



**MEZŐGAZDASÁGI ÉS ÉPÍTŐIPARI GÉPEK**

DM-KER Nyilvánosan Működő Részvénytársaság  
2310 Szigetszentmiklós, Csepeli út 22.

**Semi-annual Report  
for H1 2021**

(unaudited and unconsolidated)



**XTEND**

Listed on the Xtend Market of  
the Budapest Stock Exchange

Szigetszentmiklós, 19 August 2021

Handwritten signature of Barnabás Kocsy in blue ink.

---

Barnabás Kocsy  
DM-KER Nyrt.  
Chief Executive Officer

Handwritten signature of Judit Szegedi in blue ink.

---

Judit Szegedi  
DM-KER Nyrt.  
Director of Finance

# Table of Contents

Introduction .....	4
Company data .....	5
Disclosures between 01/01/2021 and 09/08/2021 .....	6
Composition of the Company's management .....	7
Members of the Board of Directors for an indefinite period .....	7
Members of the Supervisory Board and the Audit Committee until 31 May 2024: .....	7
The Company's management and leadership .....	7
Members of the management .....	7
Composition of share capital .....	7
Shares owned by the Board of Directors and the Supervisory Board .....	7
Business environment and activities of DM-KER Nyrt. ....	8
Sales revenue data for H1 2021 .....	9
Breakdown of the Company's sales revenue by business .....	9
Comparison of the Company's sales revenue data for H1 2020 and H1 2021 .....	10
Distribution of construction and agricultural machinery .....	11
Rental of construction and agricultural machinery .....	12
Servicing of construction and agricultural machinery .....	13
Impacts of COVID-19 in H1 .....	14
Preparing for the next wave of the pandemic using the lessons learned in H1 2021 .....	15
Hedging the exchange rate risks incurred in H1 2021 using hedge transactions .....	15
Analysis of the data of the financial statements for H1 .....	16
Changes in the income statement using the total cost method .....	16
Assets and liabilities in H1 2021 .....	17
Changes in balance sheet data .....	18
Headcount and earnings of employees .....	19
Assets indicators .....	19
Asset utilisation .....	20
Profitability .....	20
Liquidity indicators .....	20
CASH FLOW STATEMENT .....	21
STATEMENT .....	22

# Summary of the results achieved in H1 2021

The most critical environmental effect in the first half of 2021 was the prolonged COVID-19 pandemic. In addition to the severe social impact of preventive measures, the business environment was, of course, also significantly rearranged in all industries. All of this had its implications for the operation of DM-KER Nyrt. during the first six months of the year. The fundamental strategy of the Company was not affected, but the completion of certain projects was delayed.

The Company's management recognised the most important industry risk of this environmental factor and reacted well. The cross-border impact of the pandemic severely damaged the delicate balance of supply chains. One implication is that even those suppliers that were the most prepared for the pandemic and imposed strict preventive measures had to face considerable difficulties in manufacturing.

The Company transformed its procurement strategy in order to manage these risks. This itself posed a certain level of risk, yet the figures for the first half of the year confirmed that it was the right decision to make. The supply issues described above resulted in a prolonged shortage of machinery in the market for agricultural and construction machinery. The Company recognised this in time and successfully managed the situation.

The Company's strategy has remained unchanged, with a stronger presence in the agricultural market being one of our goals. Another important strategic direction for us is foreign expansion. We are working with suppliers to look for such opportunities on an ongoing basis.

We are proud that the Company lays great emphasis on environmentally conscious operation by focusing on social and environmental aspects. Our commitment to ESG is demonstrated in several areas. When acquiring passenger cars, we prefer electric and hybrid technologies. We began promoting BOBCAT's electric mini excavator in the Hungarian construction market. We strive to mitigate the environmental impact of our office operation, so we are reducing our paper consumption by migrating our processes to the digital realm.

Beyond the machinery sales, focus is increasingly shifting to after-sales and sales support activities. We completed two significant improvements in connection with parts sales. We updated our online store and made it more user-friendly, and increased the number of our regional sales representatives. The increase in the number of machines sold requires the development of human resources in the servicing business.

Our debt was restructured in H1 2021. In order to secure long-term financing, we reduced the amount of our short-term loans in favour of medium-term and long-term loan arrangements. Longer delivery deadlines force us to keep a higher volume of inventory.

All of this resulted in an improvement in the Company's EBITDA, primarily because of the 45% increase in sales revenue compared to the same period of the previous year.

## Key profit figures for H1 2021

data in thHUF

	Jan-Jun 2020	Jan-Jun 2021	2021/2020 %
<b>Net sales revenue</b>	5,258,549	7,651,813	145.51
<b>Own performance capitalised</b>	10,237	457	4.46
<b>Other income</b>	165,564	189,173	114.26
<b>Material type expenses</b>	4,671,556	6,885,945	147.40
<b>Staff costs</b>	315,850	392,385	124.23
<b>Depreciation</b>	196,647	259,800	132.11
<b>Other expenditures</b>	170,495	173,130	101.55
<b>OPERATING PROFIT</b>	<b>79,802</b>	<b>130,183</b>	<b>163.13</b>
<b>PROFIT ON FINANCIAL TRANSACTIONS</b>	<b>-80,586</b>	<b>53,741</b>	<b>-66.69</b>
<b>PRE-TAX PROFIT</b>	<b>-784</b>	<b>183,924</b>	<b>-23,459.69</b>
<b>EBITDA</b>	<b>276,449</b>	<b>389,983</b>	<b>141.07</b>

## Significant events in H1 2021

There were no significant events in 2021 other than the published.

# Introduction

DM-KER Nyilvánosan Működő Részvénytársaság (hereinafter: Issuer, DM-KER Nyrt. or the Company) is an entity engaged in the sale and rental of construction and agricultural machinery, the supply of parts for such machinery and servicing activities in Hungary. Its operations are aimed at serving primarily Hungarian companies and, to a smaller extent, it also sells goods to neighbouring countries of the European Union.

# Company data

Company name	DM-KER Nyilvánosan Működő Részvénytársaság
Short name	DM-KER Nyrt.
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
EU VAT number	HU27048090
Statistical code	27048090-4663-114-13
Duration of activities	indefinite
Legal form of the Company	public company limited by shares
Jurisdiction	Hungarian
Registered capital at the balance sheet date	HUF 631,155,000

Date of launch of the Company's ordinary shares on the Xtend platform: 30 January 2020  
(date of listing: 16 December 2019)

Appointed advisor of the Company: Random Capital Broker Zrt.

Date of the effective Statutes	1 April 2021
Principal activity	4663 Wholesale of mining, construction and civil engineering machinery
Financial year	identical to the calendar year
The Company's auditor	INTERAUDITOR Neuner, Henzl, Honti Tanácsadó Korlátolt Felelősségű Társaság
Registered office	1074 Budapest, Vörösmarty utca 16-18. A ép. fsz. 1/F.
Company registration number	01-10-048554
Chamber membership number	000171
Personally responsible auditor	Zsuzsanna Freiszberger
Chamber membership number	007229

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](http://www.dmker.hu)), the website of the Budapest Stock Exchange ([www.bet.hu](http://www.bet.hu)) and, if expressly required under a statutory regulation, the website operated by the National Bank of Hungary ([www.kozzetetelek.hu](http://www.kozzetetelek.hu)).

# Disclosures between 01/01/2021 and 09/08/2021

<b>Date of publication</b>	<b>Subject</b>
11/01/2021	Announcement on a new tax number for large taxpayers
21/01/2021	Announcement on communications relating to the transaction of a person involved in management
26/01/2021	Announcement on a Joint Letter of Intent aimed at future strategic cooperation
01/02/2021	Announcement on the amount of share capital and the number of votes
01/03/2021	Announcement on the amount of share capital and the number of votes
10/03/2021	Invitation to the General Meeting
23/03/2021	Proposals to the General Meeting
01/04/2021	Announcement on the amount of share capital and the number of votes
01/04/2021	Announcement on the extension of the employment relationship of the Chief Executive Officer
01/04/2021	Announcement on the resolutions of the Board of Directors adopted in its capacity as the General Meeting
01/04/2021	Annual Report
01/04/2021	Corporate Governance Report
06/04/2021	Announcement on communications relating to the transaction of a person involved in management
06/04/2021	Announcement on shareholder communications relating to an acquisition offer
23/04/2021	Announcement on the ordering of shareholder identification
30/04/2021	Announcement on the amount of share capital and the number of votes
03/05/2021	Announcement on the registration of changes by the registry court
03/05/2021	Statutes
31/05/2021	Announcement on the amount of share capital and the number of votes
30/06/2021	Announcement on the amount of share capital and the number of votes
13/07/2021	Announcement on the purchase of treasury shares
13/07/2021	Announcement on the sale of shares by a person involved in management
02/08/2021	Announcement on the amount of share capital and the number of votes
09/08/2021	Announcement on changes concerning the position of Director of Sales – Deputy CEO
13/08/2021	Announcement on the decision of the Board of Directors of the Company on the organization of the DM-KER Employee Co-Ownership Program

# Composition of the Company's management

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 for an indefinite period:

Ferenc Bátor – Chairman of the Board of Directors  
Sándor Megyeri – Member of the Board of Directors  
Ferencné Bátor – Member of the Board of Directors  
Dr. Tamás Hajnal – Member of the Board of Directors

## Members of the Supervisory Board and the Audit Committee until 31 May 2024:

Péter Vitkovics – Chairman  
Tamás Petőházi – Member  
Dr. Tamás Sükösd – Member  
Attila Gayer – Member

## The Company's management and leadership

The Company's day-to-day operations are managed by the management of DM-KER Nyrt. The members of the management are all employed by the Company in the form of an employment relationship and none of them own any ordinary shares of DM-KER Nyrt.

## Members of the management

Barnabás Kocsy (Chief Executive Officer)  
Judit Szegedi (Director of Finance – Deputy CEO)  
Csaba Laki (Director of Sales – Deputy CEO)

## Composition of share capital

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 and a list and presentation of significant shareholders:

Name	Home address	Ownership share (%)
Sándor Megyeri	2145 Kerepes, Kiss József u. 118.	36.83
Ferenc Bátor	8220 Balatonalmádi, Török Bálint u.9	18.62
BF Trustee Kft.		15.84
National Stock Exchange Development Fund managed by Széchenyi Tőkealap-kezelő Zrt.		14.55

## Shares owned by the Board of Directors and the Supervisory Board

Name	Position	Number of shares
Sándor Megyeri	Member of the Board of Directors	46,500,000
Ferenc Bátor	Chairman of the Board of Directors	23,500,000
Ferencné Bátor	Member of the Board of Directors	79,000
Péter Vitkovics	Chairman of the Supervisory Board	4,250,000

# Business environment and activities of DM-KER Nyrt.

DM-KER Nyrt. is a company engaged in the sale of agricultural and construction machinery and parts, and represents brands in the market which plan for the long run and have international supplier support.

The organisation of DM-KER Nyrt. supports growth, and its staff is flexible and possesses the expertise necessary for providing the best solutions to their clients. The Company's day-to-day operations are supported by cloud-based systems and disciplined financial administration.

Increasing the market share of existing brands, entering new markets and new countries and the prospect of acquiring new brands are all factors that serve as the basis for future organic growth. Additionally, due to the restructuring of the market in the coming years (e.g. new generations of products), DM-KER Nyrt. will be in a position to complete acquisitions as well. With the implementation of the CRM system as part of the ERP system, the use and regular analysis of existing data and information can assist in decision-making, thereby supporting the growth and development of DM-KER Nyrt.

As a result of the organisational development efforts of recent years, a productive, fully competent and responsible, highly qualified and loyal group of top-level and middle-level managers has been formed, and they are responsible for the Company's day-to-day operation. Operations have become more efficient through the integration and regulation of business processes, while the adoption of human resource management has led to a considerable improvement in the quality of human resources. Capacity expansion and development at the sites will be completed in 2021 and 2022.

The goal of DM-KER Nyrt. is to maintain a business which is more efficient and produces greater business profits than the industry average, and is thus the leader in its field. To achieve this, the Company was the first in the industry to have its shares listed on the stock exchange, emphasising the fact that transparency is just as important to the Company as efficient and profitable operation.

DM-KER Nyrt. focuses on distributing the products of innovative manufacturers. As currently the efficiency of both the construction industry and agriculture in the Hungarian market is significantly below that of Western European companies, the coming years are expected to bring about a considerable improvement in mechanisation, meaning that an ongoing rise in demand is likely, and DM-KER Nyrt. aims to satisfy as much of that demand as possible.

The pandemic, which began last year and has been with us ever since, had a profound impact on the Company's business environment as well. The situation of both manufacturers and Hungarian market participants has undergone significant change (decline in sales and deteriorating liquidity, followed by an increase in order volume). The aggregate effect of these market processes is that considerable changes are expected in the markets of DM-KER Nyrt., whereby smaller companies will become the sub-distributors of large importers. In this competitive environment, DM-KER is considered an improving medium-sized enterprise that is capable of entering the international market and has extremely favourable growth prospects.

DM-KER Nyrt. is committed to expanding its operations into foreign markets, which is why it has begun preparations for breaking into the markets of Hungary's neighbouring countries.



# Sales revenue data for H1 2021

DM-KER Nyrt. is an entity with sufficient customer diversification, and represents strong brands in the market which plan for the long run and have international supplier support.

Customer diversification is underlined by the fact that DM-KER Nyrt. has sold products to more than 7,000 customers over the past 10 years.

Products are sold exclusively via B2B channels, which means that all customers of DM-KER Nyrt. are business clients, i.e. sole traders, business associations, municipalities or independently administered institutions.

The Company's dynamic growth was undeterred by the prolonged presence of the COVID-19 pandemic and its multiple subsequent waves, and so the sales revenue

for H1 2021 exceeded the figure for the same period of the previous year by 46%. Our projections for the year 2021 show an improvement of nearly 20% in turnover. Naturally, this may be influenced by the risks inherent in unforeseen external circumstances (e.g. supply shortages).

The sales revenue for the period under review is characterised by weaker seasonal effects than in previous years (previously, 10% and 45% of all sales revenue was earned in Q1 and Q4, respectively); however, this could be significantly skewed due to the circumstances prevailing in 2021. Government grants relating to the purchase of machinery are typically concentrated on the second half of the year, which is expected to have an additional positive impact on the Company's performance for H2.

## Breakdown of the Company's sales revenue by business

Source: Trial balances of DM-KER Nyrt.:

data in tHUF

	Jan-Jun 2020	Jan-Jun 2021	2021/2020
Sale of new machinery	4,516,051	6,514,405	144%
Sale of used machinery	94,408	344,254	365%
<b>Total machinery sales</b>	<b>4,610,459</b>	<b>6,858,659</b>	<b>149%</b>
Parts sales	257,805	339,588	132%
Servicing	250,983	270,836	108%
Machinery rental	111,547	180,056	161%
Pass-through costs of mediated services	21,623	873	4%
Other revenues	6,132	1,801	29%
<b>Net sales revenue</b>	<b>5,258,549</b>	<b>7,651,813</b>	<b>146%</b>
Other income	165,564	189,173	114%

Looking at the two main businesses of DM-KER Nyrt., Bobcat and Doosan were most profitable brands in the construction industry in H1 2021. As for agricultural machinery, the majority of sales came from the brands Bobcat and Agrifac.

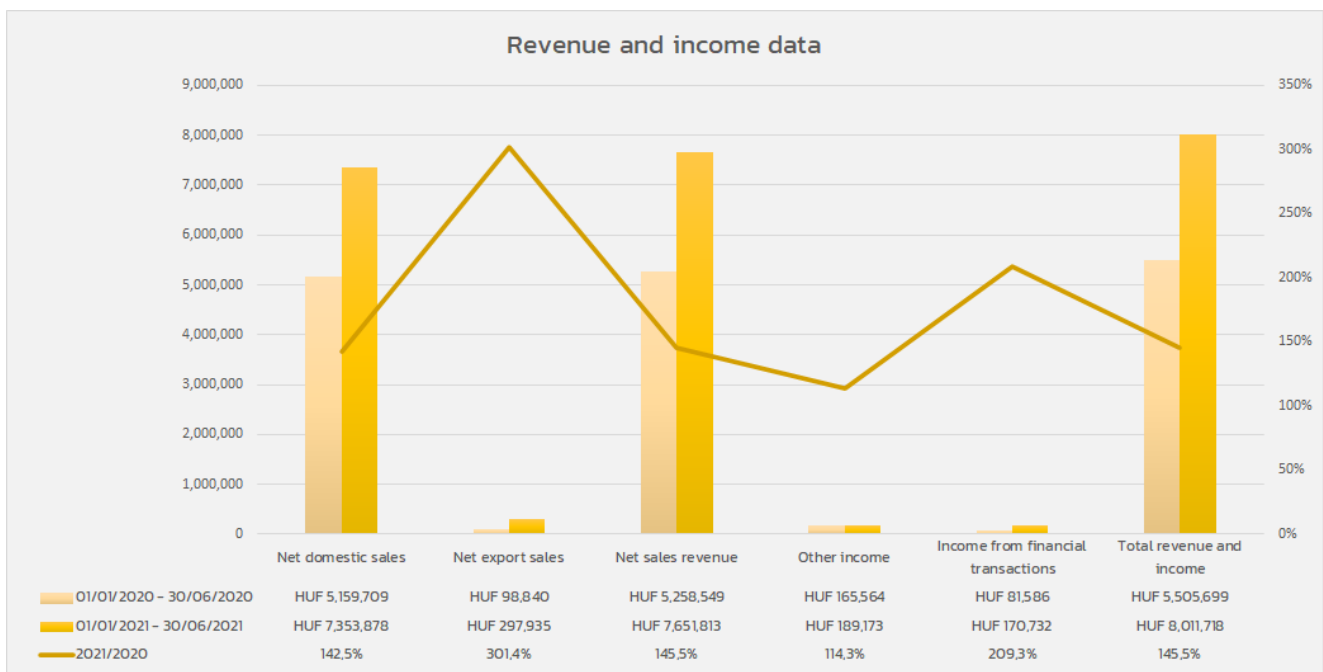
Out of the three main product lines, Bobcat is of the smallest value, with an average net sales price of between HUF 10 million and 25 million each. DM-KER Nyrt. sells mini excavators and skid steer loaders to the

construction industry, while compact track loaders and telescopic loaders are marketed to both the construction and the agricultural industries. Doosan machines are sold to construction, forestry and waste management companies. The average net sales price of such machinery is between HUF 45 million and 60 million each. Agrifac self-propelled sprayers are sold to agricultural companies. The average net sales price of such machinery is between HUF 120 million and 155 million each.

## Comparison of the Company's sales revenue data for H1 2020 and H1 2021

Source: Trial balances of DM-KER Nyrt.

data in thHUF



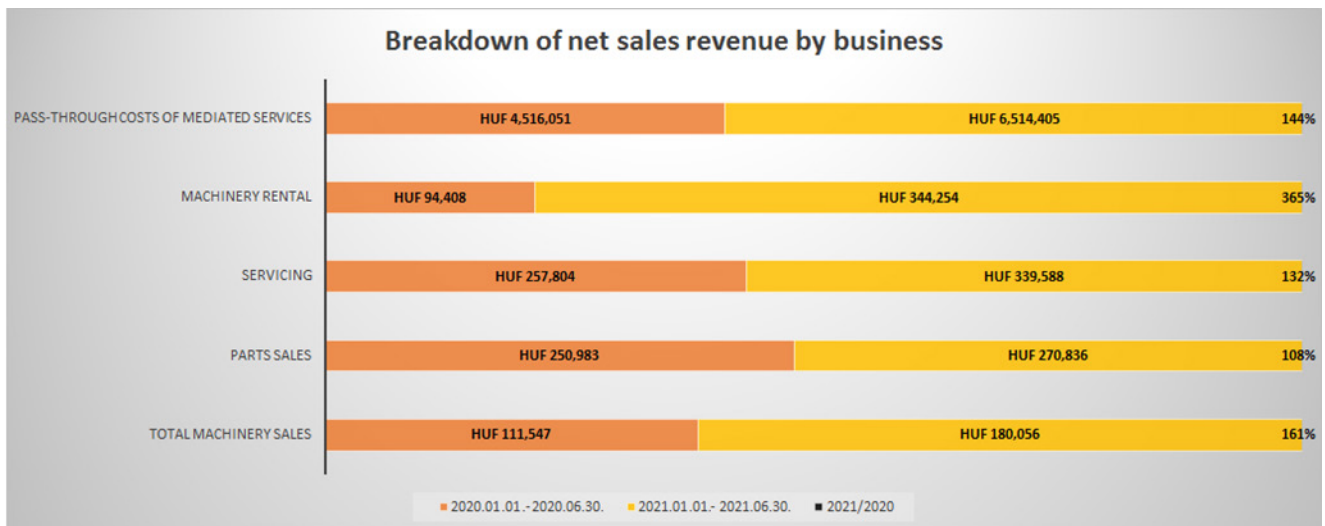
Currently, the Company's operations are mostly concentrated in Hungary where it has four sites. Sales are typically made within the country, and DM-KER Nyrt. earns export revenues mainly from carrying out warranty repairs for the Doosan Group.

The most significant item within other income is income from the disposal of tangible assets, which amounted to thHUF 125,830 in H1 2020 and to thHUF 115,969 in H1 2021.

The invoices of our foreign suppliers are paid in foreign currencies, and so the reason behind the considerable

improvement in the profit on financial transactions was that the increase in exchange rates in H1 2020 (caused by the pandemic) came to a stop this year. The profit on financial transactions finally had a positive impact on pre-tax profit.

Income from financial transactions mainly consists of realised exchange gains. These amounted to thHUF 81,337 in H1 2020 and thHUF 170,665 in H1 2021. The value of other expenditures of financial transactions dropped by thHUF 75,692 from thHUF 156,961 in H1 2020 to thHUF 81,269 in H1 2021.



## Distribution of construction and agricultural machinery

The majority of the sales of revenue DM-KER Nyrt. is generated by the sales volume of construction and agricultural machinery.

In H1 2021, the Company managed to increase its sales volume at a rate that exceeds the industry average in both segments. The following factors served as the basis for this growth.

The growth rate seen in the construction machinery market in previous years is still being sustained, spurred on mainly by infrastructure investments, while at the same time a number of grant schemes funded by the European Union and the Hungarian state have been launched in which applicants may be awarded grants of 30 to 50 per cent for purchases of machinery. The market for agricultural machinery has also experienced growth in 2021, supported mainly by grant schemes funded by the European Union and the Hungarian state.

As the pandemic subsided, manufacturers were unable to meet the soaring demand, leading to extreme delays in delivery (from 3 to 4 months to 8 to 18 months). At the end of 2020, DM-KER Nyrt. ordered (and thus allocated to itself in a timely manner) the fleet of machinery necessary for achieving its sales and financial goals for the year 2021, which put the Company in an extremely favourable position in the Hungarian market.

It is important to note that the preferential financing arrangements provided by manufacturers (Bobcat and Doosan) to clients were instrumental in achieving the profit earned in the first half of the year. As sales increased, the Company was required to expand its human resource capabilities in these areas, resulting in a 17% increase in the number of employees compared to the same period of the previous year. The new CRM system launched during the period greatly contributed to the success of their work, which supports not only client follow-up, but also the expedited and simplified conclusion of contracts.

## Parts sales

In H1 2021, the parts business achieved further growth in comparison with the previous year. The product offering expanded, customer relations were improved, and we increased our inventories to ensure faster customer service.

We successfully launched our new online store. Based on feedback from our registered clients and the steady increase in sales, we can conclude that the improvements we carried out fully met our customers' needs.

New regional sales representatives joined our team in H1 2021 to improve our relationship with customers. This personal and one-on-one contact yielded great results, as evidenced by a spectacular increase in sales compared to the previous year.

Another reason behind the improvement in sales is the fact that we established parts warehouses at our existing sites around the country (in Vámoszabadi, Bátaszék and Szigetszentmiklós) to ensure faster and more efficient customer service. By keeping larger inventories and making deliveries from our sites, we

are able to serve our clients around the country faster and reduce delivery times.

Further improvement was achieved in expanding our portfolio in the area of parts sales. Our product offering now features parts for agricultural machinery and tools as well.

We successfully ran several special offers in H1 2021. Based on the positive feedback received from clients, we plan to run even more special offers in the future in connection with the sale of OEM parts.

Our plans include introducing face-to-face customer service at our sites around the country. This would allow clients to obtain the necessary parts faster, and is also intended to ensure that our customers' machines suffer even less downtime due to failures than they do currently.

Going forward, our goal is to radically reduce delivery times, and so we plan to keep larger inventories of the most popular parts at our sites.

---

## Rental of construction and agricultural machinery

At the beginning of 2021, we continued with the process of expanding and reducing the age of the fleet of rental machinery, a process initiated last year. Also, the CRM system developed for the rental machinery business was introduced.

At the beginning of the year, the COVID-19 pandemic strongly affected machinery rentals in subsequent months. Unfortunately, rising raw material prices and the resulting delays in the construction industry

had an impact on the duration of machinery rentals. In terms of the agricultural industry, the partnerships established in previous years allowed us to schedule rentals for foreseeable dates in the first six months, and our partners received the requested machinery in time. Nonetheless, we can conclude that the demand for rental machinery is increasing steadily, particularly in the case of long-term rentals.

## Rental of agricultural machinery in H1

Based on feedback during the first half of the year, there was considerable interest in renting the machines stored at our sites around the country. As agricultural businesses typically require rental machinery to have a licence plate, we launched the rental of machines with licence plates at the end of the first six months of the year, with Bátorfő being the first of our sites around the country to do so. This allows our customers to cut back on their transportation costs. Unfortunately, this year the administrative deadline for vehicle registration increased to one and a half months, which meant that there were delays in several cases when delivering our machines to our partners.

Based on our experience so far, there is ongoing interest in and demand for rentals, mostly for telescopic loaders,

thanks to the reliability of our machinery, favourable rental fees and the availability of the machines at short notice.

Our existing long-term rental contracts with most of our partners in the agricultural industry were extended to this year as well, and we managed to attract new partners as well. In many cases we were able to increase the number of machines rented by our partners.

Our possible cooperation with KUHN, a company dealing with agricultural machinery, could bring significant changes this year, possibly adding new items to our range of machinery to be rented out to agricultural businesses, including balers, scythes and hay tedders.

---

## Rental of construction machinery in H1

The demand for rental construction machinery was characterised by uncertainty during the first two or three months of the year. Partners with long-term prospects and long-term orders were the ones that extended their annual contracts in this segment as well, and several of them signalled their intention to purchase new machinery through grant schemes. Short-term rentals mainly consisted of rentals for a couple of days and were hindered by the rainy weather in April and May.

There was a slight decline in demand for rental machinery due to the expected announcement of grant schemes. Our clients were more interested in specialised machinery, and we met this demand as permitted by the circumstances. We can conclude that our clients are satisfied with our rental machinery in the agricultural industry and are able to effectively utilise them in their line of work, and several customers are planning to purchase the machines rented.

---

## Servicing of construction and agricultural machinery

During H1 2021, the servicing business of DM-KER Nyrt. placed great emphasis on providing the highest standard of service to its clients. Due to restrictions relating to COVID-19, we focused on online training, and service mechanics were able to complete these courses from home through teamwork with the support of service engineers. Additionally, improving not only the standard of service, but also the number of services

we offer was a priority for us. As a result, three service mechanics and a service engineer attended a vehicle A/C repair course, and now our service station offers this kind of service as well.

In addition to expanding our theoretical knowledge, developing our service tools was another priority, so we fitted the vehicles used by our service mechanics

with a 230V electrical inverter and a compressor capable of producing compressed air. As a result of these improvements, we now have more tools available during repairs and we are now able to clean parts more quickly and precisely.

Built-in telemetry predicts when the next mandatory service is due, which means that we are able to proactively reach out to clients in order to schedule an appointment. This allowed us to reduce the number

of unscheduled service visits, thereby improving our availability.

We employed one additional service engineer to ensure that there is a person responsible specifically for agricultural machinery. As a result of this increase in headcount, service mechanics now receive technical support more quickly, leading to significantly faster communication with manufacturers.

---

## Impacts of COVID-19 in H1

As is the case with a number of Hungarian companies, the Company's work processes were slightly affected by the COVID-19 virus and the pandemic situation in H1 2021. The measures implemented last year were extended to the third wave of the pandemic as well.

The Company's digital readiness facilitated the implementation of the measures adopted. As all of the Company's databases and documents are stored in the cloud, every employee has access to all corporate information, data, underlying documents and accounting and tax records essential to their work. At the same time, data is protected against unauthorised external access.

With these secure fundamentals in place, employees were grouped as permitted by our work processes. Our sales representatives did their job using the digital devices provided to them and kept in touch with the clients in their area during this time as well.

Our service centre staff received all the help they needed from their managers to allow them to do their job successfully, in terms of both protective gear and parts supply, and a solid technical background was also provided.

Our administrative staff performed their invoicing, finance and accounting tasks with appropriate safety measures in place.

All documents necessary for completing the tasks were uploaded to the storage space by the finance department in a timely manner.

### Securing an inventory of goods

In preparing for an expected pandemic scenario, the Company's management paid special attention to securing an inventory of goods. To achieve that, we contacted our manufacturers at the beginning of the year and were looking to purchase a volume of goods that would be enough to cover three to four months of sales for all of the machinery and tools we distribute.

Online information exchange and distribution are playing an increasingly critical role in machinery and parts sales. DM-KER Nyrt. manages to stay ahead of its competitors through ongoing IT development. As a result, the Company was well prepared for increased customer demand in the high-demand market following the pandemic. Digital improvements and the development of a platform for online sales represent a considerable investment for every company, but it was exactly this pandemic situation which demonstrated that such an investment pays off in the long run.

In the current phase of the crisis caused by the pandemic, we can already see that the capacities of certain suppliers had been significantly reduced by the second

half of 2020. European manufacturers informed their partners about significant limitations in production. These were caused partly by uncertainties in supply chains and partly by the shortage of raw material due to soaring demand. According to predictions, these are expected to make their presence felt at least until mid-2022, and the upturn in production could be delayed due to the relaunch of production chains.

DM-KER Nyrt. is one of the strongest European partners of the Bobcat/Doosan group. This puts the Company into an excellent position in terms of overcoming obstacles on the manufacturer's side. In managing the challenges posed by COVID-19, this provided opportunities primarily in terms of adapting our inventory management strategy.

At the same time, it must be noted that DM-KER had high sales potential during H1 and, based on management estimates, the efficiency of sales is not expected to decline in H2, either. However, suppliers' inventory shortages and a potential decline in manufacturing capacities may cause a temporary disruption to supply. The Company's management is continuously working on managing and resolving this potential issue.

### **Preparing for the next wave of the pandemic using the lessons learned in H1 2021**

At the end of 2020 and in H1 2021, we used the lessons learned from the first wave of the COVID-19 pandemic, taking into account the opportunities provided by the government's responses. The pandemic did not cause the Company's sales to decline, and so we were not forced to rely on external help or government support. Relying on our experience and capitalising on our market knowledge, the Company's management established that the most critical step towards ensuring profitability is to secure an inventory of goods.

Exploiting the situation in the construction industry, our plan for H1 was to modernise and expand our fleet of rental machinery. Having regard to the transformed environment, an issue of exceptional

strategic importance for the Company is employing the necessary workforce. We increased our headcount to be able to cope with the additional tasks brought about by increased sales. In line with Hungary's geographical location and taking into account the places where the machines distributed by us operate, we are planning to increase our headcount further and to engage external subcontractors in order to ensure that servicing activities are as efficient as possible.

The key to strengthening our market position is the right organisational structure and prudent operation. Inventory management also requires special focus.

### **Separation of strategic and day-to-day management**

In line with the organisational structure of DM-KER Nyrt., the separation of the levels of management continued in 2020, as required by the Company's legal form.

In doing so, all information and management tasks were transferred to the Chief Executive Officer and the Deputy CEOs in H1 2021. Being a company limited by shares, the Board of Directors is responsible for reporting and for developing strategic concepts. The Supervisory Board operates as an oversight body.

The most critical strategic goal aimed at maintaining the Company's stability is to expand the product offering and to distribute brands of machinery used in the agricultural industry.

### **Hedging the exchange rate risks incurred in H1 2021 using hedge transactions**

Going forward, we intend to follow the same strategy that proved to be effective in H1 as well, the one that turned a loss on financial transactions into a profit.

# Analysis of the data of the financial statements for H1

The Company's net sales revenue was up by 45.51% or thHUF 7,651,813 in comparison with the same period of the previous year.

The value of material type expenses (including COGS directly related to sales revenue) increased at a similar rate by 47.70% or thHUF 6,885,945. The rise in both sales revenue and COGS is mainly explained by the growth in the volume of machinery sales.

Staff costs increased by 24.23% or thHUF 392,385. Reasons for this include the creation of top-level and middle-level management for DM-KER Nyrt., the hiring of highly qualified employees with more experience, as well as the increase in headcount in sales. In accordance

with the Accounting Act, the remuneration paid to members of the bodies responsible for managing and overseeing the Company's operations is recognised here.

As a result of the aggregate effect of the factors described above and the depreciation on the productive assets of DM-KER Nyrt., the amount of operating profit realised was thHUF 130,183, representing an increase of 63.13% compared to the same period of the previous year.

The Company's profitability improved, which, of course, led to higher return on equity and return on assets.

## Changes in the income statement using the total cost method

	Item	H1 2020	H1 2021	Change in HUF	Change %
I.	Net sales revenue	5,258,549	7,651,813	2,393,264	145.51
II.	Own performance capitalised	10,237	457	-9,780	4.46
III.	Other income	165,564	189,173	23,609	114.26
IV.	Material type expenses	4,671,556	6,885,945	2,214,389	147.40
V.	Staff costs	315,850	392,385	76,535	124.23
VI.	Depreciation	196,647	259,800	63,153	132.11
VII.	Other expenditures	170,495	173,130	2,635	101.55
A.	<b>OPERATING PROFIT</b>	<b>79,802</b>	<b>130,183</b>	<b>50,381</b>	<b>163.13</b>
VIII.	Income from financial transactions	81,586	170,732	89,146	209.27
IX.	Expenditures of financial transactions	162,172	116,991	-45,181	72.14
B.	<b>PROFIT ON FINANCIAL TRANSACTIONS</b>	<b>-80,586</b>	<b>53,741</b>	<b>134,327</b>	<b>-66.69</b>
E.	<b>PRE-TAX PROFIT</b>	<b>-784</b>	<b>183,924</b>	<b>184,708</b>	<b>-23,459.69</b>
XII.	Tax liability	0	0	0	0
F.	<b>AFTER-TAX PROFIT</b>	<b>-784</b>	<b>183,924</b>	<b>187,708</b>	<b>-23,459.69</b>



# Assets and liabilities in H1 2021

The value of the Company's assets increased by 33.48% in H1 2021 compared to H1 2020.

Within fixed assets, tangible assets represent a significant percentage and a growth of 17.69% during the same period. The reasons for this include the depreciation on the capitalised value of foundation and reorganisation, construction project for the Tiszafüred site nearing its end, as well as the increase in the value of rental machinery and the start of the earthworks for the construction of our new central site.

The reason behind the growth in investments in comparison with the same period of the previous year is that the Company launched its ESOP I programme in September 2020 and the shares were transferred to the ESOP Organisation.

The balance of assets as at 30 June 2021 increased by 28.16% compared to the figures at 31 December 2020. The value of fixed assets was up by 5.11% compared to the end of 2020.

The balance of current assets increased by 42.18% from the same period of the previous year, which represents a 45.63% growth compared to the figures at 31 December 2020. There was a significant increase

in inventories, while receivables remained largely unchanged compared to both periods. The value of cash and bank balances declined.

As for equity and liabilities, the change in shareholders' equity is an insignificant factor with slight but consistent growth, thanks to the profit earned in the previous year and the first half of this year.

Our short-term liabilities were up by 30.20% from the same period of the previous year, while our long-term liabilities increased by 110.06%. This translates into an aggregate growth of 45.51% in comparison with H1 2020. Similar trends can be observed when comparing against the figures at 31 December 2020. Growth rates of 121.04% and 19.47% were recorded for long-term and short-term liabilities, respectively. In total, this represents a growth of 36.88% compared to the figures at 31 December 2020.

## Changes in balance sheet data

data in tHUF

Item		30/06/2020	31/12/2020	30/06/2021	30/06/2021 / 31/12/2020	Change %
		Unaudited	Audited	Unaudited		
01.	A. Fixed assets	2,601,871	2,949,655	3,100,385	150,730	105.11
02.	I. Intangible assets	207,398	272,011	230,020	-41,991	84.56
03.	II. Tangible assets	2,369,578	2,596,051	2,788,772	192,721	107.42
04.	III. Investments	24,895	81,593	81,593	0	100.00
05.	B. Current assets	5,386,513	5,258,788	7,658,380	2,399,592	145.63
06.	I. Inventories	4,229,674	4,084,058	6,632,852	2,548,794	162.41
07.	II. Receivables	787,837	835,898	811,532	-24,366	97.09
08.	III. Securities	0	880	880	0	100.00
09.	IV. Cash and bank balances	369,002	337,952	213,116	-124,836	63.06
10.	C. Prepayments	157,946	276,140	114,798	-161,342	41.57
<b>11.</b>	<b>TOTAL ASSETS</b>	<b>8,146,330</b>	<b>8,484,583</b>	<b>10,873,563</b>	<b>2 388 980</b>	<b>128.16</b>
12.	D. Shareholders' equity	2,430,243	2,333,417	2,517,341	183,924	107.88
13.	I. Registered capital	631,155	631,155	631,155	0	100.00
14.	II. Called unpaid capital (-)	0	0	0	0	0.00
15.	III. Capital reserve	880,513	880,513	880,513	0	100.00
16.	IV. Profit reserve	729,976	472,864	661,947	189,083	139.99
17.	V. Tied-up reserve	189,383	206,656	159,802	-46,854	77.33
18.	VI. Valuation reserve	0	0	0	0	0.00
19.	VII. After-tax profit	-784	142,229	183,924	41,695	129.32
20.	E. Provisions	20,211	43,493	57,874	14,381	133.07
21.	F. Liabilities	5,647,372	6,003,443	8,217,743	2,214,300	136.88
22.	I. Subordinated liabilities	0	0	0	0	0.00
23.	II. Long-term liabilities	1,082,923	1,029,164	2,274,836	1,245,672	221.04
24.	III. Short-term liabilities	4,564,449	4,974,279	5,942,907	968,628	119.47
25.	G. Accruals	48,504	104,230	80,605	-23,625	77.33
<b>26.</b>	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>8,146,330</b>	<b>8,484,583</b>	<b>10,873,563</b>	<b>2,388,980</b>	<b>128.16</b>

## Headcount and earnings of employees

data in persons and thHUF

Item	30/06/2020		30/06/2021		Change %	
	Persons	Earnings	Persons	Earnings	Persons	Earnings
Blue-collar	19	61,041	19	65,904	100.00	107.97
White-collar	46	181,496	57	239,365	123.91	131.88
<b>Total</b>	<b>65</b>	<b>242,537</b>	<b>76</b>	<b>305,269</b>	<b>116.92</b>	<b>125.86</b>

## Assets indicators

Indicator	Method of calculation	30/06/2020	30/06/2021	30/06/2020	30/06/2021	Change
		thHUF	thHUF	%	%	%
Fixed assets ratio	<u>Fixed assets</u>	2,601,871	3,100,385	31.94	28.51	89.27
	Total assets	8,146,330	10,873,563			
Current assets ratio	<u>Current assets</u>	5,386,513	7,658,380	66.12	70.43	106.52
	Total assets	8,146,330	10,873,563			
Fixed assets coverage	<u>Shareholders' equity</u>	2,430,243	2,517,341	93.40	81.19	86.93
	Fixed assets	2,601,871	3,100,385			
Tangible assets coverage	<u>Shareholders' equity</u>	2,430,243	2,517,341	102.56	90.27	88.01
	Tangible assets	2,369,578	2,788,772			
Capital adequacy (Equity ratio)	<u>Shareholders' equity</u>	2,430,243	2,517,341	29.83	23.15	77.60
	Total equity and liabilities	8,146,330	10,873,563			
Short-term liabilities ratio	<u>Short-term liabilities</u>	4,564,449	5,942,907	56.03	54.65	97.54
	Total equity and liabilities	8,146,330	10,873,563			
Long-term liabilities ratio	<u>Long-term liabilities</u>	1,082,923	2,274,836	13.29	20.92	157.38
	Total equity and liabilities	8,146,330	10,873,563			
Liabilities ratio	<u>Liabilities</u>	5,647,372	8,217,743	69.32	75.58	109.02
	Total equity and liabilities	8,146,330	10,873,563			

## Asset utilisation

Indicator	Method of calculation	30/06/2020	30/06/2021	30/06/2020	30/06/2021	Change
		thHUF	thHUF	%	%	%
Turnover of assets	Net sales revenue	5,258,549	7,651,813	0.65	0.70	109.02
	Total assets	8,146,330	10,873,563			
Turnover of tangible assets	Net sales revenue	5,258,549	7,651,813	2.22	2.74	123.64
	Tangible assets	2,369,578	2,788,772			
Turnover of inventories	Net sales revenue	5,258,549	7,651,813	1.36	1.41	103.25
	Average inventory	3,853,666	5,431,263			
Equity turnover	Net sales revenue	5,258,549	7,651,813	2.16	3.04	140.48
	Shareholders' equity	2,430,243	2,517,341			

## Profitability

Indicator	Method of calculation	30/06/2020	30/06/2021	Previous year	Current year	Change
		thHUF	thHUF	%	%	%
After-tax return on equity (ROE)	After-tax profit	-784	183,924	-0.03	7.31	-22,648.01
	Shareholders' equity	2,430,243	2,517,341			
After-tax return on sales (ROS)	After-tax profit	-784	183,924	-0.01	2.40	-16,122.19
	Net sales revenue	5,258,549	7,651,813			
After-tax return on assets (ROA)	After-tax profit	-784	183,924	-0.01	1.69	-17,575.69
	Total assets	8,146,330	10,873,563			
After-tax profit / Working capital	After-tax profit	-784	183,924	-0.10	10.72	-11,242.01
	Current assets – Short-term liabilities	822,064	1,715,473			

## Liquidity indicators

Indicator	Method of calculation	30/06/2020	30/06/2021	30/06/2020	30/06/2021	Change
		thHUF	thHUF	%	%	%
Liquidity ratio I (Current ratio)	Current assets	5,386,513	7,658,380	118.01	128.87	109.20
	Short-term liabilities	4,564,449	5,942,907			
Liquidity ratio II (Quick ratio)	Current assets – Inventories	1,156,839	1,025,528	25.34	17.26	68.09
	Short-term liabilities	4,564,449	5,942,907			
Liquidity ratio III	Cash and bank balances + Securities	369,882	213,996	8.10	3.60	44.44
	Short-term liabilities	4,564,449	5,942,907			
Liquidity ratio IV.	Cash and bank balances	369,002	213,116	8.08	3.59	44.36
	Short-term liabilities	4,564,449	5,942,907			

# CASH FLOW STATEMENT

data in thHUF

No.	Item	01/01/2020- 30/06/2020	01/01/2021- 30/06/2021
a	b	c	d
<b>I.</b>	<b>Operating cash flow</b>	<b>455,346</b>	<b>-1,697,687</b>
01.a	Pre-tax profit +/-	-784	183,924
	Of which: financially settled support received for operational purposes	-17,351	80
01.b	Adjustment to the pre-tax profit	0	-9,277
01.	Adjusted pre-tax profit	-18,135	174,647
02.	Amortisation recognised +	196,647	259,800
03.	Impairment recognised and reversed +/-	17,351	16,751
04.	Difference between provisions made and released +/-	8,849	14,381
05.	Gain on disposals of fixed assets +/-	-38,351	-16,452
06.	Change in trade payables +/-	-18,277	-14,748
07.	Change in other short-term liabilities +/-	16,086	30,154
08.	Change in accruals +/-	15,966	-17,014
09.	Change in trade receivables +/-	317,081	230,367
10.	Change in current assets (less trade receivables and cash and bank balances) +/-	-50,313	-2,536,915
11.	Change in prepayments +/-	8,442	161,342
12.	Taxes paid, payable (on profit) -	0	0
13.	Dividend and profit sharing paid and payable -	0	0
<b>II.</b>	<b>Investment cash flow</b>	<b>-406,089</b>	<b>-395,522</b>
14.	Purchase of fixed assets -	-531,919	-512,741
15.	Sale of fixed assets +	125,830	115,969
16.	Repayment, termination and conversion of long-term loans given and bank deposits +	0	1,250
17.	Long-term loans given and bank deposits -	0	0
18.	Dividend, profit sharing received +	0	0
<b>III.</b>	<b>Financing cash flow</b>	<b>-39,635</b>	<b>1,968,373</b>
19.	Proceeds from the issue of shares and capital increase +	0	0
20.	Proceeds from the issue of bonds and debt securities +	0	0
21.	Loans and credits received +	2,118,838	6,280,942
22.	Non-repayable funds received +	0	0
23.	Withdrawal of shares, divestment (capital reduction) -	0	0
24.	Repayment of bonds and debt securities -	0	0
25.	Repayment of loans and credits -	-2,158,473	-4,312,569
26.	Non-repayable funds transferred -	0	0
<b>IV.</b>	<b>Change in cash and bank balances</b>	<b>9,622</b>	<b>-124,836</b>
27.	Revaluation of cash and bank balances denominated in foreign currency	0	0
<b>V.</b>	<b>Change in cash and bank balances in the balance sheet (IV+27)</b>	<b>9,622</b>	<b>-124,836</b>

## STATEMENT

DM-KER Nyrt. declares that its unaudited Interim Financial Statements published in the report and prepared in accordance with the provisions of Act C of 2000 were prepared in line with the same accounting principles as the semi-annual financial statements of the previous year.

The semi-annual financial statements prepared in accordance with the applicable accounting regulations and to the best of my knowledge presents a true and fair view of the assets, liabilities, financial position and profit or loss of DM-KER Nyrt., and the management report presents a fair view of the current situation, development and performance of DM-KER Nyrt., describing the key risks and uncertainties affecting the remaining six months of the financial year.

Szigetszentmiklós, 19 August 2021



---

Barnabás Kocsy  
DM-KER Nyrt.  
Chief Executive Officer



---

Judit Szegedi  
DM-KER Nyrt.  
Director of Finance



**MEZŐGAZDASÁGI ÉS ÉPÍTŐIPARI GÉPEK**

DM-KER Nyilvánosan Működő Részvénytársaság  
2310 Szigetszentmiklós, Csepeli út 22.  
[www.dmker.hu](http://www.dmker.hu)