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Statistical code

13-10-041955
Company registration number



MEZŐGAZDASÁGI ÉS ÉPÍTŐIPARI GÉPEK

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


01.01.2021-31.12.2021

REPORT OF THE SUPERVISORY BOARD AND THE AUDIT COMMITTEE OF DM-KER PLC.



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Report of the Supervisory Board and Audit Committee of DM-KER Nyrt. to the annual ordinary General Meeting of the Company

The Supervisory Board of DM-KER Nyrt (the 'Company'), also as the Audit Committee of the Company, has been in operation since 16 December 2019, from which date it has continuously monitored the Company's business activities, management situation, effectiveness of internal control and risk management, maintaining regular contact with the Company's management.

The Company's management regularly informed the Supervisory Board/Audit Committee about the development of its economic activities and results. The Chairman of the Supervisory Board/Audit Committee is a standing guest at the quarterly evaluation meeting of the Board of Directors.

The Supervisory Board/Audit Committee examined the proposals and resolutions of the Board of Directors included in the agenda of the annual ordinary General Meeting of DM-KER Nyrt. on 16 March 2022 and to be submitted to the General Meeting. Both committees support the proposals and recommend them to the General Meeting for adoption.

The Supervisory Board/Audit Committee has been in contact with the Company's Auditor and, having regard to the auditor's report, concludes that the financial statements give a true and fair view of the Company's financial management.

The Supervisory Board/Audit Committee recommends the adoption of the annual accounts of the Company for the year 2021, prepared in conformity with the provisions of Act C of 2000 on Accounting, with the presented content, with a balance sheet total of THUF 12,116,457, equity of THUF 2,584,260 and a profit after tax of THUF 250. The Company has adapted very well to the uncertain economic situation caused by the pandemic that broke out in 2020, as shown by the fact that its sales revenue increased by 43.5% and its profit after tax by 76.3% compared to 2021. The Company's financial position remains stable and its management is in line with shareholder expecta-

tions. In view of this, the Supervisory Board supports the proposal of the Board of Directors that DM-KER Nyrt. shall pay a gross dividend of HUF 2.3 for each ordinary share with a nominal value of HUF 5 from the retained earnings for 2021.

Furthermore, the Supervisory Board/Audit Committee proposes to the General Meeting to approve the Responsible Corporate Governance Report for the year 2021 based on the Responsible Corporate Governance Recommendations of the Budapesti Értéktőzsde Zrt.

The Supervisory Board concludes that the Board of Directors of DM-KER Nyrt. and all its members have performed their duties to the best of their ability and with the utmost diligence throughout 2021 and therefore recommends that they be granted exemption. The Board of Directors has taken its decisions in the best interests of the Company's business, while at the same time maintaining and enhancing shareholder value.

The Supervisory Board concludes that the dividend and shareholder return policies proposed by the Board of Directors are in the best interests of shareholders and that the implementation of the principles set out therein will not jeopardise the solvency and financial equilibrium of the Company. Consequently, the Supervisory Board supports the proposal and recommends its adoption by the General Meeting.

The Supervisory Board agrees with the application of the Employee Share Ownership Programme (ESOP) at the Company, as it could have a positive impact on increasing shareholder value. The actions taken by the Board of Directors so far in connection with the launch of the Employee Share Ownership Programme (ESOP) have been in the best interests of the Company and in accordance with previous resolutions, and the Supervisory Board therefore agrees that the Board of Directors be authorised to launch the next phase of the ESOP (ESOP III), to take the related decisions and to

purchase or acquire treasury shares for the purposes of the Employee Share Ownership Programme or for other purposes in the interest of the Company.

The Supervisory Board/Audit Committee has examined and certified the independence of the Company's auditor as required by applicable laws. Accordingly, it declares that the independence of INTERAUDITOR Tanácsadó Korlátolt Felelősségű Társaság (Chamber registration number: 000171) and the personally responsible auditor, Zsuzsanna Freiszberger (Chamber membership number: 007229), is also maintained, as neither the Auditing Company nor the personally responsible auditor was an employee of the Company and had no business relations with the Company prior to her appointment as auditor.

The Supervisory Board/Audit Committee has reviewed the results of the quality control of the Auditing Company and the personally responsible auditor, which concluded that neither the 2018 Company-wide Public Oversight Audit nor the 2018 individual Public Oversight Authority audit of the personally responsible auditor had identified any facts that would have an impact on the assignment agreement between the Company and the Auditing Company.

As the current auditor mandate is valid until 31 May

2022, the Company's management has requested a proposal to serve as auditor for the next 3 fiscal years.

The Supervisory Board/Audit Committee was satisfied with the work of the current auditor, NTERAUDITOR Tanácsadó Kft., and therefore supports the assignment of INTERAUDITOR Consulting Kft as the successor of INTERAUDITOR Tanácsadó Kft. registered office: 1074 Budapest, Vörösmarty utca 16-18. Block A, ground floor 1F., company registration number: 01-09-388885, Chamber registration number: 004408, Personally responsible auditor: Zsuzsanna Freiszberger, mother's name: Rózsa Mária Böczkös, address: 2440 Százhalombatta, Rózsa u. 7., Chamber registration number: 007229 for the period from 1 June 2022 to 31 May 2025 and for the financial years.

The Supervisory Board and the Audit Committee of the Company state and declare that they have continued to perform their work in 2021 to the best of their knowledge and in the interest of the Company and its shareholders. Both Committees have met as required and have formed an opinion on all matters required by legislation, the Company's Articles of Association or the Supervisory Board/Audit Committee's rules of procedure.

Szigetszentmiklós, 16. March 2022

Péter Vitkovics
President of the Supervisory Board and
the Audit Committee



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