



EU-SOLAR PLC

Annual financial statements

December 31, 2023



BALANCE SHEET
EU-SOLAR Plc
2023.12.31.

No.	Serial	Description	Previous year	Modifications	Current year
001	A.	NON-CURRENT ASSETS	2,040,284	0	2,490,548
002	I.	INTANGIBLE ASSETS	60,102	0	44,382
003		Capitalised cost of foundation and restructuring	0	0	0
004		Capitalised research and development cost	20,458	0	13,657
005		Property rights	21,067	0	27,566
006		Intellectual property	18,577	0	3,159
007		Goodwill	0	0	0
008		Advances on intellectual property	0	0	0
009		Revaluation of intangible assets	0	0	0
010	II.	PROPERTY, PLANT AND EQUIPMENT	1,979,327	0	2,431,094
011		Land and buildings and related property rights	1,418,052	0	1,869,063
012		Plant and machinery, vehicles	47,614	0	209,982
013		Other equipment, fixtures and vehicles	217,925	0	294,344
014		Livestock	0	0	0
015		Assets under construction	194,415	0	6,534
016		Advances on assets under construction	101,321	0	51,171
017		Revaluation of property, plant and equipment	0	0	0
018	III.	NON-CURRENT FINANCIAL INVESTMENTS	855	0	15,072
019		Long-term investments in affiliated parties	855	0	15,072
020		Long-term loan to affiliated parties	0	0	0
021		Long-term investments to significant parties	0	0	0
022		Long-term loan to significant parties	0	0	0
023		Other long-term investments	0	0	0
024		Long-term loans to other investments	0	0	0
025		Other long-term loans	0	0	0
026		Long-term debt securities	0	0	0
027		Revaluation of financial investments	0	0	0
028		Fair valuation difference of financial investments	0	0	0
029	B.	CURRENT ASSETS	16,536,885	0	8,813,400
030	I.	Inventories	6,055,124	0	5,137,389
031		Raw materials and consumables	5,706,130	0	4,320,198
032		Unfinished production and semi-finished products	2,588	0	5,217
033		Grown, fattened and other livestock	0	0	0
034		Finished products	0	0	0
035		Merchandises	0	0	0
036		Advances on inventories	346,406	0	811,974



No.	Serial	Description	Previous year	Modifications	Current year
037	II.	RECEIVABLES	2,445,450	0	2,907,584
038		Receivables from the supply of goods and services (customers)	254,967	0	1,576,896
039		Receivables from affiliated parties	0	0	318,004
040		Receivables from significant parties	0	0	0
041		Receivables from other investments	0	0	0
042		Receivables from bills of exchange	0	0	0
043		Other receivables	2,190,483	0	1,012,684
044		Fair valuation difference of receivables	0	0	0
045		Positive valuation difference of derivative transactions	0	0	0
046	III.	SECURITIES	676,569	0	150,852
047		Investments in affiliated parties	0	0	0
048		Investments in significant ownership parties	0	0	0
049		Other investments	0	0	0
050		Treasury shares	0	0	0
051		Debt securities for trading purposes	676,569	0	150,852
052		Fair valuation difference of securities	0	0	0
053	IV.	CASH AND CASH EQUIVALENTS	7,359,742	0	617,575
054		Cash and cheques	84	0	997
055		Bank accounts	7,359,658	0	616,578
056	C.	PREPAYMENTS	2,191,592	0	2,003,194
057		Accrued income	1,646,953	0	1,946,728
058		Prepaid cost and expenses	544,639	0	56,466
059		Deferred expenses	0	0	0
060		TOTAL ASSETS	20,768,761	0	13,307,142
061	D.	SHAREHOLDERS' EQUITY	6,003,832	0	6,460,729
062	I.	SHARE CAPITAL	250,000	0	250,000
063		Of which: treasury shares at nominal value	0	0	0
064	II.	REGISTERED BUT UNPAID CAPITAL (-)	0	0	0
065	III.	SHARE PREMIUM	0	0	0
066	IV.	RETAINED EARNINGS	-1,631,836	0	1,436,391
067	V.	TIED-UP RESERVE	4,591,626	0	4,317,441
068	VI.	VALUATION RESERVE	0	0	0
071	VII.	NET INCOME FOR THE PERIOD	2,794,042	0	456,897
072	E.	PROVISIONS	100,879	0	58,098
073		Provisions for expected liabilities	100,879	0	38,584
074		Provisions for future expenses	0	0	19,514
075		Other provisions	0	0	0



No.	Serial	Description	Previous year	Modifi- cations	Current year
076	F.	LIABILITIES	13,741,336	0	6,458,684
077	I.	SUBORDINATED LIABILITIES	0	0	0
078		Subordinated liabilities to affiliated parties	0	0	0
079		Subordinated liabilities to significant parties	0	0	0
080		Subordinated liabilities to other investment	0	0	0
081		Subordinated liabilities to third parties	0	0	0
082	II.	LONG-TERM LIABILITIES	2,071,466	0	490,803
083		Long-term loans	0	0	0
084		Convertible bonds	0	0	0
085		Liability from bond issue	0	0	0
086		Liabilities from capital investment and development loans	0	0	0
087		Liabilities from other long-term loans	2,071,466	0	490,803
088		Long-term liabilities to affiliated parties	0	0	0
089		Long-term liabilities to significant ownership parties	0	0	0
090		Long-term liabilities to other investments	0	0	0
091		Other long-term liabilities	0	0	0
092	III.	SHORT-TERM LIABILITIES	11,669,870	0	5,967,881
093		Short-term borrowings	0	0	0
094		Of which: convertible bonds	0	0	0
095		Short-term loans	341,622	0	2,652,618
096		Advances from customers	9,229,938	0	2,148,789
097		Liabilities from the supply of goods and services (supplier)	1,851,088	0	1,021,488
098		Bills of exchange	0	0	0
099		Short-term liabilities to affiliated parties	0	0	3,600
100		Short-term liabilities to significant ownership parties	0	0	0
101		Short-term liabilities to other investments	0	0	0
102		Other short-term liabilities	247,222	0	141,386
103		Fair valuation difference of liabilities	0	0	0
104		Negative valuation difference of derivative transactions	0	0	0
105	G.	ACCRUALS	922,714	0	329,631
106		Deferred revenues	0	0	3,716
107		Accrued cost and expenses	922,332	0	325,665
108		Other deferred income	382	0	250
109		TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	20,768,761	0	13,307,142

Pécs, 21.05.2024

Petre András Balázs
Chairman of the board

Income statement
EU-SOLAR Plc.
2023.01.01.–2023.12.31.

No.	Serial	Description	Previous year	Modifications	Current year
01	01.	Net domestic sales revenue	13,213,760	0	11,001,152
02	02.	Net export sales revenue	410,957	0	3,629,019
03	I.	NET SALES REVENUES	13,624,717	0	14,630,171
04	03.	Changes in own produced inventory	0	0	0
05	04.	Work performed by the enterprise and capitalised	0	0	0
06	II.	CAPITALISED OWN PERFORMANCE	0	0	0
07	III.	OTHER OPERATING INCOME	467,330	0	672,465
08		<i>of which: reversed impairment</i>	0	0	154,721
09	05.	Raw material costs	6,348,630	0	4,053,965
10	06.	Value of services used	2,633,245	0	2,251,504
11	07.	Other services	93,595	0	101,517
12	08.	Cost of goods sold	151,823	0	3,546,237
13	09.	Value of services sold (intermediated)	1,765,316	0	1,665,027
14	IV.	MATERIAL EXPENSES	10,992,609	0	11,618,250
15	10.	Wages and salaries	604,403	0	1,017,123
16	11.	Other personnel expenses	34,488	0	36,391
17	12.	Tax and contributions	91,096	0	125,686
18	V.	PERSONNEL EXPENSES	729,987	0	1,179,200
19	VI.	DEPRECIATION	150,578	0	253,939
20	VII.	OTHER OPERATING EXPENSES	654,206	0	832,158
21		<i>of which: impairment</i>	93,567	0	158,695
22	A.	PROFIT OR LOSS FROM OPERATING ACTIVITIES	1,564,667	0	1,419,089
23	13.	Received (due) dividend	12	0	0
24		<i>of which: received from related parties</i>	0	0	0
25	14.	Gain from the sale of investments	0	0	0
26		<i>of which: received from related parties</i>	0	0	0
27	15.	Interest and exchange rate gains on financial investments	37,072	0	108,068
28		<i>of which: received from related parties</i>	0	0	0
29	16.	Other received (due) interest and interest-type revenues	84,580	0	30,394
30		<i>of which: received from related parties</i>	0	0	3,044
31	17.	Other revenues of financial transactions	1,572,406	0	560,880
32		<i>of which: fair valuation difference</i>	0	0	0



No.	Serial	Description	Previous year	Modifications	Current year
33	VIII	TOTAL FINANCIAL INCOME	1,694,070	0	699,342
34	18.	Exchange rate loss on financial investments	0	0	0
35		<i>of which: to related parties</i>	0	0	0
36	19.	Losses on financial investments	0	0	40,821
37		<i>of which: to related parties</i>	0	0	0
38	20.	Interest and interest-type expenses	33,834	0	53,797
39		<i>of which: to affiliated undertakings</i>	0	0	0
40	21.	Impairment on investments, securities, bank deposits	0	0	0
41	22.	Other financial expenses	427,558	0	1,558,935
42		<i>of which: fair valuation difference</i>	0	0	0
43	IX.	TOTAL FINANCIAL EXPENSES	461,392	0	1,653,553
44	B.	FINANCIAL PROFIT OR LOSS	1,232,678	0	-954,211
45	C.	PROFIT BEFORE TAXATION	2,797,345	0	464,878
46	X.	TAX PAYABLE	3,303	0	7,981
47	D.	PROFIT AFTER TAXATION	2,794,042	0	456,897

Pécs, 21.05.2024

Petre András Balázs
Chairman of the board



**SUPPLEMENTARY NOTES
TO THE ANNUAL FINANCIAL STATEMENTS OF
EU-SOLAR PLC
FOR THE YEAR 2023**



1. General information

The predecessor of EU-SOLAR Commercial and Service Public Limited Company, EU-SOLAR Ltd., was founded on September 28, 2012, with 100% private ownership. This company transformed into a Public Limited Company by succession on September 30, 2016. Our company was registered on April 22, 2022, at Budapest Stock Exchange, the BÉT Xtend, market resulting in its transformation into a Public Limited Company.

THE NAME OF THE COMPANY IS	EU-SOLAR Trade and Services Plc, Public Limited Company
THE SHORT NAME OF THE COMPANY IS	EU-SOLAR Plc.
THE COMPANY'S REGISTERED OFFICE:	7630 Pécs, Kocsz u. 127.
COMPANY PREMISES:	7630 Pécs, Kocsz u. 110.
BRANCH OFFICES OF THE COMPANY:	7800 Siklós, cadastral number 06/49. (Small PV Power Plant), 3530 Miskolc, Rákóczi Ferenc utca 13., 7636 Cserkút HRSZ (Logistics Center)

The company's share capital before the transformation was 20,000,000 HUF, which was increased to 100,000,000 HUF by the transformation, to be covered by retained earnings. Then, on June 21, 2018, there was another increase in share capital to 250,000,000 HUF, again covered by retained earnings.

Type of share: ordinary share

Share class: 1.

Series number: 1-1000.

Shareholders of the company: Energy Investment Nyrt (32065699-2-02) 100%

On 01.02.2023 Energy Investment Nyrt acquired by way of a contribution 100% of the share capital of EU-SOLAR Plc (7630 Pécs, Kocsz u 127 company register number: 02-10-060424) with a nominal value of HUF 250,000,000.

Executive officers of the company authorised to sign:



**András Balázs
Petre**

Chairman of the
Board of Directors

Form of
representation:
independent



**Mrs Petre Kárpáti
Hortenzia**

Member of the
Board of Directors

Form of
representation:
joint



**Dr. András
Petre**

Member of the
Board of Directors

Form of
representation:
joint



**Antal Botond
Rencz**

Member of the Board
of Directors

Form of
representation:
joint
(effective from 12.03.2024)

The company has been registered with the Companies Court.

Company register number: Cg. 02-10-060424

Tax number: 25734643-2-02

Community tax number: HU25734643

Statistical number: 25734643-4669-114-02

Data of the legal predecessor: EU-SOLAR Kft cg. 02-09-07943, Tax number: 24132608-2-02

The company has a Supervisory Board consisting of three members.

Members of the Supervisory Board:

Mrs. Gadó Tünde Ibolya Szőke

7633 Pécs, Kőrösi Csoma Sándor utca
2. A lph. 1. em./1.a.

Tamás Rózsás

2030 Érd, Hanság u. 16.

Tamás József Véghely

1174 Budapest, Csík u. 3.



The audit of the company is required by law.

The company's auditor:

Price Waterhouse Coopers Könyvvizsgáló Kft.

- Company registration number:
01-09-063022
- Tax identification number:
10256161-2-44
- Registered office:
1055 Budapest, Bajcsy-Zsilinszky út 78.
- Chamber registration number: 001464

Details of the person who is also personally responsible for the audit:

Biczó Péter – PwC partner

1158 Budapest, Klebelsberg
Kunó utca 84.

Membership number at the
Chamber of Hungarian Auditors:
004957

The auditor's fee is 11,500,000 HUF plus VAT per year.

The fee of other services provide by the auditor company was HUF 42,562 thousand in 2023.

The person responsible for the bookkeeping at the Company is Gábor Tánczos (registration number: 200603).

The main activity of the company is: 4669'08 Wholesale Trade of Other Machinery and Equipment.

The main areas of activity of the enterprise are:

1. Electrical installation
2. Engineering activities, technical consulting
3. Wholesale trade of other machinery and equipment

The company's main activity is the installation of solar panels. In addition, it engages in wholesale trade of other machinery and equipment not elsewhere classified, which includes trading electric vehicle charging stations, PV solar panels, and their components. The company also operates an educational institution and training center related to installation.

2. Accounting policies of the company

The company has an accounting policy, under which it has drawn up the following rules:

- Valuation policies
- Cash management policies
- Inventory policy
- Cost accounting policy

In accordance with Article 9 of Act C of 2000 on Accounting, our company prepares annual accounts.

In accordance with statutory requirements and accounting principles, the company's accounting policy is structured as follows:

Capital expenditures are recognized and recorded on the date of their commissioning. During recognition, the company's economic director determines the anticipated service life, residual value, and depreciation rate of the commissioned assets, which are then recorded on individual ledger entries.

The amortized cost of intangible assets and tangible assets, adjusted for the anticipated residual value at the end of their useful life, is systematically allocated over the expected period of use (depreciation allocation).

Description keys for depreciation:

1. Properties, plants: over 50 years, with an annual depreciation rate of 2%.
2. Vehicles: over 5 years, with an annual depreciation rate of 20%.
3. Machinery and equipment: over 7 years, with an annual depreciation rate of 14.5%.
4. Information technology and computer equipments: over 3 years, with an annual depreciation rate of 33%.

The annual depreciation amount to be accounted for is planned considering the expected usage, resulting lifetime, physical wear and tear, and technological obsolescence of each individual asset, taking into account the circumstances typical to the business activity. Once these calculations are recorded in the books, they are applied from the commencement of normal usage, following the capitalization. Capitalization must be documented credibly.



Capitalized value of research and development and capitalized value of formation and reorganization are amortized over a 5-year period.

Planned depreciation is not applicable to certain assets such as land (excluding land utilized for mining or hazardous waste storage), forests, artistic creations, archaeological artifacts, and investments not yet put into operational use.

Both planned and unplanned depreciation are recognized in the general ledger accounts during year-end closing, with the quantification based on data extracted from the individual asset records.

Assets with an acquisition (production) value not exceeding 200,000 HUF are subject to immediate recognition of planned depreciation upon capitalization.

According to Section 53 (1) of the Accounting Act, extraordinary depreciation must be recognized for intangible assets and tangible assets when

- the book value of the intangible asset, tangible asset (including investments), consistently and significantly exceeds its market value;
- the value of the intangible asset, tangible asset (including investments), diminishes persistently because it has become redundant due to changes in business activities, or it has been damaged, destroyed, or rendered unusable, as per its intended purpose;
- the valuable right is restricted or entirely unenforceable due to modifications in contracts;
- capitalized value of research and development are restricted, terminated, or prove unsuccessful;
- the book value of goodwill, or the capitalized value of formation and reorganization consistently and significantly exceeds its market value due to changes in circumstances affecting expectations of future economic benefits.

According to the Accounting Act, an error is considered significant if, in the year of its discovery, during various audits, the cumulative (regardless of its sign) value of errors and their impacts on results and equity – both increasing and decreasing – identified for a particular business year individually exceeds the value threshold specified in the accounting policy.



In all cases, an error is deemed significant if, in the year of its discovery during audits pertaining to the same year, the cumulative (regardless of sign) value of errors and their impacts on results and equity exceeds 2% of the balance sheet total for the audited business year, or if the balance sheet total does not exceed 1 million HUF, then the threshold is set at 1 million HUF. An error is not considered significant if it falls within the specified threshold. Items of exceptional magnitude or occurrence, as well as expenditures not directly related to the company's activities, fall under these criteria.

From the reporting perspective, any information is considered material if its omission or misrepresentation – within the bounds of reasonableness – could influence the decisions of users of the financial statements (the materiality principle).

We maintain quantitative and value-based records throughout the year for purchased materials and goods. Unused materials and goods are inventoried in the last month of the year. Inventory at the company is tracked using the FIFO method.

Detailed-analytical records are kept for invested assets. The breakdown of customers, customer advances received, and suppliers, along with supplier advances paid, is ensured in the general ledger accounting through subsidiary ledgers. An impairment loss of 22% was recognized for receivables aged between 91-180 days, while a 50% impairment was set for those aged over 181 days, taking into account the repayment data for the year 2023.

Assets and liabilities denominated in foreign currencies were converted into Hungarian forints at the official exchange rates published by the Hungarian National Bank.

The Accounting Act allows for the recognition of grants received to offset costs (expenditures) as deferred income, provided that the entrepreneur can demonstrate its intention to fulfill the conditions associated with the grant and it is probable that the grant will be received. Therefore, the recognition of grant income received to offset costs (expenditures) no longer depends on financial settlement or reconciliation with the granting authority. These grants are recognized as other income when the conditions are met.

In addition to grants received to offset costs (expenditures), another major type of support is grants received for development purposes. Unlike the former, according to the current accounting regulations, the recognition of revenue from this type of grant remains contingent upon financial settlement. Therefore, much stricter regulations apply. Grants received for development purposes are presented as deferred income within passive temporal accruals, and then proportionately recognized as other income in the income statement, corresponding to the depreciation of related assets.



The Act C of 2000 Hungarian Accounting Act (hereinafter referred to as the Act) was amended in 2020, modifying the rules for project accounting. The introduction of project-based accounting in 2020 allowed our company to utilize this option; however, the accounting was not conducted accordingly. Therefore, it became necessary to amend the financial statements for the years 2020 and 2021 regarding the recognition of revenues and expenses related to the installation of residential solar power plants. For both years, revenues and associated costs (labor, material costs, subcontractor services, commissions) related to the current year were accounted for. In contrast to project-based accounting, in previous years, revenue recognition occurred upon the completion and handover of the solar panel systems. The significant increase in orders for the current year also necessitated project accounting, as it provides a more accurate picture of the company's operations.

In relation to the installation of the solar power systems, the company has defined the following project milestones:

*(*Percentage of the related contract value accounted for)*

Status	%*	Description
Licensing and Authorisation	1%	<p>The initial step of the entire installation process is divided into two administrative phases of work:</p> <ol style="list-style-type: none">1. Application Process2. Compilation of Connection Documentation Process <p>During these processes, we examine the completeness and transparency of the data, documents, and photos provided by the applicant. Based on this information, the appropriate form from the territorially competent Distribution System Operator (DSO) service provider is selected, and it is completed according to the prescribed requirements. Upon completion, the document is uploaded into the service provider's system, and this is recorded in our own system, visible to both our team and the client.</p>
Available for delivery	50%	<p>Following the preceding phase, the technical inspection of the intended and requested system and its components commences. The inspection encompasses the type and quantity of selected system elements, as well as their placement.</p>



Status	%*	Description
Available for delivery	50%	<p>Additionally, we assess the electrical connection capacity of the property, the technical condition of metering points, and protective devices. In cases where the technical condition is not clear, especially in complex systems, on-site inspections may support the inspection process. Furthermore, the inspection evaluates the conditions for material handling and assembly activities, as well as the required installation time.</p> <p>If the inspection reveals questions or obstacles, further investigations and measures are necessary. The results of these investigations may influence the system configuration and installation costs. In such cases, a delta-cost calculation must be conducted, and if necessary, adjustments to the quotation must be made. Based on the above, after finalization, we assess the availability of materials, and upon availability, we conclude the inspection phase, making the transaction ready for delivery within the system.</p>
Delivered	60%	<p>The authorized system is allocated for transportation by the logistics department in accordance with the method agreed by the customer. As a result, a date-based shipping task is generated, where the warehouse commissions the allocated materials to the shipping number. On the specified date, the carrier picks up the product, delivers it, and formally hands it over to the customer. From this moment onwards, the inventory is registered as stored externally and as reserved inventory, inseparably linked to the specific transaction.</p>
Installed	99%	<p>Following delivery, the contracted contractor receives the work area at the agreed-upon time and proceeds with the installation of the system. The installation is carried out in accordance with legal, professional, and contractual requirements. This encompasses the complete installation of the solar power system, its connection to the property's electrical network, and the verification of its functionality. At the conclusion of the installation, the system is handed over.</p> <p>In compliance with applicable regulations, the First Technical Inspection of Electrical Equipment must be conducted on the installed system. This inspection is carried out by an authorized contractual partner and documented with a protocol.</p>

(*Percentage of the related contract value accounted for)



Status	%*	Description
Installed	99%	The execution of the installation and electrical inspection is reviewed and accepted or revised by the ordering project responsible based on the received documentation. The inspected and accepted system is ready for use and reported as completed to the service provider.
Reported as completed	100%	The readiness of the installed and inspected system is communicated to the relevant Distribution Network Operator by completing and submitting the specified form. Upon acceptance of this notification, the customer can commence production towards the grid.

(*Percentage of the related contract value accounted for)

As part of the annual and semi-annual financial statement close process the company prepares a general ledger extract on June 30 and December 31 to support the annual financial report.

The balance sheet preparation date is February 29, 2024 for the year-ended December 31, 2023. The reporting currency of the financial statements is HUF, Hungarian Forint.

The annual financial report of the company will also be published on the EU-SOLAR website. www.eu-solar.hu/



3. The evolution of the company's financial position

Name of the indicator	Value of the indicator	
	Previous year (%)	Current year (%)
Proportion of non-current assets (non-current assets/Total assets)	9.82	18.72
Proportion of current assets (Current assets/Total assets)	79.62	66.23
Capital adequacy ratio (Shareholders' equity/Total liabilities)	28.91	48.55
Proportion of external liabilities (Liabilities/Total liabilities)	66.10	48.54
Liquidity ratio (Liabilities/Current assets)	83.10	73.82
Revenue proportional profitability (Profit before taxation / Net sales revenues)	20.53	3.18
Return on assets (Profit before taxation / Total assets)	13.47	3.49
Return on equity (Profit before taxation / Shareholders' equity)	46.59	7.20

The profitability ratios were compared to the profit before taxation. The deterioration of the profitability ratios was caused by the decreasing profit before taxation and the increase of shareholders' equity figures.

The proportion of current assets to total assets is 66.23%, consisting of cash and cash equivalents (7.01%), inventories (58.29%), securities (1.71%), and receivables (32.99%).

Shareholders' equity represents 48.31% of total shareholders' equity and liabilities.

No extraordinary economic events occurred at the company in 2023. The financial position of the company is stable.



The affiliated companies of EU-SOLAR Plc., which were in business relationship with the Company in the current year, are as follows:

1. **Solar-Finance Ltd.** – Financial advisory company, which provided advisory services to the company in the year 2023 for a value of 705,000 HUF.
2. **Energjaválasztó Ltd.** – A company engaged in issuing energy performance certificates and marketing activities. In 2023, it conducted marketing activities for the company in the amount of 270,538,868 HUF + VAT. The marketing activities included placing, managing, and optimizing advertisements on platforms such as Google Ireland Limited and Meta Platforms Ireland Limited, aiming to drive visitors to the Principal's website and convert them into potential leads and eventually contracted clients.
3. **Gluon Ltd.** – A business management consulting firm, with a vehicle leasing fee of 66,548,748 HUF + VAT.
4. **Sbcape Ltd.** – Business consulting company providing consultancy services for 500 HUF + VAT.
5. **Energy Investment Nyrt.** – Asset management company providing business advisory services to EU-Solar Nyrt. in the reporting year for 16,000,000 HUF + VAT.

The subsidiaries (all are fully owned) of EU-SOLAR Nyrt. are:

1. **Cro Energija d.o.o.** Setaliste Petra Preradovica 7 31000, Osijek Croatia
2. **EU-SOLAR SYSTEM Romania S.R.L.** Vasile Alecsandri 3. Oradea, Romania
3. **EU-Solar Ukraine LLC.** Ukraine, 03039 Kijev, Lobanovskyi Valeriya av. 119. office 3.
Date of establishment: September 13, 2023 Registered capital: 195,953 UAH

The Company is not obliged to prepare consolidated annual financial statements, as the accounting indicators specified in the Act C of 2000 are below the thresholds defined in the law.

4. Supplementary Notes Related to the Balance Sheet

4.1 Non-current assets

4.1.1 Intangible assets

Changes in the value of assets according to accounting law in HUF thousands:

	Gross opening	Gross increase	Reclas-sification +/–	Gross decrease	Gross closing
Intangible assets	165,651	13,975	3,119	0	182,745
Capitalized cost of foundation and restructuring	39,675	0	0	0	39,675
Property rights	34,442	13,847	3,119	0	51,408
Intellectual property	91,534	128	0	0	91,662

	Depre-ciation opening	Increase of depre-ciation	Reclas-sification +/–	Decrease of depre-ciation	Depre-ciation closing
Intangible assets	105,549	3,814	0	0	138,363
Capitalized cost of foundation and restructuring	19,217	6,801	0	0	26,018
Property rights	13,375	10,467	0	0	23,842
Intellectual property	72,957	15,546	0	0	88,503

	Net value opening	Net value increase	Reclas-sification +/–	Net value decrease	Net value closing
Intangible assets	60,102	-18,839	3,119	0	44,382
Capitalized cost of foundation and restructuring	20,458	-6,801	0	0	13,657
Property rights	21,067	3,380	3,119	0	27,566
Intellectual property	18,577	-15,418	0	0	3,159

4.1.2 Property, plant and equipment

Changes in the value of property, plant and equipment according to accounting law (in HUF thousand).

	Gross opening	Gross increase	Reclas-sification +/-	Gross decrease	Gross closing
Land and buildings	1,486,967	493,735	0	0	1,980,702
Lands	173,317	0	0	0	173,317
Buildings	1,141,272	493,735	0	0	1,635,007
Other constructions	172,378	0	0	0	172,378
Plant and machinery, vehicles	69,285	206,29	0	0	275,575
Plant and machinery, vehicles	69,285	206,29	0	0	275,575
Other equipment, fixtures and vehicles	423,596	218,158	0	44,942	596,812
Other equipment, fixtures and vehicles	423,596	218,158	0	44,942	596,812
Assets under construction	194,415	786,451	-3,119	971,213	6,534
Advances on assets under construction	101,321	0	0	50,15	51,171
Total	2,275,584	1,704,634	-3,119	1,066,305	2,910,794

	Depre-ciation opening	Increase of depre-ciation	Reclas-sification +/-	Decrease of depre-ciation	Depre-ciation closing
Land and buildings	68,915	42,724	0	0	111,639
Buildings	33,760	25,486	0	0	59,246
Other constructions	35,155	17,238	0	0	52,393
Plant and machinery, vehicles	21,671	43,922	0	0	65,593
Plant and machinery, vehicles	21,671	43,922	0	0	65,593
Other equipment, fixtures and vehicles	205,671	134,479	0	37,682	302,468
Other equipment, fixtures and vehicles	205,671	134,479	0	37,682	302,468
Total	296,257	221,125	0	37,682	479,700



	Net value opening	Net value increase	Reclas- sification +/-	Net value decrease	Net value closing
Land and buildings	1,418,052	468,249	0	17,238	1,869,063
Lands	173,316	0	0	0	173,316
Buildings	1,107,513	468,249	0	0	1,575,762
Other constructions	137,223	0	0	17,238	119,985
Plant and machinery vehicles	47,614	162,368	0	0	209,982
Plant and machinery vehicles	47,614	162,368	0	0	209,982
Other equipment fixtures and vehicles	217,925	76,419	0	0	294,344
Other equipment fixtures and vehicles	217,925	76,419	0	0	294,344
Assets under construction	194,415	786,451	-3,119	971,213	6,534
Advances on assets under construction	101,321	0	0	50,150	51,171
Total	1,979,327	1,493,487	-3,119	1,038,601	2,431,094

The Company significantly expanded its assets. Due to continuous development, it became necessary to increase the number of technical and other equipment and to improve existing ones.

In 2023, the majority of the increase in tangible assets was related to the purchase of the property at 55 Rákóczi Street, Pécs, totaling HUF 200,687 thousand. Renovation continued at the property at 110 Kokszt Street, amounting to HUF 133,252 thousand, and the refurbishment of the warehouse in Cserkút amounted to HUF 94,212 thousand. Additionally, EU-SOLAR expanded its fleet of vehicles during the fiscal year, with the acquisition of several environmentally friendly vehicles.

The company did not recognize any impairment losses or unplanned depreciation during the fiscal year.



4.1.3 Non-Current financial Investments

Change in the value of financial investments (data in HUF thousand)

Non-Current financial Investments	Previous year tHUF 31.12.2022.	Increase	Decrease	Current year tHUF 31.12.2023.
Long-term investments in affiliated parties	855	14,217	0	15,072
Quantum Power Insurance Agency Biztosítás Alkusz Kft.	0	12,292	0	12,292
Cro Energija d.o.o.	855	0	0	855
EU-Solar Ukraine	0	1,925	0	1,925
Long-term investments to significant parties	0	0	0	0
Other long-term investments	0	0	0	0
Total	855	14,217	0	15,072

The long-term investments in affiliated undertakings under the ownership of EU-SOLAR Plc.:

- 1. Cro Energija d.o.o.** – Founded on June 6, 2016, with a registered capital of 20,000 Kuna, headquartered at Setaliste Petra Preradovica 7, 31000, Osijek, Croatia. Shareholders' equity as at December 31, 2023: EUR 198,372, Profit after taxation for 2023: EUR 6,022.54
- 2. EU-Solar System Romania S.R.L.** – Established on December 15, 2021, with a registered capital of 25,000 RON, located at Vasile Alecsandri Street, No. 3, Nagyvárád. Shareholders' equity as at December 31, 2023: RON 55,740, Profit after taxation for 2023: 47,204 RON
- 3. EU-Solar Ukraine LLC.** – Founded on September 13, 2023, with a registered capital of 195,953 UAH, situated at 119 Lobanovskyi Valeriya Avenue, Office 3, Kiev, Ukraine. Shareholders' equity as at December 31, 2023: UAH 21.5 thousand, Loss after taxation for 2023: UAH -172,9 thousand

All the above businesses commenced their actual operations in 2023, thus facilitating the expansion of EU-SOLAR Plc. into foreign markets.

4.2 Current Assets

4.2.1 Inventories

Inventories	Previous year tHUF 31.12.2022.	Adjustments of Previous Years	Current year tHUF 31.12.2023.
Unfinished production and semi-finished products	2,588	0	5,217
Merchandises	0	0	0
Raw materials and consumables	5,384,212	0	3,701,453
Inventories held at customers	503,186	0	801,527
Impairment of inventories	-181,268	0	-182,781
Advances and prepayments on inventories	346,406	0	811,973
Total	6,055,124	0	5,137,389

Our inventory consists predominantly of inverters and solar panels purchased from China.

Impairment of inventories:

	31.12.2022	Additions	Decreases	31.12.2023
Impairment of inventories	181,268	109,179	107,666	182,781

4.2.2. Account receivables

Account receivables	Previous year tHUF 31.12.2022.	Current year tHUF 31.12.2023.
Receivables from the supply of goods and services (customers)	254,967	1,576,896
Receivables from affiliated parties	0	318,004
Other receivables	2,190,483	1,012,684
Total	2,445,450	2,907,584



Impairment of receivables:

	31.12.2022	Additions	Decreases	31.12.2023
Impairment of receivables	77,439	49,516	47,054	79,901

The original recorded value of accounts receivable was HUF 1,656,797 HUF, with an impairment of receivables of HUF 79,901 thousand. The Company recognized a 50% impairment for receivables outstanding beyond 181 days and a 22% impairment for receivables with a delay of 90 to 180 days.

In 2023, an impairment of HUF 49,516 thousand was recognized, while an impairment reversal of HUF 47,054 thousand was recorded.

Other Receivables	Previous year tHUF 31.12.2022.	Current year tHUF 31.12.2023.
Raiffeisen Bank bail	2,4	2,4
Advance payments	7,3	147,457
Deposit	1,761	3,139
Other liabilities to employees	227	104
Budgetary disbursement requests (Health Insurance Fund payment location)	0	2,745
Solar Finance Ltd. Loan	0	306
Deductible VAT in the next year	174,856	44,488
The VAT on advance received from the customer	1,953,341	453,977
Supplier overpayment	13,078	668
Receivables for the owners	18,22	21,925
Other receivables	14	1,129
Other receivable from service inventories	0	153,438
Gluon Corporate Income Tax Group receivable	0	14
Corporate income tax settlement (101)	0	3,521
Vocational training contribution (182)	0	118
Social security contribution for private entrepreneurs, EVA taxpayers (406)	0	63
Healthcare contribution for companies with simplified reporting obligations and income tax for individuals (EB+MPJ)	0	11



Other Receivables continued	Previous year tHUF 31.12.2022.	Current year tHUF 31.12.2023.
VAT payable on imports (902).	521	566
Customs duty (912).	59	59
VAT	4,72	168,993
Local business tax Pécs	0	6,862
Local business tax Budapest	0	645
Vehicle tax (410).	0	44
Local business tax surcharge.Miskolc	0	2
Local business tax surcharge. Budapest	0	10
Total	2,190,483	1,012,684

4.2.3. Cash and cash equivalents

Cash and cash equivalents	Previous year tHUF 31.12.2022.	Current year tHUF 31.12.2023.
Cash, cheques	84	997
Bank accounts	7,359,658	616,578
Total	7,359,742	617,575

Bank accounts	Previous year tHUF 31.12.2022.	Current year tHUF 31.12.2023.
Payment bank account	7,233,961	349,715
Securities deposit account	125,697	266,863
Total	7,359,658	616,578

Since 2021, the company has had a deferred VAT payment permit, for which OTP Bank provides a customs guarantee of 17,000 thousand HUF. Significant amounts of foreign currency payments need to be made to our foreign suppliers, for which forward foreign exchange transactions provide coverage.



4.3 Prepayments and accrued incomes

We have made accruals for expenses invoiced in 2024 related to 2023, as well as for grants received in 2023. Due to project-based accounting, we have accrued based on the degree of fulfillment, in accordance with the accounting policy.

Accrued incomes	Previous year tHUF 31.12.2022.	Current year tHUF 31.12.2023.
Project accounting – accrued incomes	1,646,600	1,933,197
Interest receivables on loans given to related parties	0	13,178
GINOP-414-19-2020-01787 grant accrued income	353	353
Total	1,646,953	1,946,728

The Company has recognized revenue deferral for products and services partially delivered to customers by the cutoff date but not yet invoiced. The amount of this deferral was HUF 1,933,197 thousand as of December 31, 2023.

Prepaid cost and expenses	Previous year tHUF 31.12.2022.	Current year tHUF 31.12.2023.
Highway toll	12	0
Project-based accounting	537,450	0
Bank charges	0	29
Rental fees	0	42,905
Insurances	3,745	10,040
Domain, server hosting	2,695	2,359
Advertisement, professional journals	737	966
Training fee	0	161
Water charges		6
Total	544,639	56,466



4.4 Shareholders' equity

Shareholders' equity	Issued capital	Capital reserve	Retained earnings	Restricted reserve	Profit or loss for the year	Shareholders' equity
31.12.2022	250	0	-1,631,836	4,591,626	2,794,042	6,003,832
Transfer of prior-year profit to retained earnings	0	0	2,794,042	0	-2,794,042	0
Addition to tied-up reserve	0	0	-464,878	464,878	0	0
Release of tied-up reserve	0	0	739,063	-739,063	0	0
Dividend from retained earnings	0	0	0	0	0	0
Profit or loss for the year ended 31.12.2023.	0	0	0	0	456,897	456,897
31.12.2023.	250	0	1,436,391	4,317,441	456,897	6,460,730

In 2023, a reserve previously established for real estate and other tangible asset investments was released in the amount of 739,063 thousand forints.

In 2023, a development reserve of HUF 464,878 thousand was created for future investment activities.

The Board of Directors of the Company proposes the payment of HUF 1,800,000 thousand dividend from the profit for year 2023 and the free retained earnings to the annual general meeting of the Company. The decision of the annual general meeting may change the actual amount of the proposed dividend.

4.5 Provisions

The Company created a provision in the amount of HUF 100,879 thousand in its books as of December 31, 2022 for expected future liabilities. The background for setting up this provision was an ongoing procedure by the Hungarian Competition Authority (GVH), where complainants disputed the accuracy and completeness of our company's communication activities. In 2024, the GVH procedure was concluded without imposing fines or other financial obligations. Therefore, the Company released the previously created provision of HUF 100,879 thousand against other incomes. However, the Company undertook to provide free "Remote Monitoring" solar service and maintenance package for three years to all customers who started their projects with EU-SOLAR as the contractor within the framework of all tenders affected by the competition authority procedure (including customers whose pending projects have not yet been completed). The Company created a provision of HUF 38,584 thousand as of December 31, 2023, for expected future liabilities related to this commitment.

4.6 Liabilities

In the company's books, no subordinated liabilities were reported in 2023.

4.6.1 Long-term Liabilities

The long-term liabilities consist entirely of Other long-term loans.

	The year of issuance	Credit line	Interest rate%	Outstanding total debt	Due within (years)		
					1	2-5	5
MBH Bank Plc. H-EKKV1/045755/ 2017/337285/ 001	2017	149,168	0	94,04	11,459	82,581	0
Collateral	Mortgage and guarantee						
MBH Bank Plc. H-EKTG2/ 075503/2020/ 337285/001	2020	299,999	0	149,971	100	49,971	0
Collateral	Bail, guarantee						
MKB leasing FV/2019	2019	9,5	5,99	729	729	0	0
Collateral	Vehicle						



	The year of issuance	Credit line	Interest rate%	Outstanding total debt	Due within (years)		
					1	2-5	5
OTP Széchenyi Current account credit	2021	250	0,1	221,992	221,992	0	0
Collateral	Current account turnover						
OTP beruházási hitel	2020	269	1,5	191,12	28,32	162,8	
Collateral	Mortgage and guarantee						
Toyota leasing TV/2020	2020	18,987	2,5	7,35	2,481	0	0
Biztosíték	Vehicle						
CIB Beruházási hitel SzK.	2021	1,000,000	0,5	370,156	174,705	195,451	0
Collateral	Mortgage						
OTP Overdraft facility	2023	250	Bubor +1,5%	0	0	0	0
Collateral							
OTP Széchenyi Go Liquidity loan	2021	250	0,2	80,356	80,356	0	0
Collateral	Confirmed payment guarantee and Garantiqa.						
OTP NHP Hajrá	2021	1,500,000	1,9	1,499,785	1,499,785	0	0
Collateral	Mortgage and guarantee						
OTP Forgóeszköz hitel	2023	1,321,000	Bubor +1,5%	536	536	0	0
Collateral	Mortgage						
OTP Forgóeszköz hitel	2022	300	1,50%	0	0	0	0
Collateral	Mortgage						
OTP Customs bond	2023	17	0	0	0	0	0
Collateral	Bail account						
Total					2,655,827	490,803	0

The company's long-term liabilities include the portion of the investment loan to Magyar Bankholding (HUF 82,581 thousand), investment loan from OTP Bank (HUF 162,800 thousand), and revolving asset loan from CIB NHP (HUF 195,451 thousand).

From MFB Bank through Budapest Bank mediation, in 2018, we obtained a loan aimed at enhancing the competitiveness of micro, small, and medium-sized enterprises for the construction of the Siklós small power plant. Its maturity is on May 15, 2032. The loan amount is HUF 149,168 thousand. There are no interest payments. The loan is secured by a mortgage on property Siklós parcel 06/49, and the surety of András Balázs Petre. The portion due within one year is HUF 11,459 thousand.

From MFB Bank through MKB Bank mediation, in 2020, we acquired a loan for the technological modernization of micro, small, and medium-sized enterprises for working capital financing. Its maturity is on July 15, 2025. The loan limit is HUF 299,999 thousand. There are no interest payments. The loan is secured by a bail established on a payment claim, and the surety of András Balázs Petre. The portion due within one year is HUF 100,000 thousand.

In 2020 the company acquired an investment loan frame of HUF 269,000 thousand for the purchase of a new property in Kokszt street, Pécs, from this loan frame HUF 227,003 thousand was used. Maturity of the loan is September 30, 2030. The interest rate was 1.0% until December 31, 2021, and then increased to 1.5% from January 1, 2022. There are no handling fees. The loan was disbursed with a guarantee from Garantiqua and surety from András Balázs Petre. Additionally, the bank registered a mortgage on the property. The portion due within one year is HUF 28,320 thousand.

In 2021, the company acquired a Széchenyi Job Retention Loan of HUF 250,000 thousand from OTP Bank Nyrt. Its maturity is on April 28, 2023. The portion due within one year is HUF 221,992 thousand.

Furthermore, a Széchenyi overdraft loan of HUF 250,000 thousand was obtained from OTP Bank Plc. in 2021, with a maturity date of April 30, 2024. The portion due within one year is HUF 80,356 thousand. These loans were disbursed with guarantees from Garantiqua Hitelgarancia Ltd. and surety from András Balázs Petre. The interest rate is 0.1% per annum.

In 2021, the company acquired an NHP Hajrá loan of HUF 1,500,000 thousand from OTP Bank Plc. Its maturity is on August 31, 2024. The interest rate is 1.9%. The loan is backed by inventory and accounts receivable. The portion due within one year is HUF 1,499,785 thousand.



In 2023, the company obtained a working capital loan of 536,000 thousand HUF from OTP Bank Plc. The interest rate is BUBOR + 1.5% %. The portion due within one year is HUF 536,000 thousand.

As part of the Széchenyi Restart Investment Loan program from Cib Bank Ltd., the company secured a credit line of HUF 1,000,000 thousand for real estate investment. The loan matures on December 16, 2027, with an annual interest rate of 8%. The loan is secured by mortgages on properties and guarantees from Garantiqua Hitelgarancia Zrt. and surety from András Balázs Petre. The amount drawn from the credit line is HUF 370,156 thousand, and the portion due within one year is HUF 174,705 thousand.

4.6.2. Short-term liabilities

Short-term liabilities	Previous year tHUF 31.12.2022.	Current year tHUF 31.12.2023.
Short-term loans	341,622	2,652,618
Advances from customers	9,229,938	2,148,789
Liabilities from the supply of goods and services (supplier)	1,851,088	1,021,488
Short-term liabilities to related parties	0	3,600
Other short-term liabilities	247,222	141,386
Total	11,669,870	5,967,881

In the summer of 2022, due to government announcements, there was a significant increase in the number of orders for PV solar panel systems. Upon signing the contracts, customers also paid the advance payment, resulting in the advance payments received from customers increasing nearly tenfold.

In 2023, these advances decreased significantly as a result of final invoicing.

The company always settles its supplier obligations on time.

Other short-term liabilities	Previous year tHUF 31.12.2022.	Current year tHUF 31.12.2023.
Import VAT (ÁFA)	0	56
Customs duties and other customs charges	0	25
Personal income tax PIT (SZJA)	84,632	12,146
Environmental product tax	31,129	0



Other short-term liabilities continued	Previous year tHUF 31.12.2022.	Current year tHUF 31.12.2023.
Customer overpayment	9,374	0
Health insurance (TB) contribution	21,814	15,743
Social security contribution	15,705	8,104
Rehabilitation contribution	2,115	3,445
Company car tax	452	540
Local business tax in Pécs	15,949	0
Local business tax in Budapest	514	0
Local business tax in Siklós	0	11
Local business tax in Miskolc	412	390
Local business tax in Cserkút	0	4,635
Innovation contribution	0	5,01
Income settlement account	35,796	61,535
Short-term liabilities towards employees and owners accounts	0	254
GINOP grant advance	0	26,21
Leasing	0	3,21
Corporation tax	14,861	0
Other	10,737	71
Total	247,222	141,385

4.7 Accrued expenses and deferred incomes

Accruals	Previous year tHUF 31.12.2022.	Current year tHUF 31.12.2023.
Deferred revenues	0	3,716
Accrued cost and expenses	922,332	325,665
Other deferred income	382	250
Total	922,714	329,631

Due to project-based accounting, we recognized deferrals based on the degree of completion, following our accounting policy, which resulted in significant decrease compared to the previous year.



Accrued expenses	Previous year tHUF 31.12.2022.	Current year tHUF 31.12.2023.
Subcontractors	197,592	0
Fines	0	15
Insurances	0	179
Building tax	0	981
Operating expenses of foreign subsidiaries	0	144,361
Project-based accounting	724,74	128,470
Interests payable	0	51,659
Total	922,332	325,665

5. Evaluation of the income statement

The company has prepared its profit and loss account using the total cost method. Both revenues and costs show a significant increase compared to the previous year.

5.1 Distribution of revenues

5.1.1 Net sales revenues

Net sales revenues	Previous year tHUF 31.12.2022.	Current year tHUF 31.12.2023.
Net domestic sales revenue	13,213,760	11,001,152
Net export sales revenue	410,957	3,629,019
Total	13,624,717	14,630,171

Sales to related parties in 2023 amounted to HUF 78.093 thousand and it was made fully to EU-Solar Ukraine LLC.

In 2023 the Company's wholesale revenues amounted to HUF 3,717,996 thousand, while its sales revenues from residential activities amounted to HUF 10,912,175 thousand. From the wholesale revenues HUF 2,334,885 thousand was made to suppliers.

Distribution of our export sales:

Destination	Prior year tHUF		Current year tHUF	
	Product	Services	Product	Services
EU countries	408,052	0	3,536,088	5,831
Croatia	30,024	0	251,436	0
Romania	340,139	0	853,154	375
Netherlands	35,45	0	2,392,336	5,077
Slovakia	2,439	0	4,1	379
Germany	0	0	1,928	0
France	0	0	0	0
Cyprus	0	0	15,056	0
Lithuania	0	0	3,91	0
Slovenia	0	0	7,329	0
Sweden	0	0	5,837	0
Checzia	0	0	1,002	0
Outside of EU	0	0	82,5	4,6
Macedonia	0	0	5,789	0
Serbia	0	0	1,538	0
Kosovo	0	0	32,395	0
Ukraine	0	0	39,662	0
Moldova	0	0	2,565	0
Bosnia-Hercegovina	0	0	552	0
China	0	0	0	4,6
Total	408,052	0	3,618,588	10,431

Import purchases:

Import purchases	Prior year tHUF		Current year tHUF	
	Product	Services	Product	Services
EU countries	12,602,051	75,782	5,338,210	229,459
From non-EU countries	770,565	20,451	13,955	30,229
Total	13,372,616	96,232	5,352,164	259,688



5.1.2. Other operating income

Other operating income	Previous year tHUF 31.12.2022.	Current year tHUF 31.12.2023.
Realized gains on the sale of intangible assets and property, plant, and equipment	0	30,874
Compensation	1,152	6,019
Damages	4,698	19,967
Reversal of provisions	0	100,879
Impairment of inventories reversal	78,655	107,666
Impairment of receivables reversal	138,129	47,054
Subsidies	31,920	26,602
Book value of inventories	0	301,392
Inventory surpluses	210,075	27,526
Rebates received	622	-37
Other revenue	2,079	4,522
Other operating income	467,330	672,465

In 2023 the Company did not earn any other revenues from related parties.

5.2 Costs and expenditures

5.2.1 Material type expenditures

Material type expenditures	Previous year tHUF 31.12.2022.	Current year tHUF 31.12.2023.
Cost of raw materials and consumables	6,348,630	4,053,965
Cost of services used	2,633,245	2,251,504
Cost of other services	93,595	101,517
Cost of goods sold	151,823	3,546,237
Cost of services sold (intermediated)	1,765,316	1,665,027
Material type expenditures	10,992,609	11,618,250



Details of material type expenditures	Previous year tHUF 31.12.2022.	Current year tHUF 31.12.2023.
Cost of raw materials and consumables	6,348,630	4,053,965
Materials	6,313,849	4,008,841
Utility bills	4,349	12,839
Fuel	3,72	9,965
Forms, office supplies	3,674	4,112
Costs of assets expiring within one year	6,205	15,983
Cleaning materials and other materials	16,833	2,225
Cost of services used	2,633,245	2,251,504
Transportation	175,467	207,718
Parking and car services	795	3,823
Waste disposal	643	695
Other services utilized	513,587	37,42
Rental, leasing, and leasing fees	23,142	46,955
Maintenance costs	18,993	46,028
Postal costs	4,442	3,366
Telephone and internet costs	98,308	10,215
Education and training costs	6,429	5,786
Accounting, legal, and other office services	156,569	253,76
Subcontractor fees	1,427,137	1,152,535
Occupational health services	741	1,061
Translations	497	496
Costs related to customs clearance	0	0
Online and internet services	42,143	185,348
Warranty fees	0	0
Professional consultancy fee	99,945	26,602
Operating cost of foreign subsidiaries	0	144,36
Other services	64,407	125,336



Details of material type expenditures continued	Previous year tHUF 31.12.2022.	Current year tHUF 31.12.2023.
Costs of other services	93,595	101,517
Fees for regulatory administration and services, as well as charges for official permits	1,642	29,039
Fees for financial and investment services	84,326	56,317
Insurance fees	7,627	16,161
Purchase value of goods sold	151,823	3,546,237
Value of services sold (intermediated)	1,765,316	1,665,027

Due to the increased orders in the PV solar panel market due to government subsidies, the costs for materials and subcontractor work required to fulfill these orders have increased.

5.2.2 Personnel type expenditures

Personnel type expenditures	Previous year tHUF 31.12.2022.	Current year tHUF 31.12.2023.
Wages and salaries	604,403	1,017,123
Other personnel expenses	34,488	36,391
Contributions on wages and salaries	91,096	125,686
Personnel expenses	729,987	1,179,200

Details of personnel type expenditures						
	Wages and salaries		Other personnel expenses		Contributions	
	31.12.2022	31.12.2023.	31.12.2022	31.12.2023.	31.12.2022	31.12.2023.
White collar workers	591,148	922,328	33,968	34,628	90,401	111,27
Blue collar workers	13,254	46,969	520	1,764	695	3,407
Other	0	47,826	0	0	0	11,009
Total	604,402	1,017,123	34,488	36,391	91,096	125,686



Details of the statistical headcount

	Previous year tHUF 31.12.2022.	Current year tHUF 31.12.2023.
White collar workers	68	99
Blue collar workers	5	9
Total	73	108

Employee wages and salaries amounted to HUF 1,017,123 thousand. Other personnel type expenditures amounted to HUF 36,391 thousand. The total amount of contributions paid for employees amounted to 125,686 tHUF.

A salary payment of HUF 36,000 thousand was made to the chairman of the board in 2023. The total contributions paid for the owner and chairman of the board amounted to HUF 4,680 thousand.

A loan of HUF 5,000 thousand was provided to the chairman of the board of directors, with an interest rate of the central bank base rate plus 5%. The loan is to be repaid in 2024. There are no guarantees provided on behalf of the owners.

5.2.3 Other operating expenses

Other operating expenses	Previous year tHUF 31.12.2022.	Current year tHUF 31.12.2023.
Interest on late payments	1,512	67,547
Non-business costs	359	8,605
Self-revision fees	3,870	5,249
Subsidies granted	7,291	14,383
Penalty fee	23,889	47,100
Compensation	11,201	20,477
Retrospective discount	163	0
Impairment of inventories	86,441	109,179
Impairment of receivables	7,126	49,516
Other taxes	172,469	92,271
Local taxes	115,452	115,020
Inventory adjustments	216,868	223,149
Other expenses	7,565	21,564
Provision creation	0	58,098
Other operating expenses	654,206	832,158



The result of operating (business) activities is HUF 1,419,089 thousand.

5.3 Profit or loss from financial transactions

Financial incomes	Previous year tHUF 31.12.2022.	Current year tHUF 31.12.2023.
Received (due) dividend	12	0
Interest and exchange rate gains on financial investments	37,070	108,068
Other received (due) interest and interest-type revenues	84,580	30,394
Other revenues of financial transactions	1,572,418	560,880
Total financial incomes	1,694,070	699,342

Other income from financial operations includes exchange gains on forward foreign exchange contracts.

Financial expences	Previous year tHUF 31.12.2022.	Current year tHUF 31.12.2023.
Interest payable	33,834	53,797
Losses on financial investments	0	40,821
Other expenses on financial transactions	427,558	1,558,935
Personnel type expenditures	461,392	1,653,553

The Company's derivative financial transactions resulted to a gain of HUF 246,868 thousand and a loss of HUF 1,120,821 thousand in 2023. The closed derivative transactions had a HUF 873,953 thousand negative cash-flow impact in 2023. All the closed derivative transactions were traded outside of the stock exchange and were non-hedging instruments.

The suppliers mostly invoice in foreign currency, therefore, the exchange rate differences related to settlement are high, reflecting the current market conditions.

The result of financial operations reduced the profit by HUF 954,211 thousand after accounting for exchange rate differences and interest payments.

The company's profit before tax is HUF 464,868 thousand.

Tax liability amounts to HUF 7,981 thousand.



Corporate tax calculation (in thousand HUF)	EU-SOLAR Plc.		GLUON Kft.	Corporate Tax (TAO) Group
	Previous year 31.12.2022.	Current year 31.12.2023.	Current year 31.12.2023.	Current year 31.12.2023.
Profit before taxation	2,797,344	464,878	821	465,699
Tax base decreasing items	2,677,406	912,605	21,755	934,36
Release of provisions	0	100,879	0	100,879
Reversal of inventory impairment	0	107,666	0	107,666
Reversal of impairment of receivables	138,129	47,056	0	47,056
Tax depreciation	120,471	130,61	21,755	152,365
Tax net book value of fixed assets sold	0	7,26	0	7,26
Increase of devel- opment reserve	2,406,659	519,134	0	519,134
Received dividends	12	0	0	0
Capitalization of fixed assets	12,135	0	0	0
Tax base increasing items	158,063	872,197	18,03	890,227
Provision creation	0	58,098	0	58,098
Impairment of receivables	7,126	49,516	0	49,516
Increase of receivables written-off	0	1,179	0	1,179
Impairment of inventories	0	109,179	0	109,179
Accounting depreciation	150,578	253,939	18,021	271,96
Accounting net book value of fixed assets sold	0	7,26	0	7,26
Inventory shortages	0	219,397	0	219,397
Costs not incurred in the interest of the business	359	8,605	9	8,614
Tax audit findings impacting previous years	0	19,149	0	19,149
Tax penalty, late payment surcharge	0	6,981	0	6,981
Corporate tax base	278,001	447,066	-2,904	444,162
Corporate tax	25,02	40,236	-261	39,974
Tax allowance	23,494	32,189		31,98
Corporate tax group tax payable				7,995
Distribution of profit before tax among group members		99.8%	0.2%	
Tax liability in the current year	1,526	7,981	14	7,995

The 2023 taxable profit of EU-SOLAR Plc. amounted to HUF 456,897 thousand.

6. Events after the balance sheet date

In 2023, the Company established its Ukrainian subsidiary, which commenced its sales activities in October 2023. The Russo-Ukrainian conflict that arose in February 2022 currently does not significantly affect the operations of EU-SOLAR Plc. and its Ukrainian subsidiary, as the Company does not have significant Ukrainian or Russian suppliers, does not store inventory, and does not own assets in the conflict area. We fulfill our deliveries to Ukrainian customers after receiving advance payments. Our company closely monitors the economic consequences, particularly the growing efforts of economic players towards alternative energy and energy self-sufficiency due to the conflict.

The Solar Energy Plus Program, starting on January 15, 2024, offers another opportunity for individuals owning residential properties, as well as those with usufruct or leasing agreements, to equip their homes with renewable energy sources through non-repayable grants. Within the framework of the program, the Company anticipates acquiring a significant number of customer contracts, which will greatly underpin the Company's revenue for 2024.

The Competition Council of the Hungarian Competition Authority initiated proceedings against EU-SOLAR Trading and Service Plc. (address: 127 Kokszt Street, 7360 Pécs) on suspicion of violating the prohibition of unfair commercial practices towards consumers, under case number VJ/26/2022. On March 8, 2024, the Competition Council issued a decision in the competition supervision procedure, in which it obliged EU-SOLAR Trading and Service Plc. to fulfill the following commitments made by us, without establishing whether there has been an infringement or not:

1. EU-SOLAR Trading and Service Plc. undertakes to establish an internal procedure that fully incorporates the competition law expectations outlined in the preliminary standpoint into its future practices, thereby ensuring the prevention of potential infringements.
2. The company under scrutiny commits to providing free "Remote Monitoring" solar panel servicing and maintenance service package for a period of three years to all customers who have or will acquire solar panel systems through projects affected by the competition supervision procedure, including those whose projects are still pending completion, and originally began their projects with EU-SOLAR as the contractor.



3. This servicing and maintenance package includes the continuous operational monitoring of residential-scale power plants, remote troubleshooting of the Growatt system, a 5% discount on non-warranty repair work, evaluation of the system's annual operation and energy production based on the Photovoltaic Geographical Information System (PVGIS), as well as the preparation and provision of an annual "production monitoring report" containing recommendations for any necessary actions to improve and optimize system efficiency, if applicable.
4. The offered service package also encompasses the resolution of any communication device-related issues throughout the entire service period (including related on-site visits, setup, and configuration). Therefore, the company involved in this commitment not only undertakes the initial on-site setup and configuration during commissioning but also commits to performing any subsequent work related to resolving communication device issues (including related visits, setup, and configuration) free of charge, without invoicing any costs to the affected customers.

We have initiated the fulfillment of the commitment, and we will continuously provide evidence of the completion of its individual tasks to the Hungarian Competition Authority within the deadlines specified in their decision.

7. Cash Flow Statement

	31.12.2022	Modification of previous years	31.12. 2023
Change in cash from operating activities (operating cash flow)	5,582,002		-6,479,787
Profit before taxation	2,797,345		464,878
of which: revaluation of cash and cash equivalents	0		319,171
Corrections to profit before taxation	0		319,171
Corrected profit before taxation	2,797,345		784,049
Depreciation charge	150,578		253,939
Impairment/write-back recognized	0		3,973
Net of provision creation and reversal	0		-42,781
Result on sale of fixed assets	0		-30,661
Change in supplier liabilities	1,597,505		-829,6



	31.12.2022	Modification of previous years	31.12. 2023
Change in other short-term liabilities	7,949,791		-7,183,386
Change in accruals	749,893		-593,083
Change in receivables from customers	221,166		-1,324,389
Change in current assets (excluding accounts receivable and cash)	-5,627,195		2,301,735
Change in accrued income and prepaid expenses	-1,811,791		188,398
Tax paid or payable	-3,303		-7,981
Dividends paid or payable	-441,987		0
Change in cash from operating activities (operating cash flow)	-954,118		-673,542
Acquisition of fixed assets	-954,118		-711,463
Sale of investment assets	0		37,921
Repayment, cancellation and redemption of long-term loans and bank deposits	0		0
Long-term loans and deposits	0		0
Dividends, shares received	0		0
Change in cash from financial activities (Financing cash flow)	-482,679		730,333
Proceeds from the issue of shares, capital raisings	0		0
Proceeds from the issue of bonds and debt securities	0		0
Borrowing and lending	232,64		1,075,991
Permanently received cash	0		0
Equity raising, capital raising (capital injection)	0		0
Repayment of bonds and loans represented by securities	0		0
Repayment of loans and borrowings	-715,319		-345,658
Permanently transferred cash	0		0
Change in long-term liabilities to founders and other parties	0		0



	31.12.2022	Modification of previous years	31.12. 2023
Change in cash and cash equivalents	4,145,205		-6,422,996
Revaluation of foreign currency cash	0		-319,171
Change in cash and cash equivalents according to the balance sheet	4,145,205		-6,742,167

8. Other Information

During the company's activities, hazardous waste is not generated.

In 2023, the tax authority conducted a comprehensive audit for the year 2021. The comprehensive audit revealed a tax deficiency of 17,088 thousand HUF.

The tax authority can examine the books and records within 6 years following the relevant tax year and may impose additional tax or penalties. The Company's management is not aware of any circumstances that could result in significant liabilities for the Company in this regard.

The liquidity of EU-SOLAR Plc. is ensured in the foreseeable future. The management of the Company is convinced that the operational capability of the Company is ensured and sustainable in the foreseeable future.

Pécs, 21.05.2024.

András Balázs Petre
Chairman of the Board of Directors
EU-SOLAR Plc.