

Nasdaq Copenhagen
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Copenhagen, 31 August 2023
ANNOUNCEMENT no. 9/2023

INTERIM REPORT, H1 2023

The company have today published the Interim Report for H1 2023 (covering the period from 1 January 2023 to 30 June 2023). The Interim Report is attached to this company announcement and can be downloaded from the company's website www.cemat.dk.

Cemat A/S

Jaroslav Lipinski
CEO

This announcement has been prepared in a Danish-language and an English-language version. In case of doubt, the Danish version prevails.

ANNOUNCEMENT

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INTERIM REPORT



CeMat

H1 2023

1 JANUARY - 30 JUNE



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1. HIGHLIGHTS OF THE FIRST HALF OF THE YEAR

We are pleased to present CeMat A/S's report for the first six months of 2023. CeMat A/S's operations focused on increasing rental income and starting the company's first residential building project.

In its leasing business, the CeMat Group is consistently implementing a strategy to transform its existing warehouses into smaller formats such as small business units (SBUs) and self-storage facilities. The changes mean increased revenues due to the possibility to obtain a higher rent per square metre in the buildings. Operating business results were in line with expectations from the beginning of the year, with the growth driven by the higher rental income, mainly from the small business units. As a result, the CeMat Group's rental income for H1 2023 was about 22% higher than in H1 2022.

In March 2023, CeMat received a decision from the regional governor regulating the ownership situation of four road plots. This decision makes it possible to connect some of the plots to a public road, which will support the development processes of part of the property in Bielany, Warsaw, particularly when it comes to obtaining the building permits.



CeMat, Wólczynska 133, Warsaw, Poland

Following pre-development activities in the first half of the year, CeMat made the decision to commence the company's first residential building project – the "Moje Bielany" development. The decision to launch development investment in the project was communicated on 24 August 2023 and based on the following:

- Strong demand on the local housing market deriving from several factors, including a national preferential mortgage programme for first-time buyers. This translated into high customer interest in the purchase of apartments in the project, resulting in CeMat concluding, as of today, 23 preliminary sales agreements, covering over

19% of the sales area for apartments. The company has also concluded 18 reservation agreements covering 15% of the residential sales area.

- Promising negotiations which are underway with potential buyers of retail premises on the ground floor of the building.
- CeMat's successful negotiations with the banks, leading to a banking decision in July 2023 and a signed agreement with the bank financing the investment. The loan obtained, together with the company's own funds already committed, means the development project is fully financed. The bank's minimum requirement, as indicated in the loan agreement, is 25% pre-sale of apartments in the project.
- CeMat signing a fixed-price contract with the general contractor, thereby reducing the company's risk in the event of changes on the construction contractor market.
- The development budget, which ensures a solid profit from the development project. The development budget takes into account the market value of the land.
- This significant milestone represents an important step forward in the company's long-term strategy, as presented in the value creation chain, for transforming the land in the Bielany district into development sites.



"Moje Bielany" sales office, Wólczyńska 133, Warsaw, Poland

Operating business



Designed by Freepik by srip

- ✓ The revenue of the CeMat Group for H1 2023 was **26% higher** than H1 2022 (DKK 16.6 million versus DKK 13.2 million in H1 2022).
- ✓ The revenue from rental income of the CeMat Group for H1 2023 was **22% higher** than H1 2022 (DKK 11.2 million versus DKK 9.2 million in H1 2022).
- ✓ As at 30 June 2023, the occupancy level was **90.3%** (H1 2022: 90.6%).
- ✓ Consolidated EBITDA of the CeMat Group was DKK **2 million** in H1 2023 (H1 2022: DKK 1.1 million).

Development activity

- CeMat A/S's operations in H1 2023 focused on starting work on the company's first residential building project. The "Moje Bielany" 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. The total sales value of the project is expected to be at the level of DKK 150 million. The impact of the "Moje Bielany" project on the company's results will occur in 2025. 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.



Plot 69/8, Wólczyńska 133, Warsaw, Poland



More information on the project can be found at www.mojebielany.com

- A new project to sell small apartments for rent is currently in the pre-development stage. The company owns the land and has already obtained an individual planning decision allowing for the construction of about 2,000 sqm of apartment space (decision obtained in 2022). CeMat is preparing to obtain the building permit and is in preliminary talks with potential buyers.
- CeMat obtained the legal title to four road plots in March 2023. Obtaining the legal title to plots represents the partial fulfilment of the company's goals for 2023, as well as its long-term goals presented in the value creation chain. This decision makes it possible to connect the part of the land located in Bielany with a public road, which will support the development processes of part of the property in Bielany, Warsaw, when it comes to obtaining the building permits. Having additional access to a public road increases the attractiveness of the land complex as a whole.

Strengthening of the organisation

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 (currently associated with Agat Ejendomme A/S in Poland).




CeMat had previously announced the appointment of Miłosz Kocerka as the new CFO of the CeMat Group (formerly at Auchan Group).

Events after the reporting period

- The company signed a loan agreement with a bank to finance the "Moje Bielany" development project in August 2023.
- As a condition for the loan agreement to take effect, the conditions agreed upon with the bank had to be met, including ensuring pre-sales. Thus, after obtaining the loan decision, the company proceeded to convert the reservation agreements into development agreements.
- The company handed over the construction site to the general contractor in August 2023. According to the contract with the general contractor, the construction process should be completed in the second quarter of 2025.
- The project will have an impact on the company's results once the construction work has been completed, the apartments and commercial units have been handed over to the customers, and the ownership transfer agreements have been signed. The first impact on the company's results will occur in 2025.
- As of the date of publication of this report, customers have decided to purchase 27 apartments, accounting for 22,5% of the sales area for apartments. Another 15 apartments are under reservation agreements.

- The bank's minimum requirement, as indicated in the loan agreement, is 25% pre-sale of apartments in the project.
- Considering the current pace of apartment sales, CeMat expects to meet this requirement in the next two weeks.

2. OUTLOOK FOR 2023

-  The Group's EBITDA is expected to be DKK 4-5 million, in line with the forecast presented in the Annual Report 2022.
-  A positive net result after tax is expected at the level of DKK 2.5-3 million, before taking into account the valuation of the investment property for 2023.
-  Please note that the valuation of the investment property could change the result significantly because the market value depends on many factors, some of which are outside the company's control.

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



Photos of Warsaw, Poland

3. FINANCIAL HIGHLIGHTS FOR THE GROUP (UNAUDITED)

DKK'000	H1 2023	H1 2022	FY 2022
Income statement:			
Revenue	16,640	13,176	26,574
Earnings before interest, tax, depreciation and amortisation (EBITDA)	2,027	1,145	3,488
Operating profit/(loss) (EBIT)	2,007	1,141	3,460
Net financials	(452)	(437)	(973)
Profit/(loss) for the period	780	202	22,082
Of which attributable to parent shareholders	551	31	20,326
Cash flow statement:			
Cash flows from operating activities	(985)	(4,549)	(3,611)
Cash flows from investing activities	(1,934)	(1,338)	(5,023)
Cash flow from financing activities	(978)	(99)	(137)
Balance sheet:			
Share capital	4,997	4,997	4,997
Equity attributable to parent company shareholders	146,265	117,818	138,319
Equity attributable to non-controlling shareholders	13,798	11,012	12,577
Total consolidated equity	160,063	128,830	150,896
Total assets	212,918	175,711	201,508
Invested capital	207,215	162,585	190,819
Net interest-bearing debt	12	989	1,033
Net working capital (NWC)	38,354	26,952	32,848
Financial ratios:			
EBITDA margin (%)	12.2	8.7	13.1
EBIT margin/profit margin (%)	12.1	8.7	13.0
Return on invested capital (%)	1.0	0.7	1.8
Equity ratio (%)	75.2	73.3	74.9
Return on equity (%)	1.0	0.2	15.7
Current number of shares (thousands)	249,850	249,850	249,850
Earnings per share (DKK)	0.00	0.00	0.08
Price per share (DKK)	0.70	0.78	0.65
Average number of employees (FTE)	22	21	22

MISSION STATEMENT

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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.

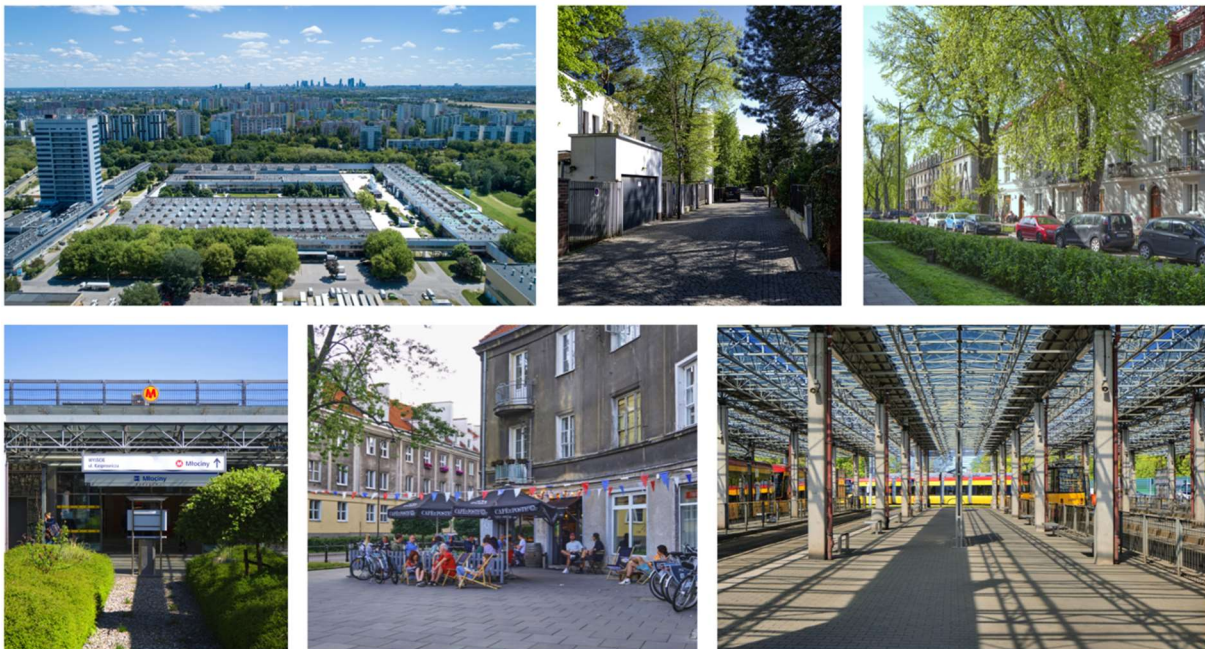
CEMAT AT A GLANCE

CeMat A/S is a joint-stock company domiciled in Denmark whose activity is focused on Poland. Current activity is centred mainly on generating maximum cash flows from its existing buildings and preparing its development business, including residential and service development projects.

PORTFOLIO

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



Photos of Bielany, Warsaw, Poland

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 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 right of possession to 55% of the Warsaw property, the perpetual usufruct right to circa 44% of the property and the ownership right to circa 1% of the property.

The right of perpetual usufruct is a specific Polish property ownership right which may be established on land owned by the State Treasury or by local government units (usually municipalities). A right of perpetual usufruct is established for between 40 and 99 years and may be renewed upon the request of the perpetual usufructuary.

CeMat obtained the legal title to four road plots (2,047 sqm) in March 2023. This decision makes it possible to connect the part of the land located in Bielany with a public road, which will be important for the development process. The decision granting legal title was issued in favour of two entities – CeMat and the Institute of Technology (IMI) – with the respective proportions being 75% for CeMat and 25% for the Institute. The newly-issued decision sets an important precedent confirming the validity of the CeMat Group’s rights to non-titled land plots.

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

The potential investment value is represented by about 90% of the CeMat Group plots.

The other 10% of the joint plot area located outside the complex is comprised of green areas and, according to the study of the spatial plan of Warsaw, designated for an expressway and the North Bridge route. According to the yearly valuation, these plots of land are valued in relation to their current use. In the future, determining the exact passage of these two routes and the consequent changes in the spatial plans 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.



CeMat, Wólczynska 133, Warsaw, Poland

A binding individual zoning decision for residential and ground floor and retail space for one of the plots, with an area of 5,608 sqm, was issued in February 2021, and another individual zoning decision for a hotel and service building for another plot, with an area of 2,997 sqm, was issued in August 2022.

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



For more information, go to www.cemat.dk

MANAGEMENT'S REVIEW

Operations in H1 2023 mainly focused on generating maximum cash flow from current operations from leasing existing buildings and development activities.

In terms of development activities, we concentrated our efforts on preparing the "Moje Bielany" project for the commencement of construction work and preparing the remaining plots of land for residential and commercial development.

Rental income represents the largest component of the Group's revenue in H1 2023. This income is based on the rental of warehouses, including Small Business Units (SBUs) and self-storage, and offices. The increase in rental income in H1 2023 was due to the very strong performance of the SBUs, a higher rent per sqm, and the indexation of rents.

CeMat is in the process of converting traditional larger warehouses into smaller formats, so in future reporting periods we can expect a proportional shift in the share of revenue from traditional warehouses and an increasing share of revenue from rents derived from SBUs and self-storage. Both the SBU and self-storage business lines will increase the rental income by making it possible to obtain a higher rental rate per 1 sqm of space, which in turn will translate into a higher income over the coming years.

OPERATING BUSINESS



The revenue of the CeMat Group was **26%** higher (DKK 16.6 million versus DKK 13.2 million in H1 2022).

This result was in line with expectations from the beginning of the year, with the growth being a combination of a higher rental income and sale of utilities, in comparison to H1 2022. Rental income accounted for 67% of the total income.



The revenue from rental income of the CeMat Group for H1 2023 was **22%** higher than H1 2022 (DKK 11.2 million versus DKK 9.2 million in H1 2022).

The CeMat Group is consistently implementing a strategy to transform its existing warehouses into smaller formats such as small business units and self-storage. The transformation project to SBUs and self-storage consists of rearranging selected existing warehouse space, which involves demolishing some of the existing partition walls and constructing light structures within the existing buildings. The development work will continue in stages, with to date 4,700 sqm having been finished and partly leased, or with work ongoing.

This represents about 17% of the total warehouse space, and continued strong performance and positive market dynamics in this segment will prompt management to decide on further investments in the micro-warehouse segment.

It's worth noting that this is another six-month period in which we've seen high rental growth following the implementation of our strategy to move away from renting larger warehouses towards space divisions and introducing our new micro-warehouse formats of SBUs and self-storage to customers. Between H1 2021 and H1 2023, the CeMat Group recorded revenue growth of 70% (DKK 6.6 million in H1 2021).

CeMat's location in the district of Bielany, 10 km from the centre of Warsaw, fits very well with the expectations of SBU warehouse tenants. SBU tenants in our location are looking for good road connections to other districts around the city and convenient access to public transport. Proximity to tram stops and metro stations is also a major advantage. CeMat is popular among companies using "last mile" logistics, such as logistics operators, as well as retail, service and other local businesses looking for space tailored to their needs. One of CeMat's big advantages is its flexible lease terms, which are difficult for tenants to find in competing locations.

The second business line that CeMat is introducing is self-storage facilities. This business line, thanks to its convenient location directly next to residential housing estates, will serve as a complementary facility for the local residents.



For more info, visit www.cematbox.com



Operating CeMat '70, Wólczynska 133, Warsaw, Poland

The investment is based on converting traditional warehouses into small warehouses for storage. Self-storage, in particular, is an operational business, hence CeMat has made efforts to build an IT system to support the Leasing department.

The implementation of a software system for reservations and remote lease signing for the self-storage segment was completed in Q1 2023. The IT system and further investments in converting warehouse space to self-storage facilities are expected to translate into positive rent increases in the coming years.

CeMat's traditional rental business centred on offices and large warehouses. We expect a proportionate reduction in the share of these two revenue sources in the coming years.



The occupancy level was **90.3%** (H1 2022: 90.6%).

CeMat had 28,562 sqm leased and 222 tenants at the end of June 2023.

The next phases in the conversion to SBUs and self-storage facilities are currently being handed over, with a total of about 4,700 sqm already in operation. The next phases, covering 2,500 sqm, will be delivered in the second half of 2023 and H1 2024. We do not exclude the possibility of further expanding our investments in SBUs and self-storage in the coming years.



Consolidated EBITDA of the CeMat Group was DKK **2 million** in H1 2023 (H1 2022: DKK 1.1 million).

- **Strengthening of the organisation**

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 (currently associated with Agat Ejendomme A/S in Poland). The decision to expand the executive management and build a legal department was dictated by the increase in development tasks and the need for constant supervision of the processes related to obtaining titles to land plots and assisting the planning processes from the legal side.

Miłosz Kocerka has been appointed as the new CFO of the CeMat Group (formerly at Auchan Group). Miłosz assumed his new responsibilities from 1 May 2023.

- **Development activity**

CeMat A/S's operations in H1 2023 focused on starting work on the company's first residential building project. The "Moje Bielany" 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.

The first half of 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 real estate 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. As a result of the new law, 60% of the apartments in the "Moje Bielany" project met the programme's conditions. The positive sentiment in the local housing purchase market translated into significant customer interest and the conclusion of reservation agreements for 30 apartments in our development project by the end of June 2023.

We have also seen renewed customer interest in our project regarding the sale of the commercial ground floor space, and negotiations are currently underway with potential buyers of those premises.

In the first half of the year, intensive discussions were held with banks regarding financing of the development project. The change in sentiment in the housing market and successes in booking apartments led to the successful conclusion of negotiations with one bank for financing of the investment. CeMat received a banking decision, and subsequently signed an agreement with that bank in August 2023 for financing of the investment. The loan obtained, together with the company's own funds already committed, means the development project is fully financed. The bank's minimum requirement, as indicated in the loan agreement, is 25% pre-sale of apartments in the project. As of the date of publication of this report, customers have decided to purchase 27 apartments, accounting for 22,5 % of the sales area for apartments. Another 15 apartments are under reservation agreements.

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 Polish market.

The development budget ensures a solid profit in the development project. The development budget takes into account the market value of the land.

The consequences of the actions taken in the first half of the year, and the very good results in terms of apartment bookings, were events that took place after the reporting period.



Concept visualisation, Wólczyńska 133, Warsaw, Poland

Following the decision to commence work on the project, CeMat handed over the construction site to the general contractor. Under the contract, the general contractor will have 21 months to complete all the work related to construction of the building. Handover of the construction site was preceded by conversion of the apartment reservation contracts into development contracts.

As of the publication date of this report, clients have decided to purchase 27 apartments, accounting for 22,5% of the sales area for apartments. Another 15 apartments are under reservation agreements.

The investment will impact the company's results once the construction work has been completed, the apartments and commercial premises have been transferred to the clients, and the ownership transfer agreements have been signed. We estimate the total sales value of the project at DKK 150 million.

The first impact on the company's results will occur in 2025.



More information on the project can be found at www.mojebielany.com

- **Legal title to plots obtained**

CeMat obtained the legal title to four road plots in March 2023. Obtaining the legal title to plots represents the partial fulfilment of the company's goals for 2023, as well as its long-term goals presented in the value creation chain. This decision makes it possible to connect the part of the land located in Bielany with a public road, which will be important for the development process. 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 increases the attractiveness of the land complex as a whole.

The decision also sets an important precedent that confirms CeMat's efforts in matters aimed at regulating the ownership of plots of land in Warsaw's Bielany district to which we have ownership rights.

- **Potential development project**

A new 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 an analysis of the current market conditions. 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.

H2 2023

- **Development activity**

In the second half of 2023, the work of the teams at CeMat will be determined by the start of construction work in the “Moje Bielany” project, and intensive marketing activities designed to attract new customers to purchase the apartments.

CeMat will also continue its pre-development activities aimed at obtaining a building permit for a collective residence building of about 2,000 sqm.

CeMat’s development and legal teams will continue to work on obtaining the titles to plots of land, and engage in discussions with the city on planning changes. The aim is to launch further development projects and maximise the value of the particular land plots in subsequent years.

- **Operating business**

The CeMat Group’s principal task in its leasing business is to further increase the value of the rental income obtained thanks to the ongoing investment programmes in the existing buildings. Based on our current observations, the plans for H2 2023 include:

- ✓ Growth in rental income of 20% in 2023, in comparison to 2022.
- ✓ The rearrangement of selected warehouse space into SBUs and self-storage units may temporarily decrease the occupancy level below 90%. However, this rearrangement will provide the basis for further increases in rental income in subsequent years.
- ✓ CeMat will continue the process of strengthening the organisation and ensuring that our team has the appropriate skills to fulfil both the short and long-term goals.
- ✓ The next phases of the conversion to SBUs and self-storage facilities are currently being handed over, with a total of about 4,700 sqm already in operation. The next phases, covering 2,500 sqm, will be delivered in the second half of the year and H1 2024. We do not exclude the possibility of further expanding our investment in SBUs and self-storage in the coming years.

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

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

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

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

2. Re-zoning of the land

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

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

CeMat is working with 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

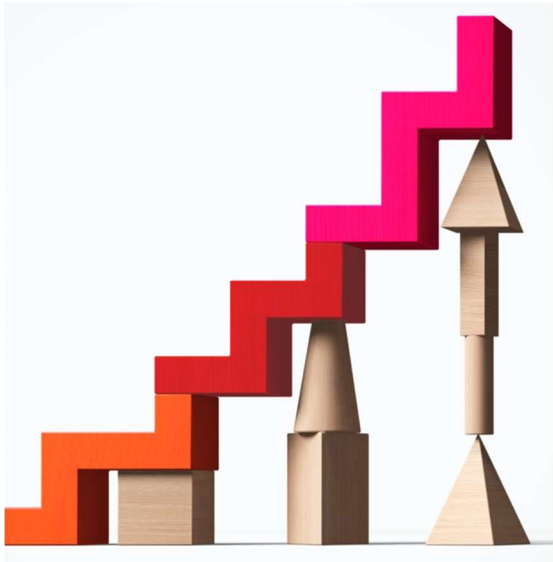
Once the building permit has been obtained, CeMat's goal will be to pre-sell the projects. Depending on the type of space, it will be a sale either to an institutional investor or an individual client or several individual clients/users. In our opinion, a pre-sale minimises the risk to the success of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

5. Financing

In the next step, it is necessary to obtain financing for the project through bank loans or investor financing. With bank financing, the decision is issued on the condition that minimum levels of the sale of apartments or service space are achieved.

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.

FINANCIAL REVIEW

- Income statement

Revenue of the CeMat Group was DKK 16.6 million in H1 2023 (H1 2022: DKK 13.2 million). The increase in sales revenue resulted from increased rental rates and the higher prices of utilities resold to tenants. Due to the fact that the current operations of the Group are centred on leasing existing buildings, the re-sale of utilities is an additional activity that does not impact heavily on the gross margin.

Operating costs were DKK 14.6 million in H1 2023 (H1 2022: DKK 12.0 million). This line item includes operating costs in the Polish property company, including cost of utilities resold to tenants and administrative expenses of the holding company related to being a listed company, including remunerations, remuneration to the Board of Directors and the Management Board.

EBIT was positive at DKK 2 million in H1 2023 (H1 2022: a profit of DKK 1.2 million). The increase in profitability compared to the previous year is the result of the increase in the Group's rental revenue and tight cost control.

Net financials amounted to an expense of DKK 0.5 million in H1 2023 (H1 2022: an expense of DKK 0.4 million). This comprised mainly lease interest resulting from the implementation of the accounting standard IFRS 16. According to this standard, the right of perpetual usufruct is treated as a financial lease. As a consequence, interest on leasing is recognised in the income statement.

A net profit of DKK 0.8 million was achieved for the period (H1 2022: a profit of DKK 0.2 million).

- Cash flow statement and statement of financial position

Cash flows from operating activities were an outflow of DKK 1 million in H1 2023. The negative cash flows are a result of the expenses related to implementation of the development project.

Cash flows from investing activities were an outflow of DKK 1.9 million. Cash was spent on upgrading the company's facilities and the development of the company's properties.

Cash flows from financing activities were a net outflow of DKK 1 million. Cash was spent on revolving loan repayment made by the holding company.

- Assets

The Group's non-current assets totalled DKK 169.1 million as at 30 June 2023, consisting of the investment property and the right of use.

The Group's investment property is measured at its estimated fair value in accordance with IAS 40 and IFRS 13, and any value adjustments are recognised in the income statement. According to the company's management assessment, the fair value of the investment property indicated as at 31 December 2022 by the Cushman and Wakefield report reliably reflects the value of the property as at 30 June 2023. Value adjustments have resulted from foreign exchange differences and capital expenditures or enhancement costs.

- Equity

The Group's equity as at 30 June 2023 stood at DKK 160.1 million, of which DKK 146.3 million was attributable to the shareholders of CeMat A/S, and DKK 13.8 million was attributable to non-controlling interests in CeMat '70 S.A. The equity ratio was 75% as at 30 June 2023.

The Group's equity increased by DKK 9.2 million in comparison to the end of 2022, mainly due to the recognition of translation differences of plus DKK 8.4 million from the translation of the foreign subsidiaries' financial statements for consolidation purposes into the reporting currency and also the net profit of DKK 0.8 million.

- Liabilities

The Group's liabilities totalled DKK 52.9 million as at 30 June 2023, consisting of lease liabilities of DKK 15.1 million, deferred tax liabilities of DKK 31.8 million, trade payables of DKK 2.0 million, and other liabilities of DKK 4.0 million.

OUTLOOK FOR 2023

The company's management expectations are as follows:

Consolidated EBITDA for the CeMat Group is expected to be DKK 4-5 million.

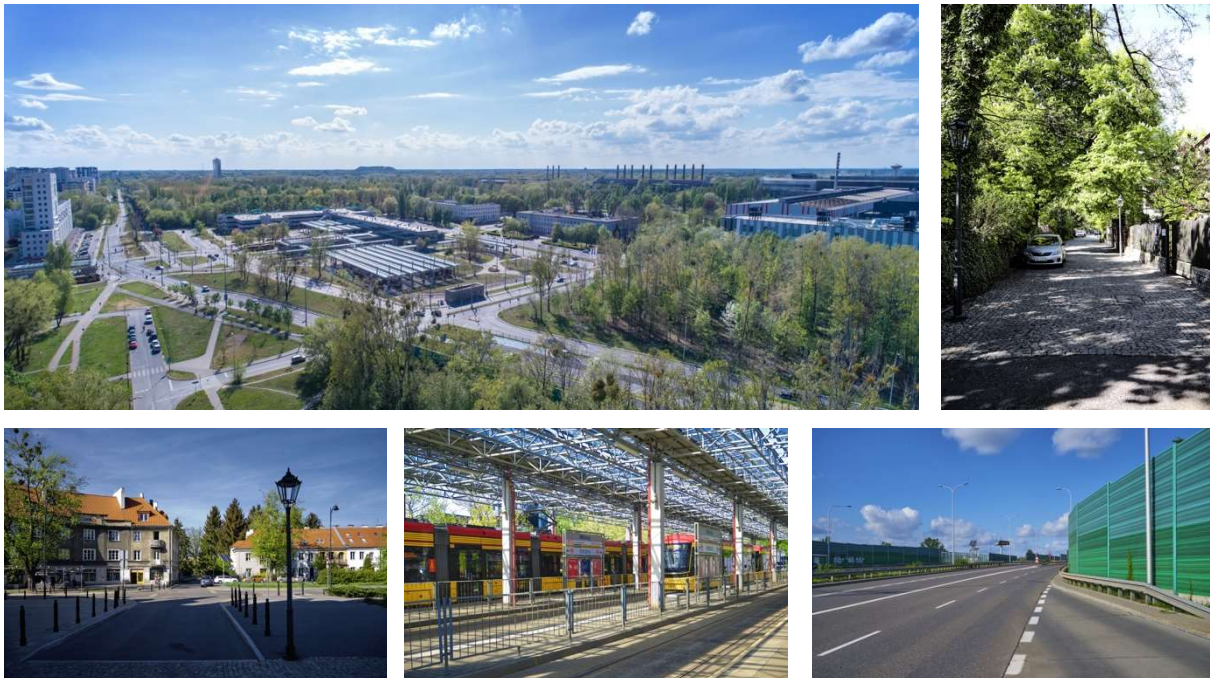
A positive net result after tax is expected at the level of DKK 2.5-3 million, before taking into account the valuation of the investment property for 2023.

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

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

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

A comprehensive valuation report covering all the plots located in Bielany, Warsaw, will be prepared in December 2023.



Photos of Bielany, Warsaw, Poland

4. INVESTOR RELATIONS COMMUNICATION

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

SHAREHOLDER PORTAL

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

EMAIL SERVICE

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

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

ANNOUNCEMENTS 2023

8	24.08	CeMat launches development investment
7	23.03	Course of the Annual General Meeting 2023
6	22.03	Managers' transactions
5	17.03	CeMat obtains the legal title to land plots
4	02.03	Managers' transactions
3	28.02	Notice to convene the Annual General Meeting 2023
2	22.02	Publication of Annual Report 2022
1	22.02	Financial calendar 2023/2024



5. MANAGEMENT STATEMENT

The Board of Directors and the Management Board have today considered and adopted the interim report of CeMat A/S for the six months ended 30 June 2023.

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

In our opinion, the interim financial statements give a true and fair view of the Group’s assets, liabilities and financial position at 30 June 2023 and of the results of the Group’s operations and cash flows for the six months ended 30 June 2023.

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

Warsaw, 31 August 2023

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

6. INCOME STATEMENT (UNAUDITED)

DKK'000	H1 2023	H1 2022	FY 2022
Revenue	16,640	13,176	26,574
Costs	(14,613)	(12,031)	(23,086)
Operating profit/(loss) (EBITDA)	2,027	1,145	3,488
Depreciation	(20)	(4)	(28)
Operating profit/(loss) (EBIT)	2,007	1,141	3,460
Revaluation investment property	(55)	1	25,325
Net financials	(452)	(437)	(973)
Profit/(loss) before tax	1,500	705	27,812
Tax on profit/(loss) for the period	(720)	(503)	(5,730)
Profit/(loss) for the period	780	202	22,082
Distribution of profit/(loss) for the period:			
Parent company shareholders	551	31	20,326
Non-controlling interests	229	171	1,756
	780	202	22,082
Earnings per share:			
Earnings per share (DKK)	0.00	0.00	0.08
Diluted earnings per share (DKK)	0.00	0.00	0.08

7. STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

DKK'000	H1 2023	H1 2022	FY 2022
Profit/(loss) for the period	780	202	22,082
Foreign exchange adjustment, foreign companies	8,387	(2,645)	(2,446)
Comprehensive income for the period	9,167	(2,443)	19,636
Distribution of comprehensive income for the period:			
Parent company shareholders	7,946	(2,391)	18,084
Non-controlling interests	1,221	(52)	1,552
	9,167	(2,443)	19,636

8. STATEMENT OF CASH FLOWS (UNAUDITED)

DKK'000	H1 2023	H1 2022	FY 2022
Operating profit/(loss) (EBIT)	2,007	1,141	3,460
Depreciation	20	4	28
Change in net working capital	(2,370)	(5,432)	(6,434)
Other (deposits, etc.)	527	387	958
Tax paid/received	(693)	(149)	(701)
Financial income received	215	2	77
Financial expenses paid	(691)	(502)	(999)
Cash flows from operating activities	(985)	(4,549)	(3,611)
Acquisition etc. of property, plant and equipment	(1,159)	(951)	(3,897)
Capital expenditures, development of the investment property	(775)	(387)	(1,126)
Cash flows from investing activities	(1,934)	(1,338)	(5,023)
Finance lease repayments	(28)	(3)	(32)
Repayments of loans and credits	(950)	0	0
Acquisition of shares in subsidiary	0	(96)	(105)
Cash flows from financing activities	(978)	(99)	(137)
Change in cash and cash equivalents	(3,897)	(5,986)	(8,771)
Cash and cash equivalents at beginning of period	7,139	16,204	16,204
Market value adjustment of cash and cash equivalents	152	(247)	(294)
Cash and cash equivalents at end of period	3,394	9,971	7,139

9. BALANCE SHEET, ASSETS (UNAUDITED)

DKK'000	2023-06-30	2022-06-30	FY 2022
Investment property	168,757	135,492	157,854
Right of use	104	141	117
Property, plant and equipment	168,861	135,633	157,971
Other non-current receivables	264	438	366
Financial assets	264	438	366
Non-current assets	169,125	136,071	158,337
Inventories	35,615	25,672	33,360
Trade receivables	2,817	2,503	2,200
Other receivables	1,967	1,494	472
Receivables	4,784	3,997	2,672
Cash and cash equivalents	3,394	9,971	7,139
Current assets	43,793	39,640	43,171
Assets	212,918	175,711	201,508

10. BALANCE SHEET, EQUITY AND LIABILITIES (UNAUDITED)

DKK'000	2023-06-30	2022-06-30	FY 2022
Share capital	4,997	4,997	4,997
Translation reserve	(18,725)	(26,300)	(26,120)
Retained earnings	159,993	139,121	159,442
Equity attributable to parent company shareholders	146,265	117,818	138,319
Equity attributable to non-controlling interests	13,798	11,012	12,557
Equity	160,063	128,830	150,896
Lease liabilities	14,044	15,293	13,128
Other non-current liabilities	3,892	2,469	3,263
Deferred tax liabilities	31,802	25,435	30,000
Non-current liabilities	49,738	43,197	46,391
Due to credit institutions	12	989	1,033
Lease liabilities	1,021	902	815
Trade payables	2,033	1,152	1,715
Income tax payable	51	65	222
Other payables	0	576	437
Current liabilities	3,117	3,684	4,221
Total liabilities	52,855	46,881	50,612
Equity and liabilities	212,918	175,711	201,508

11. STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

DKK'000	Share capital	Translation reserve	Retained earnings	Equity attributable to parent company shareholders	Equity attributable to non-controlling interests	Total equity
Equity at 01.01.2023	4,997	(26,120)	159,442	138,319	12,557	150,896
Profit/(loss) for the year	0	0	551	551	229	780
Other comprehensive income	0	7,395	0	7,395	992	8 387
Comprehensive income	0	7,395	551	7,946	1,221	9,167
Equity at 30.06.2023	4,997	(18,725)	159,993	146,265	13,778	160,063
Equity at 01.01.2022	4,997	(23,878)	139,002	120,121	11,246	131,367
Profit/(loss) for the year	0	0	31	31	171	202
Other comprehensive income	0	(2,422)	0	(2,422)	(223)	(2,645)
Comprehensive income	0	(2,422)	31	(2,391)	(52)	(2,443)
Acquisition of non-controlling interests	0	0	88	88	(182)	(94)
Equity at 30.06.2022	4,997	(26,300)	139,121	117,818	11,012	128,830

12. NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, RISKS, ETC.

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

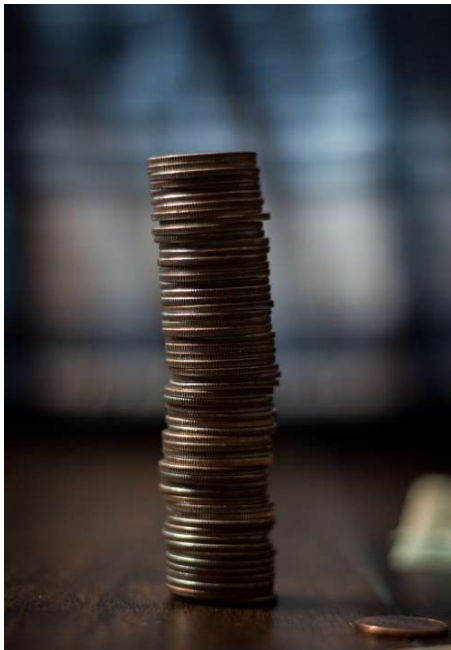
The interim report has been neither audited nor reviewed. The accounting policies are consistent with those of the Annual Report 2022, which includes a full description of the accounting policies.

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

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

For accounting estimates and judgments, see note 2, page 61 of the Annual Report 2022. For information on risks, see note 24, pages 79-82, and the section on risk management on pages 27-32 of the Annual Report 2022.

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



FINANCIAL HIGHLIGHTS AND KEY RATIOS

The individual calculation formulas are provided in note 1, page 58, of the Annual Report 2022.

EVENTS AFTER THE REPORTING PERIOD

CeMat successfully completed negotiations with banks and received a credit decision, and then signed an agreement with the bank financing the investment in August 2023. The loan obtained, together with the company's own funds involved, allows full financing of the "Moje Bielany" development project. CeMat made the decision to commence the company's first residential building project – the "Moje Bielany" development – and has begun construction work.

FAIR VALUE

According to the company's management assessment, the fair value of the investment property indicated as at 31 December 2022 by the Cushman and Wakefield report reliably reflects the value of the property as at 30 June 2023. Value adjustments have resulted from foreign exchange differences and capital expenditures (enhancement costs).

H1 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	8,104	840	8,944	7	747	8,951
Right of use, depreciation	0	0	0	(20)	(20)	(20)
Additions	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Enhancement costs	2,014	0	2,014	0	0	2,014
Revaluation to market value	0	(55)	(55)	0	(55)	(55)
Carrying amount at 30 June 2023	154,147	14,610	168,757	104	14,714	168,861

H1 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	(2,516)	(470)	(2,986)	0	(470)	(2,986)
Right of use, depreciation	0	0	0	(4)	(4)	(4)
Additions	0	0	0	144	144	144
Transfers	0	0	0	0	0	0
Disposals	0	0	0	(164)	(164)	(164)
Enhancement costs	1,320	0	1,320	0	0	1,320
Revaluation to market value	0	1	1	0	1	1
Carrying amount at 30 June 2022	119,439	16,053	135,492	141	16,194	135,633

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.

SEGMENT INFORMATION

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

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

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

H1 2023 DKK'000	Property Management	Development*	Total
Sales revenue	16,640	0	16,640
GROSS PROFIT	7,523	(61)	7,462
Overheads			(5,461)
Other income / (costs)			26
EBITDA			2,027
Depreciation			(20)
EBIT			2,007
Revaluation investment property			(55)
Net result on financial activities			(452)
PROFIT / (LOSS) BEFORE TAX			1,500
Tax on profit/(loss) for the year including deferred tax			(720)
PROFIT / (LOSS) FOR THE PERIOD			780

* In H1 2023, there were no revenues in the Development segment. The Development segment has been separated in terms of functionality. According to the accounting policy, revenues and profits from the sale of real estate (residential units, commercial space, etc.) will be recognised when the real estate purchaser takes over control of the real estate acquired and receives significant risks and rewards of ownership.

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

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

2022 DKK'000	Property Management	Development*	Total
Sales revenue	26,574	0	26,574
GROSS PROFIT	12,700	(402)	12,298
Overheads			(8,939)
Other income / costs			129
EBITDA			3,488
Depreciation			(28)
EBIT			3,460
Revaluation investment property			25,325
Net result on financial activities			(973)
PROFIT/ (LOSS) BEFORE TAX			27,812
Tax on profit/(loss) for the year including deferred tax			(5,730)
PROFIT /(LOSS) FOR THE YEAR			22,082

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

OTHER SEGMENT INFORMATION

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

DKK'000	H1 2023	H1 2022	FY 2022
Letting	11,212	9,219	18,639
Utilities	5,428	3,957	7,935
Total	16,640	13,176	26,574

SIGNIFICANT EVENTS AND TRANSACTIONS

The CeMat Group obtained a binding decision confirming the acquisition by law of the right of perpetual usufruct (RPU) to 75% of the shares in four undeveloped plots of land on Wólczyńska Street in Bielany, Warsaw, in March 2023. The total area of the four plots covered by the decision is 2,047 sqm, with the right of perpetual usufruct established until 2089. This binding decision provides the legal basis for entering the right of perpetual usufruct (RPU) in the land and mortgage register. All the plots listed in the decision are used by CeMat for internal roads, and the final value of the properties will be confirmed in an independent valuation.



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