27048090-4663-114-13
Statistical code

13-10-041955
Company registration number

DMKER
MEZŐGAZDASÁGI ÉS ÉPÍTŐIPARI GÉPEK

DM-KER Plc.
2310 Szigetszentmiklós, Csepeli út 22., 1/257-6261

01.01.2021-31.12.2021

ANNUAL ACCOUNTS

DMKER
BÉT
XTEND
Listed on the Xtend Market of the Budapest Stock Exchange

Barnabás Kocsy
Member of the Board of Directors/CEO

Judit Szegedi
Director of Finance/Deputy CEO

Szigetszentmiklós, 16.03.2022

CONTENTS

INDEPENDENT AUDITOR'S REPORT

TO THE OWNERS OF DM-KER NYRT.

Opinion

The audit of the financial statements of **DM-KER Nyrt.** („the Company") has been carried out for business year 2021. The financial statements consist of the balance sheet with the accounting date of 31 December 2021, in which the identical bottom line of the assets and liabilities amount to **HUF 12 116 457 th**, the profit after taxes amounts to **HUF 250 843 th (profit),** and of the profit and loss statement issued for the same business year and of the supplementary appendix containing the summary of the significant elements of the accountancy policy.

In our opinion the attached financial statements provide a reliable and true view of the assets and financial status of the Company as of 31 December 2020 and of its profit or loss status in the same business year in accordance with Act C of 2000 on accountancy applicable in Hungary (hereinafter: „Accountancy Act").

Basis for the opinion

The audit was performed in line with the Hungarian National Audit Standards and in compliance with the acts and laws on accounting applicable in Hungary. A more thorough description of our liability prescribed by these standards is contained in the section of this report titled „The liability of the auditor for the audit of the audit of the financial statements".

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, as well as with respect to issues not covered by these Rules, with the Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the IESBA Code) and we also comply with further ethical requirements set out in these.

We are convinced that the audit evidence obtained by us provides sufficient and suitable ground for our opinion.

Key Audit Matters

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

We have complied with our responsibilities described in the section "Auditor's Responsibility for the Audit of the Financial Statements", including the matters detailed below. Accordingly, our audit included performing procedures to obtain audit evidence about the risks of material misstatement of the financial statements. The results of our audit procedures, including those performed to address the following matters, provide the basis for our auditor's opinion on the financial statements.

Key audit issues	Related audit procedures
Revenue recognition	
The Company's presentation of its revenue recognition can be found in Section 5.1 of the Notes to the financial statements. The Company's revenue for the year was THUF 16,849,888 which represents a significant increase compared to the previous period. Turnover is an important indicator for assessing the Company's performance. The accuracy of the turnover and its recognition in the appropriate period is considered a key audit area.	Our audit procedures included, among other procedures, understanding the key controls over revenue recognition that the Company has designed to ensure that revenue is recognised in the appropriate period. Our examination included an analysis of all accounting records, including the relationship between revenue, VAT, accounts receivable and cash inflows, we tested the accounting entries related to revenue to identify unusual transactions. Using a sampling procedure, we asked for confirmation of balances to confirm year-end trade receivables and year-end trade payables and tested post-balance sheet cash inflows, comparing on a sample basis the terms of the supply contracts with the statement of revenue. We tested, on selected samples, significant sales transactions recognised around the reporting date and credit notes issued after the reporting date to assess whether revenue recognition occurred in the correct period and analysed revenue recognised close to the reporting date against revenue data during the year. We performed analytical tests on the sales revenue, comparing the actual data with our expectations, taking into account the Company's business performance. We have also assessed the adequacy of the supplementary notes to the financial statements in relation to the revenue.

Inventories	
The Company's presentation of inventories is set out under the heading "Inventories" in Section 4.3 of the Notes to the financial statements. The company has significant inventories. The proper management of inventories is a prerequisite for the Company's operations. The inventory and valuation of stocks is a key area, as they represent a significant part (52%) of the balance sheet total, amounting to THUF 6,304,139.	Our audit procedures, in addition to other procedures, included an understanding of the key controls over inventory accounting that the Company has designed to ensure that the process of inventory purchases, inventory management and sales is properly accounted for. The audit procedures performed were as follows: We assessed and tested the control environment for inventory related processes. We participated in the physical stock counting of the Company's inventories and verified that the process was performed in accordance with management's instructions. We observed the inventory process, visually inspected the stocks and performed test counts to ensure the existence and accuracy of the inventory at the balance sheet date. We examined the rate of inventory turnover, the age and saleability of inventories, the coverage of the sale of inventories during the year and after the balance sheet date, and the adequacy of the valuation. We have also assessed the adequacy of the presentation of inventories in the notes to the financial statements.

Other information: The Business Report and Management Report

Other information consists of the business report and the management Report of DM-KER Nyrt. for the year 2021. Management is responsible for the preparation of this business report and management report in accordance with the accounting act and applicable provisions of other legal regulations. The opinion on the financial statements expressed in the "Opinion" section of our independent auditor's report does not relate to the business report and the management report.

Our responsibility in connection with our audit of the financial statements is to read the business report and the management report and in the course of this, to assess whether the business report and the management report is in any material way inconsistent with the financial statements or our knowledge obtained in the course of the audit or whether otherwise it appears that it contains any material misstatements. If on the basis of our work we reach the conclusion that the other information contains any material misstatement, it is our obligation to report this and the nature of the misstatement.

In accordance with the accounting act, we are also responsible for assessing whether the business report and the management report is in accordance with the accounting act and applicable provisions of other legal regulations, and to express an opinion about this and the consistency between the business report and the management report, and the financial statements.

In our opinion, the business report and management report of **DM-KER Nyrt.** for the year 2021 is consistent with the financial statements of **DM-KER Nyrt.** for the year 2021 and applicable provisions of the accounting act in every material respect.

As other laws do not stipulate any other requirements on the business report and the management report for the Company, we express no opinion in this respect.

We are not aware of any other material inconsistencies or material misstatements in the business report and the management report, therefore we have nothing to report in this regard.

Management's [and appointed managers'] Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements 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 and according to the specific situation, to disclose information relating to the company as a going concern. Furthermore, management is responsible for preparing the financial statements based on the principle of going concern. Management must rely on the principle of going concern, unless a different provision prevents the application of such principle and there are any facts or circumstances inconsistent with continuing as a going concern.

Persons appointed as managers are responsible for supervising the process of the Company's financial reporting.

The liability of the auditor for the audit of the Financial Statements

It is our goal to obtain assurance during the audit that financial statements do not contain any substantial false statements either originating from fraud or mistake, furthermore to issue our independent audit report containing our opinion based on the audit. The sufficient degree of certainty is a high-level certainty, yet there is no guarantee that the audit performed in line with the Hungarian National Audit Standards reveals all existing false statements. The false statements may originate from fraud or mistake and they qualify as substantial if it may be reasonably expected that these independently or jointly influence the business decisions of the readers of the financial statements.

We apply a professional perspective during the audit in line with the Hungarian National Audit Standards and we maintain professional scepticism.

Furthermore:

- Risks of substantial false statements of the financial statements, either originating from fraud or from mistake, are identified and assessed; we create and execute auditing processes suitable for the handling of such risks, furthermore sufficient and adequate audit evidence is obtained to be able to base our opinion. The risk of not revealing a substantial false statement due to fraud is greater than not revealing the same caused by mistake as fraud may include conspiracy, falsification, wilful omissions, false statements or the ignoring of internal controls;

- We become familiar with the internal control mechanisms relevant for the audit in order to design such audit procedures that suffice among the given circumstances but we do not analyse them for the purpose to form an opinion about the efficiency of the internal control system of the Company.

- The adequacy of the accountancy policy applied by the management, furthermore the rationality of the accountancy assessments and the related publications made by the management are evaluated.

- Conclusions are drawn based on the obtained audit evidence, whether the management was right to apply the principle of „going concern" by preparing the financial statements, furthermore whether substantial insecurities exist concerning such events or conditions that might raise significant doubts about the ability of the Company to conduct its business. If conclusion is drawn that substantial insecurities exist, then in our independent audit report we have to bring the attention to the related publications in the financial statements or if the publications in this regard are not suitable, then our opinion has to be qualified. Our conclusions are based on the audit evidence obtained before the date of the independent audit report. Nonetheless, future events or conditions might cause the Company ceasing its business.

- The comprehensive presentation, structure and content of the financial statements are evaluated, including the publications in the supplementary appendix, furthermore it is also assessed whether the financial statements present the transactions and events realistically.

- We inform, inter alia, the planned scope and schedule of the audit, the substantial findings of the audit to the persons authorized for control tasks, including significant deficiencies of the internal control mechanisms applied by the Company identified during our audit if there was any.

Budapest, 16 March 2022

HONTI Péter Managing Director	FREISZBERGER Zsuzsanna Auditor, Member of the auditors' chamber 007229

INTERAUDITOR Kft.
H-1074 Budapest, Vörösmarty utca 16-18. A. ép. fszt. 1/F.
000171

Statistical code	27048090466311413
Company registration number	13-10-041955
Company name	DM-KER Plc.
Company address and phone number	2310 Szigetszentmiklós, Csepeli út 22., 1/257-6261

MEZŐGAZDASÁGI ÉS ÉPÍTŐIPARI GÉPEK

01.01.2021–31.12.2021

ANNUAL ACCOUNTS

Barnabás Kocsy
Member of the Board of Directors/CEO

Judit Szegedi
Director of Finance/Deputy CEO

Szigetszentmiklós, 16.03.2022

Balance Sheet "A"

Assets

data in THUF

Serial number	Item	31.12.2020	Modifications of the previous year(s)	31.12.2021
a	b	c	d	e
1.	**A. Fixed assets (rows 2.+10.+18.)**	**2,949,655**	**0**	**3,041,823**
2.	I. INTANGIBLE ASSETS (rows 3-9)	272,011	0	188,903
3.	1. Capitalised value of formation/restructuring expenses	206,656	0	112,171
4.	2. Capitalized value of research and development	0	0	0
5.	3. Rights and titles	65,245	0	76,622
6.	4. Intellectual property	110	0	110
7.	5. Business value or goodwill	0	0	0
8.	6. Advance payment on intangible assets	0	0	0
9.	7. Value adjustment of intangible assets	0	0	0
10.	II. TANGIBLE ASSETS (rows 11-17)	2,596,051	0	2,777,301
11.	1. Land and buildings and rights to immovables	617,204	0	642,961
12.	2. Technical equipment, machinery and vehicles	1,540,324	0	1,550,390
13.	3. Other equipment, tools, fixtures and fittings, vehicles	20,973	0	19,798
14.	4. Breeding stock	0	0	0
15.	5. Capital investments, reconstruction	264,146	0	554,666
16.	6. Advances on capital investments	153,404	0	9,486
17.	7. Adjustment in tangible assets	0	0	0
18.	III. FINANCIAL INVESTMENTS (rows 19-28)	81,593	0	75,619
19	1. Long-term participations in affiliated companies	0	0	0
20	2. Long-term loans to affiliated companies	0	0	0
21	3. Long-term major participating interests	0	0	0
22.	4. Long-term loans to companies linked by virtue of major participating interests	0	0	0
23.	5. Other long-term investments	80,262	0	75,619
24.	6. Long-term loans to other affiliated companies	0	0	0
25.	7. Other long-term loans	1,331	0	0
26.	8. Long-term debt securities	0	0	0
27.	9. Value adjustment of financial investments	0	0	0
28.	10. Revaluation difference of financial investments	0	0	0

Barnabás Kocsy
Member of the Board of Directors/CEO

Judit Szegedi
Director of Finance/Deputy CEO

Szigetszentmiklós, 16.03.2022

Balance Sheet "A"

Assets

data in THUF

Serial number	Item	31.12.2020	Modifications of the previous year(s)	31.12.2021
a	b	c	d	e
29.	**B. Current assets (rows 30+37+46+53)**	**5,258,788**	**0**	**8,793,601**
30.	**I. INVENTORIES (rows 31-36)**	**4,084,058**	**0**	**6,304,139**
31.	1. Materials	1,853	0	2,417
32.	2. Unfinished production and semi-finished products	0	0	0
33.	3. Animals for breeding and fattening and other livestock	0	0	0
34.	4. Finished products	0	0	331
35.	5. Goods	4,063,968	0	6,196,593
36.	6. Advances on stocks	18,237	0	104,798
37.	**II. ACCOUNTS RECEIVABLE (rows 38-45)**	**835,898**	**0**	**1,932,416**
38.	1. Receivables from the supply of goods and services (trade receivables)	660,722	0	1,661,965
39.	2. Receivables from affiliated undertakings	0	0	0
40.	3. Receivables from companies in significant shareholding relationships	0	0	0
41.	4. Receivables from companies in other holding relationships	0	0	0
42.	5. Bills of exchange receivables	0	0	0
43.	6. Other receivables	175,176	0	270,451
44.	7. Valuation difference of receivables	0	0	0
45.	8. Positive valuation difference of derivative transactions	0	0	0
46.	**III. SECURITIES (rows 47-52)**	**880**	**0**	**15,880**
47.	1. Shares and participations in affiliated companies	0	0	0
48.	2. Major participating interests	0	0	0
49.	3. Other participations	880	0	880
50.	4. Treasury shares, own business quotas	0	0	15,000
51.	5. Debt securities for trading purposes	0	0	0
52.	6. Valuation difference of securities	0	0	0
53.	**IV. CASH AND CASH EQUIVALENTS (rows 54-55)**	**337,952**	**0**	**541,166**
54.	1. Cash and cheques	293	0	262
55.	2. Bank deposits	337,659	0	540,904
56.	**C. Prepayments and deferred expenses (rows 57-59)**	**276,140**	**0**	**281,033**
57.	1. Accrued revenues	128,483	0	82,808
58.	2. Prepaid costs and expenditures	147,657	0	198,225
59.	3. Deferred expenses	0	0	0
60.	**Total ASSETS (1.+29.+56)**	**8,484,583**	**0**	**12,116,457**

Barnabás Kocsy
Member of the Board of Directors/CEO

Judit Szegedi
Director of Finance/Deputy CEO

Szigetszentmiklós, 16.03.2022

Balance Sheet "A"

Liabilities

data in THUF

Serial number	Item	31.12.2020	Modifications of the previous year(s)	31.12.2021
a	b	c	d	e
61.	**D. Shareholders' equity (62.+64.+65.+66.+67+68+71.)**	**2,333,417**	**0**	**2,584,260**
62.	I. SUBSCRIBED CAPITAL	631,155	0	631,155
63.	Showing separately: ownership shares repurchased at nominal value	0	0	0
64.	II. REGISTERED BUT UNPAID CAPITAL (-)	0	0	0
65.	III. CAPITAL RESERVE	880,513	0	880,513
66.	IV. PROFIT RESERVE	472,864	0	504,578
67.	V. ALLOCATED RESERVE	206,656	0	317,171
68.	VI. VALUATION RESERVE	0	0	0
69.	1. Valuation reserve for adjustments	0	0	0
70.	2. Valuation reserve for fair value valuation	0	0	0
71.	VII. PROFIT AFTER TAX	142,229	0	250,843
72.	**E. Provisions (73-75)**	**43,493**	**0**	**102,814**
73.	1. Provisions for contingent liabilities	43,493	0	102,814
74.	2. Provisions for future expenditure	0	0	0
75.	3. Other provisions	0	0	0
76.	**F. Liabilities (rows 77+ 82+ 92)**	**6,003,443**	**0**	**9,348,226**
77.	**I. SUBORDINATED LIABILITIES (rows 78-81)**	**0**	**0**	**0**
78.	1. Subordinated liabilities to affiliated companies	0	0	0
79.	2. Subordinated liabilities to companies linked by virtue of major participating interests	0	0	0
80.	3. Subordinated liabilities to other companies linked by virtue of participating interests	0	0	0
81.	4. Subordinated liabilities to other businesses	0	0	0

Barnabás Kocsy
Member of the Board of Directors/CEO

Judit Szegedi
Director of Finance/Deputy CEO

Szigetszentmiklós, 16.03.2022

Balance Sheet "A"

Liabilities

data in THUF

Serial number	Item	31.12.2020	Modifications of the previous year(s)	31.12.2021
a	b	c	d	e
82.	**II. LONG-TERM LIABILITIES (rows 83-91)**	**1,029,164**	**0**	**2,307,585**
83.	1. Long-term loans received	0	0	0
84.	2. Convertible and equity bonds	0	0	0
85.	3. Debts from the issue of bonds	0	0	0
86.	4. Investment and development loans	398,837	0	394,064
87.	5. Other long-term loans	187,500	0	1,660,000
88.	6. Long-term liabilities to affiliated companies	0	0	0
89.	7. Long-term liabilities to companies linked by virtue of major participating interest	0	0	0
90.	8. Long-term liabilities to other companies linked by virtue of other participating interests	0	0	0
91.	9. Other long-term liabilities	442,827	0	253,521
92.	**III. CURRENT LIABILITIES (rows 93-104)**	**4,974,279**	**0**	**7,040,641**
93.	1. Short-term loans	0	0	0
94.	- Of which: Convertible bonds	0	0	0
95.	2. Short-term credits	1,160,890	0	481,933
96.	3. Advances from customers	474,742	0	994,768
97.	4. Accounts payable	965,992	0	854,800
98.	5. Liabilities from bills of exchange	0	0	0
99.	6. Current liabilities to affiliated companies	0	0	0
100.	7. Short-term liabilities to companies linked by virtue of major participating interest	0	0	0
101.	8. Current liabilities to other companies linked by virtue of participating interests	0	0	0
102.	9. Other current liabilities	2,372,655	0	4,709,140
103.	10. Valuation difference of liabilities	0	0	0
104.	11. Negative valuation difference of derivative transactions	0	0	0
105.	G. Accrued expenses and deferred revenues (rows 106-108)	104,230	0	81,157
106.	1. Accrued revenues	880	0	949
107.	2. Accrued costs and expenses	62,066	0	52,256
108.	3. Deferred revenues	41,284	0	27,952
109.	**Total liabilities (rows 61.+72.+76.+105.)**	**8,484,583**	**0**	**12,116,457**

Barnabás Kocsy
Member of the Board of Directors/CEO

Judit Szegedi
Director of Finance/Deputy CEO

Szigetszentmiklós, 16.03.2022

Income statement (total cost method)

data in THUF

Serial number	Item	31.12.2020	Modifications of the previous year(s)	31.12.2021
a	b	c	d	e
1.	01. Domestic net sales revenues	11,516,220	0	16,239,813
2.	02. Net export sales revenues	220,042	0	610,075
3.	**I. NET SALES REVENUES (01+02)**	**11,736,262**	**0**	**16,849,888**
4.	03. Variation in stocks of finished goods and in work in progress	0	0	0
5.	04. Own work capitalised	10,237	0	331
6.	**II. CAPITALISED OWN PERFORMANCE (03+04)**	**10,237**	**0**	**331**
7.	**III. OTHER INCOME**	**445,250**	**0**	**243,244**
8.	Of which: reversed impairment	2,330	0	12,102
9.	05. Material costs	402,152	0	464,930
10.	06. Value of services used	371,542	0	526,973
11.	07. Cost of other services	55,732	0	64,954
12.	08. Cost of goods sold	9,256,332	0	14,052,598
13.	09. Value of sold (mediated) services	168,385	0	18,742
14.	**IV. MATERIAL COSTS (05+06+07+08+09)**	**10,254,143**	**0**	**15,128,197**
15.	10. Wage cost	544,634	0	621,174
16.	11. Other personnel type expenses	56,473	0	59,790
17.	12. Wage contributions	107,503	0	114,035
18.	**V. STAFF COSTS (10+11+12)**	**708,610**	**0**	**794,999**
19.	**VI. DEPRECIATION**	**425,590**	**0**	**544,101**
20.	**VII. OTHER EXPENDITURE**	**421,381**	**0**	**205,645**
21.	Of which: impairment	29,128	0	21,766
22.	**A. OPERATING PROFIT/LOSS (I+II+III-IV-V-VI-VII)**	**382,025**	**0**	**420,521**

Barnabás Kocsy
Member of the Board of Directors/CEO

Judit Szegedi
Director of Finance/Deputy CEO

Szigetszentmiklós, 16.03.2022

Income statement
(Total cost method)

data in THUF

Serial number	Item	31.12.2020	Modifications of the previous year(s)	31.12.2021
a	b	c	d	e
23.	13. Dividends and profit-sharing received (earned)	0	0	0
24.	Of which: from affiliated companies	0	0	0
25.	14. Revenues and gains from participations	0	0	0
26.	Of which: from affiliated companies	0	0	0
27.	15. Income from financial investments (equity shares, loans), capital gains	0	0	0
28.	Of which: from affiliated companies	0	0	0
29.	16. Other received (due) interest and interest-type revenues	1,777	0	780
30.	Of which: from affiliated companies	0	0	0
31.	17. Other financial income	190,384	0	244,268
32.	Of which: valuation difference	0	0	0
33.	**VIII. INCOME FROM FINANCIAL TRANSACTIONS (13+14+15+16+17)**	**192,161**	**0**	**245,048**
34.	18. Expenses and losses from participations	0	0	0
35.	Of which: to affiliated companies	0	0	0
36.	19. Expenses on financial investments (equity shares, loans), exchange rate losses	0	0	0
37.	Of which: to affiliated companies	0	0	0
38.	20. Payable (paid) interest and interest-type expenditures	39,525	0	87,919
39.	Of which: to affiliated companies	0	0	0
40.	21. Impairment on participations, securities and bank deposits	22,000	0	-2,000
41.	22. Other expenses of financial transactions	362,233	0	328,395
42.	Of which: valuation difference	0	0	0
43.	**IX. EXPENDITURES OF FINANCIAL TRANSACTIONS (18+19+20+21+22)**	**423,758**	**0**	**414,314**
44.	**B. PROFIT/LOSS ON FINANCIAL OPERATIONS (VIII-IX)**	**-231,597**	**0**	**-169,266**
45.	**C. PROFIT/LOSS BEFORE TAXATION (±A±B)**	**150,428**	**0**	**251,255**
46.	X. Tax liability	8,199	0	412
47.	**D. PROFIT AFTER TAXATION (±C-X)**	**142,229**	**0**	**250,843**

Barnabás Kocsy
Member of the Board of Directors/CEO

Judit Szegedi
Director of Finance/Deputy CEO

Szigetszentmiklós, 16.03.2022

DM-KER Plc. 2310 Szigetszentmiklós, Csepeli út 22.,
Tax number: 27048090-2-44
Company registration number: 13-10-041955
Statistical number: 27048090-4663-114-13

MEZŐGAZDASÁGI ÉS ÉPÍTŐIPARI GÉPEK

NOTES

to the Annual Accounts as at 31.12.2021

DMKER BÉT XTEND

Listed on the Xtend Market of the Budapest Stock Exchange

Barnabás Kocsy	Judit Szegedi
Member of the Board of Directors/CEO	Director of Finance/Deputy CEO

Szigetszentmiklós, 16.03.2022

1. General part

DM-KER Public Limited Company was established by a change of legal form, its predecessor being DM-KER Private Limited Company and before that DM-KER Ltd.

The closing accounts of DM-KER Ltd. as of 31 August 2019 were the basis for the preparation of the transformation asset inventories and statement of assets and liabilities.

During the transformation, the company's registered capital was also increased from retained earnings, resulting in a registered capital of THUF 500,000.

As a result of the private placement closed on 19 December 2019, the registered capital of the company increased further to THUF 631,155.

The comparability of the previous year's figures presented in the 2020 income statement with those of the current year is ensured.

Core activity of the Company: 4663 Wholesale of mining, construction and civil engineering machinery
Registered address: 2310 Szigetszentmiklós, Csepeli út 22.

Website of the Company: www.dmker.hu

Holders of more than 5% of the share capital:

Name	Ownership share (%)
Ferenc Bátor	18.62
Sándor Megyeri	36.83
BF Trustee Ltd.	15.84
National Stock Exchange Development Fund managed by Széchenyi Tőkealapkezelő Zrt.	14.55

Authorised representatives:

Name	Position title
Ferenc Bátor	Chairman of the Board of Directors
Holders of joint powers of representation:	
Barnabás Kocsy	Chief Executive Officer
Judit Szegedi	Director of Finance – Deputy CEO

The accounting information system is set up and operated by Éva Rozbroy, Chief Accountant.

Contact details of the employee: Éva Rozbroy, 2112 Veresegyház, Tövis utca 1.

Name of a registered chartered accountant: Éva Rozbroy
Registration number: PM118425

The company is subject to statutory audit and the accounts were audited by a registered auditor.

Interauditor Tanácsadó Ltd
(CG.: 01-09-063211, 1174 Budapest, Vörösmarty utca 16-18. ground floor 1/F)

The person responsible for the audit is Zsuzsanna Freiszberger

Chamber registration number: MKVK 007229

No fees were paid to the auditor during the financial year for other assurance services, tax advisory services and other non-audit services. Information on the auditor's remuneration is available on request from the Hungarian Chamber of Auditors.

The balance sheet currency is HUF.

The present report covers the period from 01.01.2021 to 31.12.2021, with the reporting date being 31.12.2021.

Date of the report: 31 January 2022

These Notes to the Annual Accounts contain the information specified in Section 16 (5) of the Accounting Act, which is important for the purposes of disclosure. Importance is defined in accordance with the principle of cost-benefit.

2. Accounting Policy

When compiling its accounting policy, the company took account of the fundamental principles of the accounting act. By so doing, we managed to produce annual accounts that give a true and fair picture of the company's current equity and financial position, and, based on the current situation, provide an outline of the company's future plans as well.

It prepares its balance sheet in version "A".

It maintains the books in a double-entry bookkeeping system. The account groups, accounts, sub-accounts and analytical accounts, as well as their codes and descriptions are summarised in the chart of accounts. The chart of accounts and the textual system of accounts enable the company to keep its books in accordance with the requirements of the Accounting Act.

The costs incurred are recorded mainly in account group 5. By properly segmenting account class 5, it ensures that both external and internal information is available. Account classes 6 to 7 are not opened.

Economic events of exceptional occurrence and magnitude are defined in our internal rules, according to which an exceptional event is an event of exceptional magnitude if its magnitude is equal to 15% of equity, but not more than THUF 80,000. An exceptional economic event is an event that is not directly related to the economic processes of the company.

The company applied the following valuation methods in the compilation of the annual acocunts:

The intangible assets are recorded at purchase price less depreciation.

The tangible fixed assets are reported at purchase price less depreciation.

Depreciation method:

Intangible assets are also amortised on a straight-line basis. The costs of the transformation and reorganisation in 2019 and 2020 have been recorded as the capitalised value of the business foundation-restructuring which the company intends to amortise over 3 years.

The depreciation to be accounted annually is generally scheduled on the basis of the (gross) cost of the asset by taking into account the estimated useful life of the individual assets, the total life span of the asset, its physical and notional wear and tear, other conditions and the planned residual value.

When planning depreciation, the Company used the straight-line method subject to the useful life of the assets.

Depreciation of low value assets:

The cost of property rights, intellectual property and tangible assets with an individual cost of less than HUF 100,000 is accounted as depreciation in one lump sum upon commissioning. In such cases, depreciation does not need to be scheduled.

Insignificant residual value:

The residual value is zero in the course of scheduling depreciation if the value estimated for realisation at the end of the useful life of the asset is likely to be higher than THUF 100.

If a significant change occurs in the conditions (useful life of the asset, or the value or estimated residual value of the asset), taken into account during the establishment/schedule of the annually recognised depreciation on tangible fixed assets of major importance in terms of the business, extraordinary depreciation must be recognised.

Accelerated depreciation is applied to intangible assets and tangible assets if
- the book value of the intangible or tangible asset remains permanently and substantially higher than its market value;
- the value of the intangible or tangible asset is permanently impaired because the intangible or tangible asset has become redundant, unusable or impracticable due to a change in the nature of the business or due to damage, destruction or shortage;
- incorporeal rights cannot be exercised or can only be exercised partially due to a contract modification;
- the activity resulting from completed research and development is limited or terminated, or it becomes ineffective.
- the carrying amount of goodwill or the capitalised value of foundation-restructuring exceeds its market value (the amount determined as the expected return) on a permanent basis and significantly because of changes in circumstances that affect expectations about future economic benefits.

Accelerated depreciation must be performed so that intangible and tangible assets and investments can be shown in accordance with their usability and at the market value in force (known) at the balance sheet preparation date. If an intangible or a tangible asset, or an asset in the course of construction cannot be used for its intended purpose, or if it is unusable, destroyed or is missing, it shall be removed from the list of intangible assets, tangible assets or assets in the course of construction after accelerated depreciation is recognised.

The accelerated depreciation calculated on the basis of the market value is recognised on the balance sheet date, while extraordinary depreciation calculated on derecognised assets is recognised on the date of derecognition.

No scheduled or accelerated depreciation can be accounted on intangible assets or tangible fixed assets which have already been written off or have reached their planned residual value.

There has been no change in the accounting treatment of depreciation compared to previous years and therefore no impact to be presented in the notes to the annual accounts.

No value adjustment is applied. The change in our accounting policy after 01.09.2019 was the recognition of the capitalised value of the foundation-restructuring and its amortisation over three years. In addition, the reporting date is set at 31 January of the year following the year under review. In the preparation of the accounts the change in accounting policy did not have an effect that would distort the comparison of management data with the previous year and should therefore be highlighted separately in the notes to the annual accounts. Based on our inventory policy, we prepared an inventory schedule and carried out the inventory in accordance with the schedule.

There were no changes to our cash management rules.

The Company conducts continuous quantitative analysis of intangible and tangible assets in consultation with the general ledger, and on a mandatory basis at the balance sheet date.

Inventories:

Inventories are valued individually for machinery and tools, on the basis of item identification numbers. The parts are valued at a moving weighted average price. Inventories are stated at the lower amount between the net realisable value and carrying amount.

Other:

There have been no changes in the valuation procedures since the previous year.

The valuation principles applied to the balance sheet of the previous year have not changed.

Assets and liabilities denominated in foreign currencies were converted into HUF at the official foreign exchange rate published by Magyar Nemzeti Bank (National Bank of Hungary).

The company keeps analytical records of its trade receivables and trade payables. The analytical records of wages and other staff costs are kept within the framework of payroll accounting.

The Company keeps accounts of its accrued and deferred assets and liabilities in order to identify the impact on the Company's performance of economic events concerning two years or more.

An error is significant if, in the year when discovered by any form of audit, the absolute total of all errors detected (separately for each year) (whether negative or positive) for a given financial year (separately for each year) and the impacts thereof - increasing or decreasing the profit or loss or the equity - exceeds, with regard to the same year, 2 (two) per cent of the balance sheet total of the audited business year, or 1 million HUF if such 2 per cent of the balance sheet total does not exceed 1 million HUF;

No self-audit took place at the company during the year based on a significant error.

The material items that give rise to an impact of more than 20% of equity in a company's reporting period are identified for periods prior to the reporting period. In the disclosure of items considered material, if these amounts are equal to or greater than the value in the financial statements for the financial year under review, a three-column disclosure is made.

At present the company is in a relatively good market position. It is trying to exploit it in order to be able to retain its market position by increasing the quality of its activities (improvement). There was no factor or circumstance that would have been contradictory to the continuation of the business activity by the balance sheet date.

The Company will be able to continue its activities in the coming years. This is also supported by the fact that despite the pandemic situation since the beginning of 2020, the company has been able to increase both its revenue and profit from operations. The decrease in the profit was mainly caused by the sharp rise in the EUR exchange rate, as the company purchases more than 80% of the stock it needs to continue its activities from imports and settles it in EUR.

In 2020, DM-KER Plc. launched the ESOP I programme in accordance with the decision of the General Meeting, in which 14 people can receive an incentive if the conditions are met. In the second half of 2021, the ESOP II programme was launched, with 16 people receiving an incentive if the conditions were met.

3. Informative part

The company owns a 0.51% stake in Megakrán Plc.
The members of the Board of Directors received a total gross remuneration of THUF 42,375 for their activities.
The company has not paid any advance or loan to the members of the Board of Directors, the Supervisory Board or the Audit Committee.

Employee wage and headcount data:

data in THUF

Item	Average statistical headcount, persons	Wage cost	Other personnel-type expenses
Physical	20	127,151	4,274
Intellectual	57	494,023	55,516
Total	**77**	**621,174**	**59,790**

4. Notes to the balance sheet

Composition of assets

data in THUF

Item	Previous year		Current year		Változás (%)
	Amount (THUF)	Share (%)	Amount (THUF)	Share (%)	
Fixed assets	2,949,655	***34.76***	3,041,823	***25.10***	***103.12***
Intangible assets	272,011	***3.21***	188,903	***1.56***	***69.45***
Tangible assets	2,596,051	***30.60***	2,777,301	***22.92***	***106.98***
Financial investments	81,593	***0.96***	75,619	***0.62***	***92.68***
Current assets	5,258,788	***61.98***	8,793,601	***72.58***	***167.22***
Inventories	4,084,058	***48.14***	6,304,139	***52.03***	***154.36***
Receivables	835,898	***9.85***	1,932,416	***15.95***	***231.18***
Securities	880	***0.01***	15,880	***0.13***	***1,804.55***
Liquid assets	337,952	***3.98***	541,166	***4.47***	***160.13***
Prepayments and deferred expenses	276,140	***3.25***	281,033	***2.32***	***101.77***
TOTAL ASSETS	8,484,583	***100.00***	12,116,457	***100.00***	***142.81***

The above table shows that the share of non-current asset and prepayments in the composition of assets decreased, while the share of current assets increased, compared to the base year. The most significant change was in the composition of current assets, with an increase in all balance sheet items. One reason for the increase in the share and value of current assets is the significant increase in the value and share of inventories and receivables, another is the increase in the share of securities due to the repurchase of treasury shares, and the increase in the company's cash and cash equivalents.

4.1. Intangible and tangible assets

Changes in the gross value of intangible and tangible assets

data in THUF

Item	Gross value				
	Opening balance	Increase	Decrease	Reclassification	Closing
Capitalised value of formation/restructuring expenses	283,485	0	0	0	283,485
Capitalised value of research and development	0	0	0	0	0
Rights and titles	80,669	21,067	0	0	101,736
Intellectual property	110	0	0	0	110
Business value or goodwill	0	0	0	0	0
Advance payment on intangible assets	0	0	0	0	0
Value adjustment of intangible assets	0	0	0	0	0
Low value intangible assets	0	0	0	0	0
INTANGIBLE ASSETS	**364,264**	**21,067**	**0**	**0**	**385,331**
Land and buildings and rights to immovables	654,934	35,750	0	0	690,684
Technical equipment, machinery and vehicles	2,055,818	578,504	263,853	0	2,370,469
Other equipment, tools, fixtures and fittings, vehicles	40,559	7,331	2,558	0	45,332
Breeding stock	0	0	0	0	0
Capital investments, reconstruction	264,146	912,105	621,585	0	554,666
Advances on capital investments	153,404	0	143,918	0	9,486
Adjustment in tangible assets	0	0	0	0	0
Low value tangible assets	31,711	15,810	7,993	0	39,528
TANGIBLE ASSETS	**3,200,572**	**1,549,500**	**1,039,907**	**0**	**3,710,165**
Grand total:	**3,564,836**	**1,570,567**	**1,039,907**	**0**	**4,095,496**

The value of the foundation-restructuring includes the costs of the transformation of the Company, the change of its internal organisation and the entry to the Xtend market of the Budapest Stock Exchange.

The evolution of the gross value of non-current assets shows that there was still a significant amount of investment in 2021, despite the exceptional pandemic situation. Investments in the year under review were again mainly in technical equipment and machinery: this increase includes the extension and replacement of the company's equipment used as rental machinery.

Changes in depreciation and net value of intangible and tangible assets

data in THUF

Item	Depreciation							Net value
	Opening balance	Increase			Decrease	Restatement	Closing	
		Scheduled	Accelerated	Low-value				
Capitalised value of formation/restructuring expenses	76,829	94,485	0	0	0	0	171,314	112,171
Capitalised value of research and development	0	0	0	0	0	0	0	0
Rights and titles	15,423	9,691	0	0	0	0	25,114	76,622
Intellectual property	0	0	0	0	0	0	0	110
Business value or goodwill	0	0	0	0	0	0	0	0
Advance payment on intangible assets	0	0	0	0	0	0	0	0
Value adjustment of intangible assets	0	0	0	0	0	0	0	0
Low value intangible assets	0	0	0	0	0	0	0	0
INTANGIBLE ASSETS	**92,252**	**104,176**	**0**	**0**	**0**	**0**	**196,428**	**188,903**
Land and buildings and rights to immovables *	37,730	9,992	0	0	0	0	47,722	642,962
Technical equipment, machinery and vehicles	515,493	405,758	0	0	101,172	0	820,079	1,550,390
Other equipment, tools, fixtures and fittings, vehicles	19,587	8,365	0	0	2,418	0	25,534	19,798
Breeding stock	0	0	0	0	0	0	0	0
Capital investments, reconstruction	0	0	0	0	0	0	0	554,666
Advances on capital investments	0	0	0	0	0	0	0	9,486
Adjustment in tangible assets	0	0	0	0	0	0	0	0
Low value tangible assets	31,712	0	0	15,810	7,994	0	39,528	0
TANGIBLE ASSETS *	**604,522**	**424,115**	**0**	**15,810**	**111,584**	**0**	**932,863**	**2,777,302**
Grand total:	**696,774**	**528,291**	**0**	**15,810**	**111,584**	**0**	**1,129,291**	**2,966,205**

*the difference is due to rounding

There has been no change in the depreciation of tangible fixed assets of major importance to the company, as planned at the time of their acquisition (putting into service).

There was no change in the estimated residual value planned at the time of the purchase (commissioning) of the tangible assets of major importance for the company.

The significant increase and decrease in technical machinery equipment is due to the replacement and expansion of machinery leased by the company.

The Company depreciates its non-current assets using the straight-line method of depreciation in the same way as in previous years.

Composition of non-current assets

data in THUF

Megnevezés	Previous year		Current year		Change (%)
	Amount (THUF)	Share (%)	Amount (THUF)	Share (%)	
Intangible assets	**272,011**	***9.22***	**188,903**	***6.21***	***69.45***
Capitalised value of formation/restructuring expenses	206,656	***7.01***	112,171	***3.69***	***54.28***
Capitalised value of research and development	0	***0.00***	0	***0.00***	***0.00***
Rights and titles	65,245	***2.21***	76,622	***2.52***	***117.44***
Intellectual property	110	***0.00***	110	***0.00***	***100.00***
Business value or goodwill	0	***0.00***	0	***0.00***	***0.00***
Advance payment on intangible assets	0	***0.00***	0	***0.00***	***0.00***
Value adjustment of intangible assets	0	***0.00***	0	***0.00***	***0.00***
Tangible assets	**2,596,051**	***88.01***	**2,777,301**	***91.30***	***106.98***
Real estate and the related rights and titles	617,204	***20.92***	642,961	***21.14***	***104.17***
Technical equipment, machinery and vehicles	1,540,324	***52.22***	1,550,390	***50.97***	***100.65***
Other equipment, tools, fixtures and fittings, vehicles	20,973	***0.71***	19,798	***0.65***	***94.40***
Breeding stock	0	***0.00***	0	***0.00***	***0.00***
Capital investments, reconstruction	264,146	***8.96***	554,666	***18.23***	***209.98***
Advances on capital investments	153,404	***5.20***	9,486	***0.31***	***6.18***
Adjustment in tangible assets	0	***0.00***	0	***0.00***	***0.00***
Financial investments	**81,593**	***2.77***	**75,619**	***2.49***	***92.68***
Long-term participations in affiliated companies	0	***0.00***	0	***0.00***	***0.00***
Long-term loans to affiliated companies	0	***0.00***	0	***0.00***	***0.00***
Long-term major participating interests	0	***0.00***	0	***0.00***	***0.00***
Long-term loans to companies linked by virtue of major participating interests	0	***0.00***	0	***0.00***	***0.00***
Other long-term investments	80,262	***2.72***	75,619	***2.49***	***94.22***
Long-term loans to companies linked by virtue of other participating interests	0	***0.00***	0	***0.00***	***0.00***
Other long-term loans	1,331	***0.05***	0	***0.00***	***0.00***
Long-term debt securities	0	***0.00***	0	***0.00***	***0.00***
Value adjustment of financial investments	0	***0.00***	0	***0.00***	***0.00***
Valuation difference of financial investments	0	***0.00***	0	***0.00***	***0.00***
Total non-current assets	**2,949,655**	***100.00***	**3,041,823**	***100.00***	***103.12***

There was a 3% increase in the value of our non-current asset with no material change in the main proportions. Within the non-current assets, the share of tangible assets increased by almost 7%, while the share of other asset groups decreased compared to the previous year.

The growth in intangible assets is dominated by the increase in the right to use corporate management software. The value of the foundation-restructuring includes the costs of the transformation of the Company, the change of its internal organisation and the entry to the Xtend market of the Budapest Stock Exchange.

Among the tangible assets, the value of machinery purchased for lease is significant, and the value of the Tiszafüred site, which is expected to be ready for use in 2022, is significant among the construction projects in progress.

4.2. Financial investments

In 2020, the company has decided to create an ESOP Organisation to improve its economic performance in the future. Employees and executive officers eligible to participate in the ESOP may acquire ordinary shares of the Founder free of charge, in accordance with the remuneration policy, the Articles of Association and the ESOP Act. Shares transferred to the ESOP Organisation are shown as shares in the accounts.

Contribution of assets to the ESOP Organisation

The Founder has allocated 1,000,000 ordinary shares of DM-KER Plc. (ESOP shares) with a nominal value of HUF 5 each in 2020 to the ESOP Organisation as a non-cash contribution to the employees covered by the ESOP I programme, at the market value on the date of their delivery.

The book value of the shares at the balance sheet date was 58 HUF/share, while the market value was 60 HUF/share, therefore an impairment of 2 HUF per share was reversed at the balance sheet date.

The balance sheet value is presented in the following table.

The ESOP Organisation keeps a permanent record of the participants in the ESOP and of the Founder's shareholdings. Currently 14 people are participating in ESOP I.

In the second half of 2021, the Founder has also launched its ESOP II programme, in which 16 employees can acquire 400,000 ordinary shares of DM-KER Plc. The ordinary shares must be provided to the ESOP Organisation by the Founder at the end of the programme and the Founder has a call option to purchase these shares at par value if the conditions set forth in the ESOP II programme are met.

The company owns a 0.51% stake in Megakrán Plc.

DM-KER Financial Services Ltd (DMFS Ltd) was established in November 2021. DM-KER Plc. has a 20% stake in the company, its share capital is THUF 5,000 and its core activity is other auxiliary financial activities. There was no economic or commercial relationship between the two companies.

Changes in financial investments

data in THUF

Item	Opening	Increase	Decrease	Closing
Long-term participations in affiliated companies				0
Long-term loans to affiliated companies				0
Long-term major participating interests				0
Long-term loans to companies linked by virtue of major participating interests				0
Other long-term investments	102,262	1,000	7,643	95,619
Long-term loans to other companies linked by virtue of participating interests				0
Other long-term loans	1,331		1,331	0
Long-term debt securities				0
Cost value	103,593	1,000	8,974	95,619
Long-term participations in affiliated companies				0
Long-term loans to affiliated companies				0
Long-term major participating interests				0
Long-term loans to companies linked by virtue of major participating interests				0
Other long-term investments	22,000		2,000	20,000
Long-term loans to other companies linked by virtue of participating interests				0
Other long-term loans				0
Long-term debt securities				0
Impairment	22,000	0	2,000	20,000
Balance sheet value	81,593	1,000	6,974	75,619

4.3. Current assets

In our company, the share of inventories in the composition of current assets decreased and the share of receivables increased. Despite the significant increase in inventories, the share of inventories within the asset group decreased during the reporting period, as the amount of receivables more than doubled – including trade receivables at the reporting date, which were 2.5 times higher than in the previous year, and other receivables, which were 1.5 times higher than at the last day of the previous year.

Our Company has started to repurchase its own shares for the ESOP II programme, as a result of which it has 250,000 repurchased DM-KER ordinary shares at the reporting date. The nominal value of the shares was HUF 5 per share and the redemption value was HUF 60 per share, which is equal to the market value at the balance sheet date. The ratio of treasury shares repurchased to registered capital is 0.19%.

Inventories:

The value of inventories continued to increase in the year under review. In line with the nature of our business, our inventory is the main driver, with an increase of 52.48%, driven by our inventory management as we continued to stock up in preparation for the prolonged pandemic situation. The Company does not have any obsolete inventories and no impairment was required on the inventories.

Composition of current assets

data in THUF

Item	Previous year		Current year		Change (%)
	Amount (THUF)	Share (%)	Amount (THUF)	Share (%)	
I. Inventories	4,084,058	*77.66*	6,304,139	*71.69*	*154.36*
Materials	1,853	*0.04*	2,417	*0.03*	*130.44*
Unfinished production and semi-finished products	0	*0.00*	0	*0.00*	*0.00*
Growing, fattened and other livestock	0	*0.00*	0	*0.00*	*0.00*
Finished products	0	*0.00*	331	*0.00*	*0.00*
Goods	4,063,968	*77.28*	6,196,593	*70.47*	*152.48*
Advances on stocks	18,237	*0.35*	104,798	*1.19*	*574.64*
II. Receivables	835,898	*15.90*	1,932,416	*21.98*	*231.18*
Liabilities from the supply of goods and services	660,722	*12.56*	1,661,965	*18.90*	*251.54*
Receivables from affiliated companies	0	*0.00*	0	*0.00*	*0.00*
Receivables from companies linked by virtue of major participating interests	0	*0.00*	0	*0.00*	*0.00*
Receivables from companies linked by virtue of other participating interests	0	*0.00*	0	*0.00*	*0.00*
Bills of exchange receivables	0	*0.00*	0	*0.00*	*0.00*
Other receivables	175,176	*3.33*	270,451	*3.08*	*154.39*
Valuation difference of receivables	0	*0.00*	0	*0.00*	*0.00*
Positive valuation difference of derivative transactions	0	*0.00*	0	*0.00*	*0.00*
III. Securities	880	*0.02*	15,880	*0.18*	*1,804.55*
Shares and participations in affiliated companies	0	*0.00*	0	*0.00*	*0.00*
Major participating interests	0	*0.00*	0	*0.00*	*0.00*
Other participations	880	*0.02*	880	*0.01*	*100.00*
Treasury shares, own business quotas	0	*0.00*	15,000	*0.17*	*0.00*
Debt securities for trading purposes	0	*0.00*	0	*0.00*	*0.00*
Valuation difference of securities	0	*0.00*	0	*0.00*	*0.00*
V. Liquid assets	337,952	*6.43*	541,166	*6.15*	*160.13*
Cash and cheques	293	*0.01*	262	*0.00*	*89.42*
Bank deposits	337,659	*6.42*	540,904	*6.15*	*160.19*
Total current assets	**5,258,788**	***100.00***	**8,793,601**	***100.00***	***167.22***

Receivables:

The value of our receivables increased significantly as trade and other receivables increased:

Composition of trade receivables

data in THUF

	31.12.2020			31.12.2021		
	Domestic	Abroad	Total	Domestic	Abroad	Total
Total recognised trade receivables	669,600	31,030	700,630	1,647,514	45,076	1,692,590
Recognised impairment	39,908	0	39,908	48,376	1,196	49,572
Trade receivables recognised in the balance sheet	629,692	31,030	660,722	1,599,138	43,880	1,643,018

Presentation of other receivables

data in THUF

Other receivables	31.12.2020	31.12.2021
Debit balance of other accounts receivable, liability accounts	29,154	27,624
VAT refundable in the following period	73,241	201,638
Advances paid	53,261	5,982
Short-term loans	9,295	2,694
Other short-term receivables	10,225	32,513
Total other receivables	**175,176**	**270,451**

Composition of prepayments and deferred expenses

data in THUF

Item	Previous year		Current year		Change (%)
	Amount (THUF)	Share (%)	Amount (THUF)	Share (%)	
Accrued revenues	128,483	***46.53***	82,808	***29.47***	***64.45***
Prepaid costs and expenses	147,657	***53.47***	198,225	***70.53***	***134.25***
Deferred expenses	0	***0.00***	0	***0.00***	***0.00***
Total prepayments and deferred expenses	**276,140**	***100.00***	**281,033**	***100.00***	***101.77***

4.4. Liabilities

The most significant increase in the change in the composition of resources was in provisions, as the amount of the provisions for guarantees increased.

The other significant increase is in long-term liabilities, where the increase is due to changes in the Company's financing structure. One of the main visible signs of this is the increase in this asset class, as a result of the restructuring of our short-term and long-term loans.

Composition of liabilities

data in THUF

Item	Previous year		Current year		Change (%)
	Amount (THUF)	Share (%)	Amount (THUF)	Share (%)	
Equity	**2,333,417**	***27.50***	**2,584,260**	***21.33***	***110.75***
Subscribed capital	631,155	***7.44***	631,155	***5.21***	***100.00***
Subscribed but unpaid capital (-)	0	***0.00***	0	***0.00***	***0.00***
Capital reserve	880,513	***10.38***	880,513	***7.27***	***100.00***
Retained earnings	472,864	***5.57***	504,578	***4.16***	***106.71***
Allocated reserve	206,656	***2.44***	317,171	***2.62***	***153.48***
Valuation reserve	0	***0.00***	0	***0.00***	***0.00***
Profit/loss after taxation	142,229	***1.68***	250,843	***2.07***	***176.37***
Provisions	**43,493**	***0.51***	**102,814**	***0.85***	***236.39***
Liabilities	**6,003,443**	***70.76***	**9,348,226**	***77.15***	***155.71***
Subordinated liabilities	0	***0.00***	0	***0.00***	***0.00***
Long-term liabilities	1,029,164	***12.13***	2,307,585	***19.05***	***224.22***
Current liabilities	4,974,279	***58.63***	7,040,641	***58.11***	***141.54***
Accruals and deferred income	**104,230**	***1.23***	**81,157**	***0.67***	***77.86***
TOTAL LIABILITIES	**8,484,583**	***100.00***	**12,116,457**	***100.00***	***142.81***

In the year under review, the company made a provision of THUF 30,321 for its guarantee obligations, taking into account the increase in turnover, its costs and its recoveries to date.

The ESOP Programme I was also evaluated at the reporting date, during which it was determined that the probability of fulfilling the Economic Performance Improvement Conditions was 100%, therefore a provision of THUF 29,000 was created on a pro rata basis.

Change in provisions data in THUF

Item	Opening	Increase	Decrease	Closing
Provisions for contingent liabilities	35,468	30,321	–	65,789
Provisions for expected ESOP liabilities	8,025	29,000	–	37,025
Total	43,493	59,321	–	102,814

No off-balance sheet environmental damage or liabilities are expected, environmental regulations are complied with, hazardous waste is disposed of by an external company, and sealed storage is ensured until disposal.

Composition of equity data in THUF

Item	Previous year		Current year		Change (%)
	Amount (THUF)	Share (%)	Amount (THUF)	Share (%)	
Subscribed capital	**631,155**	***27.05***	**631,155**	***24.42***	***100.00***
Of which: face value of redeemed participations	0	***0.00***	0	***0.00***	***0.00***
Subscribed capital called but unpaid (-)	0	***0.00***	0	***0.00***	***0.00***
Capital reserve	880,513	***37.73***	880,513	***34.07***	***100.00***
Retained earnings	472,864	***20.26***	504,578	***19.53***	***106.71***
Allocated reserve	206,656	***8.86***	317,171	***12.27***	***153.48***
Valuation reserve	0	***0.00***	0	***0.00***	***0.00***
Profit/loss after taxation	142,229	***6.10***	250,843	***9.71***	***176.37***
Total equity	**2,333,417**	***100.00***	**2,584,260**	***100.00***	***110.75***

A significant change in the composition of equity is shown in the profit after tax for the year, one reason being that despite the protracted pandemic situation, further staff increases have been made.

Changes in equity are shown in the following table.

The number of ordinary shares of the company is 126,231,000 with a nominal value of HUF 5 each.

The proportion of the tied-up reserve increased, due to the THUF 94,485 released in the year under review on a pro rata basis with regard to the value of foundation-restructuring, the THUF 15,000 created for the repurchase of treasury shares and the THUF 190,000 development reserve created for the construction of the Company's new premises.

The Board of Directors proposes to pay a dividend of HUF 2.3 (two forints thirty fillers) gross for each ordinary share of HUF 5 par value, to be charged to the retained earnings of the Company for the year 2021.

Changes in equity

data in THUF

Item	Equity	Subscribed capital	Subscribed unpaid capital	Capital reserve	Profit reserve	Allocated reserve	Valuation reserve	Profit/ Loss after taxation
Opening balance at the beginning of the year	2,333,417	631,155	0	880,513	472,864	206,656	0	142,229
Movements between items of equity (+/-)								
Transfer of previous year's profit to retained earnings	0				142,229			-142,229
Increase in subscribed capital from retained earnings or capital reserve	0							
Transfer between retained earnings and capital reserve	0							
Transfer between retained earnings and tied-up reserve	0				-110,515	110,515		
Transfer between capital reserve and tied-up reserve	0							
Other movements	0							
Total	0	0	0	0	31,714	110,515	0	-142,229
Changes in equity								
Increase or decrease in subscribed capital	0							
Payment to retained earnings, capital reserve or tied-up reserve	0							
Transfer of capital reserve or retained earnings	0							
Receipt of capital reserve or retained earnings	0							
Dividend payment	0							
Profit/loss after taxation	250,843							250,843
Total	250,843	0	0	0	0	0	0	250,843
Closing balance at the end of the year	**2,584,260**	**631,155**	**0**	**880,513**	**504,578**	**317,171**	**0**	**250,843**

Liabilities

Below is a breakdown of our company's liabilities.

The composition of our liabilities was largely influenced by the fact that we exercised the moratorium option for our short-term working capital loans in 2020, thus postponing the repayment of our 2020 debt to 2021. This increased the stock of short-term loans in the previous financial year. At the same time, the financing structure was restructured in the year under review, as a result of which most of our short-term loans were repaid, so that the stock of short-term loans fell by less than half.

The other significant decrease was in other long-term liabilities, which, like short-term loans, is almost half of the previous year's level.

As a result of the restructuring of the financing structure, other long-term loans increased significantly in the year under review, as the Company prefers to borrow medium-term working capital and we use medium-term lease facilities, among others, to continuously renew our fleet of rental equipment.

We have no subordinated liabilities, our company finances its operations with loans in addition to equity. Other non-current liabilities include leases and their current instalments are presented among the other current liabilities.

Composition of liabilities

data in THUF

Item	Previous year		Current year		Change (%)
	Amount (THUF)	Share (%)	Amount (THUF)	Share (%)	
Subordinated liabilities	**0**	***0.00***	**0**	***0.00***	***0.00***
Subordinated liabilities to affiliated companies	0	***0.00***	0	***0.00***	***0.00***
Subordinated liabilities to companies linked by virtue of major participating interests	0	***0.00***	0	***0.00***	***0.00***
Subordinated liabilities to companies linked by virtue of other participating interests	0	***0.00***	0	***0.00***	***0.00***
Subordinated liabilities to other business associations	0	***0.00***	0	***0.00***	***0.00***
Long-term liabilities	1,029,164	***17.14***	2,307,585	***24.68***	***224.22***
Long-term loans received	0	***0.00***	0	***0.00***	***0.00***
Convertible bonds	0	***0.00***	0	***0.00***	***0.00***
Debts from the issue of bonds	0	***0.00***	0	***0.00***	***0.00***
Investment and development loans	398,837	***6.64***	394,064	***4.22***	***98.80***
Other long-term loans	187,500	***3.12***	1,660,000	***17.76***	***885.33***
Long-term liabilities to affiliated companies	0	***0.00***	0	***0.00***	***0.00***
Long-term liabilities to companies linked by virtue of major participating interests	0	***0.00***	0	***0.00***	***0.00***
Long-term liabilities to companies linked by virtue of other participating interests	0	***0.00***	0	***0.00***	***0.00***
Other long-term liabilities	442,827	***7.38***	253,521	***2.71***	***57.25***
Current liabilities	4,974,279	***82.86***	7,040,641	***75.32***	***141.54***
Short-term loans	0	***0.00***	0	***0.00***	***0.00***
- Of which: Convertible bonds	0	***0.00***	0	***0.00***	***0.00***
Short-term credits	1,160,890	***19.34***	481,933	***5.16***	***41.51***
Advances from customers	474,742	***7.91***	994,768	***10.64***	***209.54***
Liabilities from the supply of goods and services	965,992	***16.09***	854,800	***9.14***	***88.49***
Liabilities from bills of exchange	0	***0.00***	0	***0.00***	***0.00***
Short term liabilities to affiliated companies	0	***0.00***	0	***0.00***	***0.00***
Short-term liabilities to companies linked by virtue of major participating interests	0	***0.00***	0	***0.00***	***0.00***
Short-term liabilities to companies linked by virtue of other participating interests	0	***0.00***	0	***0.00***	***0.00***
Other current liabilities	2,372,655	***39.52***	4,709,140	***50.37***	***198.48***
Valuation difference of liabilities	0	***0.00***	0	***0.00***	***0.00***
Negative valuation difference of derivative transactions	0	***0.00***	0	***0.00***	***0.00***
Total labilities	**6,003,443**	***100.00***	**9,348,226**	***100.00***	***155.71***

The value of liabilities increased by 55.71% compared to 2020. Long-term liabilities increased by 124.22% and short-term liabilities by 41.54%. The combined effect of these increased the value of liabilities by THUF 3,344,783.

Our other current liabilities are presented below:

data in THUF

Other liabilities	31.12.2020	31.12.2021
Liabilities to BNP PARIBAS	955,476	2,130,064
Deposits received	1,890	28,439
Lease payments due within one year	432,036	452,122
Lease liability for stock financing	504,201	1,529,623
Taxes payable	337,729	448,878
Income tax settlement account	30,721	44,483
Other liabilities	48,386	13,780
Advance payment of aid	42,444	42,803
Dividends not paid to shareholders	0	0
Balances owed to customers	19,772	18,948
Total	**2,372,655**	**4,709,140**

Repayments of long-term liabilities due in the year following the balance sheet date are included in other current liabilities and loans.

The amount to be repaid is not greater than the amount received.
Of the liabilities shown in the balance sheet, the loan with a maturity of more than 5 years is the loan related to the Tiszafüred investment, amounting to THUF 83,441, the loan for the purchase of the Vámosszabadi site, amounting to THUF 118,153, and the loan for the purchase of the headquarters plot, amounting to THUF 200,000.
Of the leases, the value of the lease liability for the financing of production machinery is THUF 705,643.

Liabilities of the company secured by a pledge on 31.12.2021:

Liabilities secured by pledges	Type and form of collateral	Amount (THUF)
Investment loan	mortgage	84,015
Investment loan	pledge	15,266
Investment loan	mortgage	200,000
Investment loan	mortgage	119,200
OTP working capital loan	mortgage, guarantee	2,126,047
Total		**2,544,528**

Liabilities secured with other rights:

Liabilities secured with other rights	Type and form of collateral	Amount (THUF)
Closed-end financial leasing	reservation of ownership	2,235,266
Total		**2,235,266**

Our off-balance sheet liabilities at 31.12.2021 are as follows:

- HUF 5,000,000 – bank guarantee limit,
- € 1,200,000 bank guarantee limit,
- € 6,000,000 treasury limit
- HUF 750,000,000 overdraft facility

Composition of accruals and deferred income data in THUF

Item	Previous year		Current year		Change (%)
	Amount (THUF)	Share (%)	Amount (THUF)	Share (%)	
Accrued income	880	***0.84***	949	***1.17***	***107.84***
Accrued costs and expenses	62,066	***59.55***	52,256	***64.39***	***84.19***
Deferred revenues	41,284	***39.61***	27,952	***34.44***	***67.71***
Accruals and deferred income	**104,230**	***100.00***	**81,157**	***100.00***	***77.86***

The accrued expenses include THUF 11,283 in lawyers' fees, THUF 2,220 in audit fees, THUF 25,841 in commissions and public charges of sales agents, THUF 5,867 in sales-related costs, THUF 6,588 in interest expenses and THUF 457 in bank charges.

Deferred income includes government grants received, which are transferred to other revenue on a pro rata basis of depreciation.

5. Notes to the income statement

5.1. Sales revenue

Net sales revenues broken down by the company's main activities: data in THUF

Scope of activities	31.12.2020	31.12.2021
Sale of machinery	10,265,779	15,163,695
Sale of spare parts	555,392	647,590
Servicing	543,007	602,830
Machinery rental	300,354	396,271
Other	71,730	39,502
Total	**11,736,262**	**16,849,888**

Revenue from export sales until 31.12.2021: data in THUF

	Product exports	Service exports	Total
To EU countries	489,710	114,537	604,247
To non-EU countries	5,828	0	5,828
Total	**495,538**	**114,537**	**610,075**

The company was not granted any export subsidy.
It had no revenues from affiliated companies.

5.2. Other revenues

The other revenues consisted of the following items:

data in THUF

Item	31.12.2020	31.12.2021
Revenue from the sale of tangible assets / profit from the sale of tangible assets	272,666	37,561
Support	15,323	13,905
Discount received subsequently	126,458	143,310
Reversal of provisions	11,362	0
Other	17,111	36,366
Reversed impairment	2,330	12,102
Total	**445,250**	**243,244**

The biggest change was in the result on the sale of tangible assets, due to the amendment to the Accounting Act, which has been effective from the current year, requiring the recognition of gains and losses on the sale of this group of assets on a net basis from the current year onwards, instead of gross accounting. Rebates increased by THUF 16,852. Together, these resulted in a decrease in other revenue of THUF 202,006.

5.3. Material type expenses

Services consumed by the Company consisted of the following items:

data in THUF

Cost type	31.12.2020	31.12.2021
Shipping cost	32,019	115,837
Rent	91,623	121,267
Maintenance	1,776	7,008
Service cost	36,228	60,877
Advertising, promotion	66,267	58,606
Training and further training	8,223	1,418
Post, telephone, internet	4,193	4,721
Software upgrade fees	18,662	32,935
Legal services, accounting, auditing	27,449	39,576
Intermediary commission	23,057	20,834
Accommodation, travel	2,480	3,941
Other	59,565	59,953
Total	**371,542**	**526,973**

5.4. Other expenditures

Evolution of other expenses

data in THUF

Item	31.12.2020	31.12.2021
Net value of tangible assets at derecognition / Loss on disposal of tangible assets	232,576	9,731
Fines, penalties, default interest	3,322	759
Irrecoverable debt	12,456	210
Taxes	69,263	83,228
Provisioning	43,493	59,321
Impairment	29,128	21,766
Scrapping	12,778	0
Other	18,365	30,630
Total	**421,381**	**205,645**

As with other income, the effect of the change in the Accounting Act from the current year, whereby gains and losses on the sale of this group of assets are now reported net from the current year instead of gross. This is the reason why the amount of other expenses has fallen by less than half.

Value of import purchases from 01.01.2021 to 31.12.2021:

data in THUF

	Termékimport	Szolgáltatás import	Összesen
From EU countries	11,135,390	111,161	11,246,551
From non-EU countries	65,757	660	66,417
Total	**11,201,147**	**111,821**	**11,312,968**

No research or development costs were recognised in the reporting year.

6. Changes in assets, financial situation and income

Profit categories

data in THUF

Item	Previous year		Current year	
	THUF	Operating profit in %	THUF	Operating profit in %
Operating profit	382,025	100.00	420,521	100.00
Profit/loss of financial transactions	-231,597	-60.62	-169,266	-40.25
Profit/loss before tax	150,428	39.38	251,255	59.75
Tax liability	8,199	2.15	412	0.10
Profit/loss after taxation	142,229	37.23	250,843	59.65

The operating profit showed a 10% increase in the reporting period, and the result from financial operations also improved significantly. As the Company is exposed to significant risks from changes in the EUR exchange rate, we have been monitoring the EUR exchange rate closely and have tried to offset any adverse movements by entering into forward transactions.

In 2020, our realized exchange gain was THUF 192,161, while in 2021 it is THUF 245,048. In the same period, our exchange losses in 2020 were THUF 423,758, and in 2021 THUF 416,314. A 26% improvement in the result of financial operations is projected for 2021.

There were no significant changes in our interest expenses.

Change in profitability

Return on sales	Operating (business) profit/loss / Net sales revenues	382,025 / 11,736,262	3.26	420,521 / 16,849,888	2.50
Return on equity	Operating (business) profit/loss / Equity	382,025 / 2,333,417	16.37	420,521 / 2,584,260	16.27
Return on assets	Operating (business) profit/loss / Total assets	382,025 / 8,484,583	4.50	420,521 / 12,116,457	3.47

The return on equity is of a similar magnitude as in 2020, while the return on sales and the return on assets have decreased slightly.

ASSET UTILISATION

Indicator	Calculation of the indicator	Previous year THUF	Current year THUF	Previous year %	Current year %	Change %
Turnover of assets	Net sales revenues / Total assets	11,736,262 / 8,484,583	16,849,888 / 12,116,457	1.38	1.39	100.54
Turnover of tangible assets	Net sales revenues / Tangible assets	11,736,262 / 2,596,051	16,849,888 / 2,777,301	4.52	6.07	134.20
Turnover of inventories	Net sales revenues / Average inventory	11,736,262 / 3,566,385	16,849,888 / 5,194,099	3.29	3.24	98.58
Equity turnover	Net sales revenues / Equity	11,736,262 / 2,333,417	16,849,888 / 2,584,260	5.03	6.52	129.64

The efficiency of asset management shows a substantial improvement compared to the previous year. Turnover in inventories and equity reflects the change in turnover.

ASSETS INDICATORS

Indicator	Calculation of the indicator	Previous year THUF	Current year THUF	Previous year %	Current year %	Change %
Fixed assets ratio	Fixed assets / Total assets	2,949,655 / 8,484,583	3,041,823 / 12,116,457	34.76	25.10	72.21
Current assets ratio	Current assets / Total assets	5,258,788 / 8,484,583	8,793,601 / 12,116,457	61.98	72.58	117.09
Fixed assets coverage	Equity / Fixed assets	2,333,417 / 2,949,655	2,584,260 / 3,041,823	79.11	84.96	107.39
Tangible assets coverage	Equity / Tangible assets	2,333,417 / 2,596,051	2,584,260 / 2,777,301	89.88	93.05	103.52
Capital strength (Equity ratio)	Equity / Total liabilities	2,333,417 / 8,484,583	2,584,260 / 12,116,457	27.50	21.33	77.55
Short-term liabilities ratio	Short-term liabilities / Total liabilities	4,974,279 / 8,484,583	7,040,641 / 12,116,457	58.63	58.11	99.11
Long-term liabilities ratio	Long-term liabilities / Total liabilities	1,029,164 / 8,484,583	2,307,585 / 12,116,457	12.13	19.05	157.01
Liabilities ratio	Liabilities / Total liabilities	6,003,443 / 8,484,583	9,348,226 / 12,116,457	70.76	77.15	109.04

DEBT SERVICE

Indicator	Calculation of the indicator	Previous year THUF	Current year THUF	Previous year %	Current year %	Change %
Interest cover	Operating (business) profit/loss / Interests and interest type expenses paid	382,025 / 39,525	420,521 / 87,919	966.54	478.31	49.49
Cover before interest, tax and depreciation (EBITDA cover)	Operating (business) profit/ loss+depreciation / Interests and interest type expenses paid	807,615 / 39,525	964,622 / 87,919	2,043.30	1,097.17	53.70
Cash flow hedging	Profit/Loss after taxation+depreciation / Interests and interest type expenses paid	567,819 / 39,525	794,944 / 87,919	1,436.61	904.18	62.94
Debt repayment capacity	Profit/Loss after taxation+depreciation / Liabilities	567,819 / 6,003,443	794,944 / 9,348,226	9.46	8.50	89.91

FINANCIAL STRUCTURE INDICATORS

Indicator	Calculation of the indicator	Previous year THUF	Current year THUF	Previous year %	Current year %	Change %
Credit coverage ratio	Receivables / Current liabilities	835,898 / 4,974,279	1,932,416 / 7,040,641	16.80	27.45	163.33
Level of indebtedness	Liabilities / Total assets	6,003,443 / 8,484,583	9,348,226 / 12,116,457	70.76	77.15	109.04
Dynamic liquidity	Operating (business) profit/loss / Current liabilities	382,025 / 4,974,279	420,521 / 7,040,641	7.68	5.97	77.77
Receivables / Payables ratio	Buyers / Trade payables	660,722 / 965,992	1,661,965 / 854,800	68.40	194.43	284.26
Turnover of trade receivables	Average trade receivables / Net sales revenues	835,855 / 11,736,262	1,161,344 / 16,849,888	7.12	6.89	96.77
Turnover of trade payables	Average trade payables / Material type expenses	957,662 / 10,254,143	910,396 / 15,128,197	9.34	6.02	64.44

LIQUIDITY INDICATORS

data in THUF

Indicators calculated from the liquidity balance sheet:	Previous year			Current year		
	Asset	Liability	%	Asset	Liability	%
Liquidity ratio I	337,952	2,372,655	14.24	541,166	4,709,140	11.49
Liquidity ratio II	1,174,730	3,338,647	35.19	2,489,462	5,563,940	44.74
Liquidity ratio III	5,258,788	4,974,279	105.72	8,793,601	7,040,641	124.90
Liquidity ratio IV	5,534,928	5,122,002	108.06	9,074,634	7,224,612	125.61

data in THUF

	Multi-stage liquidity balance	Previous year	Current year			Previous year	Current year
	Assets				**Liabilities**		
I.	**Cash and securities**	**337,952**	**541,166**	**I.**	**Current liabilities (1 month)**	**2,372,655**	**4,709,140**
	Cash and cash equivalents	337,952	541,166				
	Securities (from current assets)						
II.	**Receivables**	**836,778**	**1,948,296**	**II.**	**Trade payables and promissory notes.**	**965,992**	**854,800**
	Receivables from the supply of goods and services.	660,722	1,661,965		Liabilities to suppliers	965,992	854,800
	Bills of exchange receivables	0	0		Liabilities from bills of exchange	0	0
	Other receivables	175,176	270,451				
	Securities	880	15,880				
III.	**Inventories**	**4,084,058**	**6,304,139**	**III.**	**Other current liabilities**	**1,635,632**	**1,476,701**
	Purchased stocks	4,084,058	6,303,808		Short-term loans	0	0
	Own production stocks	0	331		Short-term credits	1,160,890	481,933
					Other current liabilities	474,742	994,768
					Valuation difference	0	0
IV.	**Prepayments and deferred expenses**	**276,140**	**281,033**	**IV.**	**Provisions and accrued liabilities**	**147,723**	**183,971**
					Provisions	43,493	102,814
					Accruals and deferred income	104,230	81,157
V.	**Other assets**	**2,949,655**	**3,041,823**	**V.**	**Other liabilities**	**3,362,581**	**4,891,845**
	Intangible assets	272,011	188,903		Long-term liabilities	1,029,164	2,307,585
	Tangible assets	2,596,051	2,777,301		Equity	2,333,417	2,584,260
	Financial investments	81,593	75,619				
	Total assets:	**8,484,583**	**12,116,457**		**Total liabilities:**	**8,484,583**	**12,116,457**

Indicator	Calculation of the indicator	Previous year THUF	Current year THUF	Previous year %	Current year %	Change %
Liquidity ratio I (Current ratio)	Current assets / Current liabilities	5,258,788 / 4,974,279	8,793,601 / 7,040,641	105.72	124.90	118.14
Liquidity ratio II (Quick ratio)	Current assets – Inventories / Current liabilities	1,174,730 / 4,974,279	2,489,462 / 7,040,641	23.62	35.36	149.72
Liquidity ratio III	Cash and cash equivalents + Securities / Current liabilities	338,832 / 4,974,279	557,046 / 7,040,641	6.81	7.91	116.15
Liquidity ratio IV	Cash and cash equivalents / Current liabilities	337,952 / 4,974,279	541,166 / 7,040,641	6.79	7.69	113.13

7. Calculation of the corporation tax

Explanation of the adjustment items in the assessment of corporation tax

data in THUF

Profit/loss before tax	**251,255**

Items increasing the tax base

Of the loss carried forward from previous years the amount written off in the tax year	–
Provisions for contingent liabilities and charges recognised as income in the tax year	–
Provision for environmental liabilities	–
Amount of the accelerated depreciation reversed in the fiscal year	–
Calculated book value of depreciation taken into account according to the tax law, assets derecognised	828,768
Amount of development reserve recorded as a tied-up reserve at the last day of the tax year	190,000
Dividend, profit sharing received	–
Non-repayable subsidies and funds received	–
Amount of impairment losses recognised as an increase in the tax base in previous years when writing off irrecoverable debts	12,102
Total items increasing the tax base	**1,030,870**

Items increasing the tax base

Amount of provision for contingent liabilities, future costs	59,322
Book value of depreciation, amortisation and write-offs recognised in accordance with the Accounting Act	714,130
Costs and expenses not related to entrepreneurial, revenue-generating activities	–
Amount of the fine imposed by a final decision recognised as an expense	76
Amount of impairment loss recognised on receivables in the tax year	21,766
Receivables waived in the tax year but not considered as irrecoverable	13,122
Total items increasing the tax base	**808,416**
Total tax base	28,801
Calculated corporation tax	**2,592**
Interest discount	2,180
Total tax credits	**2,180**
Corporate tax payable	**412**

Profit/Loss after taxation	**250,843**

8. CASH FLOW Statement

		in THUF	in THUF
	Item	**31.12.2020**	**31.12.2021**
I.	**I. Operating cash-flow (rows 1-13)**	**216,547**	**-1,072,526**
1.a Pre-tax profit +/-		150,428	251,255
1.b Adjustment to the pre-tax profit +		-32,389	-52,814
	1. Adjusted profit before tax (1a+1b) +	118,039	198,441
2	Recognised amortization	425,590	544,101
3	Recognised impairment and reversed items	65,010	38,223
4	Difference between provisions allocated and used	32,131	59,321
5	Profit/loss from the sales of non-current assets	-40,090	-37,014
6	Changes in trade liabilities	21,468	-82,901
7	Changes in other short-term liabilities	-352,791	1,057,145
8	Changes in accruals and deferred income	35,692	-9,741
9	Changes in trade receivables	370,640	-511,681
10	Changes in current assets (less accounts receivable and liquid assets)	-1,352	-2,323,115
11	Change in prepayments and deferred expenses	-109,752	-4,893
12	Taxes paid, payable (on profit)	-8,199	-412
13	Dividend and profit sharing paid and payable	-339,839	0
II.	**II. Investment cash flow (rows 14-18)**	**-983,024**	**-797,123**
14	Purchase of fixed assets	-1,256,992	-805,064
15	Sale of fixed assets	272,666	547
16	Repayment, termination, redemption of long-term loans granted and bank deposits placed +	1,302	7,394
17	Long-term loans granted and bank deposits placed -	0	0
18	Dividend, profit sharing received +	0	0
III.	**III. Financing cash-flow (rows 19-26)**	**746,276**	**2,072,856**
19.	Income from shares issued, capital contributed +	0	0
20.	Bonds and loan securities	0	0
21.	Borrowings	6,413,567	10,376,518
22.	Non-repayable funds received	36,000	13,332
23.	Redemption of shares, capital extraction	0	0
24.	Bonds and loan securities	0	0
25.	Repayment of loans and credits	-5,703,291	-8,316,994
26.	Non-repayable funds transferred	0	0
IV.	**IV. LIQUID ASSETS VARIATION (rows I+II+III)**	**-20,201**	**203,207**
27	27. Revaluation of currency cash and cash equivalents +	-1,227	7
IV.	**V. Cash and cash equivalents changes in balance sheet (rows IV+27.)**	**-21,428**	**203,214**

Main adjustment items in the cash flow calculation for the year ending 31.12.2021:

Adjustments to the profit before tax line	THUF -52,814
Revaluation of financial assets in foreign currency	THUF -7
Liabilities released	THUF - 28,291
Profit on assets transferred on loan	THUF - 11,184
Funds finally received for development purposes	THUF - 13,332

Impairment and write-back value	THUF 38,223
Impairment losses recognised on receivables	THUF 21,766
Reversal of impairment losses on customers	THUF - 12,102
Scrapping	THUF 21
Released receivables	THUF 13,500
Irrecoverable debt	THUF 7,300
Stock shortage	THUF 7,738

Presentation of an amount other than the change in stocks of balance sheet items from lines 6 to 11:

Variation of change in trade payables	THUF 28,291
The waived liability has been highlighted and is included in the pre-tax result as an adjustment.	
Variation in other current liabilities	THUF - 1,279,340
Financing items are excluded from this line in the balance sheet and are shown in the statement under the headings Loans and borrowings and Loans and borrowings repayments. The amount needed to show the difference is THUF 2,336,485.	
Variation in the change in accruals and deferred income	THUF - 13,332
The amount of the grant received for the development has been highlighted in the funds received and has been used to adjust the accrued expenses and deferred income.	
Variation in change in trade receivables	THUF - 20,800
The amount of THUF 13,500 of the receivables waived and THUF 7,300t of the uncollectible receivables have been highlighted and are included in the pre-tax result as an adjustment item.	
Difference in current assets (excluding cash and cash equivalents)	THUF - 7,759
The scrapping amount of THUF 21 and the stock shortage amount of THUF 7,738 have been highlighted and are included in the pre-tax result as an adjustment.	

DM-KER Plc. 2310 Szigetszentmiklós, Csepeli út 22.,
Tax number: 27048090-2-44
Company registration number: 13-10-041955
Statistical number: 27048090-4663-114-13

MEZŐGAZDASÁGI ÉS ÉPÍTŐIPARI GÉPEK

MANAGEMENT REPORT

01.01.2021-31.12.2021

Listed on the Xtend Market of the Budapest Stock Exchange

Barnabás Kocsy
Member of the Board of Directors/CEO

Judit Szegedi
Director of Finance/Deputy CEO

Szigetszentmiklós, 16.03.2022

Introduction

DM-KER Plc. serves the needs of our business partners by trading, renting, supplying spare parts and servicing construction and agricultural machinery in Hungary. Our operations are aimed at serving primarily Hungarian companies and, to a smaller extent, we also sell goods to neighbouring countries of the European Union.

DM-KER Plc. provides brand representation for the products of several renowned manufacturers. Official distributor and repairer of Bobcat machines made in the Czech Republic and Doosan machines made in South Korea. We offer construction machinery from Epiroc (Chicago Pneumatic), Dynapac, Weycor, and agricultural machinery from AGRIFAC, Storti, Tifone and F.lli Annovi, among others. Our range of products is constantly expanding to meet market needs. We have a nationwide network of service and representatives to ensure efficient and professional service. During the transformation in 2019, the Company changed its legal form from a limited liability company to a public limited company and its shares were listed on the X-TEND market of the Budapest Stock Exchange.

Company data

Company name	DM-KER Public Limited Company
Abbreviated name	DM-KER Plc.
Registered office	2310 Szigetszentmiklós, Csepeli út 22.
Phone number	+36-1-257-6261
Central electronic contact information	info@dmker.hu, website: www.dmker.hu
Company registration number	Cg. 13-10-041955
Tax number	27048090-2-44
Community tax number	HU27048090
Statistical code	27048090-4663-114-13
Duration of activities	indefinite
Legal form of the Company	public company limited by shares
Governing law	Hungarian
Date of the effective Statutes	22 September 2020
Principal activity	4663 Wholesale of mining, construction and civil engineering machinery
Financial year	identical to the calendar year
The Company's auditor	Interauditor Tanácsadó Ltd. (CG.: 01-09-063211, 1174 Budapest, Vörösmarty Utca 16-18. ground floor 1/F)
The person responsible for the audit is	Zsuzsanna Freiszberger
Chamber registration number	MKVK 007229

Sites

2310 Szigetszentmiklós, Csepeli út 22.	topographic lot number 0182/42
9064 Vámosszabadi, Suburban area 059/94.	topographic lot number 059/94
5350 Tiszafüred, Húszöles út 21.	topographic lot number 1416/6
7140 Bátaszék, Gauser Site 1/6.	topographic lot number 1/6/A/2

Place of publication of announcements: In cases where the Company is required to issue announcements in accordance with the Civil Code, Act V of 2006 on Public Company Information, Company Registration and Dissolution Proceedings or Act CXX of 2011 on the Capital Market (hereinafter: "Capital Market Act") or any other statutory regulation, the Company complies with this requirement by publishing its announcements on the Company's website (www.dmker.hu), the website of the Budapest Stock Exchange (www.bet.hu) and, if expressly required under a statutory regulation, the website operated by the National Bank of Hungary (www.kozzetetelek.hu).

The Company's share capital is HUF 631,155,000, consisting of 126,231,000 units of registered ordinary shares with a face value of HUF 5 per share. Method of creation of the shares: dematerialised shares. ISIN code of the Shares: HU0000176722

Ownership structure – list and presentation of owners greater than 10% as at 31 December 2020 for the series introduced, based on ownership declarations:

Name	Ownership ratio
Sándor Megyeri	36.83%
Ferenc Bátor	18.62%
BF Trustee Ltd.	15.84%
National Stock Exchange Development Fund – Széchenyi Tőkealapkezelő Zrt.	14.55%

Source: Budapest Stock Exchange – DM-KER Plc. Company profile

Senior executives and the members of the Board of Directors, the Supervisory Board and the Audit Committee perform their activities through an engagement relationship.

Members of the Board of Directors

Ferenc Bátor	Chairman of the Board of Directors
Sándor Megyeri	member of the Board of Directors
Barnabás Kocsy	member of the Board of Directors
Dr. Tamás Hajnal	member of the Board of Directors

Members of the Supervisory Board

Péter Vitkovics	Chairman
Tamás Petőházi	member
Dr. Tamás Sükösd	member
Attila Gayer	member

Representation of the Company

The legal representation of the Company is performed by

- Ferenc Bátor, Chairman of the Board of Directors, individually;
- Sándor Megyeri and Barnabás Kocsy, members of the Board of Directors, and Judit Szegedi, Deputy Chief Financial Officer, jointly.

Business environment, activities and strategy of DM-KER Plc.

Major milestones in the history of DM-KER Plc.

25 April 2008	Foundation of the predecessor DM-KER Ltd.
May 2011	Purchase of the Szigetszentmiklós central site.
2014	Direct factory contact with Bobcat and Doosan dealers.
2015	Conclusion of a medium-term brand representation contract.
31 August 2019	Transformation of DM-KER Ltd. into DM-KER Private Limited Company
October 2019	DM-KER Private Limited Company signs a new agreement for the exclusive distribution of Bobcat and Doosan machines until 31 December 2023.
16 December 2019	Change of the legal form of DM-KER Private Limited Company to DM-KER Public Limited Company (DM-KER Plc.), and the admission of shares to the Xtend multilateral trading facility operated by the Budapest Stock Exchange (BSE).
30 January 2020	DM-KER Plc.'s first trading day on the Xtend trading system.
01 December 2021	DM-KER Plc. has been granted the exclusive distribution rights for Doosan machines in Slovakia.

The operation of DM-KER Plc.

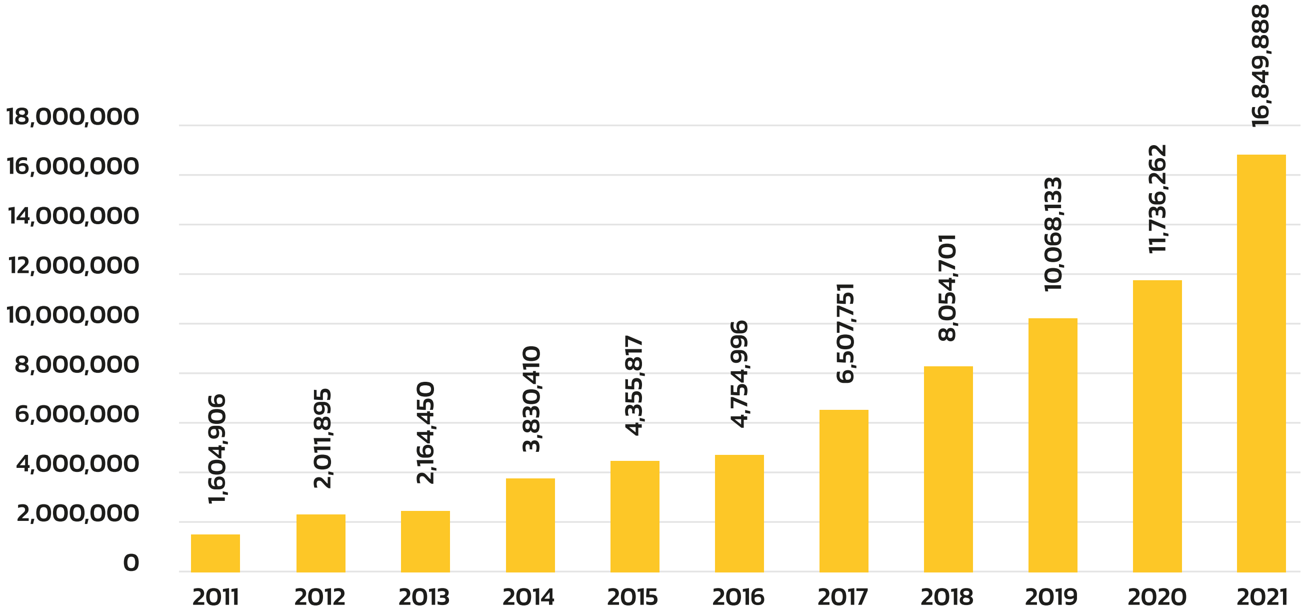
DM-KER is a medium-sized company with more than 13 years of market experience in the distribution, servicing, rental and spare parts distribution of construction and agricultural machinery, and its main shareholders have decades of industry experience. At the beginning of its operations, DM-KER was mainly engaged in the sale of mining and construction machinery and second-hand machinery in good condition. Over the years, thanks to its organic development, it has become the exclusive Hungarian importer and brand ambassador of several renowned international machinery manufacturers, including Bobcat, Doosan, Agrifac, among others.

The turnover of DM-KER Plc. has shown a steady growth in the period 2011-2021.

Year	Net sales revenue	Increase
2011	1,604,906	
2012	2,011,895	25%
2013	2,164,450	8%
2014	3,830,410	77%
2015	4,355,817	17%
2016	4,754,996	9%
2017	6,507,751	37%
2018	8,054,701	24%
2019	10,068,102	25%
2020	11,736,262	17%
2021	16,849,888	45%

Source: Audited data from the Company's management information system.

Net sales revenue

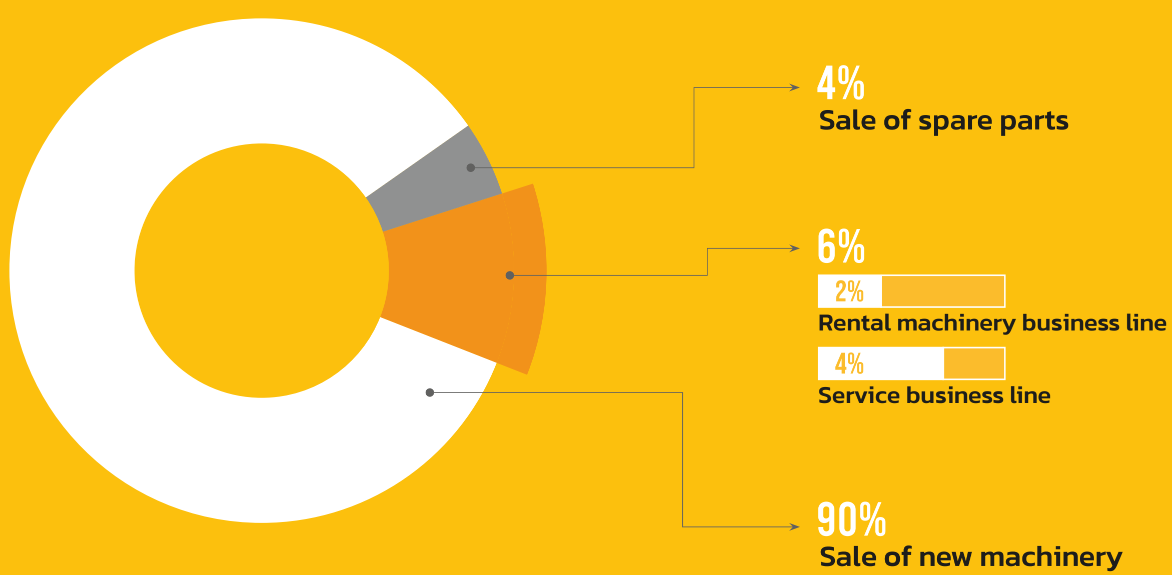


Source: Audited data from the Company's management information system.

DM-KER Plc.'s revenues by activity

- revenue from the sale of machinery: 90%;
- revenue from rental activities: 2%;
- 4% of DM-KER Plc.'s revenue from the sale of spare parts;
- and 4% of DM-KER Plc.'s revenue was generated by the service activities.

DISTRIBUTION OF REVENUE 2021



Business line reports

Sale of machinery

The company remained a major player in the construction and agricultural machinery sectors. Despite the difficult conditions for the Hungarian economy, our machinery sales showed another significant increase. The primary basis for this was a bold strategic decision that, in retrospect, delivered a good return on investment. The players on the buyer side of the machinery market are typically sensitive not only to the value for money of the products, but also to the delivery time. Recognising the trends in the global economy, we have significantly increased our stocks, giving us a market advantage in several cases over the past year.

In order to further strengthen our market position, we have restructured our sales system in two areas in financial year 2021.

We have developed a strategy for building the partnership network and started implementation. This business model offers us the opportunity to further increase the stock and sales of the models we sell without increasing our own stock. This enables our company to continuously respond to market needs at a faster pace than our competitors. Our partners have a contractual relationship with our company, based on transparency, predictability and equal service. In 2021, the net turnover of machines sold by our partner network was HUF 1.098 billion, which represents 7.4% of the revenue of machine sales.

Another development was the restructuring of our system of regional representatives. At the end of 2021, a new internal sales strategy was developed, based on the segmentation of our salespeople on a professional basis. Its aim is to provide our customers with an even higher level of technical and professional service.

Construction industry machines

In 2021, the company's sales strategy for construction equipment was driven by its two flagship brands, Bobcat and Doosan, and is expected to continue in a similar vein in the coming years.
In the construction machinery segment, we have two main objectives. Firstly, to further increase the market share of the world-class Bobcat brand. On the other hand, we will be able to enter new market areas thanks to the brand's innovation strategy and a constantly renewing product portfolio.

Agricultural machinery

In 2021, we have successfully concluded our legal cooperation with the Chinese brand Lovol-Arbos. The most important objective of the year was to redesign both our suppliers and our internal sales strategy. This resulted in a record year for Bobcat telehandler sales with 72 machines sold, a 20% increase on the previous financial year.

In the agricultural machinery sector, the key is to find new agricultural product distributors to complement the existing brands (Agrifac, Tifone, Storti, Annovi, Bobcat).

2021 sales strategy for pandemics

Contrary to the outlook for 2020, the Covid epidemic has not disappeared from our lives in 2021. DM-KER Plc. has adapted very well to the specific situation of chip shortages and supply chain disruptions. By making maximum use of our financing possibilities, we have managed to build up a stock of machines that has resulted in our customers perceiving less of these negative factors.

Manufacturers

The crisis caused by the virus has significantly reduced the production capacity of all suppliers. As a result, delivery times have increased significantly. Similar challenges are forecast for 2022-2023. In response to the increased market demand, several manufacturers have revised their distribution strategy and plan to distribute their inventories in some product groups on a pro rata basis according to market shares, rather than the usual FIFO principle. The result is a narrower, but more predictable supply.

Customers

In 2021, our customers are much more confident thanks to the government's support for the economy. The launch of the GINOP Plus tender has provided our customers with the most significant framework of support for machinery investments in recent years. We have worked closely with tender writers to meet our customers' needs as accurately and efficiently as possible. This assistance from the government has helped to encourage economic operators to invest, despite the general uncertainty about the COVID situation.

The volatility of the EURO exchange rate has a significant impact on the selling price of machinery ordered but not yet delivered. To compensate for this, we have managed to develop a predictable payment method that benefits both our company and our customers.

DM-KER Plc. offers its customers a choice of several loan and leasing schemes for the sale of machinery.

Spare parts sales business line

In 2021, we continued to implement the strategy set out in the previous year, resulting in further intensive traffic growth in the sector. The strategy, in addition to human resource development, focused on the inclusion of new online sales channels and the expansion of the agricultural product range. The primary objective was to maintain profitability while increasing turnover.

Market analysis

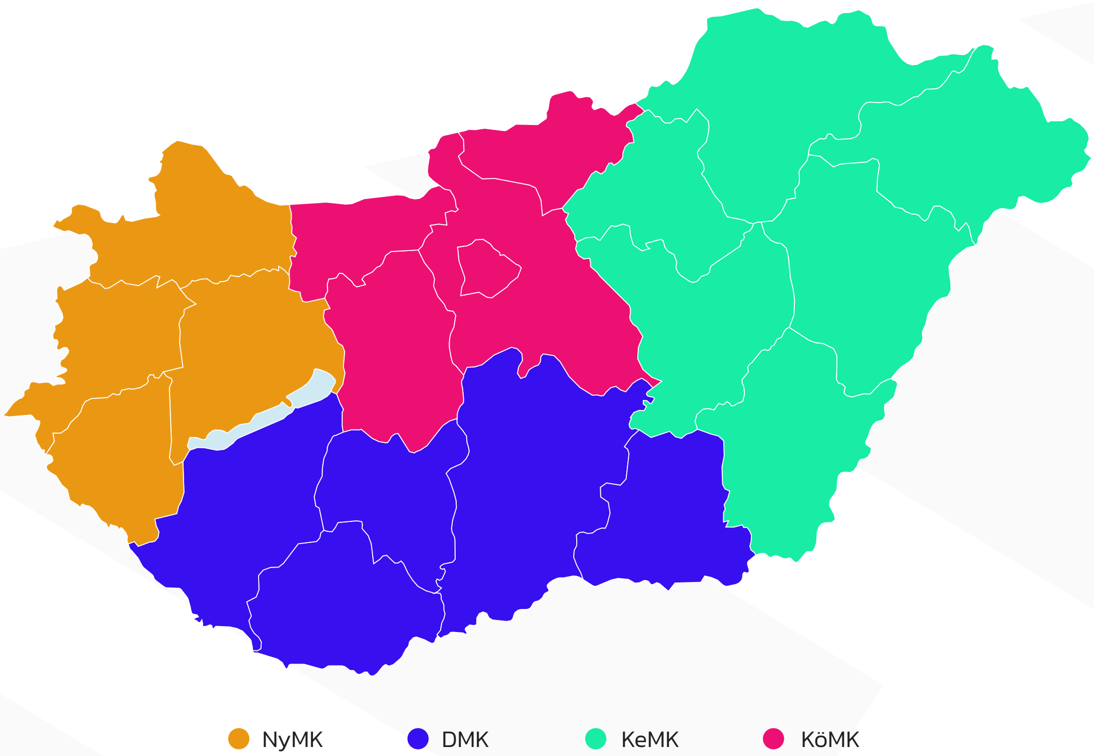
As an official factory representative, our most important task is to ensure the uninterrupted supply of parts for the brands we represent.

Our customers can be primarily divided into two groups, the first group is made up of machine users who have purchased the type of equipment we sell, and the second group is made up of owners of second-hand machines. The two groups differ significantly in terms of purchasing attitudes, while the owners of machines from grey imports or bought on the domestic second-hand market are more price-oriented, new machine buyers are more brand-loyal when buying spare parts. The latter can be reinforced by the provision of servicing and spare parts during the warranty period.

Primary competitors should be identified with a focus on serving these two target groups. Competing companies are typically present with aftermarket products, but due to the specificity of the internal market in the European Union, despite our exclusive factory parts distributor status in Hungary, competitors may also source factory parts from official distributors in other countries, creating competition for private label products.

We had to develop our sales channels and price strategy based on the above customer attitudes and the range of products offered by our competitors.

Maintaining the territorial distribution established in 2020, we have built up a solid representative customer relationship. This has helped to increase the efficiency of the work, as we were able to develop the tour plans based on an accurate knowledge of the customer's needs. Thanks to this, we have saved considerable cost and time in our daily work.



Source: Figure based on data from the Company's management information system.

Human Resources

In human resources, last year's quantitative increase was replaced by the professional development of existing colleagues. To this end, in the second half of the year, we started to restructure our professional training programme, thus strengthening the skills of our colleagues. This has deepened both the technical and market-specific competences of salespeople.

For the regional representatives, we have further segmented the population into construction and agriculture. This allows us to offer a more personalised service to customers with specific needs, such as the owners of our Agrifac range of self-propelled sprayers.

Product management

The specific requirements of the operators of the above mentioned type also required us to rethink the product strategy and service packages. Based on the principle of mass customisation, we have implemented solutions that encourage our customers to be proactive, ensuring a smooth operation.

The change in product strategy also entailed a redesign of inventory management procedures, with the dual objective of creating an optimal product portfolio and cost-effectiveness. In the latter case, we had to keep the stockholding rate in balance, so that the margin gains from the volume discounts we made were not eroded by the additional costs of stockholding. For this purpose, we have designed the stocking and logistics of the sites to take account of local consumption, among other things.

A further challenge in 2021 was to address the widespread supply chain problems across the economy. The stock structure had to be designed with a much longer period of time than in the past to fully meet customer demand.

Sales channels

In order to achieve the increase in turnover, it was necessary to increase sales in addition to improving purchasing and inventory management. With this in mind, in 2021 we have complemented our existing personal sales channels operated by our store and regional representatives by building the e-commerce platform of DM-ker Plc. The webshop has helped us to reach new, previously unreached customers, as well as expanding our ability to serve our existing partners. More than 110,000 items are available in our online shop with just one click. The success of the new channel is demonstrated by the fact that web sales accounted for nearly 7% of total parts sales in the first year. This will also contribute to an outstanding increase in traffic in 2021.

Rental machinery business line

As in previous years, in 2021 we will continue to follow the strategic direction we have set, with a focus on reducing the 'age' of the rental machine fleet. A project we started earlier was closed in 2021, so we stopped renting out machines of no brands of ours. The assets thus released were successfully sold on the second-hand market.

As planned, we have also expanded our presence in the agricultural sector. On the one hand, we were able to increase the number of machines leased to our existing partners. On the other hand, we have added new partners to DM-KER Plc.'s customer base, who typically opt for long-term rental services beyond one year. Our plans for the future include contacting more agricultural companies and contractors, assessing their needs for rental machines, and continually expanding our fleet and updating our machinery.

In the construction segment, our customers' interest in renting machinery has changed slightly compared to previous years. Government tenders have resulted in more people voting to buy new machines, and the market for second-hand machines with low mileage has also increased. This has resulted in a smaller expansion of the machine rental market.

In this industry, we also wish to follow the market needs and trends in the future, with both short and long-term machine rental in our portfolio.

In 2021, we have made significant progress in a new market segment. We have increased our presence in waste processing and renewable energy companies. In this market, 6 companies currently lease 16 machines, which will be increased from the beginning of 2022 with the long-term lease of 10 more high-value specialised loading machines to meet the customer's needs.

Market analysis

DM-KER Plc.'s current fleet of rental machines is a strong, medium size among the companies involved in machine rental. A strong competitive advantage is a thorough knowledge of the market, which comes from being a sales leader.

Following the usual market practice, our company also typically rents out its machines without an operator. When planning the fleet of machines, we had to take into account the seasonality of the construction industry.

We have also built strong relationships in the agricultural sector as a result of our customer-focused approach, our ability to perform proper maintenance and our short response times to service requests.

The modern and reliable brands we represent prove and ensure the precision of our work every day for the leading companies in the sector. Through this,

we managed to further expand our customer base in 2021. The quality of the rental machines will continue to be an essential condition for maintaining the long-term relationships that have been established, with occasional machine purchases.

Power equipment and telescopic handlers remain the most demanded segments in our agricultural market. This gives our company even more scope to expand in the market, especially to meet the demand for seasonal work.

For both main industries, there is a strong demand for cost-effective solutions to the skilled labour shortage. Machine rental schemes are expected to continue to play a growing role in the market in the coming years.

In the construction industry, there is a growing demand for machines that are small, easy to transport and have special adapters.

In both markets, the opening of our 'rural' sites and the expansion of our service background in terms of staff and equipment have provided opportunities for expansion.

Our customers appreciate the physical proximity, and we wish to make even more of this for our rental machines in the future. Some of our machines and related tools will be made available to our partners at our rural sites.

Our customers

In 2021, our customers for rental machines will be mixed, with 50-50% of our customers in the construction and agriculture sectors. Our goal remains to continue to serve our reliable partners with the rental machines they need.

By 2022, we aim to have a new set of partners, taking advantage of the company's human resources potential. Through our machinery sales consultants, we would like to familiarise our prospective partners with the possibilities of rent out machinery. In the same year, we plan to make further additions to our range of machinery for agricultural use to meet the needs of our customers.

Summary

Machine rental is a separate business line in the company, but it works closely with new and used machine sales, as well as service and spare parts, to facilitate the sale of services on an even wider scale.

Service business line

In 2021, DM-KER Plc.'s service business line has put a strong focus on increasing the number of service mechanics to meet the increased service demand. In addition, we have expanded our range of services to offer our customers a higher quality of service. With the help of our highly qualified service engineers, we have developed the professional skills of our mechanics through internal training, as we did last year. The pandemic situation did not allow us to travel abroad to our supplier partners, so, as in the previous year, online training was provided for our colleagues.

In addition to the increase in the number of mechanics, the upgrading and development of service vehicles and service tools continued throughout the year. The latest diagnostic equipment and tools are now available for the repairs to be performed, and the number of tools has increased in line with the increase in staff. This has helped reduce average repair times, which has increased customer satisfaction. Thanks to the increased capacity of our mechanics, we were also able to meet the ever-increasing service needs at a high level.

With the GPS-based telemetry system built into the machines by the manufacturers, the service department is alerted before the service intervals are reached, so we can prepare for the job in time. This will further improve the efficient use of service capacity. With this information, the mechanic has information about the machine's malfunction before they leave and can even arrive on site with the necessary parts to repair the machine, reducing downtime.

In addition to the mechanics, the service team has been expanded with a new manager and a new work administrator. The development and testing of a new electronic record and worksheet management system has started and will be implemented in the coming year. This will speed up the recording, tracking and allocation of incoming service requests to the mechanic.

We are constantly replacing our fleet of service vehicles with larger and better equipped cars to better serve our customers. This allows service colleagues to keep more parts on hand, so they can start repairing failures immediately or within 24-48 hours at the most, anywhere in the country.

Human resources

Our experience has shown that labour market fragmentation increased in 2021, with large variations in both the demand for wages and the number of candidates applying for a position. Nothing demonstrates the loyalty and dedication of our colleagues to our company and our leadership better than the fact that half of our open positions are filled by referrals from our employees. It can be generally said, although there is an increased appetite for jobs on the labour market, there is a growing sense of security for all candidates and workers, if it is accompanied by a sense of esteem.

The focus was also on expanding the logistics business line and the service team during 2021, which was successfully completed at the end of the year due to the successful recruitment. We are constantly improving our motivation systems and expanding the opportunities we offer our employees, which has also helped to reduce staff turnover.

We strongly believe that the resilience and empathy of our leaders is one of the keys to our continued performance growth, so we are paying increasing attention to leadership selection and the continuous development of our leaders. The 'home office' option we created last year and the background it provides has had a positive impact on us in 2021, as COVID-19 is still part of our everyday life, but at the same time we can smoothly work through the difficulties that arise with our staff.

We believe that the challenges in the human resources field will not diminish in the coming years, but with a conscious and long-term human resources strategy we will be able to successfully overcome these obstacles.

Results achieved in 2021

In the last 10 years, our company has sold to nearly 8,400 customers. Of these, we have direct sales relationships with an average of more than 2,500 customers per year. In 2021, a total of 2,783 goods or services were sold to customers. Our products are sold exclusively via B2B channels, i.e. 100% of our customers are business users, sole traders, business associations, municipalities or independently administered institutions.

In 2021, our turnover increased by 44%. Considering the external economic environment, this is an outstanding development, the primary basis of which is our stockholding policy. We identified production capacity problems early and increased our stock significantly. Our service skills have often given us an advantage over our competitors in the market.

Our company has made significant progress in increasing the penetration of the Doosan brand in our country. In recognition of this, the manufacturer has entrusted us with the exclusive representation of its products in Slovakia. One of the priorities for 2022 will be to develop a sales system and to establish a spare parts and service background. This marked the beginning of the realisation of a long-cherished strategic goal, as our company entered the foreign arena.

Another result of the year just ended is that the company is well prepared for the implementation of a corporate governance system. We have streamlined the processes and started to prepare the team for what is expected to be an extra workload. Negotiations on the development, which was halted at the beginning of the COVID period in March 2020, have been restarted, so the preparatory work invested earlier will not be wasted and the roll-out process can continue almost unchanged. We aim to implement the new system by the end of the first quarter of 2023.

Key indicators for our business lines

data in THUF

Domestic sales revenues	until 31.12.2020	2021 plan	2021 actual
Sale of machinery	10,171,010	11,174,815	14,675,604
Sale of spare parts	543,215	709,500	640,144
Service sales	435,293	470,000	507,918
Lease	300,354	393,710	394,890
Other re-invoiced	66,348	19,516	21,257
Total domestic sales revenues:	**11,516,220**	**12,767,541**	**16,239,813**
Export sales	**until 31.12.2020**	**2021 plan**	**2021 actual**
Sale of machinery	94,769	48,000	488,091
Sale of spare parts	12,177	11,000	7,446
Service	113,096	230,000	114,537
Total export revenues:	**220,042**	**289,000**	**610,075**

Source: Data from the Company's management information system.

Summary data

	2020 (in THUF)	2021 (in THUF)	2021/2020 (%)
Net sales revenue	11,736,262	16,849,888	44%
Capitalised own performance	10,237	331	-97%
Other income	445,250	243,244	-45%
Material type expenses	10,254,143	15,128,197	48%
Personnel-type expenses	708,610	794,999	12%
Depreciation	425,590	544,101	28%
Other expenditures	421,381	205,645	-51%
OPERATING PROFIT	**382,025**	**420,521**	**10%**
PROFIT ON FINANCIAL TRANSACTIONS	-231,597	-169,266	-27%
PROFIT/LOSS BEFORE TAX	150,428	251,255	67%
EBITDA	**807,615**	**964,622**	**19%**

Source: Data from the Company's management information system.

SUMMARY DATA

	2020	2021	2020/2021%
NET SALES REVENUE	11,736,262	16,849,888	44%
DEPRECIATION	425,590	544,101	28%
OPERATING PROFIT/LOSS	382,025	420,521	10%
EBITDA	807,615	964,622	19%
EQUITY	2,333,417	2,584,260	11%
BALANCE SHEET TOTAL	8,484,583	12,116,457	43%

Source: Data from the Company's management information system.

Key indicators

Net sales revenue of the Company increased by 44% compared to the same period last year.

Our material type expenses increased by 48%, partly due to a change in our sales process. The share of services provided by intermediaries has fallen significantly, but the share of services used has risen significantly. The increase in cost of goods sold is 52%, as our main supplier has modified the terms of the discount scheme for the sale of machinery.

The 45% decrease in other income is due to the net recognition of the result of the sale of tangible assets, following the amendment of the Accounting Act effective from 01.01.2021.

Depreciation increased by 28%, due to both the reorganisation of the foundation and the increase in the rental machine fleet.

The main risk affecting the company was the EUR exchange rate risk in the financial operations line. Accordingly, our biggest risk arose from exchange rate movements. In 2020, our realised exchange gain is THUF 192,161 e, while in 2021 it is THUF 245,048. In the same period, our exchange losses are THUF 423,758 in 2020 and THUF 416,314 in 2021. A 26% improvement in the result of financial operations is projected for 2021.

Compared to the same period last year, the Company's personnel expenses increased by THUF 86,389. This is due to a 16% increase in our staff numbers.

The combined effect of these factors shows that the result from operating activities increased by 10% compared to the previous year, amounting to HUF 420,521.

Our interest expenses increased from THUF 39,525 in 2020 to THUF 87,919 in the current year.
However, the Company's Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) was 19% higher than in the same period of 2020. This predicts that despite the COVID situation, DM-KER Plc. will be able to maintain its growth plans in 2022.

The solvency of the Company's customer base is stable, as the impairment of receivables recognised in 2021 is THUF 21,766, while the reversal of impairment is THUF 12,102.

Our provisioning liabilities in 2021 was THUF 59,321, of which THUF 30,321 relates to the service warranty obligation.

Expected trends in the agricultural and construction machinery market in 2022

Base

In 2021, sales of construction equipment increased moderately compared to the previous year. Within this, there were significant differences in the development of some segments. The biggest increase was recorded in the market for mini excavators, with almost 30% more machines sold. The other segments grew by over 10%. The only exception to the general increasing trend was rubber-tyred excavators, where the decline was more than 25%.

The dominant trend in the agricultural market continues to be the strong drive towards precision farming. Our company can join this process through the sale of the Agrifac self-propelled sprayer.

General

AThe construction and agricultural machinery market has been severely affected by the economic difficulties caused by COVID-19. Two mutually reinforcing negative trends have emerged in the market, with an increase in demand and a significant reduction in production capacity. As a result, the construction and agricultural machinery markets have experienced shortages and significant delays in delivery.

Manufacturers

Unfortunately, the virus is predicted to be part of our lives for much longer than we previously thought. On the manufacturing side, this captures the existing supply difficulties, so completely different supply processes and strategies need to be developed on the part of manufacturers.

In Europe, companies with manufacturing and warehousing capacity may gain an advantage over Far Eastern producers in this situation, as import costs and container transport prices have increased to an extreme.

DM-KER Plc. remains one of the strongest partners of the Bobcat - Doosan Group in Europe. The Group's new rules on equal reseller allocation of production capacity, to be introduced in 2022, are an appropriate response to deal fairly with the new production situation.

In preparation for the shortage of supplier capacity, DM-KER Plc. has ordered the necessary machinery stocks in mid-2021 to meet the 2022 business plan.

Customers

The most decisive factor in our customers' investment decision preference is currently the almost immediate availability of the right tool for their needs.

In the agricultural sector, for example, there is a big problem with rising fertiliser and seed prices, and shortages of raw materials.

Market expectations for 2022

Our primary expectation for 2022 is that the existing transport difficulties will at best stagnate, with no significant improvement expected. DM-KER Plc.'s current inventory is among the largest in the construction segment, preparing us to continue to serve our customers' diversified needs at a sufficiently high level.

We know that the need for personal contact has decreased significantly since the virus appeared, so we will place even more emphasis on online presence and sales in the future. In 2022, our company will continue to strengthen its presence on social media platforms to reach customers more intensively.

Summary

In 2021, DM-KER Plc.'s market environment was determined by the industry's response to the COVID situation. In 2021, we were not affected by any further significant negative impact compared to the crisis situation we experienced in 2020. Thanks to the decisions of a highly experienced Board of Directors and a management with a strong knowledge of corporate governance, the company has continued to avoid the crisis and to show significant market growth.

Our management in 2021 continued to be disciplined and conservative. This has helped our company to maintain and even improve its profitability, which also provides scope for paying dividends.

In response to emerging needs in our market, we have had to increase staff levels in certain areas, facilitated by the above management.

Given that the economic impact of the COVID 19 virus will continue to have a strong impact on our company, in 2022 we will continue to use the tools that led to the successes achieved in 2021.

In 2021, the specific economic situation of scarcity of production capacity continued to determine sales opportunities. This state of affairs seems to have become entrenched for the longer term, so management's primary task in this situation is to maintain the stability of the company.

A breakout point could be the right to market additional brands or to enter additional submarkets.
Close collaboration between the Board of Directors, management and operational areas is still needed to deliver dynamic plans.

We will continue to monitor our technical planning on a monthly, quarterly and semi-annual basis, with plans to further expand the portfolio and team of DM-KER Plc.

The vision set out by the owners continues to paint a picture of a dynamic and growing company and thus shows an extraordinary vision for the future.

2022

MEZŐGAZDASÁGI ÉS ÉPÍTŐIPARI GÉPEK

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STATEMENT

Organisational representatives of **DM-KER Plc.** (Registered office: 2310 Szigetszentmiklós, Csepeli út 22, the company's register is administered by the Budapest Environs Regional Court, the company's registry number: 13-10-041955, hereinafter "Company") declare that the annual report of the 2021 fiscal year was made in accordance to the relevant accounting regulations and that to the Company's best knowledge presents a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, furthermore the management report gives a reliable picture of the Company's position, it's growth and performance, reviewing the major risks and uncertainties.

Szigetszentmiklós, 16.03.2022

Barnabás Kocsy
Member of the Board of Directors/CEO

Judit Szegedi
Director of Finance/Deputy CEO

MEZŐGAZDASÁGI ÉS ÉPÍTŐIPARI GÉPEK

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