



EU-SOLAR

EUSOL



XTEND

EU-SOLAR TRADE AND SERVICES PLC

ANNUAL
REPORT 2023



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DECLARATION OF THE ISSUER

The undersigned **EU-SOLAR Trading and Services Public Company Limited by Shares** (registered seat: 7630 Pécs, Koks street 127.; registration authority: Pécs County Court as Court of Registration; registration number: 02-10-060424; represented by: András Balázs Petre, chairman of the board of directors, with independent right to sign), as issuer (hereinafter: Issuer) – in accordance with provisions of article 15.1. of book two, titled “Regulations on Registration, Continued Trading and Deletion”, of the “General Terms of Service of BSE Xtend” – hereby establishes the annual financial statements of the Issuer concerning business year 2023, as approved by the sole shareholder of the Issuer, as follows.

The Issuer declares that the annual financial statements, prepared in accordance with the applicable accounting standards and to the best of its knowledge, give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Issuer; furthermore, the business report provides a reliable overview of the situation, development, and performance of the Issuer, outlining the main risks and uncertainties.

Pécs, 31 May 2024

EU-SOLAR Plc.

represented by

András Balázs Petre

chairman of the board of directors



Independent auditors' report



INDEPENDENT AUDITOR'S REPORT (Free translation)

To the shareholder of EU-SOLAR Nyrt.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of EU-SOLAR Nyrt. (the "Company") for the financial year ended on 31 December 2023 which comprise the balance sheet as at 31 December 2023 (in which the balance sheet total is THUF 13,307,142), the related income statement for the financial year then ended (in which the profit after tax is THUF 456,897), and the notes to the financial statements, which include a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of the results of its operations for the financial year then ended in accordance with the provisions of Act C of 2000 on Accounting ("Accounting Act"), in force in Hungary.

Basis for opinion

We conducted our audit in accordance with Hungarian National Standards on Auditing ("HNSA") and with applicable laws and regulations in force in Hungary. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the applicable laws of Hungary, with the Hungarian Chamber of Auditors' Rules on ethics and professional conduct of auditors and on disciplinary process and, for matters not regulated in the Rules, with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and we also comply with further ethical requirements set out in these.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

<i>Overall materiality</i>	Overall materiality applied was THUF 84,543
<i>Key Audit Matter</i>	Revenue recognition and related accounting estimates

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.



We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the financial statements as a whole.

<i>Materiality</i>	THUF 84,543
<i>Determination</i>	5% of the profit before tax with minor adjustments.
<i>Rationale for the materiality benchmark applied</i>	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users, and is a generally accepted benchmark. We chose 5%, which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
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Revenue recognition and related accounting estimates

• The Company's revenue in 2023 comes from two significant sources: wholesale and residential solar panel installation activities. In connection with residential solar panel installations, the company calculate its sales revenue applying the degree of completion method from 2022. The sales revenue is a particularly important indicator in assessing the Company's performance, especially considering that the Company has

We examined the accounting policy for revenue recognition whether it is in accordance with the provisions of the Accounting Act. We held discussions with the Company's management to update our understanding of the revenue accounting and assess the controls built into the revenue recognition process. In the case of the wholesale activity, we tested the existence and accuracy of the sales revenue in the case of open significant customer balances at the end of the year by balance confirmation process, in case of items that have already been financially settled, we



realized significant growth in recent years. Accounting for sales revenue directly affects the Company's profitability, and accounting for this is emphasized due to the Company's activities, and therefore we considered it a key audit area. Disclosures regarding revenue are included in section 5.1 of the supplementary notes.

used sampling procedures in which the selected items were matched to basic documents (invoice, contract, certificate of completion). In the case of revenue coming from residential solar panel installation, we also tested the existence and accuracy of revenue with sampling procedures and matched the selected items to supporting documents (invoice, contract, certificate of completion). In connection with open customer contracts at the end of the year, we verified with sampling procedures that the revenues, costs and expenses related to the accounting unit of the contract are accounted for in the profit and loss account in proportion to the degree of completion, regardless of the amount of the issued customer invoices or the time schedule of the related costs and expenses, that is, to satisfy ourselves about whether the sales revenue and related costs were accounted for according to the degree of completion corresponding to the technical progress of the projects. We tested the cancellation and correction invoices issued by the Company after the above date to make sure that they were accounted for the correct business year. Analytical procedures were carried out for the development of the net sales revenue. Whether the amount of trade receivables existing on the balance sheet has been settled after the balance sheet date was tested by sampling procedures.

Other information: the business report and the annual report

Other information comprises the business report and the annual report of the Company for the financial year ended on 31 December 2023. Management is responsible for the preparation of the business report in accordance with the provisions of the Accounting Act and other relevant regulations, and for the preparation of the annual report in accordance with Act CXX. of 2001 on Capital Market. Our opinion on the financial statements does not cover the business report or the annual report.

In connection with our audit of the financial statements, our responsibility is to read the business report and the annual report and, in doing so, consider whether the business report and the annual report is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work performed we conclude that the business report and the annual report is materially misstated, we are required to report this fact, and based on the Accounting Act, also the nature of the misstatement.

Based on the Accounting Act, it is also our responsibility to consider whether the business report has been prepared in accordance with the provisions of the Accounting Act and other relevant regulations, if any, and to express an opinion on this and on whether the business report is consistent with the financial statements.

In our opinion, regarding the financial year ended on 31 December 2023, the business report and the annual report of the Company is consistent, in all material respects, with the financial statements for the financial year ended on 31 December 2023, and the business report has been prepared in accordance with the provisions of the Accounting Act. As there is no other regulation prescribing further requirements for the business report, we do not express an opinion in this respect.



We are not aware of any other material inconsistency or material misstatement in the business report and the annual report and therefore we have nothing to report in this respect.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Accounting Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis in preparation of the financial statements. Management has to apply the going concern basis of accounting unless other relevant rules prevent its application or there are facts and circumstances contradicting the going concern principle.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HNSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HNSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis in the preparation of the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The engagement partner on the audit resulting in this independent auditor's report is Biczó Péter.

Budapest, 21 May 2024

Biczó Péter
Partner
Statutory auditor
Licence number: 004957
PricewaterhouseCoopers Könyvvizsgáló Kft.
1055 Budapest, Bajcsy-Zsilinszky út 78.
Licence number: 001464

Translation note:

This English version of our report is a translation from the original version prepared in Hungarian on the financial statements prepared in Hungarian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this English translation.



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 DirectorsForm of
representation:
independent**Mrs Petre Kárpáti
Hortenzia**Member of the
Board of DirectorsForm of
representation:
joint**Dr. András
Petre**Member of the
Board of DirectorsForm of
representation:
joint**Antal Botond
Rencz**Member of the Board
of DirectorsForm 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. **Energiaválasztó 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	Tied-up 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 development 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
Czechia	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-Herzegovina	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 as- sets 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 expenses	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.



EU-SOLAR Business Report

December 31, 2023

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1. Executive Summary

1.1 Performance in the 2023 financial year

The year 2023 presented the Company with a major challenge and an opportunity for growth, which the firm has taken full advantage of. In the first half of 2023, the focus was on installations related to the “Support for residential solar PV systems and electrification of heating systems combined with solar PV systems” (RRF-6.2.1), while in the second half of the year, due to various regulatory changes and government communications, the market took a more reserved stance, which resulted in a significantly lower than planned performance of the Company in the second half of the year. Our Corporation used this period to optimize and transform its entire organizational structure. This has prepared the entire structure for the successful and efficient operation of the diversified business units in 2024 and the new business units launched in 2023.

The 2023 financial year was closed with results beyond expectations and significant growth. The fact that all our customers who participated in the RRF-6.2.1 tender “Support for residential PV systems and electrification of heating systems combined with solar systems” which was fulfilled to the maximum extent possible and meeting our contractual obligations on time for our entire contract portfolio is considered an outstanding achievement. All completed in a post-financed tender, so that the full cost of installing the solar systems had to be pre-financed by the company.

Throughout 2023, cash-on-delivery transactions have virtually disappeared due to the anticipation of the government’s announcement regarding the Solar Plus Scheme and the unpredictable legal environment.

The number of our installations decreased slightly compared to 2022 (4707 installations), in 2023 there were 4552 installations, but instead of the previous year’s 13.6 billion HUF, we achieved sales revenues of 14.6 billion HUF, our operating profit slightly decreased (in 2022: 1.56 billion HUF, in 2023: 1.4 billion HUF).

It was due to the diversification of activities in response to market changes of 2023. In addition to residential installations (4,552 of which were carried out), it initiated industrial installations, heat pump sales and implementation. Foreign markets were also entered and the company achieved significant growth only within six months with a turnover ratio of over 25% by the end of the year.



1.2. Business expectations for the year 2024

In the framework of the Recovery and Resilience Plan of Hungary (HET) program several thousand residential customers applied for the installation of residential-scale power plants, which were predominantly completed by April 2024

Due to the uncertainty of government payments, customers who wished to implement their PV systems in this way could only access a functioning device much later than planned. Our company provided substantial assistance to the referred customers by installing the PV systems at its own risk, providing pre-financing before the start of state grant payments. Since the government financing is still delayed with respect to the final invoices, our company bears the burden of this interest-free “financing”.

All transactions related to the Recovery and Resilience Plan of Hungary (HET) program had to be concluded by the end of April 2024 (the date may be extended by three months), which required the VAT financing of these transactions. The timing of the disbursement of support amounts is uncertain, and there is no accurate information about them.

The Solar Energy Plus Program, starting on January 15, 2024, offers a new opportunity for private individuals who own residential properties, as well as those with usufruct rights or lease agreements, to equip their residential buildings with renewable energy sources through non-repayable grants. This investment can reduce the amount of electricity purchased from the grid. Consequently, the subsidy contributes to further reducing utility costs and by curbing the emission of greenhouse gases, it also helps preserve our environmental heritage. As a result, Hungarians are enabled to live in more modern homes.

A further priority of the Solar Energy Plus Program is to ensure that the installation of small-scale residential solar power plants (hereinafter: SRPPs) will continue after the introduction of gross solar accounting in January 2024. The aim of the Program is to encourage the self-supply and self-consumption of energy by households, in line with the logic of gross metering, and thus to gradually promote the shift towards self-sufficiency. To this end, for the first time in the history of Hungarian solar PV systems, the government is also encouraging the installation of battery back-up storage, which is a forward-looking approach.

In addition, our Company is investing significant resources to expand its business and diversify its portfolio. Business expansion is planned in both horizontal and vertical directions in fiscal year 2024.



As a result, our Company is expanding its markets in the Balkan region, and has taken the first steps to accomplish this target. In addition, the company has launched and made all the necessary preparations to participate in future REPowerEU complex energy programmes.

A further expansion path for the company is to achieve a significant market position in the corporate sector. In order to achieve this goal, our company intends to ensure a dynamic market entry through market acquisitions in addition to expanding its own capacity and competence.

2. The Introduction of EU-SOLAR Plc.

EU-SOLAR Plc is a listed company at the Budapest Stock Exchange, and a key player of the renewable energy market in the region.

Its main and planned activity is the installation, operation and servicing of residential solar systems, heat pumps, hybrid systems, electric battery systems, electric vehicle chargers, and small power plants.

However, the company also undertakes more complex tasks. In addition to the comprehensive management of photovoltaic systems and heat pump systems, the scope of activities includes project management, implementation, training, as well as ongoing monitoring and maintenance.

The Company was established in 2012 and was transformed into a private joint-stock company in 2016, and was listed at the Budapest Stock Exchange in 2022. Since 2015, PwC has been the Company's auditor for the eighth year. The accounting is provided by the SAP system.

The Company promotes continuity of customer acquisition through a regional sales network of several hundred of people, extensive marketing activities and an internally developed customer relationship management system (referred to as the "ERP system"). The national network of sales representatives and service partners is constantly growing and developing, ensuring direct access between customers and the Company.

The company has a strong internal IT development and support team and a significant IT infrastructure supporting sales, installation and customer service functions. Customer management is carried out within an ERP system which provides up-to-date



information on current transactions. The company also offers contactless contracting and invoicing to prospective and potential business partners.

The company sources the solar panel systems it installs and distributes, as well as its own custom-designed heat pump systems, from foreign partners, with whom it has strategic-level supplier relationships. The Company's largest suppliers are Shenzhen Growatt New Energy Co. Ltd. from China, and Fantastic Co. Ltd., for which it also serves as the exclusive domestic representative.

Since 2017, the Company also holds an accredited adult education license, primarily aimed at training its own employees and subcontractors to ensure the quality of the services they provide. In addition to training its own employees, the courses are available to anyone on the market who meets the necessary entry requirements for starting the training.

The company's headquarters are in Pécs, where customer service, sales, support, customer applications and financial management are located. This is a competitive advantage as Pécs is known as one of Hungary's largest university cities with approximately 40,000 students, providing easy access to a fresh workforce. In addition, its proximity to the southern border is also beneficial to our growth.

Historically, the Company's activities were exclusively focused on Hungary. However, in 2016, the Company began its international expansion by establishing its first subsidiary in Croatia (Cro Energija D.O.O.). In 2021, a second subsidiary was founded in Romania (EU-Solar System Romania S.R.L.), and in 2023, our third subsidiary began operations in Ukraine (EU-Solar Ukraine LLC). The Company holds a 100% ownership stake in each of these subsidiaries.

The company's inverter manufacturing partner covers the entire product range from 0.75 kW to 1.25 MW. Over the past decades, Growatt's products have proven to provide excellent operational continuity and are considered to be of the highest quality. In the inverter market, Growatt products are currently leading not only in efficiency, but also in warranty conditions and built-in advanced protection against overvoltage and overcurrent. Growatt is a world leader in the residential market.

The Company also operates its own small power plant and holds both aggregator and energy trading licenses.

The Company places great importance on reflecting environmentally conscious and energy-saving practices not only in the services it offers to its clients but also in its operations. To this end, several quality assurance systems have been implemented. The Company has obtained ISO 140001 certification for Environmental Management



Systems (EMS) and ISO 50001 for Energy Management Systems (EnMS), demonstrating its commitment to environmental stewardship and efficient energy management.

In 2017, the Company acquired an 'AA' credit rating, and by 2020, it had earned an 'AAA' rating according to the Bisnode system evaluation. Additionally, the Company has received several awards, notably the Business Ethics Award since 2020, and the Multiple (2021, 2022, 2023) Business Superbrands Award from 2021 onwards. These recognitions highlight the Company's strong ethical standards and its outstanding reputation in the business community.

3. Business information about the Company

Type of shares: common stock

Nominal value of shares: 250.000 HUF

Serial number of shares: 1-1.000

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'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 099/4 (Logistics Center)

Foreign branch offices of the Company:

Cro Energija D.O.O. (registered office: Pobjede 155 31214 Laslovo HR – Croatia, company, Registration number: HR92691248934)

The Company's holding: 100%

EU-Solar System Romania S.R.L. (registered office: Municipiul Oradea, Strada VASILE ALECSANDRI, Nr. 3, Ap. 12, Judet Bihor, Identification number: 45357454)

The Company's holding: 100%

EU-Solar Ukraine LLC (registered office: Ukraine, 03039 Kiev, Lobanovsky Valeriya av. 119. office 3.)

The Company's holding: 100%



4. Stock market listing

The Company transformed into a public limited company by shares (Nyrt.) on April 22, 2022 and subsequently entered the Budapest Stock Exchange's Xtend market on May 9, 2022 under the name EU-SOLAR Nyrt.

EU-SOLAR's planned stock market listing for 2022 was preceded by careful preparation in 2021. As part of this process, the Company participated in several initiatives that are part of the Budapest Stock Exchange's (BÉT) service portfolio supporting medium-sized enterprises in going public.

In 2021, EU-SOLAR joined the ELITE Program, an international corporate development training program introduced in Hungary by the BÉT. Through this program, the Company acquired essential corporate management and strategy-making knowledge necessary for public operations. The year-long preparation for stock market maturity was conducted by PwC.

Simultaneously with the training, the Company was featured in the publication "BÉT50 – Fifty Success Stories of Hungarian Companies," which highlights rapidly growing medium-sized enterprises in Hungary.

Following the stock market listing, the Company's representative and executive body became the Board of Directors.

Members of the Supervisory Board (name, address):

Mrs. Gadó Tünde Ibolya Szőke	7633 Pécs, Kőrösi Csoma Sándor utca 2. A lph.1. em./1.a.
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Tamás Rózsás	2030 Érd, Hanság u. 16.
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Tamás József Véghely	1174 Budapest, Csík u. 3.
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The Chairman of the Supervisory Board is Tamás Rózsás. The members of the Board have an unlimited term of office.



5. The vision and mission of the Company

The vision of the Company is to be at the forefront of the transition from fossil to renewable energy and to achieve a leading position in the Central and Eastern European renewable energy market.

The Company's mission is to help households and businesses reduce their energy costs and dependence, as well as their ecological footprint, through innovative, environmentally friendly, and guiding solutions.

As a solution provider, the Company aims to assist its customers not only in gaining a competitive advantage but also in becoming self-reliant and actively contributing to a sustainable and healthy future for our planet and children.

6. The role of public subsidies

In recent years, numerous grant and preferential loan opportunities have been made available to both the residential sector and SMEs to finance the installation of solar panel systems.

In 2019–2020, the market received significant support through the 0% loan program provided by the Hungarian Development Bank (MFB), which offered interest-free loans to households investing in small-scale residential power plants (HMKE).

In 2021, the government launched its Home Renovation Support Program (OFT) available to families. This program provided a 50% non-repayable state grant for families installing solar panels, among others.

In the second half of 2021, the government announced a new subsidy opportunity for residents, offering low-income households a 100% non-refundable state subsidy scheme for investments in PV solar panels ("HET – Support for Residential Solar Systems and Electrification of Heating Systems Combined with Solar Systems").

The Solar Energy Plus Programme, which started on 15 January 2024, provided a new opportunity for private individuals who own residential property, as well as those with usufruct or lease agreements, to equip their homes with renewable energy sources through non-refundable grants. The company expects to sign more than 2,000 customer contracts under the programme, which will provide significant revenue support in 2024.



7. Employment policy

The organisation has been growing, with a small increase in physical, and a larger increase in intellectual workers. EU-SOLAR's employment policy is to retain loyal colleagues with a positive attitude. In the event of a loss of a function, the Company endeavours to offer new jobs to its employees. The Company is forward thinking and operates in a forward-looking manner, striving for equal treatment and diversity of employees. The Company rejects discrimination of any kind. Opportunities for continuous professional development are provided for open-minded colleagues.

8. Research and experimental development

The Company is a registered industrial innovator in the field of e-mobility and invests a significant amount of money each year in the development of back-end systems.

9. Environmental protection

The Company considers it important that, in addition to the services provided to its customers, its operations also reflect environmentally conscious and energy-efficient practices:

- A significant number of electric vehicles in the fleet
- Operation of an electric charging station since 2017
- EU-SOLAR has been carbon neutral since 2020
- The Company operates a solar park in Siklós
- Company's office equipment has been designed to be as green as possible in terms of energy use and manufacturing technology



10. Major risks

Changes in government subsidy for residential PV solar panel installations

Households remained the main customers of the Company in 2023. The installation of residential PV solar systems depends to a large extent on the availability of public subsidies for their procurement. Any suspension or delay in the payment of subsidies for the installation of residential solar systems could have a material adverse effect on the Company's sales volume, revenue and financial performance.

Taking into account the risks posed by the modified regulatory environment, the company decided to significantly expand and diversify its portfolio.

The connectivity of residential solar systems to the public electricity grid

The grid connectivity of the photovoltaic systems distributed by the Company depends on the requirements set forth by network operators and primarily by the Hungarian Transmission System Operator Ltd. (MAVIR). Stricter grid connection standards, as well as the introduction of new, cost-intensive installation regulations, could result in reduced demand for photovoltaic systems, including those distributed by the Company. Additionally, significant changes to the specifications regarding the size and other technical parameters of the systems may render the solar panels and other components already purchased by the Company non-compliant with the new requirements, potentially resulting in obsolescence and unsellability.

To address this issue, the Company is engaged in several pilot projects aimed at providing solutions to grid congestions by regulating and actively managing the generated energy output.

Risks arising from the default or insolvency of customers

The majority of the Company's clientele consists of households. Their purchases from the Company are primarily financed through government subsidies that support the use of renewable energy and the installation of PV solar panels. These grants are funded by both the European Union and Hungarian sources. However, the disbursement of the grants is fundamentally determined by the availability of EU and budgetary resources. As a result, disbursements may not align with the timelines set forth in the contracts between the customers and the Company, but may occur later, upon receipt of EU and budgetary funds by the grant provider.



Risks related to raw material procurement

The Company's procurement often occurs through supply chains, exposing it not only to risks arising from the non-fulfillment or inadequate fulfillment by its direct partners but also by their suppliers. The Company's raw material procurement is predominantly based on imports, with a significant portion sourced from the People's Republic of China. Given the current geopolitical climate, an extended sanctions policy or trade restrictions could substantially increase our Company's risk concerning raw material procurement. Therefore, our Company has implemented a strategic inventory policy to ensure the raw material coverage of all existing contractual obligations.

Foreign exchange rate fluctuations

The Company's revenue is predominantly denominated in Hungarian Forints. However, since the Company's operations rely heavily on imported goods, a significant portion of its material expenses, approximately 50%, is incurred in foreign currencies. As a result, the Company is significantly exposed to risks arising from exchange rate fluctuations between the Forint and certain foreign currencies. The Company's operations are primarily sensitive to changes in the Euro/HUF and Euro/Yuan exchange rates, with increases in these rates typically adversely affecting profitability.

Warranty and guarantee commitments

The primary warranty obligations for the products sold by the Company are assumed by the manufacturers, followed by the distributors, and finally the installers. EU-SOLAR provides comprehensive support for warranty claims in Hungarian. In certain cases, this involves transferring the warranty and guarantee obligations assumed by subcontractors to the Company's customers. The transfer of these warranty and guarantee rights to the Company's customers introduces a risk, particularly if subcontractors cease operations before the expiration of the warranty or guarantee periods.

Since the Company imports the solar panels it distributes into Hungary and, consequently, into the European Economic Area, it is considered the manufacturer of these panels under product liability regulations. This exposes the Company to risks related to claims arising from manufacturer product liability. Although the Company retains a right of recourse against the actual manufacturer in the event of a claim, there is no guarantee that this right can always be enforced. Additionally, due to the international nature of these transactions, enforcing the right of recourse could involve significant costs.



Risks related to Competition Office procedures

The Competition Authority initiated an investigation in 2022 following complaints regarding the so-called “Support for Residential Solar Panel Systems and Electrification of Heating Systems Combined with Solar Panels” (HET) subsidy. The investigation scrutinized the accuracy and comprehensiveness of the company’s communication activities related to this subsidy opportunity. Additionally, consumers raised concerns about the accuracy of on-site (technical) assessments, the Grant Support Package, and the costs and fees stipulated in the contractor agreement that exceeded the subsidy framework.

On March 8, 2024, the Competition Council issued a decision in the competition supervision procedure, in which it – without the statement of violation of the laws– obliged EU-SOLAR Trading and Service Plc. to establish an internal procedure that ensures the prevention of potential infringements; 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; to provide the continuous operational monitoring of residential-scale power plants, remote troubleshooting of the Growatt system, and a 5% discount on non-warranty repair works.

Although the Competition Authority’s proceedings were concluded without a finding that the company had violated any laws, future complaints, whether justified or not, could potentially lead to further investigations by the Authority. The results of such potential investigations are subject to significant uncertainty due to their subjective nature and could consume significant resources of the Company.

The maximum possible penalty from a potential competition authority investigation could be up to ten percent of the company’s net revenue from the previous fiscal year. However, considering that no fines have ever been imposed on the company, the risk of such a significant penalty being levied is extremely low.



11. Risk management mechanisms

The Company operates ISO 14001 and ISO 50001 management systems, encompassing process-integrated environmental risk management. Additionally, a dedicated enterprise-level risk management framework is under development. Risk mitigation measures are embedded as process-integrated control activities, explicitly defined within the documentation of the Company's key processes.

The Company employs a dedicated compliance organization whose primary responsibilities include ensuring legal compliance within the organization, systematically detecting and managing misconduct, and preventing future occurrences. The Company has an Ethics Code that is accessible to all employees.

Regarding risks, the Company's senior management conducts risk assessment and management tasks as necessary based on input from relevant departments. If needed, the Board of Directors is involved in the decision-making process.

The Company plans the substitution of its existing risk management mechanisms, presently operating within partially formal frameworks, with a comprehensive corporate-level risk management framework to facilitate the systematic, cyclical, and documented identification, analysis, and mitigation of risks (through a risk register). Furthermore, the Company is laying out plans for the establishment of an internal control process. The development and implementation of the requisite policies and methodological frameworks for both risk management and internal control are presently undergoing refinements.

In 2023, the company voluntarily undertook a review of its processes according to ESG criteria, thereby demonstrating its commitment to long-term, predictable, and transparent operations.

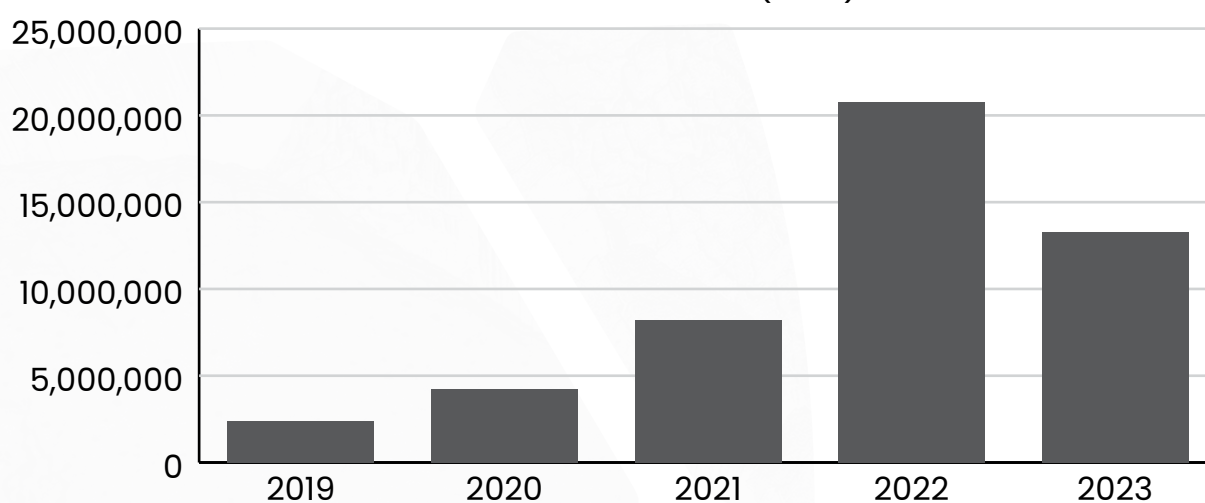


12. Financial performance

12.1. The company's assets and liabilities

Designation (tHUF)	2019	2020	2021	2022	2023	2023/2022
Tangible assets,	473,385	813,397	1,182,181	1,979,327	2,431,094	122.82%
Inventories	621,423	853,535	2,652,822	6,055,124	5,137,389	84.84%
Receivables	460,452	734,061	768,441	2,445,450	2,907,584	118.9%
Financial instruments	782,741	1,760,839	3,214,537	7,359,742	617,575	8.39%
Equity	614,478	1,873,531	3,470,447	6,003,832	6,460,729	107.61%
Long + short-term loans	626,211	1,264,263	2,895,767	2,413,088	3,143,421	130.27%
Short-term loans	434,214	732,881	580,407	341,622	2,652,618	776.48%
Advances received from suppliers + customers	1,018,243	805,968	1,212,803	11,081,026	3,170,277	28.61%
Balance sheet total	2,404,340	4,230,913	8,237,277	20,768,761	13,307,142	64.07%

Total assets (tHUF)





As a result of continuous business expansion, the Company's total assets increased from 2.4 billion HUF to 13.5 billion HUF by December 31, 2023, over the past five years.

On the asset side, tangible assets saw significant growth (from 473 million HUF in 2019 to 2.4 billion HUF in 2023), attributable to the developments and expansions carried out at the Company's central facility in Pécs. In 2020, modernization of the central office building with a structure of 690 sqm located at Kokszt Street 127 took place, and the Company acquired a property with a structure of 3200 sqm located at Kokszt Street 110, just 50 meters away, for logistic and office expansion purposes. In 2021, renovation works were conducted at the property on Kokszt Street 110. In 2022, the Company's real estate portfolio saw significant growth with the acquisition of the warehouse in Cserkút.

There has been a significant increase in supplies as a result of the expansion of activity in recent years, which the Company decided to undertake due to the disruption in supply chains and to ensure 100% security of supply to its customers. Materials management is characterised by a focus on security of supply rather than stock optimisation.

The Company financed both the real estate acquisitions and the increase in inventories through supported bank loans, with the loan portfolio rising from 626 million HUF in 2019 to 3.1 billion HUF by 2023.

Since its establishment in 2012, the Company has been profitable every year.

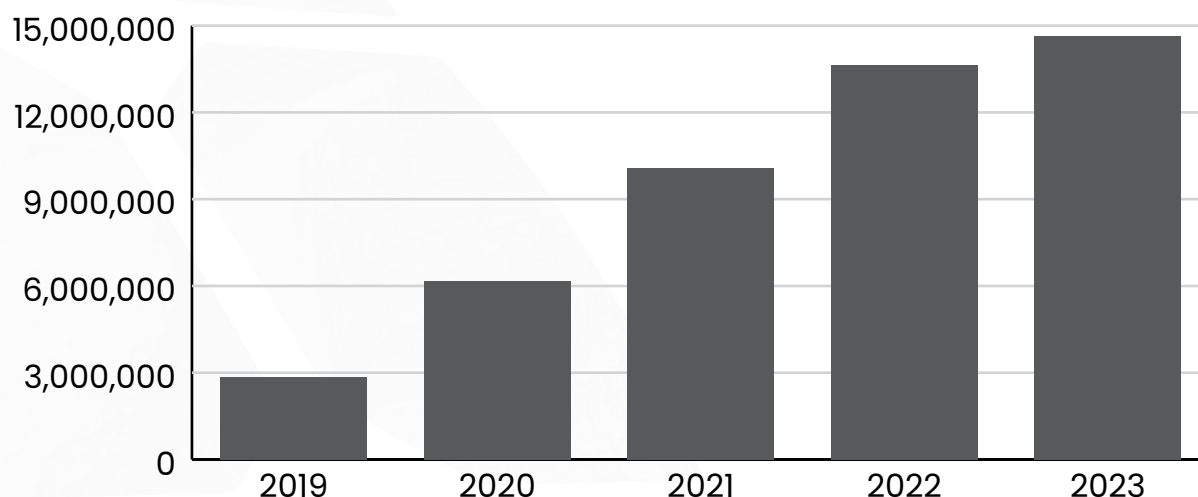
Due to its profitable operations, the Company's equity has also significantly increased over the years, from 615 million HUF in 2019 to 6.5 billion HUF by 2023.



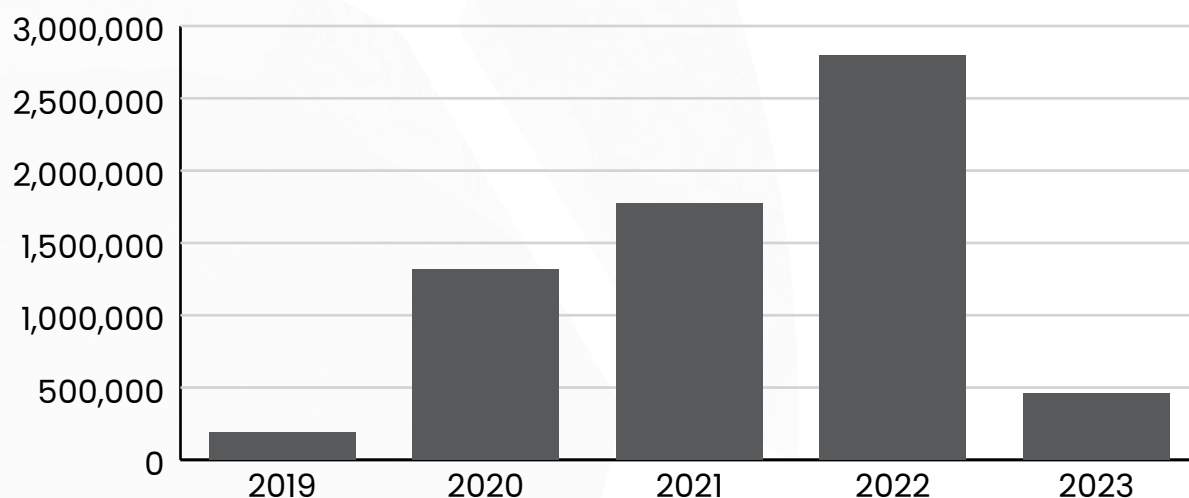
12.2. The Performance of the Company

Designation (tHUF)	2019	2020	2021	2022	2023	2023/2022
Net revenue from sales	2,867,807	6,176,248	10,087,787	13,624,717	14,630,171	107.28%
Material costs	2,260,666	4,237,700	6,901,449	10,992,609	11,618,250	105.69%
Staff related expenditure	325,900	398,559	570,416	729,987	1,179,200	161.54%
Result from operating activities	189,044	1,330,011	1,800,460	1,564,667	1,419,089	90.7%
After-tax income	188,083	1,319,053	1,773,915	2,794,042	456,897	16.35%

Net sales revenues (tHUF)



Profit after taxation (tHUF)





The Company's revenue has significantly increased over the past years (+115% in 2020, +63% in 2021, +35% in 2022, and +9% in 2023), surpassing 14.8 billion HUF in 2023. Despite the significant growth in turnover, the Company's indirect costs rose to a greater extent due to material and service price increases caused by the high inflationary environment and the substantially growing labour force.

Since the Company deals with the domestic installation of solar panels and inverters manufactured abroad, and these installations are carried out by subcontractors, the majority of the Company's costs consist of material-related expenses (material costs, services utilized, COGS, sold intermediary services). Commissions paid to salespersons are categorized under services utilized, while fees paid to subcontractors are accounted for under sold (intermediary) services.

Overall, it can be said that the Company is on a strong growth trajectory, with outstanding profitability and cash generation capabilities, as well as high liquidity and equity adequacy. The Company's future prospects are positive, and its current and future financial management and solvency are on solid ground.

Pécs, 21.05.2024.

András Balázs Petre
Chairman of the Board of Directors



EU-SOLAR

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