CEMAT A/S

2023

Annual Report

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CEMAT A/S

CeMat A/S is a public limited company based in Denmark, with its focus of activity in Poland. The company’s strategy for 2024-2027 is to continue with its rental business, generating maximum cash flow from its existing buildings and also preparing sites for developments.

1.

The year 2023 was a breakthrough year for the CeMat Group. The company began active development activities, starting with the construction of its first residential project in Warsaw – “Moje Bielany”. The good sales results of flats in the project, with 56 preliminary agreements and 3 reservation contracts secured, accounting for 56% of the 105 apartments in the project, together with the observed increase in the selling prices of flats on the residential market, provide good conditions for the further growth of the company’s new development business line. Poland's structural housing deficit and the stronger position of the Polish economy in relation to other EU countries bode well for the future expansion of residential development activity in the country. Housing demand has been further supported by the implementation of state housing programmes supporting flat purchases in 2023, as well as the announcement of a new programme expected in the second half of 2024.

At the same time, the company’s commercial rental business has also continued to grow. The SBU business line, along with traditional warehouses and offices, saw a significant increase in rental income in 2023, reaching a level 22% higher than in 2022.

In addition, this segment was further strengthened by another new business line – self-storage facilities – for which we have high expectations.

In 2023, we completed the multi-year procedures for the enfranchisement of a development plot with an area of 13,033 sqm. The plot is well located on the same front building line of Wólczyńska Street as the "Moje Bielany" residential project, and it is the intention of the CeMat Group to proceed with the next developments project.

Moreover, the CeMat Group also obtained the right of perpetual usufruct to 75% of the shares in four road land plots.

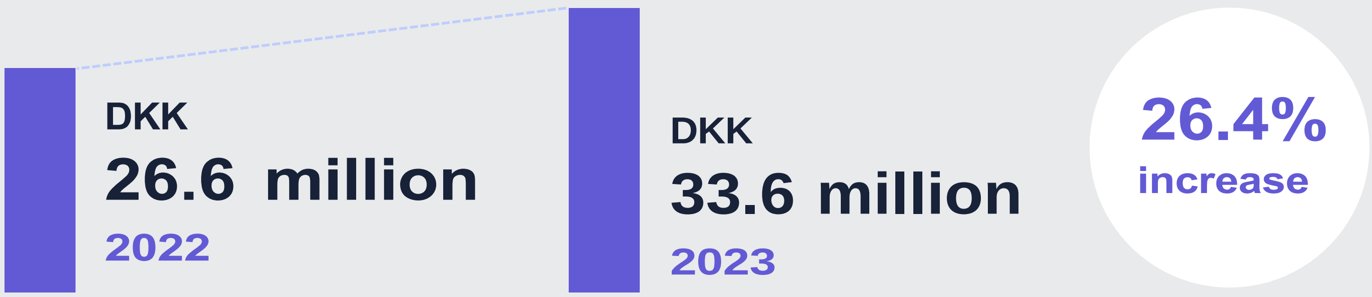
Obtaining the legal title to these plots marks another milestone in the company's value creation chain, the implementation of the company's value growth strategy and the prospect of starting further investment processes.

The investment property valuation report shows an increase in value of DKK 27.0 million. This result consists of the following elements: DKK 11.9 million resulting from exchange rate differences, DKK 3.6 million in enhancement costs and DKK 11.5 million recognised in the profit and loss statement as a revaluation of market value.

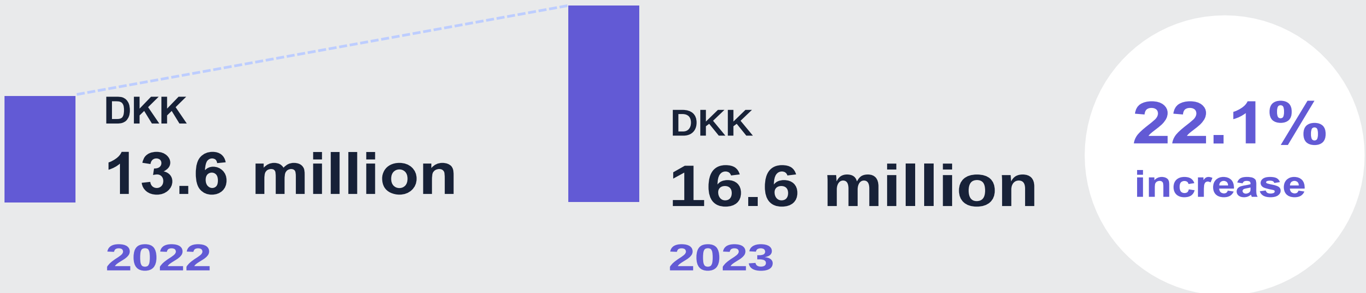
A positive net result after tax of DKK 11.3 million was achieved in 2023 (compared to DKK 22.1 million in 2022), after taking into account the updated property valuation.

Operating business

Total revenue of the CeMat Group was:



The revenue from CeMat Group rental income was:



The revenue for 2023 from the rent and service charge combined amounted to DKK 23.2 million (2022: DKK 18.6 million).

The CeMat Group recorded an occupancy level of:

88.9%
Dec. 2022

90.1%
Dec. 2023

Consolidated EBITDA for the CeMat Group was:

DKK
3.5 mililion
2022

DKK
4.5 million
2023

EBITDA was in line with the forecasts (DKK 4-5 million).

Development activity

In 2023, CeMat A/S started construction work on the "Moje Bielany" residential development project.

The project, located in the Bielany district of Warsaw (Poland), includes 105 apartments along with ground floor retail space. The total area of the apartments is 5,727 sqm and the retail space is 1,290 sqm. The residential building has been designed to include an underground garage with 124 parking spaces. According to the contract with the general contractor, construction work on the residential project is scheduled to be completed in the second quarter of 2025.

56 preliminary agreements and 3 reservation agreements, covering:

56 % of the apartments

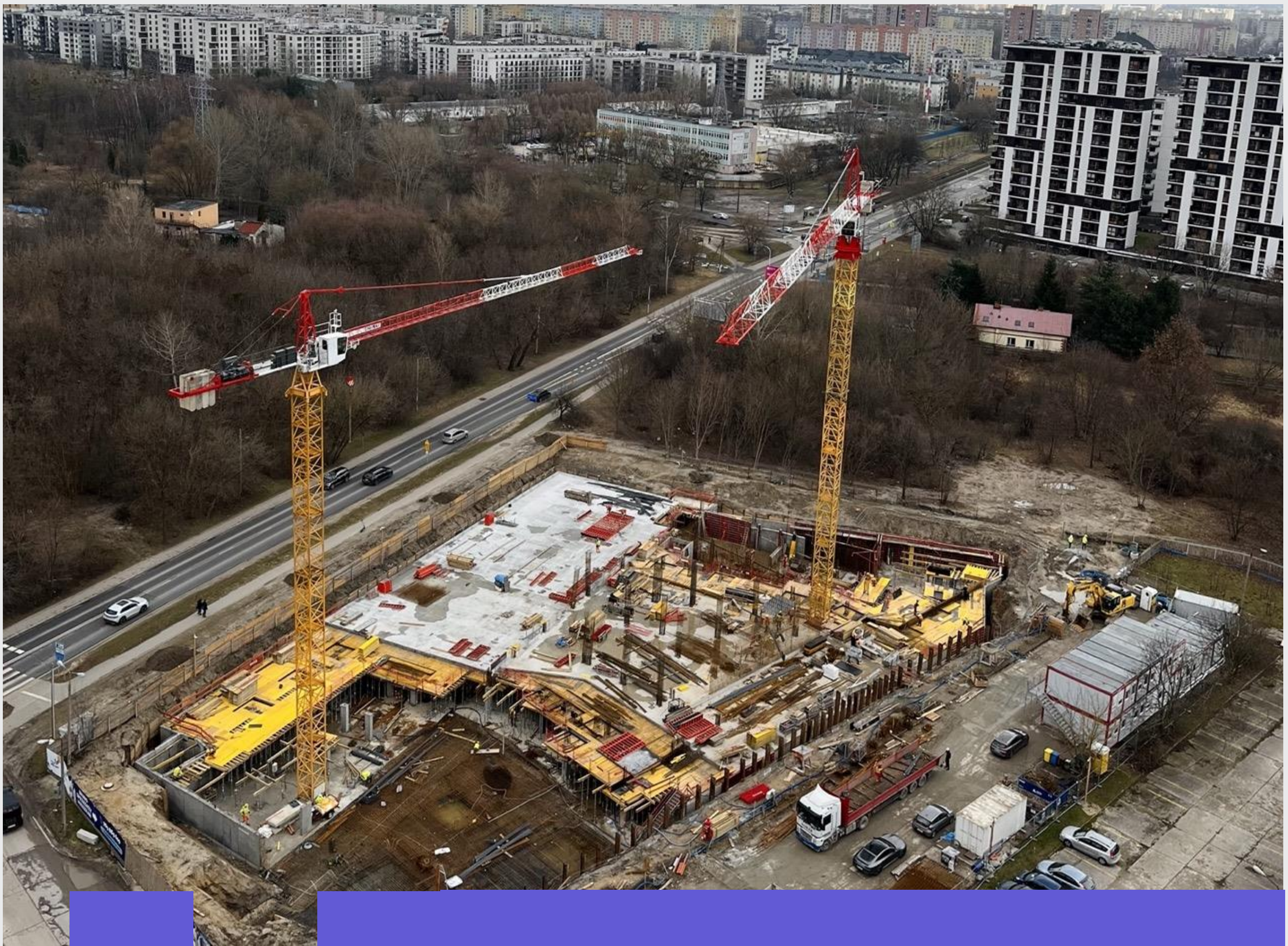
As of the publication date of this report, the company has concluded 56 preliminary agreements and 3 reservation agreements covering 56% of the apartments and almost 50% of the residential sales area. Out of the 105 flats in the project, the smaller 1-, 2- and 3-room flats have proved most popular among customers. For more information, go to: www.mojebielany.com

- Favourable conditions in the local housing sales market have resulted in strong demand and an increase in initial housing prices, especially in the small apartment segment. However, the final results for the project will be only known once sales of the 3-, 4- and 5-room flats have been completed.
- CeMat is negotiating the lease of the retail premises. The goal of the lease is to attract tenants to meet the needs of local residents, and then sell the retail space as an investment product.
- The company has signed an agreement with mBank to finance the investment. The loan obtained, together with the company's already committed own funds, means full financing of the development project has been secured. The company has fulfilled the conditions necessary to release the investment financing tranches.
- The contract with the general contractor involves a fixed-price mechanism, thus reducing the company's risk in the event of changes on the construction contractor market.
- As of the publication date of the report, 22% of the construction work from the assumed schedule has been completed by the general contractor. This includes earthworks, utility relocation, completion of the foundation slab and 70% of the building's underground floor.

- Favourable local market conditions have led to an average price per sqm being attained so far that is higher than was assumed at the start of the investment process.

- The approved and implemented development budget ensures a solid return on the development project. The development budget takes into account the market value of the land. The total sales value of the project is expected to be at the level of DKK 150 million.

- The first impact of the “Moje Bielany” project on the company’s results will occur in 2025.



“Moje Bielany” project:

→ **105** apartments
→ **5,727** sqm residential space
→ **1,290** sqm retail space
→ **124** parking spaces

Property value

The higher rental income and settlement of the legal situation regarding the five plots were reflected in the updated property valuation. The investment property valuation report shows an increase in value of DKK 27.0 million. This result consists of the following elements: DKK 11.9 million resulting from exchange rate differences, DKK 3.6 million in enhancement costs and DKK 11.5 million recognised in the profit and loss statement as a revaluation of market value.

The increase in the property valuation was influenced positively by the higher rental income from the property, as well as the acquisition of the legal title to the road plots and investment plot, but negatively due to the yield.

Consolidated net result

In 2023, the CeMat Group reported a positive consolidated net result after tax of DKK 11.3 million (2022: profit of DKK 22.1 million).

Legal title obtained to land plots

In 2023, the CeMat Group obtained the legal title to:

- Four road plots, covering 2,047 sqm.
- An investment plot, covering 13,033 sqm.

The land plots are located on Wólczynska Street, in the Bielany district of Warsaw.

The decision granting the right of perpetual usufruct allows CeMat to potentially continue with the "Moje Bielany" project. Obtaining the legal title to these plots represents the important fulfilment of one of the company's main goals for 2023, as well as its long-term goals reflected in its value creation chain.

The company's strategy for 2024–2027

The company reviewed its strategic resources and the products and services it offers, conducted a competitor analysis and defined its action plan for the coming years. As a result of the measures taken, the Management Board and the Board of Directors adopted CeMat A/S's strategy for 2024–2027.

- **In the operating business, the aim is to increase and improve rental income.**
- **In the development business, the aim is to secure a strong development pipeline.**

The strategy calls for the continuation of operations in the real estate rental sector, as well as further development activities mainly in the residential segment. CeMat's goal is to build a development portfolio, including the preparation of the next phases of the "Moje Bielany" project. In its real estate rental business, CeMat will focus on the small warehouse segment, investing in SBU and self-storage formats in its own warehouse facilities.

Strengthening of the organisation in 2023

The company continues to strengthen the organisation, and the Board of Directors has been expanded to include Brian Winther Almind (Executive Vice-President, DSV Group Property). The executive team in Poland is also being supported by Izabella Rykowska-Urbaniak (legal counsel). CeMat had previously announced the appointment of Miłosz Kocerka as the new CFO of the CeMat Group.

For more information, go to:

www.cemat.dk
www.mojebielany.com
www.cematbox.com
www.cemat70.com.pl/en

2.

FINANCIAL HIGHLIGHTS AND KEY RATIOS

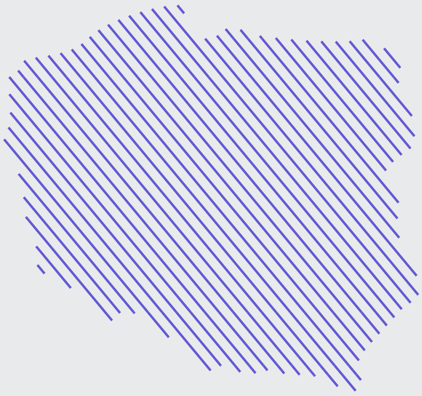
DKK'000	2023	2022	2021	2020	2019
Revenue	33,600	26,574	21,307	19,571	34,934
Earnings before interest, tax, depreciation and amortisation (EBITDA)	4,458	3,488	3,369	1,115	6,407
Operating profit/(loss) (EBIT)	4,417	3,460	3,326	1,071	6,373
Net financials	(884)	(973)	(1,038)	(800)	(823)
Profit/(loss) for the year	11,335	22,082	26,261	3,130	5,577
Of which attributable to parent company shareholders	10,276	20,326	24,199	2,488	4,464
Cash flows from operating activities	5,769	(3,611)	(277)	4,112	4,991
Cash flows from investing activities	(3,449)	(5,023)	(1,241)	(1,791)	(1,819)
Cash flows from financing activities	1,884	(137)	137	(907)	(906)
Share capital	4,997	4,997	4,997	4,997	4,997
Equity attributable to parent company shareholders	160,602	138,319	120,121	95,781	99,048
Equity attributable to non-controlling shareholders	14,138	12,577	11,246	11,291	13,702
Total consolidated equity	174,740	150,896	131,367	107,072	112,750
Total assets	261,421	201,508	180,817	147,454	153,570
Invested capital	227,492	190,819	159,413	126,696	130,923
Net working capital (NWC)	31,124	32,848	22,091	(2,234)	1,622
Net interest-bearing debt	3,355	1,033	976	0	0
Financial ratios					
EBITDA margin (%)	13.3	13.1	15.8	5.7	18.3
EBIT margin/profit margin (%)	13.1	13.0	15.6	5.5	18.2
Return on invested capital (%)	1.9	1.8	2.1	0.8	4.9
Equity ratio (%)	66.8	74.9	72.7	72.6	73.4
Return on equity (%)	7.0	15.7	22.0	2.8	5.1
Current number of shares (thousands)	249,850	249,850	249,850	249,850	249,850
Earnings per share (DKK)	0.04	0.08	0.10	0.01	0.02
Price per share (DKK)	0.95	0.65	1.03	0.38	0.35
Average number of full-time employees	20	22	21	22	24

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



The year 2023 was a period of insecurity and slowdown in the global economy, driven mainly by high inflation and the consequent tightening of monetary policy, rising interest rates and limited investment activity. The impact of economic disruption and the effects of Russia’s ongoing war against Ukraine also remained significant negative factors. These circumstances led the World Bank to revise its global growth forecast from 3.0% to 1.3% in early 2023.

Following on from the strong increase in Polish GDP seen in 2022 (5.3% y-o-y), according to the preliminary data from the Polish Economic Institute, real GDP in Poland grew by 0.3% y-o-y in 2023. In view of the muted economic growth both globally and in the eurozone, the data recorded in Poland was close to the EU average (0.6%), which was also in line with the European Commission’s November forecast, which estimated Poland’s GDP growth at 0.4% y-o-y.

After a sharp slowdown in the first half of the year, induced by falling trade demand, negative contribution from inventories and the reduced purchasing power of Polish households, the Polish economy offered positive surprises in the second half of 2023. According to data from Statistics Poland, Polish GDP in Q3 2023 grew by 0.5% y-o-y, the highest level of growth in all EU countries. The greatest impact on this positive figure came from the increase in investment activity sustained by the absorption of EU funds (7.2% y-o-y) and private consumption growth as a result of decreasing inflationary pressure (0.8% y-o-y).

Since the onset of the pandemic, the Polish economy has performed far better in comparison to all other major EU economies, and the positive indicators mark the beginning of a return to the path of economic growth, both in Poland and the EU. According to the latest European Commission forecast, Polish economic growth is set to pick up to 2.7% in 2024, mainly due to private consumption, continued expansion in investments, rising real wages and additional public social support (the 800+ family support scheme), as well as a significant increase in the minimum wage, supported by substantial salary increases in the public sector and fading inflation.

Statistics Poland data for 2023 indicates that the Consumer Price Index has increased compared to the previous year, reaching a level of 11.4%. In the final month of 2023, the inflation rate stood at 6.2%, a substantial decrease compared to its peak of 18.4% in February 2023. The decrease in inflation during the period in question was influenced mainly by a decline in food prices and service costs. Based on the European Commission’s forecast, the inflation rate in 2024 is expected to fall to 6.2%, with a slower downward trajectory due to strong wage growth and the anticipated expiry of zero VAT rates for food in H2 2024.

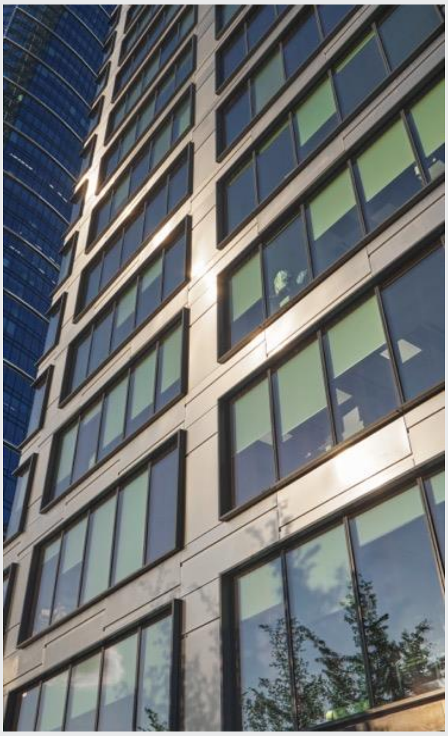
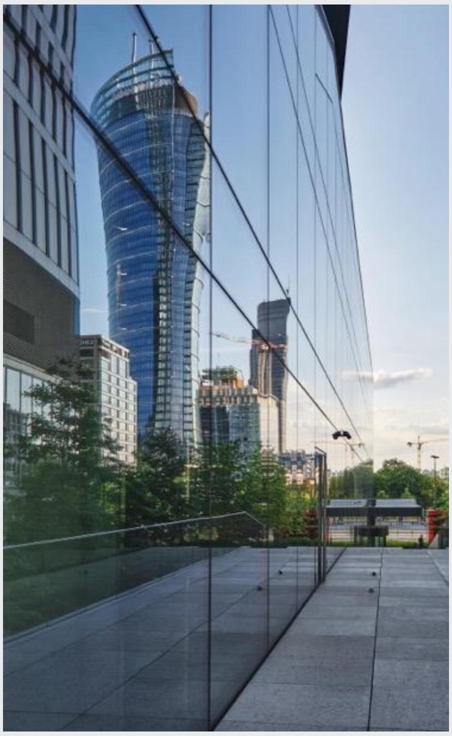
Despite the significant drop in inflation in 2023, the latest Eurostat data indicates that Poland is still facing one of the highest inflation rates across the entire EU, ranking fourth behind the Czech Republic (7.6%), Romania (7.0%) and Slovakia (6.6%). The average inflation figure in the EU as a whole was 3.4% in December 2023.

As a consequence of the continued fall in inflation, the Monetary Policy Council (RPP) took steps to gradually ease monetary policy, implementing two interest rate cuts. In September 2023, the main interest rate was reduced from 6.75% to 6.00%, with an additional 0.25% cut in October bringing it down to 5.75%. At its December meeting, the Monetary Policy Council decided to keep the main reference rate unchanged at 5.75%.

According to data from Statistics Poland, the registered unemployment rate was estimated at the stable level of 5.0% at the end of November 2023. Poland performs exceptionally well in terms of unemployment rates compared to other EU countries, having consistently maintained one of the lowest unemployment rates in the entire EU for a lengthy period.

GENERAL ECONOMIC OVERVIEW

Warsaw


The capital city of Poland

- The metropolitan area covers ten counties in the Masovian Voivodeship, with an area of 6,100 sq km and a population of around 3.5 million.
- The official population of Warsaw is currently 1.86 million.
- In the last two years, the immigrant population has increased significantly to about 340,000.
- There are 525,475 registered business entities in Warsaw.
- Over 1.1 million people work in the enterprise sector.
- Warsaw generates almost 1/5 of Polish GDP and the country’s national income.
- Warsaw boasts a well-developed office base, with available office space of 6.27 million sqm. Varso Place is the tallest office building in the European Union.
- The Warsaw region is among the ten richest regions in the EU, with a GDP per capita that is 167% of the average GDP per capita in the EU. (Eurostat data)
- Warsaw is a significant centre of research and development, business process outsourcing, and information technology outsourcing. The Warsaw Stock Exchange is the largest and most important in Central and Eastern Europe, while Frontex, the European Union agency for external border security, and ODIHR, one of the principal institutions of the Organization for Security and Co-operation in Europe, are both headquartered in the city.

GENERAL ECONOMIC OVERVIEW

Development and Investment Market

by Bartłomiej Krzyżak, Avison Young

INVESTMENT MARKET

Elevated inflation and interest rates persist, rendering financing costlier and less accessible. Consequently, these factors are also inevitably impeding transaction volumes. Thus, the total investment volume in Poland for Q1-Q3 2023 was at the level of EUR 1.7 billion, with the industrial sector leading the way with a 50% share of the total investment volume. Despite 57 transactions being closed in the period in question, the volume of transactions was the lowest result recorded for the same period since 2015. After a fall in H1 2023, Q3 saw four portfolio deals in the industrial and retail sectors, although none of them exceeded EUR 100 million. Interestingly, in spite of the turbulence, the Polish investment market welcomed three newcomers this year, namely Eika Asset Management, Frey and an Austrian family office, which purchased a portfolio of convenience retail properties in Silesia.

INDUSTRIAL INVESTMENT

The new pricing dynamics have encouraged warehouse developers to consider acquisitions instead of constructing new assets in order to expand their portfolios in Poland. The costs of new investments are increasing the attractiveness of acquisitions, which have become a real alternative nowadays.

Looking at Q1-Q3 2023, it is clear that the industrial sector played a major role in driving Polish investment activity, accounting for half of the total investment volume. Out of the 20 deals closed, only two of them surpassed the EUR 100 million threshold.

It is worth mentioning that Q4 2023 also saw the first transaction in Poland involving self-storage assets when Top Box Self-Storage Modlińska (located at 1 Tarasowa Street in Warsaw and covering an area of 4,500 sqm) was acquired by Stokado (Griffin Capital Partners & Redefine).

The dynamic development of urban SBU and self-storage warehouses has been observed in the largest agglomerations of Western Europe, and also in Poland. These assets are typically situated on the outskirts of major cities, near main transport arteries, and offer convenient access to well-developed urban infrastructure, including urban public transport hubs. The Polish urban warehouse sector is witnessing strong interest among tenants, including small and medium-sized enterprises as well as private individuals, in both urban warehouses with A-class office space and storage spaces in the form of boxes for self-storage. Warsaw, as the largest and most mature warehouse hub in Poland, boasts the widest range of SBU and self-storage facilities. At the same time, this trend of developing urban storage premises is also visible in other major cities, such as Wrocław, Kraków and Gdańsk. The evident rise in interest in urban storage solutions is drawing investors' attention as a new investment opportunity on the Polish market. As the market evolves and tenant demand remains high, the Polish investment sector has the potential to record an increasing share of transactions in the urban SBU and self-storage segment.

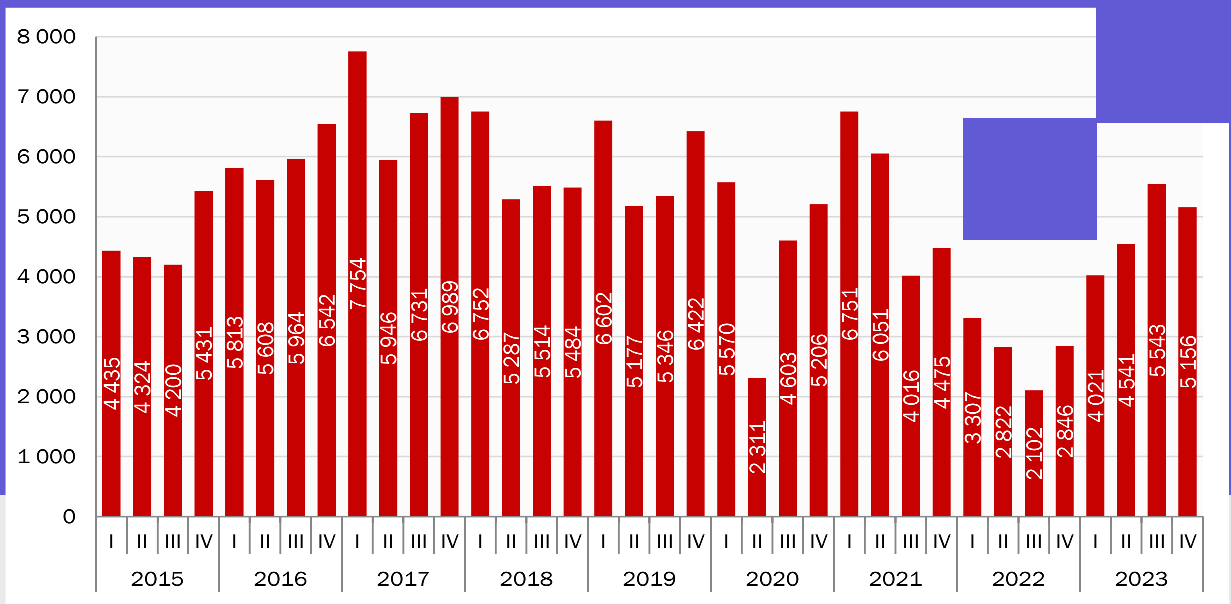
GENERAL ECONOMIC OVERVIEW

Residential Market

by Robert Chojnacki, CEO RedNet Group

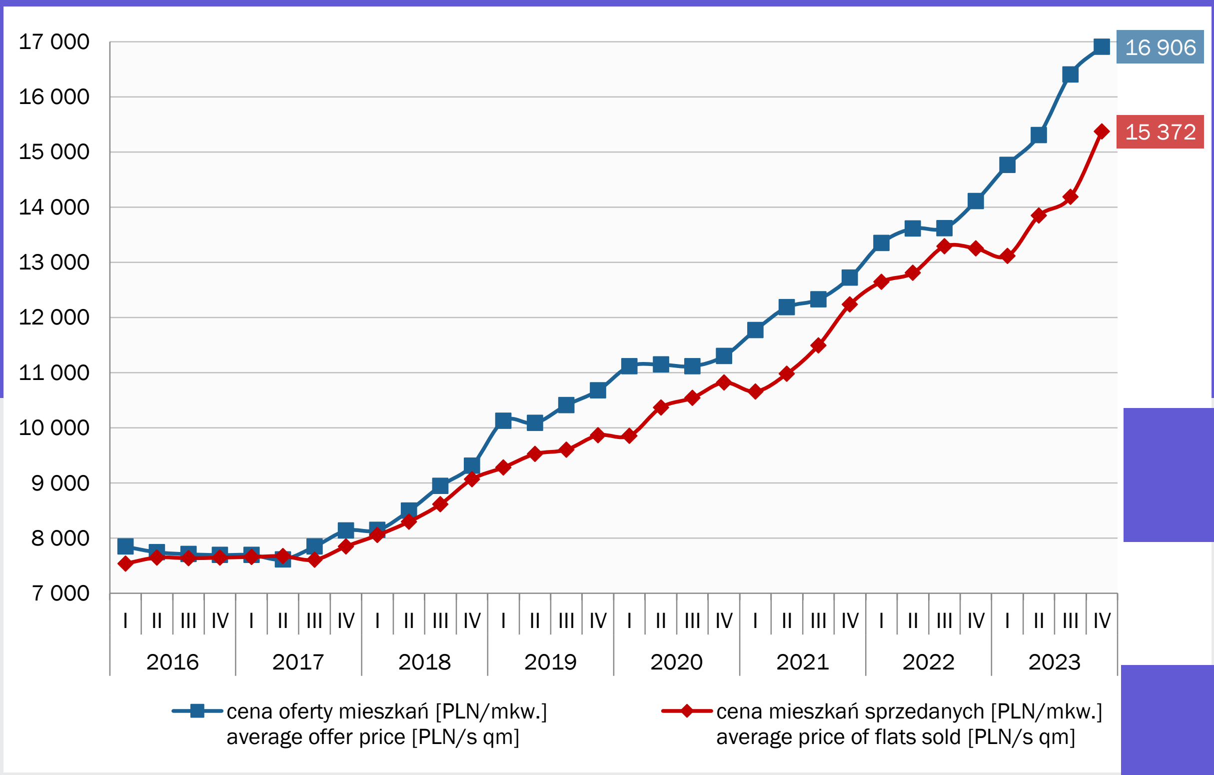
In 2023, the sale of apartments in Warsaw increased by a staggering 81.2% compared to 2022. It's important to note, however, that 2022 was a very weak year for the market due to a sudden increase in interest rates in response to the soaring inflation.

The chart below presents the level of apartment sales in Warsaw for each quarter in the period from January 2015 to December 2023.



As you can see, sales picked up in Q2 2023, which was a result of the relaxation of credit regulations by the KNF (Financial Supervision Authority) and the announcement of a new programme to support borrowers called the "2% mortgage", which finally launched in July 2023 and proved to be a great success. However, due to limited housing supply, developers were unable to prepare new projects, leading to a sharp increase in housing prices.

The average offered price of apartments sold in Warsaw in Q4 2023 was PLN 15,372 per sqm (an increase of 8.4% compared to the previous quarter), while the average listing price for apartments at the end of December 2023 was 10.0% higher, at PLN 16,906 per sqm. The chart below illustrates the changes in the average apartment prices in Warsaw since the beginning of 2016.



The market success of the “2% mortgage” programme depleted funds not only for 2023, but also for the entire allocation for 2024. The new government that was formed in December 2023 decided to outline the principles of its own programme to support borrowers, but for now it exists only in the media and has not yet been presented as a legislative project. However, this programme is generally expected to provide more support to families (in other words, facilitating the purchase of larger apartments). If this programme is introduced, it would likely happen no earlier than July 2024. Currently, in January, we are observing a slowdown in the growth of prices, but apartment sales remain steady. We expect price stability for the first half of the year, followed by a possible (but weaker) price increase, assuming that the media’s assumptions about the programme are confirmed, which is uncertain. An alternative scenario is market stability throughout the entire year of 2024.

4.

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.

5.

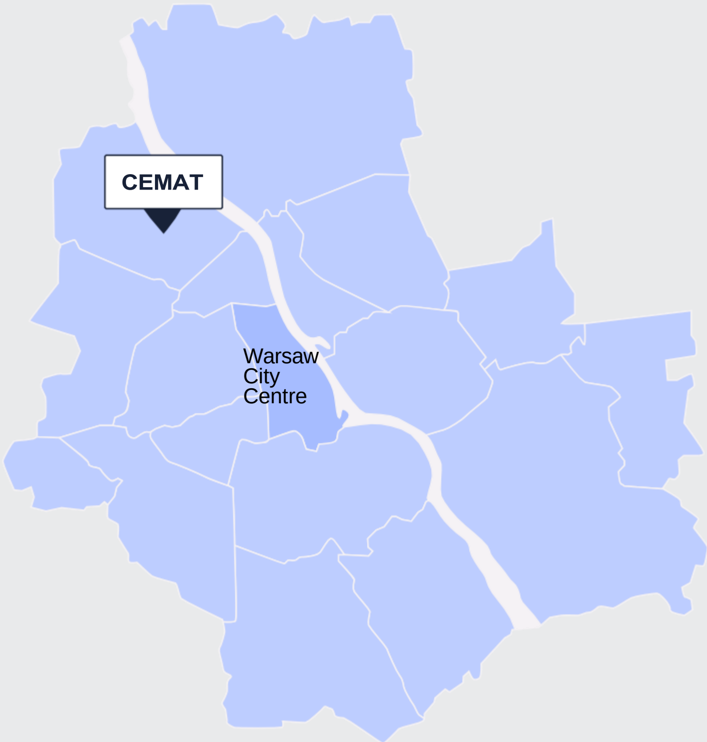
PROPERTY HIGHLIGHTS

The current portfolio of the CeMat Group includes, in particular, investment development sites and other plots located mainly in Warsaw. The CeMat buildings are accommodated by warehouse, production, office and social space constructed mainly in the 1980s.

The Warsaw real estate, located in the Bielany district, is approximately 8 kilometres from the Business District. Bielany is very well-connected by the public transport system (metro, trams, buses) and the road network in/out of Warsaw.

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 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.

The complex has a total of over 32,400 sqm of leasing space and over 15,9 ha. of land.



CeMat in Warsaw

32,478 sqm GLA

Warehouse	**23,509 sqm**
SBU	**3,338 sqm**
Self-storage	**1,446 sqm**
Office	**4,218 sqm**

242 tenants

15,9 hectares sqm of land

The 15.9 hectares of land includes:

116,505 sqm	of industrial, investment, road and green belt plots
5,608 sqm	of the ongoing “Moje Bielany” residential investment project
2,977 sqm	of re-zoned land for a hotel and service building
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

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

The CeMat Group has the perpetual usufruct right to circa 51% of the property and the ownership right to circa 1% and the right of possession to 48% of the Warsaw property, the perpetual usufruct right to circa 51% of the property and the ownership right to circa 1% of the property.

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

The potential investment value is represented by about 90% of the CeMat Group plots located inside the current industrial complex. The other 10% of the joint plot area located outside the complex 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 nature and status of the land in Bielany, Warsaw, the number of plots controlled by the CeMat Group and the different legal situation of the individual properties require that an individual approach should be adopted for each and every property. In the understanding of the company’s Management, such an approach can maximise the potential value of the individual properties, thus increasing the company’s value.

The total area of re-zoned plots is 8,605 sqm (5.4%), out of a total area of 159,300 sqm as at 31 December 2023.

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. The result of the case is highly uncertain. As at the date of writing this report, this represents a book value of zero due to the lack of legal title and the uncertain resolution of the dispute.

Blichowo

- Residential land outside Warsaw.
- 13,602 sqm of land.
- Fair value of DKK 0.14 million.

6.

GOALS ACHIEVED IN 2023

Operating business

Real estate rental

The company ended 2023 with 22.1% growth in its rental income and 26.4% growth in total revenue.

The project to transform traditional warehouses into SBUs and self-storage facilities entails rearranging selected existing warehouse space. This rearrangement involves demolishing some existing partition walls and constructing lightweight structures within the existing buildings. The development work is being carried out in stages. The company's traditional warehouse business accounted for 63% of its income in 2023, and we are now seeing a gradual increase in revenue from the SBUs and self-storage facilities. In the case of SBUs, we are seeing low vacancy rates and relatively short vacancy periods.

Small Business Units (SBUs) are warehouses designed for tenants looking for small spaces, which are popular among companies using "last mile" logistics, such as logistics operators, as well as retailers and other local companies looking for space tailored to their needs. Positive aspects regarding our facility highlighted by tenants include the unique ability in Warsaw to lease units below 100 sqm, the facility's favourable location close to the centre of Warsaw, and the flexibility of lease terms.

In 2023, we started our self-storage business. The website www.cematbox.com has been running since the middle of the year, enabling customers to conclude a lease agreement for the premises of their choice. This business line will be gradually expanded once satisfactory results have been achieved in the leasing of those stages already completed.

The office segment complements the warehouse sector, with tenants appreciating the possibility of having an office directly adjacent to the warehouse space.

Both the SBU and self-storage business lines increased the rental income by making it possible to obtain a higher rental rate per 1 sqm of space. The positive effect translated into a higher income last year.

Revenue

The revenue of the CeMat Group was higher than in 2022 by:

26.4%

Revenue for 2023 amounted to DKK 33.6 million (2022: DKK 26.6 million), including power, water and technical gases, and facility services, etc. to tenants of DKK 10.4 million.

Rental income

The rent was recorded at the level of DKK 16.6 million (2022: DKK 13.6 million). The rent of the CeMat Group was over 22.1% higher than in 2022.

The rent was higher than in 2022 by:

22.1%

The revenue for 2023 from the rent and service charge combined amounted to DKK 23.2 million (2022: DKK 18.6 million).

Rental income represents the largest component of the Group's revenue. This income is based on the rental of warehouses, including Small Business Units (SBUs) and self-storage micro-warehouses, and offices. The increase in net sales in 2023 was partly due to a higher rent per sqm, as well as the indexation of rents and the transformation of the traditional warehouses to smaller formats. The operation of SBUs and micro-warehouses instead of traditional warehouses can be seen in the positive rent-roll performance.

In addition, CeMat systematically separates a service charge from the rent. The annexes to the contracts signed include a service charge mechanism, which is collected monthly in advance and any differences are settled at the end of the year. To date, the service charge mechanism covers almost 85% of the contracts.

EBITDA

Consolidated EBITDA for the CeMat Group was DKK 4.5 million in 2023 (2022: DKK 3.5 million), which was in line with the forecasts (DKK 4-5 million).

The average PLN to DKK exchange rate in 2023 increased from 1.59 to 1.64, which affected the financial figures.

Cash flow

The company generated positive cash flows from its day-to-day business of:

DKK 5.1 million

This figure was comprised of DKK 7.8 million from the property management activity, with DKK 2.7 million spent on the operation of the holding company CeMat A/S.

Occupancy level

CeMat recorded an occupancy level of 90.2% in 2023, compared to 88.9% in 2022.

The CeMat Group signed 98 new agreements and 20 contract renewals in 2023. The new contracts for warehouses were 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.

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, and controlled 93.56% as of December 2023 (2022: 93,28%).

Obtaining legal title to the properties

In 2023, the CeMat Group obtained binding decisions confirming the acquisition by law of the right of perpetual usufruct (RPU) to:

- A development plot with an area of 13,033 sqm. The plot is well located on the same front building line of Wólczyńska Street as the “Moje Bielany” residential project, construction of which started in August 2023. The plot has access to a public road and is not covered by the local master plan. Additional work is required to reclassify the land from its current service use to residential use. It is the intention of the CeMat Group to proceed with the next phase of the “Moje Bielany” development project on the plot, in line with the company’s value creation chain. The area of land covered by the newly issued decision represents 8.5% of the total land controlled by CeMat.

- Moreover, the CeMat Group also obtained the right of perpetual usufruct (RPU) to 75% of the shares in four undeveloped plots of land on Wólczyńska Street, in Bielany, Warsaw. The total area of the four plots covered by the decision is 2,047 sqm. Having additional access to a public road increases the likelihood of obtaining the necessary decisions during the development process, facilitates the connection of utilities and raises the attractiveness of the land complex as a whole.

These binding decisions provide the legal basis for entering the right of perpetual usufruct (RPU) in the land and mortgage register. The right of perpetual usufruct was established until 2089.

The decisions changed control of the plot from the right of possession to the right of perpetual usufruct.

Obtaining the legal title to the plots represents the important fulfilment of one of the company’s main goals for 2023, as well as its long-term goals reflected in its value creation chain.

According to the Group’s long-term goals, obtaining the legal title to the plots marks the first step in the value creation chain aimed at maximising the value of particular plots in Bielany, Warsaw.

The CeMat Group has control of the land through the right of possession to the site, the perpetual usufruct right and ownership rights. Part of the property holds the status of right of possession and is therefore not entered in the land and mortgage register. The CeMat Group has, the perpetual usufruct right to circa 51% of the property and the ownership right to circa 1% of the property the right of possession to 48% of the Warsaw property.

Obtaining the perpetual usufruct right is a result of the efforts of the specialist legal team, which has continued with legal action to obtain the right of perpetual usufruct (RPU) for selected plots. The main obstacles to obtaining legal title are the claims on part of the real estate and the protracted administrative processes within the government and local government offices. 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).

Building a professional team

CeMat has also set up a team to start its development business by building the necessary technical, legal and financial competences.

The company strengthened its organisation, and the Board of Directors has been expanded to include Brian Winther Almind (Executive Vice-President, DSV Group Property).

The executive team in Poland is also being supported by Izabella Rykowska-Urbaniak, legal counsel.

Institute of Technology (IMiF) cooperation

As organisations with long-standing historical links, CeMat '70 and the Institute of Technology (IMiF) have common business goals in resolving certain ownership and easement issues within the area of the joint plot. The joint cooperation resulted in the acquisition of the right to four road plots in 2023.

Development activity

“Moje Bielany” Project (plot 69/8)

CeMat A/S has now started construction of the “Moje Bielany” residential building project. The project, located in the Bielany district of Warsaw (Poland), includes 105 apartments along with ground floor retail space. The total area of the apartments is 5,727 sqm and the retail space is 1,290 sqm. The residential building has been designed to include an underground garage with 124 parking spaces. According to the contract with the general contractor, construction work on the residential project is scheduled to be completed in the second quarter of 2025. For more information, go to: www.mojebielany.com

The year brought a change in the situation on the residential market in Warsaw, with the weaker sales performance in the development sector in 2022 being broken in the first months of 2023. An important factor improving sentiment in the residential development market in Poland was the introduction of a law under which customers receive a preferential 2% loan for the purchase of their first apartment for their own needs. This programme, designed to enable young people to get an apartment of their own, led to a significant revival in demand. The positive sentiment in the local housing purchase market translated into significant customer interest and the conclusion of preliminary agreements with clients.

As of the publication date of this report, the company has entered into 56 preliminary agreements and 3 reservation agreements, covering **56% of the apartments** and almost 50% of the residential sales area. Out of the 105 flats in the project, the smaller 1-, 2- and 3-room flats have proved most popular among customers.

- The company has signed an agreement with mBank to finance the investment. The loan obtained, together with the company's already committed own funds, means full financing of the development project has been secured. The company has fulfilled the conditions necessary to release further tranches of the investment financing.
- CeMat has signed an agreement with the general contractor FineTech Construction. The signed contract includes construction of the building and a fixed lump sum price for the work covered by the agreement. This reduces the company's risk in the event of changes in the construction contractor market. FineTech Construction is a well-known general contractor with a solid track record and an established position in the market.
- As of the publication date of this report, 22% of the construction work from the assumed schedule has been completed by the general contractor. This includes earthworks, network reconstruction, completion of the foundation slab and 60% of the building's underground structure. No contamination was found on the plot.
- The approved and implemented development budget ensures a solid return on the development project. The development budget takes into account the market value of the land. The total sales value of the project is expected to be at the level of DKK 150 million.
- We are observing good prosperity in the local market, which translates into high demand in the project. The main buyers were those taking advantage of the preferential 2% loan, with the second group being investors in apartments for rent.
- CeMat is negotiating the lease of the retail premises. The goal of the lease is to attract tenants to meet the needs of local residents, and then sell the retail space as an investment product.
- CeMat is selling the apartments through RedNet, an agent specialising in servicing the housing market in Poland, which has a sales office on site, a website www.mojebielany.com and the largest online housing portals.
- The major impact of the "Moje Bielany" project on the company's results will occur in 2025. With construction due to be completed in 2025, handover to those customers who have signed preliminary contracts will take place in the third and fourth quarters of 2025. The final notarial deed will be signed in late 2025 and early 2026.

Plot 56

A project for the sale of small apartments for rent is currently at the stage of pre-development work. The company owns the land and obtained an individual zoning decision in 2022. The decision allows for the construction of approximately 2,000 sqm of collective residence space, but the final parameters may be confirmed in the building permit. Buyers of apartments for rent can be both institutional investors and individuals hoping to attract tenants and obtain rents in the future.

The company's decision to launch the project will depend on the current market conditions and finding a final investor. According to our value creation chain, any potential decision must be preceded by obtaining a building permit, securing pre-sales, concluding a fixed-price agreement with a general contractor, and obtaining financing.

New investment projects

CeMat is carrying out pre-development work in line with the value creation chain and preparing more land for residential and commercial development. The goal is to secure new projects for the company for the future.

Cash flow in development activity

In 2023, the Group spent DKK 5.3 million on the development project, of which DKK 3.2 million was covered by a bank loan and DKK 2.1 million came from own funds.

In addition, apartment buyers made advance payments of DKK 6.0 million, which as of 31.12.2023 remain blocked in the escrow account.

Property value

The investment property valuation report shows an increase in value of DKK 27.0 million. This result consists of the following elements: DKK 11.9 million resulting from exchange rate differences, DKK 3.6 million in enhancement costs and DKK 11.5 million recognised in the profit and loss statement as a revaluation of market value.

The value of the Warsaw real estate consists of an investment property valued at DKK 170.9 million as of 31 December 2023, according to a report by Cushman & Wakefield (2022: DKK 143.9 million).

Net result after tax

The positive net result of DKK 11.3 million was recorded for the CeMat Group in 2023 (versus DKK 22.1 million for 2022), which takes into account the updated valuation of the investment property.

7.

GOALS TO BE ACHIEVED IN 2024

The CeMat Group's main goals for 2024 are:

To continue to increase the value of the rental income from existing buildings.

To continue to sell apartments in the Moje Bielany development, which is under construction and is expected to be completed in Q2 2025. The intention is to lease the ground floor in order to attract tenants to meet the needs of local residents, and then sell the retail space as an investment product.

To prepare for the possibility of obtaining further individual zoning decisions for service and residential buildings in the future.

Revenue growth

The company's priority in 2024 is to increase rental revenue, and we forecast growth of approx. 14% compared to 2023. We intend to achieve this goal by maximising revenues in the company's traditional business lines: warehouses, SBU space, self-storage facilities and offices. The indexation mechanism applied in leases will also be a factor supporting this increase.

The very good performance of the SBU segment will prompt the launch of further phases of investment in this format, although the decision to implement these further phases of self-storage projects will depend on satisfactory occupancy levels being achieved. We anticipate that by the end of 2024, these two segments will account for approx. 20% of the total rental space offered by the Group. Observed opportunities to achieve a higher rent per sqm and the occupancy levels recorded show the potential for the expansion of these formats in further developments within existing buildings.

Occupancy levels

In terms of market conditions, we do not anticipate any sudden changes in sentiment. The pipeline set for the next few months of 2024 offers a positive forecast for the first part of the year. The rental department will be further supported by the automation of rental processes in the self-storage segment in particular. CeMat is reaching out to new target groups of customers, both in the business and self-storage segments, and ongoing marketing campaigns are supporting the process of achieving high prices per sqm.

The final occupancy level will be closely related to investment decisions regarding the launch of the next stages of adaptation of the storage space to SBUs, and the scale of the investment process in the self-storage segment, which may temporarily reduce occupancy levels in 2024. The company's investment in the self-storage segment may be lowered, although the decision to launch further phases of the SBU and self-storage business lines will only be made after taking into account the occupancy levels of the already completed phases and assessing market demand.

Development activities

“Moje Bielany” project

The goal for 2024 is to continue selling flats in a residential building that is scheduled for completion in Q2 2025. To date, 56 flats have been secured by development agreements, and 3 are under reservation agreements. The project contains 105 flats in total.

CeMat is negotiating the lease of the retail premises. The goal of the lease is to attract tenants to meet the needs of local residents, and then sell the retail space as an investment product.

Development activity: Plot 56

In August 2022, the CeMat Group obtained a valid individual zoning decision for a hotel and service building to be developed on a plot of 2,997 sqm.

Pre-development works are currently in progress. CeMat’s goal is to obtain a building permit for apartments for rent in 2024/2025. According to the architects, the decision allows for the design of a hotel and service building with an area of approx. 2,000 sqm. The final figures will be verified in the building permit decision.

It is CeMat’s intention to sell the project.

Other projects

The CeMat Group's principal task is to continue development activity on the plots with the aim of launching building projects, and to maximise the value of the particular land plots. CeMat will focus on the reclassification of the land from its current service use in order to prepare the new stages. The goal is to prepare the next individual zoning decisions for the service and residential buildings.

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 2024 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 certain parts of the plot complex.

8.

LONG-TERM GOALS

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

Value creation chain

The nature and status of the land in Bielany, Warsaw, the number of plots controlled by the CeMat Group and the different legal situation of the individual properties require that an individual approach should be adopted for each and every property. 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
2. Re-zoning of the land
3. Obtaining the building permit
4. Pre-selling of the project
5. Financing
6. Construction time

1. Obtaining the legal title to plots

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

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

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

2. Re-zoning of the land

There is no local master plan for the majority of the site. According to the study of conditions and directions of spatial development and land use adopted by the Warsaw city council, the majority of the site is located in an area zoned for service use, with single plots designated for roads. Only five plots are covered by a local master plan mainly for roads. CeMat needs to keep an open and active dialogue with the city authorities about the reclassification of the land from its current service use to an alternative use.

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

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

3. Obtaining the building permit

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

4. Pre-selling of the project

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

5. Financing

For further development, it is necessary to obtain additional financing through bank loans or investor financing.

6. Construction time

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

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

9.

CEMAT'S STRATEGY FOR 2024–2027

With the company's first residential development project commencing in 2023, the Board reviewed the strategic resources, analysed the products and services offered, conducted a competitor analysis, and defined the company's strategy for 2024–2027.

Resources

The CeMat Group controls 15.9 hectares of land in Warsaw's Bielany district, with 52% of the site covered by legal title to the land, 5.4% subject to planning changes consistent with the company's objectives, and an additional 1% covered by zoning plans. Part of the land (21.5%) is jointly owned. Based on our experience gained, and with knowledge of the status and varying legal situation of each plot of land, the Group has developed an individual approach to each property. Activities are undertaken in accordance with the established stages of the value creation chain:

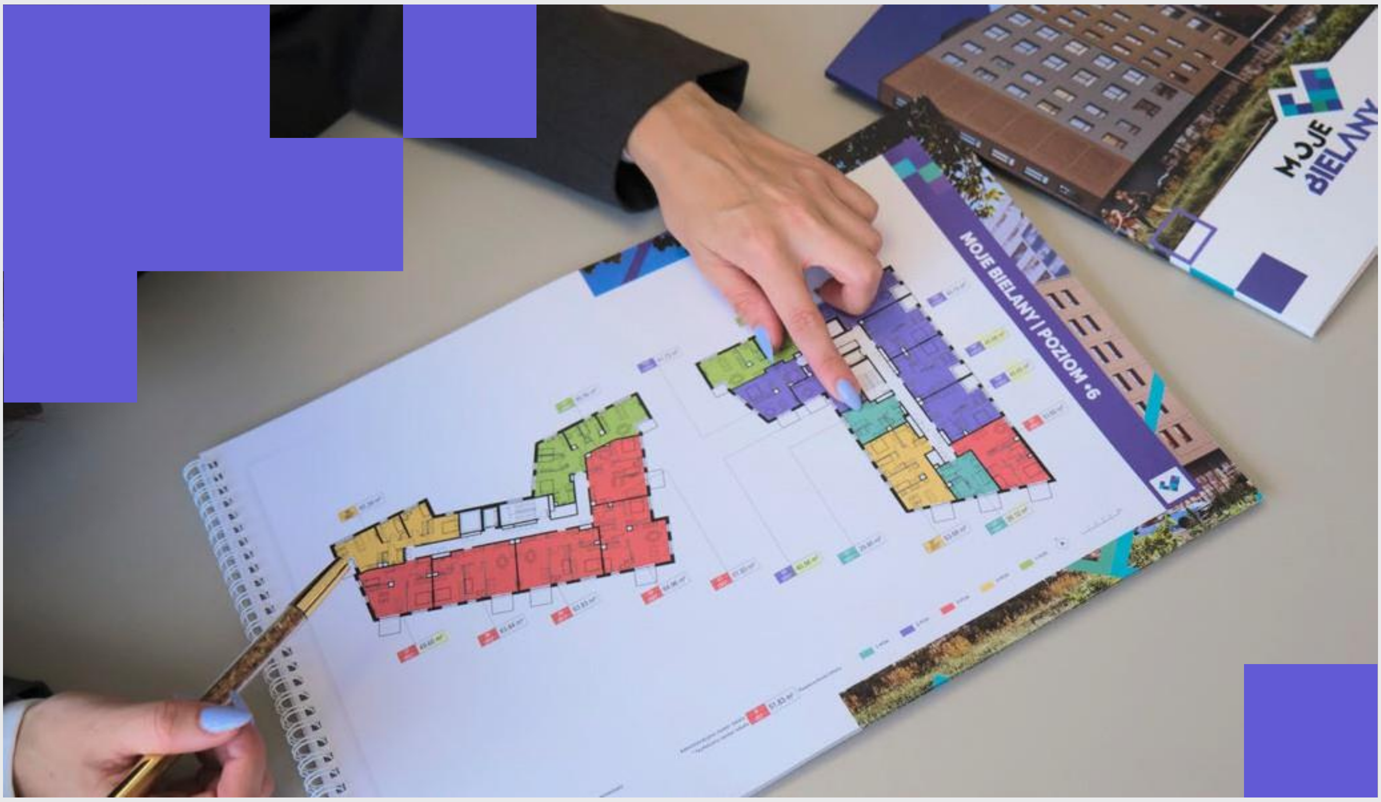
1. Obtaining the legal title to plots
2. Re-zoning of the land
3. Obtaining the building permit
4. Pre-selling of the project
5. Financing
6. Construction time

- One ongoing project is currently under construction – the "Moje Bielany" project, offering 105 flats and retail space on a plot covering 5,608 sqm (stage 6 is currently ongoing). CeMat is offering flats and retail space for sale (map: "Moje Bielany", ongoing).
- An individual zoning decision was obtained for another project, allowing for the construction of approximately 2,000 sqm of collective residential housing on a plot covering 2,977 sqm. CeMat is seeking an investor to obtain a construction permit in accordance with its requirements. We are currently in the process of preparing to obtain the building permit (stage 3) and looking for an investor (stage 4 ongoing; map: coloured blue).
- The land bank covers circa 34,700 sqm of land. The plots have a settled legal situation, but not a settled planning situation. The land bank includes land on which we plan new potential development activity in the future and can be used for commercial or residential development (map: coloured purple).
- The buildings in the CeMat Group's property portfolio were constructed in the 1980s. The rental business has GLA of 32,478 sqm, covering circa 88,700 sqm of land. The company specialises in leasing small warehouses with a component of SBUs and self-storage facilities. It also offers office space rental, which is a complementary activity to the warehouse rental. The new SBU concept was introduced in 2020, while the self-storage concept was implemented in 2023 through the construction of lightweight partition walls in the former factory halls. The facility's excellent location 8km from the city centre ensures interest from business clients and consumers (map: coloured violet).

- The management team has experience in the construction and sale of residential and commercial buildings, leasing and property management. It is also experienced in preparing the whole development process, starting from project design and obtaining the necessary administrative decisions through to selecting the general contractor, securing financing and carrying out the construction work. In the rental business, the team is familiar with the small warehouse and office space sector. Last year, the leasing team signed about 90 leases and contract renewals. Knowing our customers is the basis for our success, and as a result the new self-storage business is growing.

Strategy for 2024–2027

- CeMat intends to continue the leasing business in its own properties and also expand the development branch for the period from 2024 to 2027. The focus of the company's activities will be on two areas: leasing and the development business (violet in the map).



Strategy assumptions

Leasing business in 2024–2027

CeMat will concentrate on continuing the leasing activity in existing buildings, with a focus on small warehouse formats, including SBUs and self-storage. We are in the process of optimising the leasing business. Investment in subsequent phases SBU's and self-storage will depend on demand, and we expect both formats to account for a greater proportion of sales in the coming years. Both the SBU and self-storage businesses will increase rental income by allowing a higher rental per square metre of space to be achieved in the years from 2024 to 2027. The planned increase in rental growth will be reflected in the property value.

The leasing business covers all the costs associated with running the CeMat Group companies and supports the development business.

Development business

The goals are:

- To complete the sale of apartments and commercial space in the "Moje Bielany" residential building, and hand over the space to the customers.

- To secure a profit in line with the approved budget for "Moje Bielany" and to strengthen CeMat's cash position with a view to launching further development projects between 2024 and 2027.

- To obtain planning permission for new developments and start preparing further planning changes for another site. Some of the plots making up the land bank will require further work and necessary planning changes to enable the application for a building permit in the next stage.

- To obtain a building permit for 2-3 new investments (including plot 56).

- The next step in the development processes will be in line with the value creation chain, according to which CeMat will minimise the investment risk by securing pre-sales in all projects, securing financing, and selecting general contractors with proven track records in similar projects.
- The above objectives will be achieved through organic growth, and the organisation itself will continue to evolve as a result of increased expertise in the development area and with a focus on new reporting requirements, new environmental legislation and ensuring effective communication with stakeholders.

The viability of all plans will depend on market conditions and administrative planning approval processes.

10.

OUTLOOK FOR 2024

Consolidated EBITDA for the CeMat Group is expected to be approx. DKK 5-6 million in 2024.

A positive net result of approx. DKK 2-3 million, before taking into account the valuation of the investment property, is expected for 2024.

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.

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

11.

FINANCIAL REVIEW

The activities of the CeMat Group are comprised 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 93.56% 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) has 242 tenants and a current occupancy rate of approximately 90.1%. The second segment of activity is the development of residential projects, and construction work on the “Moje Bielany” project began in the second half of 2023.

Income Statement

Revenue for 2023 amounted to DKK 33.6 million (2022: DKK 26.6 million), comprising rental income of DKK 23.2 million (2022: DKK 18.6 million) and sales of utilities, including power and water, and facility services, etc. to tenants of DKK 10.4 million (2022: DKK 7.9 million).

The observed increase in sales revenue resulted from an increase in rental rates and conversion of part of the space into small units and self-storage boxes, which provide much higher rental returns than larger warehouses.

The costs of goods and services sold amounted to DKK 9.9 million in 2023, up from DKK 7.6 million in 2022, consisting of costs for the purchase of utilities for resale to tenants. The increase in costs resulted from the increased prices of utilities.

Other external expenses amounted to DKK 12.7 million in 2023, compared with DKK 10.2 million in 2022. This increase in external costs was mainly related to implementation of the “Moje Bielany” project.

Personnel costs recognised in the Income Statement increased by DKK 1.3 million compared to the previous year, amounting to DKK 6.5 million.

EBITDA for 2023 amounted to DKK 4.5 million, against DKK 3.5 million for 2022. It was also in line with the forecasts published in the Annual Report 2022 and the Half-Year Report 2023 (DKK 3-4 million).

As a result of the revaluation of the investment property, a profit was recognised in the amount of DKK 11.4 million (after taking into account capital expenditures).

Net financials amounted to an expense of DKK 0.9 million in 2023 (versus DKK 1.0 million in 2022). 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 3.6 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.

The Group achieved a profit after tax of DKK 11.4 million in 2023, compared to a profit of DKK 22.1 million in 2022.

A positive net result of DKK 2.1 million, without taking into account the valuation of the investment property, was achieved (in half-year report announced DKK 2.5-3 million)

Cash flow statement

Cash flows from operating activities were an inflow of DKK 5.8 million in 2023. The Group generated positive cash flows of DKK 8.5 million from property management and development, and DKK 2.7 million was spent on the operation of the holding company.

Cash flows from investing activities were an outflow of DKK 3.4 million. Cash was spent on upgrading the company’s facilities, including fire safety and investment in SBUs/self-storage, and preparing the company’s properties for development.

Cash flows from financing activities were a net inflow of DKK 1.9 million. This is a result of an inflow of DKK 3.9 million from the bank loan for the “Moje Bielany” development project, and an overdraft repayment of DKK 1.8 million. Additionally, there has been an acquisition of shares from minority shareholders in the amount of DKK 0.2 million and lease payments of less than DKK 0.1 million.

Balance sheet

Total assets amounted to DKK 261.4 million as at 31 December 2023, primarily comprising the investment property with an estimated market value of DKK 196.3 million (of which DKK 171.0 million is the value of the investment property based on its valuation and DKK 25.2 million is the value of the right of use resulting from the implementation of IFRS 16), leased plant and machinery of DKK 0.1 million, financial assets of DKK 0.2 million, inventories of DKK 45.8 million, receivables of DKK 6.9 million, and cash and cash equivalents of DKK 12.1 million.

The other possibilities – related to the plot in the vicinity of Warsaw airport– 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 2023 stood at DKK 174.7 million, of which DKK 160.6 million was attributable to the shareholders of CeMat A/S, and DKK 14.1 million to non-controlling interests in CeMat '70 S.A. The equity ratio was 66.8% as of 31 December 2023.

The Group’s liabilities totalled DKK 86.7 million as at 30 December 2023, consisting of lease liabilities of DKK 25.6 million, deferred tax liabilities of DKK 34.8 million, trade payables of DKK 10.1 million, a bank loan of DKK 3.4 million, income tax payable of DKK 0.2 million, and other liabilities of DKK 12.6 million. They were DKK 36.1 million higher in comparison to the end of 2022.

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 2023 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, 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.

The increased costs of energy in 2021 and 2022, which are a fundamental factor in the business of some tenants, and are paid by CeMat and then re-invoiced, may also be a risk in 2024 should the tenants become insolvent. As of 31 December 2023, 85% of the contracts had fully billed operating expenses and utilities.

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.

In 2022, CeMat obtained an individual zoning decision for a collective residence with services for one of the plots on Arkuszowa Street in Warsaw.

The process of issuing individual planning decisions is to a large extent dependent on the discretion of the local authorities, and there is an ongoing discussion about potentially replacing this procedure with other legal solutions.

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 difficult 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. When that title is obtained, future claims will 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. The proceedings remain suspended.

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.

Risk of general contractor bankruptcy
In property development, there is a risk of bankruptcy of the general contractor, i.e. the company that carries out all or most of the construction work under a contract with the developer. If this risk materialises, a new contractor will have to be selected to complete the construction. For the investment, this means the possibility of cost increases and schedule overruns and, in extreme cases, termination of the loan agreement by the bank.

Development risks
These are 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 2024 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 industrial purposes for 40 years 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, although we cannot exclude the identification of environmental risks in the future.
The possibility of uncontrollable environmental risks arises from the use by others of the sewerage network owned by CeMat.

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;
- despite insurance cover for buildings, in the event of a loss, the indemnity payment from the insurance policy will not be the full amount of the loss;
- 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 2023.

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 at 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 2023, 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, 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 a real estate 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. The Board of Directors regularly reviews the need to adopt policies in this area.

The Group no longer reports under the UN Global Compact.

Policy on data ethics

1. Introduction

This policy applies for CeMat A/S, including its daughter companies (collectively referred to as "CeMat").

The purpose of this policy is to ensure that CeMat is only using data for the purposes and in a manner that is both ethical and compliant with applicable legislation.

2. Policy statement

It is the policy of CeMat A/S and its group companies that all data must be processed lawfully and in a fair and ethical manner, and that the data must be protected appropriately considering the risks related to these data, not only for CeMat, but also for others, who could be affected by the confidentiality, integrity or availability of the data being compromised.

Based on the factual circumstances described in section 3, the Management has determined that the likelihood of the inappropriate or unethical use of data is very limited, considering:

- the nature and amount of the data being processed,
- the purposes for which the data is being processed,
- the manner in which the data is being processed, especially since CeMat does not use advanced algorithms to analyse or predict the behaviour of others, and
- the fact that CeMat's use of data is unlikely to have any adverse effects on others, and
- the fact that there is no motive for using data beyond what is strictly necessary, as this would not offer any material benefits for CeMat.

Therefore, Management has assessed that aside from the formalised measures required to comply with generally good business practice, and applicable legislation such as the data protection legislation, no further measures are required to protect the data against unfair or unethical use.

3. Nature of the processing of data in CeMat A/S and daughter companies

3.1. CeMat A/S

As a holding company with no employees, the processing of data in CeMat A/S is – as a general rule – limited to information about members of the Board of Directors and information about the daughter companies, including key employees. Data is used solely for the purpose of managing the business and the related risks.

3.2. Daughter companies

The business of the daughter companies is to own and develop real estate in Poland. This includes offering property for sale or for rent. The sale of property is done through an agent, and the daughter companies will only receive the data necessary for completing the sales transactions. With regards to property for rent, this is only offered on a B2B basis.

Thus, the daughter companies will be processing:

- Data regarding the real estate owned by the company and other data related to the operations of the company, such as financial information.
- Personal data about employees and contact persons at customers, vendors and business partners.

As for personal data, the daughter companies have taken the steps required to ensure that such data is processed in accordance with the applicable data protection legislation, protecting the rights and freedoms of the data subjects.

4. Required activities

Management of the respective legal entities shall take the necessary steps to:

a) ensure that the legal entity complies with all legal requirements for data processing;

b) monitor that the processing of personal data is performed in accordance with the applicable processes and procedures, to ensure compliance with the data protection legislation;

c) monitor if the categories of data being processed, or the purposes for which such data is processed, change over time;

d) ensure that appropriate actions are taken to address any deviations noted in relation to items a-c above.

5. Review and updates

This policy shall be reviewed and updated as appropriate by the Board of Directors at least on an annual basis or when changes in the business or business environments indicate the need for a review. An annual review must be performed during the fourth quarter of each calendar year.

Policy on diversity

CeMat does not have a formal diversity policy however, it 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 2023, the total number of employees was 21, four of whom were women. One woman was a member of the Board of Directors, and one women was on the Management Board in one of the subsidiaries. The Board of Directors consists of four members, including one woman.

The current gender balance of CeMat's managerial positions is outlined below. No specific target has been set for top and other management levels, as equal distribution has already been achieved for 2023

	2023	2022	2021	2020
Board of Directors, males	3	2	2	2
Board of Directors, females	1	1	1	1
Board of Directors, Total	**4**	**3**	**3**	**3**
Other managerial positions, males	4	4	4	4
Other managerial positions, females	2	2	2	0
Other managerial positions, Total	**6**	**6**	**6**	**4**

	2023	2022	2021	2020
Board of Directors, males	75%	67%	67%	67%
Board of Directors, females	25%	33%	33%	33%
Board of Directors, Total	**100%**	**100%**	**100%**	**100%**
Other managerial positions, males	67%	67%	67%	100%
Other managerial positions, females	33%	33%	33%	0%
Other managerial positions, Total	**100%**	**100%**	**100%**	**100%**

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 Supervisory Board of CeMat '70 were elected by the employees.

Since the company complies with the rules on gender equality in managerial positions, it does not have an official policy in this regard.

No significant changes are planned for 2024. 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 2023.

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.

Environmental solutions

Programme of actions aimed at limiting the environmental impact of existing buildings:

- Reduction of electricity consumption

Changing the lighting of external areas (roads and car parks) to LED lighting (reducing electricity consumption by 50%).

Changing the lighting of common areas (corridors and staircases) to LED lighting and installing motion sensors. As part of the investment into rearranging the warehouses into SBUs and self-storage units, energy-saving LED lighting is being installed.

- Reduction of heat energy consumption

Automatic temperature control systems have been installed in some buildings. Depending on the outside temperature, time of day and day of the week, the temperature has been lowered to below 20˚C in the offices, and below 18˚C in the storage rooms.

- Waste segregation

Waste Management Regulations have been drawn up, an agreement has been signed with a waste collection company ensuring the collection of waste segregated into individual fractions, and provisions on the requirement to segregate waste in accordance with the Waste Management Regulations have been added in the form of an appendix to the lease agreements with tenants.

Development projects

Buildings that are part of development projects are designed in accordance with the indicators for the annual demand of a newly designed building for non-renewable primary energy (needed for heating, cooling, ventilation and the supply of hot water), as well as the energy required to power lighting and all other electrical devices. In order for the designed buildings to meet these parameters, solutions related to the use of renewable energy sources (e.g. photovoltaic panels), energy-saving lighting sources or partitions with insulation that meet the latest standards, are also implemented.

When designing a building to meet the energy-saving standards, we also reduce the planned level of energy consumption for when the building is in use.

During the construction process, one of the environmental protection measures applied will involve adhering to the rules for the selective collection of construction waste. In addition, each contractor and subcontractor will also have to undergo appropriate training in the relevant environmental protection procedures that will be in force during the course of the construction works. These procedures must ensure compliance with the current environmental protection regulations, and will include in particular: implementation of solutions protecting against pollution and environmental contamination, saving water, reducing energy consumption, and protecting existing greenery.

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 2023, shares in the OMXC25 CAP index gained 7%, while shares in the OMXC SmallCap index lost 3%. The price of CeMat's shares was DKK 0.95 per share at the end of 2023, equivalent to a 46% increase (from DKK 0.65).

The Group's market capitalisation at 31 December 2023 was DKK 237.4 million.

The total turnover in stock in 2023 was 28 million shares, which was 70% lower than in 2022, when 91 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 31.12.2023 under section 29 of the Danish Securities Act is shown below.

Composition of shareholders	**Number of shares**	**Capital DKK**	**Capital %**
EDJ-Gruppen 6700 Havnegade 19 Esbjerg, Denmark	81,234,500	1,624,691.70	32.51
Gist Holding ApS C.F. Richs Vej 31			10.0 -15.0

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 2023, members of the Board of Directors and their related parties held 93,276,605 shares (nominal value DKK 1,865,532), corresponding to 37.3% of the share capital and a market value of DKK 88.6 million. Members of the Management Board and their related parties held 2,156,042 shares (nominal value DKK 43,121), corresponding to 0.9% of the share capital and a market value of DKK 2.0 million.

The shareholdings of the individual members of the Board of Directors and the Management Board and changes thereto during 2023 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 2023.

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 21 March 2024 at 1.00 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 2023 financial year. The Board of Directors recommends to the Annual General Meeting that the consolidated profit for the year of DKK 11.4 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 2023

2023	Announcement
22.02	Financial calendar 2023/2024
22.02	Publication of Annual Report 2022
28.02	Notice to convene Annual General Meeting 2023
02.03	Managers’ transactions
17.03	Cemat obtains the legal title to land plots
22.03	Manager’s transactions
23.03	Course of the Annual General Meeting
24.08	Cemat launches development investment
31.08	Interim report H1 2023
01.09	Closely related persons transactions
01.09	Managers’ transactions
01.09	Managers’ transactions
04.09	Managers’ transactions
06.09	Managers’ transactions
08.09	Managers’ transactions
08.09	Managers’ transactions
26.09	Managers’ transactions
01.11	Cemat obtains the legal title to land plot

FINANCIAL CALENDAR 2024/2025

2024	Announcement	Silent period
21.02	Annual Report 2023	23.01.2024 – 21.02.2024
21.03	Annual General Meeting	
29.08	Interim report – H1 2024	31.07.2024 – 29.08.2024

2025	Announcement	Silent period
25.02	Annual Report 2024	27.01.2025 – 25.02.2025
26.03	Annual General Meeting	

15.

BOARD OF DIRECTORS AND MANAGEMENT BOARD

Board of Directors

Frede Clausen (born 1959)
Chairman
Professional board member
Various banking qualifications
Graduate Diploma in Business Administration
Elected 2018, Chairman 2018
Current term expires in 2024

No. of shares held in CeMat (own and related parties):
10,521,166 (2022: 9,490,641)

Remuneration paid in 2023: DKK 500,000

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)
Palma Ejendomme ApS (chairman)
Ejendomsselskabet Gøteborgvej 18 ApS (vice-chairman)
PL Holding Aalborg A/S (chairman)
Radioanalyzer ApS (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 2024

No. of shares held in CeMat (own and related parties):
81,234,585 (2022: 81,250,000)

Remuneration paid in 2023: DKK 350,000

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 2024

No. of shares held in CeMat (own and related parties):
1,520,854 (2022: 1,111,609)

Remuneration paid in 2023: DKK 200,000

Directorships and other managerial positions:
Member of the Board of Directors at Sustainable Małkowo
Member of the Board of Directors at Coille Righ Green Energy, Scotland
Member of the Board of Directors at WildaNova
Member of the Board at NielsenNielsen Ltd (UK)
Partner in NOLTA Consultants and NOLTA Career Experts
Board Member of EPI (European Property Institute) think tank
Member of Warsaw Women in Real Estate & Development
Founding Member of Women in Global Health’s CEE Chapter
No directorships in other Danish companies

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, including sustainable housing and energy solutions), EMCC accredited business coach & mentor.

Brian Winther Almind (born 1966)
Member of the Board of Directors
Executive Vice President, DSV Group Property
Elected 2023
Current term expires in 2024

Other duties and offices:
Shipping agent, Ellegaard Transport, of which 2 years were in Verona, Italy
Traffic manager, DFDS Transport
Traffic manager, DHL A/S
Executive Vice President, DSV A/S since 1997

Remuneration paid in 2023: DKK 200,000

Directorships and other managerial positions:
Member of the Board in several companies owned by DSV A/S
Network – European Logistics Forum (ELF), VL 111
No directorships in other Danish companies

No. of shares in Cemat: 0

Special qualifications:
General management, business development, integration of companies. Property in relation to the purchase of land, public sector handling, project management, building activities, purchase and sale, leasing, law, strategy, finances and various large projects in more than 90 countries.

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 24 years, Jarosław Lipiński has gained wide experience within the real estate industry and held executive positions with a number of international enterprises, including 11 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:
2,156,042 (2022: 1,982,381)

16.

MANAGEMENT STATEMENT

We have today presented the annual report of CeMat A/S for the financial year 1 January – 31 December 2023.

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 2023 and of the results of the Group's and the parent company's operations and cash flows for the financial year ended 31 December 2023.

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, 21 February 2024

MANAGEMENT BOARD

Jarosław Lipiński
CEO

BOARD OF DIRECTORS

Frede Clausen **Chairman**	Eivind Dam Jensen **Deputy Chairman**	Joanna L. Iwanowska-Nielsen **Board member**	Brian Winther Almind **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 2023, which comprise income statement, total income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including material accounting policy information for both the Group and the Parent Company. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with the IFRS Accounting 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 2023, and of the results of the Group and Parent Company operations and cash flows for the financial year 1 January - 31 December 2023 in accordance with the IFRS Accounting 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 by a resolution of a general meeting for a total continuous period of 1 years until and including the financial year 2023.

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 2023. 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) 196,283 at 31 December 2023, 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) 11,541 (2022: DKK ('000) 25,277), 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 the investment properties constitute 76% of the Group's total assets and because estimates and preconditions may have material impact on the Financial Statements. A different estimate could potentially have a significant impact on the Group's assets, profit and equity.

Management obtained a valuation report from an external valuation expert which the value recognised in the financial statements is based upon and the key factors in connection with the valuation of investment properties are particularly linked to the following elements in the management's valuation model:

- Minimum return on investment requirement
- Future market rent
- Ownership
- Competences and independence of the external valuation expert

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 valuation of the investment property in Poland, challenged these and ensured that the methods and principles used is unchanged from previous years.

We have challenged and assessed the most important preconditions forming the basis for the valuation, including:
- We assessed and tested the management's expectations for rate of return requirements by comparison with the expectations of the previous year, assessment in relation to location and property type and comparison of external assessments or market reports.
- We assessed and tested the Group's assessment of the future rental level including comparison of budgeted rental income for the coming year with realized rental income for the current year and testing whether assumptions related to vacant rent are substantiated by market data.
- We assessed and tested the management's assessment of the risks associated with ownership of some of the company's plots by comparison with previous years and the history of taking over full ownership.
- We have assessed the competences and independence of the company's external valuation expert. The valuation report is prepared by a leading international estate agent in Warsaw.

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 Commentary
Management is responsible for Management Commentary.

Our opinion on the Consolidated Financial Statements and the Parent Company Financial Statements does not cover Management Commentary, 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 Commentary and, in doing so, consider whether Management Commentary 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 Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management Commentary 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 Commentary.

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 IFRS Accounting Standards as adopted by the EU and additional 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 skepticism 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 2023 with the file name CEMAT-2023-12-31.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 including notes.

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 including notes;
- 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 2023 with the file name CEMAT-2023-12-31.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 21 February 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Mikkel Mauritzen
State Authorised Public Accountant
MNE no. 46621

CEMAT A/S

Financial Statements

18.

Income statement

1 January – 31 December

PARENT COMPANY				GROUP	
2023	**2022**	**DKK'000**	**Note**	**2023**	**2022**
0	0	Revenue	3	33,600	26,574
0	0	Cost of goods and services sold		(9,917)	(7,417)
(1,674)	(1,598)	Other external expenses		(12,707)	(10,442)
(1,294)	(1,086)	Staff costs	4	(6,518)	(5,227)
(2,968)	**(2,684)**	**Operating profit/(loss) (EBITDA)**		**4,458**	**3,488**
0	0	Depreciation		(41)	(28)
(2,968)	**(2,684)**	**Operating profit/(loss) (EBIT)**		**4,417**	**3,460**
0	0	Revaluation investment property	9	11,429	25,325
57	521	Financial income	5	124	184
(4,093)	(1,220)	Financial expenses	6	(1,008)	(1,157)
(7,004)	**(3,383)**	**Profit/(loss) before tax**		**14,962**	**27,812**
0	0	Tax on profit/(loss) for the year	7	(3,627)	(5,730)
(7,004)	**(3,383)**	**Profit/(loss) for the year**		**11,335**	**22,082**
		Distribution of profit/(loss) for the year:			
		Parent company shareholders		10,276	20,326
		Non-controlling interests		1,059	1,756
				11,335	**22,082**
(0.01)	(0.01)	Earnings per share (DKK)	8	0.04	0.08
(0.01)	(0.01)	Diluted earnings per share (DKK)	8	0.04	0.08

19.

Statement of comprehensive income

1 January – 31 December

PARENT COMPANY				GROUP	
2023	**2022**	**DKK'000**	**Note**	**2023**	**2022**
(7,004)	(3,383)	Profit/(loss) for the year		11,335	22,082
		Items that may be reclassified to profit or loss:			
0	0	Foreign exchange adjustment, foreign entities		12,712	(2,446)
(7,004)	**(3,383)**	**Comprehensive income for the year**		**24,047**	**19,636**
		Distribution of comprehensive income for the year:			
(7,004)	(3,383)	Parent company shareholders		21,925	18,084
0	0	Non-controlling interests		2,122	1,552
(7,004)	**(3,383)**			**24,047**	**19,636**

20.

Cash flow statement

For 2023

PARENT COMPANY				GROUP	
2023	**2022**	**DKK'000**	**Note**	**2023**	**2022**
(2,968)	**(2,684)**	**Operating profit/(loss) (EBIT)**		**4,417**	**3,460**
0	0	Depreciation	9	41	28
312	320	Change in net working capital	21	2,411	(6,434)
0	0	Other (deposits, etc.)		1,057	958
0	0	Tax paid/received		(1,315)	(701)
0	0	Financial income received		88	77
(89)	(71)	Financial expenses paid		(930)	(999)
(2,745)	**(2,435)**	**Cash flows from operating activities**		**5,769**	**(3,611)**
0	0	Acquisition of property, plant and equipment		(2,438)	(3,897)
0	0	Capital expenditures, development of the investment property		(1,011)	(1,126)
0	**0**	**Cash flows from investing activities**		**(3,449)**	**(5,023)**
0	0	Lease repayments	18	(57)	(32)
4,438	2,536	Loans and credits raised	18	3,942	0
(1,810)	0	Loans and credits repaid		(1,810)	0
0	0	Acquisition of shares in subsidiary		(191)	(105)
2,628	**2,536**	**Cash flows from financing activities**		**1,884**	**(137)**
(116)	**(101)**	**Cash flows for the year**		4,205	**(8,771)**
307	206	Cash and cash equivalents at beginning of year		7,139	16,204
0	0	Market value adjustment of cash and cash equivalents		751	(294)
191	**307**	**Cash and cash equivalents at end of year**	**14**	**12,095**	**7,139**

21.

Balance sheet – as at 31 December 2023

Balance sheet as at 31 December 2023

PARENT COMPANY		ASSETS		GROUP	
2023	**2022**	**DKK'000**	**Note**	**2023**	**2022**
0	0	Investment property	9	196,283	157,854
0	0	Plant and machinery right of use	9	85	117
0	**0**	**Property, plant and equipment**		**196,368**	**157,971**
93,339	93,339	Investments in subsidiaries	10	0	0
0	0	Other non-current receivables	11	239	366
93,339	**93,339**	**Financial assets**		**239**	**366**
93,339	**93,339**	**Non-current assets**		**196,607**	**158,337**
0	**0**	**Inventories**	**12**	**45,804**	**33,360**
0	0	Trade receivables	13	2,524	2,200
1,508	1,341	Receivables from subsidiaries		0	0
0	0	Income tax receivable		0	0
0	0	Other receivables		4,391	472
1,508	**1,341**	**Receivables**		**6,915**	**2,672**
191	**307**	**Cash and cash equivalents**	**14**	**12,095**	**7,139**
1,699	**1,648**	**Current assets**		**64,814**	**43,171**
95,038	**94,987**	**Assets**		**261,421**	**201,508**

Balance sheet as at 31 December 2023

PARENT COMPANY		EQUITY AND LIABILITIES		GROUP	
2023	**2022**	**DKK'000**	**Note**	**2023**	**2022**
4,997	4,997	Share capital	15	4,997	4,997
0	0	Translation reserve	16	(14,471)	(26,120)
50,130	57,134	Retained earnings		170,076	159,442
55,127	**62,131**	**Equity attributable to parent company shareholders**		**160,602**	**138,319**
0	**0**	**Equity attributable to non-controlling interests**		**14,138**	**12,577**
55,127	**62,131**	**Equity**		**174,740**	**150,896**
0	0	Lease liabilities	17	23,963	13,128
0	0	Other non-current liabilities		4,477	3,263
0	0	Deferred tax liabilities	7	34,760	30,000
0	**0**	**Non-current liabilities**		**63,200**	**46,391**
16	1,033	Bank loans	18	3,355	1,033
0	0	Lease liabilities	17	1,649	815
455	287	Trade payables	19	10,093	1,715
38,339	30,635	Debt to subsidiaries		0	0
0	0	Income tax payable		237	222
1,101	901	Other payables	20	8,147	437
39,911	**32,856**	**Current liabilities**		**23,481**	**4,221**
39,911	**32,856**	**Total liabilities**		**86,671**	**50,612**
95,038	**94,987**	**Equity and liabilities**		**261,421**	**201,508**
		Charges, guarantees and contingent liabilities, contractual liabilities	22-23		
		Other notes without reference	24-32		

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22.

Statement of changes in equity for 2023 (Group)

DKK'000	Share capital	Translation reserve	Retained earnings	Equity attr. to parent company shareholders	Equity attr. to non-contr. interests	Total equity
Equity at 01.01.2023	**4,997**	**(26,120)**	**159,442**	**138,319**	**12,577**	**150,897**
Profit/(loss) for the year	0	0	10,276	10,276	1,059	11,335
Other comprehensive income	0	11,649	0	11,649	1,063	12,712
Comprehensive income	**0**	**11,649**	**10,276**	**21,925**	**2,122**	**24,047**
Acquisition of non-controlling interests	0	0	361	361	(561)	(200)
Expenditure from the company's social benefits fund	0	0	(3)	(3)	0	(3)
Equity at 31.12.2023	**4,997**	**(14,471)**	**170,076**	**160,602**	**14,138**	**174,740**
Equity at 01.01.2022	**4,997**	**(23,878)**	**139,002**	**120,121**	**11,246**	**131,367**
Profit/(loss) for the year	0	0	20,326	20,326	1,756	22,082
Other comprehensive income	0	(2,242)	0	(2,242)	(204)	(2,446)
Comprehensive income	**0**	**(2,242)**	**20,326**	**18,084**	**1,552**	**19,636**
Acquisition of non-controlling interests	0	0	116	116	(221)	(105)
Expenditure from the company's social benefits fund	0	0	(2)	(2)	0	(2)
Equity at 31.12.2022	**4,997**	**(26,120)**	**159,442**	**138,319**	**12,577**	**150,897**

Statement of changes in equity for 2023 (Parent company)

DKK'000	Share capital	Retained earnings	Total equity
Equity at 01.01.2023	**4,997**	**57,134**	**62,131**
Comprehensive income for the year	0	(7,004)	(7,004)
Equity at 31.12.2023	**4,997**	**50,130**	**55,127**
Equity at 01.01.2022	**4,997**	**60,518**	**65,515**
Comprehensive income for the year	0	(3,383)	(3,383)
Equity at 31.12.2022	**4,997**	**57,134**	**62,131**

23.

Notes to the financial statements

1. ACCOUNTING POLICIES

The consolidated and the parent company financial statements of CeMat A/S for 2023 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 2023 have been implemented in the annual report for 2023.

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 2023 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 2023 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.

External financing costs are recognized as costs in the income statement in the period in which they are incurred, with the exception of activated costs, i.e. costs that ca be directly attributed to the acquisition, construction or production of a 'qualifying asset' (in the case of the Company: for work in progress) as part of their production cost. Financial costs are capitalized to work in progress only during the period when the development project is active. The project is considered active when design or construction work is carried out on the purchased land and during the process of obtaining key administrative decisions needed to run the project. Financial costs cease to be capitalized when substantially all activities necessary to prepare the apartment for delivery to customers have been completed. Activation of financial costs is suspended in the event of suspension of activities related to investment activities on the project, including work related to the design, construction process or obtaining appropriate permits and administrative decisions regarding the project.

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 was 13.4%.

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.

Transferring land plots from investment property to inventories
Investment property is transferred to inventory when the development process has been decided and initiated, a decision on the possible way of developing the plot has been obtained, and expenses related to the project have already taken place.

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 12 months before 31 December 2022 or 1 January 2022 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 (%)	EBITDA*100
	Revenue
EBIT margin (%) (Profit margin)	EBIT*100
	Revenue
Return on invested capital (%)	EBIT*100
incl. goodwill	Average invested capital
Equity ratio (%)	Equity*100

	Total assets
Return on equity (%)	Profit/loss for the year after tax*100 / 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 2023

The following new standards, amendments and interpretations are effective for the first time for periods beginning on or after 1 January 2023:

- Amendments to IFRS 17, the amendments are effective for annual periods beginning on or after 1 January 2023
- Definition of Accounting Estimates (Amendments to IAS 8, the amendments are effective for annual periods beginning on or after 1 January 2023
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), the amendments are effective for annual periods beginning on or after 1 January 2023

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:

- Amendment to IFRS 16 – Leases on sale and leaseback effective for annual periods beginning on or after 1 January 2024
- Amendment to IAS 1 – Non-current liabilities with covenants, the amendments are effective for annual periods beginning on or after 1 January 2024
- Amendment to IAS 7 and IFRS 7 – Supplier finance, the amendments are effective for annual reporting periods beginning on or after 1 January 2024
- Amendments to IAS 21 – Lack of Exchangeability, the amendments are effective for annual reporting periods beginning on or after 1 January 2024

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 2023 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:

(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.

2023 DKK'000	Property Management & Holding	Development*	Total
Sales revenue	33,596	4	33,600
GROSS PROFIT	**23,678**	**4**	**23,682**
Overheads	(17,808)	(1,392)	(19,200)
Other income / costs	(64)	40	(24)
EBITDA	5,806	**(1,348)**	**4,458**
Depreciation	(41)	0	(41)
EBIT	5,765	**(1,348)**	**4,417**
Revaluation investment property	11,429	0	11,429
Net result on financial activities	(271)	(613)	(884)
PROFIT (LOSS) BEFORE TAX	16,923	**(1,961)**	**14,962**
Tax on profit/(loss) for the year including deferred tax	(3,982)	355	(3,627)
PROFIT (LOSS) FOR THE YEAR	12,941	**(1,606)**	**11,335**

*The Development segment has been separated in terms of functionality. According to the accounting policy, revenues and profits from the sale of real estate (residential units, commercial space, etc.) will be recognised when the real estate purchaser takes over control of the real estate acquired and receives significant risks and rewards of ownership.

2022 DKK'000	Property Management & Holding	Development*	Total
Sales revenue	26,557	17	26,574
GROSS PROFIT	**12,281**	**17**	**12,298**
Overheads	(8,512)	(427)	(8,939)
Other income / costs	56	73	129
EBITDA	3,825	**(337)**	**3,488**
Depreciation	(28)	0	(28)
EBIT	3,797	**(337)**	**3,460**
Revaluation investment property	25,325	0	25,325
Net result on financial activities	(632)	(341)	(973)
PROFIT (LOSS) BEFORE TAX	28,490	**(678)**	**27,812**
Tax on profit/(loss) for the year including deferred tax	(5,794)	64	(5,730)
PROFIT (LOSS) FOR THE YEAR	22,696	**(614)**	**22,082**

* The Development segment has been separated in terms of functionality. According to the accounting policy, revenues and profits from the sale of real estate (residential units, commercial space, etc.) will be recognised when the real estate purchaser takes over control of the real estate acquired and receives significant risks and rewards of ownership.

Other segment information:

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	
2023	**2022**	**DKK'000**	**2023**	**2022**
0	0	Letting	23,202	18,639
0	0	Utilities	10,398	7,935
0	**0**	**Total**	**33,600**	**26,574**

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

4. STAFF COSTS

PARENT COMPANY			GROUP	
2023	**2022**	**DKK'000**	**2023**	**2022**
1,250	1,050	Directors' fees	1,250	1,050
44	36	Wages and salaries	3,911	3,134
0	0	Bonuses for Management Board	377	324
0	0	Pension contributions, defined contribution plans	768	550
0	0	Other social security costs	212	169
1,294	**1,086**	**Total**	**6,518**	**5,227**
1	**1**	**Average number of full-time employees**	**20**	**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 Management Board Members (including appointed in 2023 the new Management Board Member in CeMat Real Estate) for consultancy services of DKK 1,867 thousand (2022: DKK 859 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	**2023**	**2022**	**2023**	**2022**
Directors' fees	1,250	1,050	0	0
Salaries	0	0	2,540	1,468
Bonuses	0	0	377	324
Pension contributions	0	0	210	132
Total	**1,250**	**1,050**	**3,127**	**1,924**

The fee to the Chairman of the Board of Directors for the current term amounts to DKK 500 thousand (2022: DKK 500 thousand), to the Deputy Chairman DKK 350 thousand (2022: DKK 350 thousand) and to an ordinary member DKK 200 thousand (2022: DKK 200 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 Management Board Members for consultancy services of DKK 1,867 thousand mainly 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	
2023	2022	DKK'000	2023	2022
57	53	Interest from group entities	0	0
0	0	Interest on bank deposits, etc.	124	184
57	**53**	**Interest income**	**124**	**184**
0	468	Foreign exchange adjustments	0	0
57	**521**	**Total**	**124**	**184**

6. FINANCIAL EXPENSES

PARENT COMPANY			GROUP	
2023	2022	DKK'000	2023	2022
1,394	1,146	Interest to group entities	0	0
0	0	Interest relating to lease liabilities	889	978
34	56	Interest on bank loans	34	56
3	18	Other interest	85	126
1,431	**1,220**	**Interest expenses**	**1,008**	**1,160**
2,662	0	Foreign exchange adjustments	0	(3)
4,093	**1,220**	**Total**	**1,008**	**1,157**

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	2023	2022
Current tax	(1,312)	(901)
Change in deferred tax including change in value	(2,311)	(4,823)
Adjustment of current tax relating to prior years	(4)	(6)
Total	**(3,627)**	**(5,730)**

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

Profit/(loss) before tax	**14,962**		**27,858**	
Tax at a rate of 22.0%	(3,292)	(22.0%)	(6,118)	(22.0%)
Effect of different tax rate in foreign entities	579	3.9%	950	3.4%
Tax base of non-deductible expenses and non-taxable income	925	6,2%	200	0.7%
Adjustment of current tax relating to prior years	(4)	0.0%	(6)	0.0%
Value adjustment of deferred tax	(1,835)	(12.3%)	(756)	(2.7%)
Effective tax/tax rate for the year	**(3,627)**	**(24.2%)**	**(5,730)**	**(20.6%)**

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:	2023	2022
Deferred tax liabilities, see balance sheet	(34,760)	(30,000)
Deferred tax, net	**(34,760)**	**(30,000)**

2023 DKK'000	Deferred tax 01.01.2023	Recognise in Income Statement 2023	Loss of usability of tax losses 2023	Foreign exchange adjustment 2023	Deferred tax 31.12.2023
Property, plant and equipment	(29,287)	(1,723)	0	(3,176)	(34,186)
Trade receivables	(1,507)	(599)	0	0	(2,106)
Other payables, etc	232	11	0	0	243
Temporary differences	**(30,562)**	**(2,311)**	**0**	**(3,176)**	**(36,049)**
Tax loss carry-forwards	24,888	1,739	0	3	26,631
Unutilised tax losses	**24,888**	**1,739**	**0**	**3**	**26,631**
Value adjustment	(24,325)	(1,835)	114	706	(25,342)
Total	**(30,000)**	**(2,407)**	**114**	**(2,467)**	**(34,760)**

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

2022 DKK'000	Deferred tax 01.01.2022	Recognise in Income Statement 2022	Loss of usability of tax losses 2022	Foreign exchange adjustment 2022	Deferred tax 31.12.2022
Property, plant and equipment	(24,715)	(4,469)	0	(103)	(29,287)
Trade receivables	(1,186)	(321)	0	0	(1,507)
Other payables, etc	265	(33)	0	0	232
Temporary differences	**(25,636)**	**(4,823)**	**0**	**(103)**	**(30,562)**
Tax loss carry-forwards	24,140	750	0	(2)	24,888
Unutilised tax losses	**24,140**	**750**	**0**	**(2)**	**24,888**
Value adjustment	(24,140)	(756)	568	2	(24,325)
Total	**(25,636)**	**(4,829)**	**568**	**(103)**	**(30,000)**

The Group does not expect to be able to utilise part of 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	2023	2022
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	**(7,004)**		**(3,383)**	
Tax at a rate of 22.0%	1,541	(22.0%)	744	(22.0%)
Adjustment of current tax relating to prior years	(4)	0.1%	(5)	0.1%
Value adjustment of deferred tax	(1,537)	21.9%	(739)	21.8%
Effective tax/tax rate for the year	**0**	**0.0%**	**0**	**0.0%**

2023 DKK'000	Deferred tax 01.01.2023	Recognised in income statement 2023	Deferred tax 31.12.2023
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	24,326	1,537	25,863
Unutilised tax losses	**24,326**	**1,537**	**25,863**
Value adjustment	(24,326)	(1,537)	(25,863)
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.

2022 DKK'000	Deferred tax 01.01.2022	Recognised in income statement 2022	Deferred tax 31.12.2022
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	23,587	739	24,326
Unutilised tax losses	**23,587**	**739**	**24,326**
Value adjustment	(23,587)	(739)	(24,326)
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	
2023	2022	DKK	2023	2022
(0.03)	(0.01)	Earnings per share (DKK)	0.04	0.08
(0.03)	(0.01)	Diluted earnings per share (DKK)	0.04	0.08
(7,004)	(3,383)	Earnings used in the calculation of earnings per share (DKK'000):	10,276	20,326
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

2023 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 2023	144,029	13,825	157,854	117	13,942	157,971
Foreign exchange adjustments	11,886	1,251	13,117	9	1,260	13,126
Right of use, depreciation	0	0	0	(41)	(41)	(41)
Additions	0	10,275	10,275	0	10,275	10,275
Disposals	0	0	0	0	0	0
Transfer to inventories (work in progress)	0	0	0	0	0	0
Shortening the leasing period	0	0	0	0	0	0
Enhancement costs	3,608	0	3,608	0	0	3,608
Revaluation to market value	11,541	(112)	11,429	0	(112)	11,429
Carrying amount at 31 December 2023	**171,044**	**25,239**	**196,283**	**85**	**25,324**	**196,368**

*Unrealised revaluation to marked value amounts to DKK'000 11,429.

2022 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 2022	120,635	16,522	137,157	165	16,687	137,322
Foreign exchange adjustments	(2,252)	(299)	(2,551)	(3)	(302)	(2,554)
Right of use, depreciation	0	0	0	(28)	(28)	(28)
Additions	0	0	0	0	0	0
Disposals	0	0	0	(17)	(17)	(17)
Transfer to inventories (work in progress)	(4,655)*	0	(4,655)	0	0	(4,655)
Shortening the leasing period	0	(2,446)	(2,446)	0	(2,446)	(2,446)
Enhancement costs	5,024	0	5,024	0	0	5,024
Revaluation to market value	25,277	48	25,325	0	48	25,325
Carrying amount at 31 December 2022	**144,029**	**13,825**	**157,854**	**117**	**13,942**	**157,971**

*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.

*Unrealised revaluation to marked value amounts to DKK'000 25,325.

The Polish properties have an assessed value of DKK 196,368 thousand, of which DKK 170,894 thousand is the real estate in Warsaw, DKK 150 thousand is a land plot in Blichowo and DKK 25,324 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 2023, 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. Market rents applied range from DKK 63.5 per sqm for ordinary warehouses (22,036 sqm), DKK 72.1 per sqm for offices (4,081 sqm), small business units DKK 85,9 (3,340 sqm) and DKK 103.1 per sqm for self-storage boxes (1,447 sqm).

For the purpose of the valuation of the industrial buildings, an equivalent yield approach has been used. An equivalent yield is defined in the Glossary of Property Terms (2nd edition), published by Estates Gazette, as "the constant capitalisation rate applied to all cash flows, that is, the internal rate of return from an investment property reflecting reversions to current market rent, and such items as voids and expenditures, but disregarding potential changes in market rents. Conventionally calculated on a nominal basis, assuming that rents are receivable/payable annually in arrears".

The required rates of return which have been set are an important factor in estimating the fair values. An equivalent yield of 12% was adopted (in 2022 between 10.9% and 11.55%), which reflects the risks associated with a normal ownership or usufruct interest property including open-ended lease agreements and the physical state of the particular buildings. Using the equivalent yield mentioned above, a value of the subject was obtained reflecting an initial yield of 12.3% (in 2022 between 9.79% and 13.47%) and a final yield of 13.4% (in 2022 between 12.06% and 12.99%).

Other assumptions:
Short-term leases: assumed to expire after their notice periods
Letting voids: 24 months for offices / 12 for warehouse & production space
Reletting voids: 10 months for offices / 5 for warehouse & production space and SBU units
No fit-out contributions
Letting fees: 16.5%
No rent-free periods and empty service charge
Irrecoverable operating costs DKK 6.4 million (including property tax, perpetual usufruct fee, security, insurance, cost of the utilities based on the operating cost budget, plus management fee of 2% of market rent)
Capital expenditure of DKK 1.7 million

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 5,000 thousand for a change in the price of land by 10% (applied to internal roads, development land and external roads);

+/- DKK 16,900 thousand for a change in market rent rate by 10% (applied to plots of land with buildings i.e. perpetual usufruct right over plot 69/17 and possession right over plots 69/18);

- DKK 10,300 thousand for an increase in equivalent yield by 10%; + DKK 12,100 thousand for a decrease in equivalent yield by 10% (applied to plots of land with buildings i.e. perpetual usufruct right over plot 59/17 and possession right over plots 69/18);

+/- DKK 2,000 thousand for a change in the discount for legal title by 10% (applies to plots in possession, i.e. without a legal title).

Fair value hierarchy information	**Level 1**	**Level 2**	**Level 3**	**at 31/12**
2023				
Land / roads			50,130	50,130
Plots of land with buildings			120,914	120,914
Right of use			25,324	25,324
Total Investment property	-	-	**196,368**	**196,368**
2022				
Land / roads			32,756	32,756
Plots of land with buildings			111,273	111,273
Right of use			13,942	13,942
Total Investment property	-	-	**157,971**	**157,971**

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Rental income from investment property

PARENT COMPANY			GROUP	
2023	**2022**	**DKK'000**	**2023**	**2022**
0	0	Rental income from investment property	23,202	18,639
0	**0**	**Rental income from investment property**	**23,202**	**18,639**

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Direct operating expenses arising from investment property

PARENT COMPANY			GROUP	
2023	**2022**	**DKK'000**	**2023**	**2022**
0	0	Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period	6,397	6,946
0	0	Direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income during the period	233	671
0	**0**	**Direct operating expenses arising from investment property**	**6,630**	**7,617**

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

PARENT COMPANY			GROUP	
2023	**2022**	**DKK'000**	**2023**	**2022**
		Operating lease payments may be specified as follows:		
0	0	Within 1 year	6,217	6,063
0	0	Between 1 and 5 years	80	895
0	**0**	**Total**	**6,297**	**6,958**

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		
2023	**2022**	**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 (%) 2023	Interest (%) 2022	Share of voting rights (%) 2023	Share of voting rights (%) 2022	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	93.56	93.28	93.56	93.28	Letting of commercial properties
W133 Sp. z o.o.	Poland	93.56	93.28	93.56	93.28	Holding of rights
W131 Sp. z o.o.	Poland	93.56	93.28	93.56	93.28	Holding of rights
Arkuszowa 56 Sp. z o.o.	Poland	93.56	93.28	93.56	93.28	Holding of rights

CeMat Real Estate S.A. holds the ownership interest in CeMat '70 S.A., while CeMat '70 S.A. holds 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	
2023	2022	DKK'000	2023	2022
0	0	Prepayment, settlement of claim of title to land	239	366
0	**0**	**Total**	**239**	**366**

12. INVENTORIES

PARENT COMPANY			GROUP	
2023	2022	DKK'000	2023	2022
0	0	Property under construction – land plot transferred from the investment property	29,112	26,928
0	0	Other expenditures related to the development projects	16,692	6,432
0	**0**	**Total**	**45,804**	**33,360**

No inventories are carried at fair value less costs to sell. There was no write-down of inventories recognised as an expense in the period. There was no reversal of a write-down to net realisable value. One of the land plots with a fair value of DKK 24,079 thousand is used as collateral for bank loan. There was no cost of inventories recognised as an expense.

Inventory recovery

PARENT COMPANY			GROUP	
2023	2022	DKK'000	2023	2022
0	0	Recoverable within 12 months	0	0
0	0	Recoverable after more than 12 months	45,804	33,360
0	**0**	**Total**	**45,804**	**33,360**

13. TRADE RECEIVABLES

PARENT COMPANY			GROUP	
2023	2022	DKK'000	2023	2022
0	0	Trade receivables	3,313	2,715
0	0	Loss provisions included in the above receivables and recognised in “Other external expenses”	(789)	(515)
0	**0**	**Total**	**2,524**	**2,200**

Overdue receivables for which provisions have not been made.

PARENT COMPANY			GROUP	
2023	2022	DKK'000	2023	2022
0	0	Overdue by up to 1 month	808	762
0	0	Overdue by 1 to 3 months	58	264
0	0	Overdue by more than 3 months	7	59
0	**0**	**Total**	**872**	**1,085**

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

PARENT COMPANY			GROUP	
2023	2022	DKK'000	2023	2022
0	0	Europe	872	1,085
0	**0**	**Total**	**872**	**1,085**

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.

13. TRADE RECEIVABLES (CONTINUED)

Provision account for receivables:

PARENT COMPANY			GROUP	
2023	2022	DKK'000	2023	2022
0	0	Provision account at 1 January	515	424
0	0	Reversed provisions	(112)	(149)
0	0	Provisions for the year	345	249
0	0	Translation differences	41	(9)
0	**0**	**Provision account at 31 December**	**789**	**515**

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.

The Moje Bielany development project operating on the Polish market, launched in the second half of 2023, is covered by the Act on the Protection of Rights of Buyers of Residential Premises or Single-Family Houses, which is related to, inter alia, securing funds paid by buyers by the bank running the buyers' trust accounts.

The Company has limited access to the funds in question by releasing the funds as the construction work on the Project progresses. In addition, the funds released may only be used to repay the development loan as long as the loan has not been repaid.

As at 31.12.2023 the cash and cash equivalents for the Group was DKK 12.1 million, out of which DKK 6.0 million was in an escrow account related to advance payments made by the buyers of apartments to which the Group had no access as at 31.12.2023.

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	**2023**	**2022**
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 1,051 thousand in 2023. The expense relating to short-term operating leases for which no lease liability was recognised at the end of the reporting period was DKK 9 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 66 years.

	Minimum lease payments, DKK’000		**Present value of minimum lease payments, DKK‘000**	
	2023	**2022**	**2023**	**2022**
Finance lease liabilities fall due as follows:				
Within 1 year from the balance sheet date	1,807	867	1,705	818
Between 1 and 5 years from the balance sheet date	6,587	3,473	5,401	2,843
More than 5 years from the balance sheet date	96,700	52,619	19,178	10,285
At 31 December	**105,094**	**56,959**	**26,284**	**13,946**

2023	**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	56,828	56,828
Lease liability, right of use plant and machinery	2025	Floating	131	131
Total			**56,959**	**56,959**

2022	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	13,825	13,824
Lease liability, right of use plant and machinery	2025	Floating	121	121
Total			**13,946**	**13,946**

18. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

GROUP

2023 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	118	0	(57)	14	0	75
Bank loans (overdraft)	1,033	860	(1,915)	38	0	16
Bank loans (development)	0	2,187	0	1,005	147	3,339
Total financial liabilities	**1,151**	**3,047**	**(1,972)**	**1,057**	**147**	**3,430**

2022 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	172	0	(32)	(22)	0	118
Bank loans	976	0	0	57	0	1,033
Total financial liabilities	**1,148**	**0**	**(32)**	**35**	**0**	**1,151**

PARENT COMPANY

2023 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	30,559	3,578	0	1,394	2,773	38,304
Bank loans (overdraft)	1,033	860	(1,915)	38	0	16
Loans	**31,592**	**4,438**	**(1,915)**	**1,432**	**2,773**	**38,320**

2022 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	27,367	2,536	0	1,146	(490)	30,559
Bank loans	976	0	0	57	0	1,033
Loans	**28,343**	**2,536**	**0**	**1,203**	**(490)**	**31,592**

19. TRADE PAYABLES

PARENT COMPANY			GROUP	
2023	2022	DKK'000	2023	2022
455	287	Amounts owed to suppliers for goods and services delivered	10,093	1,715
455	**287**	**Total**	**10,093**	**1,715**

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	
2023	2022	DKK'000	2023	2022
1,103	901	Wages and salaries, BoD fee, social security contributions, etc. payable	1,919	1,587
0	0	Holiday pay obligation etc.	180	230
0	0	VAT and other indirect taxes payable	(715)	(1,754)
0	0	Advance payments received from apartment buyers	5,965	0
0	0	Cost provisions and other payables	798	373
1,103	**901**	**Total**	**8,147**	**436**

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	
2023	2022	DKK'000	2023	2022
0	0	Change in receivables	(4,243)	(688)
0	0	Change in inventories (work in progress)	(9,435)	(3,946)
312	320	Change in trade payables and other payables	16,089	(1,800)
314	**320**	**Total**	**2,411**	**(6,434)**

22. GUARANTEES AND CONTINGENT LIABILITIES

In connection with the signing by W131 Sp. z o.o. (as the "Borrower") a development loan agreement with mBank S.A. (as the "Bank") on 2 August 2023, Cemat '70 S.A. (as the "Sponsor") entered into a three-party Support Agreement with W131 and mBank S.A.

The Sponsor obliged towards the Bank to provide financial support to the Project, i.e. Moje Bielany, in the event of the Project Budget overrun, up to the amount of PLN 5,772,851.00 (in words: five million seven hundred seventy two thousand eight hundred fifty one 00/100), i.e. up to the amount constituting 10% of the Project Budget less the cost of the land and the Reserve.
The provision of financial support shall be understood to mean that the Sponsor shall, upon the Bank's first written request, make a payment of funds in the amount specified in such request, representing the current amount of the Project cost overruns, to the account designated by the Bank and within the period specified in the Bank's request, but not less than 14 (fourteen) Business Days, provided that the Bank shall use the funds paid by the Sponsor in accordance with the request only to cover the cost overruns that gave rise to the request.

In order to secure the Sponsor's financial obligations as mentioned above, the Sponsor has subjected itself to execution in favour of the Bank pursuant to Article 777 § 1 (5) of the Code of Civil Procedure up to the amount of PLN 5,772,851.00 (in words: five million seven hundred seventy-two thousand eight hundred fifty-one 00/100) under Rep. A 30664/2023, with the maximum limit of the Sponsor's liability being PLN 5,772,851.00 with the Bank's right to apply for an execution clause until 2 August 2030.

23. OTHER CONTRACTUAL COMMITMENTS

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

24. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

PARENT COMPANY			GROUP	
2023	**2022**	**DKK'000**	**2023**	**2022**
0	0	Trade receivables	2,524	2,200
1,508	1,341	Intra-group receivables	0	0
0	0	Other receivables, current	4,391	472
0	0	Other receivables, non-current	239	366
199	307	Cash and cash equivalents	12,095	7,139
1,699	**1,648**	**Loans, advances and receivables**	**19,249**	**10,177**
38,339	30,635	Debt to subsidiaries	0	0
0	0	Finance lease liabilities, current	1,649	815
0	0	Finance lease liabilities, non-current	23,963	13,128
16	1,033	Bank loans	3,355	1,033
0	0	Other non-current liabilities	4,477	3,263
455	287	Trade payables	10,093	1,715
0	0	Income tax payable	237	222
1,103	901	Other payables	8,147	436
39,913	**32,856**	**Financial liabilities**	**51,921**	**20,612**

Finance lease liabilities are measured at fair value, while other remaining liabilities are measured at amortised cost.

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

2023 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	11,904	6,915	(47,810)	(28,991)	0	(28,991)
DKK	191	0	(1,556)	(1,365)	0	(1,365)
Total	**12,095**	**6,915**	**(49,366)**	**(30,356)**	**0**	**(30,356)**

2022 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	6,832	2,672	(18,391)	(8,887)	0	(8,887)
DKK	307	0	(2,221)	(1,914)	0	(1,914)
Total	**7,139**	**2,672**	**(20,612)**	**(10,801)**	**0**	**(10,801)**

24. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS (CONTINUED)

PARENT COMPANY

2023 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	1,508	(38,339)	(36,831)	0	(36,831)
DKK	191	0	(1,572)	(1,381)	0	(1,381)
Total	**191**	**1,508**	**(39,911)**	**(38,212)**	**0**	**(38,212)**

2022 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	1,341	(30,635)	(29,294)	0	(29,294)
DKK	307	0	(2,221)	(1,914)	0	(1,914)
Total	**307**	**1,341**	**(32,856)**	**(31,208)**	**0**	**(31,208)**

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, cash flows from operating activities and bank loans in the case of development projects.

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 2023 was 66.8% (2022: 74.9%). The realised return on equity for the Group for 2023 was 7.0% (2021: 15.6%).

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

PARENT COMPANY			GROUP	
2023	**2022**	**DKK'000**	**2023**	**2022**
16	1,033	Bank debt	3,355	1,033
(191)	(307)	Cash and cash equivalents	(12,095)	(7,139)
(175)	**726**	**Net interest-bearing debt**	**(8,740)**	**(6,106)**
55,125	**62,131**	**Equity**	**174,740**	**150,896**
(0.00)	**0.01**	**Financial gearing**	**(0.05)**	**(0.04)**

Liquidity and capital resources

At Group level, free cash and cash equivalents amounted to DKK 12.1 million at 31 December 2023, of which DKK 5.7 million are attributable to CeMat '70 S.A.

Based on expectations for 2023, Management believes that the existing capital resources, bank loans available 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 operates, 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

In 2023, the company did not experience any negative effects of the Covid-19 pandemic.

26. FEE FOR AUDITORS APPOINTED BY THE GENERAL MEETING

PARENT COMPANY			GROUP	
2023	**2022**	**DKK'000**	**2023**	**2022**
180	140	Audit of annual report	348	263
62	48	Non-audit services	62	48
242	**188**	**Total**	**410**	**311**

27. RELATED PARTIES

The Group has no related parties exercising control.

The Group has the following related parties:
- Ambit Jarosław Lipiński, owned by a member of the Management Board
- Miętowe Wzgórza Izabella Rykowska-Urbaniak, owned by a member of the Management Board of CeMat Real Estate S.A.

The parent company has the following related parties:
- CeMat Real Estate S.A., subsidiary in Poland
- CeMat '70 S.A., subsidiary in Poland
- W131 Sp. z o.o., subsidiary in Poland
- W133 Sp. z o.o., subsidiary in Poland
- Arkuszowa 56 Sp. z o.o., subsidiary in Poland

The parent company had transactions with the following related parties in 2022 and 2023:
- CeMat Real Estate S.A., subsidiary in Poland
- CeMat '70 S.A., subsidiary in Poland

28. RELATED PARTY TRANSACTIONS

PARENT COMPANY 2023	PARENT COMPANY 2022	DKK'000	GROUP 2023	GROUP 2022
56	54	Subsidiaries, interest income	0	0
1,348	1,147	Subsidiaries, interest expenses	0	0
1,404	**1,201**	**Total transactions**	**0**	**0**

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

PARENT COMPANY 2023	PARENT COMPANY 2022	DKK'000	GROUP 2023	GROUP 2021
1,508	1,341	Subsidiaries, loans receivable	0	0
(36)	(64)	Subsidiaries, creditor payable	0	0
(38,303)	(30,559)	Subsidiaries, loans payable	0	0
(38,831)	**(29,282)**	**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 31.12.2023

Composition of shareholders	Number of shares	Capital DKK	Capital %
EDJ-Gruppen Havnegade 19 6700 Esbjerg, Denmark	81,234,585	1,624,691.70	32.51
Gist Holding ApS C.F Richs Vej 31			10.0 – 15.0

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*)	**2023**	**2022**
Frede Clausen, Chairman	210	190
Eivind Dam Jensen (EDJ-Gruppen), Deputy Chairman	1,625	1,625
Joanna Iwanowska-Nielsen, Member of the Board of Directors	30	22
Jarosław Lipiński, CEO	43	40
Total	**1,908**	**1,877**

* 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 21 February 2024. The annual report will be presented to the shareholders of the parent company for approval at the annual general meeting to be held on 21 March 2024.

CEMAT A/S

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