations are ineligible for Erasmus+ program funding, is an unfavourable element of the macroeconomic environment.
- Although the Stipendium Hungaricum scholarship programme, established by the Hungarian Government in 2013, promotes the internationalisation of Hungarian higher education and attracts international students from all around the world and provided financing for Hungarian universities reaching 300 billion HUF over a decade, it is an uncertain source of future students and revenue.

- The number of young Hungarians studying at universities abroad continues to increase: in the academic year of 2022/2023 more than 16 000 Hungarian students attended higher education institutions outside the country. Although some reasons for their choice – more job opportunities and higher quality – are more perceived than data-driven, this trend affects the local demand for master programmes negatively.
- Although after a decade of a downward spiral affecting the entire Hungarian market it seems like that the demand for business and management programmes is rising in Hungary (see Appendix 1), but long-term demographic trends might have an adverse effect in the future. In the next six years the number of 18-year-old Hungarians might drop with more than 6%.
- In recent years, in line with the industry 4.0 revolution, new concepts have also emerged in the field of education: Education 4.0, Learning 4.0, and Teaching 4.0 adding value with an intensive use of digital technology. Experts also expect an industry-wide disruption caused by the growth of online programs, as universities aim to develop new revenue models and find the next wave of innovation.

As she starts feeling overwhelmed by concerns, she recalls **Corvinus's past and current success** and its strategic capabilities that enables the university to exploit promising opportunities in the future as well. Corvinus offers a high-quality education, an interdisciplinary world view with the business school grounded in economics and social sciences, programmes building reliable analytic and soft skills with rigor and innovative education methods. Its educational excellence is assured by several international accreditations (including the prestigious AACSB and AMBA accreditations)⁹ and reflected in its favourable position in university rankings (including the 1st place among Hungarian business schools in the HVG ranking and 3rd place in the Eastern European region according to Eduniversal). Local students prefer the university for the great employment opportunities a Corvinus diploma unlocks and its international offers (including the CEMS program and other double degree opportunities). The University's location – in the heart of Central-Eastern Europe, located centrally in Hungary and in Budapest as well – and the modern campuses filled with hyperactive student life is attractive for international students as well and offers great value for money.

“Studying at a university with multiple accreditations in the liveable city of Budapest, you will gain valuable professional insights from practitioners, develop your understanding of emerging issues with respected professors, and build your global personal network.”¹⁴

The current Corvinus master programme portfolio is quite wide and diverse. From the 22 master programmes the university’s portfolio contains in 2024, 15 is offered on the broader field of business and economics (see Appendix 2). While most of these programmes are offered in English (13 of 15) and English only (12 of 15), some business master programmes are still offered in Hungarian (3 of 15). The business and management sub-portfolio contains some general management programmes (business development, management and leadership and the full time MBA) and several specialist masters (marketing, marketing strategy and innovation, finance, advanced supply-chain management, international accounting and auditing). In line with her expertise and currently supervised programme, Dr. Aranyossy’s focus is on the generalist management programmes – these three are all two-year programmes with somewhat different target markets:

- **The business development master programme** targets local students who want to develop their managerial skills with a growth mindset, planning to embark on an entrepreneurial or intrapreneurial career tracks and have some business, IT or technical background. The programme is offered only in Hungarian. Graduates will become start-up founders, strategic analysts and consultants, project managers, innovation officers or venture capitalists. (The curriculum is available here.)
- **The management and leadership master programme** is an ideal next step for recent graduates with business-related degrees towards corporate management and consulting careers. It is a holistic business programme, offered in Hungarian and (from 2022 on in) English as well – where the latter also incorporates the exclusive CEMS Master in International Management program. Graduates often work in consulting or managing process or organisational development, innovation or technology initiatives many of them in global organisations and multi-cultural setting or as analysts and controllers. (The curriculum is available here (English programme) and here (Hungarian programme).)

- **The full time MBA programme** addresses the needs of early-career, mid-level managers who need more comprehensive business knowledge to succeed at higher levels of management, as well as a valuable global network. The programme is offered in English only and is ideal for managers with a minimum of three years of work experience, for professionals prepared to take a career break or work part-time in Budapest. The programme combines traditional elements of finance, marketing and human resources with four themes that run throughout: complex problem solving, soft skill development, sustainability and quantitative methods. (The curriculum is available [here](#).) The globally accepted MBA degree (accredited by AMBA) signals the graduate's readiness to take more challenging managerial jobs.

None of these programmes are currently offered in an evening or correspondence format, in line with the educational vision and strategy of Corvinus, its focus on quality, the university targets full time students only. While till 2021, many master programmes were offered starting in the spring semester as well as in the fall, but according to the current policy of Corvinus most of the master programmes (including these three) currently only start in September. This is a system more natural and transparent for international students, but on the Hungarian market, where many business bachelor programme graduates finish their studies in the winter, a spring semester start would be a convenient fit as well. These last to decisions (only full-time programmes and a fall start only) led to some loss of market share on the local market – for example Corvinus lost its market leader position to the University of Óbuda in terms of the number of business development students. (See further data on the competition in Appendix 7 or in the FIR database.)



Figure 25

Appendix 4, 5 and 6 provide further information from the felvi.hu database on the **number of applicants, minimum admission points and the number of students admitted** to the selected programmes. Not all of the students apply through the felvi system (which is the platform for Hungarian citizens to apply for Hungarian universities) – in case of the English language programmes many students are recruited through international channels. Among the international applicants many are sponsored by the Stipendium Hungaricum programme, while others are individual, self-financed applicants. In case of the management and leadership (English) programme, currently 20-25% of the total admitted students are individual self-funded international students (while the portion of Stipendium Hungaricum students is insignificant). In case of the full-time MBA programme, the majority of the students come through international channels – that is the reason why the felvi.hu statistics in the Appendixs refer to only 0-5 admitted students yearly in 2021-2023. The number of admitted international students are between 15 and 30 yearly and 70-85% of them are enrolled eventually. 90% of the student population comes with a Stipendium Hungaricum scholarship, while 10% of them are self-funded.

There is also a slight difference between the number of applicants and **the number of students who start the programmes**: on average only 70% of the prospective students admitted to Corvinus master programmes actually register at the beginning of their first semester. This percentage is somewhat higher for the Hungarian management and leadership programme (ca. 80%) and even more favourable for the business development and the English management and leadership programme (ca. 85%).

The **pricing of these three programmes** is somewhat diverse: see Appendix 3 for current and historical tuition fees – or for the pricing of the whole master programme portfolio see the annex of the “Regulation on Student Fees and Benefits” of Corvinus.

As we consider the **cost structure of a master programme**, we can assume that university infrastructure (building, equipment, utilities, administrative capacities etc.) is a fixed cost and readily available with the opening of the new Gellért Campus. While the salaries and benefits of the faculty members are also considered fixed costs medium term, but as universities work with many adjunct, external and guest lecturers, the total human resource cost is variable. A master programme with 20-30 students consumes the capacities of 5-6 full time lecturers on average, while a programme with 40-60 students

consumes the capacities of 8-9. The annual reports of the university are public, and available online on the Corvinus website.



Figure 26

As Corvinus attempts to restructure the master programme portfolio, it faces a number of dilemmas:

English or Hungarian? Corvinus has to weigh the pros and cons of offering the different business master programmes in Hungarian and/or in English. Recently, Corvinus has been increasing the number of programmes offered in English (only).

International or local students? The decision on the language of delivery also depends on the chosen target market, whether the programme plans to focus on attracting more international or local students. In order to market its programs, the school has several options for possible geographic emphasis, including Asian and



Figure 27

African target markets of the Stipendium Hungaricum program, or big Asian markets like India or China, Western ones like the USA, or neighbouring countries in the Central-Eastern European region etc.

Pricing? Corvinus needs also to consider how its pricing strategy will be competitive concerning the chosen target market(s). Master programme prices are very diverse internationally – as an example see the price ranges in European countries in Appendix 8.

One-year or two-year programmes? The pricing strategy might be influenced by the school's decisions on the mix of one-year and two-year master programmes in its portfolio. In Hungary the regulatory environment changed only in the last two years to accommodate the possibility of offering one-year master programmes, but internationally top schools have been adding one-year programmes to their portfolio for a decade now, in traditional fields such as finance and marketing as well as in emerging areas like business analytics.

How many programmes? This also leads to further dilemmas about how many master programmes the school should offer. For example, a smaller portfolio can lead to more lean and efficient operations, while a larger, more diversified offering can target market needs with more success. Thus, the restructuring of the Corvinus master portfolio might include merging or discontinuing some current programmes at the same time as introducing new ones.

Traditional, hybrid or online delivery? Last, but not least, looking further ahead in the future, Corvinus must also consider how to compete with the emerging online master programmes, a growing segment of the industry.

Corvinus University – similarly to other higher education institutions – has a complex mission vision: “Serving society as a whole and the cause of scientific progress, building on its research and educational achievements the University aims to train exceptional, economically, socially and environmentally responsible young people; and to prepare them for professional and social life, who using the acquired cutting-edge knowledge and competences, are able and motivated to promote the competitiveness of Hungary, as well as regional, cultural, scientific and technological progress.” On the other hand, to achieve all these goals, Corvinus needs to be financially sustainable on the long term. So, Corvinus needs to tackle all the above strategic dilemmas looking for realistic and feasible ways to increase revenues.

Considering all this, Dr. Aranyossy sighs and opens up the Excel file containing the enrolment statistics of the three generalist business master programmes. While she sips her chai latte, she starts to collect her thoughts

for the strategic workshop next week. How should Dr. Aranyossy advise the Dean responsible for the master program portfolio? Analyse the strategic context and the options available to them as they seek to chart a course for the future competitiveness and prosperity of the generalist business master programmes at Corvinus. Explore innovative approaches to sustainably expand the business master program portfolio's revenue base. Support your recommendations with financial scenario planning.

Assignment

How can Corvinus increase its revenues from the business master programme portfolio? Formulate a strategy, consider its effects by financial modelling, and prepare to present it to the decision makers.

Online Sources

<https://balkaninsight.com/2023/01/10/hungarys-government-faces-unintended-consequence-of-its-university-reforms/>

<https://stipendiumhungaricum.hu/>

<https://tka.hu/hir/17719/a-stipendium-hungaricum-a-magyar-felsooktatasban-a-magyar-felsooktatas-a-vilagban>

https://nepszava.hu/3212685_oktatas-kulfoldi-egyetemek-diakok-nyugat-europa

https://www.ksh.hu/stadat_files/okt/hu/okt0022.html

<https://www.ksh.hu/interaktiv/korfak/orszag.html>

<https://akjournals.com/view/journals/204/45/1/article-p8.xml>

<https://pages.awscloud.com/rs/112-TZM-766/images/Emerging-Trends-in-EDU.pdf>

<https://www.uni-corvinus.hu/post/landing-page/about-corvinus-university-of-budapest/?lang=en>

https://www.uni-corvinus.hu/post/landing-page/mesterkepzesek/#kepzesek_link

<https://www.uni-corvinus.hu/post/landing-page/mesterkepzesek/vallalkozasfejlesztes-mesterkepzes/>

<https://www.uni-corvinus.hu/post/landing-page/international-application-to-corvinus-university-of-budapest/msc-management-and-leadership/?lang=en>

<https://www.uni-corvinus.hu/post/landing-page/international-application-to-corvinus-university-of-budapest/full-time-mba/?lang=en>

<https://firststat.oh.gov.hu/kepzesi-letszamstatisztika>

https://www.uni-corvinus.hu/contents/uploads/2023/11/HKR_4_HTJSZ_2sz_melleklet_onkoltsegi_dijak_2023_oktober_30_EN.127.xlsx

<https://www.uni-corvinus.hu/main-page/about-the-university/regulations-provisions/public-documents/?lang=en>

<https://www.uni-corvinus.hu/ona/dokumentumok/gazdalkodasi-es-statisztikai-adatok/#accordion-item-1000>

<https://24.hu/belfold/2023/02/05/igy-lehet-mesterdiplomat-szerezni-gyorsitosavban/>

<https://www.linkedin.com/pulse/should-you-get-one-year-masters-degree-business-john-a-byrne/>

https://www.uni-corvinus.hu/contents/uploads/2024/02/1_BCE_IFT_2024-2027.121.pdf

https://www.felvi.hu/felveteli/ponthatarok_statisztikak/elmult_evek/!ElmultEvek/index.php/elmult_evek_statisztikai/ponthatarok?filters%5Bsta_int_id%5D=6&filters%5Bsta_kar_id%5D=&filters%5Bsta_ev%5D=

<http://www.felvi.hu>

<http://www.mastersportal.com>

<https://www.czechuniversities.com/article/tuition-fees-in-the-czech-republic>

<https://studyinslovenia.si/study/tuition-and-funding/>

Appendices

Appendix 1: Total number of bachelor + master students by field of study

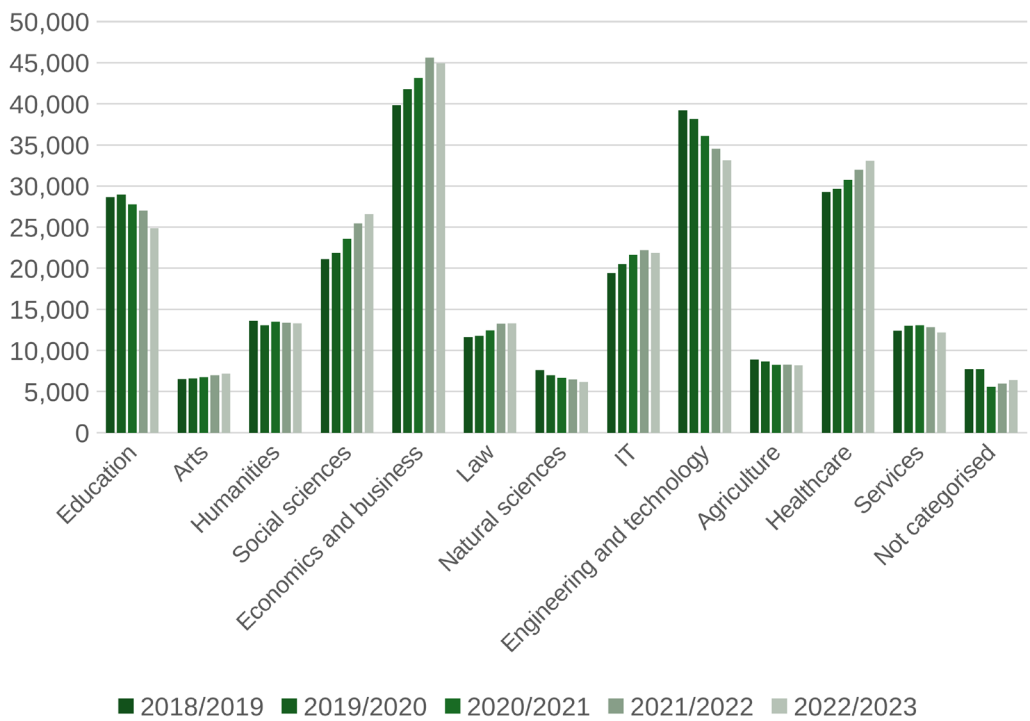


Figure 28

Appendix 2 Corvinus master programmes in business and management

Master programme	Language of delivery	No. of semesters
economic behavior analysis	English	4
advanced supply-chain management	English	2
public policy and management	English	4
economic analysis	English	4
public governance	English	2
marketing	English	4
Master of Business Administration (MBA)	English	4
marketing strategy and innovation	English	2
international economy and business	English	4
international accounting and auditing	English	2
finance	English	4
regional and environmental economic studies	English	4
business development	Hungarian	4
management and leadership	Hungarian	4
management and leadership	English	4
actuarial and financial mathematics	Hungarian	4

Appendix 3 Tuition fees (per semester) at Corvinus for selected programmes

Master programme:		Master of Business Administration (MBA)	business development	management and leadership	management and leadership
Language of delivery:		English	Hungarian	Hungarian	English
2024/2025. fall semester	full time normal tuition (thHUF)	1 500 000	800 000	800 000	990 000
	evening / correspondance (thHUF)				
	full time third countries (EUR)**	4 500			3 700
2023/2024. fall semester	full time normal tuition (thHUF)	1 400 000	650 000	650 000	970 000
	evening / correspondance (thHUF)				
	full time third countries (EUR)	3 800			3 600
2022/2023. spring semester	full time normal tuition (thHUF)				
	evening / correspondance (thHUF)				
	full time third countries (EUR)	3 800			3 600
2022/2023. fall semester	full time normal tuition (thHUF)	1 400 000	560 000	560 000	970 000
	evening / correspondance (thHUF)	1 950 000		540 000	
	full time third countries (EUR)	3 400			
2021/2022. spring semester	full time normal tuition (thHUF)		560 000	560 000	
	evening / correspondance (thHUF)				
	full time third countries (EUR)	3 400			

Master programme:		Master of Business Administration (MBA)	business development	management and leadership	management and leadership
Language of delivery:		English	Hungarian	Hungarian	English
2021/2022. fall semester	full time normal tuition (thHUF)	890 000	530 000	530 000	
	evening / correspondance (thHUF)			530 000	
	full time third countries (EUR)	3 400			
2020/2021. spring semester	full time normal tuition (thHUF)		450 000	450 000	
	evening / correspondance (thHUF)				
	full time third countries (EUR)	3 400			
2020/2021. fall semester	full time normal tuition (thHUF)	450 000 (+440 000)*	450 000	450 000	
	evening / correspondance (thHUF)			450 000	
	full time third countries (EUR)	3 400			
2019/2020. spring semester	full time normal tuition (thHUF)		450 000	450 000	
	evening / correspondance (thHUF)				
	full time third countries (thHUF)	1 000 000			
2019/2020. fall semester	full time normal tuition (thHUF)	400 000 (+490 000)*	395 000	395 000	
	evening / correspondance (thHUF)			400 000	
	full time third countries (thHUF)	1 000 000			

* the value in parentheses is the extra fee for studies in English – so the sum of the two numbers in the cell can be interpreted as the total tuition fee per semester

** for citizens outside the European Economic Area

Appendix 4 Number of applicants and students admitted to the selected programmes (felvi.hu only)

Year	Master programme	Type	Total number of applicants	Number of first place applicants	Number of students admitted
2023/Á	Master of Business Administration (MBA) (English)	MNK	13	6	1
2022/Á	Master of Business Administration (MBA) (English)	MLK	20	9	
2021/P	Master of Business Administration (MBA) (English)	MLK	4	4	4
2021/Á	Master of Business Administration (MBA) (English)	MNK	13	3	
2021/Á	Master of Business Administration (MBA) (English)	MLK	27	14	4
2020/P	Master of Business Administration (MBA) (English)	MNK	8	8	7
2020/P	Master of Business Administration (MBA) (English)	MLK	7	7	3
2020/Á	Master of Business Administration (MBA) (English)	MNK	12	6	5
2020/Á	Master of Business Administration (MBA) (English)	MLK	54	26	15
2019/P	Master of Business Administration (MBA) (English)	MLK	6	6	4
2019/K	Master of Business Administration (MBA) (English)	MLK	27	23	19
2019/Á	Master of Business Administration (MBA) (English)	MNK	10	3	
2019/Á	Master of Business Administration (MBA) (English)	MLK	56	24	9
2023/Á	business development (Hungarian)	MNA	237	82	61
2023/Á	business development (Hungarian)	MNK	77		4
2022/Á	business development (Hungarian)	MNA	261	104	62
2022/Á	business development (Hungarian)	MNK	94	2	4

Year	Master programme	Type	Total number of applicants	Number of first place applicants	Number of students admitted
2021/K	business development (Hungarian)	MNA	115	49	28
2021/K	business development (Hungarian)	MNK	45	1	4
2021/Á	business development (Hungarian)	MNA	312	136	62
2021/Á	business development (Hungarian)	MNK	100		10
2020/P	business development (Hungarian)	MNA	8	7	5
2020/P	business development (Hungarian)	MNK	4	1	
2020/K	business development (Hungarian)	MNA	124	45	38
2020/K	business development (Hungarian)	MNK	43	1	3
2020/Á	business development (Hungarian)	MNA	263	106	81
2020/Á	business development (Hungarian)	MNK	92		1
2019/K	business development (Hungarian)	MNA	154	65	52
2019/K	business development (Hungarian)	MNK	33		
2019/Á	business development (Hungarian)	MNA	356	125	96
2019/Á	business development (Hungarian)	MNK	100	3	3
2023/Á	management and leadership (English)	MNA	147	70	28
2023/Á	management and leadership (English)	MNK	47		1
2022/Á	management and leadership (English)	MNA	99	48	16
2022/Á	management and leadership (English)	MNK	39		

Year	Master programme	Type	Total number of applicants	Number of first place applicants	Number of students admitted
2023/Á	management and leadership (Hungarian)	MNA	350	113	52
2022/Á	management and leadership (Hungarian)	MNK	136	3	6
2022/Á	management and leadership (Hungarian)	MNA	368	130	62
2022/Á	management and leadership (Hungarian)	MNK	142	3	15
2021/K	management and leadership (Hungarian)	MNA	190	98	49
2021/K	management and leadership (Hungarian)	MNK	85	1	14
2021/Á	management and leadership (Hungarian)	MNA	416	134	62
2021/Á	management and leadership (Hungarian)	MNK	117		1
2021/Á	management and leadership (Hungarian)	MEK	65	17	
2020/P	management and leadership (Hungarian)	MNA	16	16	9
2020/P	management and leadership (Hungarian)	MNK	3		
2020/P	management and leadership (Hungarian)	MEK	3	3	1
2020/K	management and leadership (Hungarian)	MNA	173	85	50
2020/K	management and leadership (Hungarian)	MNK	75	1	1
2020/Á	management and leadership (Hungarian)	MNA	335	118	71
2020/Á	management and leadership (Hungarian)	MNK	120	3	3
2020/Á	management and leadership (Hungarian)	MEK	79	30	21
2019/P	management and leadership (Hungarian)	MEK	9	9	4

Year	Master programme	Type	Total number of applicants	Number of first place applicants	Number of students admitted
2019/K	management and leadership (Hungarian)	MNA	210	101	76
2019/K	management and leadership (Hungarian)	MNK	62		
2019/Á	management and leadership (Hungarian)	MNA	505	207	99
2019/Á	management and leadership (Hungarian)	MNK	151	6	5
2019/Á	management and leadership (Hungarian)	MEK	109	47	21

year/Á programme starts in the fall semester

year/K programme starts in the spring semester

year/P prolonged entrance period

MNK full time, with tuition

MNA full time, with scholarship

MEK evening, with tuition

MLK correspondance, with tuition

First place applicants: who put the University in first place in their application

Appendix 5 Number of applicants for the full-time MBA programme, 2021-2023 (international students included)

Year	Master programme	Type	Applicants	Interviewed	Enrolled
2023	Master of Business Administration (MBA) (English)	Full-time	475	92	12
2022	Master of Business Administration (MBA) (English)	Full-time	461	85	25
2021	Master of Business Administration (MBA) (English)	Full-time	432	81	18

Appendix 6 Admission points for the selected master programmes in the fall of 2021-2023 (felvi.hu only)

Institution	Type of financing	Business Development			Management and Organisation (HUN)			Management and Organisation (EN)		
		2021	2022	2023	2021	2022	2023	2021	2022	2023
Corvinus	Self-financing	74	70	71	73	65	69	-	-	78
	Scholarship	81	78	75	75	79	75	-	75	79
ELTE	Self-financing	-	-	-	86	60	64	-	-	-
	Scholarship	-	-	-	70	61	67	-	-	-
BGE	Self-financing	65	85	61	61	63	63	-	-	-
	Scholarship	72	58	80	72	67	81	-	-	-
ÓE	Self-financing	50	50	66	-	-	-	-	-	-
	Scholarship	50	50	72	-	-	-	-	-	-
METU	Self-financing	75	72	69	71	70	75	-	-	-
	Scholarship	79	73	75	80	60	76	-	89	80

Figure 29

Appendix 7 Number of students enrolled in 2021-2023 in selected programmes

(at Corvinus and selected competitors, total student numbers in year 1 and year 2 of the programmes, felvi.hu data)

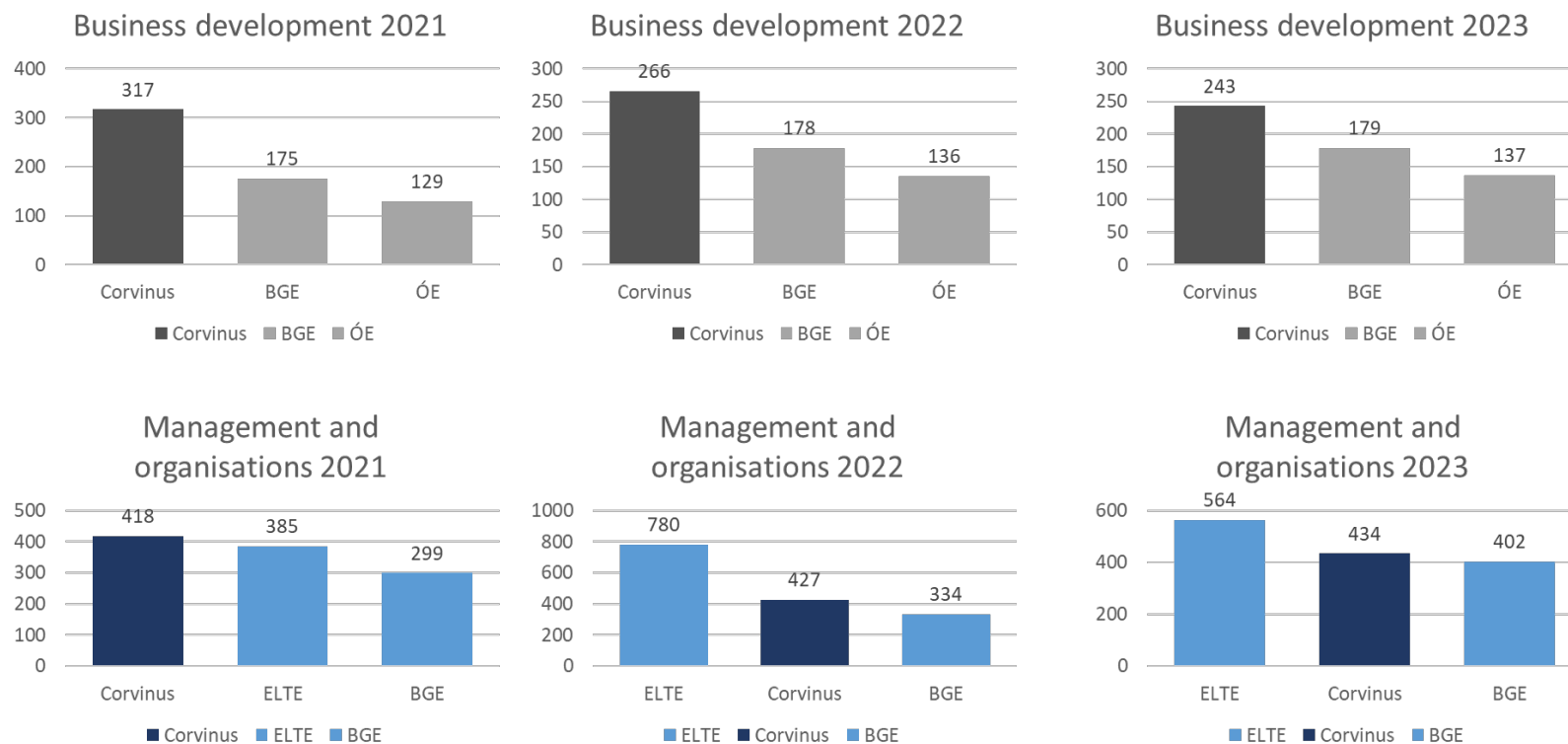


Figure 30

Appendix 8 Average tuition fees for master programmes in selected countries

Country	Average tuition fee for masters
Austria	3000-23000 EUR/academic year
Czech Republic*	2000-13500 EUR/academic year
Slovenia*	2000-15000 EUR/academic year
Poland*	1000-8000 EUR/academic year
Denmark	6000-16000 EUR/academic year
Finland	8000-18000 EUR/academic year
France	1500-35000 EUR/academic year
Germany	1000-40000 EUR/academic year
Italy	3000-35000 EUR/academic year
Netherlands	5000-30000 EUR/academic year
Norway	9000-19000 EUR/academic year
Spain	300-15000 EUR/academic year (pay per credit)
Sweden	7500-25000 EUR/academic year (public universities are available for free)
Switzerland	7500-43000 EUR/academic year
UK	8000-45000 EUR/academic year

Figure 31

Energizing the Future: Strategic Growth Opportunities for Hell Energy⁶

Authors: Márk Recskó and Márta Aranyossy

János Kovács, the marketing director at Hell Energy, moves through the company's headquarters with a mix of determination and fatigue. Each day presents a new set of challenges as he juggles multiple projects, partners, and the rapidly shifting market trends. Although the company is currently expanding and successful, the many long-term uncertainties mean that he is tasked by top management to identify opportunities for further revenue growth within the company. He finds himself contemplating the options available to drive revenue growth for Hell Energy, knowing that the decisions he makes could significantly shape the future success of the company.

In today's rapidly changing beverage market, portfolio expansion has become increasingly complex and vital. As consumer preferences shift toward healthier options, while sustainability, and competition intensifies globally, János Kovács and his team at Hell Energy face critical decisions. They must explore strategic growth opportunities that align with market trends and ensure Hell Energy's continued success. At this crossroads, the need to maintain the brand's relevance while driving revenue growth is paramount in an environment where innovation and adaptability are key to thriving in the competitive energy drink sector.

Hell Energy Magyarország Kft. is a privately owned Hungarian company specializing in the production and distribution of energy drinks and other

⁶ The case study is written by Márk Recskó and Marta Aranyossy (Corvinus University of Budapest) in February 2025. The information presented in this case study is intended for educational purposes only. The views, opinions, and recommendations expressed herein are those of the authors and contributors and do not reflect the views of the organisation(s) in focus. Although the case study is mostly built on public information (as referenced in the text), some estimated data points are also included whilst these also lead to realistic conclusions. While every effort has been made to ensure the accuracy and completeness of the information contained in this case study, readers are encouraged to critically evaluate the content and apply their own judgment in interpreting the information provided.

non-alcoholic beverages. Established on July 16, 2004, the company has its headquarters in Budapest. The company's flagship product, Hell Energy Drink, was introduced in 2006. Within three years, it became the market leader in Hungary and expanded its presence to over 50 countries worldwide. Hell Energy is now a market leader in several countries, including Bulgaria, Romania, Slovakia, Cyprus, Azerbaijan, North Macedonia, Greece, Croatia, and Serbia. In 2011, Hell Energy built a state-of-the-art factory in Szikszó, Hungary, featuring two can-filling lines with a production capacity of 2 million cans per day. The facility holds the FSSC22000 food safety certificate, the highest available in Europe. The company has also engaged in notable marketing initiatives, including a two-year sponsorship deal with the AT&T Williams Formula 1 Team, making it the second energy drink brand to enter the world of Formula 1 racing. In 2018, Hell Energy signed Bruce Willis as their brand ambassador.

Hell Energy Magyarország Kft. has been achieving success after success in recent years. While continuously increasing its market share in the domestic market, the HELL Energy brand is also appearing on the shelves of more and more stores worldwide. Additionally, as a manufacturer, its name can often be found on the back of various products. **Some major achievements** highlighted:

- **International Expansion:** Hell Energy is now present in more than 60 countries, becoming a market leader in several of them. One of its most significant achievements is that, according to Nielsen data from May 2023, Hell Energy secured the number one spot in the canned energy drink segment of the Indian market based on sales volume – achieving this success in just five years.
- **Modern Production Capacity:** The company's factory in Szikszó is among the world's largest and most advanced mega-factories, with the capability to produce up to 4 billion beverage cans and 6 billion filled products annually.
- **Significant Financial Results:** In 2023, Hell Energy Magyarország Kft. achieved a profit of 15.468 billion HUF, nearly 2.5 billion HUF more than in 2022. Additionally, net sales revenue increased by 12 billion HUF, reaching 161.9 billion HUF.
- **International Partnerships:** The company won an international tender to supply approximately 16 million bottles of energy drinks annually to the Aldi Süd and Aldi Nord corporate groups.
- **Recognitions:** Hell Energy has been recognized as one of the five most dynamically growing Hungarian companies and the only Hungarian market leader in the soft drink industry.

However, the soft drink market, and particularly the energy drink segment, has become increasingly dynamic in recent years. Consumer demands are evolving rapidly, making it more challenging to meet often significantly different trends and generational preferences. While the company's current successes may seem reassuring, its leadership cannot afford to become complacent, as **numerous factors cast uncertainty over its future:**

1. **Consumer Trends:** The rise of healthy and sustainable options, such as vitamin drinks instead of energy drinks, is becoming more prominent. Increasing research highlights the negative effects of sugar and caffeine, especially when consumed together, as well as the potential harms of artificial sweeteners. This raises the concern that if energy drinks continue to receive negative perceptions in the long run, they may no longer appeal to the more health-conscious generation. Instead, consumers may opt for alternatives or stick to beverages like coffee, tea, and water.
2. **Regulatory Environment:** Increasingly, there are considerations in many places, and in some areas, measures have already been implemented, such as restrictions on young people purchasing energy drinks. This is particularly significant in Hungary, where young people are one of the main consumer groups. Regulations have been set in motion, as restrictions are being considered in the Czech Republic. From 2024, energy drink consumption has already been restricted for those under 18 in Poland, while in Lithuania and Latvia, similar measures were implemented much earlier. There are discussions about promoting alternative beverages or even altering the caffeine content. However, this creates a dilemma, as the target group is considered vulnerable, raising ethical concerns about whether it is appropriate to focus on them. A potential solution might be to target young consumers with different types of soft drinks, emphasizing the role of vitamins, energy-boosting properties, and healthier consumption.
3. **Competitors:** There are many strong competitors in the market with well-established brands – Red Bull: a very strong brand with extensive sponsorships, numerous events, and widespread presence; Monster: unique flavors, very distinctive solutions, and a strong brand; Burn: special flavors and high quality. In addition to these, new entrants can still achieve significant success, such as Guarana No Sleep. Meanwhile, high-end brands are already preparing to enter the Hungarian market,

like Rockstar. If consumers are particularly price-sensitive, there are numerous private-label products available at affordable prices in almost every store. However, a potential opportunity could lie in the collaboration between Hell and Aldi, and another factor is that the consumption of private-label energy drinks is not yet as widespread.

4. **Price Increase:** The price of energy drinks has risen significantly, mainly due to the increasing costs of raw materials. A few years ago, private-label options were around 100 HUF, but now the cheapest options are priced around 200 HUF. In comparison, Hell Energy is often available for 240 HUF during promotions, but outside of that, it usually costs around 300 HUF or more, which can be considered high, even compared to elite competitors. Meanwhile, Burn can sometimes be found for around 270 HUF, but its regular price is between 300-350 HUF. Red Bull has always belonged to the higher price category, but the minimum price of around 400 HUF has remained relatively stable for a long time, though it usually ranges between 500-600 HUF. Monster is sometimes priced between 400-440 HUF, but typically stays under 600 HUF, and is available in 0.5-liter packaging. Hell's new 0.5-liter size is usually priced below Monster, though during promotions, their prices can align. If the price increase trend continues, these brands may no longer be affordable for price-sensitive consumers, especially students, who may seek alternative sources of caffeine or abandon these products altogether. The price of sugar and caffeine may continue to rise, while current sweeteners are not necessarily a good solution due to potential carcinogenic effects. Another factor, along with price sensitivity, that could have a significant impact is the 50 HUF deposit fee for small cans, which could increase the price of an energy drink by up to 25%. At the same time, for many consumers on their way to work or school, returning the empty can is often not an option, as they do not want to carry it around. This could lead to the introduction of alternative pricing strategies or packaging options.
5. **Reputation:** There is an increasing number of reports, even internationally, about young people who have died due to excessive energy drink consumption. Additionally, more articles and research are emerging about the negative effects of energy drink consumption, and this is equally true for sugary soft drinks. At the same time, more negative effects are being discovered regarding sugar substitutes (such as gastrointestinal issues, cancer, etc.). As a result, the focus is not only on regulatory tightening or

changing trends but also on the influence of the media, which can shift consumer attitudes negatively towards energy drinks.

Based on these factors, the leaders of Hell Energy Magyarország Kft. cannot afford to rest on their current successes. In such a dynamically changing market, they must always be ready for a strategic shift. The company's goal is not only to maintain its current market position but also to continue growing by responding effectively to the changing circumstances.

“Gives you power like hell”

The current operations of the company can be summarised as follows:

Product portfolio

Hell Energy Magyarország Kft. was established as a 100% Hungarian brand in 2006 and became the market leader in Hungary by 2010. The Company is engaged in the following activities:

1. Production of soft drinks and mineral water – this is the market segment our challenge focuses on;
2. Production of preserved flour-based goods;
3. Sugar production;
4. Production of confectionery;
5. Production of homogenized, diet foods;
6. Manufacture of other food products not elsewhere specified;
7. Wholesale agency trade of food, beverages, and tobacco products.

On the international energy drink market, it has also grown into a key player, now exporting to more than 50 countries. Beyond Hungary, the brand is the market leader in Bulgaria, Romania, Bosnia and Herzegovina, Slovakia, Croatia, Greece, and Cyprus. Since the summer of 2011, the company has been producing its products in its own manufacturing facilities, ensuring uniqueness, continuous supply, and the consistently high quality that is essential in the energy and soft drink market.

HELL ENERGY COFFEE was introduced to the Hungarian market in 2019, and since 2020, it has been produced in the company's own filling plant in

Szikszó. After four years of expansion, the product underwent significant improvements in 2023 and was rebranded as HELL ICE COFFEE. By December 2023, it had achieved market-leading status in six countries: Greece, Hungary, Croatia, Romania, Slovakia, and Bulgaria.

Another key brand of the company is XIXO, which offers a unique consumer experience. These products contain carefully selected, high-quality ingredients, with a strong focus on health-conscious choices. The carbonated soft drinks are made with stevia and fruit sugar, while XIXO iced teas are prepared from tea concentrate and fruit extracts, without added aspartame. XIXO is also committed to sustainability. Since 2023, the sales of their aluminum-canned products have significantly increased, as these cans are 100% recyclable. With this initiative, the brand has made a long-term commitment to environmental protection. Furthermore, none of the aluminum-canned XIXO and HELL products contain preservatives, as they are produced using pasteurization technology.

The company is committed to aluminum beverage cans as a packaging format, as it is highly cost-effective to recycle: melting it down saves 95% of the energy compared to primary aluminum production. As one of the cornerstones of the company's sustainability strategy, an increasing share of the beverage portfolio (over 98% in 2023) is made from aluminum with a high recycled content. Aluminum is a durable material that can be recycled endlessly, it is strong, lightweight, and flexible, giving it a long lifespan that can span generations. In addition, it is a safe, easy-to-handle, and convenient packaging format. The aluminum can protects the liquid inside from light, oxygen, and bacteria, preserves the taste better, and its 250ml size is ideal for single-use consumption.

The current strategy of Hell Energy Magyarország Kft.

The company sees its successes in excellent quality, the brand's good value for money, wide availability (in every country where it is present, the company strives for 70% distribution), international marketing communication, outstanding customer service, and positioning that meets consumer demands. The company's mission is to offer a portfolio of non-alcoholic beverages that cater to a wide range of consumer needs, with a special focus on producing functional drinks that contain additional ingredients beyond the basic components typically found in energy drinks. The slogan „Gives You Power Like Hell”

represents all the values that help consumers overcome everyday challenges. The company's core values, alongside world-class taste and design, include excellent value for money and an attractive brand image. In the energy drink sector, the company can uniquely claim to lead the market in several countries with a strong brand, own modern filling plants, and an aluminium beverage can factory, which, through vertical integration, offers an unparalleled strategic position even on a global scale. In the development of its short- and long-term corporate strategies, as well as in the planning and implementation of investments, the company places special emphasis on sustainable operations and energy efficiency.

Global environment

Global sales of energy drinks increased in 2023 and the industry is expected to continue growing between 2024 and 2026. The growth can be attributed to rising disposable incomes, an increase in sports activities, and urbanization. The strengthening of relevant distribution channels, through which these products reach consumers (including e-commerce), is expected to contribute to the growth of sales in the sector. The industry is seeing both concentration, with the increasing presence of large international soft drink companies, and fragmentation, due to continuous product innovation. The latter also leads to the blurring of boundaries between categories. In the company's markets, there are several competitors with significant positions, experience, and financial expertise in the strategic target countries, and they may compete in the future.

Current performance (additional information in Appendix 2)

Except for 2023, the group's sales volume has increased dynamically over the past 5 years. In 2021, the quantity sold was 28% higher than the previous year, and in 2022, it was 18% higher. The largest contribution to the growth came from energy drinks, while the fastest-growing product categories were iced coffee and XIXO products. In 2023, the number of products sold was 3.7% lower than the previous year, which can be attributed to the declining consumption willingness observed in the target markets. In the first half of 2024, however,

the quantity sold was 14.1% higher than in the first half of 2023, which was also supported by stockpiling before the introduction of the mandatory deposit return system in Hungary.

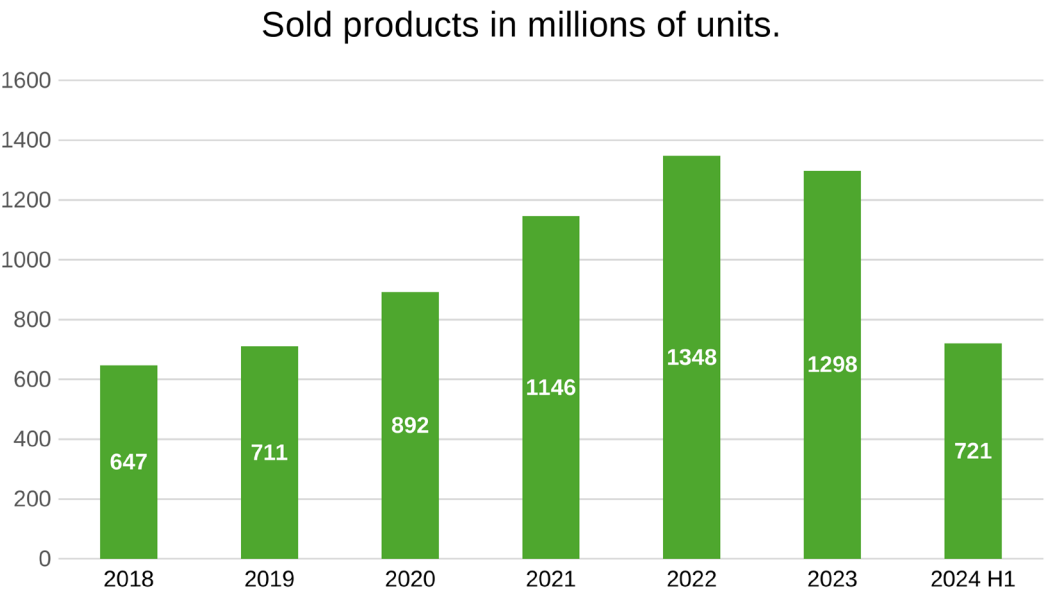


Figure 32

The János Kovács and his team have already begun assessing what opportunities should be considered beyond the current trends to ensure continued market success. The capital and market position are in place for the company to achieve further successes, but it remains uncertain how exactly this success should be secured. **Several dilemmas and opportunities** have emerged that could determine the company’s future and long-term success:

- **More Flavors, More Enjoyment?** In the soft drink market, particularly in the energy drink segment, testing and introducing new flavors is a common strategy. While cola always remains cola, energy drink manufacturers are keen to experiment with new variations and seasonal offerings. This has been particularly true for Hell Energy, but perhaps this is why the core product does not stand out as an exceptional option. The question is whether it’s worth continuing to expand the range and exploring more new flavors, or instead focusing on a more distinctive variant (as Red Bull or Monster does, though Monster also engages in quite a bit of experimentation).

- **International Expansion Without Limits?** Business data shows that Hell Energy is continuously expanding abroad, but it still holds a minimal market share in some Western markets. It might be worth trying to compete more effectively with other manufacturers in markets like Belgium or Germany, or perhaps continue expanding in the successful southern and eastern regions. The question is: what are the limits of expansion, and at what point would it make more sense to focus on consolidating the existing markets instead?
- **A More Diverse Portfolio?** The energy drink market is currently surrounded by many uncertainties. Not only are sugar prices increasing, but other additives, especially the rising cost of caffeine, and various EU or national regulations may also jeopardize operations. If, for example, the purchase of energy drinks by young people is banned in Hungary tomorrow, it would be wise to have a contingency plan in place. Expanding into products like Xixo Sunnywood Farms, and Hell Coffee, as well as the growing presence of vitamin drinks, could offer good alternatives. The question is how popular these products might become and whether they could potentially offset the current dominance of energy drinks in the portfolio. Should the company open up to alternative beverages, or should it stick to focusing on energy drinks? Another option could be exploring new areas, such as Hell fruit juices or Hell sports drinks etc. Also: where do private-label products fit into this, and could this approach provide a more stable source of revenue?
- **Pricing and Market Dominance?** Should Hell Energy aim for market dominance by focusing on competitive pricing, striving for universally affordable prices? Other manufacturers, like Red Bull, focus on high quality paired with high prices, but to do this, Hell would need to build a much stronger brand. Which direction should Hell Energy take? A more affordable, universally accessible offering, or rather a market presence built on its brand name, targeting a narrower segment but potentially achieving similar profits with higher prices? How much of a true competition do the other brands represent, and is it worth continuing challenges like the introduction of 0.5-liter cans to compete with Monster? Or is it unnecessary to engage in such battles, and would it be more beneficial to focus on a niche market?
- **Quality or Quantity?** Following the previous questions, Hell Energy has recently focused more on expansion and broadening its product portfolio.

lio. However, while the brand theoretically represents high quality, many consumers perceive it as more of a mass-market product when it comes to retail offerings. For example, all of the 0.5-liter versions contain sweeteners alongside sugar from the outset, which could potentially indicate a decline in quality. Meanwhile, with the Xixo drinks, there was significant marketing power in using Stevia as a sweetener, promoting it as a less harmful option compared to other sweeteners like aspartame, acesulfame-K, and sugar. However, this trendy idea has largely lost its appeal, and it's likely that few people consider this factor when choosing a product today. Similarly, there's the dilemma of the ingredients in energy drinks, particularly the added vitamins. The question is whether people choose Hell because of these ingredients, or if it's primarily due to its good taste, strong brand recognition, or pricing.

- **Promoting a Healthy Lifestyle?** A key dilemma remains: while many debate the health impacts of energy drinks, they are still widely perceived as more harmful than other sugary soft drinks. This presents an opportunity to focus on developing a „healthy energy drink” concept and promoting it through a strong marketing campaign. Potential strategies could include: reducing sugar without using artificial sweeteners, using only natural ingredients, adding more nutrients and vitamins, lowering caffeine content, potentially replacing synthetic caffeine with natural alternatives. The critical question is whether such decisions would attract new customers or drive away existing ones. Would a „healthier” energy drink redefine the market, or would it fail to convince consumers who still associate these products with indulgence and performance enhancement? Additionally, could the Xixo Stevia product line be better leveraged with stronger advertising, or should entirely new beverages be developed that are genuinely perceived as healthy? More broadly, does a truly “healthy soft drink” even exist? Or do consumers who choose these beverages already accept that they come with health risks?
- **The Role of Celebrity Partnerships?** Hell Energy is no stranger to featuring celebrities in its marketing campaigns—just think of Bruce Willis or the current faces of the brand, Megan Fox and Michele Morrone. The question arises: should this marketing approach be continued by involving even more domestic and international celebrities in promoting Hell Energy? How can

the new generation change this strategy? Would it be effective to collaborate with YouTubers and TikTok influencers or to feature the products in popular shows? Would consumers be more inclined to purchase energy drinks if their favorite athlete, actor, or influencer endorsed them? Or should the focus shift toward promoting new product categories, which might be more acceptable to well-known personalities? Alternatively, are these celebrity endorsements simply costly investments, making it more important to focus on pricing or product quality, as these factors may ultimately convince customers which brand to choose? What role do promotions and corporate partnerships play? Hell energy drinks are becoming increasingly available in cinemas and restaurants, but how much further can this dominance be expanded, potentially pushing out Red Bull from its established presence? Could Hell Energy even challenge Coca-Cola and Pepsi? Perhaps introducing a new Hungarian cola, similar to how the Czech and Slovak markets successfully launched Kofola, could be a viable opportunity.

The collected ideas often reflect the identified risks, while numerous other potential growth opportunities can be identified. János Kovács and his team are well aware that there are many ways not only to make the company successful but also to make the upcoming period legendary. Everything is in place for this; the key is to properly assess which strategy will be successful in the future and what best fits the profile of Hell Energy Magyarország Kft. The task is clear: the future of the currently very successful company must also be secured, whether it involves international expansion, a change in product offering, portfolio growth, or strengthening existing markets.

Assignment

How can HELL Energy increase its revenues considering the opportunities mentioned? Analyze the most compelling alternatives, choose a strategy and provide some actionable details of it, consider its effects by financial modelling, and prepare to present it to the decision makers.

Online Sources

<https://www.vg.hu/cegvilag/2023/06/a-fel-vilag-magyar-energiatallal-eb-red-egyre-tobbet-adnak-el-belole>

<https://g7.hu/vallalat/20210627/hatalmasat-nott-mar-harmadik-a-vilagpia-con-a-borsodi-energiaital-gyarto/>

<https://index.hu/gazdasag/2023/07/06/hell-energiatal-india-piacvezeto-alu-dobozos-első-hely-vilagsiker/>

<https://www.hellenergy.com/hu/a-hell-gyara-a-vilag-legnagyobb-oriasava-notte-ki-magat/>

<https://24.hu/fn/gazdasag/2024/05/13/15-es-fel-milliardos-nyereseget-ter-melt-a-hell-a-nyilvanossagkerulo-tulajdonosoknak/>

<https://www.economx.hu/magyar-gazdasag/aldi-hell-europa-megrende-les.767219.html>

<https://xixo.hu/pegazus-dij-2014-az-ot-legjobban-fejlodo-magyar-vallalko-zas-kozott-a-hell-energy/>

<https://pubmed.ncbi.nlm.nih.gov/28714720/>

<https://telex.hu/eszkombajn/2023/03/01/kave-hatasa-koffein-ener-gia-tea-energiatal>

<https://www.curtin.edu.au/news/media-release/mouse-studies-find-sugar-free-energy-drinks-just-as-harmful/>

<https://notesfrompoland.com/2023/08/24/poland-bans-sale-of-energy-drinks-to-under-18s/>

<https://telex.hu/gazdasag/2024/04/02/energiitalok-18-even-aluliak-til-tas-torvenyjavaslat>

<https://g7.hu/kozelet/20231004/64-millio-liter-energiaital-fogy-egy-ev-ben-vissza-lehet-tartani-tole-a-fiatalokat/>

<https://pmc.ncbi.nlm.nih.gov/articles/PMC4682602/>

<https://balkaninsight.com/2024/12/02/czechia-takes-action-to-stem-dangerous-hype-of-energy-drinks-among-teens/>

<https://www.euractiv.com/section/health-consumers/news/poland-bans-sale-of-energy-drinks-to-minors-as-producers-look-for-ways-around-it/>

<https://www.oekonomus.hu/irasok/energiavalsag-kozepen-is-siker-a-magyar-energiahordozo/>

<https://www.sciencedirect.com/science/article/pii/S0033350623003189>

<https://www.arukereso.hu/energiaital-c1056/red-bull/energiaital-250-ml-p43141861/>

<https://www.bbc.com/news/world-us-canada-39932366>

<https://index.hu/belfold/2024/08/06/koros-toroki-napok-energiaital-rosszul-et-tragedia-halaleset-csongrad/?token=c77b25326b3d80e37f0c9df0b7bdb53d>

<https://index.hu/belfold/2023/07/28/energiaital-koffein-koma-ferfi-mis-kolc-korhaz-magyar-energiaital-szovetseg/>

<https://www.hellenergy.com/hu/befektetoknek/>

https://www.hellenergy.com/wp-content/uploads/2024/04/HELL_ENERGY_2023_Konszolidalt_Vezetosegi_Jelentes.pdf

Appendices

Appendix 1: Global market trends

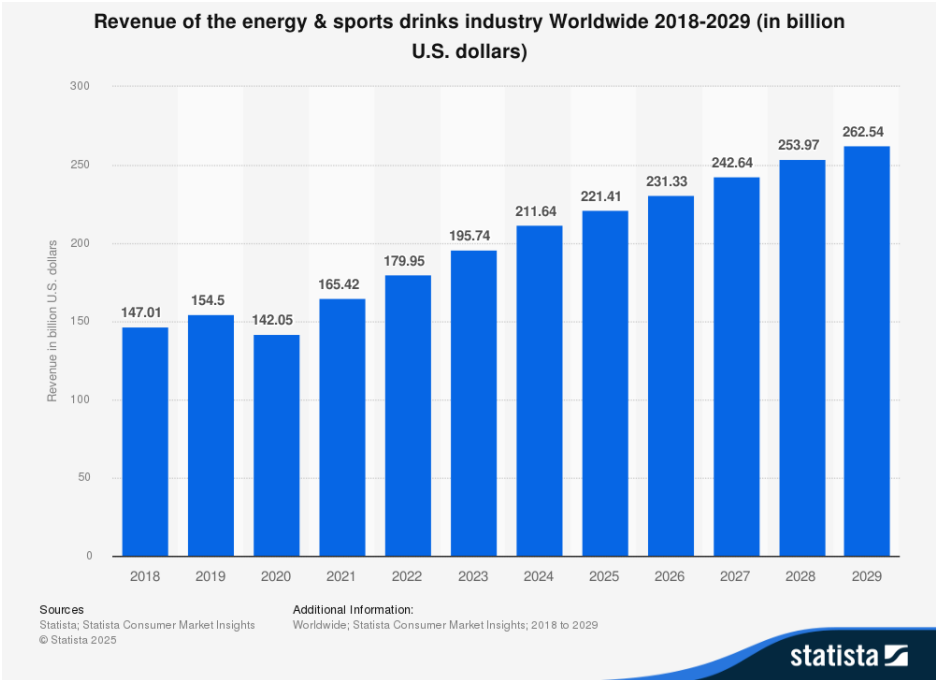


Figure 33

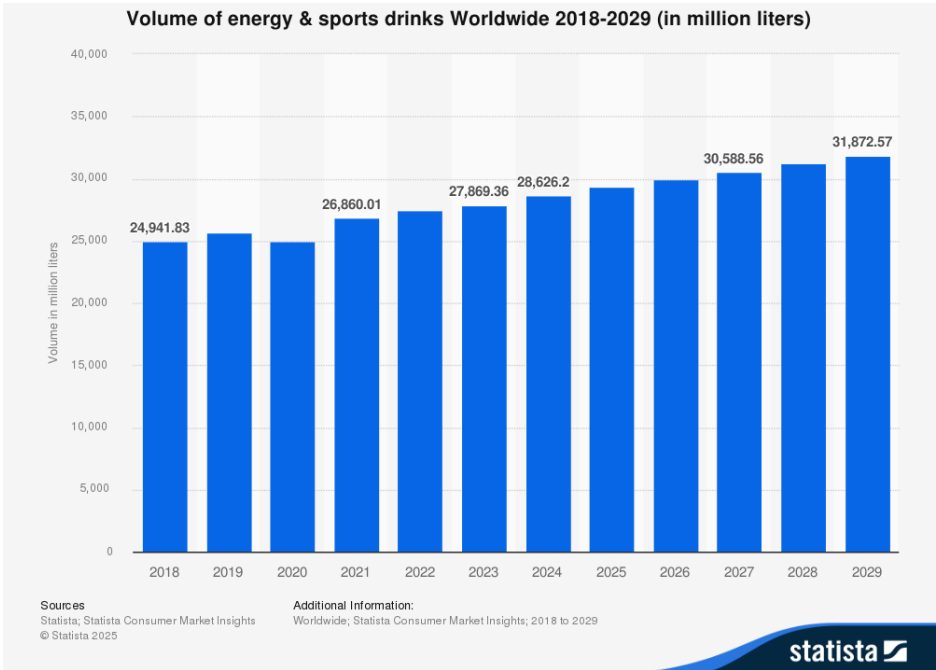


Figure 34

Appendix 2: Performance of Hell Energy Magyarország Kft.

	Sold products in million of units ⁷					
	2018	2019	2020	2021	2022	2023
Hell Energy Drink	498	515	586	712	833	821
Xixo	97	120	152	187	218	214
Xixo Ice tea	52	76	85	99	104	103
Hell Coffee	–	–	69	148	193	201
In total	647	711	892	1146	1348	1298
Hungary	310	338	418	514	553	540
Export	337	373	474	632	795	758
- In EU*	301	312	398	513	615	605
- Outside EU	36	61	76	119	180	153
India	5	9	13	23	38	35

*Until 2021 UK in EU

	Cost of production/unit ⁸					
	2018	2019	2020	2021	2022	2023
Hell energy drink (can; 250 ml)	35 Ft	40 Ft	45 Ft	50 Ft	60 Ft	65 Ft
Hell Coffee (can; 250 ml)	–	–	55 Ft	60 Ft	70 Ft	75 Ft
Xixo (can; 250 ml)	35 Ft	40 Ft	45 Ft	50 Ft	55 Ft	62 Ft
Xixo Ice Tea (PET; 1,5 l)	55 Ft	60 Ft	65 Ft	70 Ft	80 Ft	85 Ft

⁷ <https://g7.hu/vallalat/20210627/hatalmasat-nott-mar-harmadik-a-vilagpiacon-a-borsodi-energiatal-gyarto/>

⁸ <https://index.hu/gazdasag/2023/07/06/hell-energiatal-india-piacvezeto-aludobozos-also-hely-vilagsiker/>

	Manufacturer's price/product ⁹					
	2018	2019	2020	2021	2022	2023
Hell energy drink (can; 250 ml)	78 Ft	82 Ft	87 Ft	90 Ft	111 Ft	125 Ft
Hell Coffee (can; 250 ml)	–	–	97 Ft	102 Ft	124 Ft	132 Ft
Xixo (can; 250 ml)	65 Ft	69 Ft	74 Ft	78 Ft	90 Ft	102 Ft
Xixo Ice Tea (PET; 1,5 l)	85 Ft	87 Ft	92 Ft	98 Ft	113 Ft	127 Ft

	Average retail price/product ¹⁰					
	2018	2019	2020	2021	2022	2023
Hell energy drink (can; 250 ml)	200 Ft	200 Ft	210 Ft	220 Ft	280 Ft	300 Ft
Hell Coffee (can; 250 ml)	–	–	300 Ft	300 Ft	330 Ft	350 Ft
Xixo (can; 250 ml)	100 Ft	100 Ft	100 Ft	100 Ft	180 Ft	200 Ft
Xixo Ice Tea (PET; 1,5 l)	220 Ft	230 Ft	250 Ft	240 Ft	350 Ft	430 Ft

9 <https://www.hellenergy.com/hu/a-hell-gyara-a-vilag-legnagyobb-oriasava-notte-ki-magat/>

10 <https://24.hu/fn/gazdasag/2024/05/13/15-es-fel-milliardos-nyereseget-termelt-a-hell-a-nyilvanossagkerulo-tulajdonosoknak/>

Income statement

Serial number	Item description	2018 (M HUF)	2019 (M HUF)	2020 (M HUF)	2021 (M HUF)	2022 (M HUF)	2023 (M HUF)
01.	Net domestic sales revenue	21 523	25 208	30 421	38 157	52 770	58 855
02.	Net export sales revenue	26 202	26 362	38 574	54 499	84 545	91 815
I.	Net sales revenue (01.+02.)	47 725	51 570	68 955	92 656	137 315	150 670
04.	Change in inventory of own-produced goods	-308	222	966	1 047	1 934	968
04.a	Capitalized value of self-produced assets	41	22	37	–	163	170
II.	Capitalized own performance value (03.+04.)	-267	244	1 003	1 047	2 097	1 138
III.	Other revenues	853	806	4 411	4 847	3 998	1 629
–	Of which: reversed impairment losses	18	73	330	35	383	205
05.	Material costs	25 101	25 491	34 406	51 743	80 796	83 699
06.	Value of services used	8 023	9 166	12 591	17 640	27 922	28 778
07.	Value of other services	320	221	440	405	385	478
08.	Cost of goods sold	1 815	2 674	5 945	2 176	3 056	2 480
09.	Cost of intermediary services sold	192	310	367	252	749	401
IV.	Material-type expenses (05.+06.+07.+08.+09.)	35 451	37 863	53 749	72 216	112 908	115 838
10.	Wages and salaries	1 486	2 106	2 839	3 806	4 928	5 946
11.	Other personnel expenses	129	283	178	367	397	578
12.	Social security contributions	344	468	535	686	687	839
V.	Personnel-type expenses (10.+11.+12.)	1 958	2 867	3 552	4 859	6 012	7 363

Serial number	Item description	2018 (M HUF)	2019 (M HUF)	2020 (M HUF)	2021 (M HUF)	2022 (M HUF)	2023 (M HUF)
VI.	Depreciation and amortization	1 145	2 659	2 549	3 359	3 786	4 034
VII.	Other expenses	3 655	4 859	5 916	6 723	9 492	10 895
A.	OPERATING (BUSINESS) PROFIT (I.+II.+III.-IV.-V.-VI.-VII.)	6 102	4 384	8 643	11 393	12 411	22 622
13.	Received (due) dividends and shares	-	-	-	-	-	-
13/a.	Received dividends, other shares from affiliated enterprises	-	-	-	-	-	-
14.	Income from investments, exchange rate gains	-	-	-	-	-	-
14/a.	Of which: received from affiliated enterprises	-	-	-	-	-	-
15.	Income from financial investments (securities, loans)	-	-	-	-	-	-
15/a.	Of which: received from affiliated enterprises	-	-	-	-	-	-
16.	Other received (due) interest and interest-like revenues	1		414	598	1 107	1 174
16/a	Of which: received from affiliated enterprises	-	-	236	567	762	1 147
17.	Other financial income	591	1 074	2 017	4 532	8 326	1 787
VIII.	Financial income (13.+14.+15.+16.+17.)	592	1 074	2 431	5 130	9 433	2 961
18.	Expenses from investments, exchange rate losses	-	-	-	-	-	-
19.	Expenses from financial investments (securities, loans)	-	-	-	-	-	-

Serial number	Item description	2018 (M HUF)	2019 (M HUF)	2020 (M HUF)	2021 (M HUF)	2022 (M HUF)	2023 (M HUF)
20.	Paid (payable) interest and interest-like expenses	257	291	1 255	1 031	3 785	3 329
21.	Other financial expenses	1 032	1 391	2 726	1 950	3 996	3 602
IX.	Financial expenses (18.+19.+20.+21.)	1 289	2 848	4 039	2 697	7 901	6 932
B.	FINANCIAL RESULT (VIII.-IX.)	-697	-1 773	- 1 608	2 433	1 532	- 3 971
C.	PROFIT BEFORE TAX (A+B)	5 405	2 611	7 035	13 826	12 744	11 338
X/A.	Tax liability	55	59	61	47	123	114
D.	PROFIT AFTER TAX	5 350	2 552	6 974	13 779	12 621	11 224

Appendix 3 - Competitors

MONSTER BEVERAGE CORPORATION (MONSTER AND BURN)

<https://investors.monsterbevcorp.com/financial-information/annual-reports>

Monster Beverage Corporation is one of the world's leading energy drink manufacturers, primarily known for its Monster Energy brand. The company is headquartered in Corona, California. Monster Energy represents not just a drink, but a lifestyle, appealing to athletes, musicians, employees, and fans alike

Monster BevCorp sells and distributes energy drink beverages and concentrates for energy drink beverages, primarily under the following brand names:

x Monster Energy® x Monster Energy Ultra® x Monster Rehab® x Monster Energy® Nitro x Java Monster® x Punch Monster® x Juice Monster® x Reign Total Body Fuel® x Reign Inferno® Thermogenic Fuel x Reign Storm® x Bang Energy® x NOS® x Full Throttle® x Burn® x Mother® x Nalu® x Ultra Energy® x Play® and Power Play® (stylized) x Relentless® x BPM® x BU® x Gladiator® x Samurai® x Live+® x Predator® x Fury®

They also develop, market, sell and distribute craft beers, FMBs and hard seltzers under a number of brands, including Jai Alai® IPA, Florida Man™ IPA, Dale's Pale Ale®, Wild Basin® Hard Seltzers, Dallas Blonde®, Deep Ellum™ IPA, Perrin Brewing Company™ Black Ale, Hop Rising® Double IPA, Wasatch® Apricot Hefeweizen, The Beast Unleashed®, Nasty Beast™ Hard Tea and a host of other brands.

The vast majority of the net sales are derived from the Monster Energy® Drinks segment. The Monster Energy® Drinks segment represented 91.8% and 92.4% of net sales for the years ended December 31, 2023 and 2022, respectively.

Sustainability: The company is committed to sustainability, using eco-friendly packaging and striving to reduce carbon emissions. Monster Energy refrigerators have ENERGY STAR certification, and production is regionally organized to minimize transportation distances. (monsterenergy.com)

Global Presence: Monster Energy products are available in over 100 countries, and the company is continuously expanding its global footprint. (monsterenergy.com)

Culture and Community: Monster Energy actively supports athletes, musicians, and fans through various events and promotions, fostering a strong brand community. (monsterenergy.com)

Monster Beverage Corporation, therefore, not only manufactures energy drinks but represents a lifestyle centered around dynamism, passion, and community.

In thousands, except per share amounts)	2023	2022	2021	Percentage Change (23 vs 22)	Percentage Change (22 vs 21)
Net Sales	\$7,140,027	\$6,311,050	\$5,541,352	13.1%	13.9%
Cost of Sales	\$3,345,821	\$3,136,483	\$2,432,839	6.7%	28.9%
Gross Profit	\$3,794,206	\$3,174,567	\$3,108,513	19.5%	2.1%
Gross Profit as a Percentage of Net Sales	53.1%	50.3%	56.1%		
Operating Expenses	\$1,840,851	\$1,589,846	\$1,311,046	15.8%	21.3%
Operating Expenses as a Percentage of Net Sales	25.8%	25.2%	23.7%		
Operating Income	\$1,953,355	\$1,584,721	\$1,797,467	23.3%	(11.8)%

In thousands, except per share amounts)	2023	2022	2021	Percentage Change (23 vs 22)	Percentage Change (22 vs 21)
Operating Income as a Percentage of Net Sales	27.4%	25.1%	32.4%		
Interest and Other Income (Expense), Net	\$115,127	\$(12,757)	\$3,952	1,002.5%	(422.8)%
Income Before Provision for Income Taxes	\$2,068,482	\$1,571,964	\$1,801,419	31.6%	(12.7)%
Provision for Income Taxes	\$437,494	\$380,340	\$423,944	15.0%	(10.3)%
Income Taxes as a Percentage of Income Before Taxes	21.2%	24.2%	23.5%		
Net Income	\$1,630,988	\$1,191,624	\$1,377,475	36.9%	(13.5)%
Net Income as a Percentage of Net Sales	22.8%	18.9%	24.9%		
Net Income per Common Share					
- Basic	\$1.56	\$1.13	\$1.30	38.0%	(13.2)%
- Diluted	\$1.54	\$1.12	\$1.29	38.0%	(13.1)%
Energy Drink Case Sales (in 192-ounce case equivalents)	769,241	701,677	613,441	9.6%	14.4%

Net Sales by Geographical Markets and Reportable Segments (in thousands)

Year Ended December 31, 2023

Segment	U.S. & Canada	EMEA (Europe, Middle East & Africa)	Asia Pacific (incl. Oceania)	Latin America & Caribbean	Total
Monster Energy® Drinks	\$4,202,537	\$1,257,471	\$484,459	\$610,622	\$6,555,089
Strategic Brands	\$199,183	\$133,188	\$29,990	\$14,228	\$376,589
Alcohol Brands	\$184,855	—	—	—	\$184,855
Other	\$23,494	—	—	—	\$23,494
Total Net Sales	\$4,610,069	\$1,390,659	\$514,449	\$624,850	\$7,140,027

Year Ended December 31, 2022

Segment	U.S. & Canada	EMEA (Europe, Middle East & Africa)	Asia Pacific (incl. Oceania)	Latin America & Caribbean	Total
Monster Energy® Drinks	\$3,806,351	\$1,105,302	\$426,800	\$494,758	\$5,833,211
Strategic Brands	\$184,844	\$123,440	\$29,386	\$15,820	\$353,490
Alcohol Brands	\$101,405	—	—	—	\$101,405
Other	\$22,944	—	—	—	\$22,944
Total Net Sales	\$4,115,544	\$1,228,742	\$456,186	\$510,578	\$6,311,050

Year Ended December 31, 2021

Segment	U.S. & Canada	EMEA (Europe, Middle East & Africa)	Asia Pacific (incl. Oceania)	Latin America & Caribbean	Total
Monster Energy® Drinks	\$3,455,704	\$1,004,005	\$446,023	\$314,941	\$5,220,673
Strategic Brands	\$158,390	\$99,423	\$26,811	\$10,138	\$294,762
Other	\$25,917	—	—	—	\$25,917
Total Net Sales	\$3,640,011	\$1,103,428	\$472,834	\$325,079	\$5,541,352

Segment	U.S. & Canada	EMEA (Europe, Middle East & Africa)	Asia Pacific (incl. Oceania)	Latin America & Caribbean	Total
---------	------------------	---	---------------------------------	------------------------------	-------

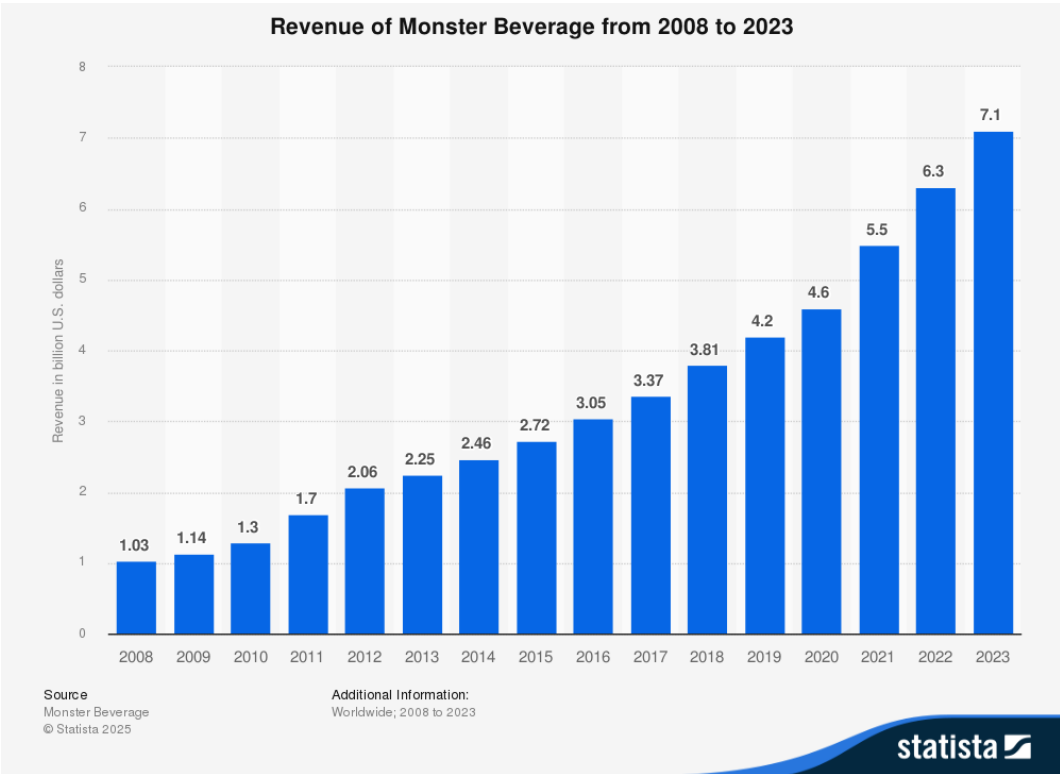


Figure 35

REDBULL GMBH

<https://www.redbull.com/int-en/energydrink/company-profile>

Red Bull GmbH, an Austrian company established in 1984 by Dietrich Mateschitz and Chaleo Yoovidhya, is renowned for creating the world's leading energy drink, Red Bull. The beverage was first introduced in Austria on April 1, 1987.

Product Portfolio

Red Bull's product lineup includes:

1. Original Red Bull Energy Drink
2. Sugar-free variants
3. Special editions with flavors such as watermelon, tropical, and acai berry

These products are marketed globally, catering to a wide range of consumer preferences.

Market Presence

As of 2020, Red Bull holds a 43% market share in the energy drink sector, making it the most popular energy drink brand worldwide. By 2023, the company had sold over 12 billion cans annually, contributing to a cumulative total of more than 100 billion cans sold since its inception.

Marketing and Brand Image

Red Bull's marketing strategy is notable for its association with extreme sports and adventurous activities. The company organizes and sponsors events such as the Red Bull Cliff Diving World Series, Red Bull Air Race, and the Red Bull Crashed Ice series. Additionally, Red Bull owns sports teams across various disciplines and operates a music label, Red Bull Records.

Red Bull's success is attributed to its innovative marketing strategies, diverse product offerings, and consistent global expansion.

A total of 12.670 billion cans of Red Bull were sold worldwide in 2024, representing an increase of 4.4% against a very successful 2023. Group turnover was up 6.4% from EUR 10.554 billion to EUR 11.227 billion.

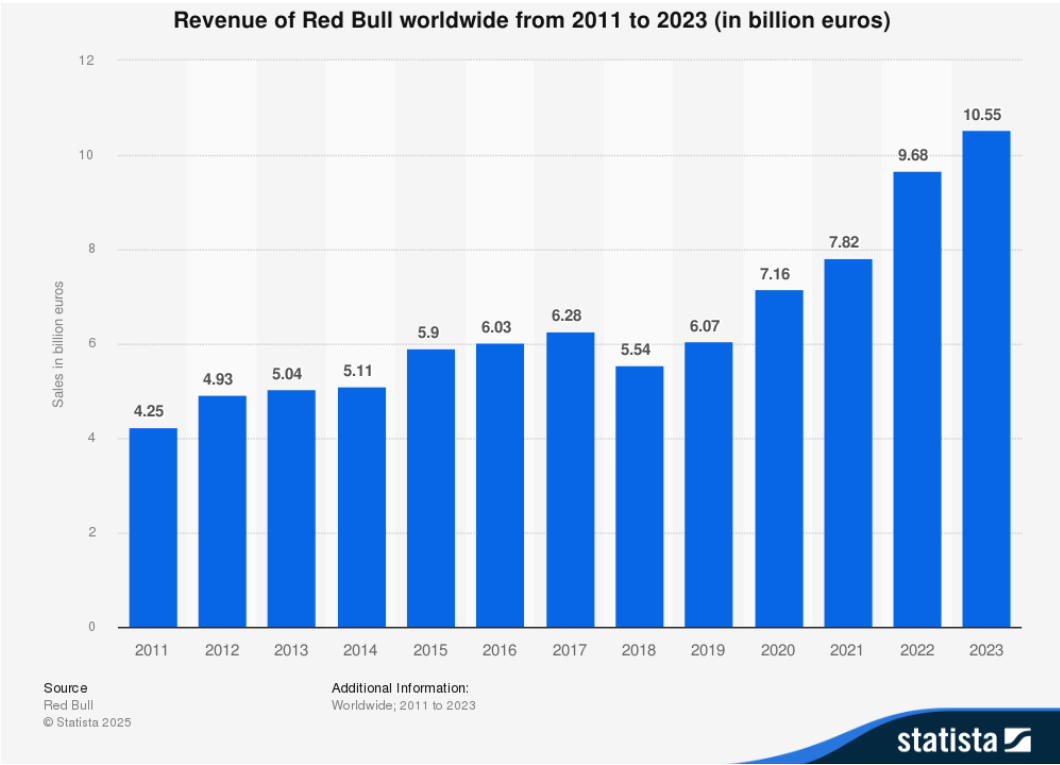


Figure 36

Appendix 4 – US market

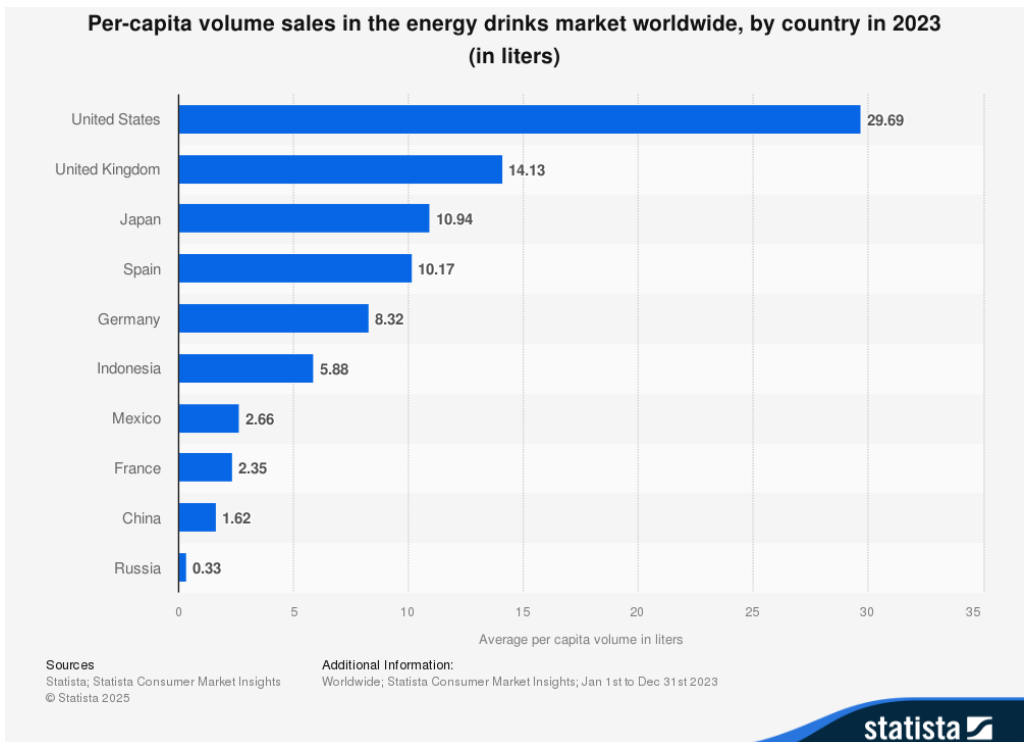


Figure 37

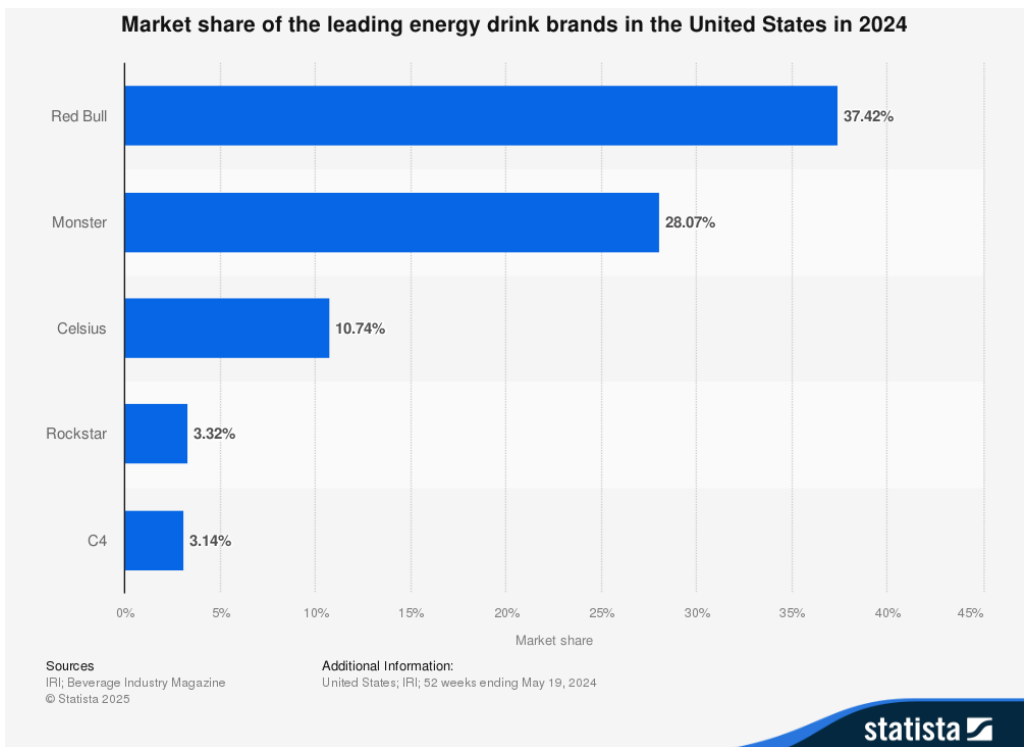


Figure 38

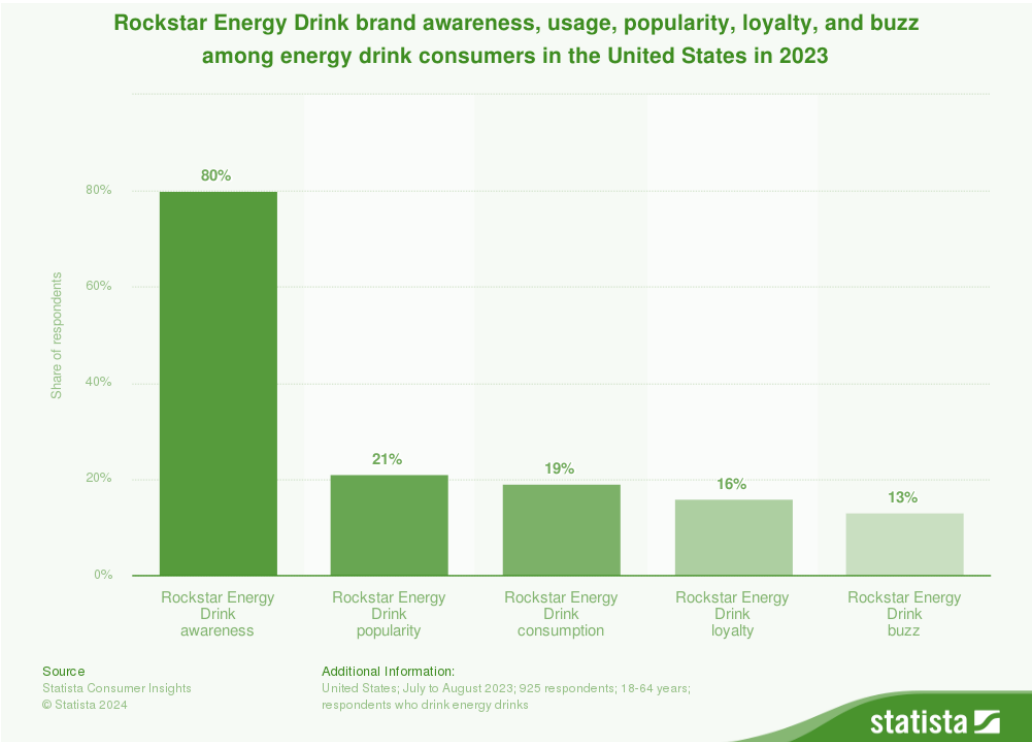


Figure 39

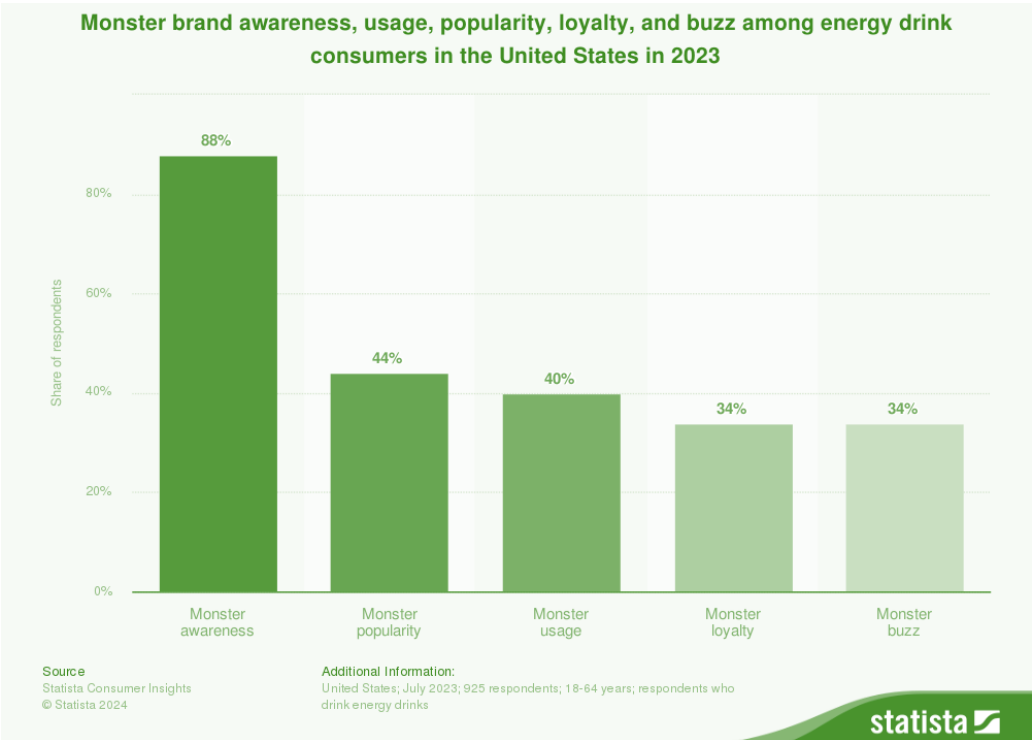


Figure 40

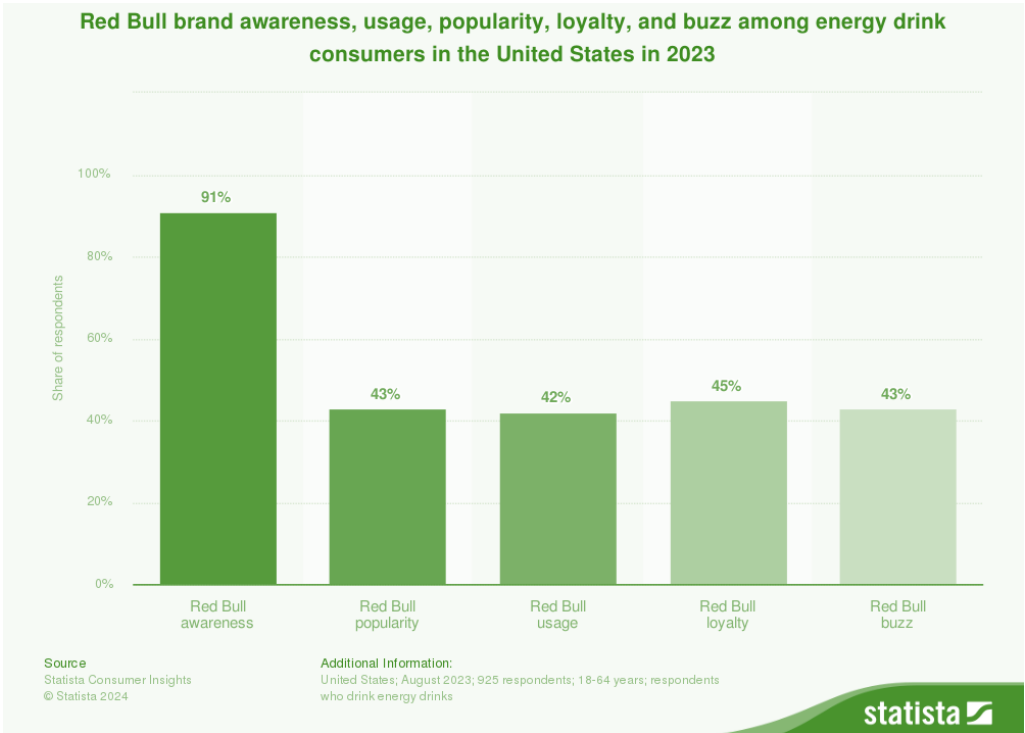


Figure 41

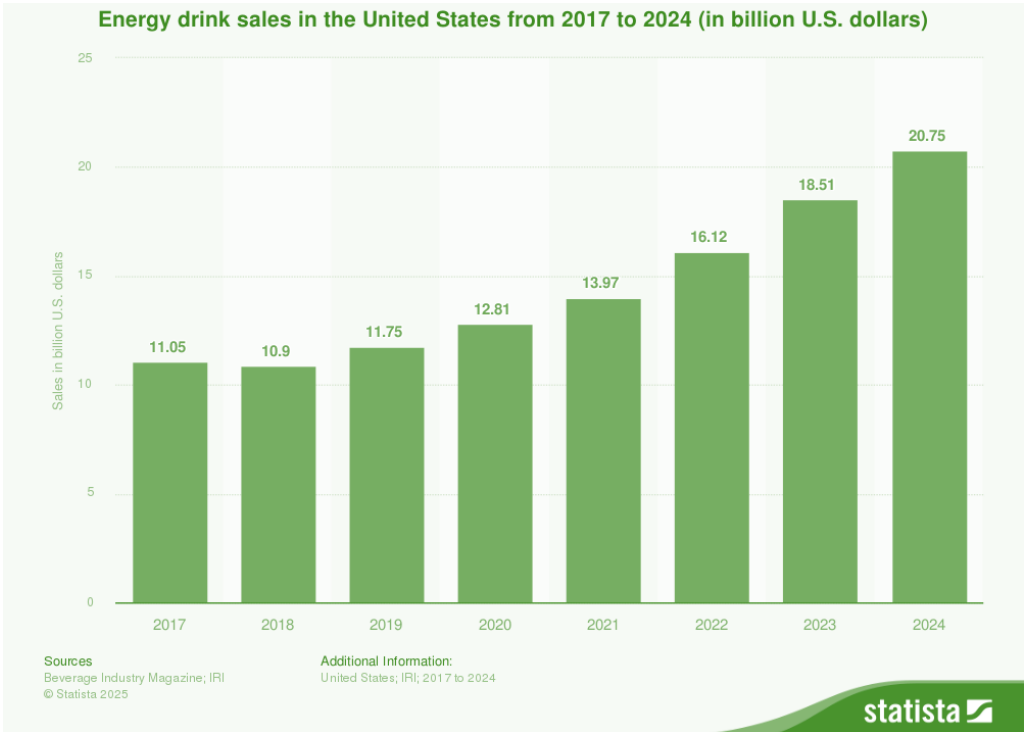


Figure 42

Appendix 5 – Hungarian market

Looking at the consumption habits of soft drinks in Hungary, it is particularly striking that iced teas represent such a small proportion of Hungarian consumption. While the consumption of fruit juices has generally decreased recently, the amount and share of carbonated soft drinks consumed have been steadily increasing.

<https://uditoitalok.hu/mit-kell-tudni-az-uditoitalokrol/fogyasztasi-adatok/>

The percentage distribution of per capita fruit juice consumption (%) from 2006 to 2023

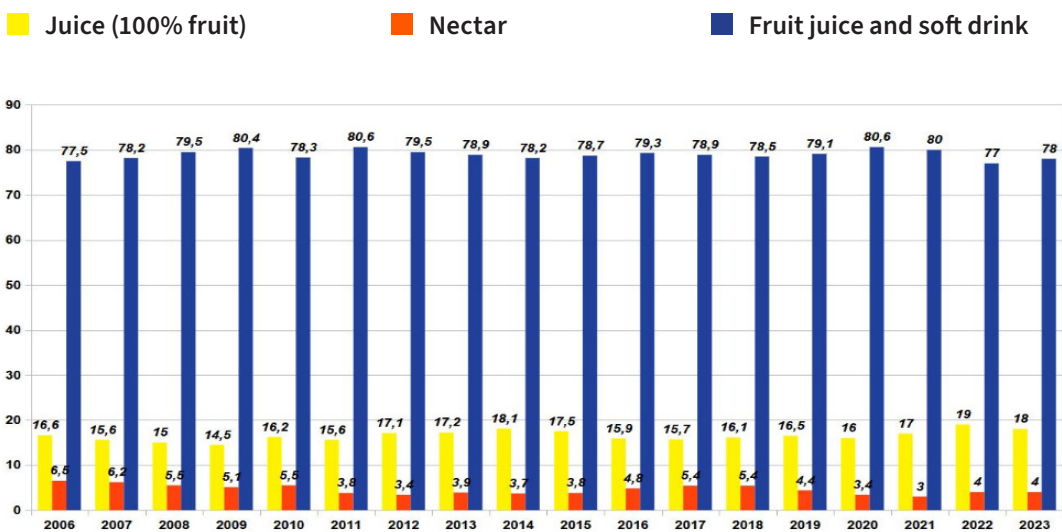


Figure 43

Per capita non-alcoholic beverages and mineral water consumption, liters/person/year, 2006-2023

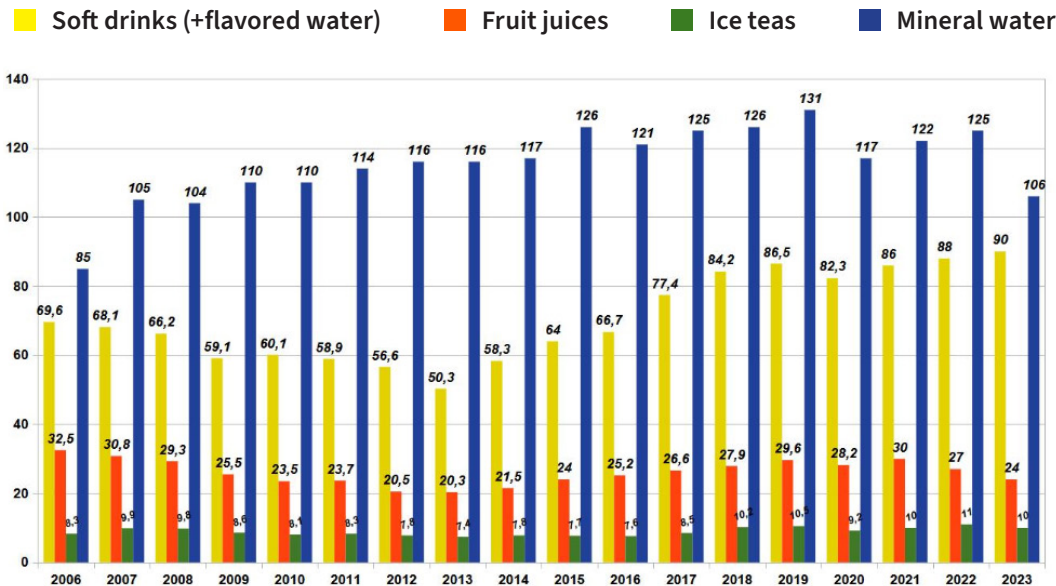


Figure 44

Percentage distribution of per capita non-alcoholic beverages and mineral water consumption, 2006-2023

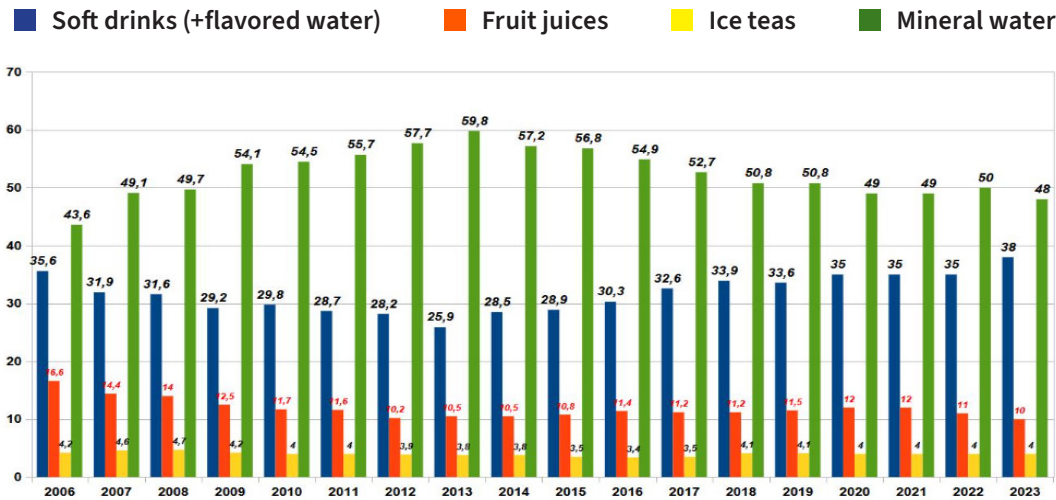


Figure 45

Market share of energy drink competitors¹¹

	2018	2019	2020	2021	2022	2023
Hell	48%	54%	58%	60%	61%	61%
RedBull	11%	8%	7%	6%	6%	6%
Monster	10%	9%	11%	11%	12%	12%
Burn	4%	4%	4%	3%	3%	4%
Other brands	19%	15%	9%	8%	5%	4%
Private label products	8%	10%	11%	12%	13%	13%

Changing trends

According to the Hungarian Central Statistical Office (KSH), in 2020, the per capita annual consumption of soft drinks ranged from 35 to 59.7 liters depending on income groups, with the average being 40.8 liters. In contrast, bottled mineral water consumption varied from 54.6 to 126.5 liters, with an overall average of 97.3 liters.

Despite decreasing consumption, revenue from soft drink sales continues to rise. NielsenIQ reports that between September 2022 and August 2023, the market for carbonated soft drinks generated 141 billion HUF, with 504 million liters sold. This represents a 24% increase in value, though the quantity sold dropped by 9%. The average price increase of 36% contributed significantly to this rise in value. Energy drinks also saw growth in value, with a 24% increase, although their volume decreased by 3%.

Juice consumption saw a more dramatic decline, with a 21% decrease in volume, but value increased by 9%, largely due to a 37% rise in average prices. Sugar-free soft drinks have become more popular, now making up 31% of the market, up from 29% in the previous period, while sugary drinks showed a decline in both volume and value.

Regarding packaging sizes, the most popular are 1-1.9-liter bottles, but the on-the-go segment (smaller bottles under 0.75 liters) is growing, with a double-digit increase in value despite a decrease in volume. Cola remains the dominant flavor in carbonated drinks, followed by orange and lemon flavors, though all saw a decrease in volume.

11 <https://www.economx.hu/magyar-gazdasag/aldi-hell-europa-megrendeles.767219.html>

In terms of energy drinks, the 201-250 milliliter packages generate the majority of sales, and sugar-free energy drinks are also experiencing growth in both volume and value.

The production costs of soft drinks, including energy prices, labor, and packaging, have increased, and new taxes such as the extended producer responsibility (EPR) and the public health product tax (NETA) have further increased costs for manufacturers. For example, the NETA tax on sugary drinks increased significantly in July 2022, adding billions in extra costs to the industry.

Overall, while soft drink consumption is declining in volume, higher prices have led to increased revenue, and the market for sugar-free drinks is growing. However, the overall price increase is heavily influenced by rising production costs and new taxation policies.

Balancing Heritage, Innovation, and Global Growth: Levi Strauss & Co.¹²

Authors: Borbála Szedmák and Márta Aranyossy

The Head of Global Strategy of Levi Strauss & Co., moves through the company's headquarters with a mix of determination and fatigue. Each day presents a new set of challenges as she juggles multiple projects, partners, and the rapidly shifting market trends. Although the company is currently expanding and successful, the many long-term uncertainties mean that opportunities for further revenue growth have to be identified. She finds herself contemplating the options available to drive revenue growth for Levi's, knowing that the decisions she makes could significantly shape the future success of the company.

Levi Strauss & Co., commonly known as Levi's, is a U.S. apparel company founded in 1853, best known for inventing blue jeans and shaping global denim culture. Its products include jeans, jackets, shirts, and casual wear sold in more than 120 countries worldwide through retail stores, wholesale partners, and online channels. The brand has strong heritage and global recognition, making it one of the most iconic fashion labels in the world.

As Eastern Europe, Russia, and China opened up, Levi's became a global symbol of freedom, individuality, and democratic values. From the 1960s through the early 1990s, the brand experienced rapid growth and strong global recognition. However, in the mid-1990s Levi's faced significant challenges. One major setback occurred when Gap, originally Levi's largest wholesale customer, became a direct competitor after Levi's declined to produce differentiated products exclusively for them. At the same time, a U.S. economic

12 The case study is written by Borbála Szedmák and Márta Aranyossy (Corvinus University of Budapest) in January 2026. The information presented in this case study is intended for educational purposes only. The views, opinions, and recommendations expressed herein are those of the authors and contributors and do not reflect the views of the organisation(s) in focus. Although the case study is mostly built on public information (as referenced in the text), some estimated data points are also included, which also lead to realistic conclusions. The focal character is fictitious. While every effort has been made to ensure the accuracy and completeness of the information contained in this case study, readers are encouraged to critically evaluate the content and apply their own judgment in interpreting the information provided.

recession and consolidation in the wholesale channel shifted power toward retailers, weakening Levi's position. To survive, the company reduced costs significantly, including cuts to marketing, which temporarily weakened brand visibility and nearly led to financial collapse.

In addition, Levi's struggled to respond quickly to changing consumer preferences during the 1990s, as customers increasingly demanded trendier and more diverse apparel options. New competitors, including fashion and premium denim brands, gained market share, while Levi's remained focused on its traditional strengths. Internal changes and a more conservative management approach further slowed adaptation.

A major turning point came in 2011 with the appointment of Chip Bergh as CEO. At that time, Levi's had positive cash flow but struggled with high debt, limited profitability, and underinvestment in brand building and innovation. Bergh identified the brand itself as Levi's greatest asset and made restoring its relevance a strategic priority. He strengthened the leadership team, introduced clearer accountability, and fostered a culture that encouraged innovation while respecting the company's heritage.

Under Bergh's leadership, Levi's shifted from a predominantly U.S.-focused, wholesale-driven men's denim business toward a global, direct-to-consumer-led lifestyle brand. The company expanded significantly in women's apparel, recognizing its long-term growth potential, and diversified its product portfolio beyond jeans into tops and lifestyle apparel categories. Investments in e-commerce and company-owned retail stores gave Levi's greater control over customer relationships, data, and brand presentation.

At the same time, Levi's modernized its marketing approach, reconnecting with younger consumers through culturally relevant campaigns and collaborations with globally recognized influencers and artists, such as Beyonce. While staying true to its authentic identity, the brand successfully positioned itself as both timeless and contemporary. Operational improvements in sourcing and supply chain management further strengthened efficiency, service levels, and cost control.

Levi's invests in sustainability and transparency initiatives, including publishing annual sustainability reports that detail its environmental and social commitments and performance. The company's supply chain spans dozens of countries and involves complex compliance and traceability efforts in labor, environmental, and governance areas. These efforts reflect a broader commitment to ethical sourcing and corporate responsibility.

As a result of these strategic initiatives, Levi's restored growth, improved profitability, and reinforced its leadership position in the global denim market; recent financial reports show rising revenue and expanding direct-to-consumer performance. Levi's commitment to expanding its direct-to-consumer strategy is further demonstrated by the company's decision to join the Digital Supply Chain Institute, aiming to strengthen digital capabilities and supply-chain integration in support of DTC business models. Despite ongoing macroeconomic uncertainty and intense competition from fast-fashion and lifestyle brands, Levi's remains one of the most resilient and recognizable names in the apparel industry, valued for its ability to combine heritage, modern design, and long-term brand consistency.

However, the apparel market, has become increasingly dynamic in recent years. Consumer demands are evolving rapidly, making it more challenging to meet often significantly different trends and generational preferences. While the company's current successes may seem reassuring, its leadership cannot afford to become complacent, as **numerous factors cast uncertainty over its future:**

1. Sustainability & Environmental Impact

Environmental burden and unsustainable practices. The apparel sector faces numerous environmental and social externalities including water use, chemical pollution, low wages, and worker rights violations; these make sustainability difficult. The fashion/textile industry accounts for 8–10 % of global greenhouse gas emissions and significant water consumption, and also brings social sustainability issues through outsourced production in lower-labor-cost countries.

Circular economy and sustainability integration challenges. Research shows that applying circular economy principles in fashion faces significant hurdles, including technical and systemic barriers that make reuse and recycling difficult to implement at scale. Industry adoption of circular business models is still limited, and companies lack clear frameworks to shift from linear production systems.

Sustainable production barriers. Adopting sustainable resources such as organic cotton or recycled fibers often increases production costs and is hindered by limited availability and infrastructure.

2. Supply Chain & Production Challenges

Complex global supply chains & disruptions. Apparel brands face persistent supply chain uncertainties due to political instability, natural disasters, freight issues, and reliance on specific regions for textile sourcing.

High production cost pressures and trend forecasting. Rapid fast-fashion cycles disrupt inventory planning and forecasting, leading to excess stock, markdowns, and margin squeeze.

VUCA (volatile, uncertain, complex and ambiguous) conditions. After years of uncertainty driven by global volatility, fashion executives now appear to have accepted constant change as the new normal. This shift is reflected in the 2026 Business of Fashion–McKinsey State of Fashion Executive Survey, where “challenging” replaced “uncertain” as the most commonly used descriptor of the industry. Unsurprisingly, a significant proportion of leaders are expressing pessimism. 46% anticipate conditions will deteriorate in 2026, up from 39% in the previous year.

3. Consumer Demand & Market Pressures

Pressure for sustainability and transparency. There is growing demand from consumers for ethical sourcing, sustainability, and verified transparency; failure to provide genuine sustainability claims can damage trust and competitiveness.

Fast fashion and changing consumer behavior. Fast fashion’s break-neck production cycles intensify environmental degradation and price competition, making it harder for more sustainable brands to compete.

Value-conscious consumer behavior. Ongoing macroeconomic uncertainty is anticipated to negatively affect consumer sentiment and encourage more value-driven consumption. As Appendix 1 shows, fashion retail sales are expected to decline.

4. Digital transformation, AI

Transforming organizational processes. Amid turbulent conditions fashion’s economic model is under pressure, making AI increasingly a business necessity rather than just a competitive advantage. Companies are adjusting their workforces accordingly, with certain roles becoming more AI-focused, freeing employees to concentrate on higher-value creative and analytical tasks. Global fashion brands have begun implementing generative AI to automate

routine functions. Over 35% of executives report using it in areas such as online customer service, image generation, copywriting, consumer search, and product discovery. While traditional automation will continue to have the largest impact on finance and manufacturing roles, combining automation with generative AI offers substantial productivity gains, particularly in marketing and sales functions. To capitalize on these technological shifts, companies must redesign processes and compete for AI talent, while preserving the creativity that drives the industry.

AI is changing the shopping experience. Customers are increasingly using large language models to search for products, compare options, and receive personalized recommendations. Some even employ AI agents as virtual style or wardrobe consultants, offering guidance on what to buy and where. These developments position AI-driven chatbot interactions as a new form of SEO, influencing how brands are discovered and engaged with online.

Wearable technology. Integrating electronics, sensors, or smart fabrics into apparel requires significant investment in R&D, specialized manufacturing, and quality control, which can strain traditional production processes. Consumer adoption remains uncertain, as buyers may be hesitant to pay premium prices for smart clothing or may prioritize aesthetics over functionality. Additionally, wearable tech introduces new concerns around data privacy, cybersecurity, and device durability, which fashion companies must address to maintain trust. Balancing innovation with brand identity, style, and mass-market scalability makes wearable technology a complex challenge for established apparel brands seeking to remain competitive in the evolving lifestyle and tech-driven market.

Based on these factors, the leaders of Levi's cannot afford to rest on their current successes. In such a dynamically changing market, they must always be ready for a strategic shift. The company's goal is not only to maintain its current market position but also to continue growing by responding effectively to the changing circumstances.

The current operations of the company can be summarized as follows:

The company operates its business according to three reportable segments: Americas, Europe, and Asia, collectively comprising the Levi's Brands business, which includes the Levi's, Levi Strauss Signature and Denizen brands. The Dockers and Beyond Yoga businesses do not meet the quantitative thresh-

olds for reportable segments and, therefore, are presented in the financial statements under the caption of Other Brands (see Appendix 3).

Levi's is the flagship brand of Levi Strauss & Co. and represents the company's heritage-driven, global lifestyle positioning. Built on the invention of blue jeans in 1873, Levi's offers a broad apparel portfolio that goes well beyond denim, including jeans, chinos, shorts, skirts, tops (T-shirts, shirts, knitwear), outerwear (such as the iconic Trucker jacket), dresses, and accessories. In recent years, Levi's has intentionally expanded into women's apparel and tops as strategic growth categories, aiming to support full outfit-building rather than single-product purchases. The Levi's brand encompasses a range of products. Levi's Red Tab products are the foundation of the brand, consisting of a wide spectrum of jeans and jeanswear offered in a variety of fits, fabrics, finishes, styles and price points intended to appeal to a broad spectrum of consumers. The line includes the iconic 501 jean, the original and best-selling five-pocket jean of all time. The line also incorporates a full range of jeanswear fits and styles designed specifically for women. Sales of Red Tab products represented the majority of the Levi's brand net revenues globally in fiscal years 2024, 2023 and 2022. The company offers premium products around the world under the Levi's brand, including a range of premium pants, tops, shorts, skirts, jackets, footwear, and related accessories.

The brand is distributed through a mix of direct-to-consumer channels—such as Levi's own stores and e-commerce platforms—and selected wholesale partners, reflecting its focus on brand control, storytelling, and long-term brand equity. Levi's is positioned as a premium, authentic, and globally recognizable lifestyle brand rather than a purely functional denim supplier.

Levi's brand products accounted for 89%, 87%, and 87% of the net revenues in each of the fiscal years 2024, 2023 and 2022, respectively, approximately half of which were generated in the Americas segment in each of these years.

Levi Strauss Signature is a value-oriented brand within the Levi Strauss & Co. portfolio, designed to serve more price-sensitive consumers through mass-market retail channels. The brand focuses on accessible, functional apparel - primarily jeans, casual pants, shorts, basic tops (such as T-shirts, polos, and simple shirts), and limited outerwear—offered at significantly lower price points than the core Levi's brand. "Signature customers are on a budget, but still want innovative, stylish, quality products." Levi Strauss Signature products are predominantly sold through large retailers such as Walmart and Amazon rather than through Levi's direct-to-consumer channels, reflecting a

strategy centered on volume, affordability, and everyday wear rather than lifestyle branding. Design complexity, trend intensity, and marketing investment are intentionally limited to avoid brand dilution and maintain clear separation from Levi's premium positioning.

Levi Strauss Signature products accounted for 3%, 4% and 4% of the net revenues in fiscal years 2024, 2023 and 2022, respectively.

DENIZEN from Levi Strauss & Co. is a value-oriented denim and casual-wear brand created to serve price-conscious consumers, particularly in high-growth emerging markets. It offers affordable jeans, tops, and casual apparel designed for everyday wear, with a focus on accessibility, comfort, and modern fits rather than premium design or heritage storytelling. The brand is primarily distributed through mass retail and value-focused channels, including large retailers and regional partners, rather than Levi's direct-to-consumer platforms. As part of the Levi Strauss & Co. brand portfolio, DENIZEN allows the company to address a broader range of consumer segments without diluting the premium and lifestyle positioning of the core Levi's brand, supporting a multi-tier brand architecture strategy. "DENIZEN consumers are looking for great style at a value price. They are savvy shoppers who don't want to spend too much money." A key innovation for DENIZEN® has been its adoption of ultra high-stretch, high-recovery denim, which allowed the brand to combine the comfort consumers sought from athleisure with the classic style of jeans, supporting growth and strong market acceptance. It became the first brand within the Levi Strauss & Co. portfolio to offer ultra high-stretch, high-recovery jeans, a move that substantially contributed to the brand's significant growth and current success.

Denizen brand products accounted for 1%, 1% and 2% of the net revenues in fiscal years 2024, 2023 and 2022, respectively.

Beyond Yoga is a premium active lifestyle brand founded in 2005 in Los Angeles, recognized for its emphasis on comfort, softness, and inclusive sizing. The brand offers a broad range of active and lifestyle apparel, including leggings, bras, tops, shorts, loungewear, outerwear, dresses, and fleece, designed to support both movement and everyday wear. Beyond Yoga highlights body positivity and size inclusivity as core brand principles and is particularly known for its proprietary Spacedye fabric, which has become central to its product identity. The brand operates primarily through a direct-to-consumer model, supported by its own e-commerce platform and a limited number of branded retail stores, while also maintaining a sizeable wholesale presence

across the United States and international markets. In September 2021, Levi Strauss & Co. acquired Beyond Yoga as part of its strategy to expand beyond denim and gain exposure to the fast-growing activewear and athleisure category. Following the acquisition, Beyond Yoga continues to operate as an independent brand within the Levi Strauss & Co. portfolio, supported by the parent company's global capabilities while preserving its distinct positioning and brand values.

Beyond Yoga brand products accounted for 2% of the net revenues in each of the fiscal years 2024, 2023, and 2022.

Dockers is a casual and business-casual apparel brand owned by Levi Strauss & Co., launched in 1986 to meet the growing demand for versatile office-to-casual wear. The brand offers a wide range of products for both men and women, including bottoms such as khakis, chinos, shorts, and skirts, as well as complementary tops, casual jackets, and outerwear, designed for comfort, style, and everyday versatility. It combines superior comfort and versatile style. While the brand remains focused on the classic khaki style and its founding principles, Dockers has evolved its offerings to include more variety and appeal to a broader set of shoppers in both their professional and personal lives. Dockers targets a mainstream, value-conscious audience seeking professional yet approachable attire, positioning itself below the premium Levi's brand while emphasizing quality and practicality. The brand is primarily sold through mass-market and department store channels, as well as online retail, ensuring wide accessibility in the U.S. and international markets. By offering a full assortment for both genders, Dockers allows Levi Strauss & Co. to diversify its portfolio beyond denim while catering to a broad consumer segment with consistent functional and style expectations.

Dockers brand products accounted for 5% of the net revenues in each of the fiscal years 2024, 2023 and 2022 and are sold in approximately 50 countries.

Dilemmas ahead:

The top management team have already begun assessing what opportunities should be considered beyond the current trends to ensure continued market success. The capital and market position are in place for the company to achieve further successes, but it remains uncertain how exactly this success should be secured. **Several dilemmas and opportunities** have emerged that could determine the company's future and long-term success:

Brand heritage vs. market adaptation? Levi's has a strong heritage and is recognized globally as a cultural icon. Its history and legacy in denim give it a unique positioning in the apparel market. However, as consumer preferences evolve rapidly, the brand faces the challenge of balancing its heritage with the need to remain relevant. How can Levi's preserve its iconic brand identity while simultaneously adapting to emerging trends and meeting the expectations of younger, trend-conscious consumers? Finding this balance is critical to avoiding the risk of brand stagnation or irrelevance in fast-moving markets.

Managing a multi-tier portfolio. Levi Strauss & Co. operates a portfolio spanning premium (Levi's), value (Levi Strauss Signature, DENIZEN), active lifestyle (Beyond Yoga), and casual/professional segments (Dockers). This diversity allows the company to reach multiple consumer groups, but it also creates a strategic challenge: how can Levi's manage multiple brands with different price points and target audiences without diluting the premium positioning of the Levi's core brand? The case encourages consideration of strategies for maintaining brand differentiation while leveraging portfolio breadth to maximize market coverage.

Direct-to-consumer vs. wholesale channels. Since 2011, Levi's has emphasized direct-to-consumer (DTC) growth, investing in its own retail stores and e-commerce platforms to increase brand control and access to customer data. At the same time, wholesale partners continue to generate significant revenue. This raises an operational dilemma: how can Levi's balance the expansion of its DTC operations with the ongoing reliance on wholesale partners, ensuring profitability, customer reach, and brand consistency across channels? Decisions around channel strategy directly impact margins, marketing effectiveness, and customer experience.

Digital transformation and AI integration. Advances in AI and digital technology are reshaping marketing, sales, customer service, and product discovery. Levi's must adopt these tools while preserving the creative, authentic, and human aspects of its brand. The key challenge is: how can Levi's integrate AI-driven processes to enhance efficiency and personalization without compromising the creativity and storytelling that define its brand identity? How can Levi's answer the trend of wearable tech?

Consumer behaviour, fast fashion, and value sensitivity. Consumer expectations are shifting rapidly, influenced by fast fashion, social media trends, and macroeconomic pressures that encourage more value-conscious

spending. How can the company maintain its premium positioning and brand credibility while appealing to cost-sensitive and trend-driven consumers?

The top management team is well aware that there are many ways not only to make the company successful but also to make the upcoming period legendary. Everything is in place for this; the key is to properly assess which strategy will be successful in the future and what best fits the profile of Levi's. The task is clear: the future of the currently very successful company must also be secured, whether it involves change in product offering, portfolio growth, or strengthening existing markets.

Assignment

How can Levi's increase its revenues, considering the challenges and opportunities mentioned? Analyze the most compelling alternatives, choose a strategy and provide some actionable details of it, consider its effects by financial modelling, and prepare to present it to the decision makers.

Online Sources

<https://investors.levistrauss.com/home/default.aspx>

<https://www.brandvm.com/post/levis-marketing-strategy>

<https://www.levistrauss.com/sustainability/>

<https://investors.levistrauss.com/news/financial-news/news-details/2025/Levi-Strauss--Co.-Reports-Strong-Fourth-Quarter-Results/default.aspx>

<https://dscinstitute.org/levi-strauss-dsci-direct-to-consumer/>

<https://link.springer.com/article/10.1007/s10668-022-02887-2>

<https://www.sciencedirect.com/science/article/pii/S2352550922001294>

<https://www.sciencedirect.com/science/article/pii/S0959652622040641>

<https://www.onlineclothingstudy.com/2023/03/challenges-faced-by-apparel.html>

<https://www.netsuite.com/portal/resource/articles/erp/apparel-industry-challenges.shtml>

<https://www.mckinsey.com/industries/retail/our-insights/state-of-fashion>

<https://link.springer.com/article/10.1186/s40691-020-00210-z>

<https://www.mdpi.com/2075-471X/9/2/12>

https://s23.q4cdn.com/172692177/files/doc_financials/2024/ar/2024-LS-Co-Annual-Report.pdf

<https://www.levistrauss.com/>

<https://www.levistrauss.com/who-we-are/brands/levis/>

<https://www.levistrauss.com/2017/11/16/growing-portfolio-denizen-signature/>

<https://www.levistrauss.com/who-we-are/brands/levi-strauss-signature/>

<https://beyondyoga.com/pages/about-us>

<https://www.levistrauss.com/who-we-are/brands/beyond-yoga/>

Appendices

Appendix 1: Fashion retail sales¹³

Fashion retail sales year-on-year growth, by geography, %



Figure 46

¹³ <https://www.mckinsey.com/industries/retail/our-insights/state-of-fashion>

Appendix 2: Results of operations¹⁴

	Year Ended				
	December 1, 2024	November 26, 2023	% Increase (Decrease)	December 1, 2024 % of Net Revenues	November 26, 2023 % of Net Revenues
(Dollars in millions, except per share amounts)					
Net revenues	\$ 6,355.3	\$ 6,179.0	2.9 %	100.0 %	100.0 %
Cost of goods sold	2,539.4	2,663.3	(4.7)%	40.0 %	43.1 %
Gross profit	3,815.9	3,515.7	8.5 %	60.0 %	56.9 %
Selling, general and administrative expenses	3,246.2	3,051.9	6.4 %	51.1 %	49.4 %
Restructuring charges, net	188.7	20.3	*	3.0 %	0.3 %
Goodwill and other intangible asset impairment charges	116.9	90.2	29.6 %	1.8 %	1.5 %
Operating income	264.1	353.3	(25.2)%	4.2 %	5.7 %
Interest expense	(41.8)	(45.9)	8.9 %	(0.7)%	(0.7)%
Other expense, net	(3.3)	(42.2)	92.2 %	(0.1)%	(0.7)%
Income before income taxes	219.0	265.2	(17.4)%	3.4 %	4.3 %
Income tax expense	8.4	15.6	(46.2)%	0.1 %	0.3 %
Net income	<u>\$ 210.6</u>	<u>\$ 249.6</u>	(15.6)%	3.3 %	4.0 %
Earnings per common share:					
Basic	\$ 0.53	\$ 0.63	(15.9)%	*	*
Diluted	\$ 0.52	\$ 0.62	(16.1)%	*	*
Weighted-average common shares outstanding (in millions):					
Basic	398.2	397.2	0.3 %	*	*
Diluted	402.4	401.7	0.2 %	*	*

* Not meaningful

Figure 47

14 https://s23.q4cdn.com/172692177/files/doc_financials/2024/ar/2024-LS-Co-Annual-Report.pdf

Appendix 3: Net revenues¹⁵

	Year Ended			
	December 1, 2024	November 26, 2023	% Increase (Decrease)	
			As Reported	Organic Net Revenues
	(Dollars in millions)			
Net revenues:				
Levi's Brands:				
Americas	\$ 3,200.6	\$ 3,086.9	3.7 %	4.2 %
Europe	1,617.9	1,579.5	2.4 %	0.5 %
Asia	1,082.4	1,059.7	2.1 %	5.8 %
Total Levi's Brands net revenues	5,900.9	5,726.1	3.1 %	3.5 %
Other Brands:				
Dockers [®]	323.3	336.9	(4.0)%	(4.6)%
Beyond Yoga [®]	131.1	116.0	13.0 %	11.4 %
Total Other Brands	454.4	452.9	0.3 %	(0.5)%
Total net revenues	\$ 6,355.3	\$ 6,179.0	2.9 %	3.2 %
Net revenues by channel:				
Wholesale	\$ 3,431.5	\$ 3,550.9	(3.4)%	(2.8)%
DTC	2,923.8	2,628.1	11.3 %	11.0 %
Total net revenues	\$ 6,355.3	\$ 6,179.0	2.9 %	3.2 %
Levi's Brands net revenues:				
Levi's [®]	\$ 5,641.8	\$ 5,403.4	4.4 %	3.8 %
Levi Strauss Signature [™]	225.9	236.5	(4.5)%	(4.5)%
Denizen [®]	33.2	86.2	(61.5)%	*
Total Levi's Brands net revenues	\$ 5,900.9	\$ 5,726.1	3.1 %	3.5 %

* Not meaningful

Figure 48

¹⁵ https://s23.q4cdn.com/172692177/files/doc_financials/2024/ar/2024-LS-Co-Annual-Report.pdf

Appendix 4: Operating income¹⁶

	Year Ended			December 1, 2024	November 26, 2023
	December 1, 2024	November 26, 2023	% Increase (Decrease)	% of Net Revenues	% of Net Revenues
(Dollars in millions)					
Operating income:					
Levi's Brands:					
Americas	\$ 697.0	\$ 535.3	30.2 %	21.8 %	17.3 %
Europe	319.6	305.0	4.8 %	19.8 %	19.3 %
Asia	134.9	147.2	(8.4)%	12.5 %	13.9 %
Total Levi's Brands operating income	1,151.5	987.5	16.6 %	19.5 %	17.2 %
Other Brands:					
Dockers® operating income (loss)	1.4	(1.1)	*	0.4 %	(0.3)%
Beyond Yoga® operating (loss) income	(20.0)	1.0	*	(15.3)%	0.9 %
Total Other Brands operating income (loss)	(18.6)	(0.1)	*	(4.1)%	— %
Restructuring charges, net	(188.7)	(20.3)	*	(3.0)% ♦	(0.3)% ♦
Goodwill and other intangible asset impairment charges	(116.9)	(90.2)	(29.6)%	(1.8)% ♦	(1.5)%
Corporate expenses	(563.2)	(523.6)	(7.6)%	(8.9)% ♦	(8.5)% ♦
Total operating income	\$ 264.1	\$ 353.3	(25.2)%	4.2 % ♦	5.7 % ♦
Operating margin	4.2 %	5.7 %			

♦ Percentage of consolidated net revenues

* Not meaningful

Figure 49

16 https://s23.q4cdn.com/172692177/files/doc_financials/2024/ar/2024-LS-Co-Annual-Report.pdf

Appendix 5: Performance of Levi Strauss & Co.

	Sold products in million of units ¹⁷	
	2023	2024
Levi's	78	79
Levi Strauss Signature	11	10
Denizen	2.9	1.5
Dockers	13.7	12
Beyond Yoga	2	2.25
In total	107.8	109.4

	Cost of production (USD)/unit ¹⁸	
	2023	2024
Levi's	29.3	27.9
Levi Strauss Signature	13.0	13.3
Denizen	14.0	12.2
Dockers	11.1	11.0
Beyond Yoga	21.0	21.4

	Manufacturer's price (USD)/product ¹⁹	
	2023	2024
Levi's	57.8	58.9
Levi Strauss Signature	17.8	19.9
Denizen	28.2	18.2
Dockers	17.6	19.8
Beyond Yoga	42.1	38.6

¹⁷ Expert estimations for educational purposes, based on reported company data and industry trend data

¹⁸ Expert estimations for educational purposes, based on reported company data and industry trend data

¹⁹ Expert estimations for educational purposes, based on reported company data and industry trend data

	Average retail price (USD)/product ²⁰	
	2023	2024
Levi's	96	98
Levi Strauss Signature	30	28
Denizen	33	30
Dockers	41	42
Beyond Yoga	95	100

Appendix 5: Comparison of Levi's and S&P 500²¹

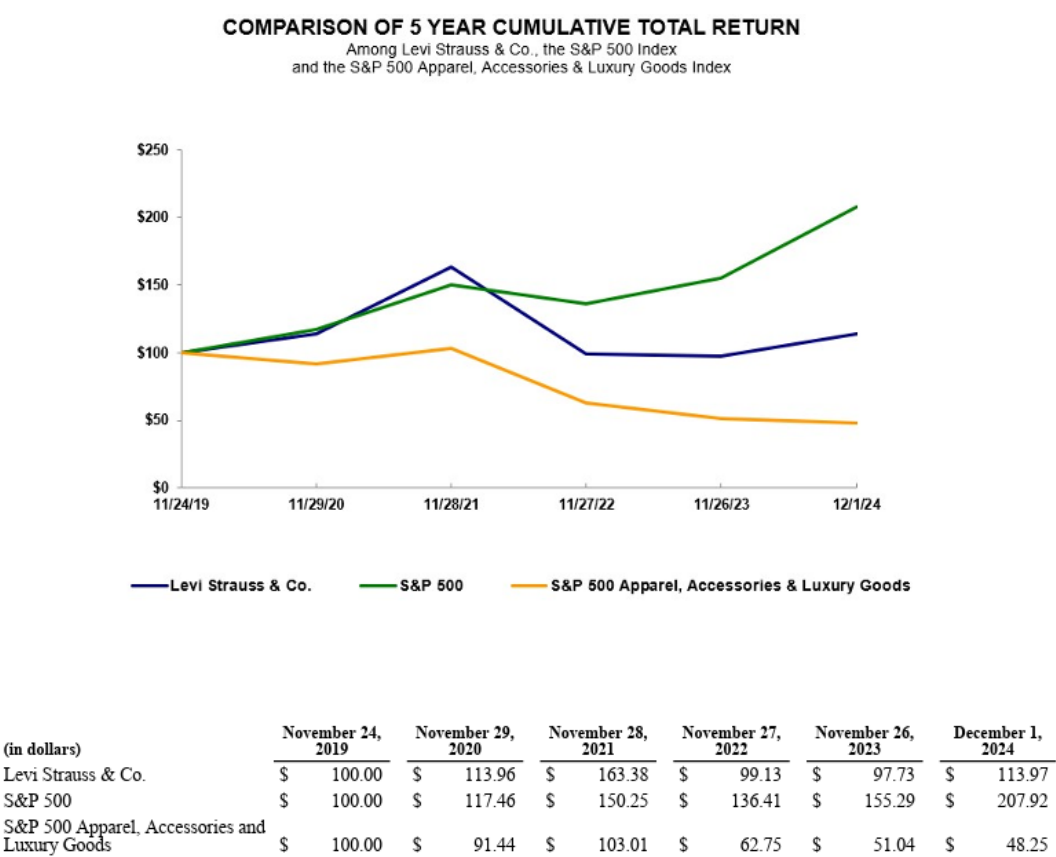


Figure 50

20 Expert estimations for educational purposes, based on reported company data and industry trend data

21 https://s23.q4cdn.com/172692177/files/doc_financials/2024/ar/2024-LS-Co-Annual-Report.pdf

ISBN 978-963-503-998-2

