



ANNUAL REPORT MAY 06, 2024

Content:

- Material events: Displays all events that occurred after the balance sheet date and had a material impact on the economic position of the company.
- Expected development: Analyzes the future prospects of the company, the expected changes in the economic environment and the possible consequences of internal decisions.
- Financial instruments: Describes how Jégtrade Ltd. uses financial instruments and how they affected their financial position during the period analysed
- Risk management policy: Jégtrade Ltd. presents the strategy followed by the company to manage various risks.

Presentation of risks: Details each risk, such as price risk, credit risk, etc., and how they affect the company's operations.

- Research and development: Describes the company's R+D activities and their impact.
- Introduction of sites: Lists all important sites of Jégtrade Ltd. and describe their significance.
- Employment Policy: Describes the steps taken by the company to retain and develop its workforce.
- Environment: Display all information about environmental activities and responsibilities.
- Corporate governance statement: Describe corporate governance principles and practices.

Key events/results:

Net Sales: Net sales in 2022 amounted to HUF 10,882,947,000, which increased to HUF 13,702,616,000 in 2023. This represents an increase of nearly 26% compared to the previous year.

Profit after tax: Profitability is also positive. Balance sheet profit in 2022 was HUF 333,798,000, which more than doubled to HUF 691,477,000 in 2023. This success was achieved by JÉGTRADE Kft. in its second year of management!

Assets and Liabilities: The total value of assets in 2022 was HUF 2,390,561,000, which increased to HUF 3,096,536 in 2023, showing an increase of 29.5%. Similarly, the total value of resources also shows an increase, from HUF 2,390,561,000 to HUF 3,096,536 in equivalent values.

JÉGTRADE Élelmiszeripari és Kereskedelmi KFT.

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In view of the above positive trends, the company's management will continue to pursue an expansionary trade policy in the future. If no particularly adverse economic situation occurs, the inflationary environment in 2023 and the resulting adverse macroeconomic environment are resolved, the company plans to continue to deliver next year. Furthermore, the company makes every effort to continue to meet the needs of its customers at a high level and be a reliable partner in the market.

Expected development

JÉGTRADE Ltd. closed the previous year with positive results, however, when assessing future prospects, the expected further changes in the macroeconomic environment and the possible consequences of decisions within the company must be taken into account. Strategic developments and automation become timely within the Company.

Macroeconomic environment:

According to economic forecasts, inflation has stopped rising and is declining radically, but consumption may continue to decline due to "bounceback" inflationary effects, which could lead to a trade slowdown in the food and trade industry, especially among SMEs, through declining consumption. Higher food prices and a decrease in people's purchasing power can lead to changes in consumer habits. In such an environment, companies need to develop new strategies to meet consumer needs while maintaining their competitiveness.

Internal decisions:

In recent years, JÉGTRADE Ltd. has successfully optimized its operations, which counteracted the negative effects of the macroeconomic environment. These profitability has been maintained at a record level for two marketing years now. However, unless the economic environment improves prolongedly, a decline in profitability is conceivable in the medium-term outlook, even if the company has not experienced such problems before. With this in mind, the company must develop a forward-looking strategy that responds to changing circumstances. One such factual challenge is to reduce the rotational speed.

Future steps:

Your company may want to consider the following measures:

Diversify: Expand your food product portfolio or consider entering new markets to stabilize sales.

Cost-effective innovations: Introducing new technologies and processes that can reduce production costs and allow the company to offer its products on the market at competitive prices.

Consumer feedback: Continuously monitor consumer needs and rapidly adapt product offerings to changing demand trends.

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Overall, JÉGTRADE Ltd.'s successful track record is encouraging, but regarding future prospects, it must be proactive in its response to macroeconomic changes and in strategic decisions within the company.

Financial instruments and their impact on assets

The financial situation of JÉGTRADE Kft. has undergone a significant change in 2023 compared to previous years. A detailed study of the company's financial data allows you to identify the tools and strategies that the company has used to achieve success.

1. Increasing revenue: The company's net sales increased by more than HUF 2.8 billion from 2022 to 2023. This growth shows that the company has successfully adapted to the market environment and increased its sales performance.

2. Optimized operation: Operating activity profit increased significantly over the past year, suggesting that the company has efficiently managed its costs and increased production efficiency.

3. Asset growth: Current assets increased significantly, especially in the area of receivables and funds. The increase in funds shows that the company's liquidity has improved, which gives it flexibility to make future investments or cover unexpected expenses.

4. Equity and liabilities: The level of equity has increased, reflecting the strengthening financial stability of the company. At the same time, liabilities also increased, especially in the area of current liabilities, suggesting that the company actively used financial instruments to finance growth.

5. Receivables management: Receivables management plays a critical role in corporate finance, especially for large companies such as JÉGTRADE Ltd., where thousands of customers generate about eighty thousand customer invoices annually. The management of claims of this magnitude requires a complex system, the elements of which work in harmony. Given the levels of receivables management that have appeared in the company, below I will show how this process could be optimized and made more efficient:

1. Sales and internal management level:

Automatic reminder system: Automated reminders: Placing reminders in an automated system allows salespeople to be notified of outstanding receivables in a timely manner.

Prioritization: A reminder system can give salespeople the opportunity to prioritize larger or overdue receivables.

Direct communication channels: Salespeople should be able to communicate directly with customers about amounts due, allowing for quick and efficient reconciliation.

2. Legal Claims Management Warnings

Step One – Warning Letter: Once the claim remains due for a specified period of time – 20 days – an automatic warning letter is sent to the customer about the possible consequences of legal recovery of the claim.

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Mediation option: The warning letter may offer a mediation procedure where the parties negotiate the settlement of the debt.

3. Winding-up court level

Decision point: The company must set clear criteria for when they decide to recover the claim in court.

Legal consultation: Before initiating legal proceedings, it is important to seek legal advice to ensure that the company has a strong foundation in the case.

The application of a three-tier receivables management system allows the company to react flexibly to the changing nature of receivables due. Automation and clear communication are key to increasing process efficiency.

Summary

Overall, JÉGTRADE Ltd. has effectively used its financial instruments to optimize its operations and increase its profitability. The company should continue to monitor its financial condition and possible risks, especially with regard to increasing liabilities, but based on current data, the financial situation of the company is stable and shows an increasing trend.

Risk management policy:

1. **Market Risk:** Based on our analysis of the management of risks related to market factors of the Ice Trade Company, we can make the following conclusions:

1. Customer assortment diversification:

Jégtrade's chosen strategy of working with wholesalers, multi store chains and HORECA customers significantly reduces market risk. Diversification means that a company is not dependent on market conditions in a single customer segment. If there is a downturn in one segment (e.g. in the HORECA sector due to the pandemic), the performance of the other segments can offset the negative effects. This ensures the stability of the company's revenue and profit.

2. Exchange Risk and Stocks:

Increasing stocks to manage the risk of currency fluctuations can be a smart move, especially if the company needs to import or purchase raw materials from abroad. Exchange rate volatility can affect supply costs. By increasing stocks, the company is able to buy in advance when exchange rates are favorable and thus reduce costs in the future.

3. Treaties and Agreements:

A 3% risk ratio for distributor agreements with detailed deadlines significantly reduces risk. Well-defined and contractually agreed terms minimize misunderstandings and disputes and ensure business continuity. A clear definition of responsibilities and responsibilities also helps reduce risks.

In summary, Jégtrade's chosen risk management strategies are reasonable and effective in reducing market risks. The methods used by the company allow it to be more resistant to market changes and maximize returns while minimizing risks.

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Credit Risk and Debt Management:

Credit risk is one of the most significant risk factors for companies, especially if there is a large amount of receivables. Without managing this risk, the company could face liquidity problems.

1. Receivables management:

a. Seller reminder system:

Under this system, salespeople have a role to play in dealing with customers and take responsibility for collecting invoices that fall due.

Salespeople are in direct contact with customers, so they have the opportunity to quickly notice when payment difficulties arise and respond promptly.

b. Legal Claims Management:

If the customer does not pay by the deadline, the company becomes entitled to recover the claim through legal means. This includes written warnings and payment reminders.

If the claim persists, the company can also initiate legal proceedings for collection.

c. Winding-up court level:

If the client becomes insolvent, the company should consider initiating legal proceedings, such as liquidation or bankruptcy proceedings.

2. Customer rating system:

a. Risk Analysis and Parameterization:

Before assessing the risk profile of new clients, it is necessary to conduct a thorough credit check. This includes analyzing the client's financial statements, previous payment history, and credit history. Based on the assessment, the company determines a risk score for the client.

b. Granting of Deferred Payment Status:

Only customers who meet a defined risk score are allowed deferred payment status.

Higher-risk customers should be offered more limited payment terms, while low-risk customers may be offered more favourable terms.

c. Written contracts:

Each agreement with each client must be recorded in writing. This ensures that both parties are aware of the obligations and conditions.

The above systems are designed to minimize credit risk and maximize the company's revenue and liquidity. Effective receivables management and the use of an appropriate customer rating system are vital to the long-term success and stability of the company.

Liquidity Risk and Financial Situation of JÉGTRADE Ltd.:

Liquidity risk is the risk that a company is unable to meet its short-term liabilities at maturity because it does not have enough cash or easily realizable assets.

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1. Bank Assessment and Credit Rating:

If JÉGTRADE Ltd. has an AAA rating before banks and international credit rating agencies, this means that the company has a strong financial situation and a low probability of facing liquidity problems.

The AAA rating is the highest credit rating, which expresses the excellent solvency and low risk profile of the company.

2. Calm balanced reporting:

Balanced and transparent reporting increases banks' and CRAs' confidence in the company. This shows that the company manages its finances responsibly and has no hidden liquidity problems.

Transparency and reliability increase the company's chances of obtaining favorable financing opportunities and reduce interest rates.

3. Analysis:

JÉGTRADE Ltd.'s strong financial position and AAA rating show that the company manages its liquidity risks well.

The company has sufficient cash and liquid assets to meet its short-term obligations, and it has no significant liabilities that could affect the financial stability of the company.

Calm and balanced reporting further strengthens the company's credibility and reliability in front of its financial partners.

Conclusion: Ice Trade Ltd. ***It is in a strong financial position and manages its liquidity risks well. A triple-A rating and balanced reporting increase a company's chances of obtaining favorable financing opportunities and reduce its financing costs. The company needs to continuously monitor its financial situation and liquidity risks in order to maintain a strong financial position and remain a reliable partner in the financial sector.***

Operational Risk and Human Resources Challenges of JÉGTRADE Ltd.:

1. Operating risk definition:

Operational risk encompasses risk arising from failures or failures of internal processes, systems, people, or external events. This can include technological failures, challenges to human resources, inadequacy of procedures and processes, or even external events such as natural disasters.

2. Specific challenges of Jégtrade Kft.:

a. **Human Resources Exposure:** A company is heavily dependent on its people, which poses a significant operational risk, especially if the company does not have a strong HR policy or an adequate recruitment and training strategy.

b. **Information hierarchy:** The wide availability of information can increase the risk of misuse of information, and limited diversification of the permission level of systems poses additional security risks.

c. **Recognition and Reward:** The lack of recognition levels and the simplicity of HR policy (such as only monetary rewards) can reduce employee engagement and motivation.

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3. General SME operational risks:

a. Technology: For many SMEs, IT infrastructure can be outdated, leading to system failures or data loss.

b. Processes and Procedures: Procedures may be unstandardized or undocumented, which can create incoherence and error.

c. External Risks: These may include risks related to suppliers, market changes or even legal and regulatory challenges.

4. Future opportunities:

a. Support for studies: Companies that support the upskilling and development of their employees can increase workforce engagement, reducing turnover and errors. In addition, a skilled workforce is better able to manage and minimize operational risks.

Conclusion: JÉGTRADE Ltd., like many other SMEs, faces a number of operational risks, especially related to human resources. It may be important for the company to review HR policy, expand training and development opportunities, and review internal processes and information hierarchy. With these measures, the company can reduce operational risks and increase the efficiency and stability of its operations.

Strategic Risk and Specific Challenges of JÉGTRADE Ltd.:

1. Definition of strategic risk: Strategic risk includes risks arising as a result of corporate decisions or external changes such as actions of competitors, market changes or technological changes. These risks can significantly affect the company's operations, profits and market position.

2. Specific challenges of JÉGTRADE Ltd.:

a. Ownership Concentration: If decisions are concentrated mainly in the hands of the owners, there is a risk that the company will not take into account all relevant information or points of view, which can lead to serious mistakes in strategic decision-making.

b. Subjectivity: Owner-driven decisions may be prone to subjectivity. If decisions are not based on objective and comprehensive market analysis, there is a risk that they will not be optimal for the company.

c. Competitor and Market Trend Monitoring: While owner-driven competitor monitoring is important, proper analysis and integration of this information into strategic planning is essential for successful risk management.

3. Treatment methods:

a. Strategic Planning: The company should conduct regular and comprehensive strategic planning, which includes analysis of competitors, market trends, and technological changes.

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b. Objective decision-making: It is important for the company to involve different departments and experts in the decision-making process in order to make decisions as objective and informed as possible.

c. External Consulting: The company may consider bringing in additional external experts or consultants for strategic planning and analysis, which can bring new perspectives and expertise to the decision-making process.

Conclusion: It is vital for JÉGTRADE Ltd. to recognize and manage strategic risks. Since decision-making is mainly concentrated in the hands of owners, it is important for the company to develop strategic planning processes and objective decision-making methods. External consulting and the involvement of internal experts can also increase a company's ability to manage risk effectively. Furthermore, analytical decisions coupled with it lead to verifiable efficiency improvements and savings.

Legal and Compliance Risk and Specific Measures of JÉGTRADE Ltd.:

1. Regulatory and Compliance Risk Definition:

This risk refers to losses or negative consequences that may result from legislative changes or non-compliance with compliance requirements. These risks can lead to financial penalties, business restrictions, or reputational losses.

2. Specific measures of JÉGTRADE Ltd.:

a. Permanent Freelance Lawyer: Permanent legal advice ensures that the company is always aware of the current legal environment and is informed of changes in good time. This is especially useful in a rapidly changing legal environment where companies need to react quickly to changes. In fact, it was realized.

b. Financial, Administration, Controlling and Receivables Partner: The role of a central Partner is critical in preparation and compliance processes. He oversees the company's internal processes and ensures that they comply with legal and regulatory (external-internal) requirements. In addition, Controlling continuously monitors the processes that pose the greatest legal risk.

3. General methods of treatment:

a. Legal Team or Consultants: Every company must have an internal or external legal team that is kept informed of regulatory changes and updates in the industry.

b. Continuing Education: Company employees must undergo regular training to stay up to date with legal and regulatory requirements.

c. Monitoring Legal and Regulatory Updates: Companies must continuously monitor legal and regulatory changes affecting their industry.

Conclusion: With its permanent external lawyer and controller partner, Jégtrade Kft. is well positioned to manage legal and compliance risks. However, companies must be constantly vigilant and adapt to

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the changing legal environment to minimize these risks and ensure the continuity of their business operations.

Reputation risk and specific challenges of JÉGTRADE Ltd.:

1. **Definition of Reputation Risk:** Reputation risk refers to losses or challenges that may result from the deterioration of a company's reputation. As a result of these risks, a company may lose the trust of its customers, partners or investors, which may negatively affect business results.

2. **Specific challenges of Jégtrade Kft.:**

a. **Lack of communication resources:** If a company has only one communication partner at its disposal, there is a risk that it will not be able to handle crisis situations quickly and efficiently enough or communicate with the public.

b. **Online Communication Disadvantages:** In the digital age, online communication tools and platforms are essential for companies. An inadequate online presence means not only losing contact with your audience, but also giving you an advantage over your competitors.

3. **General methods of treatment:**

a. **Strong Communication and PR Strategy:** Companies must develop an effective communication and PR strategy to prevent negative reputational risks and respond quickly to any crisis situation.

b. **Proactive Crisis Management:** Companies need to anticipate potential crises that may affect their reputation and communicate quickly, transparently and responsibly.

c. **Digital Presence Development:** Companies need to invest in developing their presence on online platforms and social media and actively participate in the online community to strengthen their reputation and build relationships with their audience.

Conclusion: It is important for Jégtrade Kft. to recognize and manage reputational risks, especially due to online communication disadvantages. The company needs to invest in communication resources and online strategies to protect and strengthen its reputation in the future.

Employment policy at JÉGTRADE Ltd.:

1. **Workforce retention and development:** JÉGTRADE Ltd. is aware that workforce is one of the company's most valuable resources. The following steps have been taken to retain and develop their workforce:

a. **Operational Risk Management:** As mentioned earlier, a company is heavily dependent on human resources, especially at the operational and managerial levels. To reduce the risk of failures, steps have been taken such as increasing recognition levels, diversifying HR policy, and introducing incentives beyond financial rewards.

b. **Ongoing Position Advertising:** In order to ensure that the company always has the right workforce, they constantly advertise available positions and actively seek new talent.

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c. Negotiations with foreign labor: The company recognizes the potential benefits and opportunities of foreign labor. Negotiations are currently underway to attract foreign labour, although these steps have not yet materialised.

2. Future plans:

the. Continuing to integrate foreign workforce: Given the current negotiations, the company plans to integrate foreign labor in the future. This can provide the company with an opportunity to diversify its workforce and increase competitiveness in the market.

In summary: JÉGTRADE Ltd. is actively working on developing and applying its workforce strategy to retain and develop its workforce. With constant position advertising and negotiations with foreign workforce, the company ensures the stability of the workforce and the long-term growth of the company.

Corporate governance statement for Visual Apollo:

Today, the Visual Apollo computing system is at the forefront of the industry due to its modular design and complexity. The system basically consists of three outstanding parts, which are:

Back Office Module: This module has been created primarily to meet modern-day financial and accounting needs and has a wide range of applicability, regardless of the sector of the company.

Front Office Modules: They are designed to meet the specifics of each discipline, taking into account the specific needs of the given areas.

Customer Management Module: This section covers customer, events, analytics, and customer-related documentation.

All modules operate as part of an integrated system, ensuring mutual data exchange and optimal operation. The flexibility of the system allows for quick adaptation to user needs, as well as installation and implementation in a short time.

Internet applications offer additional benefits, such as the webshop and online customer service services.

Visual Apollo operates as a proven and recognized system not only in Hungary, but also in many European countries, which is able to communicate with users in several languages.

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Based on this statement, we can state that the Visual Apollo system is an innovative, reliable and efficient **closed enterprise management** tool, which provides complex solutions to the challenges of the modern age.

This statement is based on the description and characteristics of the Visual Apollo computing system.

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