ANNUAL REPORT

01 JANUARY - 31 DECEMBER

2021

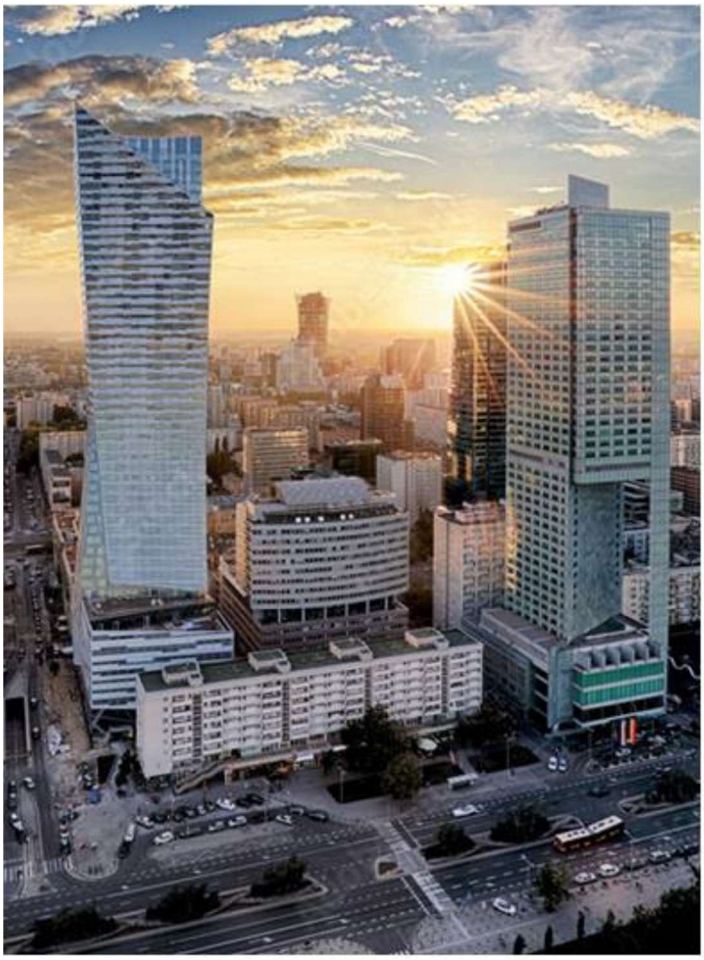
CEMAT A/S

C/O DLA PIPER DENMARK ADVOKATPARTNERSELSKAB
OSLO PLADS 2, 2100 KØBENHAVN Ø
TEL: +45 33 34 00 58 | E-MAIL: INFO@CEMAT.DK
COMPANY REG (CVR) NO.: 24 93 28 18

WWW.CEMAT.DK

Photo: Warsaw, Poland, source: www.unsplash.com

TABLE OF CONTENTS



MANAGEMENT REVIEW

1. Highlights of the year 2021

For 2021, the CeMat Group delivered a financial result which reflected the revenue growth coming from increased demand from tenants and, hence the higher rent per sqm obtained. The increased lease dynamics throughout 2021 were in line with the company's plans for the year.

The good leasing results, receipt of the first individual zoning decision for a residential project and the positive market sentiment have driven a significant increase in the valuation of the company's properties.

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 full-year results from the operating business prove the 2021 leasing strategy was correct and successful. The introduction of small business units and micro-warehouses (self-storage) instead of traditional warehouses was well received by our clients, which was reflected in the positive financial performance. The investment process in new business lines will be continued to ensure the company's stable financial situation in the coming years.

- Total revenue of the CeMat Group was DKK 21.3 million (2020: DKK 19.6 million), which means an increase of 9%

- The revenue from CeMat Group rental income was circa 15% higher than 2020 (DKK 15.7 million versus DKK 13.7 million in 2020).

- CeMat Group recorded an occupancy level of 89.2% at the end of 2021 (versus 84.5% in December 2020).

- Consolidated EBITDA for the CeMat Group was DKK 3.4 million in 2021 (2020: DKK 1.1 million), which was in line with the forecasts (DKK 2.5-3.5 million).

- The average PLN to DKK exchange rate in 2020 dropped from 1.68 to 1.63 (between January and December), which affected the financial figures.

- Management implemented actions aimed at mitigating the adverse impact of coronavirus, including maintaining an active dialogue with tenants. These efforts limited the consequences of the pandemic in the CeMat Group.

Development activity

In executing our strategic goals in line with the company's mission statement, we have taken an important step in expanding our business with a new line – as a property development business. CeMat Group has appointed a professional and experienced development team to obtain the building permit and manage the pre-development process of the first residential project.

- Our team obtained a binding individual zoning decision for a multistorey residential and ground floor retail project for one of the front plots, with an area of 5,608 sqm. (out of a total area of 159,300 sqm). The plot allows for the design of a residential building with ground floor retail space for an area of approximately 7,100 sqm of usable space. The final figures will be verified in the building permit decision.

As a result, CeMat adjusted the fair value of the re-zoned plot in the half-year report, increasing it by DKK 14.2 million (from DKK 8.5 million to DKK 22.7 million), and reclassified as inventories (work in progress).

Property value

- The higher income from the property, the receipt of the first individual zoning decision for one of the plots and the positive market trends are all reflected in the updated value of the property. The valuation report covering all CeMat plots located in Warsaw showed a positive difference of DKK 30.9 million (after taking into account changes in the foreign exchange rate and capital expenditures), of which DKK 14.2 million from the revaluation of plot 69/8 had already been recognised in the half-year report. About half of the remaining DKK 16.7 million of the positive difference mentioned above is due to the revaluation of the property as a result of an increase in rents.

- A positive consolidated net result after tax of DKK 26.3 million was recorded for the CeMat Group in 2021 (2020: profit of DKK 3.1 million).

For more information, go to www.cemat.dk or www.cemat70.com.pl/en/

Concept visualisation of potential development project, Wólczyńska 133, Warsaw, Poland.

2. Financial highlights and key ratios

DKK’000	2021	2020	2019	2018	2017
Revenue	21,307	19,571	34,934	39,189	38,981
Earnings before interest, tax, depreciation and amortisation (EBITDA)	3,369	1,115	6,407	2,063	3,107
Operating profit/(loss) (EBIT)	3,326	1,071	6,373	2,063	3,107
Net financials	(1,038)	(800)	(823)	(241)	(331)
Profit/(loss) for the year	26,261	3,130	5,577	136	**(2,395)**
Of which attributable to parent company shareholders	24,199	2,488	4,464	(391)	(2,764)
Cash flows from operating activities	(277)	4,112	4,991	1,644	442
Cash flows from investing activities	(1,241)	(1,791)	(1,819)	(2,740)	(4,527)
Cash flows from financing activities	137	(907)	(906)	(209)	(114,343)
Share capital	4,997	4,997	4,997	4,997	4,997
Equity attributable to parent company shareholders	120,121	95,781	99,048	92,714	94,161
Equity attributable to non-controlling shareholders	11,246	11,291	13,702	14,116	15,953
Total consolidated equity	131,367	107,072	112,750	106,830	110,114
Total assets	180,817	147,454	153,570	130,651	134,221
Invested capital	159,413	126,696	130,923	110,028	111,451
Net working capital (NWC)	22,091	(2,234)	1,622	1,462	2,029
Net interest-bearing debt	976	0	0	0	0
Financial ratios					
EBITDA margin (%)	15.8	5.7	18.3	5.3	8.0
EBIT margin/profit margin (%)	15.6	5.5	18.2	5.3	8.0
Return on invested capital (%)	2.1	0.8	4.9	1.9	2.8
Equity ratio (%)	72.7	72.6	73.4	81.8	82.0
Return on equity (%)	22.0	2.8	5.1	0.1	(1.4)
Current number of shares (thousands)	249,850	249,850	249,850	249,850	249,850
Earnings per share (DKK)	0.10	0.01	0.02	0.00	(0.01)
Price per share (DKK)	1.03	0.38	0.35	0.37	0.43
Average number of full-time employees	21	22	24	23	27

The financial highlights and key ratios have been prepared in accordance with “Recommendations and Financial Ratios”. See the description in note 1 to the financial statements, “Accounting Policies”. The comparative figures for the preceding years have not been corrected as the accounting policies concerning the application of IFRS 16 were changed in the annual report for 2019.

3. General economic overview

Poland

CeMat A/S's activity is focused on Poland, a member of the European Union. The Polish economy is the fifth-largest market in the European Union by population and the eighth-largest in real GDP terms. Poland represents the greatest economic success story in the EU since the country transformed into a market economy in 1989. As a result, Poland is steadily catching up with the western economies.

The country has recovered well from the global Covid-19 crisis, with GDP returning to its pre-pandemic level. According to the preliminary estimate, the increase in real gross domestic product (GDP) in 2021 was 5.7% compared with 2020, against a decrease of 2.5% in 2020.

> *The World Bank forecast Poland's economic growth for 2022 at 4.7%.*

According to Eurostat, the unemployment rate was 2.9% in December 2021.

Poland's growth has been driven by strong domestic demand, dynamic exports, improved productivity, foreign investment, a stable banking system and the inflow of EU funds.

In January 2022, the Polish Monetary Policy Council decided to raise the main interest rates by 50 bp (putting the reference rate up to 2.25%). The aforementioned rises in interest rates were the result of, among other things, a weakening of the Polish currency and the constantly rising inflation rate in Poland. In 2021, consumer prices increased by 5.1% when compared with the previous year.

Data based on GUS (Statistics Poland), World Bank and Eurostat.

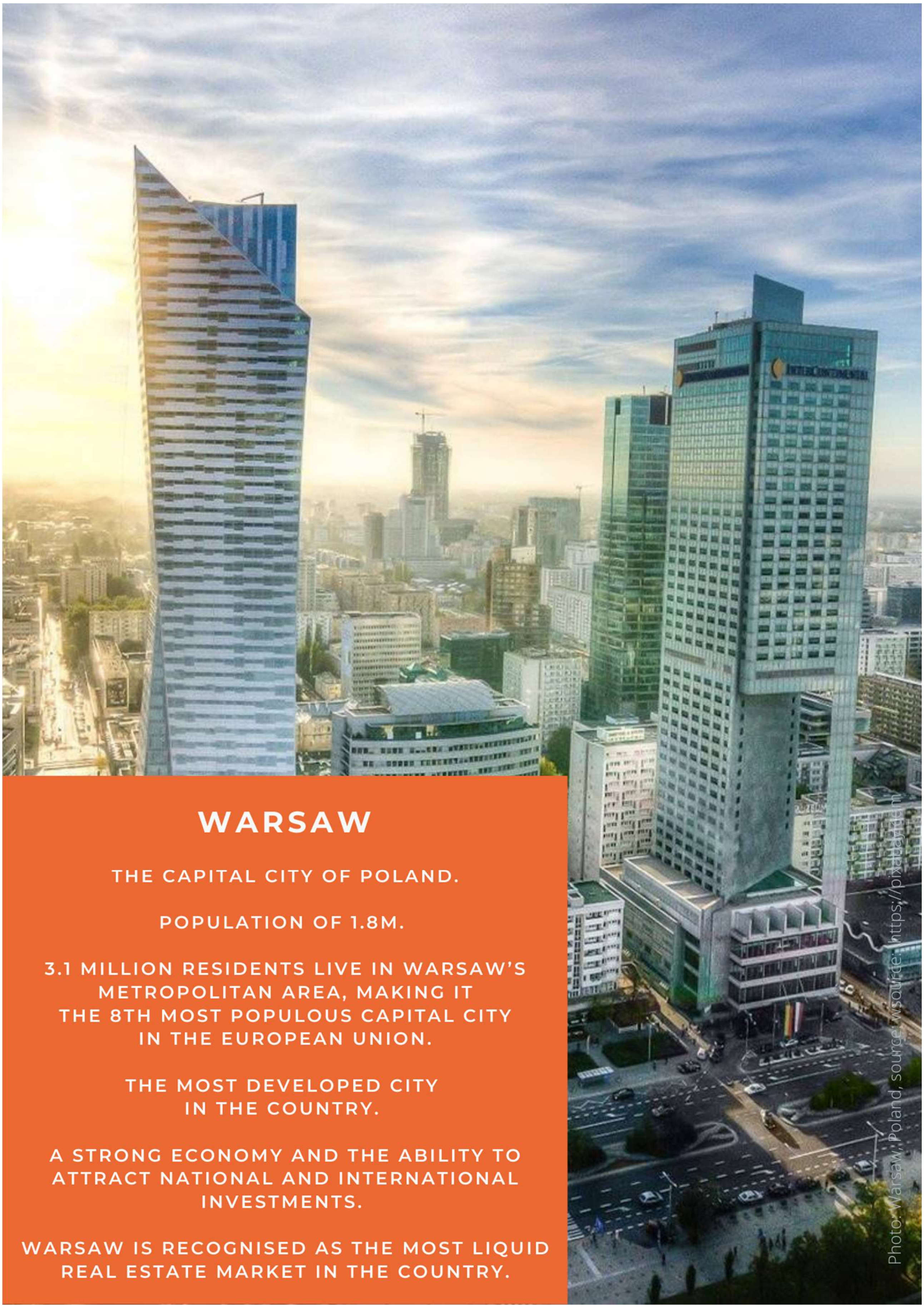


Photo: Warsaw, Poland, source: wsource: https://pixabay.com

WARSAW

THE CAPITAL CITY OF POLAND.

POPULATION OF 1.8M.

3.1 MILLION RESIDENTS LIVE IN WARSAW'S METROPOLITAN AREA, MAKING IT THE 8TH MOST POPULOUS CAPITAL CITY IN THE EUROPEAN UNION.

THE MOST DEVELOPED CITY IN THE COUNTRY.

A STRONG ECONOMY AND THE ABILITY TO ATTRACT NATIONAL AND INTERNATIONAL INVESTMENTS.

WARSAW IS RECOGNISED AS THE MOST LIQUID REAL ESTATE MARKET IN THE COUNTRY.

Development and Investment Market

The investment volume on the commercial real estate market in 2021 amounted to over EUR 5.7 billion, and the forecasts predict historically high investment volumes in Poland for 2022. The prime yield for all the main asset groups compressed compared to 2020.

Residential developers operating on the six largest residential markets in Poland (Warsaw, Kraków, Wrocław, Tri-city, Poznań and Łódź) sold a total of 69,000 units in 2021, which historically is the second-highest level recorded, behind only the result achieved in 2017. The year was also strong for developers in smaller cities, with exceptionally high sales being recorded in Q1 and Q2.

Warsaw, the Polish capital and the biggest residential market in the country, recorded total sales amounting to over 21,000 dwellings, which was over 20% more compared with the year 2020. Circa 12,000 apartments remained on offer in Warsaw in Q4 2021, which was 17% lower than Q4 2020. The average asking price per square metre for apartments in Warsaw in December was approximately DKK 20.700 gross (last year: DKK 17.200).

The majority of the Warsaw residential offer falls into the 'economy segment'. However, the share of 'middle and upper middle segments' share is rising in more central locations. The new trend in Warsaw is for micro-apartments, and at the end of Q4 circa 8% of the flats on offer were in this segment. A high level of interest has been observed and looks set to continue among clients for this type of, mostly investment, property.

Two-room flats made up the highest percentage of dwellings sold in Warsaw, with the average floor area of a flat being 56 sqm.

Institutional investors are intensively building up asset portfolios in Poland in the Build-to-Rent housing sector and circa 6,000 flats were secured in 2021. With new investors entering the market, and the biggest forward funding transaction being announced for EUR 310 million, the sector is looking to the future with optimism.

Property sector transactions in Poland were dominated in 2021 by sales of industrial properties, which accounted for 52% of the total volume. The yield for prime warehouse properties has dropped below that for offices. CeMat is observing the Small Business Unit (SBU) segment, where high demand among investors has driven the yield to historic levels and led to this sub-segment becoming a rapidly growing part of the market in Poland, and Warsaw in particular.

In the retail market, the attention of investors is evolving towards retail parks and convenient shopping within walking distance of home. Ground floor retail with a tenant mix based on grocery stores and pharmacies appears to be a highly attractive product.

* Data based on reports from JLL: Residential Market in Poland Q4 2021; CBRE: Market Outlook 2022; and REDNET Property Group report.

4. CeMat Group at a glance

CeMat A/S (formerly Topsil Semiconductor Materials A/S) is a listed holding company whose activity consists of the operation of Polish real estate companies.

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

Bielany, public transport: Metro Młociny hub.

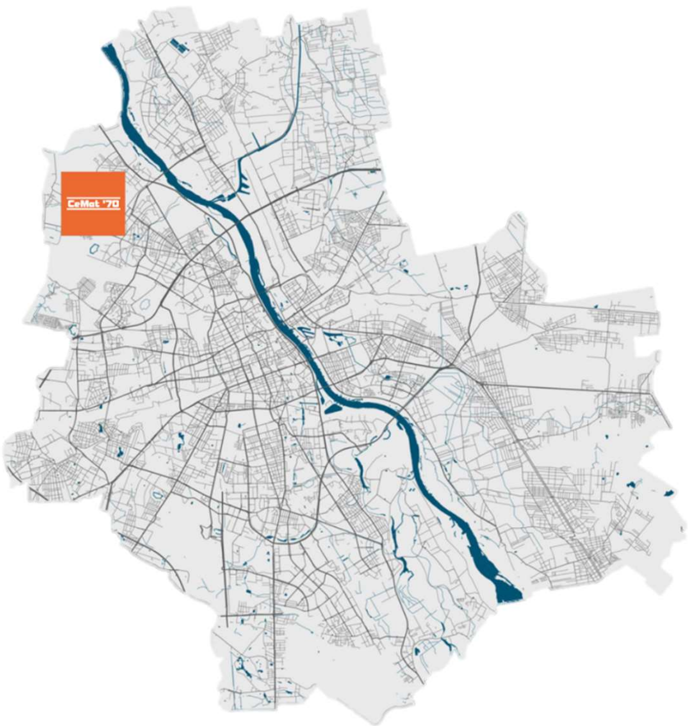
5. Our mission

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 the potential development activity, and deliver the best possible dividends to our shareholders.

6. Property highlights

The current portfolio of the CeMat Group includes investment development sites located mainly in Warsaw, the capital of Poland. The main property is partially developed with former industrial buildings. The buildings are accommodated by warehouse, production, office and social space. The complex has a total of approx. 32,699 sqm of leasing space and over 159,000 sqm of land.



Map of Warsaw

<u>CeMat in Warsaw</u>

GLA: 32,699 sqm

Warehouse: 28,572 sqm
Office: 4,127 sqm

Number of tenants: 204

Land: 159,300 sqm

This includes:
- 125,090 sqm of industrial, road and green belt plots;
- 10,722 sqm of internal road plots where CeMat has a 75% share;
- 23,488 sqm of industrial plots where CeMat has a 71.4% share.

CeMat'70, W131 and W133 have control of the land through several forms of ownership, in line with Polish regulations: right of possession to the site, the perpetual usufruct right and ownership rights. Part of the property of CeMat'70 holds the status of right of possession and is therefore not entered in the land and mortgage register. W131 and W133 have control of the land through perpetual usufruct. CeMat has right of possession to 57% of the Warsaw property, the perpetual usufruct right to over 42% of the property and the ownership right to over 1% of the property.

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 are 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 property is located in the northern part of Warsaw, in the Bielany district, approximately 10 kilometres from the city centre.

CeMat location in the Bielany district

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

The planned new main arterial roads, namely the North-South road and the North Bridge Road, will make Bielany and the property even more attractive as a place of living and location of businesses.

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. The local real estate market is strong and there is high demand among investors and developers. The large modern shopping mall, Galeria Młociny, located 2km away from the CeMat'70 property, is an example of this trend. A new 30m-high residential building is being constructed 400m away from the plots and an office building for PKO BP (a Polish bank leader) is also located in the immediate vicinity.


CeMat & PKO BP office building


Galeria Młociny shopping centre

<u>Blichowo</u>
Residential land outside Warsaw
Land: 13,603 sqm
Fair value: DKK 0.14 million

7. Goals achieved in 2021

Operating business

CeMat Group financial results for 2021 reflect the Group’s revenue growth, increased demand among tenants, a higher rent per sqm and a lease level close to 90%, which were in line with the company's plans at the beginning of the year.

The full-year results from the operating business prove the 2021 leasing strategy was correct and successful. 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.

Concept visualisation of a potential development project, lay-out of retail ground floor, Wólczyńska 133, Warsaw, Poland.

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. Compared to other European countries, the self-storage sector in Poland is currently under-represented and has healthy growth prospects, with locations such as Warsaw’s Bielany district being highly in demand among customers.

The transformation project 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 further development work will be continued in stages, with the total area of the rearrangement representing circa 5,000 sqm of the existing space, of which 1,400 sqm was finished and partly leased in 2021 or has the work ongoing. CeMat estimates that full capability after these changes will be reached in 2024.

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.

The CeMat Group signed 66 new agreements and 26 contract renewals in 2021. The new contracts for warehouses have been concluded on stronger terms than the previous ones. A high level of tenant rotation is a natural situation for the CeMat Group, and the readiness and ability of lessees to sign short-term lease agreements translates into a premium in the form of higher rents with miscellaneous conditions better for the owner.

A challenge for the revenues achieved by CeMat was the increase in the prices of electricity, central heating and natural gas in the second half of 2021. The dynamics and scale of the increases in energy prices meant it was only possible to partially pass them on to our tenants.

At the same time, all financial figures were affected by the weakening of the PLN against the DKK (we assumed the rate of 1.69 in the forecast, but the full-year average rate was actually 1.63).

CeMat, Wólczyńska 133, Bielany, Warszawa

Revenue

Revenue of the CeMat A/S was DKK 21.3 million in 2021 (2020: DKK 19.6 million).

The revenue result was in line with the goals for 2021, where planned growth was in the range of 10-14%.

Rental income accounted for 72% of the total income. The CeMat Group is engaged in the supply of utilities, including power, water and gas, and facility services etc. to its tenants, although this line of business is being strategically decreased.

Rental income

CeMat A/S recorded rental income of DKK 15.7 million in 2021 and DKK 13.7 million in 2020.

The increase in rental income from signing new agreements was supported by renegotiating agreements concluded before 2018.

The revenue from rental income of the CeMat Group was circa 15% higher than in 2020 (DKK 15.7 million in 2021 versus DKK 13.7 million in 2020).

EBITDA

Consolidated EBITDA of CeMat A/S for 2021 was DKK 3.4 million, versus DKK 1.1 million in 2020.

The result was in line with that projected in the Outlook for 2021 (DKK 2.5-3.5 million).

Occupancy level

CeMat was leasing 29,172 sqm at the end of 2021, compared to 27,215 sqm in December 2020.

CeMat recorded an occupancy level of 89.2% in 2021, compared to 84.5% at the end of 2020. The target set for 2021 was in the range of 90-93 %.

This result in terms of the occupancy level was achieved despite the rearrangement of circa 5% of warehouse space for the SBUs and self-storage units, which were temporarily unavailable for leasing during their re-arrangement period.

Our team noted and continues to observe a high level of activity on the commercial property leasing market, with demand mainly focused on small warehouses for e-commerce and service sector players. The absorption of the new space and the tempo of concluding new agreements was much faster as compared to the situation before the Covid-19 pandemic. CeMat signed 92 new agreements and deal renewals in 2021. The tenants highlighted the property’s favourable location close to the centre of Warsaw, the flexibility in lease terms, as well as the possibility to carry out technical fit-outs tailored to their needs.

Covid impact and response

Since the start of the pandemic, the CeMat team has focused on supporting our tenants and clients. We are benefiting from our in-house property management team, who have kept our premises safe and continue to be in an active, everyday dialogue with our tenants.

From the beginning of 2021, the uptake of new space was in line with plans Demand came mainly from the e-commerce and service sectors, which confirmed property market analysts' reports underlining the strengthening of the position of city warehouses during the pandemic.

Acquisition of shares from minority shareholders

The Polish holding company CeMat Real Estate is continuing to acquire shares from the minority shareholders in CeMat'70. A detailed programme for buying shares from individuals is continuing and CeMat had concluded over 71 transactions by December 2021. As a result, it has increased its stake to 93.15% in December 2021, up from 91.65% last year.

Obtaining legal title to the properties

The CeMat Group together with a specialist legal team has continued with the approved plan and is actively working on legal action to obtain the right of perpetual usufruct (RPU) for selected plots.

Building a professional team

Alongside the specialist legal team, CeMat Group has appointed a professional and experienced development team to obtain the building permit and manage the pre-development process of the Group’s first residential project.

Institute of Technology (IMiF) cooperation

As organisations with long-standing historical links, CeMat'70 and the Institute have common business goals in resolving certain ownership and easement issues within the joint plot area. A dialogue is ongoing in a professional atmosphere, with the expectation being that these common goals will be resolved in the nearest future.

DEVELOPMENT ACTIVITY

Land re-zoning

In the first half of 2021, the CeMat Group took an important step towards fulfilling its long-term goals by obtaining a binding individual zoning decision for residential and ground floor retail space for one of the plots owned, with an area of 5,608 sqm. (out of a total area of 159,300 sqm.). As a result, CeMat A/S has adjusted the fair value of the re-zoned plot increasing it by DKK 14.2 million to the value of DKK 22.7 million, and reclassified as inventories (work in progress).

Pre-development activity

In executing our strategic goals in line with the company's mission statement, we have taken an important step in expanding our core activities with a new business line: as a property developer. After obtaining the individual zoning decision for the abovementioned plot, CeMat has started pre-development and design work, based on a contract with the renowned archtectual firm 'Grupa5', in order to obtain the building permit. The contract provides for the design of a residential building with ground floor retail space for approximately 7,100 sqm of usable space. Moreover, we have started cooperation with one of the top residential brokers to prepare the possible best solution for the residential product, and we are also in contact with retailers and investors to create the most effective solutions for ground floor retail.

Additionally, the CeMat team was involved in additional activities, specific to a particular plot, to maximise the value of the properties. In the management's point of view, the activities undertaken in 2021 may contribute to a further increase in the value of the plot.

PROPERTY VALUE

The higher income from the property, conditional on receipt of the first individual zoning decision for one of the plots and the positive market sentiment are reflected in the updated value of property.

According to the Cushman & Wakefield report, the value of the investment property is DKK 120.5 million. After adding the fair value of one of the plots from the moment of its reclassification under inventories (work in progress), we arrive at the value of DKK 143.2 million (versus DKK 112.7 million in the 2020 report) based on 100% of the property (or shares owned).

The value of real estate in Warsaw consists of investment property valued as at 31.12.2021 in accordance with the Cushman & Wakefield report at DKK 120.5 million and one of the plots reclassified under inventories (work in progress) with a fair value upon reclassification of DKK 22.7 million.

Net result after tax

The positive net result of DKK 26.3 million was recorded for the CeMat Group in 2021 (versus DKK 3.1 million last year), which was recorded taking taking into account the updated valuation of the investment property.

The positive net result of DKK 26.3 million was recorded for the CeMat Group in 2021.

Warsaw, source: https://pixabay.com

8. Goals to be achieved in 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. However, we believe in consistently building competences and introducing modifications to the business model that will enable us to develop and implement solutions that satisfy our stakeholders.

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, and continuation of the pre-development work on one of the plots towards launching a residential project.

OPERATING BUSINESS

Income growth

The goal in 2022 is to increase the income from the property. The main source is rental income, and we are forecasting growth of circa 15-20% in rental income in 2022, in comparison to 2021.

Leasing incomes will focus on revenues from traditional warehouses and also from the new business lines: Small Business Units and micro-warehouses, which we are gradually transforming into self-storage projects.

The increases in the prices of natural gas, electricity and central heating that we have observed are risk factors for income growth in 2022.

Occupancy level

The goal for 2022 is to reach an occupancy level of circa 90-93%.

The ultimate occupancy level will be closely related to the investment decisions concerning the next stages of transforming the warehouses into SBUs and the self-storage investment process, which may temporarily decrease the occupancy level next year. The decision on launching the next phases of SBUs and self-storage will be undertaken taking into account the level of occupancy, already completed phases and market demand.

The pipeline for 2022 indicates an active presence on the market, which shows good prospects for the coming quarters according to market experts and our own observations.

DEVELOPMENT BUSINESS

Development activity

The CeMat Group team will continue its work related to the preparation of the first development project. The work involves coordinating architects, lawyers and the sales office, obtaining bank financing and conducting negotiations with potential general contractors. We assume that the pre-development works will be concluded in the first half of 2022, although this will depend highly on administrative decisions.

Land re-zoning

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 Warsaw city council, the majority of the site is located in an area zoned for service use, with single plots designated for roads. CeMat needs to keep open an 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 this by architects and lawyers. The goal is to prepare a new master plan or obtain an individual zoning decision, which needs a dialogue to be maintained with the city architects about the most appropriate solution for CeMat.

Obtaining legal title to the properties

CeMat will actively continue its legal activities to enter the right of perpetual usufruct (RPU) in the land and mortgage register.

Our specialist legal team will continue with the approved and diligent action plan.

Institute of Technology (IMiF) cooperation

One of the goals for 2022 will be to continue the dialogue and cooperation that has been established with the Institute management, in order to arrive at mutually beneficial solutions, especially in terms of access to some part of the plot complex.

Strengthening of the organisation

CeMat Group has successfully transferred its activity from production to a real estate business. The company is continuing the process of strengthening the organisation and ensuring that our team has the appropriate skills to fulfil both the short and long-term goals. The CeMat Group team intends to further develop its internal skills in the fields of property management, leasing, technical support and the development process.

Asset disposal

Following the re-zoning of the front plot, and the continuation of the pre-development works necessary to obtain the building permit for 7,100 sqm of usable space, the goal is to start the potential pre-selling of the ground floor and also begin pre-selling of the apartments.

9. Long-term goals

Current activity of the CeMat Group is mainly focused on generating maximum cash flows from the current buildings and preparing to maximise the value of the properties over the longer term.

The first phase of the CeMat Group transformation from a production business to a real estate business was completed in 2020. The year 2021 was mainly a time for CeMat to expand its revenue base, focusing on new business lines in existing warehouses, improving revenue efficiency and launching pre-development works on one of the plots. This process was supported by an experienced real estate team, which prepared the solid foundations for the company to achieve its long-term goals.

CeMat sees 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 will help to create long-term investment opportunities for the CeMat Group.

The Management assumes the involvement of the CeMat team in maximising the value of the particular land plots. The new approach requires the involvement of the team not only in the work related to altering the spatial plan for individual plots, but also possible involvement in further stages of the investment process.

The nature and status of the area 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.

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, right of perpetual usufruct (RUP) and ownership rights. Part of the property is not entered in the land and mortgage register and control of the land is maintained through perpetual usufruct. The right of perpetual usufruct is a specific Polish property ownership right which may be established on land owned by the State Treasury or by local government units (usually municipalities). A right of perpetual usufruct is established for between 40 and 99 years and may be renewed upon the request of the perpetual usufructuary.

Just like other property owners in Poland the CeMat Group cannot obtain the perpetual usufruct right to a plot of land if there are ongoing claims on that plot. CeMat has been actively working on legal actions in all such cases and all court and administrative cases so far have ruled in line with the company's expectations. CeMat has made efforts to resolve some of these cases with negotiations but, in some cases, the expectations of the claimants are not reasonable and above the market level, and we are therefore not in a position to resolve these cases with a civil agreement. In these cases, the legal action will continue, although a quick resolution is not to be expected.

The appointed specialist legal team is working towards executing CeMat's strategy.

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

2. Re-zoning 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 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 CeMat successfully obtained an individual zoning decision for one of the 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 the 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 to either an institutional investor or an individual client. 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 selection of the general contractor for construction is between 12 to 18 months. A residential unit is handed over when the customer obtains control of the flat and payment is made of the entire amount resulting from 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 if we find benefits in doing development projects.

The local real estate market in Warsaw is strong and there is a high demand among investors and developers. Creating a model for future cooperation with potential investors is one of the priorities for our daily business activity and the positive trends on the Warsaw investment market provide an opportunity for CeMat to maximise the value of its properties over the long term.

Other opportunities

CeMat '70 and the Institute of Technology are in dispute about the ownership of a 5,000 sqm plot of land near Warsaw's international airport. This land has been under IMIF administration for more than 20 years. Both CeMat'70 and the Institute of Technology applied more than 20 years ago for perpetual usufruct rights, but neither of them was granted such right. CeMat'70 and its legal advisers concluded in 2016, after re-examining the old files, that CeMat'70 should be granted title to the land and re-applied in court. The first administrative decision eventually decided in favour of CeMat'70, but it was contested by IMIF and the case is now on its way again through the court system. The result of the case is highly uncertain.

10. Outlook for 2022

Consolidated EBITDA for the CeMat Group is expected to be approx. DKK 3-4 million in 2022.

A positive net result of DKK 1-2 million, before taking into account the valuation of the investment property, is expected for 2022.

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

The potential impact of the coronavirus pandemic on the operations and financial results in the year 2022 will depend on the duration of the restrictions and the dynamic of the pandemic.

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

11. Financial review

The activities of CeMat Group comprise of a listed holding company in Denmark Cemat A/S with a property business in Poland operated through the 100%-owned subsidiary CeMat Real Estate, which in turn owns 93.15% of the shares in CeMat'70 S.A. There are no other business operations in the Danish listed company.

CeMat '70 engages in the letting of premises and land and the provision of utilities, including power, water and natural gas, and facility services etc. to its tenants. CeMat '70 (and its subsidiaries W131, W133 and Arkuszowa 56) have 204 tenants and, at the moment, an occupancy rate of approximately 89.2%.

INCOME STATEMENT

Revenue for 2021 amounted to DKK 21.3 million (2020: DKK 19.6 million), comprising rental income of DKK 15.7 million and sales of utilities, including power, water and technical gases, and facility services etc. to tenants of DKK 5.6 million. The observed increase in sales revenue resulted from a strategic reduction in vacant spaces and an increase in rental rates. 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.

The costs of goods and services sold totalled DKK 5.1 million in 2021, up from DKK 4.9 million in 2020, consisting of costs for the purchase of utilities for resale to tenants.

Other external expenses amounted to DKK 7.6 million in 2021, compared with DKK 7.9 million in 2020.

Personnel costs recognised in the Income Statement decreased by DKK 0.4 million compared to the previous year, amounting to DKK 5.3 million.

EBITDA for 2021 was a profit of DKK 3.4 million, against a profit of DKK 1.1 million for 2020.

As a result of the revaluation of the investment property, a profit was recognised in the amount of DKK 30.9 million (after taking into account capital expenditures), of which DKK 13.4 million has already been recognised in the half-year report.

Net financials amounted to an expense of DKK 1.0 million in 2021(versus DKK 0.8 million in 2020). This negative result is the effect of the implementation of IFRS 16 and the recognition of interest on financial leasing related to the right of perpetual usufruct, and interest on a working capital bank loan taken out by Cemat A/S.

Tax on profit/loss for the year was DKK 6.9 million, which was mainly a result of the positive results of CeMat '70 and the increase in the deferred tax provision resulting from the revaluation of the investment property.

CeMat achieved a profit after tax of DKK 26.3 million in 2021, compared to a profit of DKK 3.1 million in 2020.

CASH FLOW STATEMENT

Cash flows from operating activities were an outflow of DKK 0.3 million in 2021.

Cash flows from investing activities were an outflow of DKK 1.2 million. Cash was spent on upgrading the company’s facilities, including fire security and investment in SBUs, and preparing the company’s properties for development or divestment.

Cash flows from financing activities were a net inflow of DKK 0.1 million. Cash was spent on lease repayments (less than DKK 0.1 million) and purchasing CeMat '70 shares from minority shareholders (DKK 0.8 million). The company also took out a working capital loan of DKK 1.0 million from a bank.

BALANCE SHEET

Total assets amounted to DKK 180.8 million as at 31 December 2021, primarily comprising the investment property with an estimated market value of DKK 137.1 million (of which DKK 120.6 million is the value of the investment property based on its valuation and DKK 16.5 million is the value of the right of use resulting from the implementation of IFRS 16), leased plant and machinery of DKK 0.2 million, inventories of DKK 25.0 million, including the fair value of one plot reclassified from an investment property, receivables of DKK 2.3 million, and cash and cash equivalents of DKK 16.2 million.

The other possibilities – related to the plot in the vicinity of Warsaw airport (more details can be found in section 9) – as at the date of writing the report represent a book value of zero due to the lack of legal title and the uncertain resolution of the dispute.

Consolidated equity as of 31 December 2021 stood at DKK 131.4 million, of which DKK 120.1 million was attributable to the shareholders of CeMat A/S, and DKK 11.3 million to non-controlling interests in CeMat '70 S.A. The equity ratio was 72.7% as of 31 December 2021.

The Group’s liabilities totalled DKK 49.5 million as at 30 December 2021, consisting of lease liabilities of DKK 16.8 million, deferred tax liabilities of DKK 25.6 million, trade payables of DKK 1.4 million, a bank loan of DKK 1.0 million and other liabilities of DKK 4.7 million. They were DKK 9.1 million higher in comparison to the end of 2020.

Events after the balance sheet date

No significant events have occurred after the balance sheet date.

12. Risks and risk management

The Group’s activities are exposed to a number of risks. Management believes that the key risks to consider in connection with an analysis of the Group and its activities are described below. The list of risks outlined below is not exhaustive and not prioritised. If these risks materialise, this may adversely affect the Group’s development, results of operations, cash flows and financial position.

Risks relating to accounting estimates and judgments

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. Management has reviewed the updated valuation report received in December 2021 and its underlying assumptions. Management’s valuation estimate is in line with that indicated in the report, and the fair value consequently reflects the value stated in the report.

As the property market is not in all respects as efficient and liquid as, for example, the equity market, there can be no assurance that a buyer willing to pay the fair value at which the property is stated in the financial statements can be found at any given time. In other words, properties are subject to a liquidity risk in a sale situation.

Risks relating to property operations

The Group’s financial management focuses on the operating results generated by the property, and the Group draws up detailed budgets for its property management operations. The operating performance of the property is affected by external factors, including economic developments and developments in the property and retail markets.

To this should be added a number of risks that are to varying degrees controlled by the Group, including tenants' capacity to pay, management of the property and developments in vacancy rates and temporary rent discounts.

These risk factors may to a greater or lesser degree impact adversely on the results of operations, cash flows and the financial position.

Adverse economic developments may cause demand for leased premises to decline. In the long term, this may lead to a deterioration in letting conditions and put pressure on the rental income obtainable for individual leases.

An economic downturn also increases the risk that tenants and other contracting parties will not be able to fulfil their obligations, including to pay rent, and may result in higher vacancy rates and temporary rent discounts, lower earnings or heavier pressure on return rates.

Tenants may fail to fulfil their payment obligations, but the Group puts a lot of emphasis on attracting reliable and creditworthy tenants. Accordingly, when entering into a lease, the Group seeks as far as possible and relevant to determine the tenants' ability to pay. If in future one or more tenants are unable to fulfil their payment obligations, this could result in lower income and the incurrence of a loss on the tenant in question and resulting vacancy and costs in connection with, among other things, reletting and repairs.

Master plan situation

Land can be used for many purposes, with the main segments being industry, logistics, retail, services, office and residential. The area around Wólczyńska 133 previously housed a lot of industrial works, but in recent years more and more land has been converted into retail, service and residential areas. There are thousands of people living in low- and high-rise apartment blocks in the vicinity of CeMat '70 and more apartments are currently under construction, largely driven by the net inflow of people from the countryside to the larger metropolitan areas, in particular to Warsaw.

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 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. According to the local master plan, these plots are dedicated for roads.

In 2021, CeMat obtained an individual zoning decision for a residential building with services for one of the front plots.

CeMat '70 has started a dialogue with the city authorities about re-classification of the land from its current service use to an alternative use. This dialogue with the city authorities will be continued.

Obtaining the legal title to part of the land

CeMat '70 has control of the land through the possession right to the site, the perpetual usufruct right and ownership rights. Part of the property is not entered in the land and mortgage register. There has been a standstill in proceedings regarding the acquisition of the right of perpetual usufruct of some of the plots and it should be stated that further reservations may be raised. A specialist legal team has been appointed to support CeMat's efforts and work on the legal action in the various court and administrative cases.

Claims for title

The claims relate to disputes between the former landowners (or their heirs) and the Polish state, which expropriated the land back in the 1970s. In order for CeMat '70 to sell the land, the company must have title to that land either in the form of actual ownership or a perpetual usufruct right (RPU).

Claims are generally handled in the legal system and there are several appeal possibilities, which means that the individual claim cases typically stay in the court system for a number of years. All court cases involving CeMat '70 land resolved so far have been won by the Polish state (and hence by CeMat '70).

According to Polish law before August 2021, there was no deadline for when former landowners or their heirs could submit a claim to the Polish state about a specific plot of land or strip of road. An amendment to the Code of Administrative Procedure from 2021 makes it impossible to declare a decision invalid after the statutory deadline, leading to the discontinuation of proceedings to declare the invalidity of expropriation decisions initiated 30 years after the decision was issued. As of today, it is difficult to say what the practice of the courts will be, or when the hearings will take place.
However, once a plot of land or strip of road is free of claims, CeMat '70 can apply for perpetual usufruct rights, and the application will be the subject of recognition by the provincial governor in the enfranchisement process and when that title is obtained, future claims have no impact on CeMat '70's possibilities to sell the land.

CeMat '70's rights to its part of the property are not entered in the land and mortgage register. We cannot exclude the possibility of action against CeMat '70 regarding release of the real estate – plots with an unregulated legal status in the land and mortgage register. The President of the City of Warsaw sent a summons in an attempt to reach a settlement regarding plots in 2019. However, CeMat '70 refused to reach a settlement.

Resolving co-ownership issues

CeMat '70 and the Institute of Technology jointly own internal roads, and one particular plot with a large production/office building located on it, with CeMat '70 owning approx. 71%.

Administration

The nature of real estate development projects requires a number of approvals, licences and arrangements to be obtained by CeMat at every stage of the development process. Despite significant caution being applied in the project execution schedules, there is always the risk that there will be a delay in obtaining them. In addition, there is also the risk that protests will be lodged against permit decisions that have already been issued (also due to the possibility for appellants to appeal with no consequences) or, in the worst-case scenario, a failure to obtain the relevant permits. All the above factors may affect the ability of the Group to conduct and complete its executed and planned projects.

Construction costs risk

Construction costs may increase. This potential increase is mainly related to rises in the costs of hiring a qualified workforce, as well as increases in the costs of building materials. The CeMat Group does not operate a construction business, but instead concludes an agreement with a third-party general contractor for each project, who is responsible for running the construction and finalising the project, which includes obtaining all the necessary permits for safe use of the apartments.
In order to mitigate the risk of an increase in construction costs, the CeMat Group recognises the possibility to conclude a lump-sum contract with the general contractor, which will allow the CeMat Group to complete the project based on the estimated budget.

Risk of non-performance by general contractors

In each project or stage of a project, the Group has concluded, and will conclude, contracts for the construction and implementation of development projects with one general contractor. There is a risk that non-performance of the agreement by the general contractor may cause delays in the project or significantly impact the business, financial condition or results of the CeMat Group. The CeMat Group sees a potential risk of the non-performance of obligations by the general contractor in the availability of a qualified workforce, an increase in salaries and the cost of construction materials. Non-performance may result in claims against the general contractor with the risk that the general contractor may also fail to fully satisfy any possible claims of CeMat. The company and the Group implement selection criteria when hiring a general contractor, which include the experience, professionalism and financial strength of the general contractor (with the obligation to provide a bank or insurance guarantee), as well as the quality of the insurance policy covering all risks associated with the construction process.

Development risks

Potential problems connected with the sale of dwellings and retail units due to lower demand as a result of changes in the economic situation, including a tightening of accessibility to mortgages from banks and an increase in unemployment.

There is also the potential risk of delay in completing the company’s projects, which could be caused by architect delays, a lack of construction personnel, a shortage of raw materials, or prolonged administrative procedures and delays with obtaining building and occupancy permits. There could also be potential problems with obtaining bank financing for the projects.

All of the above could potentially affect the company's cash standing and liquidity.
.

Financial risks

As a result of the Group's activities, its equity and results of operations are impacted by a number of different risk factors, mainly relating to changes in exchange rates and interest rate levels. See Note 24 "Financial risks and financial instruments" for further information.

Capital resources

The Group's capital resources are reviewed regularly.

Based on the 2021 budget, Management believes that the existing capital resources and expected future cash flows will be sufficient to maintain operations and finance the planned initiatives.

The Group's budgets and, by extension, its future capital resources are inherently subject to risk since cash flow fluctuations may impact on the level of required and available capital resources.

Management believes that any negative deviations from budgeted cash flows can be countered on a timely basis through cash flow-enhancing activities.

Reference is made to Note 24 to the financial statements for a description of the cash flows and capital resources.

Changes in real estate prices

Significant decreases or increases in the estimated rental value and rental situation would result in a significantly lower or higher fair value of the properties. The risk of a decrease in the portfolio value resulting from a drop in rental revenues and an increase in the vacancy rate is mitigated by proactive asset management and active management of the occupancy level.

Environmental risks

The property was used for 40 years for industrial purposes and, therefore, pollution cannot be excluded. However, a number of investigative drillings have been carried out across the property and, to date, no significant pollution has been identified, however we cannot exclude identification of environmental risks in future.

Other risks

Other risks that may affect the Group's operations are related to potential changes in Polish law, insurance, the environment and personnel.

Political risk may be related to the geopolitical situation and foreign policy.

As regards insurance, the Group has taken out insurance cover in a number of general areas. In the Group's opinion, this insurance provides satisfactory cover in respect of the Group's activities. There is a risk of insufficient insurance coverage of claims, however.

The Group generally strives to be regarded as an attractive workplace with a favourable working environment and development opportunities for all employees. The Group is of the opinion that there is no significant dependence on individuals in the Group and that staff changes will not lead to any operational or management risks.

Additional risks:

- vacancy rate and lease termination;
- the condition of the buildings and possibility of capex investment;
- master plan situation;
- obtaining the legal title to part of the land;
- resolving the remaining claims regarding title to the land;
- solution/agreement with the Institute of Technology (for the common building and roads);
- summons for a settlement attempt regarding release of the real estate;
- financial risks including foreign exchange risk;
- capital resources;
- change of real estate prices;
- environmental risks;
- requirements from supervisory authorities regarding buildings;
- risk of delays on the part of authorities;
- risk of delays in administrative processes due to project preparation;
- risk of delays in administrative processes due to the participation of third parties;
- risk of the introduction of unfavourable legal regulations;
- risk of tax changes;
- risk of adverse changes in the real estate market;
- risk connected with the cyclical nature of the real estate market;
- risk of external financing being withheld;
- risk of adverse changes in business climate indicators: poorer economic growth, increase in unemployment, decrease in consumption, increase in inflation;
- other risks.

13. Statutory reports

Statutory report on corporate governance

CeMat's statutory report on corporate governance, see section 107b of the Danish Financial Statements Act, covers the period 1 January – 31 December 2021.

The report consists of three elements:

- Corporate governance report
- Description of CeMat's management bodies
- An account of the main features of the Group's internal controls and risk management in relation to the financial reporting process.

CeMat's Board of Directors and Management Board continually work within corporate governance principles to ensure that the management structure and control systems are appropriate and satisfactory. The Board of Directors believes that clear management and communication guidelines help to convey an accurate picture of CeMat.

The Audit Committee is handled by the Board of Directors and considers the conditions for this to be met.

Pursuant to section 107b of the Danish Financial Statements Act and clause 4.3 of the "Rules for issuers of Shares – Nasdaq Copenhagen", CeMat must report on how the Group addresses the recommendations published by the Committee on Corporate Governance in Denmark on 2 December 2020. The recommendations are available on the website of the Committee on Corporate Governance, www.corporategovernance.dk. In preparing the report, CeMat has adopted the "comply-or-explain" principle in relation to each individual recommendation. The Board of Directors believes that CeMat complies with the majority of the recommendations.

The statutory report on corporate governance 2021, see section 107b of the Danish Financial Statements Act, may be found on CeMat's website at:

https://cemat-en.squarespace.com/corporate-governance/

Statutory report on corporate social responsibility and policy on data ethics, see sections 99a, 99b and 99d of the Danish Financial Statements Act

In addition to carrying on profitable business activities, CeMat is committed to meeting and expanding the Group's ethical, social and environmental responsibilities as a business enterprise.

CeMat divested its main activity in 2016 and, consequently, the former secondary activity is now the Group's main activity. Going forward, the CeMat Group is purely an investment property business. As a result, the number of employees has been sharply reduced and the environmental impacts are also significantly lower than previously.

In light of the company's size and activities, and the markets in which the Group operates, the Board of Directors has decided not to adopt policies for the voluntary incorporation of corporate social responsibility, including policies for human rights, climate impact and environmental issues as well as policy on data ethics. The Board of Directors regularly reviews the need to adopt policies in this area. In 2022, it is planned to develop a data ethics policy.

The Group no longer reports under the UN Global Compact.

Policy on diversity

CeMat regards a diverse workforce as an asset. We hire on the basis of talent and personality and offer equal opportunities to all employees, regardless of their background, religion, political conviction, gender or age. We encourage everyone to try to reach their full potential in accordance with their personal ambitions and goals.

We promote a work environment of respect and inclusion and expect our employees to be politically and religiously neutral when acting on behalf of the Group. We acknowledge the right to unionise and bargain collectively and do everything in our power to avoid discrimination.

Policy on gender equality in managerial positions

When selecting new members of CeMat's Board of Directors, it is important that the candidates have specific professional competencies and qualifications from listed companies, as well as international experience. In addition, diversity in terms of nationality, religion, political conviction, age and gender is taken into account. During potential recruitment processes, employees and any external partners involved are fully informed of the Group's diversity policy.

At year-end 2021, the total number of employees was 27 (including the Board of Directors and persons who work freelance), eight of whom were women. One woman was a member of the Board of Directors, but there were no women on the Management Board.

The current gender balance of CeMat's managerial positions is outlined below.

	2021	**2020**
Board of Directors, males	2	2
Board of Directors, females	1	1
Other managerial positions, males	4	4
Other managerial positions, females	2	0

Representatives from Management and members elected by the employees meet on a regular basis to discuss the general situation and working climate in CeMat, with the minutes of these meetings communicated to local staff. Two of the five members of the Board of Directors of CeMat '70 were elected by the employees.

No significant changes are planned for 2022. Instead, CeMat will focus on continuing the good efforts already completed.

Policy on safety

Safety must be a priority for all CeMat employees. There were no accidents in 2021.

CeMat believes that all injuries are preventable, all health risks are controllable and that management is accountable. CeMat also believes that a strong safety culture is an important tool for protecting our products and customers.

Literally speaking, we want our staff to go home from work as healthy as they were when they arrived at their workplace. In order to attain this goal, it is a continuing objective to prevent injuries and work-related health risks through structured effective management, administration, education and training.

Pursuant to national legislation in Poland, a health and safety body has been established. This safety body consists of management and an H&S specialist who holds overall responsibility for CeMat's health and safety performance. The H&S specialist oversees compliance with applicable legislation and plans activities to minimise safety risks. The H&S specialist is also responsible for conducting workplace evaluations and implementing improvements.

Anti-fraud and anti-corruption

Anti-fraud and anti-corruption control is exercised by the Board of Directors and the Management Board of the company, with a policy based on clearly communicating the organisation's values and best business practices. The policy is established on a risk management approach that involves identifying the key factors that influence fraud and corruption risk and reporting to CeMat Management.

14. Shareholder information

CeMat strives to maintain an open and continual dialogue with its shareholders, prospective investors and the general public.

CEMAT'S SHARES

In 2021, shares in the OMXC25 CAP index gained 17%, while shares in the OMXC SmallCap index gained 36%. The price of CeMat's shares was DKK 1.030 per share at the end of 2021, equivalent to a 174% increase (from DKK 0.376).

The Group's market capitalisation at 31 December 2021 was DKK 257.3 million.

The total turnover in stock in 2021 was 94 million shares, which was 65% higher than in 2020, when 57 million shares were traded.

MASTER DATA

Stock exchange:	Nasdaq Copenhagen
Index:	OMXC SmallCap
Industry:	Property
ISIN:	DK0010271584
Symbol:	CEMAT
Share capital:	DKK 4,997,006.06
Denomination:	DKK 0.02
No. of shares:	249,850,303
Negotiable instruments:	Yes
Voting restrictions:	No

SHARE CAPITAL

The share capital consists of 249,850,303 shares of DKK 0.02 each. The shares have not been divided into classes and carry no special rights.

The Board of Directors and the Management Board regularly assess whether the Group's capital and share structures are consistent with the interests of the shareholders and the Group.

SHAREHOLDER STRUCTURE

One largest shareholder holds 32.5% of the registered share capital. A list of shareholders who have notified the Group that they hold 5% or more of the share capital or votes as at 31.12.2021 under section 29 of the Danish Securities Act is shown below.

Composition of shareholders	Number of shares	Capital DKK	Capital %
EDJ-Gruppen 6701 Kongensgade 34 Esbjerg, Denmark	81,250,000	1,625,000.00	32.52
Gist Holding ApS C.F. Richs Vej 31	25,691,023	513,820.46	10.28

EDJ-Gruppen consists of Eivind Dam Jensen and related parties, together with companies controlled by Eivind Dam Jensen.

MANAGEMENT'S HOLDINGS OF CEMAT SHARES

As of 31 December 2021, members of the Board of Directors and their related parties held 93,538,860 shares (nominal value DKK 1,870,777), corresponding to 37.4% of the share capital and a market value of DKK 96.3 million. Members of the Management Board and their related parties held 1,786,610 shares (nominal value DKK 35,732), corresponding to 0.7% of the share capital and a market value of DKK 1.8 million.

The shareholdings of the individual members of the Board of Directors and the Management Board and changes thereto during 2021 can be found on the Group's website under "About us/Management/Board of Directors" and "About us/Management/Management Board" and are specified in this annual report under "Board of Directors and Management Board".

TREASURY SHARES

Pursuant to section 198 of the Danish Companies Act, the Board of Directors is authorised to acquire treasury shares for a period of 18 months from the date of an annual general meeting. CeMat did not hold any treasury shares as of 31 December 2021.

CEMAT'S REGISTER OF SHAREHOLDERS IS MANAGED BY:
Computershare A/S
Lottenborgvej 26 D
2800 Kgs. Lyngby, Denmark

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 24 March 2022 at 2.00 pm at the offices of DLA Piper Denmark, Oslo Plads 2, 2100 Copenhagen OE, Denmark. In addition, CeMat places notices concerning annual general meetings in one of the Danish newspapers.

Notices convening shareholders to annual general meetings and the agendas for the meetings are sent via e-mail to shareholders who have so requested. Shareholders may register for general meetings and find relevant documents on the shareholder portal on the Group's website.

DIVIDEND AND ALLOCATION OF PROFIT

The Board of Directors recommends to the Annual General Meeting that no dividend be declared in respect of the 2021 financial year. The Board of Directors recommends to the Annual General Meeting that the consolidated profit for the year of DKK 26.3 million be transferred to retained earnings.

INVESTOR QUERIES

Any questions or comments from shareholders, analysts and other stakeholders should be addressed to Frede Clausen via the Investor Secretariat at e-mail: investor@CeMat.dk or tel.: +45 33 34 00 58.

ANNOUNCEMENTS IN 2021

2021	Announcement
26.01	Financial calendar 2021/22
23.02	Publication of Annual Report 2020
25.02	Managers’ transactions
02.03	Notice to convene Annual General Meeting 2021
02.03	Managers’ transactions
15.03	Update financial calendar 2021/2022
22.03	Managers’ transactions
22.03	Closely related persons transactions
24.03	Managers’ transactions
24.03	Course of the Annual General Meeting 2021
30.07	Major shareholders’ announcement
31.08	Interim report H1 2021
01.09	Managers’ transactions
02.09	Managers’ transactions
02.09	Managers’ transactions
02.09	Managers’ transactions
20.09	Managers’ transactions

FINANCIAL CALENDAR 2022/2023

2022	Announcement	Silent period
23.02	Annual Report 2021	25.01.2022 - 23.02.2022
24.03	Annual General Meeting	
31.08	Interim report – H1 2022	02.08.2022 - 31.08.2022

2023	Announcement	Silent period
22.02	Annual Report 2022	24.01.2023 - 22.02.2023
23.03	Annual General Meeting	

15. Board of directors and management board

Board of Directors

Frede Clausen (born 1959)
Chairman
Professional board member
Various banking educations
Graduate Diploma in Business Administration
Elected 2018, Chairman 2018
Current term expires in 2022

No. of shares held in CeMat (own and related parties):
9,490,641 (2020: 8,632,463)

Remuneration paid in 2021: DKK 400,000

Directorships and other managerial positions:
Frede Clausen Holding ApS
Core Poland Residential V
Malik Supply A/S (chairman)
Developnord A/S (chairman)
Søndergaard Holding Aalborg ApS (chairman)
Ib Andersen VVS A/S (chairman)
Palma Ejendomme ApS (chairman)
Ejendomsselskabet Gøteborgvej 18 ApS (vice-chairman)

Special qualifications:
Strategic management, business development and real estate

Eivind Dam Jensen (born 1951)
Deputy Chairman
Estate agent
Member of the Danish Association of Chartered Estate Agents, Diploma Administrator
Elected 2005, Deputy Chairman 2005
Current term expires in 2022

No. of shares held in CeMat (own and related parties):
81,250,000 (2020: 81,250,000)

Remuneration paid in 2021: DKK 280,000

Directorships and other managerial positions:
Owner of Chartered Estate Agency E. Dam Jensen
Chairman and sole shareholder of A/S Eivind Dam Jensen
Owner of Brundtland Golfcenter (via A/S Eivind Dam Jensen)

Special qualifications:
Purchase, sale, valuation and letting of commercial and investment properties and property management

Joanna L. Iwanowska-Nielsen (born 1968)
Member of the Board of Directors
Real estate expert
Degree in International Trade, Organisation and Management from the Warsaw School of Economics
Elected 2016
Current term expires in 2022

Remuneration paid in 2021: DKK 160,000

Directorships and other managerial positions:
Member of the board of Directors of Sustainable Małkowo
Member of the board of Directors of Coille Righ Green Energy Scotland
Member of the board of directors of WildaNova
Partner in NOLTA Consultants and NOLTA Career Experts
Member of EPI (European Property Institute) expert panel
Member of Warsaw Women in Real Estate & Development
No directorships in other Danish companies

No. of shares held in CeMat (own and related parties):
1,011,609 (2020: 222,460)

Special qualifications:
Experience in the real estate trade in Poland, CEE and internationally (development, strategy, sales and project management in both the commercial and residential property sectors incl. sustainable housing).

Management Board

Jarosław Lipiński (born 1977)
CEO
Master of Law degree at the Nicolaus Copernicus University in Toruń.
Further studies at the AMBA Academy, Warsaw School of Economics, Finance for Managers, Warsaw School of Economics
Employed with CeMat A/S since 2018

Directorships and other managerial positions:
Over the course of the last 22 years, Jarosław Lipiński has gained wide experience within the real estate industry and has held executive positions with a number of international enterprises, including 10 years with TK Development A/S (Agat Ejendomme), in charge of letting and development.

Special qualifications:
Residential and retail development, property management, business development.

No. of shares held in CeMat: 1,786,610 (2020: 1,149,610)

16. Management statement

We have today presented the annual report of Cemat A/S for the financial year 1 January – 31 December 2021.

The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

In our opinion, the consolidated and parent company financial statements give a true and fair view of the Group's and the parent company's assets, liabilities, equity and financial position at 31 December 2021 and of the results of the Group's and the parent company's operations and cash flows for the financial year ended 31 December 2021.

Furthermore, in our opinion, the Management's review gives a true and fair view of the developments in the activities and financial position of the Group and the parent company, the results for the year and of the Group's and the parent company's financial position in general and describes the significant risk and uncertainty factors that may affect the Group and the parent company.

We recommend that the annual report be approved by the shareholders in the general meeting.

Copenhagen, 23 February 2022

MANAGEMENT BOARD

Jarosław Lipiński
CEO

BOARD OF DIRECTORS

Frede Clausen **Chairman**	Eivind Dam Jensen **Deputy Chairman**	Joanna L. Iwanowska-Nielsen **Board member**

17. Independent auditor's report

To the Shareholders of Cemat A/S

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PARENT COMPANY FINANCIAL STATEMENTS

Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Cemat A/S for the financial year 1 January - 31 December 2021, which comprise income statement, total income statement, balance sheet, statement of changes in equity, cash flow statement, notes and a summary of significant accounting policies, for both the Group and the Parent Company. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021, and of the results of the Group and Parent Company operations and cash flows for the financial year 1 January - 31 December 2021 in accordance with the International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

Our opinion is consistent with our extract from audit book to the audit committee and the board of directors.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our belief we have not performed any prohibited non-audit services, as stated in article 5, subarticle 1, in regulation (EU) no. 537/2014.

We were first appointed auditor of Cemat A/S on 8 March 2017 for the financial year 2017. We were reappointed annually a resolution of a general meeting for a total continuous period of 1 year until and including the financial year 2021.

Key Audit Matters
Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements for the financial year 2021. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of investment properties
The carrying amount of the Group's investment properties is DKK ('000) 137,157 at 31 December 2021, cf. note 9. Investment properties are measured at fair market value and the total fair market value adjustment of the year is a net gain of DKK ('000) 30,871, cf. note 9 of the Financial Statements, which is recognised in the income statement.

We have assessed that the fair market valuation is a key audit matter as estimates and preconditions may have material impact on the Financial Statements and because investment properties constitute 76% of the Group's total assets.

In December 2021 the company's Management obtained a valuation report from an external valuation expert which supports the value recognised in the financial statements. The valuation report is prepared by a leading international estate agent in Warsaw.

We refer to the further description in note 9 of the annual report.

Our audit response
We have obtained an understanding of the Management's processes for and control of the measurement of the land plots and the rental property in Poland.

We have challenged and assessed the most important preconditions forming the basis for the valuation, including:
- Minimum return on interest requirement
- Future market rent
- Ownership
- Competences and independence of the external valuation expert

Moreover, a recalculation was performed of the model forming basis for the valuation and we have assessed the adequacy and sufficiency of Management's disclosures on investment properties.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Consolidated Financial Statements and the Parent Company Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements and the Parent Company Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Consolidated Financial Statements or the Parent Company Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management's Review.

Management's Responsibilities for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Parent Company Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Consolidated Financial Statements and the Parent Company Financial Statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Parent Company Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements and Parent Company Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Parent Company Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Consolidated Financial Statements and the Parent Company Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements and the Parent Company Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and the Parent Company Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate them all relationships and other matters that may reasonably thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements and the Parent Company Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our Independent Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our Independent Auditor's Report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON COMPLIANCE WITH THE ESEF REGULATION

As part of our audit of the Consolidated Financial Statements and Parent Company Financial Statements of Cemat A/S we performed procedures to express an opinion on whether the annual report of Cemat A/S for the financial year 1 January to 31 December 2021 with the file name CEMAT-2021-12-31.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of Cemat A/S for the financial year 1 January to 31 December 2021 with the file name CEMAT-2021-12-31.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 23 February 2022

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Brian Olsen Halling
State Authorised Public Accountant
MNE no. 32094

Photo: Warsaw, Poland, source: www.unsplash.com

FINANCIAL STATEMENTS

18. Income statement

1 January – 31 December

PARENT COMPANY				GROUP	
2020	**2021**	**DKK'000**	**Note**	**2021**	**2020**
0	0	Revenue	3	21,307	19,571
0	0	Cost of goods and services sold		(5,071)	(4,891)
(1,603)	(1,432)	Other external expenses		(7,586)	(7,880)
(882)	(876)	Staff costs	4	(5,281)	(5,685)
(2,485)	**(2,308)**	**Operating profit/(loss) (EBITDA)**		**3,369**	**1,115**
0	0	Depreciation		(43)	(44)
(2,485)	**(2,308)**	**Operating profit/(loss) (EBIT)**		**3,326**	**1,071**
0	0	Revaluation investment property	9	30,871	4,826
1,717	271	Financial income	5	7	178
(1,044)	(1,124)	Financial expenses	6	(1,045)	(977)
(1,812)	**(3,161)**	**Profit/(loss) before tax**		**33,159**	**5,098**
0	0	Tax on profit/(loss) for the year	7	(6,898)	(1,968)
(1,812)	**(3,161)**	**Profit/(loss) for the year**		**26,261**	**3,130**
		Distribution of profit/(loss) for the year:			
		Parent company shareholders		24,199	2,488
		Non-controlling interests		2,062	642
				26,261	**3,130**
(0.01)	(0.01)	Earnings per share (DKK)	8	0.10	0.01
(0.01)	(0.01)	Diluted earnings per share (DKK)	8	0.10	0.01

19. Statement of comprehensive income

1 January – 31 December

PARENT COMPANY				GROUP	
2020	**2021**	**DKK'000**	**Note**	**2021**	**2020**
(1,812)	(3,161)	Profit/(loss) for the year		26,261	3,130
		Items that may be reclassified to profit or loss:			
0	0	Foreign exchange adjustment, foreign entities		(1,191)	(7,956)
(1,812)	**(3,161)**	**Comprehensive income for the year**		**25,070**	**(4,826)**
		Distribution of comprehensive income for the year:			
(1,812)	(3,161)	Parent company shareholders		23,125	(4,497)
0	0	Non-controlling interests		1,945	(329)
(1,812)	**(3,161)**			**25,070**	**(4,826)**

20. Cash flow statement

For 2021

PARENT COMPANY				GROUP	
2020	**2021**	**DKK'000**	**Note**	**2021**	**2020**
(2,485)	**(2,308)**	**Operating profit/(loss) (EBIT)**		**3,326**	**1,071**
0	0	Depreciation	9	43	44
(399)	(11)	Change in net working capital	21	(3,357)	4,768
0	0	Other (deposits, etc.)		535	578
0	0	Tax paid/received		66	(1,516)
0	0	Financial income received		1	53
(18)	(42)	Financial expenses paid		(891)	(886)
(2,902)	**(2,361)**	**Cash flows from operating activities**		**(277)**	**4,112**
0	0	Acquisition of property, plant and equipment		(785)	(1,585)
0	0	Capital expenditures, development of the investment property		(456)	(206)
0	**0**	**Cash flows from investing activities**		**(1,241)**	**(1,791)**
0	0	Lease repayments	18	(40)	(47)
2,700	1,747	Loans and credits raised	18	950	0
0	0	Acquisition of shares in subsidiary		(773)	(860)
2,700	**1,747**	**Cash flows from financing activities**		**137**	**(907)**
(202)	**(614)**	**Cash flows for the year**		**(1,381)**	**1,414**
2,022	820	Cash and cash equivalents at beginning of year		17,750	17,598
0	0	Market value adjustment of cash and cash equivalents		(165)	(1,262)
820	**206**	**Cash and cash equivalents at end of year**	**14**	**16,204**	**17,750**

21. Balance sheet

Balance sheet as at 31 December 2021

PARENT COMPANY		ASSETS		GROUP	
2020	**2021**	**DKK'000**	**Note**	**2021**	**2020**
0	0	Investment property	9	137,157	126,641
0	0	Plant and machinery right of use	9	165	55
0	0	**Property, plant and equipment**		**137,322**	**126,696**
93,339	93,339	Investments in subsidiaries	10	0	0
0	0	Other non-current receivables	11	273	546
93,339	**93,339**	**Financial assets**		**273**	**546**
93,339	**93,339**	**Non-current assets**		**137,595**	**127,242**
0	**0**	**Inventories**	**13**	**25,034**	**0**
0	0	Trade receivables	12	1,727	1,665
1,268	1,312	Receivables from subsidiaries		0	0
0	0	Income tax receivable		0	563
0	0	Other receivables		257	234
1,268	**1,312**	**Receivables**		**1,984**	**2,462**
820	**206**	**Cash and cash equivalents**	**14**	**16,204**	**17,750**
2,088	**1,518**	**Current assets**		**43,222**	**20,212**
95,427	**94,857**	**Assets**		**180,817**	**147,454**

Balance sheet as at 31 December 2021

PARENT COMPANY		EQUITY AND LIABILITIES		GROUP	
2020	**2021**	**DKK'000**	**Note**	**2021**	**2020**
4,997	4,997	Share capital	15	4,997	4,997
0	0	Translation reserve	16	(23,878)	(22,804)
63,679	60,518	Retained earnings		139,002	113,588
68,676	**65,515**	**Equity attributable to parent company shareholders**		**120,121**	**95,781**
0	**0**	**Equity attributable to non-controlling interests**		**11,246**	**11,291**
68,676	**65,515**	**Equity**		**131,367**	**107,072**
0	0	Lease liabilities	17	15,751	13,025
0	0	Other non-current liabilities		2,173	2,907
0	0	Deferred tax liabilities	7	25,636	19,475
0	**0**	**Non-current liabilities**		**43,560**	**35,407**
0	976	Bank loans	18	976	0
0	0	Lease liabilities	17	943	842
246	244	Trade payables	19	1,447	1,205
25,767	27,366	Debt to subsidiaries		0	0
0	0	Income tax payable		20	0
738	756	Other payables	20	2,504	2,928
26,751	**29,342**	**Current liabilities**		**5,890**	**4,975**
26,751	**29,342**	**Total liabilities**		**49,450**	**40,382**
95,427	**94,857**	**Equity and liabilities**		**180,817**	**147,454**
		Charges, guarantees and contingent liabilities, contractual liabilities	22-23		
		Other notes without reference	24-32		

.

22. Statement of changes in equity

Statement of changes in equity for 2021 (Group)

DKK'000	Share capital	Translation reserve	Retained earnings	Equity attributable to parent company shareholders	Equity attributable to non-controlling interests	Total equity
Equity at 01.01.2020	**4,997**	**(15,819)**	**109,870**	**99,048**	**13,702**	**112,750**
Profit/(loss) for the year	0	0	2,488	2,488	642	3,130
Other comprehensive income	0	(6,985)	0	(6,985)	(971)	(7,956)
Comprehensive income	0	(6,985)	2,488	(4,497)	(329)	(4,826)
Acquisition of non-controlling interests	0	0	1,245	1,245	(2,081)	(836)
Expenditure from the company's social benefits fund	0	0	(15)	**(15)**	**(**1**)**	(16)
Equity at 31.12.2020	**4,997**	**(22,804)**	**113,588**	**95,781**	**11,291**	**107,072**
Equity at 01.01.2021	**4,997**	**(22,804)**	**113,588**	**95,781**	**11,291**	**107,072**
Profit/(loss) for the year	0	0	24,199	24,199	2,062	26,261
Other comprehensive income	0	(1,074)	0	(1,074)	(117)	(1,191)
Comprehensive income	0	(1,074)	24,199	23,125	1,945	25,070
Acquisition of non-controlling interests	0	0	1,222	1,222	(1,989)	(767)
Expenditure from the company's social benefits fund	0	0	(7)	**(7)**	**(**1**)**	(8)
Equity at 31.12.2021	**4,997**	**(23,878)**	**139,002**	**120,121**	**11,246**	**131,367**

Statement of changes in equity for 2021 (Parent Company)

DKK'000	Share capital	Retained earnings	Total equity
Equity at 01.01.2020	**4,997**	**65,491**	**70,488**
Comprehensive income for the year	0	(1,812)	(1,812)
Equity at 31.12.2020	**4,997**	**63,679**	**68,676**
Equity at 01.01.2021	**4,997**	**63,679**	**68,676**
Comprehensive income for the year	0	(3,161)	(3,161)
Equity at 31.12.2021	**4,997**	**60,518**	**65,515**

23. Notes to the financial statements


CeMat Complex, Wólczyńska 133, Bielany, Warsaw

1. ACCOUNTING POLICIES

The consolidated and the parent company financial statements of CeMat A/S for 2021 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of reporting class D entities (listed) as set out in the Danish Executive Order on Adoption of IFRSs issued in pursuance of the Danish Financial Statements Act and the rules and regulations of Nasdaq Copenhagen.

The consolidated financial statements and the parent company financial statements are presented in Danish kroner (DKK), which is the Group's presentation currency and the functional currency of the parent company.

Implementation of new and revised standards and interpretations
New and revised standards and interpretations applying to financial years beginning on 1 January 2021 have been implemented in the annual report for 2021.

Standards and interpretations affecting the profit/loss for the year or the financial position
The implementation of new and revised standards and interpretations in the annual report for 2021 has not resulted in changes to presentation or disclosure.

Standards and interpretations affecting presentation and disclosure
The implementation of new and revised standards and interpretations in the annual report for 2020 has not resulted in changes to presentation or disclosure.

Standards and interpretations not yet in force
In Management's opinion, the application of new and revised standards and interpretations will not have a material impact on the annual reports for the coming financial years. In other respects, the accounting policies are consistent with last year's, as described in the following.

Consolidated financial statements
The consolidated financial statements consolidate the financial statements of the parent company, CeMat A/S, and subsidiaries in which the parent company directly or indirectly holds more than 50% of the shares.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the parent company and those of the subsidiaries, which are all prepared in accordance with the Group's accounting policies.

On consolidation, items of the same nature are aggregated and intra-group income and expenses, intra-group balances and shareholdings are eliminated. Unrealised gains and losses on transactions between consolidated companies are also eliminated.

Financial statement items of subsidiaries are fully consolidated. The non-controlling interests' proportionate share of the profit/loss is included in the consolidated profit/loss and comprehensive income for the year and as a separate item under consolidated equity.

Non-controlling interests
On initial recognition, non-controlling interests are either recognised at their fair value or at their pro-rata share of the fair value of the acquired company's identifiable assets, liabilities and contingent liabilities. The choice of method is made individually for each transaction. The non-controlling interests are subsequently adjusted for their proportionate share of changes to the equity of the subsidiary. The comprehensive income is allocated to the non-controlling interests irrespective of the non-controlling interest consequently becoming negative.

Acquisition or sale of non-controlling interests in a subsidiary not resulting in loss of controlling influence is recognised in the consolidated financial statements as an equity transaction, and the difference between the remuneration and the carrying amount is allocated to the parent company's share of equity.

Foreign currency translation
On initial recognition, transactions denominated in currencies other than the individual company's functional currency are translated at the exchange rate ruling at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Exchange differences between the exchange rate at the transaction date and the exchange rate at the date of payment or the balance sheet date, respectively, are recognised in the income statement under financial items.

Property, plant and equipment and intangible assets, inventories and other non-monetary assets acquired in foreign currency and measured based on historical cost are translated at the exchange rates at the transaction date.

On recognition in the consolidated financial statements of entities whose financial statements are presented in a functional currency other than Danish kroner (DKK), the income statements are translated at average exchange rates for the respective months, unless these deviate materially from the actual exchange rates at the transaction dates. In that case, the actual exchange rates are used. Balance sheet items are translated at the exchange rates at the balance sheet date.

Exchange differences arising on the translation of foreign subsidiaries' opening balance sheet items to the exchange rates at the balance sheet date and on the translation of the income statements from average exchange rates to exchange rates at the balance sheet date are recognised in other comprehensive income.

Foreign exchange adjustments of receivables from or payables to subsidiaries which are considered part of the parent company's overall investment in the subsidiary in question are recognised in other comprehensive income in the consolidated financial statements, while they are recognised in the income statement of the parent company.

Tax
Tax for the year, which consists of current tax and changes in deferred tax for the year, is recognised in the income statement with respect to the portion attributable to the profit/loss for the year and directly in equity with respect to the portion attributable to entries directly in equity.

Current tax payable and receivable is recognised in the balance sheet as the tax calculated on the taxable income for the year, adjusted for tax paid on account.

The calculation of the year's current tax is based on the tax rates and tax rules applicable at the balance sheet date.

Deferred tax is measured using the tax rates and tax rules that, based on legislation in force or in reality in force at the balance sheet date, are expected to apply in the respective countries when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changed tax rates or rules are recognised in the income statement, unless the deferred tax can be attributed to items previously recognised directly in equity. In the latter case, the change is also recognised directly in equity.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to the initial recognition of goodwill or the initial recognition of a transaction, apart from business combinations, and where the temporary difference existing at the date of initial recognition affects neither profit/loss for the year nor taxable income.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, unless the parent company is able to control when the deferred tax is to be realised and it is likely that the deferred tax will not crystallise as current tax within the foreseeable future.

Deferred tax is calculated based on the planned use of the individual asset and the settlement of the individual liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised in the balance sheet at the value at which the asset is expected to be realised, either through a set-off against deferred tax liabilities or as net tax assets to be offset against future positive taxable income. At each balance sheet date, an assessment is made as to whether it is likely that there will be sufficient future taxable income for the deferred tax asset to be utilised.

INCOME STATEMENT

Revenue
Revenue is measured as the fair value of the consideration received or receivable. If interest-free credit has been granted for payment of the outstanding consideration extending beyond the usual credit period, the fair value of the payment is calculated by discounting future payments. The difference between the fair value and the nominal value of the consideration is recognised as financial income in the income statement over the extended credit period by using the effective interest method.

Revenue is stated exclusive of VAT, duties, discounts, etc. levied on behalf of a third party.

For leasing contracts that provide for rent exemptions, the effective rent for the entire contract period is used.

Revenues from the sale of real estate (residential units, commercial space, etc.) are recognised at the time when the real estate purchaser takes over control of the real estate acquired and receives significant risks and rewards of ownership. According to the assessment of the management of the company, this takes place at the moment of handing over the real estate to the buyer on the basis of the acceptance protocol signed by the parties, provided that the buyer has made 100% payments towards the purchase price of the real estate.

Cost of goods and services sold
Cost of goods and services sold comprise direct costs incurred in generating the revenue.

Other external expenses
Other external expenses include premises maintenance costs, advertising costs, administrative expenses, bad debts, etc. Other external expenses also comprise costs of development projects that do not qualify for recognition in the balance sheet.

Staff costs
Staff costs comprise wages and salaries and social security costs, pensions, share-based payment, etc. to the employees of the Group.

Financial items
Financial items comprise interest income and expenses, the interest element of finance lease payments, realised and unrealised foreign exchange gains and losses as well as surcharges and allowances under the Danish tax prepayment scheme.

BALANCE SHEET

Investment property
Investment property comprises properties owned for the purpose of receiving rent or obtaining capital gains.

On initial recognition, investment property is measured at cost, comprising the purchase price and any costs directly attributable to the acquisition.

Subsequently, investment property is measured at fair value, representing the price at which it is estimated that the property can be sold to an independent buyer at the balance sheet date.

Investment property is divided into four groups: Internal roads; plots designed for external roads; development areas; and industrial buildings.

Internal roads; plots designed for external roads; and development areas (in the following referred to as “properties”) are valued using a comparative approach. This approach assumes the variation in prices between at least three comparable properties can be explained by the differences in their individual attributes such as location, surroundings, accessibility, development potential etc. The influence of each of these attributes on value is assigned a percentage weighting, and the characteristics of each comparable and the subject are then rated, typically from 1-5, very good to very poor. The price of each comparable is adjusted according to how it differs from the subject, with the resulting adjusted average price from the comparables taken as providing a reasonable indication of the subject’s value.

Industrial buildings are valued using an earnings-based approach based on normal earnings. Income from each lessee is expected to be generated for as long as the lease is in force or until the first time it may be terminated if considered advantageous. Thereafter, income is expected to continue to be generated at market rent. Adjustments are made for lost rental income, fitting-out deposits and un-obtainable running costs.

The required rates of return having been set are an important input in estimating the fair values. The required rate of return used ranges from 11.8% to 13.6%.

As regards properties where claims as to title have not yet been accommodated, the value is further reduced by 20% due to the risk that such claims will be accommodated and due to the expenses associated with this transitional phase.

Adjustments of the fair value of investment property are recognised in profit or loss in the financial year in which the change occurred.

Investments in subsidiaries
On initial recognition, investments in subsidiaries are measured at cost plus transaction costs. Where the recoverable amount of the investments is lower than cost, the investments are written down to this lower value.

Inventory

Finished products
Finished products are mainly residential units and parking spaces. Finished products are valued at the lower of the two values: manufacturing cost and net realisable value. The net realisable value is the estimated selling price assessed by the Management Board of the company based on market prices.

Work in progress
Work in progress is valued at the lower of the two values: purchase price / production cost / fair value at the moment of transfer from the investment property (land plots) and the net realisable value. In the event of any discrepancies, a write-down is made. With regard to the company's development projects, the necessity to make an impairment loss is assessed on the basis of the "impairment test" described below, based on an analysis of the production cost and the net realisable value.

Inventory impairment test

If a development project is expected to generate a loss, it results in a write-down of work in progress, which is immediately recognised in the profit and loss account.

For each development project, budgets are prepared that include both past and future cash flows for each implemented project. These budgets are updated at least semi-annually. For the purposes of impairment testing, project budgets include all past and projected net revenues less the direct costs of land acquisition, design, construction and other costs related to project preparation, demonstration premises and the on-site sales office. These budgets are also encumbered with associated past and projected borrowing costs and projected customer claims (if applicable). Project budgets are prepared using the principle of prudent valuation. If the margin on the project, calculated taking into account all revenues and the above-mentioned costs, is positive, then there is no need to create an inventory impairment write-down. A negative margin indicates a potential impairment problem, which, after careful verification of cash flows for a given project, results in the recognition of an inventory impairment loss in the amount of the estimated negative value of this margin.

The revaluation write-off is recognised in the cost of sales in the item "Adjustment of the value of inventories to the net realisable value". A possible reversal of such an impairment loss for a given project is possible if the expected value of the margin on this project becomes positive.

Receivables
Receivables comprise non-current deposits in connection with the purchase and sale of goods and receivables from sale of goods and services. Receivables are classified as loans and receivables, which are financial assets with fixed or determinable payments that are not quoted in an active market and are not derivative financial instruments.

On initial recognition, receivables are measured at fair value and subsequently at amortised cost, which usually corresponds to the nominal value less write-downs for bad debts.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2020 or 1 January 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Provisions
Provisions are recognised when the Group has a legal or constructive obligation as a consequence of past events during the financial year or prior years, and when it is likely that settlement of the obligation will require an outflow of the Group's financial resources. Warranty commitments cover commitments to repair faulty or defective products sold within the warranty period.
Provisions are measured as the best estimate of the costs required to settle the liabilities at the balance sheet date. Provisions with an expected term of more than a year after the balance sheet date are measured at present value.

Lease liabilities
IFRS 16 eliminates the classification of leases as either operating leases or finance leases. Lease liabilities for all leases with a term of more than 12 months are recognised, unless the underlying asset is of low value.

At the commencement date, a lease liability is measured at the present value of future lease payments. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the incremental borrowing rate is used.

After the commencement date, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modification or to reflect revised in-substance fixed lease payments.

Other financial liabilities
Other financial liabilities comprise bank debt, trade payables and other payables to public authorities. On initial recognition, other financial liabilities are measured at fair value less transaction costs. In subsequent periods, financial liabilities are measured at amortised cost, applying the effective interest method, to the effect that the difference between the proceeds and the nominal value is recognised in the income statement as a financial expense over the term of the loan.

CASH FLOW STATEMENT

The consolidated cash flow statement is presented according to the indirect method and shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the year.

The cash effect of acquisitions and divestments of entities is shown separately under cash flows from investing activities. Cash flows from the acquisition of entities are recognised in the cash flow statement from the date of acquisition. Cash flows from the disposal of entities are recognised up to the date of disposal.

Cash flows from operating activities are presented according to the indirect method and stated as operating profit, adjusted for non-cash operating items and changes in working capital and financial income and expenses, less the income tax paid during the financial year attributable to operating activities.

Cash flows from investing activities comprise payments related to the purchase and sale of financial assets, including non-current prepayments for goods, subsidiaries as well as the purchase, development, improvement, sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or the composition of the parent company's share capital and related costs as well as the raising and repayment of loans, cash deposits, instalments on interest-bearing debt, acquisition of treasury shares and payment of dividends. Furthermore, cash flows regarding assets held under finance leases in the form of lease payments made are recognised.

Cash and cash equivalents comprise cash deposits.

Segment information
The Group is assessed as having two segments:

(A) Property management division comprising 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.

Financial ratios	**Formula**
EBITDA margin (%)	$\frac{\text{EBITDA*100}}{\text{Revenue}}$
EBIT margin (%) (Profit margin)	$\frac{\text{EBIT*100}}{\text{Revenue}}$
Return on invested capital (%) incl. goodwill	$\frac{\text{EBIT*100}}{\text{Average invested capital}}$
Equity ratio (%)	$\frac{\text{Equity*100}}{\text{Total assets}}$
Return on equity (%)	$\frac{\text{Profit/loss for the year after tax*100}}{\text{Average equity}}$

Calculations of earnings per share and diluted earnings per share are specified in note 8.

Net working capital (NWC) is defined as the value of inventories, receivables and other operating assets less trade payables and other current operating liabilities. Cash and cash equivalents and deferred tax assets are not included in the net working capital.

Net interest-bearing debt is defined as interest-bearing liabilities less interest-bearing assets, such as cash and cash equivalents.

Invested capital is defined as net working capital plus the carrying amount of non-current property, plant and equipment and intangible assets, less other provisions and non-current operating liabilities.

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) is defined as EBIT plus depreciation, amortisation and goodwill impairment of the year.

New standards, interpretations and amendments effective from 1 January 2021

The following new standards, amendments and interpretations are effective for the first time for periods beginning on or after 1 January 2021:

- Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)

The new standards, interpretations and amendments do not have significant impact on the Group's financial statements.

New standards, interpretations and amendments not yet effective

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective in future accounting periods that the group has decided not to adopt early. The most significant of these are:

- Reference to the Conceptual Framework (Amendments to IFRS 3), effective for periods beginning on or after 1 January 2022
- Annual Improvements to IFRS Standards 2018–2020, effective for periods beginning on or after 1 January 2022
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendment – Onerous Contracts – Cost of Fulfilling a Contract), effective for periods beginning on or after 1 January 2022
- Property, Plant and Equipment — Proceeds before Intended Use, effective for periods beginning on or after 1 January 2022
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1), effective for periods beginning on or after 1 January 2023

2. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND UNCERTAINTIES

In applying the Group's accounting policies, as outlined in note 1, Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities which cannot be immediately inferred from other sources.

The estimates and assumptions applied are based on historical experience and other factors that Management considers reasonable under the circumstances, but which are inherently uncertain and unpredictable. Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may occur. In addition, the Group is subject to risks and uncertainties that may cause actual outcomes to deviate from such estimates. CeMat's risks are described in "Risks and risk management" and in note 24 "Financial risks and financial instruments".

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognised in the reference period in which the change occurs and in future reference periods if the change affects the period in which it is made as well as subsequent reference periods.

Measurement of investment property

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. Management has reviewed the updated valuation report received in December 2021 and its underlying assumptions. Management's valuation estimate is in line with that indicated in the report, and the fair value consequently reflects the value stated in the report.

As the property market is not in all respects as efficient and liquid as, for example, the equity market, there can be no assurance that a buyer willing to pay the fair value at which the property is stated in the financial statements can be found at any given time. In other words, properties are subject to a liquidity risk in a sales situation.

Investments in subsidiaries

Investments in subsidiaries are recognised in the parent company's financial statements at cost less any write-downs to the recoverable amount.

Forward-looking statements

All forward-looking statements in this annual 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, developments in the financial markets and changes in the Polish real estate rental market. Changes in the political climate in Poland may also affect forecasts and results.

Tax asset utilisation

Deferred tax assets are recognised for all unutilised tax losses and differences to the extent it is considered likely that they can be utilised through taxable income within a foreseeable number of years.

The annual report is published only in English.

3. SEGMENT INFORMATION

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

(C) Property management division comprising letting of premises and land and the provision of utilities to tenants, including power, water, natural gas, facility services, etc.

(D) 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.

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

*) 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 recognized when the real estate purchaser takes over control over the real estate acquired and receives significant risks and rewards of ownership.

2020 **DKK'000**	**Property** **Management**	**Development*)**	**Total**
Sales revenue	19,571	0	19,571
GROSS PROFIT	**9,030**	**0**	**9,030**
Overheads			(8,359)
Other income / costs			444
EBITDA			**1,115**
Depreciation			(45)
EBIT			**1,070**
Revaluation investment property			4,826
Net result on financial activities			(798)
PROFIT (LOSS) BEFORE TAX			**5,098**
Tax on profit/(loss) for the year, including deferred tax			(1,968)
PROFIT (LOSS) FOR THE YEAR			**3,130**

*) 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 recognized when the real estate purchaser takes over control over the real estate acquired and receives significant risks and rewards of ownership.

Other segment information:

Property management revenue can be broken down into the letting of premises and land and the provision of utilities to tenants, including power, water, natural gas, facility services, etc:

PARENT COMPANY			GROUP	
2020	**2021**	**DKK'000**	**2021**	**2020**
0	0	Letting	15,736	13,723
0	0	Utilities	5,571	5,848
0	**0**	**Total**	**21,307**	**19,571**

Revenue is generated by the Polish subsidiaries CeMat Real Estate, CeMat '70 S.A., W131 and W133, and the Group derives all of its revenue from Poland.

4. STAFF COSTS

PARENT COMPANY			GROUP	
2020	**2021**	**DKK'000**	**2021**	**2020**
840	840	Directors' fees	840	840
42	36	Wages and salaries	3,366	3,829
0	0	Bonuses for Management Board	299	289
0	0	Pension contributions, defined contribution plans	642	606
0	0	Other social security costs	133	121
882	**876**	**Total**	**5,281**	**5,685**
1	**1**	**Average number of full-time employees**	**21**	**22**

The calculation of the average number of full-time employees (FTE) is based on the number of employees at the end of each month, not including members of the Board of Directors. For the purpose of the above table, the Management Board is understood as the CEO of CeMat A/S and the CEO and CFO of the subsidiary companies CeMat '70, CeMat Real Estate, W131, W133 and Arkuszowa 56. Additional remuneration of the CEO for consultancy services of DKK 698 thousand related to development project or preparation of land plots for divestment or development is recognised as inventories (work in progress) or investment property and is not included in the table above.

CeMat has signed an annex which intends to a new performance-based remuneration system for CEO, contribute to business strategy, long-term interests and sustainability through the application of the long-term performance and development targets of the company. An additional bonus will be paid if the companies obtain a profit from the sale of the properties in an amount exceeding the limit of PLN 103,500,000. This limit is based on the sale of undeveloped real estate and profits from the sale of developed real estate.

Group and parent company

Remuneration of Board of Directors and Management Board

	Board of Directors		Management Board	
DKK'000	**2021**	**2020**	**2021**	**2020**
Directors' fees	840	840	0	0
Salaries	0	0	1,220	1,186
Bonuses	0	0	299	289
Pension contributions	0	0	121	112
Total	**840**	**840**	**1,640**	**1,587**

The fee to the Chairman of the Board of Directors for the current term amounts to DKK 400 thousand (2020: DKK 400 thousand), to the Deputy Chairman DKK 280 thousand (2020: DKK 280 thousand) and to an ordinary member DKK 160 thousand (2020: DKK 160 thousand). For the purpose of the above table, the Management Board is understood as the CEO of CeMat A/S and the CEO and CFO of the subsidiary companies CeMat '70, CeMat Real Estate, W131, W133 and Arkuszowa 56. Additional remuneration of the CEO for consultancy services of DKK 698 thousand related to development project or preparation of land plots for divestment or development recognised as inventories (work in progress) or investment property is included in the line "Salaries" in the table above.

5. FINANCIAL INCOME

PARENT COMPANY			GROUP	
2020	**2021**	**DKK'000**	**2021**	**2020**
56	55	Interest from group entities	0	0
0	0	Interest on bank deposits etc.	7	178
56	**55**	**Interest income**	**7**	**178**
1,661	216	Foreign exchange adjustments	0	0
1,717	**271**	**Total**	**7**	**178**

6. FINANCIAL EXPENSES

PARENT COMPANY			GROUP	
2020	**2021**	**DKK'000**	**2021**	**2020**
1,024	1,083	Interest to group entities	0	0
0	0	Interest relating to lease liabilities	994	859
0	17	Interest on bank loans	17	0
20	25	Other interest	33	118
1,044	**1,125**	**Interest expenses**	**1,044**	**977**
0	0	Foreign exchange adjustments	1	0
1,044	**1,125**	**Total**	**1,045**	**977**

7. TAX ON THE PROFIT/LOSS FOR THE YEAR AND DEFERRED TAX

GROUP

The current tax for the financial year has been calculated at a tax rate of 22.0%.

DKK'000	**2021**	**2020**
Current tax	(516)	(123)
Change in deferred tax including change in value	(6,353)	(1,937)
Adjustment of current tax relating to prior years	(29)	92
Total	**(6,898)**	**(1,968)**

Tax on the profit/loss for the year may be specified as follows:

Profit/(loss) before tax	**33,159**		**5,098**	
Tax at a rate of 22.0%	(7,295)	(22.0%)	(1,122)	(22.0%)
Effect of different tax rate in foreign entities	1,095	3.3%	257	5.0%
Tax base of non-deductible expenses and non-taxable income	82	0.2%	13	0.3%
Adjustment of current tax relating to prior years	(29)	(0.1%)	92	1.8%
Value adjustment of deferred tax	(751)	(2.3%)	(1,208)	(23.7%)
Effective tax/tax rate for the year	**(6,898)**	**(20.8%)**	**(1,968)**	**(38.6%)**

7. TAX ON THE PROFIT/LOSS FOR THE YEAR AND DEFERRED TAX (CONTINUED)

GROUP

Breakdown of deferred tax for the Group stated in the balance sheet:	**2021**	**2020**
Deferred tax liabilities, see balance sheet	(25,636)	(19,475)
Deferred tax, net	**(25,636)**	**(19,475)**

2021 **DKK'000**	**Deferred tax 01.01.2021**	**Recognise in Income Statement 2021**	**Loss of usability of tax losses 2021**	**Foreign exchange adjustment 2021**	**Deferred tax 31.12.2021**
Property, plant and equipment	(18,697)	(6,210)	0	192	(24,715)
Trade receivables	(955)	(231)	0	0	(1,186)
Other payables etc	177	88	0	0	265
Temporary differences	**(19,475)**	**(6,353)**	**0**	**192**	**(25,636)**
Tax loss carry-forwards	29,704	751	(6,254)	(61)	24,140
Unutilised tax losses	**16,522**	**751**	**(6,254)**	**(61)**	**24,140**
Value adjustment	(29,704)	(751)	6,254	61	24,140
Total	**(19,475)**	**(6,353)**	**0**	**192**	**(25,636)**

The Group does not expect to be able to utilise the tax losses within 3-5 years. Accordingly, no tax asset has been recognised in the consolidated balance sheet.

2020 **DKK'000**	**Deferred tax 01.01.2020**	**Recognised in income statement 2020**	**Foreign exchange adjustment 2020**	**Deferred tax 31.12.2020**
Property, plant and equipment	(18,299)	(1,767)	1,369	(18,697)
Trade receivables	(843)	(112)	0	(955)
Other payables etc.	235	(58)	0	177
Temporary differences	**(18,907)**	**(1,937)**	**1,369**	**(19,475)**
Tax loss carry-forwards	29,633	1,208	(1,137)	29,704
Unutilised tax losses	**29,633**	**1,208**	**(1,137)**	**29,704**
Value adjustment	(29,633)	(1,208)	1,137	(29,704)
Total	**(18,907)**	**(1,937)**	**1,369**	**(19,475)**

The Group does not expect to be able to utilise the tax losses within 3-5 years. Accordingly, no tax asset has been recognised in the consolidated balance sheet.

7. TAX ON THE PROFIT/LOSS FOR THE YEAR AND DEFERRED TAX (CONTINUED)

PARENT COMPANY

The current tax for the financial year has been calculated at a tax rate of 22.0%.

DKK'000	2021		2020	
Current tax	0		0	
Change in deferred tax	0		0	
Adjustment of current tax relating to prior years	0		0	
Adjustment of deferred tax relating to prior years	0		0	
Total	0		**0**	
Tax on the profit/loss for the year may be specified as follows:				
Profit/(loss) before tax	(3,161)		(1,811)	
Tax at a rate of 22.0%	695	(22.0%)	398	(22.0%)
Adjustment of current tax relating to prior years	(29)	0.9%	(7)	0.4%
Value adjustment of deferred tax	(666)	21.1%	(391)	21.6%
Effective tax/tax rate for the year	0	0.0%	**0**	**0.0%**

2021 **DKK'000**	**Deferred tax 01.01.2021**	**Recognised in income statement 2021**	**Deferred tax 31.12.2021**
Intangible assets	0	0	0
Property, plant and equipment	0	0	0
Inventories	0	0	0
Other payables etc.	0	0	0
Temporary differences	**0**	**0**	**0**
Tax loss carry-forwards	22,921	666	23,587
Unutilised tax losses	**22,921**	**666**	**23,587**
Value adjustment	(22,921)	(666)	(23,587)
Total	**0**	**0**	**0**

Tax losses are not expected to be utilised in full within a period of 3-5 years. Accordingly, no tax asset has been recognised in the parent company's balance sheet.

2020 DKK'000	Deferred tax 01.01.2020	Recognised in income statement 2020	Deferred tax 31.12.2020
Intangible assets	0	0	0
Property, plant and equipment	0	0	0
Inventories	0	0	0
Other payables etc.	0	0	0
Temporary differences	**0**	**0**	**0**
Tax loss carry-forwards	22,530	391	22,921
Unutilised tax losses	**22,530**	**391**	**22,921**
Value adjustment	(22,530)	(391)	(22,921)
Total	**0**	**0**	**0**

Tax losses are not expected to be utilised in full within a period of 3-5 years. Accordingly, no tax asset has been recognised in the parent company's balance sheet.

8. EARNINGS PER SHARE

The calculation of earnings per share is based on the following:

PARENT COMPANY			GROUP	
2020	**2021**	**DKK**	**2021**	**2020**
(0.01)	(0.01)	Earnings per share (DKK)	0,10	0.01
(0.01)	(0.01)	Diluted earnings per share (DKK)	0,10	0.01
(1,812)	(3,162)	Earnings used in the calculation of earnings per share (DKK'000):	24,199	2,488
249,850	249,850	Average number of shares used to calculate earnings per share ('000)	249,850	249,850
249,850	249,850	Average number of shares used to calculate diluted earnings per share ('000)	249,850	249,850

The average number of outstanding shares is calculated as the number of days prior to a capital increase multiplied by the number of shares in circulation. If several capital increases are made, the number of days between the capital increases multiplied by the number of shares in circulation during the relevant period is added together. The sum is divided by 365.

9. PROPERTY, PLANT AND EQUIPMENT

GROUP

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

*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.

2020 **DKK'000**	**Investment property**	**Investment property, right of use**	**Total Investment property**	**Plant and machinery right of use**	**Total right of use**	**Total property plant and equipment**
Carrying amount at 1 January 2020	114,340	14,856	**129,196**	105	**14,961**	**129,301**
Foreign exchange adjustments	(8,089)	(1,034)	**(9,123)**	(6)	**(1,040)**	**(9,129)**
Right of use, depreciation	0	0	**0**	(44)	**(44)**	**(44)**
Enhancement costs	1,742	0	**1,742**	0	**0**	**1,742**
Revaluation to market value	4,840	(14)	**4,826**	0	**(14)**	**4,826**
Carrying amount at 31 December 2020	**112,833**	**13,808**	**126,641**	**55**	**13,863**	**126,696**

The Polish properties have an assessed value of DKK 137,322 thousand, of which DKK 120,492 thousand is the real estate in Warsaw, DKK 143 thousand is a land plot in Blichowo and DKK 16,687 thousand is right of use resulting from the application of IFRS 16. The value of the real estate in Warsaw is supported by an external valuation report received in December 2021, prepared by a leading international estate agent in Warsaw. The value of the land plot in Blichowo has been assessed by the company's management using a comparative method.

The value of the real estate in Warsaw represents the estate agent's assessment of the current fair value. In addition to the general price level in the market, the assessment is based on these main assumptions: the present use of the property, the state of the buildings, the percentage of ownership, the income generated by the property and the zoning of the area. Any changes to these, particularly the percentage of ownership (i.e. the positive or negative resolution of former owners' claims), changes in zoning (e.g. to residential) and the general price development of similar properties in the area, could favourably or adversely impact the property valuation.

For the valuation purposes, the property was divided into four groups: internal roads, industrial schemes (buildings), development land and plots designated for external roads.

For the purpose of the valuation of internal roads, development land and external roads, a comparative approach has been used whereby recent sales are used to determine the likely value of the subject. This approach assumes that the variation in prices between at least three comparable properties can be explained by differences in their individual attributes such as location, surroundings, accessibility, development potential, etc. The influence of each of these attributes on the value is assigned a percentage weighting, and the characteristics of each comparable and the subject are then rated, typically from 1 – 5, from very good to very poor. The price of each comparable is adjusted according to how it differs from the subject, with the resulting adjusted average price from the comparables taken as providing a reasonable indication of the subject's value.

Industrial buildings are valued using an earnings-based approach based on normal earnings. Income from each lessee is expected to be generated for as long as the lease is in force or until the first time it may be terminated if considered advantageous. Thereafter, income is expected to continue to be generated at market rent. Adjustments are made for lost rental income, fitting-out deposits and unobtainable running costs.

The required rates of return which have been set are an important factor in estimating the fair values. The required rates of return used range from 11.8% to 13.6% before tax.

In the case of properties for which the company is not entered in the land and mortgage register as a perpetual usufructuary or owner due to claims or protracted administrative proceedings, the value is further reduced by 20% due to the risk that such claims will be accommodated and due to the expenses associated with the transitional phase.

Valuation sensitivity to the main factors used:

+/- DKK 3,600 thousand for a change in the price of land by 10%;

+/- DKK 7,400 thousand for a change in market rent rate by 10%;

+/- DKK 9,500 thousand for a change in rate of return by 10%;

+/- DKK 1,500 thousand for a change in the discount for legal title by 10%.

Fair value hierarchy information	**Level 1**	**Level 2**	**Level 3**	**at 31/12**
2021				
Land / roads			36,402	36,402
Plots of land with buildings			84,233	84,233
Right of use			16,687	16,687
Total Investment property	**-**	**-**	**137,322**	**137,322**
2020				
Land / roads			41,386	41,386
Plots of land with buildings			71,447	71,447
Right of use (right of perpetual usufruct)			13,863	13,863
Total investment property	**-**	**-**	**126,696**	**126,696**

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Rental income from investment property

PARENT COMPANY			**GROUP**	
2020	**2021**	**DKK'000**	**2021**	**2020**
0	0	Rental income from investment property	15,736	13,723
0	**0**	**Rental income from investment property**	**15,736**	**13,723**

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Direct operating expenses arising from investment property

PARENT COMPANY			**GROUP**	
2020	**2021**	**DKK'000**	**2021**	**2020**
0	0	Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period	5,657	4,880
0	0	Direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income during the period	834	923
0	**0**	**Direct operating expenses arising from investment property**	**6,491**	**5,803**

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Amounts of minimum lease payments at balance sheet date under non-cancellable operating leases.

PARENT COMPANY			GROUP	
2020	**2021**	**DKK'000**	**2021**	**2020**
		Operating lease payments may be specified as follows:		
0	0	Within 1 year	5,591	5,118
0	0	Between 1 and 5 years	1,768	1,028
0	**0**	**Total**	**7,359**	**6,146**

For agreements with tenants for an indefinite period, the above figures represent the aggregate rental income from leasing agreements within their notice periods. For agreements with tenants for a definite period, the above figures represent the aggregate rental until the end of the agreement.

10. INVESTMENTS IN SUBSIDIARIES

PARENT COMPANY		
2020	**2021**	**DKK'000**
93,339	93,339	Cost at 1 January
93,339	**93,339**	**Value at 31 December**

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

	Domicile	Interest (%) 2021	Interest (%) 2020	Share of voting rights (%) 2021	Share of voting rights (%) 2020	Activity
CeMat Real Estate S.A.	Poland	100.00	100.00	100.00	100.00	Ownership share in CeMat '70 S.A.
CeMat '70 S.A.	Poland	93.15	91.67	93.15	91.67	Letting of commercial properties
W133 Sp. z o.o.	Poland	93.15	91.67	93.15	91.67	Holding of rights
W131 Sp. z o.o.	Poland	93.15	91.67	93.15	91.67	Holding of rights
Arkuszowa 56 Sp. z o.o.	Poland	93.15	91.67	93.15	91.67	Holding of rights

CeMat Real Estate S.A. holds the ownership interest in CeMat '70 S.A., while CeMat '70 S.A. holds the ownership interests in W133 Sp. z o.o., W131 Sp. z o.o. and Arkuszowa 56 Sp. z o.o.

11. OTHER NON-CURRENT RECEIVABLES

PARENT COMPANY			GROUP	
2020	2021	DKK'000	2021	2020
0	0	Prepayment, settlement of claim of title to land	273	546
0	**0**	**Total**	**273**	**546**

12. TRADE RECEIVABLES

PARENT COMPANY			GROUP	
2020	2021	DKK'000	2021	2020
0	0	Trade receivables	2,151	1,966
0	0	Loss provisions included in the above receivables and recognised in "Other external expenses"	(424)	(301)
0	**0**	**Total**	**1,727**	**1,665**

Overdue receivables for which provisions have not been made.

PARENT COMPANY			GROUP	
2020	2021	DKK'000	2021	2020
0	0	Overdue by up to 1 month	587	769
0	0	Overdue by 1 to 3 months	222	159
0	0	Overdue by more than 3 months	108	146
0	**0**	**Total**	**917**	**1,074**

Overdue receivables for which provisions have not been made, by geographical area:

PARENT COMPANY			GROUP	
2020	2021	DKK'000	2021	2020
0	0	Europe	917	1,074
0	**0**	**Total**	**917**	**1,074**

With the implementation of IFRS 9, the company has applied the simplified expected credit loss model to measure the expected credit loss allowance for all trade receivables. Based on the low realised losses on receivables historically, adjustments to reflect current and forward-looking information on macroeconomic factors affecting the ability of clients to settle the receivable such as GDP and unemployment rates do not increase the risk of losses significantly.

12. TRADE RECEIVABLES (CONTINUED)

Provision account for receivables:

PARENT COMPANY			GROUP	
2020	**2021**	**DKK'000**	**2021**	**2020**
0	0	Provision account at 1 January	301	216
0	0	Reversed provisions	0	(16)
0	0	Provisions for the year	125	116
0	0	Translation differences	(2)	(15)
0	**0**	**Provision account at 31 December**	**424**	**301**

13. INVENTORIES

PARENT COMPANY			GROUP	
2020	**2021**	**DKK'000**	**2021**	**2020**
0	0	Property under construction – land plot transferred from the investment property	22,684	0
0	0	Other expenditures related to the development projects	2,350	0
0	**0**	**Total**	**25,034**	**0**

No inventories are carried at fair value less costs to sell. There was not any write- down of inventories recognised as an expense in the period. There was not any reversal of a write-down to net realisable value. No inventories are pledged as security for liabilities. There was not any cost of inventories recognised as expense.

14. CASH AND CASH EQUIVALENTS AS PER THE CASH FLOW STATEMENT

The Group's cash and cash equivalents primarily consist of bank deposits. No credit risk is deemed to be associated with cash and cash equivalents. Bank deposits carry floating rates of interest. The carrying amount equals the fair value of the assets.

15. SHARE CAPITAL

The share capital consists of 249,850,303 shares of DKK 0.02 each. The shares have not been divided into classes and carry no special rights.

‘000	**2021**	**2020**
Number of shares at 1 January	249,850	249,850
Cancellation of own shares	-	-
Number of shares at 31 December	**249,850**	**249,850**

DKK’000		
Share capital at 1 January	4,997	4,997
Cancellation of own shares	-	-
Share capital at 31 December	**4,997**	**4,997**

16. OTHER RESERVES

The translation reserve comprises all foreign exchange adjustments arising from the translation of the financial statements of entities with other functional currencies than DKK and the foreign exchange adjustments of receivables from or payables to subsidiaries which are considered part of the parent company's overall investment in the subsidiary.

17. LEASE LIABILITIES

GROUP

Lease liabilities arise from the application of IFRS 16 and relate to the right of perpetual usufruct and the leasing of a company car. Disclosures regarding the depreciation charge for right-of-use assets and the carrying amount of right-of-use assets at the end of the reporting period are included in Note 9. Interest expense on lease liabilities is presented in Note 6. The total cash outflow for leases was DKK 878 thousand in 2021. The expense relating to short-term operating leases for which no lease liability was recognised at the end of the reporting period was DKK 16 thousand. The fixed incremental borrowing rate applied for first time recognition of lease liability was 6%. The total lease obligation was discounted using the incremental borrowing rate over the total lease period, which is 68 years.

	Minimum lease payments, DKK'000		Present value of minimum lease payments, DKK'000	
	2021	**2020**	**2021**	**2020**
Finance lease liabilities fall due as follows:				
Within 1 year from the balance sheet date	1,002	893	943	840
Between 1 and 5 years from the balance sheet date	4,152	3,387	3,401	2,768
More than 5 years from the balance sheet date	64,061	53,991	12,343	10,254
At 31 December	**69,215**	**58,271**	**16,687**	**13,862**

2021	**Expiry**	**Fixed or floating interest rate**	**Present value of minimum lease payments, DKK'000**	**Fair value DKK'000**
Lease liability, right of use investment property	2089	Fixed	16,522	16,522
Lease liability, right of use plant and machinery	2025	Floating	165	165
Total			**16,687**	**16,687**

2020	**Expiry**	**Fixed or floating interest rate**	**Present value of minimum lease payments, DKK'000**	**Fair value DKK'000**
Lease liability, right of use investment property	2089	Fixed	13,808	13,808
Lease liability, right of use plant and machinery	2022	Floating	54	54
Total			**13,862**	**13,862**

18. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

GROUP

2021 DKK'000	Beginning of year	Cash flow Proceeds from loans	Cash flow Repayment of loans	Non-cash Other	Non-cash Exchange rate adjust.	End of year
Lease liabilities	55	0	**(36)**	153	**0**	**172**
Bank loans	0	976	**0**	0	**0**	**976**
Total financial liabilities	**55**	**976**	**(36)**	**153**	**0**	**1,148**

2020 DKK'000	Beginning of year	Cash flow Proceeds from loans	Cash flow Repayment of loans	Non-cash Other	Non-cash Exchange rate adjust.	End of year
Lease liabilities	106	0	**(47)**	6	**(10)**	**55**
Total financial liabilities	**106**	**0**	**(47)**	**6**	**(10)**	**55**

PARENT COMPANY

2021 DKK'000	Beginning of year	Cash flow Proceeds from loans	Cash flow Repayment of loans	Non-cash Other	Non-cash Exchange rate adjust.	End of year
Loans from subsidiaries	25,715	797	**0**	1,082	**(227)**	**27,367**
Bank loans	0	976	**0**	0	**0**	**976**
Loans	**25,715**	**1,773**	**0**	**1,082**	**(227)**	**28,343**

2020 DKK'000	Beginning of year	Cash flow Proceeds from loans	Cash flow Repayment of loans	Non-cash Other	Non-cash Exchange rate adjust.	End of year
Loans from subsidiaries	23,741	2,700	**0**	1,041	**(1,767)**	**25,715**
Loans from subsidiaries	**23,741**	**2,700**	**0**	**1,041**	**(1,767)**	**25,715**

19. TRADE PAYABLES

PARENT COMPANY			GROUP	
2020	**2021**	**DKK'000**	**2021**	**2020**
246	244	Amounts owed to suppliers for goods and services delivered	1,447	1,205
246	**244**	**Total**	**1,447**	**1,205**

The carrying amount equals the fair value of the liabilities. Amounts owed to suppliers fall due within one year.

20. OTHER PAYABLES

PARENT COMPANY			GROUP	
2020	2021	DKK'000	2021	2020
738	756	Wages and salaries, BoD fee, social security contributions, etc. payable	1,356	1,437
0	0	Holiday pay obligation etc.	100	78
0	0	VAT and other indirect taxes payable	(160)	7
0	0	Cost provisions and other payables	1,208	1,404
738	**756**	**Total**	**2,504**	**2,928**

The carrying amount of payables in respect of payroll, Board of Directors fees, tax deducted at source, social security contributions, holiday pay etc., VAT and other indirect taxes and other payables corresponds to the fair value of these liabilities. Holiday pay obligations etc. represent the Group's obligation to pay wages and salaries during holidays in the next financial year, to which the employees have earned entitlement as at the balance sheet date. All items under other payables are expected to be settled within one year.

21. CHANGE IN NET WORKING CAPITAL

PARENT COMPANY			GROUP	
2020	2021	DKK'000	2021	2020
35	0	Change in receivables	(85)	4,185
0	0	Change in inventories (work in progress)	(3,090)	0
(434)	(11)	Change in trade payables and other payables	(182)	583
(399)	**(11)**	**Total**	**(3,357)**	**4,768**

22. GUARANTEES AND CONTINGENT LIABILITIES

No guarantees or sureties have been issued to third parties.

23. OTHER CONTRACTUAL COMMITMENTS

At the balance sheet date, the Group had no contractual commitments.

24. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

PARENT COMPANY			GROUP	
2020	**2021**	**DKK'000**	**2021**	**2020**
0	0	Trade receivables	1,727	1,665
1,268	1,312	Intra-group receivables	0	0
0	0	Other receivables, current	257	797
0	0	Other receivables, non-current	273	546
820	206	Cash and cash equivalents	16,204	17,750
2,088	**1,518**	**Loans, advances and receivables**	**18,461**	**20,758**
25,767	27,366	Debt to subsidiaries	0	0
0	0	Finance lease liabilities, current	943	842
0	0	Finance lease liabilities, non-current	15,751	13,025
0	976	Bank loans	976	0
0	0	Other non-current liabilities	2,173	2,907
246	244	Trade payables	1,447	1,205
0	0	Income tax payable	20	0
738	756	Other payables	2,504	2,928
26,751	**29,342**	**Financial liabilities**	**23,814**	**20,907**

The Group's risk management policy

Risk management is an integral part of the day-to-day management of the business and is subject to continuous review by Management. Management believes that all material risks, apart from financial risks, concern supplier-customer relations. Due to the nature of its operations and capitalisation, the Group is not particularly exposed to fluctuations in exchange rates and interest rates. The Group pursues a low-risk profile, with currency, interest rate and credit risks arising only in connection with commercial relations. It is the Group's policy not to actively speculate in financial risks.

The Group manages its financial risks by means of a model for managing its cash budgeting covering a period of 1 year.

Currency risk

Currency risk constitutes the risk of losses (or the possibility of gains) when exchange rates change. Currency risk arises when income and expense items in foreign currency are recognised in profit or loss or from the value adjustment of balance sheet items denominated in other currencies.

The Group's sales are primarily settled in PLN and cost items are typically settled in DKK or PLN. The Group does not use derivative financial instruments to hedge currency risks from cash flows or balance sheet items. Instead, the Group uses foreign currency to settle same-currency debt items, which generally reduces currency risk.

24. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS (CONTINUED)

Unhedged net position at balance sheet date:

GROUP

2021 Currency	Cash, deposits and securities DKK'000	Receivables DKK'000	Liabilities DKK'000	Net position, DKK'000	Of which hedged DKK'000	Unhedged net position, DKK'000
PLN	15,998	1,984	(21,838)	(3,856)	0	(3,856)
DKK	206	0	(1,976)	(1,770)	0	(1,770)
Total	**16,204**	**1,984**	**(23,814)**	**(5,626)**	**0**	**(5,626)**

2020 Currency	Cash, deposits and securities DKK'000	Receivables DKK'000	Liabilities DKK'000	Net position, DKK'000	Of which hedged DKK'000	Unhedged net position, DKK'000
PLN	16,930	2,462	(19,923)	(531)	0	(531)
DKK	820	0	(984)	(164)	0	(164)
Total	**17,750**	**2,462**	**(20,907)**	**(695)**	**0**	**(695)**

24. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS (CONTINUED)

PARENT COMPANY

2021 Currency	Cash, deposits and securities DKK'000	Receivables DKK'000	Liabilities DKK'000	Net position, DKK'000	Of which hedged DKK'000	Unhedged net position, DKK'000
PLN	0	1,312	(27,366)	(26,054)	0	(26,054)
DKK	206	0	(1,976)	(1,976)	0	(1,976)
Total	**206**	**1,312**	**(29,342)**	**(28,030)**	**0**	**(28,030)**

2020 Currency	Cash, deposits and securities DKK'000	Receivables DKK'000	Liabilities DKK'000	Net position, DKK'000	Of which hedged DKK'000	Unhedged net position, DKK'000
PLN	0	1,268	(25,767)	(24,499)	0	(24,499)
DKK	820	0	(984)	(164)	0	(164)
Total	**820**	**1,268**	**(26,751)**	**(24,663)**	**0**	**(24,663)**

24. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk

The Group's credit risks associated with financial activities correspond to the amounts recognised in the balance sheet. The Group assesses the need for insurance on individual debtors on an ongoing basis. This assessment is based on the individual debtor's present and expected future commitment to the Group.

The primary credit risk of the Group is associated with trade receivables. No special credit risks are found to exist in this regard.

Capital management

The Group evaluates the need to adapt its capital structure on an ongoing basis. Management believes that the financing of the Group's future operations will be secured with the existing financial resources and cash flows from operating activities.

As regards the free cash flow generated by the Group, first priority is to allocate free cash flows to the Group's continued expansion and shareholder dividends.

For the Group, equity as a percentage of total equity and liabilities at the end of 2021 was 72.7% (2020: 72.6%). The realised return on equity for the Group for 2021 was 22.0% (2020: 2.8%).

The Group's financial gearing at the balance sheet date is calculated as follows:

PARENT COMPANY			GROUP	
2020	**2021**	**DKK'000**	**2021**	**2020**
0	976	Bank debt	976	0
(820)	(820)	Cash and cash equivalents	(16,204)	(17,750)
(820)	**156**	**Net interest-bearing debt**	**(15,228)**	**(17,750)**
68,676	65,515	**Equity**	131,367	107,072
(0.01)	**0.00**	**Financial gearing**	**(0.12)**	**(0.17)**

Liquidity and capital resources

At Group level, free cash and cash equivalents amounted to DKK 16.2 million at 31 December 2021, of which DKK 14.4 million are attributable to CeMat '70 S.A.

Based on expectations for 2022, Management believes that the existing capital resources and the expected future cash flows will be sufficient to maintain operations and finance planned investments.

The Group's budgets, and consequently also its future capital resources, are inherently subject to risk since the extent and timing of cash flow fluctuations will have an impact on the Group's capital resources. Management believes that any negative deviations in its operations relative to budgeted cash flows can be mitigated on a timely basis by cash flow-enhancing measures.

Risk related to obtaining external financing

The real estate development business, in which the Group intends to operate, requires significant initial expenditures to purchase land and to cover construction, infrastructure, and design costs. As such, the Group, in order to continue and develop its business, require significant amounts of cash through external financing by banks. The Group's ability to obtain such financing depend on many factors, in particular, on market conditions which are beyond the Group's control. In the event of difficulties to obtain the required financing, there is a risk that the scale of the Group's development and pace of achieving its strategic objectives may differ from what was originally planned. In such situation as described above, there is no certainty whether the Group will be able to obtain the required financing, nor whether financial resources will be obtained under conditions that are favourable to the Group.

Loans that the Company intends to obtain will be against variable interest rates that are based on WIBOR rates plus a margin. Therefore, changes in the WIBOR rates will have impact on the cash flow and the profitability of the Company.

24. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS (CONTINUED)

Availability of mortgages

The demand for residential real estate largely depends on the availability of credits and loans for financing the purchase of apartments and houses by individuals. Possible increase in interest rates, deterioration of the economic situation in Poland, the pandemic situation and the increase in unemployment in Poland as well as possible administrative restrictions on lending activities of the banks may cause a drop in demand for apartments and houses, and therefore a decrease in interest from potential buyers in the Company's development projects, which in turn may have a significant adverse impact on activities, financial standing or performance of the Company.

25. IMPLICATIONS OF THE COVID-19 PANDEMIC ON THE FINANCIAL STATEMENTS

The outbreak of the Covid-19 pandemic and the subsequent lockdown did not directly limit the company's operations. However, it did affect the operating activities of some tenants and, consequently, their financial condition.

This resulted in the need to grant selected tenants rent concessions in order to avoid losing them, an increase in writing off bad debts and the termination of leasing contracts. Another negative effect of the pandemic was the lower consumption of utilities by the tenants affected by the lockdown and the associated lower margin on their resale. These events had a negative impact on the company's finances especially in 2020. Their impact on the company's finances in 2021 was limited.

The company took advantage of Polish government aid programmes in 2021. Exemption from perpetual usufruct fee in the amount of DKK 0.2 million and partial redemption (DKK 0.6 million) of a financial subsidy from the government were recognised in the income statement under other external expenses.

26. FEE FOR AUDITORS APPOINTED BY THE GENERAL MEETING

PARENT COMPANY			GROUP	
2020	**2021**	**DKK'000**	**2021**	**2020**
130	135	Audit of annual report	258	236
70	26	Non-audit services	26	78
200	**161**	**Total**	**284**	**314**

27. RELATED PARTIES

The Group has no related parties exercising control.

The Group has the following related parties:
- Ambit Jarosław Lipiński, owned by member of the Management Board

The parent company has the following related parties:
- CeMat Real Estate S.A., subsidiary in Poland
- CeMat '70 S.A., subsidiary in Poland

The parent company had transactions with the following related parties in 2020 and 2021:
- CeMat Real Estate S.A., subsidiary in Poland
- CeMat '70 S.A., subsidiary in Poland

28. RELATED PARTY TRANSACTIONS

PARENT COMPANY			GROUP	
2020	2021	DKK'000	2021	2020
57	55	Subsidiaries, interest income	0	0
1,041	1,083	Subsidiaries, interest expenses	0	0
1,098	**1,138**	**Total transactions**	**0**	**0**

Other management remuneration etc. is stated separately in connection with note 4 “Staff costs”.

PARENT COMPANY			GROUP	
2020	2021	DKK'000	2021	2020
1,268	1,312	Subsidiaries, loans	0	0
(53)	0	Subsidiaries, creditor payable	0	0
(25,714)	(27,366)	Subsidiaries, loans	0	0
(24,499)	**(26,054)**	**Total outstanding amount**	**0**	**0**

29. SHAREHOLDER INFORMATION

The parent company has registered the following shareholders holding more than 5% of the voting rights or nominal value of the share capital as at 31.12.2021

Composition of shareholders	Number of shares	Capital DKK	Capital %
EDJ-Gruppen Kongensgade 34 6701 Esbjerg, Denmark	81,250,000	1,625,000.00	32.52
Gist Holding ApS C.F Richs Vej 31	25,691,023	513,820.46	10.28

30. BOARD OF DIRECTORS AND MANAGEMENT BOARD

The Board of Directors and Management Board of CeMat A/S hold shares in CeMat A/S.

	Shareholding, nominal value, DKK'000	
Shares (own and related parties*)	**2021**	**2020**
Frede Clausen, Chairman	190	173
Eivind Dam Jensen (EDJ-Gruppen), Deputy Chairman	1,625	1,625
Joanna Iwanowska-Nielsen, Member of the Board of Directors	20	4
Jarosław Lipiński, CEO	36	23
Total	**1,871**	**1,825**

* Related parties are Management's close family and companies in which they hold managerial positions or directorships.

31. EVENTS AFTER THE BALANCE SHEET DATE

No significant events have occurred after the balance sheet date.

32. APPROVAL OF THE ANNUAL REPORT FOR PUBLICATION

The Board of Directors approved this annual report for publication at a board meeting held on 23 February 2022. The annual report will be presented to the shareholders of the parent company for approval at the annual general meeting to be held on 24 March 2022.

CEMAT A/S
C/O DLA PIPER DENMARK ADVOKATPARTNERSELSKAB
OSLO PLADS 2
2100 KØBENHAVN Ø
Tel: +45 33 34 00 58
E-mail: info@Cemat.dk
www.cemat.dk
COMPANY REG (CVR) no.: 24 93 28 18