

Nasdaq Copenhagen  
Nikolaj Plads 6  
DK-1067 Copenhagen K

København, 31. august 2022  
SELSKABSMEDDELELSE nr. 8/2022

## **DELÅRSRAPPORT 1. HALVÅR 2022**

Selskabet har i dag offentliggjort delårsrapport for 1. halvår 2022 (perioden fra 1. januar 2022 til 30. juni 2022). Delårsrapporten er vedlagt denne selskabsmeddelelse og kan også downloades fra selskabets hjemmeside [www.cemat.dk](http://www.cemat.dk).

Delårsrapporten manglede i den første offentliggørelse. Delårsrapporten er vedhæftet denne selskabsmeddelelse.

### **Cemat A/S**

Jaroslav Lipinski  
CEO

Denne selskabsmeddelelse er udarbejdet på dansk og engelsk. I tvivlstilfælde er den danske udgave gældende.

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# INTERIM REPORT

H1 2022  
1 JANUARY – 30 JUNE



## CEMAT A/S

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*Concept visualisation of the development, Wólczyńska 133, Warsaw, Poland*

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## 1. HIGHLIGHTS OF THE FIRST HALF OF THE YEAR

In the first six months of 2022, CeMat A/S made progress in the execution of its development strategy by obtaining a building permit decision for 105 apartments and ground floor retail space. Moreover, the team was also engaged in the re-zoning process, as a result of which in August 2022, CeMat Group obtained an individual zoning decision for one of the plots. This was the fulfilment of a long-term goal creating a new business opportunity for the CeMat Group.

The expected performance and half-year results from the operating business are linked to the development of the Small Business Units (SBU) and micro-warehouses (self-storage).

Both the SBU and self-storage business lines have increased the rental income by making it possible to obtain a higher rental rate per 1 sqm of space.

CeMat sees a high investment potential in the land located in the north-western part of Warsaw as it is a dynamically developing residential and service area, where former industrial activity is being replaced by fast-growing residential, retail and service development. These factors are helping to create long-term investment opportunities and also enabling the good performance of the day-to-day business of the CeMat Group.



*Concept visualisation of the development, Wólczynska 133, Warsaw, Poland*

## Operating business:

- The revenue of the CeMat Group was circa 25% higher (DKK 13.2 million versus DKK 10.6 million in H1 2021).
- The revenue from rental income of the CeMat Group for H1 2022 was circa 20% higher than H1 2021 (DKK 9.2 million versus DKK 7.7 million in H1 2021).
- As at 30 June 2022, the occupancy level was circa 90.6% (H1 2021: 90%).
- Consolidated EBITDA of the CeMat Group was DKK 1.1 million in H1 2022 (H1 2021: DKK 1.8 million, including DKK 0.7 million resulting from one-off events).
- The Polish holding company CeMat Real Estate is continuing to acquire shares from minority shareholders in CeMat '70 and at present controls 93.26% of shares.

## Development activity

- CeMat obtained a building permit decision for a multi-storey residential and ground floor retail project for one of the front plots, with an area of 5,608 sqm. The decision allows 105 apartments to be built, along with ground floor retail space. The team has continued its pre-development work involving media connections, financing and selection of the general contractor.

## Events after the reporting period

- The CeMat Group obtained a binding individual zoning decision for a hotel and service building on one of the plots, with an area of 2,997 sqm, in August 2022. According to the architects, the decision allows for the design of a hotel and service building space with approx. 2,500 sqm. The final figures will be verified in the building permit decision.
- Following the new individual decision, CeMat has verified the fair value of the re-zoned plot. According to the Cushman & Wakefield report, the re-zoned property has an "as is" fair value of PLN 2.9 million (2021 report: PLN 2.1 million) or approx. DKK 4.6 million (2021 report: DKK 3.4 million).
- The total area of re-zoned plots is 8,605 sqm (5.4%), out of a total area of 159,300 sqm today. The DKK/PLN exchange rate as at 30.06.2022 had decreased in comparison to 31.12.2021 from DKK 162/PLN 100 to DKK 159/PLN 100.

## 2. OUTLOOK FOR 2022

- The Group's EBITDA is expected to be DKK 3–4 million, in line with the forecast presented in the Annual Report 2021.
- A positive net result after tax is expected at the level of DKK 1–2 million, before taking into account the valuation of the investment property for 2022.
- As of 29.08.2022, CeMat has verified the fair value of the re-zoned plot. According to the Cushman & Wakefield report, the re-zoned property has an "as is" fair value of PLN 2.9 million (2021 report: PLN 2.1 million) or approx. DKK 4.6 million (2021 report: DKK 3.4 million). The valuation has no impact on the results in the half-year report.
- The revaluation of the remaining plots of land will take place at the end of the year. Please note that the valuation of the investment property could change the result significantly because the market value depends on many factors, some of which are outside the company's control.

The guidance is based on an exchange rate of DKK 161/PLN 100.



Photos of Bielany, Warsaw, Poland

### 3. FINANCIAL HIGHLIGHTS FOR THE GROUP (UNAUDITED)

DKK'000	H1 2022	H1 2021	FY 2021
<b>Income statement:</b>			
Revenue	13,176	10,624	21,307
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1,145	1,767	3,369
Operating profit/(loss) (EBIT)	1,141	1,745	3,326
Net financials	(437)	(429)	(1,038)
<b>Profit/(loss) for the period</b>	<b>202</b>	<b>11,569</b>	<b>26,261</b>
Of which attributable to parent shareholders	31	10,536	24,199
<b>Cash flow statement:</b>			
Cash flows from operating activities	(5,549)	(1,093)	(277)
Cash flows from investing activities	(1,338)	(677)	(1,241)
Cash flow from financing activities	(99)	(32)	137
<b>Balance sheet:</b>			
Share capital	4,997	4,997	4,997
Equity attributable to parent company shareholders	117,818	107,898	120,121
Equity attributable to non-controlling shareholders	11,012	11,086	11,246
Total consolidated equity	128,830	118,984	131,367
Total assets	175,711	161,724	180,817
Invested capital	162,585	140,892	159,413
Net interest-bearing debt	989	508	976
Net working capital (NWC)	26,952	22,060	22,091
<b>Financial ratios:</b>			
EBITDA margin (%)	8.7	16.6	15.8
EBIT margin/profit margin (%)	8.7	16.4	15.6
Return on invested capital (%)	0.7	1.2	2.1
Equity ratio (%)	73.3	73.6	72.7
Return on equity (%)	0.2	10.2	22.0
Current number of shares (thousands)	249,850	249,850	249,850
Earnings per share (DKK)	0.00	0.04	0.10
Price per share (DKK)	0.78	0.60	1.03
Average number of employees (FTE)	21	21	21



## MISSION STATEMENT

*"Our mission is to operate a profitable real estate enterprise, focusing on the leasing and management of the property to provide a cash-generating business."*

*"In the long term, our mission is to maximise the value of the properties, including through potential development activity, and deliver the best possible dividends to our shareholders."*

## CEMAT AT A GLANCE

CeMat A/S is a listed holding company whose activity consists of the operation of Polish real estate companies. The objectives of CeMat A/S are to identify and execute the best investment strategy for the Group's current portfolio.

All of the Group's sales income is generated in Poland.

## PORTFOLIO

The current portfolio of the CeMat Group includes, in particular, investment development sites and other plots located mainly in Warsaw, the capital of Poland. The Warsaw land, located in the Bielany district, is approximately 10 kilometres from the city centre.

The Bielany district is very well-connected by the public transport system (metro, trams, buses) and the road network in/out of Warsaw.



Photos: Warsaw, Bielany public transport

The surrounding area has undergone significant development over the past few years with a large number of new investments, including residential, retail and service buildings.



Photo: Galeria Młociny shopping mall

The CeMat buildings are accommodated by warehouse, production, office and social space constructed mainly in the 1980s.



Photo: CeMat complex, Wólczyńska 133, Warsaw, Poland

The complex has a total of approx. 32,700 sqm of leasing space and 159,000 sqm of land.

The CeMat Group has control of the land through: the right of possession to the site, the perpetual usufruct right and ownership rights. Part of the property holds the status of right of possession and is therefore not entered in the land and mortgage register. The CeMat Group has right of possession to 57% of the Warsaw property, the perpetual usufruct right to circa 42% of the property and the ownership right to circa 1% of the property.

A necessary pre-condition for treating a plot of land as an investment product is having control of the land through the perpetual usufruct or ownership right.

The potential investment value is represented by about 90% of the CeMat Group plots located inside the current industrial complex. The other 10% of the joint plot area located outside the complex is comprised of green areas and, according to the study of the spatial plan of Warsaw, designated for an expressway and the North Bridge route. In the future, determining the exact passage of these two routes will determine exactly which of these plots can be additionally incorporated into further

development projects. It is important to underline that some of those plots are controlled through the right of possession and the CeMat Group's control over them has to be strengthened through future municipal administrative procedures.

The first binding individual zoning decision for residential and ground floor and retail space for one of the plots, with an area of 5,608 sqm, was issued in February 2021.

After the reporting period, a new individual zoning decision for a hotel and service building for another plot with an area of 2,997 sqm, was issued.

Following the new individual decision for service buildings and a hotel, CeMat has verified the fair value of the re-zoned plot. According to the Cushman & Wakefield report, the re-zoned property has an "as is" fair value of PLN 2.9 million (2021 report: PLN 2.1 million) or approx. DKK 4.6 million (2021 report: DKK 3.4 million). The impact of this revaluation will be recognised in the 2022 annual report.

The nature and status of the land in Bielany, Warsaw, the number of plots controlled by the CeMat Group and the different legal situation of the individual properties require that an individual approach should be adopted for each and every property. In the understanding of the company's Management, such an approach can maximise the potential value of the individual properties, thus increasing the company's value.

The total area of re-zoned plots is 8,605 sqm (5.4%), out of a total area of 159,300 sqm as at 31 August 2022.

The general long-term goals for the management team are to obtain the perpetual usufruct right, have the land reclassified from its current production and warehouse use to multi-residential and service use, and achieve the most effective value of the property.

For more information, go to [www.cemat.dk](http://www.cemat.dk)

## MANAGEMENT'S REVIEW

Current activity is focused mainly on generating maximum cash flows from the current buildings and preparing the maximisation of the value of the properties over the longer term, including preparation of the land for residential and service development.

- **Operating business**

The revenue of the CeMat Group was circa 25% higher (DKK 13.2 million versus DKK 10.6 million in H1 2021).

This result was in line with expectations from the beginning of the year, with the growth being a combination of a higher rental income and sale of utilities, in comparison to H1 2021. Rental income accounted for 71% of the total income.

**The revenue from rental income of the CeMat Group for H1 2022 was circa 20% higher than H1 2021 (DKK 9.2 million versus DKK 7.7 million in H1 2021).**

The increase in rental income in the first half of 2022 is partly due to high demand among tenants, higher rent per sqm. and a lease level of 90.6%, which was in line with the company's plans at the beginning of the year. Part of the increase in rental income is reflected in the inclusion of certain fees charged to tenants, which were previously presented as revenues from the sale of utilities. This change was dictated by the change in the energy law in Poland.

The introduction of Small Business Units (SBU) and micro-warehouses instead of traditional warehouses was well received by our clients, which can be seen in the positive rent-roll performance. SBUs are warehouses aimed at tenants looking for central locations and small spaces, and they are popular among companies using 'last mile logistics' such as pure logistics operators, as well as retail and other local companies looking for space tailored to their needs.

It is CeMat's intention that these micro-warehouses will mark the beginning of a self-storage business.

This future business line, thanks to its convenient location directly next to residential housing estates, will also serve as a complementary facility for the local residents. Self-storage services are usually aimed at businesses and individuals on a short-to-medium-term basis.

The transformation project to SBU and self-storage consists of rearranging selected existing warehouse space. This rearrangement involves demolishing some of the existing partition walls and constructing light structures within the existing buildings. The development work will continue in stages, with so far 3,100 sqm having been finished and partly leased, or with work ongoing.

Both the SBU and self-storage business lines will increase the rental income by making it possible to obtain a higher rental rate per 1 sqm of space, which in turn will translate into a higher income over the coming years.

It's worth highlighting the fact that CeMat has also actively introduced a service in the Ukrainian language, which has resulted in new contracts with companies relocating from the east.

**The occupancy level was circa 90.6% (H1 2021: 90%).**

CeMat was leasing 29,350 sqm at the end of June 2022, compared to 28,500 sqm in June 2021, with 214 tenants compared to 191 in June 2021.

The good leasing performance contributed to the positive decision to extend the total area of the rearrangement to SBU and self-storage facilities from the original 5,000 sqm to 6,000 sqm of the existing space. CeMat estimates that full capability after these changes will be reached in 2024.

**Consolidated EBITDA of the CeMat Group was DKK 1.1 million in H1 2022 (H1 2021: DKK 1.8 million).**

Due to seasonal fluctuations, consolidated EBITDA for the CeMat Group is expected to be approx. DKK 3-4 million in 2022. The difference between H1 2021 and H1 2022 is due to the recognition in 2021 of one-off events, which amounted to DKK 0.7 million.

The increased prices of electricity, central heating and natural gas in the first half of 2022 posed a challenge for the results CeMat was aiming to achieve. The dynamics and scale of the increases in energy prices meant it was only possible to partially pass them on to our tenants so it had a negative impact on the result for H1 2022. The Management took steps to mitigate the adverse impact of those factors as much as possible.

• **Operating business – other events**

The Polish holding company CeMat Real Estate is continuing to acquire shares from minority shareholders in CeMat '70. A detailed programme for buying shares from individuals was implemented in 2020. As a result, it has increased its stake to 93.26% in June 2022, up from 92.64% in June 2021. The process of

buying shares from minority shareholders is ongoing.

As organisations with long-standing historical links, CeMat '70 and the Institute of Technology (IMiF) have common business goals in resolving certain ownership and easement issues within the area of the joint plot. CeMat and the IMiF signed a cooperation agreement with the road map of solving some of the easement and road ownership issues by May 2022. The parties are actively cooperating with the local authority regarding these common goals.

• **Development activity**

In the first half of 2022, CeMat took an important step towards fulfilling its long-term goals:



**CeMat obtained a building permit decision for a multi-storey residential and ground floor retail project for one of the front plots, with an area of 5,608 sqm.**

The decision allows for the building of 7,082 sqm of usable area, including 105 apartments, and 1,280 sqm of ground floor retail space. As a result, the team has continued its work related to the preparation of the first development project, therefore CeMat has signed:

- a conditional contract with a general contractor, with the condition that it is contingent on financing of the investment being secured;
- a contract with a broker, who is responsible for the sale of apartments to individual clients;
- a conditional agreement with an investor for over 470 sqm of commercial ground floor space and an option agreement for 810 sqm of ground floor commercial space (August 2022). A condition of the contract is that it is contingent on the start of construction works.

CeMat is currently negotiating financing of the project with the banks. The final decision to kick off construction work will depend on the pre-sale of apartments and the financing conditions.



After the reporting period, but before the publication of this report, **the CeMat Group obtained a binding individual zoning decision for a hotel and service buildings for one of the plots, with an area of 2,997 sqm.**

According to the architects, the decision allows for the design of a hotel and service building space with approx. 2,500 sqm. The final figures will be verified in the building permit decision.



**Following the new individual decision, CeMat has verified the fair value of the re-zoned plot. According to the Cushman & Wakefield report, the re-zoned property has an "as is" fair value of PLN 2.9 million (2021 report: PLN 2.1 million) or approx. DKK 4.6 million (last year's report: DKK 3.4 million).**

The impact of the revaluation will be recognised in the Annual Report 2022.

A comprehensive valuation report covering all the plots located in Bielany, Warsaw, will be prepared in December 2022.



*\*Concept visualisation of the development*

## H2 2022

There are still many challenges ahead of the CeMat Group in terms of solving numerous legal and planning issues, and this is highly dependent on the current business environment. In our daily business, however, we are observing high demand from both new and current clients, which is resulting in an increase in rental income. Based on our current observations, the positive sentiment of the market should continue in H2 2022.

The CeMat Group's principal tasks are to further increase the value of the rental income obtained, thanks to the ongoing investment programmes in the existing buildings, continue the development activity on the plots with the aim of launching building projects and maximise the value of the particular land plots.



The market situation and tenant activity supports our expectation from the beginning of the year of **growth in rental income of 20% in 2022**, in comparison to 2021. Our growth drivers are the

new sources of income from the SBUs and self-storage facilities, new demand, and agreement renegotiations, which may eventually result in the upper range of the expectation being achieved.



The rearrangement of selected warehouse space for SBUs and self-storage units may temporarily decrease the **occupancy level below 90% in December 2022. However, this rearrangement will provide the basis for further increases in rental income in subsequent years.**



CeMat will continue the process of **strengthening the organisation** and ensuring that our team has the appropriate skills to fulfil both the short and long-term goals.

### Long-term goals for H2 2022

The CeMat team will continue its work related to maximising the value of particular properties. Based on our long-term goals, CeMat presented the value creation chain, which includes obtaining legal title to the properties, re-zoning of the land, obtaining the building permit, the pre-sale process and construction works.

### Value creation chain

The future value of the properties is based on a chain of milestones that need to be achieved in order to obtain the maximum value of particular projects:

#### 1. Obtaining the legal title to plots

The CeMat Group has control of the land through the right of possession to the site, the right of perpetual usufruct and ownership rights. Part of the property is not entered in the land and mortgage register and control of the land is maintained through possession.

The appointed specialist legal team is working to execute CeMat's strategy.

Control of the land through perpetual usufruct or ownership is one of the necessary conditions for considering a plot of land as an investment product.

#### 2. Re-zoning of the land

There is no local master plan for the majority of the site. According to the study of conditions and directions of spatial development and land use adopted by the Warsaw city council, the majority of the site is located in an area zoned

for service use, with single plots designated for roads. Only five plots are covered by a local master plan mainly for roads. CeMat needs to keep an open and active dialogue with the city authorities about the reclassification of land from its current service use to an alternative use.

Re-zoning of the land is a long process and the CeMat team is supported in it by architects and lawyers. The goal is to prepare a new master plan or obtain an individual zoning decision, which requires a dialogue to be maintained with the city architect on the most beneficial solution for CeMat.

CeMat is working with one of the top Polish architecture firms to find the best possible solutions for each plot and prepare the possible scenarios for the master plan. As a result of the new approach, in 2021 and H1 2022, CeMat successfully obtained two individual zoning decisions for plots and will continue with similar efforts in the coming years.

**3. Obtaining the building permit**

Having received the decision regarding re-zoning of the land, the CeMat Group needs to start pre-development and design work in order to obtain the building permit. The pre-development works cover the design work, obtaining all the administrative permits, including building permits and media connection permits, and selection of the bank financing and general contractor.

**4. Pre-selling of the project**

Once the building permit has been obtained, CeMat's goal will be to pre-sell the projects. Depending on the type of space, it will be a sale either to an institutional investor or an individual client or more individual clients/users. In our opinion, a pre-sale minimises any risk to the success of the project.

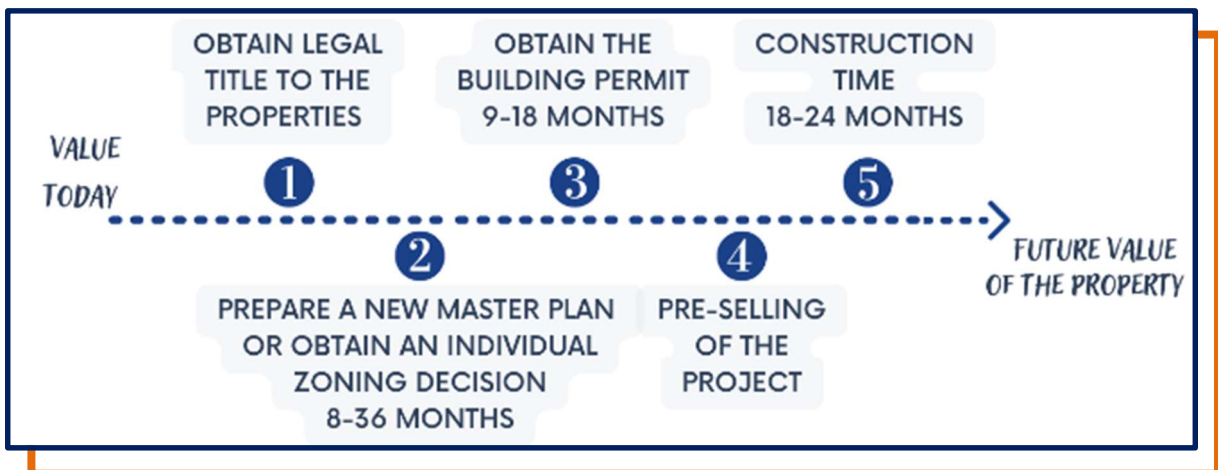
**5. Construction time**

The estimated time needed to proceed from obtaining the building permit to completion of the construction is between 18 to 24 months. A residential unit is handed over when the customer obtains control of the flat and payment is made of the entire amount due under the sale agreement, after receipt of a valid occupancy permit for the building.

**After all the milestones above have been achieved, there will be an opportunity to significantly increase the value of each of the plots in the current portfolio for the best possible price. The scope of the additional work of the CeMat team for each of the plots and projects will be analysed on an individual basis, taking into account the potential risks, time frames, human resources and possibilities of obtaining additional benefits versus the current land value. Based on these factors, we will make a final decision about the benefits of carrying out development projects.**



*\*Concept visualisation of the development*



## FINANCIAL REVIEW

### • Income statement

Revenue of the CeMat Group was DKK 13.2 million in H1 2022 (H1 2021: DKK 10.6 million). The observed increase in sales revenue resulted from a reduction in vacant spaces, increase in rental rates and increase of prices of utilities resold to tenants. The company is gradually abandoning the production and sale of utilities, which is no longer profitable to a satisfactory extent, and is focusing on rental income.

Operating costs were DKK 12.0 million in H1 2022 (H1 2021: DKK 8.9 million). This line item includes operating costs in the Polish property company including cost of utilities resold to tenants and administrative expenses of the holding company related to being a listed company, including remuneration to the Board of Directors and the Management Board.

EBIT was a profit of DKK 1.1 million in H1 2022 (H1 2021: a profit of DKK 1.7 million). The decrease in profitability compared to the previous year is the result of the recognition in 2021 of DKK 0.7 million one-off events. After eliminating one-off events, the EBIT achieved this year is comparable to the previous year.

Net financials amounted to an expense of DKK 0.4 million in H1 2022 (H1 2021: an expense of DKK 0.4 million). This comprised mainly lease interest resulting from the implementation of the accounting standard IFRS 16. According to this standard, the right of perpetual usufruct is treated as a financial lease. As a consequence, interest on leasing is recognised in the income statement.

A net profit of DKK 0.2 million was posted for the period (H1 2021: a profit of DKK 11.6 million).

### • Cash flow statement and statement of financial position

Cash flows from operating activities were an outflow of DKK 4.5 million in H1 2022. The negative cash flows are a result of the expenses related to implementation of the development project.

Cash flows from investing activities were an outflow of DKK 1.3 million. Cash was spent on upgrading the company's facilities and the development of the company's properties.

Cash flows from financing activities were a net outflow of DKK 0.1 million. Cash was spent on lease repayments and the acquisition of shares from minority shareholders.

### • Assets

The Group's non-current assets totalled DKK 135.6 million as at 30 June 2022, consisting of the investment property and the right of use.

The Group's investment property is measured at its estimated fair value in accordance with IAS 40 and IFRS 13, and any value adjustments are recognised in the income statement. According to the company's management assessment, the fair value of the investment property indicated as at 31 December 2021 by the Cushman and Wakefield report reliably reflects the value of the property as at 30 June 2022. Value adjustments have resulted from foreign exchange differences and capital expenditures or enhancement costs.

### • Equity

The Group's equity as at 30 June 2022 stood at DKK 128.8 million, of which DKK 117.8 million was attributable to the shareholders of CeMat A/S, and DKK 11.0 million was attributable to non-controlling interests in CeMat '70 S.A. The equity ratio was 73.3% as at 30 June 2022.

The Group's equity decreased by DKK 2.5 million in comparison to the end of 2021, mainly due to the recognition of translation differences of minus DKK 2.7 million from the translation of the foreign subsidiaries' financial statements for consolidation purposes into the reporting currency and due to the net profit of DKK 0.2 million.

### • Liabilities

The Group's liabilities totalled DKK 46.9 million as at 30 June 2022, consisting of lease liabilities of DKK 16.2 million, deferred tax liabilities of DKK 25.4 million, trade payables of DKK 1.2 million, a bank loan of DKK 1.0 million and other liabilities of DKK 3.1 million. They were DKK 2.6 million lower in comparison to the end of 2021.



Photo: CeMat complex, Wólczyńska 133, Warsaw, Poland

**OUTLOOK FOR 2022**

The company's management expectations are as follows:

Consolidated EBITDA for the CeMat Group is expected to be DKK 3–4 million.

A positive net result after tax is expected at the level of DKK 1–2 million, before taking into account the valuation of the investment property for 2022.

The forward-looking statements in this interim report reflect Management's current expectations for certain future events and financial results. Forward-looking statements are inherently subject to uncertainty, and actual results may therefore differ materially from expectations.

Factors that may cause actual results to deviate materially from expectations include, but are not limited to, general economic developments, the financial markets, changes in the real estate market in Poland, legislation, changes in demand for the company's services, and competition.

The possible impact of the situation in Ukraine on the Group's operations, as well as its financial and operating condition, will depend primarily on the effects on the economy. Due to the situation in Ukraine, CeMat A/S is not able to exclude risk factors in the future that may affect the business, financial and operating situation.



*Photos of Bielany, Warsaw, Poland*

## 4. INVESTOR RELATIONS COMMUNICATION

Please direct any questions regarding this announcement to CEO Jarosław Lipiński or the CFO Dariusz Biesiadecki through Bodil Harjo, Executive Secretary, tel.: +45 33 34 00 58, bha@cemat.dk.

### SHAREHOLDER PORTAL

On CeMat's shareholder portal at [www.cemat.dk](http://www.cemat.dk), shareholders can access information on their shareholdings and register their email addresses for the electronic distribution of documents for General Meetings and other material relevant to shareholders.

### EMAIL SERVICE

Under "Contact" on the CeMat website, it is possible to subscribe to and unsubscribe from CeMat's electronic email service to receive annual reports, quarterly reports and other company announcements.

Prior to the publication of an interim report, CeMat observes a four-week silent period.

### ANNOUNCEMENTS 2022

4	24.03	Course of the Annual General Meeting 2022
3	24.03	Managers' transactions
2	02.03	Notice to convene the Annual General Meeting 2022
1	23.02	Publication of Annual Report 2021



*Photo by Charles Forerunner on Unsplash*



## 5. MANAGEMENT STATEMENT

The Board of Directors and the Management Board have today considered and adopted the interim report of CeMat A/S for the six months ended 30 June 2022.

The interim report is presented in accordance with IAS 34 "Interim Financial Reporting", as adopted by the EU, and Danish disclosure requirements for interim reports of listed companies.

In our opinion, the interim financial statements give a true and fair view of the Group's assets, liabilities and financial position at 30 June 2022 and of the results of the Group's operations and cash flows for the six months ended 30 June 2022.

In our opinion, the management report includes a fair review of the development and performance of the business and financial position of the Group, and the financial results for the period, as well as the financial position, in general, of the consolidated companies, together with a description of the principal risks and uncertainties that the Group faces.

Warsaw, 31 August 2022

### MANAGEMENT BOARD

\_\_\_\_\_  
Jarosław Lipiński  
CEO

### BOARD OF DIRECTORS:

\_\_\_\_\_  
Frede Clausen  
Chairman

\_\_\_\_\_  
Eivind Dam Jensen  
Deputy Chairman

\_\_\_\_\_  
Joanna L. Iwanowska-Nielsen  
Board member

## 6. INCOME STATEMENT (UNAUDITED)

<b>DKK'000</b>	<b>H1 2022</b>	<b>H1 2021</b>	<b>FY 2021</b>
Revenue	13,176	10,624	21,307
Costs	(12,031)	(8,857)	(17,938)
<b>Operating profit/(loss) (EBITDA)</b>	<b>1,145</b>	<b>1,767</b>	<b>3,369</b>
Depreciation	(4)	(22)	(43)
<b>Operating profit/(loss) (EBIT)</b>	<b>1,141</b>	<b>1,745</b>	<b>3,326</b>
Revaluation investment property	1	13,405	30,871
Net financials	(437)	(429)	(1,038)
<b>Profit/(loss) before tax</b>	<b>705</b>	<b>14,721</b>	<b>33,159</b>
Tax on profit/(loss) for the period	(503)	(3,152)	(6,898)
<b>Profit/(loss) for the period</b>	<b>202</b>	<b>11,569</b>	<b>26,261</b>
<b>Appropriation of profit/(loss) for the period:</b>			
Parent company shareholders	31	10,536	24,199
Non-controlling interests	171	1,033	2,062
	<b>202</b>	<b>11,569</b>	<b>26,261</b>
<b>Earnings per share:</b>			
Earnings per share (DKK)	0.00	0.04	0.10
Diluted earnings per share (DKK)	0.00	0.04	0.10

## 7. STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

DKK'000	H1 2022	H1 2021	FY 2021
Profit/(loss) for the period	202	11,569	26,261
Foreign exchange adjustment, foreign companies	(2,645)	826	(1,191)
<b>Comprehensive income for the period</b>	<b>(2,443)</b>	<b>12,695</b>	<b>25,070</b>
Parent company shareholders	(2,391)	11,273	23,125
Non-controlling interests	(52)	1,122	1,945
	<b>(2,443)</b>	<b>12,395</b>	<b>25,070</b>

**8. STATEMENT OF CASH FLOWS (UNAUDITED)**

<b>DKK'000</b>	<b>H1 2022</b>	<b>H1 2021</b>	<b>FY 2021</b>
<b>Operating profit/(loss) (EBIT)</b>	<b>1,141</b>	<b>1,745</b>	<b>3,326</b>
Depreciation	4	22	43
Change in net working capital	(5,432)	(2,754)	(3,357)
Other (deposits, etc.)	387	472	535
Tax paid/received	(149)	(142)	66
Financial income received	2	0	1
Financial expenses paid	(502)	(436)	(891)
<b>Cash flows from operating activities</b>	<b>(4,549)</b>	<b>(1,093)</b>	<b>(277)</b>
Acquisition etc. of property, plant and equipment	(951)	(359)	(785)
Capital expenditures, development of the investment property	(387)	(318)	(456)
<b>Cash flows from investing activities</b>	<b>(1,338)</b>	<b>(677)</b>	<b>(1,241)</b>
Finance lease repayments	(3)	(20)	(40)
Loans and credits raised	0	500	950
Acquisition of shares in subsidiary	(96)	(512)	(773)
<b>Cash flows from financing activities</b>	<b>(99)</b>	<b>(32)</b>	<b>137</b>
<b>Change in cash and cash equivalents</b>	<b>(5,986)</b>	<b>(1,802)</b>	<b>(1,381)</b>
Cash and cash equivalents at beginning of period	16,204	17,750	17,750
Market value adjustment of cash and cash equivalents	(247)	100	(165)
<b>Cash and cash equivalents at end of period</b>	<b>9,971</b>	<b>16,048</b>	<b>16,204</b>

## 9. BALANCE SHEET, ASSETS (UNAUDITED)

DKK'000	2022-06-30	2021-06-30	FY 2021
Investment property	135,492	118,794	137,157
Right of use	141	38	165
<b>Property, plant and equipment</b>	<b>135,633</b>	<b>118,832</b>	<b>137,322</b>
Other non-current receivables	438	250	273
<b>Financial assets</b>	<b>438</b>	<b>250</b>	<b>273</b>
<b>Non-current assets</b>	<b>136,071</b>	<b>119,082</b>	<b>137,595</b>
<b>Inventories</b>	<b>25,672</b>	<b>23,255</b>	<b>25,034</b>
Trade receivables	2,503	2,018	1,727
Income tax receivables	0	599	0
Other receivables	1,494	722	257
<b>Receivables</b>	<b>3,997</b>	<b>3,339</b>	<b>1,984</b>
<b>Cash and cash equivalents</b>	<b>9,971</b>	<b>16,048</b>	<b>16,204</b>
<b>Current assets</b>	<b>39,640</b>	<b>42,642</b>	<b>43,222</b>
<b>Assets</b>	<b>175,711</b>	<b>161,724</b>	<b>180,817</b>

## 10. BALANCE SHEET, EQUITY AND LIABILITIES (UNAUDITED)

DKK'000	2022-06-30	2021-06-30	FY 2021
Share capital	4,997	4,997	4,997
Translation reserve	(26,300)	(22,067)	(23,878)
Retained earnings	139,121	124,968	139,002
<b>Equity attributable to parent company shareholders</b>	<b>117,818</b>	<b>107,898</b>	<b>120,121</b>
Equity attributable to non-controlling interests	11,012	11,086	11,246
<b>Equity</b>	<b>128,830</b>	<b>118,984</b>	<b>131,367</b>
Lease liabilities	15,293	13,098	15,751
Other non-current liabilities	2,469	2,182	2,173
Deferred tax liabilities	25,435	22,672	25,636
<b>Non-current liabilities</b>	<b>43,197</b>	<b>37,952</b>	<b>43,560</b>
Due to credit institutions	989	508	976
Lease liabilities	902	849	943
Trade payables	1,152	1,113	1,447
Income tax payable	65	0	20
Other payables	576	2,318	2,504
<b>Current liabilities</b>	<b>3,684</b>	<b>4,788</b>	<b>5,890</b>
<b>Total liabilities</b>	<b>46,881</b>	<b>42,740</b>	<b>49,450</b>
<b>Equity and liabilities</b>	<b>175,711</b>	<b>161,724</b>	<b>180,817</b>

## 11. STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

DKK'000	Share capital	Translation reserve	Retained earnings	Equity attributable to parent company shareholders	Equity attributable to non-controlling interests	Total equity
<b>Equity at 01.01.2021</b>	<b>4,997</b>	<b>(22,804)</b>	<b>113,588</b>	<b>95,781</b>	<b>11,291</b>	<b>107,072</b>
Profit/(loss) for the year	0	0	10,536	10,536	1,033	11,569
Other comprehensive income	0	737	0	737	89	826
Comprehensive income		737	10,536	11,273	1,122	12,395
Acquisition of non-controlling interests	0	0	815	815	(1,329)	(514)
Settlement of the company's social benefits fund	0	0	29	29	2	31
<b>Equity at 30.06.2021</b>	<b>4,997</b>	<b>(22,067)</b>	<b>124,968</b>	<b>107,898</b>	<b>11,086</b>	<b>118,984</b>
<b>Equity at 01.01.2022</b>	<b>4,997</b>	<b>(23,878)</b>	<b>139,002</b>	<b>120,121</b>	<b>11,246</b>	<b>131,367</b>
Profit/(loss) for the year	0	0	31	31	171	202
Other comprehensive income	0	(2,422)	0	(2,422)	(223)	(2,645)
Comprehensive income		(2,422)	31	(2,391)	(52)	(2,443)
Acquisition of non-controlling interests	0	0	88	88	(182)	(94)
<b>Equity at 30.06.2022</b>	<b>4,997</b>	<b>(26,300)</b>	<b>139,121</b>	<b>117,818</b>	<b>11,012</b>	<b>128,830</b>

## 12. NOTES TO THE FINANCIAL STATEMENTS

### ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, RISKS, ETC.

The interim report is presented in accordance with IAS 34 "Interim Financial Reporting", as adopted by the EU, and additional Danish disclosure requirements for the interim reports of listed companies.

The interim report has been neither audited nor reviewed. The accounting policies are consistent with those of the Annual Report 2021, which includes a full description of the accounting policies.

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective in this or future accounting periods.

They are not expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

For accounting estimates and judgments, see note 2, page 57 of the Annual Report 2021. For information on risks, see note 24, pages 73-76, and the section on risk management on pages 25-30 of the Annual Report 2021.

According to the accounting regulations, Management must consider whether the half-year report can be prepared on a going concern basis. Based on the estimated outlook for the continuing operations, the Management of CeMat believes that the existing cash reserves and expected future cash flows will be sufficient to maintain operations and fund any measures planned.



Photo by Matthew Lancaster on Unsplash

### FINANCIAL HIGHLIGHTS AND KEY RATIOS

The individual calculation formulas are provided in note 1, page 54, of the Annual Report 2021.

### EVENTS AFTER THE REPORTING PERIOD

The CeMat Group obtained a binding individual zoning decision for a hotel and service buildings for one of the plots, with an area of 2,997 sqm, in August 2022. According to the architects, the decision allows for the design of a hotel and service building space with approx. 2,500 sqm. The final figures will be verified in the building permit decision.

Following the new individual decision, CeMat has verified the fair value of the re-zoned plot. According to the Cushman & Wakefield report, the re-zoned property has an "as is" fair value of PLN 2.9 million (2021 report: PLN 2.1 million) or approx. DKK 4.6 million (2021 report: DKK 3.4 million).

### FAIR VALUE

According to the company's management assessment, the fair value of the investment property indicated as at 31 December 2021 by the Cushman and Wakefield report reliably reflects the value of the property as at 30 June 2022. Value adjustments have resulted from foreign exchange differences and capital expenditures (enhancement costs)



<b>H1 2022</b>						
<b>DKK'000</b>	<b>Investment property</b>	<b>Investment property, right of use</b>	<b>Total Investment property</b>	<b>Plant and machinery right of use</b>	<b>Total right of use</b>	<b>Total property plant and equipment</b>
Carrying amount at 1 January 2022	120,635	16,522	<b>137,157</b>	165	<b>16,687</b>	<b>137,322</b>
Foreign exchange adjustments	(2,516)	(470)	<b>(2,986)</b>	0	<b>(470)</b>	<b>(2,986)</b>
Right of use, depreciation	0	0	<b>0</b>	(4)	<b>(4)</b>	<b>(4)</b>
Additions	0	0	<b>0</b>	144	<b>144</b>	<b>144</b>
Transfers	0	0	<b>0</b>	0	<b>0</b>	<b>0</b>
Disposals	0	0	<b>0</b>	(164)	<b>(164)</b>	<b>(164)</b>
Enhancement costs	1,320	0	<b>1,320</b>	0	<b>0</b>	<b>1,320</b>
Revaluation to market value	0	1	<b>1</b>	0	<b>1</b>	<b>1</b>
<b>Carrying amount at 30 June 2022</b>	<b>119,439</b>	<b>16,053</b>	<b>135,492</b>	<b>141</b>	<b>16,194</b>	<b>135,633</b>

<b>H1 2021</b>						
<b>DKK'000</b>	<b>Investment property</b>	<b>Investment property, right of use</b>	<b>Total Investment property</b>	<b>Plant and machinery right of use</b>	<b>Total right of use</b>	<b>Total property plant and equipment</b>
Carrying amount at 1 January 2021	112,833	13,808	<b>126,641</b>	55	<b>13,863</b>	<b>126,696</b>
Foreign exchange adjustments	1,027	106	<b>1,133</b>	5	<b>111</b>	<b>1,138</b>
Right of use, depreciation	0	0	<b>0</b>	(22)	<b>(22)</b>	<b>(22)</b>
Additions	0	0	<b>0</b>	0	<b>0</b>	<b>0</b>
Transfers	(23,064)	0	<b>(23,064)</b>	0	<b>0</b>	<b>(23,064)</b>
Disposals	0	0	<b>0</b>	0	<b>0</b>	<b>0</b>
Enhancement costs	679	0	<b>679</b>	0	<b>0</b>	<b>679</b>
Revaluation to market value	13,413	(8)	<b>13,405</b>	0	<b>(8)</b>	<b>13,405</b>
<b>Carrying amount at 30 June 2021</b>	<b>104,888</b>	<b>13,906</b>	<b>118,794</b>	<b>38</b>	<b>13,944</b>	<b>118,832</b>

<b>2021</b>						
<b>DKK'000</b>	<b>Investment property</b>	<b>Investment property, right of use</b>	<b>Total Investment property</b>	<b>Plant and machinery right of use</b>	<b>Total right of use</b>	<b>Total property plant and equipment</b>
Carrying amount at 1 January 2021	112,833	13,808	<b>126,641</b>	55	<b>13,863</b>	<b>126,696</b>
Foreign exchange adjustments	(1,480)	(126)	<b>(1,606)</b>	0	<b>(126)</b>	<b>(1,606)</b>
Right of use, depreciation	0	0	<b>0</b>	(43)	<b>(43)</b>	<b>(43)</b>
Additions	0	2,692	<b>2,692</b>	153	<b>2,845</b>	<b>2,845</b>
Transfer to inventories (work in progress)	(22,684)*	0	<b>(22,684)</b>	0	<b>0</b>	<b>(22,684)</b>
Disposals	0	0	<b>0</b>	0	<b>0</b>	<b>0</b>
Enhancement costs	1,243	0	<b>1,243</b>	0	<b>0</b>	<b>1,243</b>
Revaluation to market value	30,723	148	<b>13,871</b>	0	<b>148</b>	<b>30,871</b>
<b>Carrying amount at 31 December 2021</b>	<b>120,635</b>	<b>16,522</b>	<b>137,157</b>	<b>165</b>	<b>16,687</b>	<b>137,322</b>

\*The fair value of one of the plots has been transferred to inventories (work in progress) in connection with the commencement of a development project.

**SEGMENT INFORMATION**

Based on IFRS 8 Operating Segments, the CeMat Group is assessed as having two segments:

- (A) Property management division comprising the letting of premises and land and the provision of utilities to tenants, including power, water, natural gas, facility services, etc.
- (B) Property development – including the preparation and implementation of development projects, primarily in the field of housing and commercial space.

The assessment of the results of operations in individual segments is made mainly on the basis of sales revenues and gross profit obtained in these segments.

<b>H1 2022</b> <b>DKK'000</b>	<b>Property</b> <b>Management</b>	<b>Development*</b>	<b>Total</b>
Sales revenue	13,176	0	13,176
<b>GROSS PROFIT</b>	<b>5,225</b>	<b>0</b>	<b>5,225</b>
Overheads			(4,136)
Other income / costs			56
<b>EBITDA</b>			<b>1,145</b>
Depreciation			(4)
<b>EBIT</b>			<b>1,141</b>
Revaluation investment property			1
Net result on financial activities			(437)
<b>PROFIT / (LOSS) BEFORE TAX</b>			<b>705</b>
Tax on profit/(loss) for the year including deferred tax			(503)
<b>PROFIT / (LOSS) FOR THE YEAR</b>			<b>202</b>

\* In H1 2022, there were no revenues or costs in the Development segment. The Development segment has been separated in terms of functionality. According to the accounting policy, revenues and profits from the sale of real estate (residential units, commercial space, etc.) will be recognised when the real estate purchaser takes over control of the real estate acquired and receives significant risks and rewards of ownership.

<b>H1 2021</b> <b>DKK'000</b>	<b>Property</b> <b>Management</b>	<b>Development*</b>	<b>Total</b>
Sales revenue	10,624	0	10,624
<b>GROSS PROFIT</b>	<b>4,830</b>	<b>0</b>	<b>4,830</b>
Overheads			(4,143)
Other income / costs			1,080
<b>EBITDA</b>			<b>1,767</b>
Depreciation			(22)
<b>EBIT</b>			<b>1,745</b>
Revaluation investment property			13,405
Net result on financial activities			(429)
<b>PROFIT / (LOSS) BEFORE TAX</b>			<b>14,721</b>
Tax on profit/(loss) for the year including deferred tax			(3,152)
<b>PROFIT / (LOSS) FOR THE YEAR</b>			<b>11,569</b>

\* In H1 2021, there were no revenues or costs in the Development segment. The Development segment has been separated in terms of functionality. According to the accounting policy, revenues and profits from the sale of real estate (residential units, commercial space, etc.) will be recognised when the real estate purchaser takes over control of the real estate acquired and receives significant risks and rewards of ownership.

2021 DKK'000	Property Management	Development*	Total
Sales revenue	21,307	0	21,307
<b>GROSS PROFIT</b>	<b>10,110</b>	<b>0</b>	<b>10,110</b>
Overheads			(7,735)
Other income / costs			994
<b>EBITDA</b>			<b>3,369</b>
Depreciation			(43)
<b>EBIT</b>			<b>3,326</b>
Revaluation investment property			30,871
Net result on financial activities			(1,038)
<b>PROFIT / (LOSS) BEFORE TAX</b>			<b>33,159</b>
Tax on profit/(loss) for the year including deferred tax			(6,898)
<b>PROFIT / (LOSS) FOR THE YEAR</b>			<b>26,261</b>

\* In 2021, there were no revenues or costs in the Development segment. The Development segment has been separated in terms of functionality. According to the accounting policy, revenues and profits from the sale of real estate (residential units, commercial space, etc.) will be recognised when the real estate purchaser takes over control of the real estate acquired and receives significant risks and rewards of ownership.

## OTHER SEGMENT INFORMATION

A breakdown of the revenue from letting and the provision of utilities is shown below:

DKK'000	H1 2022	H1 2021	FY 2021
Letting	9,219	7,686	15,736
Utilities	3,957	2,938	5,571
<b>Total</b>	<b>13,176</b>	<b>10,624</b>	<b>21,307</b>

## SIGNIFICANT EVENTS AND TRANSACTIONS

The Russian Federation's invasion of Ukraine and subsequent global response to those military actions did not have significant financial effects on Cemat. The Group has no physical operations in Ukraine, Russia and Belarus. The number of customers (tenants) from those countries is limited.

The negative effects of the ongoing COVID-19 pandemic are also not observed by the company.



## **CEMAT A/S**

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