

WELCOME ON GENERAL SHAREHOLDER MEETING

ANNUAL REPORT
2020 highlights & perspectives for 2021



CEMAT A/S, C/O DLA PIPER DENMARK ADVOKATPARTNERSELSKAB
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Introduction & Agenda

1. THE MANAGEMENT'S REPORT ON THE COMPANY'S ACTIVITIES DURING THE PRECEDING FINANCIAL YEAR.
2. PRESENTATION OF THE REVISED ANNUAL REPORT FOR ADOPTION.
3. THE BOARD OF DIRECTORS' PROPOSAL FOR APPROPRIATION OF PROFIT OR COVERING OF LOSS ACCORDING TO THE ADOPTED ANNUAL REPORT.
4. PRESENTATION OF AND INDICATIVE VOTE ON REMUNERATION REPORT.
5. APPROVAL OF THE BOARD OF DIRECTORS' FEES FOR THE CURRENT FINANCIAL YEAR.
6. ELECTION OF MEMBERS TO THE BOARD OF DIRECTORS.
7. APPOINTMENT OF AUDITOR.
8. AUTHORISATION UNDER SECTION 198 OF THE DANISH COMPANIES ACT FOR THE BOARD OF DIRECTORS TO PERMIT THE COMPANY FOR A PERIOD OF 18 MONTHS FROM THE DATE OF THE GENERAL MEETING TO PURCHASE OWN SHARES REPRESENTING UP TO 10% OF THE COMPANY'S SHARE CAPITAL AT THE RELEVANT TIME, AGAINST A FEE OF BETWEEN DKK 0 AND UP TO 10% OF THE SELLING STOCK PRICE AT NASDAQ COPENHAGEN A/S AT THE RELEVANT TIME.
9. ANY OTHER BUSINESS.

The management's report on the
Company's activities during the
preceding financial year



General economic overview

- **CeMat A/S's activity**

- focused on Poland, populated by 38.5m,
- Polish economy – 8th largest in UE (GDP terms),
- Poland GDP - fall in 2020 2.8%,
- the World Bank forecast expects Poland's economy to expand by 3.5% in 2021.

The Polish real estate market reached EUR 5.6 billion in 2020.

- **Warsaw**

- the capital city of Poland,
- city population - 1.8m, Warsaw agglomeration – 3.1m
- the most developed city in Poland,
- strong economy and the ability to attract international and national investments.

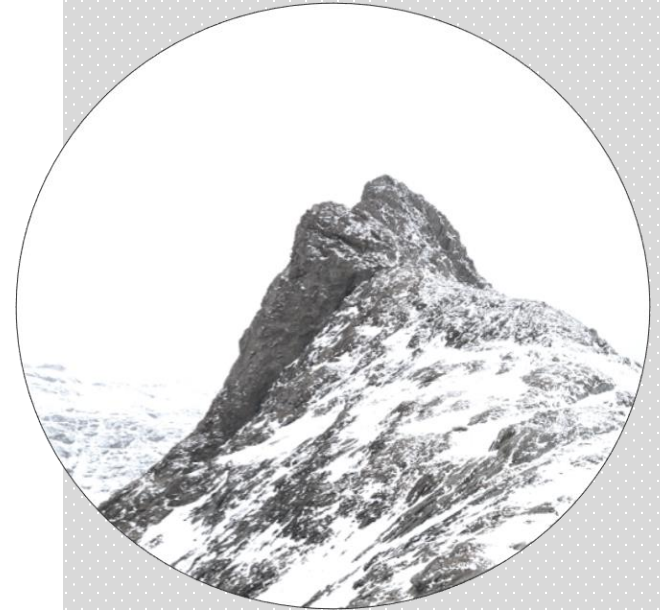
Warsaw is recognised as the most liquid real estate market in Poland.



New strategy

- The positive sentiment to the Warsaw investment market helps to create an opportunity for CeMat to maximise the value of its properties over the long term.
- Moreover, CeMat successfully applied for an individual zoning decision for one of the plots. The new approach assumes team involvement in additional activities to maximise the value of particular land plots.
- New strategy assumes the possibility of making further applications for next plots.

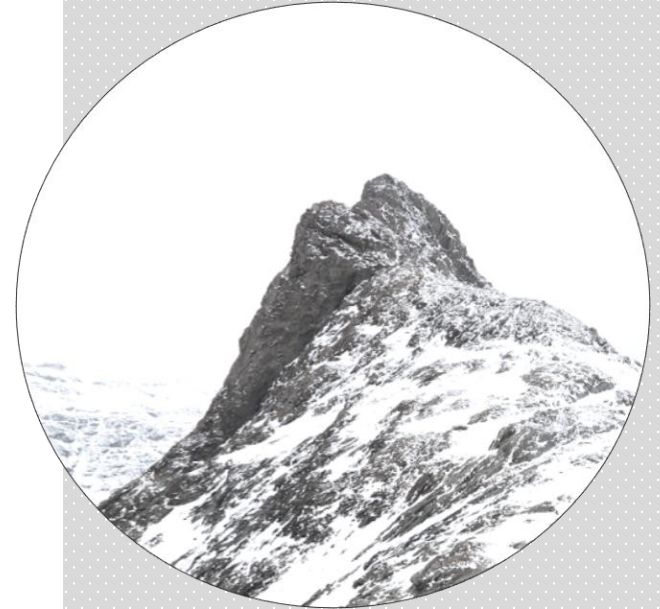
As a result, Management has decided to change the company's mission statement with regard to the long term.



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



Property highlights

- **Warsaw, Poland**

Land 159,300 sqm, including:

- 125,090 sqm - industrial plot, road and green areas;
- 10,722 sqm – internal road plots, 75% CeMat's share;
- 23,488 sqm - industrial plots, 71.4% CeMat's share.

The land of CeMat is the possession right to 58% of the property, the perpetual usufruct right over 41% of the property and ownership right over 1% of the property.

Buildings: 32,291 sqm [GLA]

Number of tenants: 182

Occupancy: 84,5%

- **Blichowo, Poland**

Land 13,603 sqm

Residential land

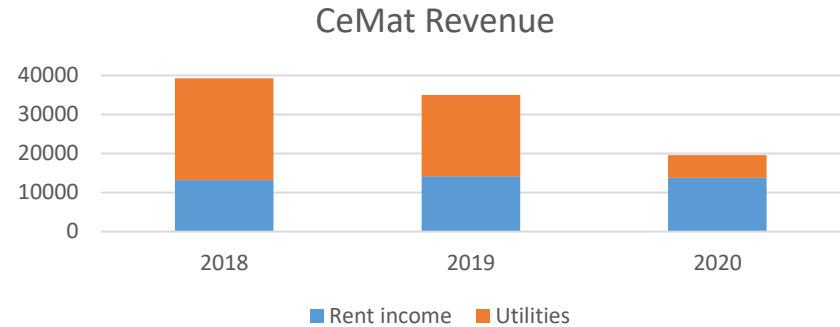


Goals achieved in 2020

- Revenue of the CeMat Group was DKK 19.6 million (2019: DKK 34.9 million).

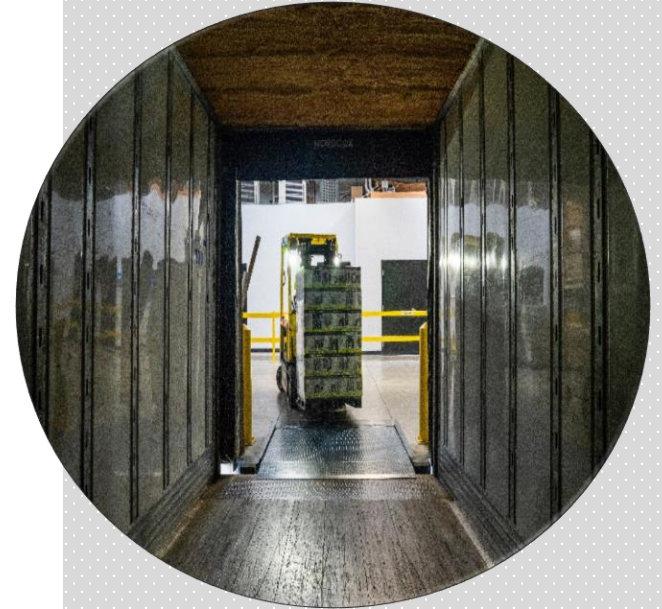
The main factor in the lower revenue was the drop in utilities sales to DKK 5.8 million (compared to 2019: DKK 20.8 million) after the decision to cease production and limit the distribution of specialised utilities.

- A positive consolidated net result after tax of DKK 3.1 million was recorded for the CeMat Group in 2020 (2019: a profit of DKK 5.6 million).
- Consolidated EBITDA for the CeMat Group was DKK 1.1 million in 2020 (2019: DKK 6.4 million).
- The income structure has evolved from the sale of utilities to higher rental income, with the rental income accounting for 70% of the total income in mid-2020, compared to 40% of the total income in 2019.



Goals achieved in 2020

- CeMat recorded an occupancy level of 84.5% at the end of 2020 (versus 75% in December 2019).
- CeMat A/S management has decided to change its leasing strategy and focus on a high-margin and low-disruptive rental business like small warehouses and small production units.
- Due to its unique flexibility to meet tenants' demands, the configuration of offices and warehouse space allows units to be created from 10 sqm upwards.
- Management implemented actions aimed at mitigating the adverse impact of corona-virus, including maintaining an active dialogue with tenants. These efforts limited the consequences of the pandemic in the CeMat Group, which recorded a temporary rent reduction to a group of 30 tenants, lower sales of utilities and a slightly lower tempo of leasing.



Goals achieved in 2020

- **Residential project**

CeMat applied for an individual zoning decision for residential and ground floor retail space for one of the plots, with an area of 5,608 sqm, in 2020. The bidding decision was issued in February 2021.

The architect's analyses based on the decision predict approximately 7,100 sqm of usable space.



Goals achieved in 2020

- Successfully acquired shares by Polish holding company CeMat Real Estate from minority shareholders in CeMat '70 (stake increase from 90.04 to 91.65%);
- Implemented program of maintenance and refurbishment of the CeMat buildings (including fire security program);
- Strengthening the management and organisation, set up professional property management team, strengthening leasing team, legal and development advisors.

Goals achieved in 2020

- The positive market sentiment and the mainly higher income from the property in Warsaw is reflected in the updated valuation report prepared by Cushman & Wakefield.
- According to the Cushman & Wakefield report, the property located in Warsaw has an "as is" fair value of PLN 69.0 million (last year's report: PLN 65.1 million) based on 100% of the property (or shares).
- The average PLN to DKK exchange rate in 2020 dropped from 1.75 to 1.68 (between January and December), which affected the comprehensive income in DKK. to approx. DKK minus 7.956 million (last year's report: DKK plus 1.241 million).

Financial highlights

DKK'000	2020	2019	2018	2017	2016
Revenue	19,571	34,934	39,189	38,981	25,434
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1,115	6,407	2,063	3,107	(12,682)
Operating profit/(loss) (EBIT)	1,071	6,373	2,063	3,107	(17,249)
Net financials	(800)	(823)	(241)	(331)	(7,501)
Profit/(loss) from discontinued operations	0	0	0	0	(50,050)
Profit/(loss) for the year	3,130	5,577	136	(2,395)	(75,403)

Goals to be achieved in 2021



- **Growth**

Growth of 10-14% in the rental income in 2021, in comparison.

- **Occupancy**

Occupancy level of 10-14% level to be 90-93%.

- **Value optimisation**

Re-zoned plot be maturing to optimise value. CeMat expects to find an investor in 2021.

Goals to be achieved in 2021



- **Land re-zoning**

Implementation of the new approach which assumes CeMat possibly making applications for individual zoning decisions on particular land plots.

- **Legal title to properties**

CeMat will continue to work actively on its legal action to enter CeMat ,70 in the land and mortgage register. The specialist legal team will continue with the approved plan for action.

Outlook for 2021

- **EBITDA**

Consolidated EBITDA for the Cemat Group is expected to be around DKK 2.5–3.5 million in 2021.

- **Net result**

A positive net result of DKK 0.5–1.5 million, before taking into account the valuation of the investment property, is expected for 2021.



Long term goals

- **Current activity**

Mainly focused on generating maximum cash flows from the current properties and maximise the value of the properties, including the potential possibility of development activity.

- **Long term and milestones to be achieved in future**

- obtaining the legal title to plots,
- re-zoning land,
- re-solving co-owners issues,
- signing the disposal agreement with an investor(s) for the best possible price.



Future of the property

- **Milestones:**

- obtaining the legal title to plots;
- re-zoning land;
- resolving co-ownership issues;
- signing the disposal agreement with an investors.

It is the opinion of Management that achieving these milestones can drive up the value of the Warsaw property 2-3 times higher than the current valuation.



Presentation of the revised annual report for adoption



Income statement 2020 vs. 2019

PARENT COMPANY			GROUP		
2019	2020	DKK'000	Note	2020	2019
0	0	Revenue	3	19,571	34,934
0	0	Direct production costs		(4,891)	(13,447)
(2,368)	(1,603)	Other external expenses		(7,880)	(9,378)
(778)	(882)	Staff costs	4	(5,685)	(5,701)
(3,146)	(2,485)	Operating profit/(loss) (EBITDA)		1,115	6,408
0	0	Depreciation		(44)	(35)
(3,146)	(2,485)	Operating profit/(loss) (EBIT)		1,071	6,373
0	0	Revaluation investment property	9	4,826	2,687
59	1,717	Financial income	5	178	251
(1,219)	(1,044)	Financial expenses	6	(977)	(1,074)
(4,306)	(1,812)	Profit/(loss) before tax		5,098	8,237
0	0	Tax on profit/(loss) for the year	7	(1,968)	(2,660)
(4,306)	(1,812)	Profit/(loss) for the year		3,130	5,577
Distribution of profit/(loss) for the year:					
		Parent company shareholders		2,488	4,464
		Non-controlling interests		642	1,113
				3,130	5,577
(0.02)	(0.01)	Earnings per share (DKK)	8	0.01	0.02
(0.02)	(0.01)	Diluted earnings per share (DKK)	8	0.01	0.02

EBIDTA MARGIN (2016-2020)

DKK'000	2020	2019	2018	2017	2016
EBITDA margin (%)	5.7	18.3	5.3	8.0	(49.9)
EBIT margin/profit margin (%)	5.5	18.2	5.3	8.0	(67.8)
Return on invested capital (%)	0.8	4.9	1.9	2.8	(16.3)
Equity ratio (%)	72.6	73.4	81.8	82.0	89.9
Return on equity (%)	2.8	5.1	0.1	(1.4)	(31.2)
Current number of shares (thousands)	249,850	249,850	249,850	249,850	544,164
Earnings per share (DKK)	0.01	0.02	0.00	(0.01)	(0.16)
Price per share (DKK)	0.38	0.35	0.37	0.43	0.32
Average number of full-time employees	22	24	23	27	32

BALANCE SHEET

PARENT COMPANY		ASSETS		GROUP	
2019	2020	DKK'000	Note	2020	2019
0	0	Investment property	9	126,641	129,196
0	0	Right of use		55	105
0	0	Property, plant and equipment		126,696	129,301
93,339	93,339	Investments in subsidiaries	10	0	0
0	0	Other non-current receivables	11	546	587
93,339	93,339	Financial assets		546	587
0	0	Deferred tax asset	7	0	0
93,339	93,339	Non-current assets		127,242	129,888
0	0	Trade receivables	12	1,665	5,588
1,304	1,268	Receivables from subsidiaries		0	0
0	0	Income tax receivable		563	0
0	0	Other receivables		234	496
1,339	1,268	Receivables		2,462	6,084
1,022	820	Cash and cash equivalents	13	17,750	17,598
2,361	2,088	Current assets		20,212	23,682
95,700	95,427	Assets		147,454	153,570

BALANCE SHEET

PARENT COMPANY		EQUITY AND LIABILITIES		GROUP	
2019	2020	DKK'000	Note	2020	2019
4,997	4,997	Share capital	14	4,997	4,997
0	0	Translation reserve	15	(22,804)	(15,819)
65,491	63,679	Retained earnings		113,588	109,870
70,488	68,676	Equity attributable to parent company shareholders		95,781	99,048
0	0	Equity attributable to non-controlling interests		11,291	13,702
70,488	68,676	Equity		107,072	112,750
0	0	Lease liabilities	16	13,025	14,057
0	0	Other non-current liabilities		2,907	1,542
0	0	Deferred tax liabilities	7	19,475	18,907
0	0	Non-current liabilities		35,407	34,506
0	0	Lease liabilities	16	842	905
701	246	Trade payables	18	1,205	1,427
23,770	25,767	Debt to subsidiaries		0	0
0	0	Income tax payable		0	947
741	738	Other payables	19	2,928	3,035
25,212	26,751	Current liabilities		4,975	6,314
25,212	26,751	Total liabilities		40,382	40,820
95,700	95,427	Equity and liabilities		147,454	153,570

Valuation report

- **Warsaw**

The property located in Warsaw has an "as is" fair value of PLN 69,020,000 (or approx. DKK 112,690,000), based on 100% of the property (or shares).

Source: Valuation report , Cushman & Wakefield, December 2020

- **Blichowo**

The land was re-zoned for residential last year. CeMat is preparing land to sell at now. The current value is estimated by the Management at 0,1 mln PLN (circa 0,2 mln DKK).

Independent Auditor's Report

- **Prepared and signed by BDO**

„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 2020, and of the results of the Group and Parent Company operations and cash flows for the financial year 1 January - 31 December 2020 in accordance with the International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.“

Thank you



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