EU-SOLAR Plc. Annual Report
2024.09.30

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1. Executive summary

1.1. Business Performance for Q1–Q3 2024

Under the "HET" scheme, thousands of residential customers applied for the installation of small-scale household power plants (SSHP) in 2024. The vast majority of installations were completed by the end of April 2024.
Due to continued uncertainty surrounding the disbursement schedule of government subsidies, many customers experienced significant delays in the commissioning of their solar PV systems.
In response, our company provided extensive pre-financing support, undertaking the installation of these systems at its own financial risk, prior to the commencement of state subsidy payments.
As subsidy disbursements remain delayed, the company continues to bear the burden of de facto interest-free financing for the outstanding balances related to the completed installations.

In accordance with the programme requirements, all transactions related to the HET scheme were to be closed by the end of April 2024, with the option of a three-month extension.
This necessitated the advance financing of VAT. The timeline for the disbursement of the grant remained uncertain, with actual payments not commencing until August 2024.

On 15 January 2024, the Solar Energy Plus Programme was launched, offering non-repayable subsidies for owner-occupied homes and residential properties under lease or leasehold contracts. The programme enables households to install renewable energy systems, reducing their dependence on grid electricity and contributing to environmental protection by lowering greenhouse gas emissions. As a result, Hungarian families benefit from more modern and sustainable living conditions.
A key objective of the programme was to maintain the momentum of small household-scale solar power plant (SHPP) installations following the introduction of gross metering in January 2024. The scheme supports households in generating and consuming their own electricity and promotes a shift towards energy self-sufficiency.
In a pioneering move, the programme also introduced support for battery storage solutions alongside solar PV systems—marking a step toward long-term sustainability and energy resilience

In February 2024, our company signed over 2,000 contracts under the Solar Energy Plus Programme, with this number continuing to rise in the following months.
Reflecting our customer-centric approach, we opted for the bank guarantee scheme offered under the programme. This not only simplified the application process for customers but also provided them with more favourable conditions. As a result, we were able to install and commission systems for our customers before their co-payment was made—significantly enhancing customer satisfaction and supporting the successful execution of the programme.
Following prolonged negotiations with the Bank and the International Development and Funding Coordination Agency (NFFKÜ), the first advance payments were only disbursed in mid-August, after the conclusion of the final tripartite agreements. This enabled the commencement of installation activities.

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However, several challenges slowed project progress. Despite the official start of installations, suppliers faced severe fulfilment issues. Pre-ordered quantities could not be delivered at the required pace, and in some cases, tender-specified products had to be replaced with alternatives. These changes necessitated modifications to the supporting documentation, further delaying disbursements.

Installation capacity also fell short of expectations. Some former subcontractors shifted their business focus, reducing available manpower. Additionally, the high geographical concentration of projects in Budapest and surrounding areas—accounting for around 40% of the total—caused logistical bottlenecks. Rural installation teams were unable to contribute to urban projects, making optimal resource allocation and scheduling more difficult.

Overall, these factors adversely impacted project implementation, delayed expected financial performance, and slowed the launch and execution of installation works.

Compared to the same period in 2023 (4,122), the number of installations fell sharply, with only 641 completed in the first three quarters of 2024.

In parallel, both revenue and operating profit also declined significantly. This was primarily due to the delayed uptake of the Solar Energy Plus Programme, which we expect to gain momentum in the fourth quarter of 2024 and the first half of 2025.

Many customers opted to postpone their investment decisions while awaiting the terms and conditions of the OFP and VOFP tenders, resulting in a shift of potential direct-paying customers towards participation in the public subsidy schemes.

1.2 Outlook for Q4 2024 and FY 2025

In the fourth quarter of 2024, our company successfully resolved the earlier challenges related to the Solar Energy Plus Programme, placing a strong emphasis on rebuilding installation capacity.

As a result, the number of project-related installations increased nearly sixfold compared to the combined total of the first three quarters. This accounted for approximately 25% of the contracted project backlog.

Our company is placing strong emphasis on business growth and portfolio diversification, with both horizontal and vertical expansion planned for FY 2025.

As part of this strategy, we are participating in the RRF Home Renovation Programme (RRF-REP-10.13.1-24), which has a total budget of HUF 108 billion. Our company is a registered contractor under the scheme, offering services in window replacement, insulation, and heat pump-based heating and domestic hot water modernisation.

Several preparatory steps have already been taken, including the setup of our sales network, which is scheduled for launch in Q1 2025 following the introduction of simplified tender conditions. This will be followed by intensified marketing efforts and targeted customer acquisition.

Under the programme, our goal is to secure between 2,000 and 3,000 contracts by 31 December 2025, in line with our current market share. Based on expected award notifications, we plan to

implement 700–1,000 projects during 2025, taking into account the bid evaluation timeline and the advance payments from funding partners.
We anticipate that revenues generated from the programme will significantly contribute to the company's overall growth and support the ongoing diversification of our revenue streams.

Pursuant to a regulation published in the Hungarian Gazette on 11 March 2025, the Rural Home Renovation Programme was extended to include the pensioner population, making them eligible to apply for solar panel support.
As a result, retired homeowners have become a key target group for our company. We offer comprehensive assistance throughout the entire application process, including advisory services, site assessments, system design, and implementation.
Our approach prioritises simple, transparent, and financially sustainable solutions tailored to the needs of pensioner applicants.

Another key strategic direction for our company is to strengthen its presence in the corporate segment and secure a significant market position.
In pursuit of this goal, we have already signed a substantial number of contracts with domestic corporate clients, a large proportion of which are linked to investment projects supported by public tender schemes.
In the case of contracts awarded under the CAP tenders, construction activities may only commence following the receipt of official grant documentation. As such, the execution of currently available contracts is expected to begin during the first two quarters of 2025.
Revenues from corporate projects—similar to the OFP programme—are expected to make a meaningful contribution to the company's overall turnover growth.

2. About the Company

EU-SOLAR, a company listed on the Budapest Stock Exchange, is a leading player in the regional renewable energy market.

Its core activities—both current and planned—include the installation, operation, and maintenance of residential solar systems, heat pumps, hybrid energy systems, battery storage units, electric vehicle chargers, and small-scale power plants.

However, the company plays a significantly more complex role.
Its activities extend far beyond system installation and include the full administrative management of photovoltaic and heat pump systems, comprehensive project management, construction, training, as well as continuous system monitoring and maintenance.

The Company was established in 2012, became a private limited company in 2016, and was listed on the Budapest Stock Exchange in 2022.
PwC has served as the Company's auditor since 2015, marking ten consecutive years of cooperation.

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The Company's accounting and financial operations are managed using the SAP system.

The Company ensures continuous customer acquisition through a regional sales network of several hundred representatives, extensive marketing activities, and a proprietary, internally developed customer relationship management (CRM) system integrated into its ERP platform.
The nationwide sales and service partner network is continuously expanding and evolving, enabling direct and efficient interaction between the Company and its customers.

The Company has a robust in-house IT development and support team, as well as a comprehensive IT infrastructure that supports sales, installation, and customer service operations.
Customer data and business processes are managed through the Company's ERP system, which provides real-time visibility into operational status.
Contactless contracting and invoicing solutions are also available to both existing and prospective business partners.

The Company sources its installed and distributed solar systems, as well as its proprietary heat pump solutions, from foreign partners with whom it maintains strategic supplier relationships.
The Company's primary supplier is Shenzhen Growatt New Energy Co. Ltd., along with Fantastic Co. Ltd., which acts as the exclusive domestic representative of these manufacturers.

Since 2017, the Company has held an accredited adult education licence. The primary purpose of this programme is to provide training for the Company's own employees and subcontractors, thereby ensuring the consistent quality of services delivered. These training courses are also available to external participants on a commercial basis, provided they meet the relevant entry requirements.
The Company is headquartered in Pécs, Hungary, where key functions such as customer service, sales, support, application processing, and funding management are centralised—providing a competitive operational advantage.
Pécs is one of Hungary's largest university cities, with approximately 40,000 students, offering strong access to emerging talent. In addition, the city's proximity to Hungary's southern border supports the Company's regional growth ambitions.

While the Company's operations were initially focused exclusively on the Hungarian market, international expansion began in 2016 with the establishment of its first foreign subsidiary in Croatia (Cro Energija D.O.O.).
This was followed by the founding of EU-Solar System Romania S.R.L. in 2021 and EU-Solar Ukraine LLC in 2023. The Company holds 100% ownership in all three subsidiaries.
The Company is a manufacturing partner for inverters, offering a full product range from 0.75 kW to 1.25 MW.
Growatt products represent top-tier quality and have demonstrated consistent operational reliability over recent decades. They are market leaders not only in terms of efficiency but also in warranty terms, and come equipped with advanced built-in surge and overcurrent protection. Growatt is recognised as the global leader in the residential inverter segment.

In addition, the Company operates its own small-scale power plant and holds both an aggregator and an energy trading licence.
Beyond its customer-facing services, the Company places strong emphasis on environmentally conscious and energy-efficient operations. To support this commitment, it has implemented several quality assurance systems and holds ISO 14001 Environmental Management System (EMS) and ISO 50001 Energy Management System (EnMS) certifications.

The Company received an 'AA' credit rating in 2017, followed by an 'AAA' rating in 2020, based on the Bisnode rating system.

It has also been the recipient of several industry recognitions, including the Business Ethics Award, held continuously since 2020, and the Business Superbrands Award, received in 2021, 2022, 2023 and 2024.

3. Company Overview

Type of shares:	Ordinary shares
Face value of shares:	HUF 250,000
Number of shares:	1 to 1,000

The following senior officers of the Company are authorised to sign on its behalf:

András Balázs Petre	Chairman of the Board of Directors Signing representation: Independent representation
Hortenzia Petréné Kárpáti	Member of the Board of Directors Signing representation: Joint representation
Dr. András Petre	Member of the Board of Directors Signing representation: Joint representation

Registered office: 7630 Pécs, Koksz utca 127.
Operational premises: 7630 Pécs, Koksz utca 110.

Branches of the company: 7800 Siklós, cadastral parcel 06/49. (Small power plant)
3530 Miskolc, Rákóczi Ferenc street 13.
7636 Cserkút cadastral parcell 099/4 (Logistics centre)

Subsidiaries of the Company:

1. Cro Energija D.O.O.
   Registered office: Pobjede 155, 31214 Laslovo, Croatia
   Company registration number: HR92691248934
   Ownership share: 100%

2. EU-Solar System Romania S.R.L.
   Headquarters: Municipiul Oradea, Strada Vasile Alecsandri No. 3, Ap. 12, Judet Bihor, Romania
   Unique identifier: 45357454
   Ownership share: 100%
3. EU-Solar Ukraine LLC
   Registered office: 119 Valeriya Lobanovskyi Street, Office 3, 03039 Kyiv, Ukraine
   Ownership share: 100%

4. Public listing

The Company was converted into a public limited company on 22 April 2022 and was subsequently listed on the BSE Xtend market on 9 May 2022.

The planned listing of EU-SOLAR in 2022 was preceded by extensive preparation throughout 2021.
As part of this process, the Company participated in several initiatives offered through the BSE's support programmes for medium-sized enterprises preparing for listing.

In 2021, EU-SOLAR joined the ELITE Programme—an international corporate development initiative launched by the BSE in Hungary—designed to equip companies with the management and strategic capabilities required for operating as a public company.
The one-year capital market readiness programme was delivered in partnership with PwC.

In parallel with the ELITE Programme, the Company was also featured in the publication BSE50 – Fifty Hungarian Companies' Success Stories, which highlights dynamically growing medium-sized enterprises in Hungary.

Following its listing, the Company is governed by a Board of Directors, which serves as its representative and executive body.

The Chairman of the Board of Directors is elected by the General Assembly from among the Board members. The first Chairman appointed was András Balázs Petre.
András Balázs Petre, along with Hortenzia Petréné Kárpáti—also a member of the Board of Directors—are shareholders of the Company.
The mandate of the members of the Board of Directors is of indefinite duration
Following the listing, the Company established a Supervisory Board.
The Supervisory Board is composed of three members, who are elected by the General Meeting.
The Chairman of the Supervisory Board is elected by the members from among themselves.

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Members of the Supervisory Board (name, address):	Tünde Ibolya Gadóné Szőke	7633 Pécs, Kőrösi Csoma Sándor utca 2. A building, 1st floor door 1/a
	Tamás Rózsás	2030 Érd, Hanság utca 16.
	Tamás József Véghely	1174 Budapest, Csík utca. 3.

The Chairman of the Supervisory Board is Tamás Rózsás. The term of office of the Supervisory Board members is indefinite.

As of 1 October 2024, EU-SOLAR Plc was transformed from a public limited company (Plc) into a European public limited company (Societas Europaea – SE). This change allows the Company to operate under a single European legal framework, facilitating international expansion and cross-border operations.

The transformation aims to improve the efficiency of financing international operations, strengthen the Company's presence in foreign markets, and enhance its appeal to international investors. The SE structure provides significant long-term competitive advantages, including harmonised legal status across EU Member States, reduced administrative complexity, and simplified compliance with cross-border regulations.

By expanding its presence in European capital markets and seeking listings on EU stock exchanges, the Company aims to improve access to global capital and secure the liquidity necessary for continued growth.

In addition, the high prestige associated with the SE legal form increases the Company's attractiveness to international business partners and institutional investors. It also provides the flexibility to adopt a one-tier or two-tier corporate governance structure, supporting efficient and adaptive organisational development.

5. Vision and Mission

Vision

The Company envisions itself as a leading force in the transition from fossil fuels to renewable energy, striving to become a market leader in the Central and Eastern European renewable energy sector.

Mission

The Company's mission is to support households and businesses in reducing their energy costs, dependence on external energy sources, and ecological footprint by providing innovative, environmentally friendly, and expertly guided solutions.

Purpose and Values
As a comprehensive solution provider, the Company empowers its customers to become more self-aware and engaged in building a sustainable and healthy future—for themselves, for society, and for future generations—while also achieving a lasting competitive advantage.

6. The role of state support

In recent years, several grant schemes and preferential loan programmes have been made available to both residential customers and small and medium-sized enterprises (SMEs) to support the installation of solar energy systems.

Since 2021, the government has introduced the Home Renovation Grant (OFT), providing a 50% non-repayable subsidy to families for home improvement projects, including the installation of solar panels.

In the second half of 2021, a new residential support scheme was launched: the HET Programme (Support for Residential Solar Systems and the Electrification of Heating Systems Combined with Solar Panels), offering 100% non-repayable state support specifically targeted at low-income households investing in solar energy.

The Solar Energy Plus Programme, launched on 15 January 2024, offers non-repayable subsidies for private individuals who own residential property, as well as for those with usufruct rights or leasing agreements, to equip their homes with renewable energy systems. Under this programme, the Company has successfully secured more than 2,000 customer contracts.

The RRF Home Renovation Programme (RRF-REP-10.13.1-24)—with a total budget of HUF 108 billion—is scheduled to launch on 1 January 2025. The programme targets the energy modernisation of single-family homes built before 1990.
Under the scheme, the Company is a registered contractor for window and door replacement, insulation, and the modernisation of heat pump-based heating and hot water systems. Based on our current market share, we aim to secure between 2,000 and 3,000 contracts by 31 December 2025.

7. Employment Policy

The Company's workforce has slightly decreased, with a smaller proportion of manual workers and a larger share of white-collar professionals.
EU-SOLAR's employment policy is centred on retaining committed and value-driven employees. In cases where specific positions are phased out, the Company strives to offer internal re-employment opportunities.
EU-SOLAR takes a forward-looking approach to human resources, promoting equal treatment, employee diversity, and inclusion. The Company firmly rejects all forms of discrimination.

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Open-minded and motivated employees are supported through continuous professional development opportunities.

8. Research and development (R&D)

The Company holds a registered industrial innovation in the field of e-mobility and invests significantly each year in the development of its back-end IT systems.

9. Environmental Responsibility

The Company places great emphasis on ensuring that its operations reflect an environmentally conscious and energy-efficient approach, in addition to the services provided to customers.
Key environmental commitments and initiatives include:

- Maintaining a fleet with a significant number of electric vehicles
- Operating an electric vehicle charging station since 2017
- Achieving and maintaining carbon neutrality since 2020
- Operating a solar power plant in Siklós
- Selecting office equipment based on environmentally friendly energy use and sustainable manufacturing technologies
- Obtaining ESG certification in 2023

10. Principal Risks and Uncertainties

Regulatory Changes in State Aid for Residential Solar Installations

Households remained the Company’s primary customer segment in 2024. The installation of residential solar systems continues to be highly dependent on the availability and timely disbursement of public subsidies.
Any suspension or delay in government support payments could have a material adverse impact on the Company’s sales volume, revenue, and overall financial performance.

In response to the risks associated with the changing regulatory landscape, the Company has taken strategic steps to significantly expand and diversify its portfolio.

Grid Connectivity of Residential Solar Systems

The ability to connect the solar PV systems marketed by the Company to the public electricity grid depends on the regulatory requirements set by grid operators—primarily the Hungarian Electricity Transmission System Operator Ltd. (MAVIR Zrt.).
The tightening of grid connection standards or the introduction of new, costlier technical requirements may reduce market demand for solar PV systems, including those offered by the Company.

Furthermore, if the permitted system size or other technical parameters are significantly altered, the solar panels and related components already procured by the Company may no longer comply with the updated standards, potentially rendering them unsellable.

To address this risk, the Company is engaged in several pilot initiatives aimed at mitigating grid congestion by regulating and actively managing the energy generated by solar PV systems.

Customer Default and Insolvency Risk

The residential segment accounts for the vast majority of the Company's customer base. These households typically finance their purchases through EU and Hungarian state subsidies that support the adoption of renewable energy technologies and the installation of solar panels.
However, the disbursement of these subsidies depends on the availability of EU and national budgetary funds and may not align with the contractual payment schedule agreed upon with the customer. As a result, subsidy payments are often delayed and may affect a large number of contracts simultaneously, rather than individual cases.
In line with its customer-focused approach, the Company has, in practice, continued to implement residential projects even in situations where the timing or certainty of grant refinancing was in question. This policy aims to ensure customer satisfaction and operational continuity, albeit with increased financial exposure.

Supply Chain and Raw Material Procurement Risks

In many cases, the Company sources materials through multi-tier supply chains, which exposes it to risks not only from the non-performance or underperformance of its direct suppliers, but also from disruptions affecting upstream suppliers further along the chain.
The Company's procurement of key raw materials is heavily reliant on imports, with a significant portion sourced from the People's Republic of China.
In light of current geopolitical developments, the potential introduction or extension of sanctions or trade restrictions may significantly increase the risk exposure related to raw material availability and cost.

Foreign Exchange Rate Risk

The Company's revenues are predominantly denominated in Hungarian forint (HUF), while a significant portion of its material costs—approximately 50%—is incurred in foreign currencies.
As a result, the Company is highly exposed to exchange rate fluctuations, particularly those involving the EUR/HUF and USD/HUF currency pairs.
Appreciation of these foreign currencies relative to the forint typically has a negative impact on profitability, as increased input costs may not always be offset by corresponding price adjustments in the domestic market.

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Risks Related to Guaranteed Obligations

The products sold by the Company are covered by warranty obligations—primarily by the manufacturers, secondarily by the distributors, and thirdly by the installers. In all cases, warranty claims are fully supported by EU-SOLAR in Hungarian.
In some instances, the Company transfers the warranty and guarantee obligations undertaken by subcontractors directly to its own customers.
However, the Company's exercise of warranty rights on behalf of customers entails a risk if subcontractors become insolvent or terminate operations before the expiration of the warranty or guarantee period.

As the Company imports solar panels into Hungary—and therefore into the European Economic Area—it is considered the legal manufacturer of these products under applicable product liability regulations.
As a result, the Company is exposed to potential product liability claims that would otherwise be directed at the original manufacturer.
Although the Company may retain a right of recourse against the actual manufacturer in the event of a claim, there is no guarantee that such rights can be successfully enforced in all cases.
Furthermore, due to the international nature of the supply chain, exercising these rights may involve substantial legal and administrative costs.

Risk of Competition and Market Regulatory Investigations

In 2022, the Competition and Energy Authority launched an investigation following complaints submitted by external parties.

The investigation concerns the Company's communication activities related to the HET Programme (Support for Residential Solar Systems and the Electrification of Heating Systems Combined with Solar Systems), specifically the accuracy and completeness of information provided to customers.

The scope of the investigation includes issues related to the communication of fees for on-site technical surveys, the Application Support Package, and the difference between the actual system cost and the amount covered by the grant, as stipulated in the contractor agreement.

On 8 March 2024, the Competition Council of the Hungarian Competition Authority issued a decision in connection with the ongoing investigation.

Without establishing the existence or absence of an infringement, the Council ordered EU-SOLAR Plc. to implement an internal compliance procedure aimed at preventing potential future infringements.

In addition, the Company was instructed to provide all affected customers—i.e. those who submitted their tender applications with EU-SOLAR as the contractor under the HET Programme and whose projects are pending or in progress—with a complimentary Remote Monitoring service package for a period of three years.

Alternatively, the Company may offer a service and maintenance package, which includes remote monitoring of the operational status of the small household power plant, remote diagnostics and repairs for Growatt systems, and a 5% labour discount on non-warranty-related repair work.

Although the competition proceedings were closed without a finding of infringement against the Company, future notifications—whether legitimate or unfounded—may give rise to additional investigations by competition authorities.

The outcome of such investigations may involve significant uncertainty, including subjective assessments, and could require substantial time and resources from the Company.

Under applicable regulations, any competition fine imposed may not exceed 10% of the Company's net turnover in the preceding business year.

To date, no fine has ever been imposed on the Company, and the likelihood of such a penalty remains considered extremely low.

11. Risk management mechanisms

The Company operates certified quality and environmental management systems in accordance with ISO 9001, ISO 14001, and ISO 50001 standards. These systems incorporate in-process environmental and operational risk management elements.
In addition, a dedicated enterprise-wide risk management framework is currently under development to further strengthen risk governance and standardisation.
Risk mitigation activities are embedded in day-to-day operations through documented control procedures, which are reflected in the Company's core process descriptions.

The Company operates a dedicated compliance function, whose primary responsibility is to ensure adherence to legal and regulatory requirements across the organisation, and to systematically detect, manage, and prevent potential misconduct.
As part of its ethical governance framework, the Company has established and communicates a Code of Ethics, which is accessible to all employees and sets out the principles of integrity, responsibility, and professional conduct expected throughout the organisation.

Risk assessment and mitigation activities are carried out by the Company's senior management, based on inputs from internal and external stakeholders. Where appropriate, the Board of Directors is involved in strategic decision-making related to risk management.
This top-level oversight ensures that emerging risks are promptly addressed and integrated into the Company's operational and governance framework.

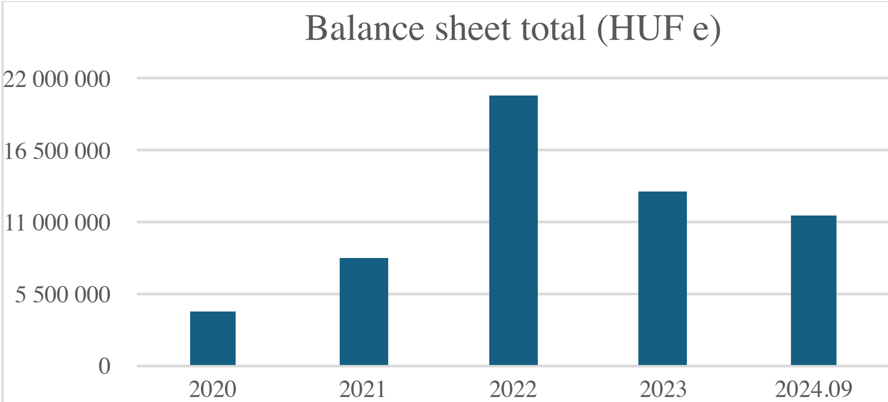
The Company intends to replace its current, partially formalised risk management practices with a comprehensive, enterprise-wide risk management framework.
This framework will enable risks to be identified, assessed, and managed in a structured, cyclical, and well-documented manner through the implementation of a formal risk register.
In parallel, the Company is in the process of developing and implementing a policy and methodological framework for strengthening its internal control processes. These developments are aimed at enhancing the Company's risk governance and long-term organisational resilience.

In 2023, the Company voluntarily conducted an ESG review of its internal processes, underscoring its commitment to long-term, transparent, and sustainable operations.

12. Financial results

12.1. The Company's assets and liabilities

Title	2020	2021	2022	2023	Amendments to previous years	2024.09
Fixed assets (HUF thousand)	813.397	1.182.181	1.979.327	2.431.094	0	2.269.604
Inventories (HUF thousand	853.535	2.652.822	6.055.124	5.137.389	-7.075	3.565.978
Receivables (HUF thousand)	734.061	768.441	2.445.450	2.907.584	13.781	2.142.707
Cash and cash equivalents (HUF thousand)	**1.760.839**	**3.214.537**	**7.359.742**	**617.575**	**0**	**1.489.619**
Equity (HUF thousand)	1.873.531	3.470.447	6.003.832	6.460.729	-629.573	3.007.715
Loans (Long- and Shorth-Term) (HUF thousand	1.264.263	2.895.767	2.413.088	3.143.421	0	2.347.673
Short-Term Loans (HUF thousand)	732.881	580.407	341.622	2.652.618	0	2.058.308
Trade Payables and Customer Advances (HUF thousands)	805.968	1.212.803	11.081.026	3.170.277	1.339	3.384.059
Balance Sheet Total (HUF thousands)	**4.230.913**	**8.237.277**	**20.768.761**	**13.307.142**	**143.319**	**11.493.928**



As a result of the continuous expansion of its operations, the Company's total assets increased from HUF 4.2 billion in 2020 to HUF 11.5 billion as of 30 September 2024.

On the assets side, the value of tangible fixed assets increased significantly—from HUF 813 million in 2020 to HUF 2.2 billion by 2024—reflecting the Company's continuous infrastructure development.

In 2020, the Company completed the renovation of its 690 m² central office building located at 127 Koksz utca, and acquired a nearby 3,200 m² property at 110 Koksz utca to support logistics and office expansion. Renovation works at the latter site commenced in 2021 and are currently ongoing.

In 2022, the Company's property portfolio was further expanded through the acquisition of a warehouse facility in Cserkút. This was followed in March 2023 by the purchase of a commercial property at 55 Rákóczi út Pécs.

Inventory volumes increased significantly in recent years in line with the Company's business expansion. However, as of 30 September 2024, inventory levels had declined sharply, reflecting a shift in materials management strategy.

In 2024, the Company placed a strong emphasis on inventory optimisation, focusing on efficient stock management practices aimed at streamlining inventory structure and minimising capital tied up in inventory.

The purchase of real estate assets and the increase in inventories were financed primarily through subsidised bank loans. The Company's loan portfolio grew from HUF 1.3 billion in 2020 to HUF 3.1 billion in 2023, before decreasing to HUF 2.3 billion as of 30 September 2024, reflecting partial repayments and improved working capital management.

Since its establishment in 2012, the Company has consistently operated profitably. The accounts for 30 September 2024 show the first temporary loss in its history, which was primarily the result of short-term operational challenges and volatility in the market environment.

Despite this temporary setback, the Company's robust project pipeline, existing contracts, and favourable market outlook provide a solid foundation for a return to profitability. Its long-term strategic positioning and ongoing growth initiatives are expected to support sustainable and profitable operations in the years ahead.

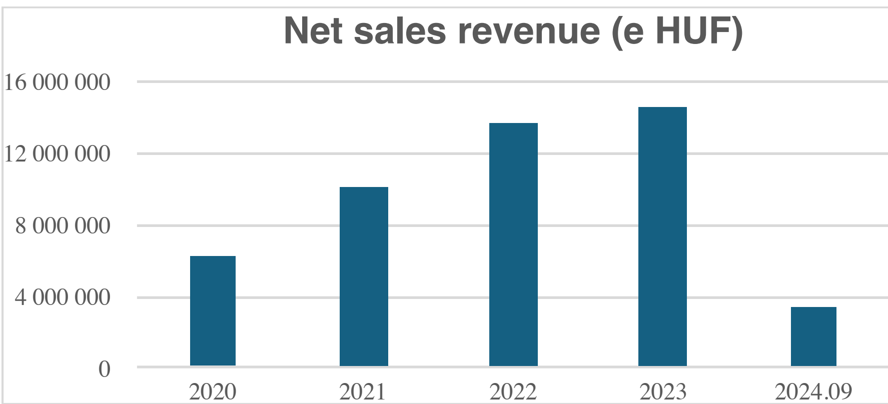
The Company's equity grew significantly over the years, increasing from HUF 1.9 billion in 2020 to HUF 6.5 billion by 2023, supported by consistently profitable operations.

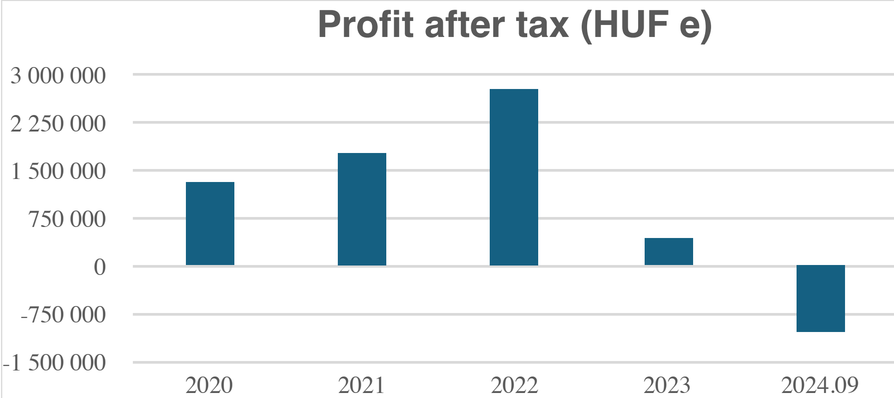
As of 30 September 2024, equity had decreased to HUF 3.0 billion. The decline is attributable to two key factors: the negative financial result recorded in the first half of 2024 and the decision of the Board of Directors to distribute a dividend of HUF 1.8 billion.

In line with the Board's resolution, the dividend was recognised as a liability to the parent company and deducted from the retained earnings (profit and loss reserve).

12.2. Performance of the Company

Title	2020	2021	2022	2023	Amendments to previous years	2024.09
Net sales revenue (HUF thousand)	**6.176.248**	**10.087.787**	**13.624.717**	**14.630.171**	**136.613**	**3.394.215**
Material expenses (HUF thosuand)	4.237.700	6.901.449	10.992.609	11.618.250	779.592	3.301.058
Personal expenses (HUF thousand)	398.559	570.416	729.987	1.179.200	1.576	789.021
Operating Profit/ Loss (HUF thousand)	1.330.011	1.800.460	1.564.667	1.419.089	-630.405	-1.066.525
Profit/Loss after tax (HUF thousand)	**1.319.053**	**1.773.915**	**2.794.042**	**456.897**	**-629.573**	**-1.023.441**





The Company’s net sales revenue has increased significantly in recent years, recording annual growth rates of +115% in 2020, +63% in 2021, +35% in 2022, and +7% in 2023, reaching HUF 14.6 billion by year-end 2023.
In the first nine months of 2024, revenue declined sharply, primarily due to the implementation structure of the Solar Plus Programme and operational bottlenecks related to supplier and installer capacity.
As the sales data cover only three quarters, they may not fully reflect the Company’s full-year performance and may distort the long-term growth trajectory.
Nevertheless, based on the volume of already signed contracts and a strong project pipeline, the Company sees a solid foundation for stable operations in the coming years. Given its long-term strategic positioning and the market opportunities ahead, a return to the previous growth path is expected.

As the Company is primarily engaged in the domestic installation of solar panels and inverters manufactured abroad, and the execution is carried out through subcontractors, its cost structure is predominantly composed of material-type expenses. These include the cost of raw materials, external services, ELAPEX, and sold indirect services.
Commissions paid to sales agents are accounted for under "services used," while subcontractor fees are recorded under "indirect services sold." This structure reflects the Company’s asset-light, implementation-focused business model.
Overall, the Company demonstrates a strong growth trajectory, robust profitability and cash flow generation, high liquidity, and solid equity coverage. The financial outlook remains positive, supported by the Company’s stable operations, strong solvency, and proactive management approach.

Pécs, 30 April 2025.

András Balázs Petre
Chairman of the Board
EU-SOLAR SE