



MEZŐGAZDASÁGI ÉS ÉPÍTŐIPARI GÉPEK

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

**Semi-annual Report
for H1 2022**

(unaudited and unconsolidated)

DMKER



**STANDARD
MARKET**

Listed on the Standard Market of
the Budapest Stock Exchange

Szigetszentmiklós, 26 September 2022

A blue ink signature of Barnabás Kocsy.

Barnabás Kocsy
DM-KER Nyrt.
Chief Executive Officer

A blue ink signature of Judit Szegedi.

Judit Szegedi
DM-KER Nyrt.
Director of Finance

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Summary of the results achieved in H1 2022

The most significant event impacting the economy in the first half of 2022 was the breakout of the war. The changes in economic circumstances had a profound effect on the business environment in every industry. All of this had its implications for the operation of DM-KER Nyrt. during the first six months of the year. The fundamental strategy of the Company was not affected, but the completion of certain projects was delayed.

At a time when the crisis caused by the COVID-19 pandemic is still with us, another event has been shaping the economic environment in both Hungary and at international level. Europe and the entire world have become so interconnected via the business network that the impact of any crisis would immediately spread out. DM-KER Nyrt. managed to ensure stability in these circumstances as well.

The Company's management prepared for the market challenges faced by its suppliers in a timely manner, given the tremendous impact on the Company's operation. The Company scheduled its planned purchase orders with this in mind, allowing itself to implement a predictable and viable sales strategy, which is a unique feat among its competitors. The cross-border impact of the war severely damaged the delicate balance of supply chains. Relying on the lessons learned from the supply difficulties caused by the COVID-19 pandemic and continuing with this strategy, DM-KER Nyrt. decided to place significant early orders for machinery back in 2021, and this strategy proved to be financially reasonable in the first half of 2022.

The risk described above was taken based on experience gained in earlier years. The success of the adopted strategy is demonstrated by the changes in

revenues earned from sales and services during the first half of 2022.

The Company's strategy has remained unchanged, with a stronger presence in the agricultural market being one of our goals. A key pillar of this strategy is the resale agreement concluded with Kuhn Mezőgazdasági Gép Kft. for the distribution of a line of machinery for roughage, which demonstrates our commitment to quality and expands our product offering in the agricultural sector as well. Foreign expansion continues to be an important strategic direction for us.

The principles and aspects of environmental and social sustainability are taken into account in the course of the Company's day-to-day operations. As part of these efforts, we prefer all-electric and hybrid technologies when it comes to purchasing vehicles. In addition, we are promoting BOBCAT's electric mini excavator in the Hungarian construction market as an affordable and environmentally friendly piece of machinery, and we strive to significantly reduce the environmental impact of our office work. The new ERP system to be launched in 2023 will be connected to our existing CRM system used for improving our workflows and our software used for digitally managing our servicing activities, thereby assisting us in creating a paperless office.

The Company's operation is becoming more and more efficient through the expansion of our business units that complement machinery sales, and our goal is to offer a full range of high-quality services to our clients. With the increase in the number of machines sold, the staff size of the servicing, parts and logistics businesses has also expanded; as a result, our organisation became a payer for social security purposes in the first half of 2022.

Key profit figures for H1 2022

data in thHUF

	Jan-Jun 2021	Jan-Jun 2022	2022/2021 %
Net sales revenue	7,651,813	8,406,020	109.86
Own performance capitalised	457	-102	-22.32
Other income	189,173	64,745	34.23
Material type expenses	6,885,945	7,369,745	107.03
Staff costs	392,385	477,381	121.66
Depreciation	259,800	211,527	81.42
Other expenditures	173,130	76,266	44.05
OPERATING PROFIT	130,183	335,744	257.90
PROFIT ON FINANCIAL TRANSACTIONS	53,741	-172,950	-321.82
PRE-TAX PROFIT	183,924	162,794	88.51
EBITDA	389,983	547,271	140.33

Source: the Company's unaudited financial statements for 30 June 2022 and 30 June 2021, as well as unaudited data from the Company's management information system

Significant events in H1 2022

March 2022	The Company's annual General Meeting
March 2022	The Company was admitted to the Standard market of the Budapest Stock Exchange
April 2022	Launch of the ESOP III programme
June 2022	The Company became a payer for social security purposes
July 2022	Start of the implementation of a new ERP system
August 2022	Change in ownership structure

Introduction

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

Company data

Company name	DM-KER Nyilvánosan Működő Részvénytársaság
Short name	DM-KER Nyrt.
Registered office	2310 Szigetszentmiklós, Csepeli út 22.
Phone number	+36-1-257-6261
Central electronic contact information	info@dmker.hu, website: www.dmker.hu
Company registration number	Cg. 13-10-041955
Tax number	27048090-2-44
EU VAT number	HU27048090
Statistical code	27048090-4663-114-13
Duration of activities	indefinite
Legal form of the Company	public company limited by shares
Jurisdiction	Hungarian
Registered capital at the balance sheet date	HUF 631,155,000

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

Date of launch of the Company's ordinary shares on the Standard market: 24 March 2022

Appointed advisor of the Company for the Xtend market period: Navigator Investments Nyrt.

Date of the effective Statutes	28 March 2022
Principal activity	4663 Wholesale of mining, construction and civil engineering machinery
Financial year	identical to the calendar year
The Company's auditor	Interauditor Consulting Korlátolt Felelősségű Társaság
Registered office	1074 Budapest, Vörösmarty utca 16-18. A ép. fsz. 1/F.
Company registration number	01-09-388885
Chamber membership number	004408
Personally responsible auditor	Zsuzsanna Freiszberger
Chamber membership number	007229

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

Disclosures between 01/01/2022 and 26/09/2022

Date of publication	Subject
05/01/2022 12:12	Announcement on the registration of changes by the registry court
05/01/2022 12:14	Statutes
14/01/2022 17:00	Announcement on the presentation held at the start-of-year event of DM-KER Nyrt.
17/01/2022 18:48	Announcement on shareholder communications concerning the acquisition offer announced on 6 April 2021 relating to the Company's shares
21/01/2022 10:44	Announcement on the establishment of a stock exchange advisory board
25/01/2022 12:14	Announcement on a scheduled share buyback programme
26/01/2022 18:11	Announcement on the purchase of treasury shares
28/01/2022 19:38	Announcement on the purchase of treasury shares
31/01/2022 18:21	Announcement on the amount of share capital and the number of votes
01/02/2022 19:04	Announcement on the purchase of treasury shares
03/02/2022 18:15	Announcement on the purchase of treasury shares
07/02/2022 19:01	Announcement on the purchase of treasury shares
09/02/2022 19:53	Announcement on the purchase of treasury shares
10/02/2022 16:26	Invitation to the General Meeting
11/02/2022 18:47	Announcement on the purchase of treasury shares
14/02/2022 18:38	Announcement on the purchase of treasury shares
17/02/2022 14:43	Announcement on a proposed acquisition
22/02/2022 19:36	Announcement on additions to the agenda of the General Meeting
22/02/2022 19:40	Proposals to the General Meeting
28/02/2022 12:59	Announcement on the amount of share capital and the number of votes
08/03/2022 18:14	Announcement on the expected recovery of the account balance of a bank account with Sberbank Magyarország Zrt. (in liquidation)
09/03/2022 18:39	DM-KER Nyrt.'s Prospectus approved by the National Bank of Hungary
16/03/2022 18:04	Resolutions of the General Meeting
16/03/2022 18:10	Annual Report
16/03/2022 18:13	Corporate Governance Report
16/03/2022 18:13	Remuneration report
16/03/2022 18:20	Dividend policy

Date of publication	Subject
16/03/2022 18:20	Remuneration policy
18/03/2022 20:03	Announcement on the recovery of the account balance of a bank account with Sberbank Magyarország Zrt. (in liquidation)
21/03/2022 20:49	Amendment No. 1 to DM-KER Nyrt.'s Prospectus approved by the National Bank of Hungary
24/03/2022 12:51	Announcement on the termination of the appointed advisor's contract
28/03/2022 14:39	Resolutions of the General Meeting
31/03/2022 16:15	Announcement on the amount of share capital and the number of votes
05/04/2022 14:38	Announcement on the schedule for the payment of dividends for 2021
08/04/2022 12:51	Announcement on the establishment of a new site
27/04/2022 14:55	Announcement on the launch of the ESOP III programme
02/05/2022 19:14	Announcement on the amount of share capital and the number of votes
05/05/2022 11:46	Announcement on the registration of changes by the registry court
05/05/2022 11:48	Statutes
31/05/2022 18:04	Announcement on the amount of share capital and the number of votes
14/06/2022 11:59	Announcement on communications relating to the transaction of a person involved in management
30/06/2022 15:51	Announcement on the amount of share capital and the number of votes
01/08/2022 08:27	Announcement on the amount of share capital and the number of votes
09/08/2022 09:06	Announcement on intended transactions involving ordinary shares issued by the Company
10/08/2022 15:18	Announcement on shareholder communications
16/08/2022 12:35	Announcement on the sale of shares by a person involved in management
17/08/2022 12:32	Announcement on the sale of shares by a person involved in management
19/08/2022 14:43	Announcement on the sale of shares by a person involved in management
23/08/2022 19:36	Announcement on the sale of shares by a person involved in management
31/08/2022 11:17	Announcement on the amount of share capital and the number of votes
09/09/2022 15:55	Invitation to the General Meeting
19/09/2022 20:00	Proposals to the General Meeting

Composition of the Company's management

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

Members of the Board of Directors for an indefinite period:

Ferenc Bátor	Chairman of the Board of Directors
Sándor Megyeri	Member of the Board of Directors
Barnabás László 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 and the Audit Committee until 31 May 2024:

Péter Vitkovics	Chairman
Tamás Petóházi	Member
Dr. Tamás Sükösd	Member
Attila Gayer	Member

The Company's management and leadership

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

Members of the management

Barnabás Kocsy	Chief Executive Officer
Judit Szegedi	Director of Finance – Deputy CEO

Composition of share capital

The Company's share capital is HUF 631,155,000, consisting of 126,231,000 units of registered ordinary shares, each with a face value of HUF 5 per share.

Method of creation of the shares: dematerialised shares.

ISIN code of the Shares: HU0000176722

Ownership structure and a list and presentation of significant shareholders at the balance sheet date:

Name	Home address	Ownership share (%)
Sándor Megyeri	2145 Kerepes, Kiss József u. 118.	36.83
Ferenc Bátor	8220 Balatonalmádi, Török Bálint u.9	18.62
BF Trustee Kft.	8220 Balatonalmádi, Török Bálint u.9.	15.84
National Stock Exchange Development Fund managed by Széchenyi Tőkealapkezelő Zrt.	1072 Budapest, Rákóczi út 42.	14.55

Ownership structure and a list and presentation of significant shareholders at the date of disclosure:

Name	Home address	Ownership share (%)
Ferenc Bátor	8220 Balatonalmádi, Török Bálint u.9	14.96
BF Trustee Kft.	8220 Balatonalmádi, Török Bálint u.9.	27.42
Intravirtus Kft.	8220 Balatonalmádi, Török Bálint u.9.	15.54
Sándor Megyeri	2145 Kerepes, Kiss József u. 118.	12.58
National Stock Exchange Development Fund managed by Széchenyi Tőkealapkezelő Zrt.	1072 Budapest, Rákóczi út 42.	14.55

Shares owned by members of the Board of Directors and the Supervisory Board at the **balance sheet date**

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

Shares owned by members of the Board of Directors and the Supervisory Board at the **date of disclosure**

Name	Position	Number of shares
Sándor Megyeri	Member of the Board of Directors	15,880,000
Ferenc Bátor	Chairman of the Board of Directors	18,880,000
Péter Vitkovics	Chairman of the Supervisory Board	4,000,000

Business environment and activities of DM-KER Nyrt.

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

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

Increasing the market share of existing brands, entering new markets and new countries and the prospect of acquiring new brands are all factors that could serve as the basis for future organic growth. In addition, shifts in the market during the coming years may provide opportunities for acquisitions for DM-KER Nyrt.

The previously established middle management level is becoming stronger and stronger, which resulted in efficiency improvements in the organisation's operation. Customer service and the quality of service provided to clients improved as a result of the harmonised cooperation among business units.

Our services are now available nationwide, thanks to the expansion and development of our sites.

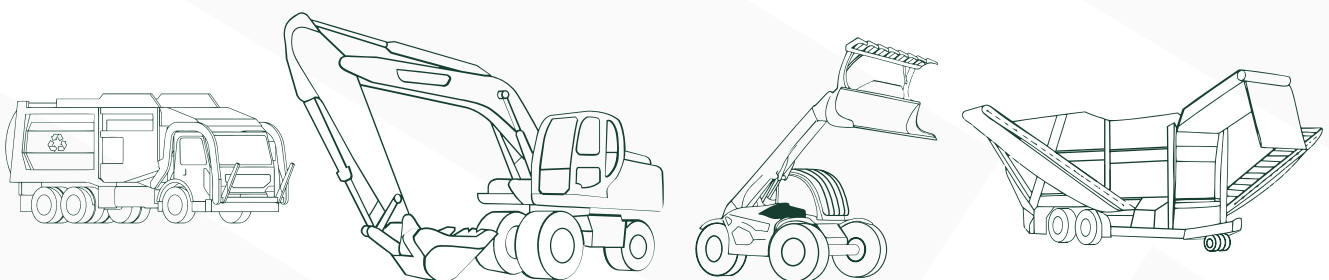
DM-KER Nyrt. focuses on distributing the products of innovative manufacturers. Currently the efficiency of both the construction industry and the agricultural

sector in the Hungarian market is significantly below that of Western European companies. The coming years are expected to bring about a considerable improvement in mechanisation, meaning that an ongoing rise in demand is likely. Our mission is to support this growth by providing quality products and services to Hungarian and international businesses and through efficient customer service.

Waste management

Our waste management business was previously a part of our services provided to the construction industry and became a separate area of sales in 2022. We have set two important targets for ourselves in this area. On the one hand, our goal is to supply companies engaged in waste management with the necessary equipment and, on the other hand, to keep our clients informed when new technologies and specialised tools are available in this regard, which we are regularly adding to our product offering.

DM-KER Nyrt. maintains strict discipline when managing its finances by monitoring shifts in this unpredictable economic environment around the globe and by adapting to frequent changes in the market environment. By monitoring the market on an ongoing basis, the Company is able to respond to changes proactively and at short notice.





Sales revenue data for H1 2022

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

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

Customer diversification is underlined by the fact that DM-KER Nyrt. has sold products to more than 8,700 customers over the past 10 years.

The dynamic growth in the Company's sales revenue was unbroken despite the implications of the war, and net sales revenue for H1 2022 exceeded the figure for the same period of the previous year by 10%.

Products are sold exclusively via B2B channels,

Breakdown of the Company's sales revenue by business

Source: Trial balances of DM-KER Nyrt.

data in thHUF

	Jan-Jun 2021	Jan-Jun 2022	2022/2021
Sale of new machinery	6,514,405	7,149,517	110%
Used machinery	344,254	260,421	76%
Total machinery sales	6,858,659	7,409,938	108%
Parts sales	339,588	388,569	114%
Servicing	270,836	323,679	120%
Machinery rental	180,056	264,492	147%
Pass-through costs of mediated services	873	13,214	1,514%
Other revenues	1,801	6,128	340%
Net sales revenue	7,651,813	8,406,020	110%
Other income	189,173	64,745	34%

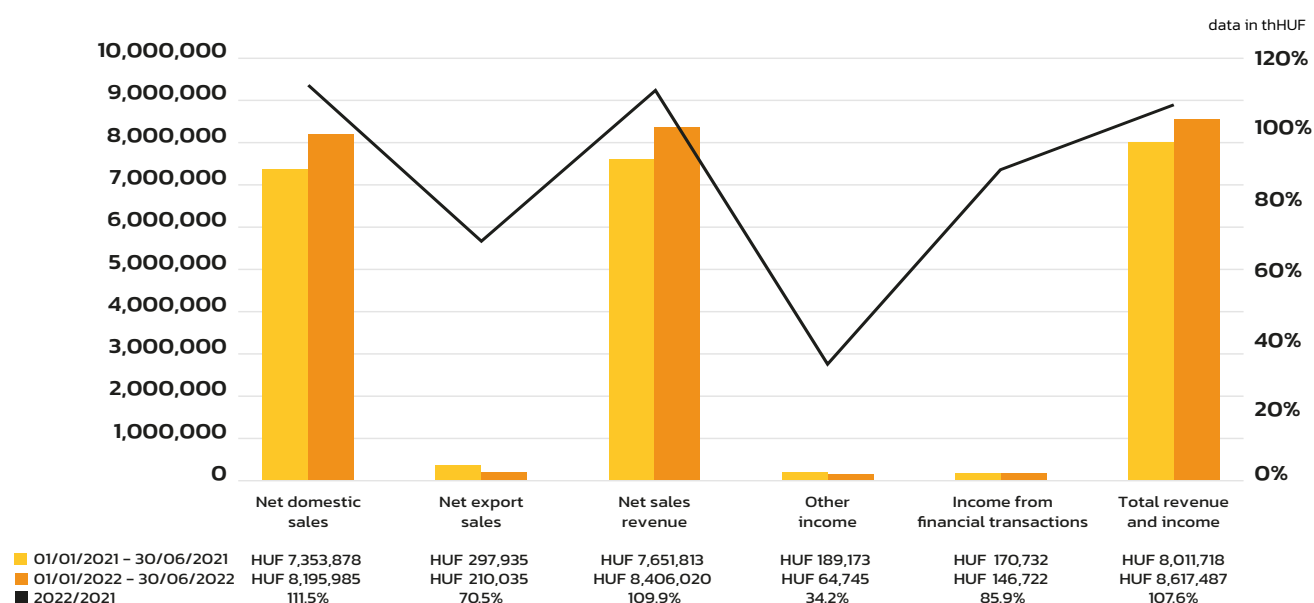
Source: the Company's unaudited financial statements for 30 June 2022 and 30 June 2021, as well as unaudited data from the Company's management information system

Looking at the two main businesses of DM-KER Nyrt., Bobcat and Doosan were the most profitable brands in the construction industry in H1 2022. As for agricultural machinery, the majority of sales came from the brands Bobcat, KUHN and Agrifac.

Comparison of the Company's sales revenue data for H1 2021 and H1 2022

Source: Trial balances of DM-KER Nyrt.

REVENUE AND INCOME DATA



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

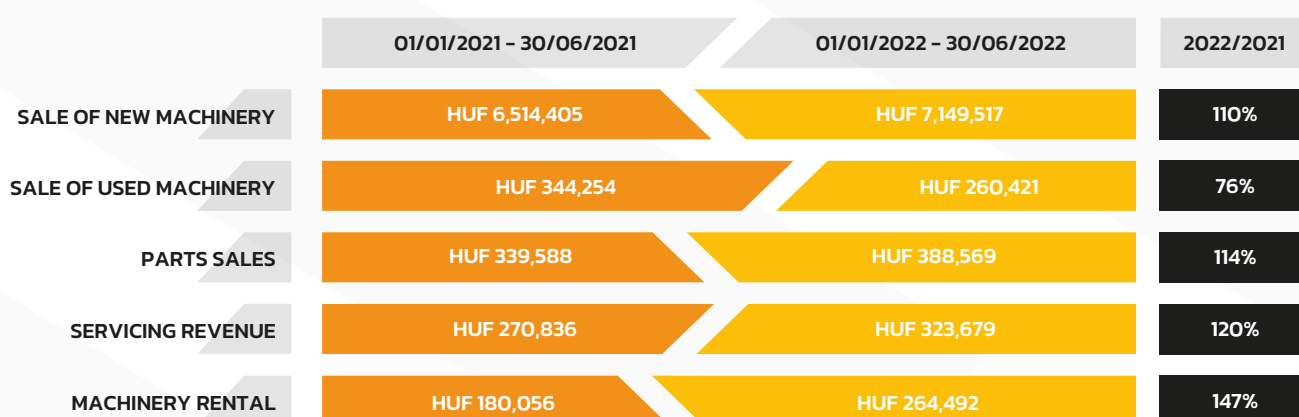
The most significant item within other income is income from the disposal of tangible assets for thHUF 115,969 in H1 2021, while the gain on the disposal of tangible assets in H1 2022 amounted to thHUF 40,129. The reason behind the difference in figures

is the amendment to the Accounting Act effective from the previous year, according to which gains and losses on the disposal of assets in this group must be recognised in net amounts instead of gross accounting. For the purpose of ensuring comparability, income from the disposal of tangible assets in H1 2022 was thHUF 148,659.

Income from financial transactions amounted to thHUF 170,732 in H1 2021 and, despite the high volatility of the EUR exchange rate, to thHUF 146,722 in H1 2022.

BREAKDOWN OF NET SALES REVENUE BY BUSINESS

data in thHUF



Source: the Company's unaudited financial statements for 30 June 2022 and 30 June 2021, as well as unaudited data from the Company's management information system



Distribution of construction and agricultural machinery

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

Revenue from machinery sales increased from the same period of the previous year. On the one hand, this is the result of our inventory policy developed during the waves of the COVID-19 pandemic, allowing us to immediately respond to a wide range of customer needs. On the other hand, the number of our customers has increased, although they face longer delivery times for certain types of machinery due to the limited production capacity of our suppliers.

We were able to retain major clients who have been our customers for a while, as confirmed by quarterly client satisfaction surveys performed by a third party. We planned our machinery purchases with potential supply difficulties already taken into account, and so we increased our product inventories as fast as possible so that we could get ahead of all our competitors when it comes to offering a range of machines that can be delivered in a timely manner.

We are able to serve our customers more quickly and accurately, thanks to the staff and processes of the machinery sales department and our improved CRM system used for operational purposes. These improvements made our previous system more transparent and easier to coordinate, allowing us to gain a better overview of our sales processes.

The majority of purchase requests come from Budapest and Pest county. These are followed by the north-western and north-eastern parts of the country, and we also have clients in the southeast, although the number of orders we receive from that region is lower.

Our large sales team works on multiple platforms simultaneously in order to reach out to interested clients. Additionally, as part of our online marketing efforts, we have a presence on the major social media sites as well.

A significant fraction of our revenue from machinery sales still comes from the construction industry, although the sale of agricultural machinery has also

been growing steadily. Our best-selling items have been mini excavators and skid-steer loaders, followed by the sale of telescopic loaders in terms of the number of units sold. In terms of skid-steer loaders, Bobcat is still the market leader in Hungary. We can report an increase in telescopic loaders as well. Our company has become one of the top three distributors on the Hungarian market. This puts us in a particularly good position among Bobcat distributors. As for mini excavators, we made every effort to notify both of our suppliers of our purchase requests in a timely manner in response to changes in the international economic environment. This allows us to serve our customers immediately using machinery in stock, which differentiates us from our competitors even more.

We are regarded as the best reseller of Doosan rubber-tire excavators in Central and Eastern Europe. In addition, our Hungarian sales have been outperforming Doosan's European sales figures for crawler excavators as well. The Doosan rubber-tire excavators we supply make up 25.5% of the entire Hungarian market, which represents a 4.3% increase compared to the previous year.

We are proud to report that, for agricultural machinery, we have contracts in place for more than 70% of our

annual projections, and 10% of all sales in the market for agricultural machinery were made by us. During the first half of 2022, we laid the foundation for achieving our revenue goals in terms of the sale of agricultural machinery for the next six months and, as a result, the entire year.

In the current economic environment, our clients' risk appetite has dropped and, due to the unfavourable interest rate environment, they are not willing to take on as much debt when expanding their fleet of machinery. Should funding through grant schemes become available to our clients once again during the second half of the year, this could significantly increase their willingness to buy.

While fulfilling our contracts already in place and working towards achieving the rest of our sales goals during the remaining part of the year, we are prepared to see a decline in the market of both construction machinery and agricultural machinery in 2023 as a result of the uncertain economic environment. The main objective of developing our organisation is to retain existing customers in the long run by providing a high standard of customer experience and high quality services.





Parts sales

In H1 2022, the parts business achieved further growth in comparison with the previous year. The product offering was expanded, customer relations were improved, and we increased our inventories to ensure faster customer service.

When we look at the first half of 2022, most of the goals set by the management in connection with the parts business were achieved. However, the current controlling system does not yet allow the revenues and expenses of the parts business to be precisely assigned to the rest of the business units. One of the main objectives of developing the ERP system to be launched in 2023 is to be able to precisely monitor how revenues and expenses are attributable to the various business units and clients.

The operation of the parts business was improved considerably in the first half of 2022. A new leader was appointed as the head of the business unit at the end of 2021, who rebuilt the division by adopting an innovative approach. Development began in six areas: market analysis and market positioning of the Company regarding parts sales, assessing local circumstances and specialising on parts sales locally,

redesigning distribution channels, increasing staff size and developing human resources both in terms of expertise and workflows, improving logistics processes, and enhancing our marketing tools that support sales. The development of the business unit is still underway and will continue in the coming years. The main objective is to align the purchase and sale of parts with the operation of the rest of the business units and, as a result, to increase its efficiency and contribute to the Company's profits by achieving a higher margin.

Demand for parts is fluctuating as it is directly related to the demand for machinery and servicing activities. Our goals for the coming years include offering a wider product range to customers by expanding our range of products sourced and increasing our sales volume both in terms of wholesale and website sales. This requires modifying customer behaviour, which we plan to achieve by training our sales staff and improving the efficiency of our marketing communications. Internal training courses were aimed at improving workflows and boosting the confidence of employees. The training courses held by suppliers improved our expertise in the first half of 2022 and will continue to do so in the future.



Rental of construction and agricultural machinery

This year is once again characterised by rising demand for rented machinery, which is explained by the lingering effect of the COVID-19 pandemic on the economy and the economic uncertainty caused by the war. We saw a massive leap in the number of machines rented out to clients in the agricultural industry. The number of machines rented out to construction companies increased, although achieving our targets took longer, mostly due to the changes in the business landscape affecting the whole of Europe, as a result of which our suppliers were delayed in fulfilling our orders.

The expansion of our business is greatly accelerated by the fact that we have begun renting out machines to waste management companies as part of long-term arrangements. We are continuously monitoring market demand and are adding specialised machines to our fleet of machinery. An example would be an excavator with a high rise cab that we offer, which sets us apart from our competitors on the market.

The increase in the number of new clients has slowed down, but the number of units sold to existing clients has been rising steadily. More and more customers are opting for rented machinery due to the uncertain economic environment, and so we are increasingly focusing on our machinery rental business. We strive to retain clients and increase customer satisfaction as this represents one of the key opportunities for acquiring clients in this competitive machinery rental market. Many of our partners who regularly rent machinery have been loyal clients for over two years.

Although the majority of our customers opt for long-term rental, we naturally pay special attention to requests for short-term machinery rental as well. In the agricultural sector, farmers typically use our services in the long run since we offer payment arrangements based on both fixed monthly rates and operating hours, with 50% of our clients choosing each option. In terms of market segments, we are able to consistently provide machinery rental services as farmers have long-term demand for this service. We can also offer

solutions to the project-based demand typical of the construction industry through the short-term services we provide.

We are able to sufficiently serve our customers through our current operations and the related system of administration, but the implementation of the new ERP system scheduled for 2023 will lead to a significant improvement in the efficiency of administration for the machinery rental business as well.

We regularly receive new requests from clients, which is why we are continuously expanding our fleet of machinery. Demand for used machinery has been on the rise, and so our first step was to create separate business units for machinery rental and used machinery. In addition to the sale of used machinery in stock, the new business unit also began acquiring machines in good condition from the outside and refurbishing and selling them, regardless of brand. As a result, we are able to operate these as rented machinery that we own, or sell them as used machinery.

Through this wide range of services we offer, we can adapt to changes in demand in a flexible manner, as demand has become less predictable due to ongoing and sudden shifts in the economic landscape in recent years.





Servicing of construction and agricultural machinery

The profit earned by the servicing business increased by 20% compared to the same period of the previous year. The reasons for this include, amongst others, a rise in machinery sales, a 47% increase in the size of our servicing staff, a reduction in fluctuation, as well as more streamlined and organised operations and improvements to administrative processes.

In order to improve the standard of our servicing activities, our goal is to reduce our response time compared to previous years. Our short-term objectives include being able to respond to all of our client requests in less than one week. Currently it takes one and a half weeks on average for us to fulfil our clients' service requests. Whenever required in order to improve the standard of our services, we will further increase the headcount of mechanics, continuously improve our

workflows, and arrange internal and external training as well as technical training courses organised abroad by our suppliers for our mechanics.

A new software application which allows us to more efficiently organise the day-to-day work of mechanics will be launched at the same time as the new ERP system is implemented. As the headcount of the servicing staff increases, we are upgrading and replacing our tools on an ongoing basis.

We are planning to set up a new service centre in Vámoszabadi in the next six months. In addition to parts sales (which is already available at our sites), we are planning to launch servicing activities at all of our sites outside Budapest.



Warehousing and logistics

The biggest challenge we faced was optimising transportation costs due to the substantial increase in fuel prices. As we launched several sites outside Budapest, site managers were charged with an important task. To ensure the optimal utilisation of our extensive storage capacities, they make sure that deliveries of machinery to customers are uninterrupted and that the necessary parts are supplied to our servicing staff.

Operating at several sites improves our nationwide presence in terms of sales and servicing activities. Our sites are operated by site managers and are supervised by our head office in Szigetszentmiklós. With the implementation of the new ERP system planned for 2023, our sites will operate independently, including all administrative duties.

The Warehousing and Logistics business unit is responsible for accurate and precise inventory management. As a result of administrative improvements carried out in recent years, our inventory processes have become faster and more accurate. The barcode inventory management system implemented as part of the new ERP system represents a further opportunity for development.

Our logistics team pays special attention to optimising costs through our highly organised transportation processes. We carefully plan how additional goods can be loaded for transportation alongside the equipment to be delivered, and we use optimal delivery routes. The ongoing rise in fuel prices will pose further challenges for the Company in the second half of the year.



Analysis of the data of the financial statements for H1

The Company's net sales revenue was up by 9.86% in comparison with the same period of the previous year. The value of material type expenses (which includes COGS directly related to sales revenue) increased at a similar rate by 7.03%. The rise in both sales revenue and COGS is mainly explained by the growth in the volume of machinery sales.

Staff costs increased by 21.66%. Reasons for this include the hiring of highly qualified employees with more experience, as well as the ongoing increase in headcount in the sales department. In accordance with

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

As a result of the aggregate effect of the factors described above and the depreciation on the productive assets of DM-KER Nyrt., the amount of operating profit realised was thHUF 335,744, representing an increase of 157.90% compared to the same period of the previous year.

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

Changes in profitability

Indicator	Method of calculation	30/06/2021	30/06/2021	30/06/2022	30/06/2022
		thHUF	%	thHUF	%
Return on sales	Operating profit	130,183	1.70	335,744	3.99
	Net sales revenue	7,651,813		8,406,020	
Return on equity	Operating profit	130,183	5.17	335,744	13.66
	Shareholders' equity	2,517,341		2,457,643	
Return on assets	Operating profit	130,183	1.20	335,744	2.70
	Total assets	10,873,563		12,424,367	

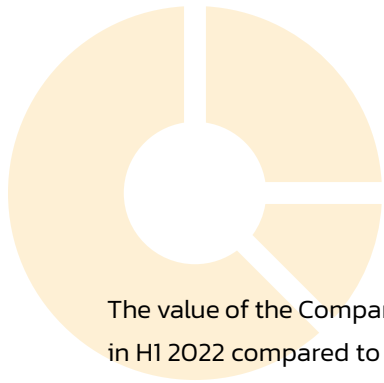
Source: the Company's unaudited financial statements for 30 June 2022 and 30 June 2021, as well as unaudited data from the Company's management information system

Changes in the income statement using the total cost method

data in thHUF

	Item	H1 2021	H1 2022	Change in HUF	Change %
I.	Net sales revenue	7,651,813	8,406,020	754,207	109.86%
II.	Own performance capitalised	457	-102	-559	-22.32%
III.	Other income	189,173	64,745	-124,428	34.23%
IV.	Material type expenses	6,885,945	7,369,745	483,800	107.03%
V.	Staff costs	392,385	477,381	84,996	121.66%
VI.	Depreciation	259,800	211,527	-48,273	81.42%
VII.	Other expenditures	173,130	76,266	-96,864	44.05%
A.	OPERATING PROFIT	130,183	335,744	205,561	257.90%
VIII.	Income from financial transactions	170,732	146,722	-24,010	85.94%
IX.	Expenditures of financial transactions	116,991	319,672	202,681	273.24%
B.	PROFIT ON FINANCIAL TRANSACTIONS	53,741	-172,950	-226,691	-321.82%
E.	PRE-TAX PROFIT	183,924	162,794	-21,130	88.51%
XII.	Tax liability	0	0	0	0.00%
F.	AFTER-TAX PROFIT	183,924	162,794	-21,130	88.51%

Source: the Company's unaudited financial statements for 30 June 2022 and 30 June 2021, as well as unaudited data from the Company's management information system



Assets and liabilities in H1 2022

The value of the Company's assets increased by 16.05% in H1 2022 compared to H1 2021.

Tangible assets represent a significant portion of fixed assets with a growth of 22.21% during the period (in particular, rented machinery had the highest growth rate). Construction in progress includes the construction of the site in Tiszafüred, which is nearing completion, and the construction of our new headquarters, which is now underway.

The value of intangible assets declined by 41.09% as a result of the depreciation recognised on the capitalised value of foundation and reorganisation.

The reason behind the 33.18% decline in investments compared to the same period of the previous year is that the Company sold some of its participations and measures its participations at fair value, as a result of which an impairment of HUF 19.1 million was recorded on other long-term participations in comparison with the same period of the previous year.

The balance of tangible assets as at 30 June 2022 increased by 22.71% compared to the figures at 31 December 2021. The value of fixed assets was up by 18.29% in comparison with the end of 2021.

The balance of current assets increased by 12.83% from the same period of the previous year, which represents a 1.74% decline compared to the figures at 31 December 2021. There was a 5.31% reduction in the value of inventories compared to the same period of the previous year, equalling a 0.37% decline in comparison with the figures at 31 December 2021.

The Company began repurchasing its treasury shares in connection with the ESOP II programme, as a result of which the Company had 400,000 units of repurchased ordinary DM-KER shares at 30 June 2022. The shares have a face value of HUF 5 each and a market value of HUF 38.90 per share at the balance sheet date. Repurchased treasury shares represent 0.32% of the registered capital.

The balance of receivables increased by 148% from the same period of the previous year, one of the reasons being the rise in trade receivables and the other being the increase in other receivables. Receivables were up by a mere 4.15% compared to the figures at 31 December 2021, which consists of a 3.32% decline in trade receivables and a 48.91% increase in other receivables.

DM-KER Financial Services Kft. (DMFS Kft.) was founded in November 2021. DM-KER Nyrt. owns 20% of the business. The entity has a registered capital of thHUF 3,000 and its principal activity is other activities auxiliary to financial services.

The following business and commercial transactions were concluded between the two companies in the first half of 2022:

- DM-KER Nyrt. granted a short-term shareholder loan to DMFS Kft. for thHUF 3,000 at the market interest rate. The loan contract was approved by the members' meeting of DMFS Kft.
- DM-KER Nyrt. provides a sub-P.O. box rental service to DMFS Kft. as a mediated service.
- DM-KER Nyrt. provided IT equipment to DMFS Kft. These tangible assets were sold at market conditions.

Cash and bank balances were up by 55.62% from the same period of the previous year and were down by 38.72% compared to the figures for 31 December 2021.

Within equity and liabilities, the change in shareholders' equity was insignificant, with slight changes compared to both the same period of the previous year and the figures for 31 December 2021.

The proportion of the tied-up reserve increased by 74.17% from the same period of the previous year, whereas a decline of 12.24% was observed in comparison to 31 December 2021.

In accordance with the resolution adopted by the General Meeting, the Company paid a dividend of HUF 2.3 (two forints and thirty fillérs) on each ordinary share with a face value of HUF 5 from its profit reserve.

Composition of shareholders' equity

Item	H1 2021		H1 2022		Change (%)
	Amount (thHUF)	Proportion (%)	Amount (thHUF)	Proportion (%)	
Registered capital	631,155	25.07	631,155	25.68	100.00
Called unpaid capital (-)	0	0.00	0	0.00	0.00
Capital reserve	880,513	34.98	880,513	35.83	100.00
Profit reserve	661,947	26.30	504,846	20.54	76.27
Tied-up reserve	159,802	6.35	278,335	11.33	174.17
Valuation reserve	0	0.00	0	0.00	0.00
After-tax profit	183,924	7.31	162,794	6.62	88.51
Total shareholders' equity	2,517,341	100.00	2,457,643	100.00	97.63

Source: the Company's unaudited financial statements for 30 June 2022 and 30 June 2021, as well as unaudited data from the Company's management information system

The Founder launched its ESOP III programme in April 2022, as part of which 16 employees are eligible for a total of 400,000 ordinary shares of DM-KER Nyrt. The Founder must transfer these ordinary shares to the ESOP Organisation at the end of the programme, and the Founder will have a call option to purchase such shares at their face value, provided that the conditions of the ESOP III programme are fulfilled.

Our short-term liabilities were up by 21.98% from the same period of the previous year, while our long-term

liabilities increased by 10.24%. This translates into an aggregate growth of 18.73% in comparison with H1 2021.

Similar trends can be observed when comparing against the figures at 31 December 2021. Smaller growth rates of 8.68% and 2.96% were recorded for long-term and short-term liabilities, respectively. In total, this represents a growth of 4.37% compared to the figures at 31 December 2021.





Changes in balance sheet data

data in thHUF

Item	30/06/2021	31/12/2021	30/06/2022	H1 2022/ H1 2021	Change %
	Unaudited	Audited	Unaudited		
01. A. Fixed assets	3,100,385	3,041,823	3,598,144	497,759	116.05
02. I. Intangible assets	230,020	188,903	135,503	-94,517	58.91
03. II. Tangible assets	2,788,772	2,777,301	3,408,122	619,350	122.21
04. III. Investments	81,593	75,619	54,519	-27,074	66.82
05. B. Current assets	7,658,380	8,793,601	8,640,792	982,412	112.83
06. I. Inventories	6,632,852	6,304,139	6,280,547	-352,305	94.69
07. II. Receivables	811,532	1,932,416	2,012,601	1,201,069	248.00
08. III. Securities	880	15,880	16,000	15,120	1,818.18
09. IV. Cash and bank balances	213,116	541,166	331,644	118,528	155.62
10. C. Prepayments	114,798	281,033	185,431	70,633	161.53
11. TOTAL ASSETS	10,873,563	12,116,457	12,424,367	1,550,804	114.26
12. D. Shareholders' equity	2,517,341	2,584,260	2,457,643	-59,698	97.63
13. I. Registered capital	631,155	631,155	631,155	0	100.00
14. II. Called unpaid capital (-)	0	0	0	0	0.00
15. III. Capital reserve	880,513	880,513	880,513	0	100.00
16. IV. Profit reserve	661,947	504,578	504,846	-157,101	76.27
17. V. Tied-up reserve	159,802	317,171	278,335	118,533	174.17
18. VI. Valuation reserve	0	0	0	0	0.00
19. VII. After-tax profit	183,924	250,843	162,794	-21,130	88.51
20. E. Provisions	57,874	102,814	104,690	46,816	180.89
21. F. Liabilities	8,217,743	9,348,226	9,757,055	1,539,312	118.73
22. I. Subordinated liabilities	0	0	0	0	0.00
23. II. Long-term liabilities	2,274,836	2,307,585	2,507,791	232,955	110.24
24. III. Short-term liabilities	5,942,907	7,040,641	7,249,264	1,306,357	121.98
25. G. Accruals	80,605	81,157	104,979	24,374	130.24
26. TOTAL EQUITY AND LIABILITIES	10,873,563	12,116,457	12,424,367	1,550,804	114.26

Source: the Company's unaudited financial statements for 30 June 2022 and 30 June 2021, the Company's audited financial statements for 31 December 2021, as well as unaudited data from the Company's management information system.

Headcount and earnings of employees

data in persons and thHUF

Item	30/06/2021		30/06/2022		Change %	
	Persons	Earnings	Persons	Earnings	Persons	Earnings
Blue-collar	19	65,904	24	82,544	126.32	125.25
White-collar	57	239,365	63	306,936	110.53	128.23
Total	76	305,269	87	389,480	114.47	127.59

Source: unaudited data from the Company's management information system

Assets indicators

Indicator	Method of calculation	30/06/2021	30/06/2022	30/06/2021	30/06/2022	Change
		thHUF	thHUF	%	%	%
Fixed assets ratio	Fixed assets	3,100,385	3,598,144	28.51	28.96	101.57
	Total assets	10,873,563	12,424,367			
Current assets ratio	Current assets	7,658,380	8,640,792	70.43	69.55	98.74
	Total assets	10,873,563	12,424,367			
Fixed assets coverage	Shareholders' equity	2,517,341	2,457,643	81.19	68.30	84.12
	Fixed assets	3,100,385	3,598,144			
Tangible assets coverage	Shareholders' equity	2,517,341	2,457,643	90.27	72.11	79.89
	Tangible assets	2,788,772	3,408,122			
Capital adequacy (Equity ratio)	Shareholders' equity	2,517,341	2,457,643	23.15	19.78	85.44
	Total equity and liabilities	10,873,563	12,424,367			
Short-term liabilities ratio	Short-term liabilities	5,942,907	7,249,264	54.65	58.35	106.76
	Total equity and liabilities	10,873,563	12,424,367			
Long-term liabilities ratio	Long-term liabilities	2,274,836	2,507,791	20.92	20.18	96.48
	Total equity and liabilities	10,873,563	12,424,367			
Liabilities ratio	Liabilities	8,217,743	9,757,055	75.58	78.53	103.91
	Total equity and liabilities	10,873,563	12,424,367			

Asset utilisation

Indicator	Method of calculation	30/06/2021	30/06/2022	30/06/2021	30/06/2022	Change
		thHUF	thHUF	%	%	%
Turnover of assets	Net sales revenue	7,651,813	8,406,020	0.70	0.68	96.14
	Total assets	10,873,563	12,424,367			
Turnover of tangible assets	Net sales revenue	7,651,813	8,406,020	2.74	2.47	89.89
	Tangible assets	2,788,772	3,408,122			
Turnover of inventories	Net sales revenue	7,651,813	8,406,020	1.41	1.30	92.41
	Average inventory	5,431,263	6,456,700			
Equity turnover	Net sales revenue	7,651,813	8,406,020	3.04	3.42	112.53
	Shareholders' equity	2,517,341	2,457,643			

Profitability

Indicator	Method of calculation	30/06/2021	30/06/2022	Previous year	Current year	Change
		thHUF	thHUF	%	%	%
After-tax return on equity (ROE)	After-tax profit	183,924	162,794	7.31	6.62	90.66
	Shareholders' equity	2,517,341	2,457,643			
After-tax Return on Sales (ROS)	After-tax profit	183,924	162,794	2.40	1.94	80.57
	Net sales revenue	7,651,813	8,406,020			
After-tax Return on Assets (ROA)	After-tax profit	183,924	162,794	1.69	1.31	77.46
	Total assets	10,873,563	12,424,367			
After-tax profit / Working capital	After-tax profit	183,924	162,794	10.72	11.70	109.12
	Current assets - Short-term liabilities	1,715,473	1,391,528			

Liquidity indicators

Indicator	Method of calculation	30/06/2021	30/06/2022	30/06/2021	30/06/2022	Change
		thHUF	thHUF	%	%	%
Liquidity ratio I (Current ratio)	Current assets	7,658,380	8,640,792	128.87	119.20	92.50
	Short-term liabilities	5,942,907	7,249,264			
Liquidity ratio II (Quick ratio)	Current assets - Inventories	1,025,528	2,360,245	17.26	32.56	188.68
	Short-term liabilities	5,942,907	7,249,264			
Liquidity ratio III	Cash and bank balances + Securities	213,996	347,644	3.60	4.80	133.18
	Short-term liabilities	5,942,907	7,249,264			
Liquidity ratio IV	Cash and bank balances	213,116	331,644	3.59	4.57	127.57
	Short-term liabilities	5,942,907	7,249,264			





CASH FLOW statement

data in thHUF

No.	Item	01/01/2021- 30/06/2021	01/01/2022- 06/30/2022
a	b	c	d
I.	Operating cash flow	-1,697,687	698,783
01.a	Pre-tax profit +/-	183,924	162,794
	Of which: financially settled support received for operational purposes	80	0
01.b	Adjustment to the pre-tax profit	-9,277	22,188
01.	Adjusted pre-tax profit	174,647	184,982
02.	Amortisation recognised +	259,800	211,527
03.	Impairment recognised and reversed +/-	16,751	27,510
04.	Difference between provisions made and released +/-	14,381	1,876
05.	Gain on disposals of fixed assets +/-	-16,452	-40,129
06.	Change in trade payables +/-	-14,748	654,243
07.	Change in other short-term liabilities +/-	30,154	-587,488
08.	Change in accruals +/-	-17,014	30,433
09.	Change in trade receivables +/-	230,367	530,688
10.	Change in current assets (less trade receivables and cash and bank balances) +/-	-2,536,915	-121,050
11.	Change in prepayments +/-	161,342	95,602
12.	Taxes paid, payable (on profit) -	0	0
13.	Dividend and profit sharing paid and payable -	0	-289,411
II.	Investing cash flow	-395,522	-936,663
14.	Purchase of fixed assets -	-512,741	-977,977
15.	Sale of fixed assets +	115,969	40,129
16.	Repayment, termination and conversion of long-term loans given and bank deposits +	1,250	1,185
17.	Long-term loans given and bank deposits -	0	0
18.	Dividend, profit sharing received +	0	0
III.	Financing cash flow	1,968,373	28,358
19.	Proceeds from the issue of shares and capital increase +	0	0
20.	Proceeds from the issue of bonds and debt securities +	0	0
21.	Loans and credits received +	6,280,942	2,823,601
22.	Non-repayable funds received +	0	6,970
23.	Withdrawal of shares, divestment (capital reduction) -	0	0
24.	Repayment of bonds and debt securities -	0	0
25.	Repayment of loans and credits -	-4,312,569	-2,802,213
26.	Non-repayable funds transferred -	0	0
IV.	Change in cash and bank balances	-124,836	-209,522
27.	Revaluation of cash and bank balances denominated in foreign currency +	0	0
V.	Change in cash and bank balances in the balance sheet (IV+27)	-124,836	-209,522

Source: the Company's unaudited financial statements for 30 June 2022 and 30 June 2021, as well as unaudited data from the Company's management information system

Significant adjustments to the cash flow calculation for 30 June 2022:

Value of the line item Adjustment to the pre-tax profit	thHUF 22,188
Forgiven liabilities	thHUF -200
Profit on assets transferred as contribution in kind	thHUF 28,999
Non-repayable funds received for development purposes	thHUF -6,611

Value of the line item Impairment recognised and reversed	thHUF 27,510
Impairment on trade receivables	thHUF 17,993
Reversal of impairment on trade receivables	thHUF -663
Scrapping	thHUF 8,141
Uncollectible receivables	thHUF 383
Inventory shortage	thHUF 1,656

Presentation of differences in changes in balance sheet line items (involving lines 6 through 11):

Difference in Change in trade payables	thHUF 200
Forgiven liabilities were filtered out and are shown in pre-tax profit as an adjustment.	
Difference in Change in other short-term liabilities	thHUF 438,008
Financing items were filtered out from this line and are presented in the statement in line items Loans and credits received and Repayment of loans and credits. Amount for the purpose of presenting the difference: thHUF 148,597. The amount of dividend approved and paid out in the current year was filtered out and is presented in the line item Dividend and profit sharing paid and payable. Amount for the purpose of presenting the difference: thHUF 289,411.	
Difference in Change in accruals	thHUF 6,611
The amount of funds received for development purposes was filtered out and moved to Non-repayable funds received, and the value of accruals was adjusted for this item.	
Difference in Change in trade receivables	thHUF -383
The thHUF 383 amount of uncollectible receivables was filtered out and is presented in pre-tax profit as an adjustment.	
Difference in Change in current assets (less trade receivables and cash and bank balances)	thHUF -9,797
The thHUF 8,141 amount of scrapping and the thHUF 1,656 amount of inventory shortage were filtered out and are presented in pre-tax profit as an adjustment.	

STATEMENT


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

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

Szigetszentmiklós, 26 September 2022



Barnabás Kocsy
DM-KER Nyrt.
Chief Executive Officer



Judit Szegedi
DM-KER Nyrt.
Director of Finance



MEZŐGAZDASÁGI ÉS ÉPÍTŐIPARI GÉPEK

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