

DM-KER Nyrt.  
2310 Szigetszentmiklós, Csepeli út 22.

Tax number: 27048090-2-44

Company registration number: 13-10-041955

CSO: 27048090-4663-114-13



AGRICULTURAL & CONSTRUCTION MACHINERY

## ANNUAL ACCOUNTS

01.01.2022-31.12.2022

DMKER



STANDARD  
MARKET

Listed on the Standard Market of  
the Budapest Stock Exchange

Handwritten signature of Barnabás Kocsy in blue ink.

Barnabás Kocsy

Member of the Board / CEO

Handwritten signature of Judit Szegedi in blue ink.

Judit Szegedi

CFO / Deputy CEO

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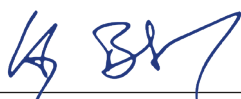
## Balance-sheet

### Assets

data in THUF

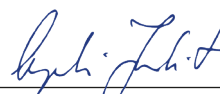
| Serial numb. | Description of the individual items  | 2021.12.31       | Modifications relation to prior year | 2022.12.31       |
|--------------|--|------------------|--------------------------------------|------------------|
| a            | b  | c                | d                                    | e                |
| 1.           | <b>A. Fixed assets (2.+10.+18.)</b>  | <b>3 041 823</b> | <b>0</b>                             | <b>4 016 422</b> |
| 2.           | I. INTANGIBLE ASSETS (3.-9.)   | 188 903          | 0                                    | 125 815          |
| 3.           | Capitalised value of formation/reorganisation expenses                         | 112 171          | 0                                    | 25 585           |
| 4.           | Capitalised value of research and development                                  | 0                | 0                                    | 0                |
| 5.           | Concessions, licenses and similar rights                                       | 76 622           | 0                                    | 100 116          |
| 6.           | Trade-marks, patents and similar assets  | 110              | 0                                    | 114              |
| 7.           | Goodwill   | 0                | 0                                    | 0                |
| 8.           | Advances and prepayments on intangible assets                                  | 0                | 0                                    | 0                |
| 9.           | Adjusted value of intangible assets  | 0                | 0                                    | 0                |
| 10.          | II. TANGIBLE ASSETS (11.-17.)  | 2 777 301        | 0                                    | 3 881 571        |
| 11.          | Land and buildings and rights to immovables                                    | 642 961          | 0                                    | 1 035 054        |
| 12.          | Plant and machinery, vehicles  | 1 550 390        | 0                                    | 2 275 250        |
| 13.          | Other equipment, fixture and fittings, vehicles                                | 19 798           | 0                                    | 33 102           |
| 14.          | Breeding stock   | 0                | 0                                    | 0                |
| 15.          | Assets in course of construction   | 554 666          | 0                                    | 528 679          |
| 16.          | Prepayment on assets in course of construction                                 | 9 486            | 0                                    | 9 486            |
| 17.          | Adjusted value of tangible assets  | 0                | 0                                    | 0                |
| 18.          | III. FINANCIAL INVESTMENTS (19.-28.)   | 75 619           | 0                                    | 9 036            |
| 19.          | Long-term participations in affiliated undertakings                            | 0                | 0                                    | 0                |
| 20.          | Long-term credit to affiliated undertakings                                    | 0                | 0                                    | 0                |
| 21.          | Long-term major participating interests  | 0                | 0                                    | 0                |
| 22.          | Long-term loans to companies linked by virtue of major participating interests | 0                | 0                                    | 0                |
| 23.          | Other long-term participations   | 75 619           | 0                                    | 9 036            |
| 24.          | Long-term loan to independent undertakings                                     | 0                | 0                                    | 0                |
| 25.          | Other long-term loans  | 0                | 0                                    | 0                |
| 26.          | Securities signifying a long-term creditor relationship                        | 0                | 0                                    | 0                |
| 27.          | Adjusted value of financial investments  | 0                | 0                                    | 0                |
| 28.          | Evaluation difference of financial assets                                      | 0                | 0                                    | 0                |

Szigetszentmiklós, 2023.04.26.



Barnabás Kocsy

Member of the Board / CEO



Judit Szegedi

CFO / Deputy CEO

## Balance-sheet

data in THUF

## Assets

| Serial numb. | Description of the individual items                                  | 2021.12.31        | Modifications relation to prior year | 2022.12.31        |
|--------------|--|-------------------|--------------------------------------|-------------------|
| a            | b  | c                 | d                                    | e                 |
| 29.          | <b>B. Current Assets (30.+37.+46.+53.)</b>                           | <b>8 793 601</b>  | <b>0</b>                             | <b>7 988 824</b>  |
| 30.          | <b>I. INVENTORIES (31.-36.)</b>                                      | <b>6 304 139</b>  | <b>0</b>                             | <b>5 973 851</b>  |
| 31.          | Raw materials and consumables  | 2 417             | 0                                    | 4 104             |
| 32.          | Work in progress, intermediate and semi-finished products            | 0                 | 0                                    | 0                 |
| 33.          | Animals for breeding and fattening and other livestock               | 0                 | 0                                    | 0                 |
| 34.          | Finished products  | 331               | 0                                    | 203               |
| 35.          | Goods  | 6 196 593         | 0                                    | 5 868 825         |
| 36.          | Prepayments on inventories   | 104 798           | 0                                    | 100 719           |
| 37.          | <b>II. RECEIVABLES (38.-45.)</b>                                     | <b>1 932 416</b>  | <b>0</b>                             | <b>1 547 062</b>  |
| 38.          | Accounts receivables   | 1 661 965         | 0                                    | 1 279 061         |
| 39.          | Receivables from affiliated undertakings                             | 0                 | 0                                    | 0                 |
| 40.          | Receivables from companies in significant shareholding relationships | 0                 | 0                                    | 0                 |
| 41.          | Receivables from independent undertakings                            | 0                 | 0                                    | 0                 |
| 42.          | Bills receivable   | 0                 | 0                                    | 0                 |
| 43.          | Other receivables  | 270 451           | 0                                    | 268 001           |
| 44.          | Evaluation difference of debtors                                     | 0                 | 0                                    | 0                 |
| 45.          | Positive evaluation difference of derivatives                        | 0                 | 0                                    | 0                 |
| 46.          | <b>III. SECURITIES (47.-52.)</b>                                     | <b>15 880</b>     | <b>0</b>                             | <b>145 919</b>    |
| 47.          | Participations in affiliated undertakings                            | 0                 | 0                                    | 0                 |
| 48.          | Major participating interests  | 0                 | 0                                    | 0                 |
| 49.          | Other participations   | 880               | 0                                    | 0                 |
| 50.          | Own shares and own partnership shares                                | 15 000            | 0                                    | 145 919           |
| 51.          | Securities signifying a creditor relationship for trading purposes   | 0                 | 0                                    | 0                 |
| 52.          | Evaluation difference of investments                                 | 0                 | 0                                    | 0                 |
| 53.          | <b>IV. LIQUID ASSETS (50.-51.)</b>                                   | <b>541 166</b>    | <b>0</b>                             | <b>321 992</b>    |
| 54.          | Cash, checks   | 262               | 0                                    | 1 386             |
| 55.          | Bank deposits  | 540 904           | 0                                    | 320 606           |
| 56.          | <b>C. Accrued and deferred assets (57-59.)</b>                       | <b>281 033</b>    | <b>0</b>                             | <b>159 011</b>    |
| 57.          | Accrued income   | 82 808            | 0                                    | 8 134             |
| 58.          | Accrued expenses   | 198 225           | 0                                    | 150 877           |
| 59.          | Deferred expenses  | 0                 | 0                                    | 0                 |
| 60.          | <b>TOTAL ASSETS (1.+29.+56.)</b>                                     | <b>12 116 457</b> | <b>0</b>                             | <b>12 164 257</b> |

Szigetszentmiklós, 2023.04.26.



Barnabás Kocsy  
Member of the Board / CEO



Judit Szegedi  
CFO / Deputy CEO

## Balance-sheet

### Equity and Liabilities

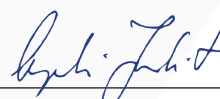
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| Serial numb. | Description of the individual items   | 2021.12.31       | Modifications relation to prior year | 2022.12.31       |
|--------------|---|------------------|--------------------------------------|------------------|
| a            | b   | c                | d                                    | e                |
| 61.          | <b>D. Owners' Equity (62.+64.+65.+66.+67.+68.+71.)</b>                                  | <b>2 584 260</b> | <b>0</b>                             | <b>2 345 070</b> |
| 62.          | I. SUBSCRIBED CAPITAL   | 631 155          | 0                                    | 631 155          |
| 63.          | I/a of which: ownership shares repurchased at face value                                | 0                | 0                                    | 0                |
| 64.          | II. SUBSCRIBED CAPITAL UNPAID (-)   | 0                | 0                                    | 0                |
| 65.          | III. CAPITAL RESERVE  | 880 513          | 0                                    | 880 513          |
| 66.          | IV. ACCUMULATED PROFIT RESERVE  | 504 578          | 0                                    | 383 327          |
| 67.          | V. TIED-UP RESERVE  | 317 171          | 0                                    | 399 853          |
| 68.          | VI. REVALUATION RESERVE (65.-66.)   | 0                | 0                                    | 0                |
| 69.          | Revaluation reserve   | 0                | 0                                    | 0                |
| 70.          | Fair value reserve  | 0                | 0                                    | 0                |
| 71.          | VII. PROFIT AFTER TAXES   | 250 843          | 0                                    | 50 222           |
| 72.          | <b>E. Provisions (73.-75.)</b>  | <b>102 814</b>   | <b>0</b>                             | <b>97 145</b>    |
| 73.          | Provisions for forward liabilities  | <b>102 814</b>   | <b>0</b>                             | <b>97 145</b>    |
| 74.          | Provisions for forward expenses   | 0                | 0                                    | 0                |
| 75.          | Other provisions  | 0                | 0                                    | 0                |
| 76.          | <b>F. Liabilities (77.+82.+92.)</b>   | <b>9 348 226</b> | <b>0</b>                             | <b>9 629 210</b> |
| 77.          | <b>I. SUBORDINATED LIABILITIES (78.-81.)</b>  | <b>0</b>         | <b>0</b>                             | <b>0</b>         |
| 78.          | Subordinated liabilities to affiliated undertakings                                     | 0                | 0                                    | 0                |
| 79.          | Subordinated liabilities to companies linked by virtue of major participating interests | 0                | 0                                    | 0                |
| 80.          | Subordinated liabilities to independent undertakings                                    | 0                | 0                                    | 0                |
| 81.          | Subordinated liabilities to other economic entities                                     | 0                | 0                                    | 0                |

Szigetszentmiklós, 2023.04.26.



Barnabás Kocsy  
Member of the Board / CEO



Judit Szegedi  
CFO / Deputy CEO


## Balance-sheet

### Equity and Liabilities

data in THUF

| Serial<br>numb. | Description of the individual items   | 2021.12.31        | Modifications<br>relation to<br>prior year | 2022.12.31        |
|-----------------|---|-------------------|--|-------------------|
| a               | b   | c                 | d  | e                 |
| 82.             | <b>II. LONG-TERM LIABILITIES (83.-91. )</b>   | <b>2 307 585</b>  | <b>0</b>                                   | <b>2 682 374</b>  |
| 83.             | Long-term loans   | 0                 | 0  | 0                 |
| 84.             | Convertible bonds   | 0                 | 0  | 0                 |
| 85.             | Debts on issue of bonds   | 0                 | 0  | 0                 |
| 86.             | Investment and development credits  | 394 064           | 0  | 413 504           |
| 87.             | Other long-term credits   | 1 660 000         | 0  | 1 660 000         |
| 88.             | Long-term liabilities to affiliated undertakings                                    | 0                 | 0  | 0                 |
| 89.             | Long-term liabilities to companies linked by virtue of major participating interest | 0                 | 0  | 0                 |
| 90.             | Long-term liabilities to independent undertakings                                   | 0                 | 0  | 0                 |
| 91.             | Other long-term liabilities   | 253 521           | 0  | 608 870           |
| 92.             | <b>III. CURRENT LIABILITIES (93. and 95.-104.)</b>                                  | <b>7 040 641</b>  | <b>0</b>                                   | <b>6 946 836</b>  |
| 93.             | Short-term bank loans   | 0                 | 0  | 0                 |
| 94.             | - of which: convertible bonds   | 0                 | 0  | 0                 |
| 95.             | Other short-term loans  | 481 933           | 0  | 664 995           |
| 96.             | Advances received from customers  | 994 768           | 0  | 843 346           |
| 97.             | Accounts payable  | 854 800           | 0  | 651 746           |
| 98.             | Bills payable   | 0                 | 0  | 0                 |
| 99.             | Short-term liabilities to affiliated undertakings                                   | 0                 | 0  | 0                 |
| 100.            | Short-term liabilities towards companies with significant ownership                 | 0                 | 0  | 0                 |
| 101.            | Short-term liabilities to independent undertakings                                  | 0                 | 0  | 0                 |
| 102.            | Other short-term liabilities  | 4 709 140         | 0  | 4 786 749         |
| 103.            | Evaluation difference of liabilities  | 0                 | 0  | 0                 |
| 104.            | Negative evaluation difference of derivatives                                       | 0                 | 0  | 0                 |
| 105.            | <b>G. Accrued and deferred liabilities (106.-108. )</b>                             | <b>81 157</b>     | <b>0</b>                                   | <b>92 832</b>     |
| 106.            | Deferred income   | 949               | 0  | 0                 |
| 107.            | Deferred expenses   | 52 256            | 0  | 32 939            |
| 108.            | Accrued income  | 27 952            | 0  | 59 893            |
| 109.            | <b>TOTAL OWNERS' EQUITY AND LIABILITIES (61.+72.+76.+105.)</b>                      | <b>12 116 457</b> | <b>0</b>                                   | <b>12 164 257</b> |

Szigetszentmiklós, 2023.04.26.



Barnabás Kocsy  
Member of the Board / CEO



Judit Szegedi  
CFO / Deputy CEO

## Profit and loss accounts Version "A"

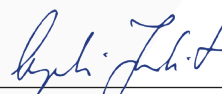
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| Serial numb. | Description of the individual items                      | 2021.12.31        | Modifications relation to prior year | 2022.12.31        |
|--------------|--|-------------------|--------------------------------------|-------------------|
| a            | b  | c                 | d                                    | e                 |
| 1.           | 01. Net domestic sales                                   | 16 239 813        | 0                                    | 17 483 929        |
| 2.           | 02. Net external sales                                   | 610 075           | 0                                    | 712 888           |
| 3.           | <b>I. TOTAL SALES (REVENUES) (1+2)</b>                   | <b>16 849 888</b> | <b>0</b>                             | <b>18 196 817</b> |
| 4.           | 03. Variations in self-manufactured stoks                | 331               | 0                                    | -128              |
| 5.           | 04. Own work capitalised                                 | 0                 | 0                                    | 0                 |
| 6.           | <b>II. OWN PERFORMANCE CAPITALISED (3±4)</b>             | <b>331</b>        | <b>0</b>                             | <b>-128</b>       |
| 7.           | <b>III. OTHER INCOME</b>                                 | <b>243 244</b>    | <b>0</b>                             | <b>236 972</b>    |
| 8.           | including: loss in value marked back                     | 12 102            | 0                                    | 11 204            |
| 9.           | 05. Raw materials and consumables                        | 464 930           | 0                                    | 618 964           |
| 10.          | 06. Contracted services                                  | 526 973           | 0                                    | 672 565           |
| 11.          | 07. Other service activities                             | 64 954            | 0                                    | 60 973            |
| 12.          | 08. Original cost of goods sold                          | 14 052 598        | 0                                    | 14 865 298        |
| 13.          | 09. Value of services sold (intermediated)               | 18 742            | 0                                    | 15 462            |
| 14.          | <b>IV. MATERIAL COSTS (5+6+7+8+9)</b>                    | <b>15 128 197</b> | <b>0</b>                             | <b>16 233 262</b> |
| 15.          | 10. Wages and salaries                                   | 621 174           | 0                                    | 785 252           |
| 16.          | 11. Other employee benefits                              | 59 790            | 0                                    | 62 336            |
| 17.          | 12. Contributions on wages and salaries                  | 114 035           | 0                                    | 113 737           |
| 18.          | <b>V. STAFF COSTS (10+11+12)</b>                         | <b>794 999</b>    | <b>0</b>                             | <b>961 325</b>    |
| 19.          | <b>VI. DEPRECIATION</b>                                  | <b>544 101</b>    | <b>0</b>                             | <b>457 072</b>    |
| 20.          | <b>VII. OTHER OPERATING CHARGES</b>                      | <b>205 645</b>    | <b>0</b>                             | <b>183 095</b>    |
| 21.          | including: loss in value                                 | 21 766            | 0                                    | 25 381            |
| 22.          | <b>A. INCOME FROM OPERATIONS (I±II+III-IV--V-VI-VII)</b> | <b>420 521</b>    | <b>0</b>                             | <b>598 907</b>    |

Szigetszentmiklós, 2023.04.26.



Barnabás Kocsy  
Member of the Board / CEO



Judit Szegedi  
CFO / Deputy CEO

## Profit and loss accounts Version "A"

data in THUF

| Serial numb. | Description of the individual items  | 2021.12.31      | Modifications relation to prior year | 2022.12.31      |
|--------------|--|-----------------|--------------------------------------|-----------------|
| a            | b  | c               | d                                    | e               |
| 23.          | 13. Dividends and profit-sharing (receive or due)                                  | 0               | 0                                    | 394             |
| 24.          | including: from affiliated undertakings  | 0               | 0                                    | 0               |
| 25.          | 14. Revenues and gains from participations   | 0               | 0                                    | 0               |
| 26.          | including: from affiliated undertakings  | 0               | 0                                    | 0               |
| 27.          | 15. Income from financial investments (equity shares, loans), capital gains        | 0               | 0                                    | 239             |
| 28.          | including: from affiliated undertakings  | 0               | 0                                    | 0               |
| 29.          | 16. Other interest and similar income (received or due)                            | 780             | 0                                    | 11 034          |
| 30.          | including: from affiliated undertakings  | 0               | 0                                    | 0               |
| 31.          | 17. Other income from financial transactions                                       | 244 268         | 0                                    | 272 080         |
| 32.          | including: evaluation difference   | 0               | 0                                    | 0               |
| 33.          | <b>VIII. INCOME FROM FINANCIAL TRANSACTIONS (13+14+15+16+17)</b>                   | <b>245 048</b>  | <b>0</b>                             | <b>283 747</b>  |
| 34.          | 18. Expenses and losses from participations  | 0               | 0                                    | 0               |
| 35.          | including: to affiliated undertakings  | 0               | 0                                    | 0               |
| 36.          | 19. Expenses on financial investments (equity shares, loans), exchange rate losses | 0               | 0                                    | 0               |
| 37.          | including: from affiliated undertakings  | 0               | 0                                    | 0               |
| 38.          | 20. Interest payable and similar charges   | 87 919          | 0                                    | 163 751         |
| 39.          | including: to affiliated undertakings  | 0               | 0                                    | 0               |
| 40.          | 21. Losses on shares, securities and bank deposits                                 | -2 000          | 0                                    | 59 890          |
| 41.          | 22. Other expenses on financial transactions                                       | 328 395         | 0                                    | 608 791         |
| 42.          | including: evaluation difference   | 0               | 0                                    | 0               |
| 43.          | <b>IX. EXPENSES ON FINANCIAL TRANSACTIONS (18+19+20+21+22)</b>                     | <b>414 314</b>  | <b>0</b>                             | <b>832 432</b>  |
| 44.          | <b>B. PROFIT OR LOSS FROM FINANCIAL TRANSACTIONS (VIII-IX)</b>                     | <b>-169 266</b> | <b>0</b>                             | <b>-548 685</b> |
| 45.          | <b>C. INCOME BEFORE TAXES ( ±A±B)</b>  | <b>251 255</b>  | <b>0</b>                             | <b>50 222</b>   |
| 46.          | X. Tax payable   | 412             | 0                                    | 0               |
| 47.          | <b>D. PROFIT AFTER TAXES (±C-X)</b>  | <b>250 843</b>  | <b>0</b>                             | <b>50 222</b>   |

Szigetszentmiklós, 2023.04.26.



Barnabás Kocsy  
Member of the Board / CEO



Judit Szegedi  
CFO / Deputy CEO





AGRICULTURAL & CONSTRUCTION MACHINERY

## DM-KER NYRT.

2310 Szigetszentmiklós, Csepeli út 22.

Tax number: 27048090-2-44

Company registration number: 13-10-041955

CSO: 27048090-4663-114-13

## NOTES

to the Annual Accounts as at 31.12.2021

DMKER



STANDARD  
MARKET

Listed on the Standard Market of  
the Budapest Stock Exchange

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Barnabás Kocsy  
Member of the Board / CEO

Handwritten signature of Judit Szegedi in blue ink.

Judit Szegedi  
CFO / Deputy CEO

# 1. General part

DM-KER Nyrt. was established by a change of legal form, its predecessor being DM-KER Zrt. and before that DM-KER Kft.

The closing accounts of DM-KER Kft. 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 2021 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](http://www.dmker.hu)

## Holders of more than 5% of the share capital:

| Name  | Ownership share (%) |
|---|---------------------|
| BF Trustee Kft.   | 27,42               |
| Intravirtus Kft.  | 15,54               |
| Ferenc Bátor  | 15,04               |
| Sándor Megyeri  | 12,66               |
| Széchenyi Alapok Kockázati Tőkealap Széchenyi Alapok Zrt. | 12,65               |

## Authorised representatives:

| Name  | Position title                     |
|---|------------------------------------|
| Ferenc Bátor                                      | Chairman of the Board of Directors |
| <i>Holders of joint powers of representation:</i> |                                    |
| Sándor Megyeri                                    | member of the Board:               |
| Barnabás Kocsy                                    | Chief Executive Officer            |
| Judit Szegedi                                     | Judit Szegedi (CFO – 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 Consulting Kft

Company reg. no.: 01-09-388885, 1074 Budapest, Vörösmarty utca 16-18. ground floor 1/F)

Person responsible for the audit: Ferencné Móri

Number of chamber membership: MKVK 003356

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 01.01.2022 to 31.12.2022, with the reporting date being 31.12.2022.

Balance sheet date: 28 February 2023

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 accounts:

The intangible assets are recorded at purchase price less depreciation.

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

### **Depreciation method:**

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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:**

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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:**

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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 current year. 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:**

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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:**

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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 and the war that broke out at the beginning of 2022 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 Nyrt. 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. The programme was closed successfully, the shares were distributed.

In the second half of 2021, the ESOP II programme was launched, with 16 people receiving an incentive if the conditions were met.

In April 2022, the ESOP III programme was launched, with 16 people receiving an incentive if the conditions were met.

### 3. Informative part

The company owns a 0,19% stake in Megakrán Nyrt.

The members of the Board of Directors received a total gross remuneration of THUF 40 021 for their activities. THUF 5 640 was paid to the members of the Supervisory Board, while THUF 64 157 was paid to the senior executives.

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

| Description  | Average statistical headcount, persons | Wage cost      | Other personnel-type payments |
|--------------|--|----------------|-------------------------------|
| Physical     | 26                                     | 181 208        | 7 143                         |
| Intellectual | 65                                     | 604 044        | 55 193                        |
| <b>Total</b> | <b>91</b>                              | <b>785 252</b> | <b>62 336</b>                 |

### 4. Notes to the balance sheet

#### Composition of assets

data in THUF

| Item                                     | Previous year     |               | Current year      |               | Change (%)    |
|--|-------------------|---------------|-------------------|---------------|---------------|
|  | Amount (THUF)     | Share (%)     | Amount (THUF)     | Share (%)     |               |
| <b>Non-current assets</b>                | 3 041 823         | <b>25,10</b>  | 4 016 422         | <b>33,02</b>  | <b>132,04</b> |
| Intangible assets                        | 188 903           | 1,56          | 125 815           | 1,03          | 66,60         |
| Tangible assets                          | 2 777 301         | 22,92         | 3 881 571         | 31,91         | 139,76        |
| Non-current financial assets             | 75 619            | 0,62          | 9 036             | 0,07          | 11,95         |
| <b>Current assets</b>                    | 8 793 601         | <b>72,58</b>  | 7 988 824         | <b>65,67</b>  | <b>90,85</b>  |
| Inventories                              | 6 304 139         | 52,03         | 5 973 851         | 49,11         | 94,76         |
| Receivables                              | 1 932 416         | 15,95         | 1 547 062         | 12,72         | 80,06         |
| Securities                               | 15 880            | 0,13          | 145 919           | 1,20          | 918,89        |
| Cash and cash equivalents                | 541 166           | 4,47          | 321 992           | 2,65          | 59,50         |
| <b>Prepayments and deferred expenses</b> | 281 033           | <b>2,32</b>   | 159 011           | <b>1,31</b>   | <b>56,58</b>  |
| <b>TOTAL ASSETS</b>                      | <b>12 116 457</b> | <b>100,00</b> | <b>12 164 257</b> | <b>100,00</b> | <b>100,39</b> |

The above table shows that the share of current asset and prepayments in the composition of assets decreased, while the share of non-current assets increased, compared to the base year. The most significant change was in the composition of current assets, with a decrease in all balance sheet items with the exception of securities. One reason for the decrease in the share and value of current assets is the minor decrease in the value and share of inventories and receivables, another is the decrease 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         | Restatement | Closing          |
| Capitalised value of formation/restructuring expenses | 283 485          | 0                | 0                | 0           | 283 485          |
| Capitalised costs of research and development         | 0                | 0                | 0                | 0           | 0                |
| Rights and titles                                     | 101 736          | 37 276           | 0                | 0           | 139 012          |
| Intellectual property                                 | 110              | 4                | 0                | 0           | 114              |
| 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                |
| <b>INTANGIBLE ASSETS</b>                              | <b>385 331</b>   | <b>37 280</b>    | <b>0</b>         | <b>0</b>    | <b>422 611</b>   |
| Real properties and related property rights           | 690 684          | 402 069          | 0                | 0           | 1 092 753        |
| Technical equipment, machinery, vehicles              | 2 370 469        | 1 473 380        | 704 902          | 0           | 3 138 947        |
| Other equipment, accessories, vehicles                | 45 332           | 23 252           | 1 874            | 0           | 66 710           |
| Breeding stock  | 0                | 0                | 0                | 0           | 0                |
| Assets in construction, reconstruction                | 554 666          | 2 066 161        | 2 092 148        | 0           | 528 679          |
| Advances on capital investments                       | 9 486            | 0                | 0                | 0           | 9 486            |
| Adjustment in tangible assets                         | 0                | 0                | 0                | 0           | 0                |
| Low value tangible assets                             | 39 528           | 16 437           | 6 992            | 0           | 48 973           |
| <b>TANGIBLE ASSETS</b>                                | <b>3 710 165</b> | <b>3 981 299</b> | <b>2 805 916</b> | <b>0</b>    | <b>4 885 548</b> |
| <b>Grand total:</b>                                   | <b>4 095 496</b> | <b>4 018 579</b> | <b>2 805 916</b> | <b>0</b>    | <b>5 308 159</b> |

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 2022, despite the exceptional war situation.

Investments in the current year were again mainly in technical equipment and machinery: this increase includes the extension and replacement of the company’s equipment used as rental machinery. The increase in property is due to the completion and capitalisation of the investment in our Tiszafüred site.

**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 foundation – re-organisation | 171 314          | 86 586         | 0           | 0             | 0              | 0           | 257 900          | 25 585           |
| Capitalised costs of research and development     | 0                | 0              | 0           | 0             | 0              | 0           | 0                | 0                |
| Rights and titles                                 | 25 114           | 13 782         | 0           | 0             | 0              | 0           | 38 896           | 100 116          |
| Intellectual property                             | 0                | 0              | 0           | 0             | 0              | 0           | 0                | 114              |
| 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                |
| <b>INTANGIBLE ASSETS</b>                          | <b>196 428</b>   | <b>100 368</b> | <b>0</b>    | <b>0</b>      | <b>0</b>       | <b>0</b>    | <b>296 796</b>   | <b>125 815</b>   |
| Real properties and related property rights       | 47 722           | 9 977          | 0           | 0             | 0              | 0           | 57 699           | 1 035 054        |
| Technical equipment, machinery, vehicles          | 820 079          | 320 789        | 0           | 0             | 277 171        | 0           | 863 697          | 2 275 250        |
| Other equipment, accessories, vehicles            | 25 534           | 9 501          | 0           | 0             | 1 427          | 0           | 33 608           | 33 102           |
| Breeding stock                                    | 0                | 0              | 0           | 0             | 0              | 0           | 0                | 0                |
| Capital investments, reconstruction               | 0                | 0              | 0           | 0             | 0              | 0           | 0                | 528 679          |
| 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                         | 39 528           | 0              | 0           | 16 437        | 6 992          | 0           | 48 973           | 0                |
| <b>TANGIBLE ASSETS</b>                            | <b>932 863</b>   | <b>340 267</b> | <b>0</b>    | <b>16 437</b> | <b>285 590</b> | <b>0</b>    | <b>1 003 977</b> | <b>3 881 571</b> |
| <b>Grand total:</b>                               | <b>1 129 291</b> | <b>440 635</b> | <b>0</b>    | <b>16 437</b> | <b>285 590</b> | <b>0</b>    | <b>1 300 773</b> | <b>4 007 386</b> |

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

| Item   | Previous year    |               | Current year     |               | Change (%)    |
|--|------------------|---------------|------------------|---------------|---------------|
|  | Amount (THUF)    | Share (%)     | Amount (THUF)    | Share (%)     |               |
| <b>Intangible assets</b>   | <b>188 903</b>   | <b>6,21</b>   | <b>125 815</b>   | <b>3,13</b>   | <b>66,60</b>  |
| Capitalised value of foundation/re-organisation                                | 112 171          | 3,69          | 25 585           | 0,64          | 22,81         |
| Capitalised costs of research and development                                  | 0                | 0,00          | 0                | 0,00          | 0,00          |
| Rights and titles  | 76 622           | 2,52          | 100 116          | 2,49          | 130,66        |
| Intellectual property  | 110              | 0,00          | 114              | 0,00          | 103,64        |
| 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          |
| <b>Tangible assets</b>   | <b>2 777 301</b> | <b>91,30</b>  | <b>3 881 571</b> | <b>96,64</b>  | <b>139,76</b> |
| Real properties and related property rights                                    | 642 961          | 21,14         | 1 035 054        | 25,77         | 160,98        |
| Technical equipment, machinery, vehicles                                       | 1 550 390        | 50,97         | 2 275 250        | 56,65         | 146,75        |
| Other equipment, accessories, vehicles   | 19 798           | 0,65          | 33 102           | 0,82          | 167,20        |
| Breeding stock   | 0                | 0,00          | 0                | 0,00          | 0,00          |
| Assets in construction, reconstruction   | 554 666          | 18,23         | 528 679          | 13,16         | 95,31         |
| Advances on capital investments  | 9 486            | 0,31          | 9 486            | 0,24          | 100,00        |
| Adjustment in tangible assets  | 0                | 0,00          | 0                | 0,00          | 0,00          |
| <b>Non-current financial assets</b>  | <b>75 619</b>    | <b>2,49</b>   | <b>9 036</b>     | <b>0,22</b>   | <b>11,95</b>  |
| 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  | 75 619           | 2,49          | 9 036            | 0,22          | 11,95         |
| Long-term loans to other related enterprises                                   | 0                | 0,00          | 0                | 0,00          | 0,00          |
| Other long-term loans  | 0                | 0,00          | 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          |
| <b>Total non-current assets</b>  | <b>3 041 823</b> | <b>100,00</b> | <b>4 016 422</b> | <b>100,00</b> | <b>132,04</b> |

There was a 32% increase in the value of our non-current asset with no material change in the main proportions, as the category is still dominated by tangible assets.

Within the non-current assets, the share of tangible assets increased by almost 40%, while the share of other asset groups decreased compared to the previous year. Among the tangible assets, the value of machinery purchased for lease is the largest item.

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.

The reason behind the decrease in non-current assets was the closing of the ESOP I programme. The scheme was closed successfully, the shares were distributed and derecognised from the books.

## 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 Nyrt (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.

In view of the fulfilment of the conditions of the ESOP I programme, the ESOP Organisation transferred 750 000 ordinary shares of DM-KER Nyrt out of the available 1 000 000 ordinary shares of DM-KER Nyrt to the employees and senior executives participating in the programme. Due to the fact that several employees of the participants of the ESOP I programme have in the meantime terminated their employment, 250 000 ordinary shares of DM-KER Nyrt were transferred back to the company from the MRP Organisation, which increased the number of treasury shares to 3 490 875. That amounts to 2,77% of the issued number of shares.

In the second half of 2021, the Founder also launched its ESOP II programme, in which 16 employees could acquire 400 000 ordinary shares of DM-KER Nyrt. 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 ESOP II programme will be evaluated in the first half of the following year. It is not expected that the conditions of the plan will be met, and the ESOP Organisation will not be able to exercise its call option to purchase shares at face value for this plan.

In the first half of 2022, the Founder also launched its ESOP III programme, in which 16 employees can acquire 400 000 ordinary shares of DM-KER Nyrt. 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 III programme are met. The programme is considered successful if at the end of the performance period DM-KER Nyrt. has a net profit after tax of at least THUF 650 000, which is at least 3,50% of its annual turnover.

The ESOP Organisation keeps a permanent record of the participants in the ESOP schemes and of the Founding member's shareholdings.

The company owns a 0,19% stake in Megakrán Nyrt.

DM-KER Financial Services Kft. (DMFS Kft.) was established in November 2021. DM-KER Nyrt. has a 20% stake in the company, its share capital is THUF 5 000 and its core activity is other auxiliary financial activities.

The following commercial and financial relations took place between the two companies in 2022:

- DM-KER Nyrt. provided a short-term shareholder loan of THUF 3 000 to DMFS Kft. at market interest rate. The loan agreement was approved by the members' meeting of DMFS Kft. The loan was repaid and the interest was paid in the current year.
- DM-KER Nyrt. provides a post office sub-box rental service to DMFS Kft. as an intermediated service.
- DM-KER Nyrt. provided computer technology equipment to DMFS Kft. The tangible assets were sold under market terms and conditions.

Intravirtus Kft. was established in May 2022. DM-KER Nyrt. has no business shares in the company, which is owned by Ferenc Bátor, Chairman of the Board of Directors, in 100%. Its core activity is the wholesale of mining and construction machinery.

With regard to economic relations, the two companies qualify as affiliated companies pursuant to Section 4 (23) (f) of the Corporate Tax Act.

The following commercial and financial relations took place between the two companies in 2022:

Intravirtus Kft. purchased a used machine from DM-KER Nyrt. The sales transaction was conducted under market terms and conditions.

## Information on holdings

data in THUF

| Description                | 2021          | 2022         |
|----------------------------|---------------|--------------|
| Megakrán Nyrt              | 14 619        | 8 036        |
| DM-KER ESOP Organisation   | 60 000        | 0            |
| DMFS Kft                   | 1 000         | 1 000        |
| <b>Balance sheet value</b> | <b>75 619</b> | <b>9 036</b> |

## 4.3. Current assets

The share of inventories in the composition of current assets increased slightly in our company, while the share of receivables decreased by a similar amount. Despite the 5% decrease in inventories, the share of inventories within the asset group also shows a slight increase in the reporting period, as the amount of receivables decreased by almost 20% - including trade receivables at the reporting date, which are 77% of the amount at the previous year's date, while other receivables are of a similar

magnitude to the amount recorded at the last day of the previous year.

Our Company has started to repurchase its treasury shares for the ESOP schemes and planned acquisitions, as a result of which it had 3 490 875 repurchased DM-KER ordinary shares at the reporting date. The nominal value of the shares was HUF 5 per share and the market value was HUF 41,80 per share on the reporting date. The ratio of treasury shares repurchased to registered capital is 2,77%.

### Composition of current assets

data in THUF

| Item   | Previous year    |               | Current year     |               | Change (%)    |
|--|------------------|---------------|------------------|---------------|---------------|
|  | Amount (THUF)    | Share (%)     | Amount (THUF)    | Share (%)     |               |
| <b>I. Inventories</b>  | <b>6 304 139</b> | <b>71,69</b>  | <b>5 973 851</b> | <b>74,78</b>  | <b>94,76</b>  |
| Materials  | 2 417            | 0,03          | 4 104            | 0,05          | 169,80        |
| 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  | 331              | 0,00          | 203              | 0,00          | 61,33         |
| Goods  | 6 196 593        | 70,47         | 5 868 825        | 73,46         | 94,71         |
| Advances on stocks   | 104 798          | 1,19          | 100 719          | 1,26          | 96,11         |
| <b>II. Receivables</b>   | <b>1 932 416</b> | <b>21,98</b>  | <b>1 547 062</b> | <b>19,37</b>  | <b>80,06</b>  |
| Liabilities from the supply of goods and services                            | 1 661 965        | 18,90         | 1 279 061        | 16,01         | 76,96         |
| 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          |
| Receivables from bills of exchange   | 0                | 0,00          | 0                | 0,00          | 0,00          |
| Other receivables  | 270 451          | 3,08          | 268 001          | 3,35          | 99,09         |
| 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          |
| <b>III. Securities</b>   | <b>15 880</b>    | <b>0,18</b>   | <b>145 919</b>   | <b>1,83</b>   | <b>918,89</b> |
| Shares and participations in related companies                               | 0                | 0,00          | 0                | 0,00          | 0,00          |
| Major participating interests  | 0                | 0,00          | 0                | 0,00          | 0,00          |
| Other participations   | 880              | 0,01          | 0                | 0,00          | 0,00          |
| Treasury shares, own partnership shares                                      | 15 000           | 0,17          | 145 919          | 1,83          | 972,79        |
| 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          |
| <b>V. Liquid assets</b>  | <b>541 166</b>   | <b>6,15</b>   | <b>321 992</b>   | <b>4,03</b>   | <b>59,50</b>  |
| Cash and cheques   | 262              | 0,00          | 1 386            | 0,02          | 529,01        |
| Bank deposits  | 540 904          | 6,15          | 320 606          | 4,01          | 59,27         |
| <b>Total current assets</b>  | <b>8 793 601</b> | <b>100,00</b> | <b>7 988 824</b> | <b>100,00</b> | <b>90,85</b>  |

## Inventories

The value of inventories decreased by 5% in the current year. In line with the nature of our activity, the stock of goods is dominant, and its value decreased by 5%. For the current year, we planned to reduce the high stock levels, which have been key to our success since the beginning of the pandemic, by more than this, but the war situation did not allow us to do so during the year.

The Company does not have any obsolete inventories and no impairment was required on the inventories.

## Receivables

The value of our receivables decreased significantly due to a large reduction in trade receivables:

### Composition of trade receivables

data in THUF

|  | 2021.12.31       |               |                  | 2022.12.31       |               |                  |
|--|------------------|---------------|------------------|------------------|---------------|------------------|
|  | Domestic         | Abroad        | Total            | Domestic         | Abroad        | Total            |
| Total recognised trade receivables                       | 1 647 514        | 45 076        | 1 692 590        | 1 281 475        | 40 889        | 1 322 364        |
| Recognised impairment                                    | 48 376           | 1 196         | 49 572           | 66 672           | 7 086         | 73 758           |
| <b>Trade receivables recognised in the balance sheet</b> | <b>1 599 138</b> | <b>43 880</b> | <b>1 643 018</b> | <b>1 214 803</b> | <b>33 803</b> | <b>1 248 606</b> |

### Presentation of other receivables

data in THUF

| Other receivables  | 2021.12.31.    | 2022.12.31.    |
|--|----------------|----------------|
| Debit balance of other accounts receivable, liability accounts | 27 624         | 10 231         |
| VAT refundable in the following period                         | 201 638        | 162 908        |
| Advances paid  | 5 982          | 12 950         |
| Short-term loans   | 2 694          | 0              |
| Other short-term receivables                                   | 32 513         | 81 912         |
| <b>Total other receivables</b>                                 | <b>270 451</b> | <b>268 001</b> |

### Composition of prepayments and deferred expenses

data in THUF

| Item   | Previous year  |               | Current year   |               | Change (%)   |
|--|----------------|---------------|----------------|---------------|--------------|
|  | Amount (THUF)  | Share (%)     | Amount (THUF)  | Share (%)     |              |
| Prepaid revenues                               | 82 808         | 29,47         | 8 134          | 5,12          | 9,82         |
| Prepaid costs and expenses                     | 198 225        | 70,53         | 150 877        | 94,88         | 76,11        |
| Deferred expenses                              | 0              | 0,00          | 0              | 0,00          | 0,00         |
| <b>Total prepayments and deferred expenses</b> | <b>281 033</b> | <b>100,00</b> | <b>159 011</b> | <b>100,00</b> | <b>56,58</b> |

The main decrease was in accrued income, primarily due to the failure to meet sales targets set by our suppliers as a result of the war situation, which meant that we lost part of the bonus payments that had been made to encourage sales.

## 4.4. Liabilities

The composition of liabilities does not show any significant reallocation.

The most 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 (%)     |               |
| <b>Equity</b>                       | <b>2 584 260</b>  | <b>21,33</b>  | <b>2 345 070</b>  | <b>19,28</b>  | <b>90,74</b>  |
| Subscribed capital                  | 631 155           | 5,21          | 631 155           | 5,19          | 100,00        |
| Subscribed but unpaid capital (-)   | 0                 | 0,00          | 0                 | 0,00          | 0,00          |
| Capital reserve                     | 880 513           | 7,27          | 880 513           | 7,24          | 100,00        |
| Retained earnings                   | 504 578           | 4,16          | 383 327           | 3,15          | 75,97         |
| Tied up reserves                    | 317 171           | 2,62          | 399 853           | 3,29          | 126,07        |
| Valuation reserve                   | 0                 | 0,00          | 0                 | 0,00          | 0,00          |
| Profit/loss after tax               | 250 843           | 2,07          | 50 222            | 0,41          | 20,02         |
| <b>Provisions</b>                   | <b>102 814</b>    | <b>0,85</b>   | <b>97 145</b>     | <b>0,80</b>   | <b>94,49</b>  |
| <b>Liabilities</b>                  | <b>9 348 226</b>  | <b>77,15</b>  | <b>9 629 210</b>  | <b>79,16</b>  | <b>103,01</b> |
| Subordinated liabilities            | 0                 | 0,00          | 0                 | 0,00          | 0,00          |
| Long-term liabilities               | 2 307 585         | 19,05         | 2 682 374         | 22,05         | 116,24        |
| Current liabilities                 | 7 040 641         | 58,11         | 6 946 836         | 57,11         | 98,67         |
| <b>Accruals and deferred income</b> | <b>81 157</b>     | <b>0,67</b>   | <b>92 832</b>     | <b>0,76</b>   | <b>114,39</b> |
| <b>TOTAL LIABILITIES</b>            | <b>12 116 457</b> | <b>100,00</b> | <b>12 164 257</b> | <b>100,00</b> | <b>100,39</b> |

In the current year, the company made a provision of THUF 31 356 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 in the current year, during which it was determined that the Economic Performance Improvement Conditions were fulfilled, the scheme was successful, therefore the provision of THUF 38 900 were reserved.

**Change in provisions**

data in THUF

| Item                                     | Opening        | Increases     | Decreases     | Closing       |
|--|----------------|---------------|---------------|---------------|
| Provisions for contingent liabilities    | 65 789         | 31 356        | 0             | 97 145        |
| Provisions for expected ESOP liabilities | 37 025         | 1 875         | 38 900        | 0             |
| <b>Total</b>                             | <b>102 814</b> | <b>33 231</b> | <b>38 900</b> | <b>97 145</b> |

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 (%)     |              |
| <b>Subscribed capital</b>                              | 631 155          | 24,42         | 631 155          | 26,91         | 100,00       |
| <b>Of which:</b> face value of redeemed participations | 0                | 0,00          | 0                | 0,00          | 0,00         |
| Subscribed but unpaid capital (-)                      | 0                | 0,00          | 0                | 0,00          | 0,00         |
| Capital reserve  | 880 513          | 34,07         | 880 513          | 37,55         | 100,00       |
| Retained earnings                                      | 504 578          | 19,53         | 383 327          | 16,35         | 75,97        |
| Tied up reserves                                       | 317 171          | 12,27         | 399 853          | 17,05         | 126,07       |
| Valuation reserve                                      | 0                | 0,00          | 0                | 0,00          | 0,00         |
| Profit/loss after tax                                  | 250 843          | 9,71          | 50 222           | 2,14          | 20,02        |
| <b>Total equity</b>                                    | <b>2 584 260</b> | <b>100,00</b> | <b>2 345 070</b> | <b>100,00</b> | <b>90,74</b> |

A significant change in the composition of equity is the profit after tax for the reporting year, the primary reason being that the financial circumstances, which changed significantly as a result of the war situation, such as runaway inflation and an unfavourable interest rate environment, had a negative impact on the financial results of the business.

The Board of Directors accepted the proposal to pay a dividend of HUF 2.3 (two forints thirty fillers) gross for each ordinary share of HUF 5 nominal value, to be charged to the retained earnings of the Company for the year 2021. The dividend was paid out in the first half of the current year. 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 86 586 released in the current year on a pro rata basis with regard to the value of foundation-restructuring, the THUF 169 268 created for the repurchase of treasury shares.

The Board of Directors proposes to pay a dividend of HUF 0.2 (zero forint twenty fillers) gross for each ordinary share of HUF 5 nominal value, to be charged to the retained earnings of the Company for the year 2022.

## 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 |
|---|------------------|--------------------|---------------------------|-----------------|----------------|-------------------|-------------------|----------------------------|
| <b>Opening balance at the beginning of the year</b>   | 2 584 260        | 631 155            | 0                         | 880 513         | 504 578        | 317 171           | 0                 | 250 843                    |
| <b>Movements between items of equity (+/-)</b>  |                  |                    |                           |                 |                |                   |                   |                            |
| Transfer of previous year's profit to retained earnings   | 0                |                    |                           |                 | 250 843        |                   |                   | -250 843                   |
| Increase in subscribed capital from retained earnings or capital reserve  | 0                |                    |                           |                 |                |                   |                   |                            |
| Transfer between retained earnings and capital reserve  | 0                |                    |                           |                 |                |                   |                   |                            |
| Recognition/reversal due to foundation-restructuring, capitalised in transfer between retained earnings and tied-up reserve | 0                |                    |                           |                 | 86 585         | -86 585           |                   |                            |
| Share repurchase/sale of treasury shares among transfer between retained earnings and tied-up reserve                       | 0                |                    |                           |                 | -169 268       | 169 268           |                   |                            |
| Transfer between capital reserve and tied-up reserve  | 0                |                    |                           |                 |                |                   |                   |                            |
| Other movements   | 0                |                    |                           |                 |                |                   |                   |                            |
| Total   | 0                | 0                  | 0                         | 0               | 168 160        | 82 683            | 0                 | -250 843                   |
| <b>Changes in equity</b>  |                  |                    |                           |                 |                |                   |                   |                            |
| 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                |                    |                           |                 |                |                   |                   |                            |
| Distribution of dividends   | -289 411         |                    |                           |                 | -289 411       |                   |                   |                            |
| Profit/loss after tax   | 50 222           |                    |                           |                 |                |                   |                   | 50 222                     |
| Total   | -239 189         | 0                  | 0                         | 0               | -289 411       | 0                 | 0                 | 50 222                     |
| <b>Closing balance at the end of the year*</b>  | <b>2 345 071</b> | <b>631 155</b>     | <b>0</b>                  | <b>880 513</b>  | <b>383 327</b> | <b>399 854</b>    | <b>0</b>          | <b>50 222</b>              |

\*the difference is due to rounding

## Liabilities

Below is a breakdown of our company's liabilities.

What had a major influence on the composition of our liabilities was that the financing structure was changed in the current year under review, as a result of which most of our short-term loans were repaid. Nevertheless, the share of short-term loans increased by 38% in the reporting year.

The other significant change was in other long-term liabilities, which are almost 2.5 times the previous year's figure.

As a result of the restructuring of the financing structure, the other long-term loans did not change in the current year, 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. The 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 (%)     |               |
| <b>Subordinated liabilities</b>   | <b>0</b>         | <b>0,00</b>   | <b>0</b>         | <b>0,00</b>   | <b>0,00</b>   |
| 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          |
| <b>Long-term liabilities</b>  | <b>2 307 585</b> | <b>24,68</b>  | <b>2 682 374</b> | <b>27,86</b>  | <b>116,24</b> |
| 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  | 394 064          | 4,22          | 413 504          | 4,29          | 104,93        |
| Other long-term loans   | 1 660 000        | 17,76         | 1 660 000        | 17,24         | 100,00        |
| 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   | 253 521          | 2,71          | 608 870          | 6,32          | 240,17        |
| <b>Current liabilities</b>  | <b>7 040 641</b> | <b>75,32</b>  | <b>6 946 836</b> | <b>72,14</b>  | <b>98,67</b>  |
| 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 loans  | 481 933          | 5,16          | 664 995          | 6,91          | 137,98        |
| Advances from customers   | 994 768          | 10,64         | 843 346          | 8,76          | 84,78         |
| Liabilities from the supply of goods and services                                       | 854 800          | 9,14          | 651 746          | 6,77          | 76,25         |
| 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 short-term liabilities  | 4 709 140        | 50,37         | 4 786 749        | 49,71         | 101,65        |
| 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          |
| <b>Total liabilities</b>  | <b>9 348 226</b> | <b>100,00</b> | <b>9 629 210</b> | <b>100,00</b> | <b>103,01</b> |

The value of liabilities increased by 3% compared to 2021. The long-term liabilities increased by 16% and short-term liabilities decreased by 1%. The combined effect of these increased the value of liabilities by THUF 280 984.



**The other current liabilities are presented below:**

data in THUF

| <b>Other liabilities</b>            | <b>2021.12.31.</b> | <b>2022.12.31.</b> |
|-------------------------------------|--------------------|--------------------|
| Liabilities to BNP PARIBAS          | 2 130 064          | 2 436 638          |
| Deposits received                   | 28 439             | 21 706             |
| Lease payments due within one year  | 452 122            | 428 532            |
| Lease liability for stock financing | 1 529 623          | 1 380 627          |
| Taxes payable                       | 448 878            | 425 456            |
| Income settlement account           | 44 483             | 57 549             |
| Other liabilities                   | 13 780             | 5 786              |
| Advance payment of aid              | 42 803             | 0                  |
| Balances owed to customers          | 18 948             | 30 455             |
| <b>Total</b>                        | <b>4 709 140</b>   | <b>4 786 749</b>   |

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.

The liabilities with a term of more than 5 years recognised in the balance sheet include

- the loan for the Tiszafüred investment, amounting to THUF 79 705,
- THUF 109 153 borrowed for the purchase of the Vámoszabadi site,
- THUF 79 857 drawn down for the construction of the new head office,
- and a loan of HUF 194 286 thousand for the purchase of land for the head office.

Of the leases, the value of the lease liability for the financing of production machinery is THUF 1 037 401.

**Liabilities of the company secured by a pledge on 31.12.2022:**

| <b>Liabilities secured by pledges</b> | <b>Type and form of collateral</b> | <b>Amount (THUF)</b> |
|---------------------------------------|------------------------------------|----------------------|
| Investment loan                       | mortgage                           | 159 562              |
| Investment loan                       | pledge                             | 1 992                |
| Investment loan                       | mortgage                           | 194 286              |
| Investment loan                       | mortgage                           | 109 152              |
| OTP working capital loan              | mortgage, guarantee                | 2 273 506            |
| <b>Total</b>                          |                                    | <b>2 738 498</b>     |

**Liabilities secured with other rights:**

| <b>Liabilities secured with other rights</b> | <b>Type and form of collateral</b> | <b>Amount (THUF)</b> |
|--|------------------------------------|----------------------|
| Closed-end financial leasing                 | reservation of ownership           | 2 418 029            |
| <b>Total</b>                                 |                                    | <b>2 418 029</b>     |

The off-balance sheet liabilities at 31.12.2022 are as follows:

- HUF 5 000 000 – bank guarantee limit,
- € 1 200 000 bank guarantee limit,
- € 6 000 000 treasury limit
- € 1 540 000 overdraft facility

#### Composition of accruals and deferred income

| Item                                | Previous year |               | Current year  |               | Change (%)    |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|
|                                     | Amount (THUF) | Share (%)     | Amount (THUF) | Share (%)     |               |
| Accrued and deferred income         | 949           | 1,17          | 0             | 0,00          | 0,00          |
| Accrued costs and expenses          | 52 256        | 64,39         | 32 939        | 35,48         | 63,03         |
| Deferred revenues                   | 27 952        | 34,44         | 59 893        | 64,52         | 214,27        |
| <b>Accruals and deferred income</b> | <b>81 157</b> | <b>100,00</b> | <b>92 832</b> | <b>100,00</b> | <b>114,39</b> |

The accrued expenses include THUF 12 414 in commissions and public charges of sales agents, THUF 10 300 in sales-related costs, THUF 6 626 in interest expenses, THUF 599 bank charges and THUF 3 000 other expenses.

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

## Notes to the income statement

### 4.5. Sales revenue

#### Net sales revenues broken down by the company's main activities:

data in THUF

| Scope of activities | 2021.12.31.       | 2022.12.31.       |
|---------------------|-------------------|-------------------|
| Sale of machinery   | 15 163 695        | 16 184 642        |
| Sale of spare parts | 647 590           | 756 430           |
| Servicing           | 602 830           | 675 263           |
| Machinery rental    | 396 271           | 559 821           |
| Other               | 39 502            | 20 661            |
| <b>Total</b>        | <b>16 849 888</b> | <b>18 196 817</b> |

#### Revenue from export sales until 31.12.2022:

data in THUF

|                     | Product exports | Service exports | Total          |
|---------------------|-----------------|-----------------|----------------|
| To EU countries     | 562 360         | 133 654         | 696 014        |
| To non-EU countries | 16 874          | 0               | 16 874         |
| <b>Total</b>        | <b>579 234</b>  | <b>133 654</b>  | <b>712 888</b> |

The company was not granted any export subsidy.

Revenues from affiliated companies:

- THUF 31 from DMFS Kft under the title of intermediated service (passed on expenses)
- THUF 2 832 from Intravirtus Kft under the title of sale of goods.

In economic relations, pricing is based on the arm's length principle.

In respect of these transactions, DM-KER Nyrt and its affiliate businesses are exempted from the transfer pricing documentation obligation and are therefore not subject to disclosure.

## 4.6. Other revenues

The other revenues consisted of the following items:

data in THUF

| Description   | 2021.12.31.    | 2022.12.31.    |
|---|----------------|----------------|
| Result on the sale of property, plant and equipment | 37 561         | 146 160        |
| Support   | 13 905         | 15 719         |
| Rebate  | 143 310        | 10 048         |
| Reversal of provisions                              | 0              | 38 900         |
| Other   | 36 366         | 14 941         |
| Reversed impairment                                 | 12 102         | 11 204         |
| <b>Total</b>  | <b>243 244</b> | <b>236 972</b> |

The largest changes were in the result on the sale of property, plant and equipment and the amount of the discount received ex-post. The result from the sale of property, plant and equipment increased by THUF 108 599, while the concessions received subsequently decreased by THUF 133 262. The main reason for the latter is that, due to the war situation, we were unable to meet the sales targets set by our suppliers, and therefore lost part of the bonus payments that were made to encourage sales.

The release of the provisions relates to the successful completion of ESOP I in the reporting year.

Together, these resulted in a decrease in other revenue of THUF 6 272.

## 4.7. Material type expenses

Services consumed by the Company consisted of the following items:

data in THUF

| Cost type                            | 2021.12.31.    | 2022.12.31.    |
|--------------------------------------|----------------|----------------|
| Shipping cost                        | 115 837        | 146 771        |
| Rent                                 | 121 267        | 167 358        |
| Maintenance                          | 7 008          | 22 104         |
| Service cost                         | 60 877         | 57 451         |
| Advertising and promotion            | 58 606         | 63 999         |
| Training, further training           | 1 418          | 9 496          |
| Post, telephone, internet            | 4 721          | 5 737          |
| Software upgrade fees                | 32 935         | 50 283         |
| Legal services, accounting, auditing | 39 576         | 23 943         |
| Intermediary commission              | 20 834         | 37 442         |
| Accommodation, travel                | 3 941          | 9 358          |
| Other                                | 59 953         | 78 623         |
| <b>Total</b>                         | <b>526 973</b> | <b>672 565</b> |

## 4.8. Other expenditures

### Evolution of other expenses

data in THUF

| Description                                       | 31.12.2021     | 31.12.2022     |
|---|----------------|----------------|
| Loss on the sale of property, plant and equipment | 9 731          | 1 035          |
| Fines, penalties, default interest                | 759            | 5 647          |
| Irrecoverable debt                                | 210            | 391            |
| Taxes   | 83 228         | 88 215         |
| Provisioning                                      | 59 321         | 33 231         |
| Impairment  | 21 766         | 25 381         |
| Scrapping   | 0              | 22 681         |
| Other   | 30 630         | 6 514          |
| <b>Total</b>                                      | <b>205 645</b> | <b>183 095</b> |

### Value of import purchases from 01.01.2022 to 31.12.2022:

data in THUF

|                       | Import of products | Import of services | Total             |
|-----------------------|--------------------|--------------------|-------------------|
| From EU countries     | 11 370 385         | 37 281             | 11 407 666        |
| From non-EU countries | 3 001              | 86                 | 3 087             |
| <b>Total</b>          | <b>11 373 386</b>  | <b>37 367</b>      | <b>11 410 753</b> |

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

## 5. Changes in assets, financial situation and income

### Ratios of profit categories

data in THUF

| Item                                  | Previous year |                       | Current year |                       |
|---------------------------------------|---------------|-----------------------|--------------|-----------------------|
|                                       | THUF          | Operating profit in % | THUF         | Operating profit in % |
| Operating profit                      | 420 521       | 100,00                | 598 907      | 100,00                |
| Profit/loss of financial transactions | -169 266      | -40,25                | -548 685     | -91,61                |
| Pre-tax profit/loss                   | 251 255       | 59,75                 | 50 222       | 8,39                  |
| Tax liability                         | 412           | 0,10                  | 0            | 0,00                  |
| Profit/loss after tax                 | 250 843       | 59,65                 | 50 222       | 8,39                  |

The operating profit showed a 42% increase in the reporting period, but the result from financial operations deteriorated significantly. The changes in the EUR exchange rate is a considerable risk for the Company. Monitoring developments closely, we have been constantly looking for ways to offset adverse developments in the financial markets. However, the risks of runaway inflation and high volatility and unpredictability of the exchange rate in

the second half of the year, as a consequence of the war situation, could not be eliminated. The rise in the cost of hedging has led to a shift away from futures to short-term deposits this year, as the central bank base rate and BUBOR have risen, which allowed us to improve the results of our financial operations.

In 2021, our realised exchange gain is THUF 244 269, while in 2022 it was THUF 272 080. In the same period, our exchange losses in 2021 were THUF 328 395, and in 2022 THUF 608 791.

Both our interest income and our interest costs have been significantly affected by inflation, and hence by rising interest rates. Our interest income was THUF 780 in 2021 and THUF 11 034 in 2022. The amount of interest payable was THUF 87 919 in 2021, increasing to THUF 163 751 in 2022.

Due to the combined effect of the above factors, the result of financial operations indicate a 3.2-fold deterioration compared to the previous year.

### Change in profitability

|                  |   |                                 |       |                                 |       |
|------------------|---|---------------------------------|-------|---------------------------------|-------|
| Return on sales  | $\frac{\text{Operating (business) profit/loss}}{\text{Net sales revenues}}$ | $\frac{420\,521}{16\,849\,888}$ | 2,50  | $\frac{598\,907}{18\,196\,817}$ | 3,29  |
| Return on equity | $\frac{\text{Operating (business) profit/loss}}{\text{Equity}}$             | $\frac{420\,521}{2\,584\,260}$  | 16,27 | $\frac{598\,907}{2\,345\,070}$  | 25,54 |
| Return on assets | $\frac{\text{Operating (business) profit/loss}}{\text{Total assets}}$       | $\frac{420\,521}{12\,116\,457}$ | 3,47  | $\frac{598\,907}{12\,164\,257}$ | 4,92  |

All three indicators show an improvement, of a larger magnitude than in 2021.

### ASSET UTILISATION

| Indicator                   | Calculation of the indicator                                 | Previous year<br>THUF               | Current year<br>THUF                | Previous year<br>% | Current year<br>% | Change<br>% |
|-----------------------------|--|-------------------------------------|-------------------------------------|--------------------|-------------------|-------------|
| Turnover of assets          | $\frac{\text{Net sales revenues}}{\text{Total assets}}$      | $\frac{16\,849\,888}{12\,116\,457}$ | $\frac{18\,196\,817}{12\,164\,257}$ | 1,39               | 1,50              | 107,57      |
| Turnover of tangible assets | $\frac{\text{Net sales revenues}}{\text{Tangible assets}}$   | $\frac{16\,849\,888}{2\,777\,301}$  | $\frac{18\,196\,817}{3\,881\,571}$  | 6,07               | 4,69              | 77,27       |
| Turnover of inventories     | $\frac{\text{Net sales revenues}}{\text{Average inventory}}$ | $\frac{16\,849\,888}{5\,194\,099}$  | $\frac{18\,196\,817}{6\,138\,995}$  | 3,24               | 2,96              | 91,37       |
| Equity turnover             | $\frac{\text{Net sales revenues}}{\text{Equity}}$            | $\frac{16\,849\,888}{2\,584\,260}$  | $\frac{18\,196\,817}{2\,345\,070}$  | 6,52               | 7,76              | 119,01      |

The efficiency of asset management shows a substantial improvement compared to the previous year.

The reason behind the decline in the turnover of property, plant and equipment is an increase in capital expenditure.

The turnover in inventories slowed down slightly, and equity reflects the change in revenue.

## ASSETS INDICATORS

| Indicator                          | Calculation of the indicator                                     | Previous year<br>THUF              | Current year<br>THUF               | Previous<br>year<br>% | Current<br>year<br>% | Change<br>% |
|------------------------------------|--|------------------------------------|------------------------------------|-----------------------|----------------------|-------------|
| Fixed assets ratio                 | $\frac{\text{Fixed assets}}{\text{Total assets}}$                | $\frac{3\,041\,823}{12\,116\,457}$ | $\frac{4\,016\,422}{12\,164\,257}$ | 25,10                 | 33,02                | 131,52      |
|                                    |  |                                    |                                    |                       |                      |             |
| Current assets ratio               | $\frac{\text{Current assets}}{\text{Total assets}}$              | $\frac{8\,793\,601}{12\,116\,457}$ | $\frac{7\,988\,824}{12\,164\,257}$ | 72,58                 | 65,67                | 90,49       |
|                                    |  |                                    |                                    |                       |                      |             |
| Fixed assets coverage              | $\frac{\text{Equity}}{\text{Non-current assets}}$                | $\frac{2\,584\,260}{3\,041\,823}$  | $\frac{2\,345\,070}{4\,016\,422}$  | 84,96                 | 58,39                | 68,72       |
|                                    |  |                                    |                                    |                       |                      |             |
| Tangible assets coverage           | $\frac{\text{Equity}}{\text{Tangible assets}}$                   | $\frac{2\,584\,260}{2\,777\,301}$  | $\frac{2\,345\,070}{3\,881\,571}$  | 93,05                 | 60,42                | 64,93       |
|                                    |  |                                    |                                    |                       |                      |             |
| Capital strength<br>(Equity ratio) | $\frac{\text{Equity}}{\text{Total liabilities}}$                 | $\frac{2\,584\,260}{12\,116\,457}$ | $\frac{2\,345\,070}{12\,164\,257}$ | 21,33                 | 19,28                | 90,39       |
|                                    |  |                                    |                                    |                       |                      |             |
| Short-term liabilities ratio       | $\frac{\text{Short-term liabilities}}{\text{Total liabilities}}$ | $\frac{7\,040\,641}{12\,116\,457}$ | $\frac{6\,946\,836}{12\,164\,257}$ | 58,11                 | 57,11                | 98,28       |
|                                    |  |                                    |                                    |                       |                      |             |
| Long-term liabilities ratio        | $\frac{\text{Long-term liabilities}}{\text{Total liabilities}}$  | $\frac{2\,307\,585}{12\,116\,457}$ | $\frac{2\,682\,374}{12\,164\,257}$ | 19,05                 | 22,05                | 115,78      |
|                                    |  |                                    |                                    |                       |                      |             |
| Liabilities ratio                  | $\frac{\text{Liabilities}}{\text{Total liabilities}}$            | $\frac{9\,348\,226}{12\,116\,457}$ | $\frac{9\,629\,210}{12\,164\,257}$ | 77,15                 | 79,16                | 102,60      |
|                                    |  |                                    |                                    |                       |                      |             |

## DEBT SERVICE

| Indicator  | Calculation of the indicator  | Previous year<br>THUF          | Current<br>year<br>THUF        | Previous<br>year<br>% | Current<br>year<br>% | Change<br>% |
|--|---|--------------------------------|--------------------------------|-----------------------|----------------------|-------------|
| Interest cover   | $\frac{\text{Profit from operating activities}}{\text{Interests and interest type expenses paid}}$              | $\frac{420\,521}{87\,919}$     | $\frac{598\,907}{163\,751}$    | 478,31                | 365,74               | 76,47       |
|  |   |                                |                                |                       |                      |             |
| Cover before interest,<br>tax and depreciation<br>(EBITDA cover) | $\frac{\text{Operating (business) profit/loss+depreciation}}{\text{Interests and interest type expenses paid}}$ | $\frac{964\,622}{87\,919}$     | $\frac{1\,055\,979}{163\,751}$ | 1\,097,17             | 644,87               | 58,78       |
|  |   |                                |                                |                       |                      |             |
| Cash flow hedging  | $\frac{\text{Profit/Loss after taxation+depreciation}}{\text{Interests and interest type expenses paid}}$       | $\frac{794\,944}{87\,919}$     | $\frac{507\,294}{163\,751}$    | 904,18                | 309,80               | 34,26       |
|  |   |                                |                                |                       |                      |             |
| Debt repayment<br>capacity                                       | $\frac{\text{Profit/Loss after taxation+depreciation}}{\text{Liabilities}}$                                     | $\frac{794\,944}{9\,348\,226}$ | $\frac{507\,294}{9\,629\,210}$ | 8,50                  | 5,27                 | 61,95       |
|  |   |                                |                                |                       |                      |             |

## FINANCIAL STRUCTURE INDICATORS

| Indicator                        | Calculation of the indicator   | Previous year<br>THUF              | Current<br>year<br>THUF            | Previous<br>year<br>% | Current<br>year<br>% | Change<br>% |
|----------------------------------|--|------------------------------------|------------------------------------|-----------------------|----------------------|-------------|
| Credit coverage ratio            | $\frac{\text{Receivables}}{\text{Current liabilities}}$                      | $\frac{1\,932\,416}{7\,040\,641}$  | $\frac{1\,547\,062}{6\,946\,836}$  | 27,45                 | 22,27                | 81,14       |
|                                  |  |                                    |                                    |                       |                      |             |
| Level of indebtedness            | $\frac{\text{Liabilities}}{\text{Total assets}}$                             | $\frac{9\,348\,226}{12\,116\,457}$ | $\frac{9\,629\,210}{12\,164\,257}$ | 77,15                 | 79,16                | 102,60      |
|                                  |  |                                    |                                    |                       |                      |             |
| Dynamic liquidity                | $\frac{\text{Profit from operating activities}}{\text{Current liabilities}}$ | $\frac{420\,521}{7\,040\,641}$     | $\frac{598\,907}{6\,946\,836}$     | 5,97                  | 8,62                 | 144,34      |
|                                  |  |                                    |                                    |                       |                      |             |
| Receivables / Payables<br>ratio  | $\frac{\text{Buyers}}{\text{Trade creditors}}$                               | $\frac{1\,661\,965}{854\,800}$     | $\frac{1\,279\,061}{651\,746}$     | 194,43                | 196,25               | 100,94      |
|                                  |  |                                    |                                    |                       |                      |             |
| Turnover of trade<br>receivables | $\frac{\text{Average trade receivables}}{\text{Net sales revenues}}$         | $\frac{1\,161\,344}{16\,849\,888}$ | $\frac{1\,470\,513}{18\,196\,817}$ | 6,89                  | 8,08                 | 117,25      |
|                                  |  |                                    |                                    |                       |                      |             |
| Turnover of trade payables       | $\frac{\text{Average trade payables}}{\text{Material-type expenses}}$        | $\frac{910\,396}{15\,128\,197}$    | $\frac{753\,273}{16\,233\,262}$    | 6,02                  | 4,64                 | 77,11       |
|                                  |  |                                    |                                    |                       |                      |             |

| Multi-stage liquidity balance                      | Previous year     | Current year       | Previous year                                  | Current year      |                   |
|--|-------------------|--------------------|--|-------------------|-------------------|
| <b>Assets</b>                                      |                   | <b>Liabilities</b> |  |                   |                   |
| <b>I. Cash and securities</b>                      | <b>541 166</b>    | <b>321 992</b>     | <b>I. Current liabilities</b>                  | <b>4 709 140</b>  | <b>4 786 749</b>  |
| Cash and cash equivalents                          | 541 166           | 321 992            |  |                   |                   |
| Securities (from current assets)                   |                   |                    |  |                   |                   |
| <b>II. Receivables</b>                             | <b>1 948 296</b>  | <b>1 692 981</b>   | <b>II. Trade payables and promissory notes</b> | <b>854 800</b>    | <b>651 746</b>    |
| Receivables from the supply of goods and services. | 1 661 965         | 1 279 061          | Trade payables                                 | 854 800           | 651 746           |
| Receivables from bills of exchange                 | 0                 | 0                  | Liabilities from bills of exchange             | 0                 | 0                 |
| Other receivables                                  | 270 451           | 268 001            |  |                   |                   |
| Securities   | 15 880            | 145 919            |  |                   |                   |
| <b>III. Inventories</b>                            | <b>6 304 139</b>  | <b>5 973 851</b>   | <b>III. Other current liabilities</b>          | <b>1 476 701</b>  | <b>1 508 341</b>  |
| Purchased stocks                                   | 6 303 808         | 5 973 648          | Short-term loans                               | 0                 | 0                 |
| Own production stocks                              | 331               | 203                | Short-term loans                               | 481 933           | 664 995           |
|  |                   |                    | Other current liabilities                      | 994 768           | 843 346           |
|  |                   |                    | Valuation difference                           | 0                 | 0                 |
| <b>IV. Prepayments and deferred expenses</b>       | <b>281 033</b>    | <b>159 011</b>     | <b>IV. Provisions and accrued liabilities</b>  | <b>183 971</b>    | <b>189 977</b>    |
|  |                   |                    | Provisions                                     | 102 814           | 97 145            |
|  |                   |                    | Accruals and deferred income                   | 81 157            | 92 832            |
| <b>V. Other assets</b>                             | <b>3 041 823</b>  | <b>4 016 422</b>   | <b>V. Other liabilities</b>                    | <b>4 891 845</b>  | <b>5 027 444</b>  |
| Intangible assets                                  | 188 903           | 125 815            | Long-term liabilities                          | 2 307 585         | 2 682 374         |
| Tangible assets                                    | 2 777 301         | 3 881 571          | Equity   | 2 584 260         | 2 345 070         |
| Non-current financial assets                       | 75 619            | 9 036              |  |                   |                   |
| <b>Total assets:</b>                               | <b>12 116 457</b> | <b>12 164 257</b>  | <b>Total liabilities:</b>                      | <b>12 116 457</b> | <b>12 164 257</b> |

### Cumulation of Liquidity balance sheet

| Degrees calculated from the liquidity balance sheet: | Previous year |           |        | Current year |           |        |
|--|---------------|-----------|--------|--------------|-----------|--------|
|  | Asset         | Liability | %      | Asset        | Liability | %      |
| I total  | 541 166       | 4 709 140 | 11,49  | 321 992      | 4 786 749 | 6,73   |
| I+II total   | 2 489 462     | 5 563 940 | 44,74  | 2 014 973    | 5 438 495 | 37,05  |
| I+II+III total                                       | 8 793 601     | 7 040 641 | 124,90 | 7 988 824    | 6 946 836 | 115,00 |
| I+II+III+IV total                                    | 9 074 634     | 7 224 612 | 125,61 | 8 147 835    | 7 136 813 | 114,17 |

Grade I: indicates immediate solvency – reflects a liquidity shortage on the asset side

Grades I+II: indicates short-term solvency – reflects a liquidity gap on the asset side

Grades I+II+III: longer-term solvency can be tested – equilibrium is restored, i.e. current assets fully cover liabilities, there is liquidity surplus in each year

Grades I+II+III+IV: assets cover liabilities – the business has an overall liquidity surplus, the amount of assets in each grade is higher than the amount of liabilities in the grade to which they relate, according to their ability to be liquidated

## LIQUIDITY INDICATORS

| Indicator                              | Calculation of the indicator  | Previous year<br>THUF             | Current year<br>THUF              | Previous year<br>% | Current year<br>% | Change<br>% |
|--|---|-----------------------------------|-----------------------------------|--------------------|-------------------|-------------|
| Liquidity ratio<br>(Current ratio)     | $\frac{\text{Current assets}}{\text{Current liabilities}}$                                | $\frac{8\,793\,601}{7\,040\,641}$ | $\frac{7\,988\,824}{6\,946\,836}$ | 124,90             | 115,00            | 92,07       |
| Quick liquidity ratio<br>(quick ratio) | $\frac{\text{Current assets} - \text{Inventories}}{\text{Current liabilities}}$           | $\frac{2\,489\,462}{7\,040\,641}$ | $\frac{2\,014\,973}{6\,946\,836}$ | 35,36              | 29,01             | 82,03       |
| Cash liquidity I.                      | $\frac{\text{Cash and cash equivalents} + \text{Securities}}{\text{Current liabilities}}$ | $\frac{557\,046}{7\,040\,641}$    | $\frac{467\,911}{6\,946\,836}$    | 7,91               | 6,74              | 85,13       |
| Cash liquidity II.                     | $\frac{\text{Cash and cash equivalents}}{\text{Current liabilities}}$                     | $\frac{541\,166}{7\,040\,641}$    | $\frac{321\,992}{6\,946\,836}$    | 7,69               | 4,64              | 60,30       |

### Liquidity ratio:

The indicator expresses how many times the value of current assets, considered as liquid assets, is compared to the value of liabilities due within the year. The ideal value is between 150–180%. The indicator for the company is below this limit, but the assets that can be liquidated within the year still cover the liabilities that fall due within the year.

### Quick ratio:

Its value is usually around half of the liquidity ratio because inventories account for about half of current assets. The higher the value of the indicator, the better, and is between 130% and 150%. The reason for the low value of the indicator is that the financing of leasing contracts also leads to a significant increase in current liabilities, and current assets and inventories also increased significantly during the pandemic period, resulting in an overall decline in the ratios.

### Cash liquidity:

Of course, the value of the indicator is always lower than the value of the liquidity indicator. The business has no sufficient funds to pay its liabilities within one year. The indicator expresses the ability to meet payments immediately due, with a minimum value of 20%. Only a small portion of current liabilities need to be settled at once. Keeping too much of current assets in liquid form can significantly reduce profitability. The value of the indicator will be ideal if the most liquid asset – cash – increases and current liabilities decrease. The indicator is lagging behind expectations due to a decrease in cash.



## 6. Calculation of the corporation tax

### Explanation of the adjustment items in the assessment of corporation tax

data in THUF

|                            |               |
|----------------------------|---------------|
| <b>Pre-tax profit/loss</b> | <b>50 222</b> |
|----------------------------|---------------|

#### 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                                       | 38 900           |
| 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                       | 1 195 922        |
| Amount of development reserve recorded as a tied-up reserve at the last day of the tax year                                  | -                |
| Dividends/profit-sharing received  | 394              |
| 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 | 1 195            |
| <b>Total items increasing the tax base</b>   | <b>1 236 411</b> |

#### Items increasing the tax base

data in THUF

|  |                |
|--|----------------|
| Amount of provision for contingent liabilities, future costs   | 33 231         |
| Book value of depreciation, amortisation and write-offs recognised in accordance with the Accounting Act | 884 830        |
| Costs and expenses not related to entrepreneurial, revenue-generating activities                         | -              |
| Amount of the fine imposed by a final decision recognised as an expense                                  | 19             |
| Amount of impairment loss recognised on receivables in the tax year                                      | 25 381         |
| Receivables waived in the tax year but not considered as irrecoverable                                   | 8              |
| <b>Total items increasing the tax base</b>   | <b>943 469</b> |
| Total tax base   | 0              |
| <b>Calculated corporation tax</b>  | <b>0</b>       |
| Interest discount  | 0              |
| <b>Total tax credits</b>   | <b>0</b>       |
| <b>Corporation tax liabilities</b>   | <b>0</b>       |

|                              |               |
|------------------------------|---------------|
| <b>Profit/loss after tax</b> | <b>50 222</b> |
|------------------------------|---------------|

## 7. CASH FLOW Statement

data in THUF

| Description |  | 2021.12.31        | 2022.12.31        |
|-------------|--|-------------------|-------------------|
| <b>I.</b>   | <b>Operating cash-flow (rows 1-13)</b>   | <b>-1 072 526</b> | <b>692 503</b>    |
| 1.a         | Pre-tax profit +/-   | 251 255           | 50 222            |
|             | <i>of which support for operation, financially settled</i>                               | 573               | 698               |
| 1.b         | Adjustment to the pre-tax profit/loss +  | -52 814           | -81               |
|             | <i>1. Adjusted profit before tax (1a+1b) +</i>   | 198 441           | 50 141            |
| 2.          | Recognised amortization  | 544 101           | 457 072           |
| 3.          | Recognised impairment and reversed items   | 38 223            | 24 186            |
| 4.          | Difference between provisions allocated and used   | 59 321            | -5 669            |
| 5.          | Profit/loss from the sales of non-current assets   | -37 014           | -145 125          |
| 6.          | Changes in trade payables  | -82 901           | -203 054          |
| 7.          | Changes in other short-term liabilities  | 1 057 145         | 109 249           |
| 8.          | Changes in accruals and deferred income  | -9 741            | 11 675            |
| 9.          | Changes in trade receivables   | -511 681          | 358 718           |
| 10.         | Changes in current assets (less accounts receivable and liquid assets)                   | -2 323 115        | 202 699           |
| 11.         | Change in prepayments and deferred expenses  | -4 893            | 122 022           |
| 12.         | Taxes paid, payable (on profit)  | -412              | 0                 |
| 13.         | Dividend and profit sharing paid and payable   | 0                 | -289 411          |
| <b>II.</b>  | <b>Investment cash flow (rows 14-18)</b>   | <b>-797 123</b>   | <b>-1 286 152</b> |
| 14.         | Purchase of fixed assets   | -805 064          | -1 926 012        |
| 15.         | Sales of non-current assets  | 547               | 639 466           |
| 16.         | Repayment, termination, redemption of long-term loans granted and bank deposits placed + | 7 394             | 0                 |
| 17.         | Long-term loans granted and bank deposits placed -                                       | 0                 | 0                 |
| 18.         | Dividend, profit sharing received +  | 0                 | 394               |
| <b>III.</b> | <b>Financing cash-flow (rows 19-26)</b>  | <b>2 072 856</b>  | <b>374 788</b>    |
| 19.         | Income from shares issued, capital contributed +   | 0                 | 0                 |
| 20.         | Bonds and loan securities  | 0                 | 0                 |
| 21.         | Borrowings   | 10 376 518        | 2 169 101         |
| 22.         | Funds received   | 13 332            | 0                 |
| 23.         | Redemption of shares, capital extraction   | 0                 | 0                 |
| 24.         | Bonds and loan securities  | 0                 | 0                 |
| 25.         | Repayment of loans and credits   | -8 316 994        | -1 794 313        |
| 26.         | Non-repayable funds transferred  | 0                 | 0                 |
| <b>IV.</b>  | <b>LIQUID ASSETS VARIATION (rows I+II+III)</b>   | <b>203 207</b>    | <b>-218 861</b>   |
| 27.         | Revaluation of currency cash and cash equivalents +                                      | 7                 | -313              |
| <b>V.</b>   | <b>Cash and cash equivalents changes in balance sheet (rows IV+27.)</b>                  | <b>203 214</b>    | <b>-219 174</b>   |



AGRICULTURAL & CONSTRUCTION MACHINERY

## DM-KER NYRT.

2310 Szigetszentmiklós, Csepeli út 22.

Tax number: 27048090-2-44

Company registration number: 13-10-041955

CSO: 27048090-4663-114-13

## MANAGEMENT REPORT

**01.01.2022 – 31.12.2022**

DMKER



STANDARD  
MARKET

Listed on the Standard Market of  
the Budapest Stock Exchange

Handwritten signature of Barnabás Kocsy in blue ink.

Barnabás Kocsy  
Member of the Board / CEO

Handwritten signature of Judit Szegedi in blue ink.

Judit Szegedi  
CFO / Deputy CEO

## Introduction

DM-KER Nyrt. serves the needs of its business partners by trading, renting, supplying spare parts and servicing construction and agricultural machinery in Hungary. The company's activities are mainly focused on supplying domestic companies, but we also increasingly sell spare parts and used tools to neighbouring countries.

DM-KER Nyrt. provides brand representation for the products of several renowned manufacturers. The most important product is Bobcat made in the Czech Republic, for which the company acts as the exclusive distributor and repair workshop in Hungary. It also has exclusive sales and service rights for South Korean Doosan machines in the Slovakian market in addition to Hungary. 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. The latest milestone in the company's evolution, in 2022, is that its shares are now listed in the Standard category. As a result, the company applies the International Financial Reporting Standards (IFRS) as of 1 January 2023.

## Data of the Company

|  |  |
|--|--|
| <b>Name</b>  | DM-KER Nyilvánosan Működő Részvénytársaság   |
| <b>Abbreviated name</b>                              | DM-KER Nyrt.   |
| <b>Registered office</b>                             | 2310 Szigetszentmiklós, Csepeli út 22.   |
| <b>Phone number</b>                                  | +36-1-257-6261   |
| <b>Main e-mail</b>                                   | info@dmker.hu, Website: www.dmker.hu   |
| <b>Company registration number</b>                   | Company reg. no. 13-10-041955  |
| <b>Tax number</b>                                    | 27048090-2-44  |
| <b>Community tax number</b>                          | HU27048090   |
| <b>Statistical Code</b>                              | 27048090-4663-114-13   |
| <b>Duration of the activity</b>                      | indefinite   |
| <b>Legal form of company</b>                         | public limited company   |
| <b>Governing law</b>                                 | Hungarian  |
| <b>Date of the effective Articles of Association</b> | 10 October 2022  |
| <b>Main activities</b>                               | 4663 Wholesale of mining, construction and civil engineering machinery   |
| <b>Financial year</b>                                | the same as the calendar year  |
| <b>The auditor of the Company</b>                    | Interauditor Consulting Kft.<br>(Company reg. no.: 01-09-388885, 1074 Budapest, Vörösmarty utca 16-18. ground floor 1/F) |
| <b>Person responsible for the audit</b>              | Ferencné Móri  |
| <b>Number of chamber membership</b>                  | MKVK 003356  |



## Presentation of sites

The headquarters of DM-KER Nyrt. is owned by the company. In order to build the new, larger headquarters, an appropriately sized plot of land was purchased in 2019 to allow the headquarters and the service centre to be located on the same property. The aim is to ensure that no rental costs are incurred after the project is completed.

Due to the virus situation, the project could not start in 2020, and in 2021 it could not start due to the approval of the amendment of the building permit, but in 2022 construction started and we still plan to complete the project.

The company also has a rented premises in Szigetszentmiklós, at 2310 Szigetszentmiklós, Csepeli út 39.

Once the investment is completed, the site will be replaced.

There are also other company-owned sites in Bátaszék, Tiszafüred and Vámoszabadi. The investment in Tiszafüred has been completed, we received the occupancy permit for the property in mid-December, and all other sites have an operating permit.

|   |                      |
|---|----------------------|
| 2310 Szigetszentmiklós, Csepeli út 22.  | top. lot no. 0182/42 |
| 9064 Vámoszabadi, Suburban area 059/94. | top. lot no. 059/94  |
| 5350 Tiszafüred, Húszöles út 21.        | top. lot no. 1416/6  |
| 7140 Bátaszék, Gauser Telep 1/6.        | top. lot no. 1416/6  |



## Place of publication of notices

In cases where the Civil Code or Act V of 2006 on Public Company Information, Company Registration and Winding-up Proceedings or Act CXX of 2011 on Capital Markets (Capital Market Act) or other legislation obliges the Company to publish an announcement, the Company shall fulfil this obligation on the Company's website ([www.dmker.hu](http://www.dmker.hu)), on the BSE website ([www.bet.hu](http://www.bet.hu)) and, where expressly provided for by legislation, on the website operated by the Magyar Nemzeti Bank ([www.kozzetetelek.hu](http://www.kozzetetelek.hu)).

## Breakdown of the share capital by shares

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 production of shares: dematerialised shares ISIN code of the Shares: HU0000176722

Ownership structure – list and presentation of owners greater than 10% as at 31 December 2022 for the series introduced, based on ownership declarations made until 31.12.2022:

| Name   | Ownership ratio |
|--|-----------------|
| BF Trustee Kft.  | 27,42%          |
| Intravirtus Kft  | 15,54%          |
| Ferenc Bátor   | 15,04%          |
| Sándor Megyeri   | 12,66%          |
| Széchenyi Alapok Kockázati Tőkealap Széchenyi Alapok Zrt | 12,65%          |

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

Executive officers, members of the Board of Directors, members of the Supervisory Board, members of the Audit Committee act on the basis of an assignment legal relationship. The creation and termination of the position of CEO and Deputy CEO, the appointment of the CEO and the exercise of their powers of employment are the responsibility of the Board of Directors.

## 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   |
| Zsolt Horváth    | 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

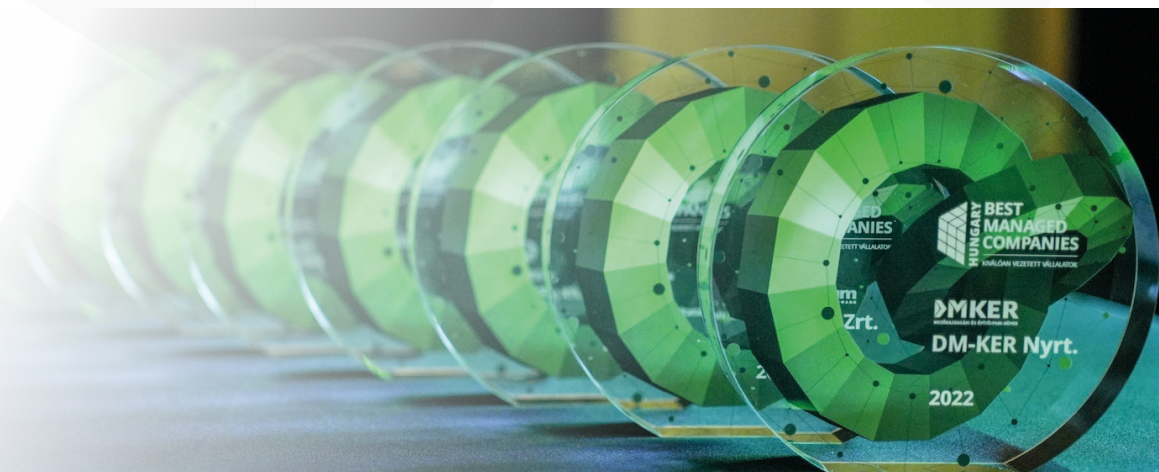
- Ferenc Bátor, Chairman of the Board of Directors, individually;
- Sándor Megyeri and Barnabás Kocsy, members of the Board of Directors, and Judit Szegedi, Deputy Chief Financial Officer, jointly.

The Company publishes its Corporate Governance Report and Remuneration Policy on the Company's website [www.dmker.hu](http://www.dmker.hu) and on the BSE website ([www.bet.hu](http://www.bet.hu)).

## Business environment, activities and strategy of DM-KER Nyrt.

### Major milestones in the history of DM-KER Nyrt.

|                         |   |
|-------------------------|---|
| <b>25 April 2008</b>    | ● Foundation of the predecessor DM-KER Kft.   |
| <b>May 2011</b>         | ● Purchase of the Szigetszentmiklós central site.   |
| <b>2014</b>             | ● Direct factory contact with Bobcat and Doosan dealers.  |
| <b>2015</b>             | ● Conclusion of a medium-term brand representation contract.  |
| <b>31 August 2019</b>   | ● Transformation of DM-KER Kft. into DM-KER Zártkörűen Működő Részvénytársaság.   |
| <b>October 2019</b>     | ● DM-KER Zrt. signs a new agreement for the exclusive distribution of Bobcat and Doosan machines until 31 December 2023.  |
| <b>16 December 2019</b> | ● Change of the legal form of DM-KER Zrt. to DM-KER Nyilvánosan Működő Részvénytársaság (DM-KER Nyrt.), then the shares were admitted to the Xtend multilateral trading system operated by the Budapest Stock Exchange (BÉT). |
| <b>30 January 2020</b>  | ● DM-KER Nyrt's first trading day on the Xtend trading system.  |
| <b>01 December 2021</b> | ● DM-KER Nyrt. has been granted the exclusive distribution rights for Doosan machines in Slovakia.  |
| <b>24 March 2022</b>    | ● admission to BÉT Standard category  |
| <b>November 2022</b>    | ● gaining the Best Managed Companies certification..  |



## The operation of DM-KER Nyrt.

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 revenue of DM-KER Nyrt. has shown a steady growth in the period 2011-2022:

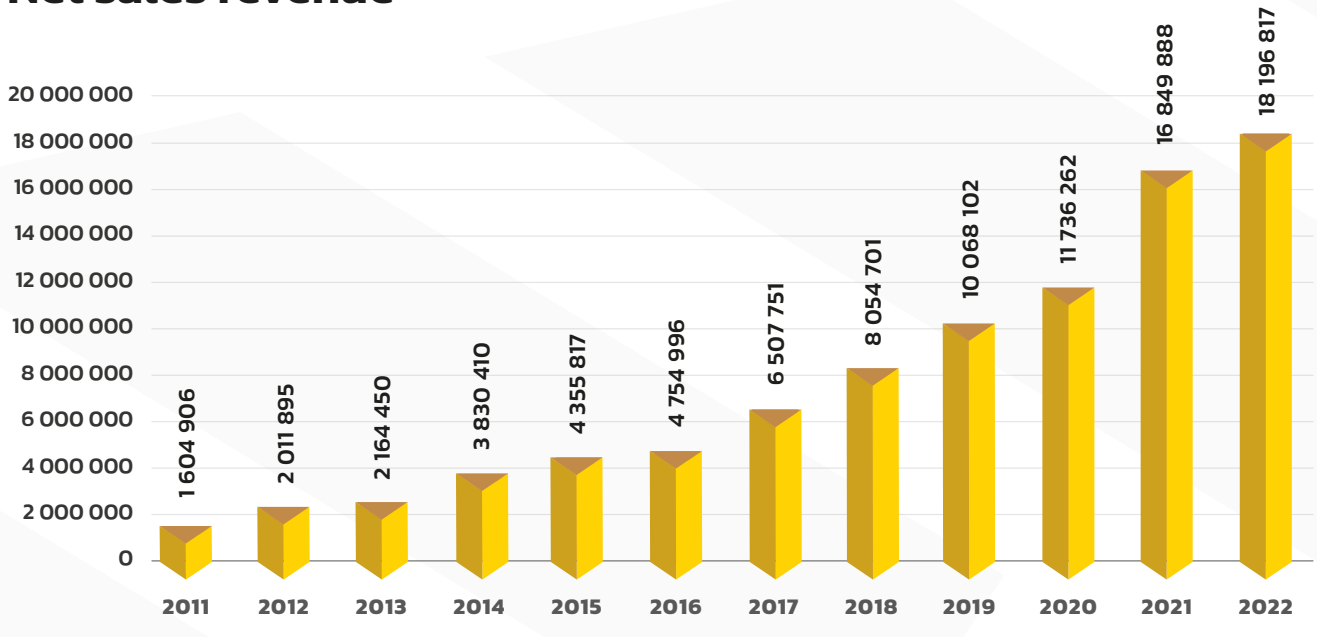
data in THUF

| Year | Net sales revenues | 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%      |
| 2022 | 18 196 817         | 8%       |

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

## Net sales revenue

data in THUF



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



## DM-KER Nyrt's revenues by activity



Revenue from the sale of machinery:

**89%**



Revenue from rental activities:

**3%**



**4%**

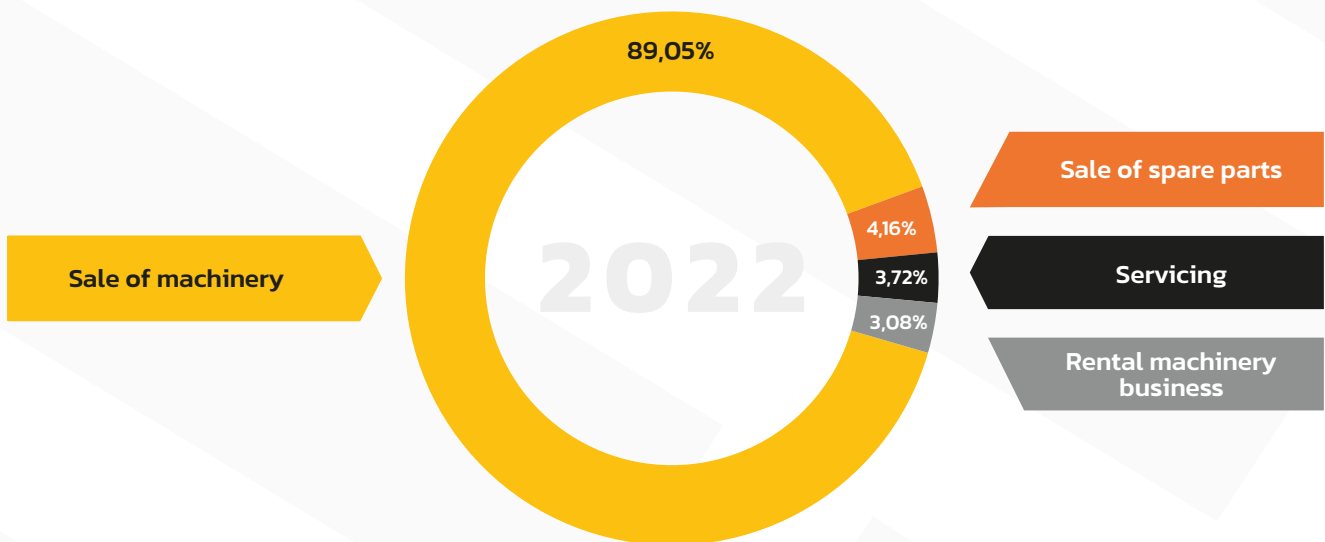
of DM-KER Nyrt's revenue from the sale of spare parts.



**4%**

of DM-KER Nyrt's revenue was generated by the service activities.

## Breakdown of revenue 2022



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



# Business sector reports

## Sale of machinery

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The company remained a major player in the construction and agricultural machinery sales sector. A significant part of the annual revenue comes from the sale of construction and agricultural machinery.

Currently, construction machinery sales are still the most important, accounting for 80 per cent of the total machinery sales stock, but we are constantly striving, and last year was no exception either, to balance this ratio as much as possible. To achieve this, we have added more products to our product range.

In mid-2022, we managed to conclude an agreement with KUHN MEZŐGAZDASÁGI GÉP Kft., a French machinery distributor, thus broadening our portfolio. This allows us to offer our customers more options and more solutions in one hand.

In the second half of the year, sales of lower-performance, lower-priced machines were strong, while the market for large machines slowed down significantly due to the difficult economic conditions in Hungary and abroad. Despite this, the specific sales solutions we have developed have enabled us to achieve a similar product mix by the end of the year, despite all the adverse market developments, as in the previous year.

We implemented the strategy outlined in the 2021 financial year to improve our sales system in two areas

in order to further strengthen our market position:

Our partner network became stronger. This business model offers us the opportunity to further increase the sales of the models sold by us without expanding our own sales team.

Our company is able to continuously respond to market needs at a faster pace than our competitors. Our partners have a contractual relationship with our company, which is based on a transparent and predictable service system. In 2022, the net sales of machines sold by our partner network was HUF 2,14 billion, which represents 19% of the revenue of machine sales.

A further development is the training of our regional representatives, so that they can further develop the optimal solutions and offers for our customers as consultants. The purpose of specialisation is to offer the product best tailored to the customer's needs and thus establish a basis for long-term cooperation. Our product range has been categorised, with our consultant colleagues assigned to each category. They are able to do their job more credibly as experts in a particular field.

We have increased our presence at trade fairs and agricultural events, and we also try to bring customers closer to our products at our own events.

## Construction industry machines



The company's sales strategy for construction equipment was driven by its two flagship brands, Bobcat and Doosan. In the construction machinery segment, we set two main goals. On the other hand, to continue and increase the market share of the Bobcat brand and, 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. When it comes to Doosan machines, the demand for rubber wheel excavators is the highest and growing.

## Agricultural machinery



The flagship of our agricultural portfolio is still the Agrifac self-propelled sprayer, which maintains its market position through continuous innovation, offering our customers technologies that are not available from competitors.

Sales of Bobcat telescopic loaders remain high, we sold 65 of them in 2022.



## 2022 sales strategy in the light of the war

The year 2022 caused difficulties in all industries and therefore also affected the operations of DM-KER Nyrt. Despite the difficulties, we were able to meet our 2022 plans, retain our full workforce and even add more staff to our organisation. The impact of the war on our customers could be sensed in two main areas in the second half of the year. On the one hand, the high rate of inflation, and on the other hand, the slowdown in the industry has been caused by the lack of tender funding possibilities. Our company reacted quickly and with a flexible strategy to the economic situation. We were able to provide our partners and customers with business offers that allowed them to adapt to the economic situation that evolved.

### Manufacturers

As an impact of the crisis caused by the war, the production capacity of suppliers is hampered. As a result, delivery times have increased significantly. Similar challenges are forecast for 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 ability supply.

### Customers

In 2022, with many of our customers struggling with the economic crisis, we continued to help them optimise their operations with flexible strategies and financing options, rental machinery services and expert product advice.

The volatility of the EURO exchange rate had a significant impact on the selling price of machinery ordered but not yet delivered. We have managed to develop a predictable payment method that benefits both our company and our customers.

DM-KER Nyrt. offers its partners a choice of several loan and leasing schemes for the sale of machinery, which are intermediated by DMFS Kft., a subsidiary of DM-KER Nyrt.

## Sale of spare parts

In 2022, we continued to implement our strategy set out also in the previous year. The primary objective was to maintain profitability while increasing turnover. It is an important part of the strategy that, in addition to human resource development, new online sales channels were involved in the expansion of the agricultural product range. The development of webshop functions is underway and a concept has been launched to harmonise the sale of spare parts with the sale of machinery. At the same time, it shifts potential customers from the spare part sales process to the machinery sales area. As a result, our business achieved further intensive growth in turnover.



## Human Resources

In the area of human resources, we restructured our professional further development programme to strengthen the skills of our colleagues, thanks to which the technical and market-specific competence of salespeople was enhanced.

In the case of our regional representatives, the segmented sales process enabled us to offer a more personalised service to our customers.

## 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 partners include a group of companies that buy second-hand machines and new machines. The two segments differ significantly in terms of purchasing attitudes. While the owners of machines imported into Hungary from international markets or bought on the domestic second-hand market are more price-oriented, new machine buyers are more loyal to the brands. The latter purchasing behaviour is also reflected in the purchase of spare parts, which can be reinforced by the service provided during the guarantee period.

Primary competitors should be identified with a focus on serving these two target groups. Competing companies are typically present with aftermarket products. 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. This creates 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 the former years, we have built up a solid representative customer relationship. Based on a thorough understanding of the customer's needs, we were able to develop the "tour plans" that underpin our work, which helped to increase the efficiency of the work. Thus we have saved considerable cost and time in our daily work.

## Sales channels

In addition to the development of procurement and inventory management, we are continuously improving the e-commerce platform of DM-ker Nyrt. to achieve growth in turnover. More than 110 000 items are available in our online store, and we are constantly improving the operation of the webshop. The parallel operation of sales colleagues and the webshop also contributes to the professional knowledge of our customers, through which we increase the share of online sales.



## Rental machinery business

The difficulties caused by the domestic and international economic situation have led to an increase in the demand for rental and second-hand machinery. Responding to the changes, in 2022 DM-KER, sought to expand its fleet of rental machinery and meet the needs of its customers. The consequences of the crisis made construction projects unpredictable in 2022, resulting in more people turning to rental machinery service providers. This has opened up more space to expand our customer base in the construction industry. Our company's strategy is to focus on increasing the rental of our construction machinery in addition to the current demand, which is mainly from the agricultural sector. 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 2022 we increased further our presence in the waste treatment industry and renewable energy companies.

## Market analysis

DM-KER Nyrt's current fleet of rental machines represents 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 rental machinery, we take into account the seasonality of the agricultural sector and the fluctuations in the construction industry.

The development of DM-KER Nyrt.'s service department also has a positive impact on the rental machinery business, as we can rent out prepared machines and quickly and efficiently hand over the machines to new customers after they have been used in the right condition.

The modern and reliable brands we represent prove and ensure the precision of our work every day for the leading companies in the sector. This has enabled us to further expand our customer base also in 2022. The quality of the rental machines will continue to be an essential condition for maintaining the long-term relationships that have been established.

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.

## Our customers

In 2022, our customers using rental machinery were mostly companies in the agricultural sector. Our aim is to continue to increase our role as a provider of rental machinery to the construction industry.

In 2022, we started to develop a new range of partners, taking advantage of the company's human resource potential. By renting out the machinery, we have an additional opportunity to introduce our products to the market. In case of rental, the request is for a specific type and size of machine, and we will try to provide the most suitable type available. Rent is the best way for our customers to get to know new, current models and their features in use.

## Summary

Machine rental is a separate business unit 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. The branch managed to meet its turnover target for 2022.



## Servicing



In 2022, the service business of DM-KER Nyrt. continued to focus on improving the quality of its service by increasing the number of service vehicles, tools and other diagnostic equipment. In addition to ongoing internal training, training abroad has also resumed, which is very important in keeping up to date with the technology of the manufacturer. We have improved the skills of our technicians, enabling them to do their jobs faster and more accurately.

In addition to increasing the number of mechanics, upgrades and improvements to service vehicles and service tools provide us with the latest diagnostic equipment and tools to perform repairs. The number of investments has increased in line with the increase in staff. With this, in 2022 the average repair time continued to decrease relative the previous year, through which we achieved some improvement in customer satisfaction. Thanks to the increased capacity of our mechanic staff, we are able to serve the ever-increasing service needs of our rural sites in addition to our headquarters in Budapest. The improvement in personal, customer and partner relations also supports machine and spare part sales and the use of rental machinery.

Further training enables our technicians to provide service with a high level of technical knowledge. A GPS-based telemetry system built into the machines by the manufacturers supports work organisation, thus improving service efficiency. It helped to shorten service intervals, as the service

department is informed of the tasks to be performed. The new development and testing of the new electronic record and worksheet management system, which started in 2021, was completed in 2022. This speeds up the recording, tracking and allocation of incoming service requests to the technician, and the generation of worksheets and invoicing.

The continuous development of the service team and its assets has contributed to the fact that the revenue target for the service business for the financial year 2022 was met.

## Human resources

The labour market in Hungary is characterised by frequent fluctuations, resulting from both the changing economic situation and the changing attitudes of workers due to the COVID pandemic. The wartime energy crisis also led to labour shortages in a number of industries in the first half of 2022, but this was reversed in the second half of the year as a large number of jobseekers entered the labour market due to large layoffs caused by the economic crisis felt across the country.

The increase in the number of jobseekers was most noticeable in the field of professional and office work, which also proved to be beneficial for our company, as DM-KER Nyrt. also saw an increase in the number of vacancies in these areas. The need for new staff was driven by continued business growth.

The company employs employees in the course of its operations. The average statistical headcount was 77 in the previous year and 91 in the current year. The number of active employees at the balance sheet date was 96.

In expanding our workforce, we focused on growing our service team, in addition, an increase in the number of office staff also became important in the context of the planned IFRS changeover and the new corporate governance system implementation project. We successfully met these targets in 2022 through effective recruitment campaigns and employee recommendations from our loyal and committed employees.

Staff fluctuation was also reduced compared to the previous year. This is mainly due to the fact that we are constantly expanding the opportunities and training offered to our employees, and the home office option introduced in previous years has also contributed to the satisfaction of our colleagues. The restoration of international travel opportunities allowed us to restart professional training abroad, raising the skills of the service team in order to meet the manufacturer's requirements.

Phase I of our company's ESOP programme was successfully completed during the year. This also contributes to strengthening the loyalty of the employee team.

The flexibility, development and empathy of our managers is another key to retaining our employees, which is why we are paying increasing attention to the selection and continuous development of our managers.

## Research, experimental development

The company does not carry out research and experimental development and does not plan to do so in the future. No investments were made and no costs were incurred in this respect.

## Environmental protection

DM-KER Nyrt. uses substances that are harmful to the environment, such as engine oil and engine waste. It fulfils its obligations under the Waste Management Act. It has a contract with Faragó Környezetvédelmi Kft for the disposal and transport of hazardous waste. The disposal of hazardous waste containing oil is performed also with the involvement of Faragó Környezetvédelmi Kft. We incurred a total of THUF 11 865 in waste disposal costs in the current year.

We comply with our annual waste declaration obligations.

## Use of financial instruments, risk management

At the beginning of the year the company held the following financial instruments; the purchase of shares in Megakrán Nyrt. and shares in WIS Holding Zrt. During the year, the company sold all its shares in WIS Holding Zrt. and part of its shares in Megakrán Nyrt. The risk in this respect is minimal, given the size of the value, which is THUF 8 036.

Therefore, a risk management policy and a hedging policy are not necessary.



## ESOP programmes

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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.

The Shares transferred to the ESOP Organisation under the ESOP I scheme were shown as holding in the

accounts. The programme was closed successfully in 2022, the shares were distributed, so the holding was removed from the books.

Under the ESOP II and III, no shares were transferred to the ESOP Organisation. The conditions of the ESOP II program are not expected to be met, and the ESOP Organisation may not exercise its call option for this program.

The fair value measurement is applied by the company for its equity investments.

## Affiliated and related companies

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### DMFS Kft.



DM-KER Financial Services Kft (DMFS Kft) was established in November 2021. DM-KER Nyrt. has a 20% stake in the company, its share capital is THUF 5 000 and its core activity is other auxiliary financial activities. The managing director of the company performs his duties as managing director from the date of its incorporation in the context of an employment relationship.

DM-KER Nyrt. had the following transactions with DMFS Kft. in 2022:

- DM-KER Nyrt. provided a short-term shareholder loan of THUF 3 000 to DMFS Kft. at market interest rate. The loan agreement was approved by the members' meeting of DMFS Kft. The loan was repaid and the interest was paid in the current year.
- DM-KER Nyrt. provides a post office sub-box rental service to DMFS Kft. as an intermediated service.
- DM-KER Nyrt. provided computer technology equipment to DMFS Kft. The tangible assets were sold under market terms and conditions.

### Intravirtus Kft.

Intravirtus Kft. was established in May 2022. DM-KER Nyrt. has no business shares in the company, which is owned by Ferenc Bátor, Chairman of the Board of Directors, in 100%. Its core activity is the wholesale of mining and construction machinery.

With regard to economic relations, the two companies qualify as affiliated companies pursuant to Section 4

(23) (f) of the Corporate Tax Act.

In 2022 the following transaction took place between Intravirtus Kft. and DM-KER Nyrt.:

Intravirtus Kft. purchased a used machine from DM-KER Nyrt. The sales transaction was conducted under market terms and conditions.



## Results achieved in 2022

In the last 10 years, our company has sold to nearly 9 057 customers. Of these, we have direct sales relationships with an average of more than 2 500 customers per year. In 2022, a total of 2 640 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 2022, our revenue increased by 8%, driven primarily by growth in our services beyond sales, spare part sales, service and revenue from rental machinery. External economic conditions have resulted in a market situation in which the market for the sale of new machines is shrinking, and our company is therefore

investing considerable energy in the development of after sales activities.

Two important milestones can be emphasised in the life of our company in the 2022 financial year. In March, the move to the Standard category of the Budapest Stock Exchange took place. In addition, the management of DM-KER Nyrt. received extremely positive external feedback when our company was awarded the Best Managed Companies award by Deloitte Hungary, one of the big four international consulting firms.

The new corporate governance system is being introduced in accordance with the planned schedule. The previously well trained team copes with the additional workload without any problem.

## Key indicators for our business lines

data in THUF

| Domestic sales revenues               | 31.12.2021        | 2022 Budget       | 2022 Actual       |
|---------------------------------------|-------------------|-------------------|-------------------|
| Sale of machinery                     | 14 675 604        | 14 330 210        | 15 621 112        |
| Sale of spare parts                   | 640 144           | 894 320           | 719 755           |
| Service sales                         | 507 918           | 578 389           | 564 666           |
| Lease                                 | 394 890           | 693 442           | 559 251           |
| Other re-invoiced                     | 21 257            | 9 600             | 19 145            |
| <b>Total domestic sales revenues:</b> | <b>16 239 813</b> | <b>16 505 961</b> | <b>17 483 929</b> |

| Export sales                  | 31.12.2021     | 2022 Budget    | 2022 Actual    |
|-------------------------------|----------------|----------------|----------------|
| Sale of machinery             | 488 091        | 334 000        | 563 530        |
| Sale of spare parts           | 7 446          | 67 650         | 36 675         |
| Service                       | 114 537        | 126 600        | 112 683        |
| <b>Total export revenues:</b> | <b>610 075</b> | <b>528 250</b> | <b>712 888</b> |

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

Our company exceeded its planned sales revenues by 29% in the previous year. For 2022, we planned to achieve THUF 17 034 211 in sales revenue, which actually came to THUF 18 196 817, which corresponds to a 7% overachievement.

Based on our market surveys, we expect a temporary drop in demand in 2023 due to the current prolonged war situation and the drying up of EU funds, resulting in a slight decline in turnover. According to our expectations, this will be a decrease of 3–4% relative to the previous year.

## Summary data

data in THUF

| <b>Other revenues:</b>                   | <b>2021 actual</b> | <b>2022 plan</b> | <b>2022 actual</b> |
|--|--------------------|------------------|--------------------|
| Revenue from the sale of tangible assets | 37 561             | 356 614          | 146 160            |
| Claim event                              | 0                  | 0                | 1 885              |
| Rebate                                   | 143 310            | 86 000           | 10 048             |
| Other                                    | 62 373             | 26 101           | 78 879             |
| <b>Total other revenues:</b>             | <b>243 244</b>     | <b>468 715</b>   | <b>236 972</b>     |

data in THUF

| <b>Revenues of financial transactions</b> | <b>2021 actual</b> | <b>2022 plan</b> | <b>2022 actual</b> |
|---|--------------------|------------------|--------------------|
| Interest income                           | 780                | 147              | 11 034             |
| Foreign exchange gain                     | 244 268            | 303 309          | 272 080            |
| Received (earned) dividend                | 0                  | 0                | 394                |
| Income from financial investments         | 0                  | 0                | 239                |
| <b>Total:</b>                             | <b>245 048</b>     | <b>303 456</b>   | <b>283 747</b>     |

data in THUF

| <b>Cost of goods sold</b>        | <b>2021 actual</b> | <b>2022 plan</b>  | <b>2022 actual</b> |
|----------------------------------|--------------------|-------------------|--------------------|
| Cost of machinery sold           | 13 579 632         | 12 593 544        | 14 282 478         |
| Parts                            | 472 966            | 673 534           | 582 820            |
| <b>Total cost of goods sold:</b> | <b>14 052 598</b>  | <b>13 267 078</b> | <b>14 865 298</b>  |

|  | 2021 (in THUF) | 2022 (in THUF)   | 2022/2021 (%) |
|--|----------------|------------------|---------------|
| Net sales revenues                         | 16 849 888     | 18 196 817       | 107,99        |
| Capitalised value of own performance       | 331            | - 128            | -38,67        |
| Other revenues                             | 243 244        | 236 972          | 97,42         |
| Material-type expenses                     | 15 128 197     | 16 233 262       | 107,30        |
| Staff expenditure                          | 794 999        | 961 325          | 120,92        |
| Depreciation and amortisation              | 544 101        | 457 072          | 84,00         |
| Other expenses                             | 205 645        | 183 095          | 89,03         |
| <b>PROFIT OR LOSS OF BUSINESS ACTIVITY</b> | <b>420 521</b> | <b>598 907</b>   | <b>142,42</b> |
| PROFIT/LOSS OF FINANCIAL TRANSACTIONS      | -169 266       | -548 685         | 324,16        |
| PROFIT BEFORE TAXATION                     | 251 255        | 50 222           | 19,99         |
| <b>EBITDA</b>                              | <b>964 622</b> | <b>1 055 979</b> | <b>109,47</b> |

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

**SUMMARY DATA**

|                              | 2021       | 2022       | 2022/2021% |
|------------------------------|------------|------------|------------|
| <b>NET SALES REVENUE</b>     |            |            |            |
|                              | 16 849 888 | 18 196 817 | 8%         |
| <b>DEPRECIATION</b>          |            |            |            |
|                              | 544 101    | 457 072    | -16%       |
| <b>OPERATING PROFIT/LOSS</b> |            |            |            |
|                              | 420 521    | 598 907    | 42%        |
| <b>EBITDA</b>                |            |            |            |
|                              | 964 622    | 1 055 979  | 9%         |
| <b>EQUITY</b>                |            |            |            |
|                              | 2 584 260  | 2 345 070  | -9%        |
| <b>BALANCE SHEET TOTAL</b>   |            |            |            |
|                              | 12 116 457 | 12 164 257 | 0%         |

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

## Key indicators

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The net sales revenue of the Company increased by 8% compared to the same period last year.

Our material costs rose by 7%, partly due to war-induced inflation. The share of intermediated services has fallen by 17% but the share of services used has risen significantly, by 28%. The purchase value of goods sold increased by 6%, mainly due to the unpredictability and high volatility of the exchange rate.

The 3% decrease in other revenue is not significant.

Depreciation decreased by 16%, due to the increased lifetime of the rental machinery fleet.

Among the risks affecting the company, the EUR exchange rate risk in the financial operations line was particularly significant this year. Accordingly, our biggest risk arose from exchange rate volatility. In 2021, our realised exchange gain is THUF 244 269 e, while in 2022 it was THUF 272 080. In the same period, our exchange losses are THUF 328 395 in 2021 and THUF 608 791 in 2022. A 3,2% deterioration was found in the result of financial operations for 2022.

Compared to the same period last year, the Company's personnel expenses increased by THUF 166 326. This is due to a 18% increase in our staff level.

The combined effect of these factors shows that the result from operating activities increased by 42% compared to the previous year, amounting to THUF 598 907.

Our interest expenses increased from THUF 87 919 in 2021 to THUF 163 751 in the current year.

However, the Company's Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) was 9% higher than in the same period of 2021. This predicts that despite the war and the high inflation, DM-KER Nyrt. will be able to maintain its growth plans in 2023.

The solvency of the Company's customer base is stable, as the impairment of receivables recognised in 2022 is THUF 25 381, while the reversal of impairment is THUF 1195.

Our guarantee costs are reimbursed by the manufacturing companies under our contracts, with a recovery rate of 80,24% in the current year, slightly below the 87,51% of the previous year. Consequently, our provisioning liability in 2022 was THUF 31 356, which relates to the warranty obligation of the servicing business line.

## Summary

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In recent years, the COVID pandemic was immediately followed by a war situation, making market processes more difficult, and affected all segments of the economy.

We were already preparing back at end of 2021 for a slowdown in machinery sales in 2022 due to the phasing out of government subsidies. In addition, the war that broke out, hyperinflation and an economic situation that was also heading towards a crisis internationally reduced financing possibilities. As a consequence of the crisis, the Hungarian construction industry slowed down, making it difficult for our customers to plan large-scale asset investments due to lack of work.

With a tightening market, by the end of summer 2022 we saw a decline in demand for heavy machinery, followed by a slowdown in buyer interest in compact

equipment in the second half of the year. The volatility of the EUR exchange rate put companies dealing with imports in a very difficult situation, and our company was also affected. The primary task of our management is to maintain the stability of our Company even in such a challenging economic environment.

Although the number of machines sold stagnated in 2022 compared to the previous year, our revenue still increased. The primary source of this is that all our businesses increased their revenue in after-sales, which accounts for ten percent of our turnover.

The company's strategy will continue to be to adapt flexibly to the economic crisis, the high inflation environment and the resulting changes in demand. As a result, it conducts a stable and predictable business.

## DECLARATION

**DM-KER Nyilvánosan Működő Részvénytársaság** (registered office: 2310 Szigetszentmiklós, Csepeli út 22., court of registration: Companies Court of the Budapest Capital Regional Court, company registration number: 13-10-041955, hereinafter: Company) declares, through its representative, that the Annual Accounts for 2022, prepared on the basis of the accounting regulations applicable from the business year of 2022 and according to the best knowledge of the Company, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the management report gives a true and fair view of the state of affairs, development and performance of the Company, presenting the main risks and uncertainties.

Szigetszentmiklós, 26 April 2023



Barnabás Kocsy  
Member of the Board / CEO



Judit Szegedi  
CFO / Deputy CEO

**DMKER**



**STANDARD  
MARKET**

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**DMKER**



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**DMKER**

**AGRICULTURAL & CONSTRUCTION MACHINERY**

**DM-KER Nyilvánosan Működő Részvénytársaság**

**2310 Szigetszentmiklós, Csepeli út 22.**

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