

Nasdaq Copenhagen
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Frederikssund, 20 October 2016
COMPANY ANNOUNCEMENT No 39/16

INFORMATION TO THE SHAREHOLDERS OF CEMAT A/S BEFORE THE EXTRAORDINARY GENERAL MEETING TO BE HELD ON 24 OCTOBER 2016

Prior to the extraordinary general meeting to be held on 24 October 2016, the Board of Directors wishes to inform give the shareholders the following information:

1. Cemat's financial position after the divestment of the silicon business,
2. description of and update on the divestment activities in Cemat'70 S.A., and
3. timetable for the process following the shareholders' decision at the extraordinary general meeting on either a share buyback programme or an extraordinary dividend.

1. Cemat's financial position after the divestment of the silicon business

The latest reported figures to the market were for H1 2016, which were reported based on the divestment of the silicon business not yet being finally executed. This happened on 1 July 2016, when the assets and liabilities related to the silicon business were transferred to the buyer and the agreed consideration of DKK 355 million was received.

As part of the H1 2016 announcement, it was also communicated that the Board of Directors had decided that, going forward, the Cemat Group will not publish Q1 and Q3 reports, which is still the situation. To ensure that the shareholders' decision at the extraordinary general meeting on 24 October 2016 is based on updated financial information of the Cemat Group, the Board of Directors wishes to update the shareholders on the Cemat Group's financial position as of 30 September 2016.

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Below please find an overview of the income statement for the nine months ended 30 September 2016.

INCOME STATEMENT

| | Actual January - September 2016 | | | | | Normalized * |
|--|---------------------------------|-------------|-------------------|-----------------|--------------|--------------|
| | Rent | Utilities | Real estate total | Holding company | Group total | Group |
| (MDKK) | | | | | | |
| Revenue from Topsil GlobalWafers | 2,0 | 14,8 | 16,8 | | 16,8 | 16,8 |
| Revenue from other tenants | 6,2 | 4,5 | 10,7 | | 10,7 | 10,7 |
| Total revenues | 8,2 | 19,3 | 27,5 | | 27,5 | 27,5 |
| Direct costs | 0,0 | -14,6 | -14,6 | | -14,6 | -14,6 |
| Gross profit | 8,2 | 4,7 | 12,9 | 0,0 | 12,9 | 12,9 |
| <i>Gross margin</i> | <i>100%</i> | <i>24%</i> | <i>47%</i> | | <i>47%</i> | <i>47%</i> |
| Staff and other external costs | | | -7,7 | -18,3 | -26,0 | -9,2 |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) | | | 5,2 | -18,3 | -13,1 | 3,7 |
| Depreciation, amortisation and impairment | | | -3,5 | | -3,5 | -3,5 |
| Operating profit/(loss) (EBIT) | | | 1,8 | -18,3 | -16,6 | 0,3 |
| Net financials | | | | | -7,8 | 0,0 |
| Profit/(loss) before tax | | | | | -24,4 | 0,3 |
| Tax on profit/(loss) for the period** | | | | | -0,2 | -0,2 |
| Profit/(loss) for the period from continuing activities | | | | | -24,5 | 0,1 |
| Profit/(loss) for the period, discontinued operations 1H 2016 | | | | | -45,8 | 0,0 |
| Proceeds from the sales of the silicon business | | | | | 18,1 | 0,0 |
| Profit/(loss) for the period, including discontinued operations | | | | | -52,3 | 0,1 |

*) Income statement normalized to expected future cost level in holding company, as well as discontinued operations and financial expenses are removed

** No tax calculation made for the period

The real estate business comprises the Polish activities and represents a normal operation for this business for the nine months ended 30 September 2016. Cemat'70 has approximately 95 tenants and an occupancy rate of approximately 75% of the buildings. No major new tenants have come in in 2016, and no major tenants have given notice of termination of their leases.

Staff and other external costs in the holding company include normal operating costs for the nine months ended 30 September 2016 and restructuring costs of approximately DKK 12 million. As previously communicated, holding costs in the coming years are expected to be reduced to approximately DKK 2 million as a consequence of trimming the cost base and the restructuring implemented.

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After the divestment of the silicon business, the assets of the Cemmat Group consist of assets in the Polish real estate company Cemmat'70 S.A. and cash. Total assets as at 30 September 2016 stood at DKK 199.1 million.

Non-current assets totalled DKK 61.7 million and current assets excluding cash totalled DKK 10.5 million, most of which was receivables from tenants. Non-current assets are recognised at historical cost. We are in the process of obtaining an updated third-party valuation of the market price for area, which will also be used as a basis for the valuation of non-current assets in the annual report for 2016.

Cash as at 30 September 2016 stood at DKK 127.0 million, of which DKK 120 million is expected to be returned to the shareholders either via a share buyback programme or an extraordinary dividend, depending on the shareholders' decision.

Below please find overview of the assets as at 30 September 2016.

BALANCE SHEET, ASSETS

| (MDKK) | 30.09 2016 |
|--|--------------|
| Rights of use | 13,5 |
| Intangible assets | 13,5 |
| Land and buildings | 40,5 |
| Plant and machinery | 4,7 |
| Property, plant and equipment under construction | 3,0 |
| Property, plant and equipment | 48,2 |
| Non-current assets | 61,7 |
| Receivables | 8,4 |
| Other receivables | 1,5 |
| Prepayments | 0,6 |
| Receivables | 10,5 |
| Cash and cash equivalents | 127,0 |
| Current assets | 137,4 |
| Assets | 199,1 |

Total liabilities stood at DKK 16.1 million, of which DKK 8.1 million represented non-current liabilities and DKK 8.0 million represented current liabilities. All costs related to the divestment

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of the silicon business as well as restructuring costs had either been paid or recognised as liabilities as at 30 September 2016.

Deferred tax liability was DKK 7.4 million as at 30 September 2016. This amount mainly relates to the purchase price adjustments in respect of the real estate business Cemmat'70 S.A. made when the silicon business was acquired in 2008. The amount has not been reassessed as of 30 September 2016, hence this amount is the same as the amount as at 30 June 2016. The amount will be reassessed as part of the annual report 2016.

The Group's equity at 30 September 2016 stood at DKK 183.0 million, of which DKK 166,2 million was attributable to the shareholders of Cemmat A/S, and DKK 16.8 million was attributable to non-controlling interests in Cemmat'70 S.A. The equity ratio was 92% at 30 September 2016.

BALANCE SHEET, EQUITY AND LIABILITIES

(MDKK)

30.09 2016

| | |
|---|--------------|
| Equity attributable to parent company shareholders | 166,1 |
| Equity attributable to non-controlling interests | 16,9 |
| Equity | 183,0 |
| Finance lease liabilities | 0,2 |
| Other non-current liabilities | 0,5 |
| Deferred tax liabilities | 7,4 |
| Non-current liabilities | 8,1 |
| Due to credit institutions | 0,0 |
| Finance lease liabilities | 0,2 |
| Trade payables | 4,3 |
| Income tax payable | 0,3 |
| Other payables | 3,2 |
| Current liabilities | 8,0 |
| Total liabilities | 16,1 |
| Equity and liabilities | 199,1 |

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2. Description of and update on the divestment activities in Cemat'70 S.A.

The ongoing efforts to divest the assets of the Polish real estate business will continue unabated.

Cemat'70 owns 133 thousand sqm of land and 41 thousand sqm of buildings on Wólczyńska 133 in the Bielany district, which is located approximately 10 kilometres NW of the centre of Warsaw. Bielany has undergone significant development over the past years with a large number of housing units and new retail businesses being established in the area. The land held by Cemat'70 is currently classified for industrial purposes, but the company is working to reclassify the land to residential and services usage to include it in the ongoing development of the district.

The key issues and risks relating to divesting the real estate assets are:

- Resolving the remaining claims regarding title to the land.
- Re-classification of the land for residential and services purposes.
- Entering into one or more sales/purchase contracts with buyers/developers.
- Resolving the co-ownership of one major plot and its buildings with the Institute of Electronic Materials Technology (ITME).
- Changes in the financial attractiveness of the Warsaw real estate market

Claims for title

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

The 133 thousand sqm of land is split into different plots of land and strips of road of varying sizes. Cemat '70 today holds title to a number of plots/roads, in total 45% of the area, the remaining 55% is being claimed. Cemat '70 cannot apply for title to a plot of land or a strip of road, as long as there are ongoing claims to the plot.

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

According to Polish law, there is no deadline for when former landowners or their heirs can submit a claim to the Polish State to a specific plot of land or strip of road. However, once a plot of land or a strip of road is free of claims, Cemat'70 can apply for perpetual usufruct rights, and when that title is obtained, future claims have no impact on Cemat'70's possibilities to sell the land.

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Up until approximately 2 years ago, the complexity and importance of these claims had been underestimated, but since October 2014 local legal advisers specialising in claims handling have been engaged as a strong locomotive to assist us in solving ongoing claims as soon as possible.

Through its entire period of ownership, Cemat has been involved in a total of 11 claims cases. By end 2014 we had 8 ongoing cases with ownership being claimed by former owners or their families. Currently, only 2 claims cases have not yet been closed by a court decision or a negotiated settlement. The target is to solve all the claims by end 2016, however it is uncertain if this is possible.

Re-classification of land for residential and services purposes

Land can be used for many purposes, the main segments being industry, logistics, retail, services, office and residential. The area around Wólczyńska 133 has formerly hosted a lot of industry, but in recent years more and more land has been converted into retail, services and residential. 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 Poles from the countryside to the larger metropolitan areas, in particular to Warsaw.

From a sales price point of view, the currently most attractive option is to sell land for residential purposes. However, on an area of land this size there will normally be a requirement from the authorities for a certain ratio of services (shops, child care, etc), which is why Cemat'70 is in the process of preparing an application for mixed residential and services purposes for the entire area.

Before submitting an application for re-classification, the land must have a so called "environmental decision" which describes not only any pollution on the land, but also how a planned number of new residents in an area will affect the surroundings in terms of supply of water, electricity, sewage, traffic, etc.

A number of investigative drillings have been carried out across the property and so far, despite some 40 years of industrial activities, no significant pollution has been identified.

Sale of land to developers

We are currently talking to a number of potential buyers who are interested in buying all or part of the land. Cemat is seeking assistance from a major real estate agent to achieve a professional process and access to all relevant potential buyers.

The potential buyers are typically local or international developers wishing to construct and sell residential units and who have the experience of doing so already in Poland. Once a developer has purchased land he must obtain a building permit from the local authorities, before actual

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construction can start. Often, a final sale of land to a developer is subject to that building permit being obtained.

Resolving the co-ownership with ITME

Originally, Cemat'70 S.A. was established alongside a "sister company", a state owned research facility named the Institute of Electronic Materials Technology (ITME). Cemat'70 was later privatised, whereas ITME remained state owned.

Due to their common start, Cemat'70 and ITME today jointly own one particular plot and the large production/office building located on it. Cemat'70 owns 78%. Also usage of the building is shared with a similar percentage split, but unfortunately in a not very coherent way, making separation quite complicated.

Before the plot and the building can be sold, a solution for separation must be found with ITME. Discussions on concrete solutions are ongoing.

Changes to the financial climate for the Warsaw real estate market

The current financial climate for construction and sale of residential units in Warsaw is reasonably attractive. However, there is a risk that the market will change, also for the worse, and the longer it takes to realise the plans described above, the larger the risk that the financial climate will take a turn to the worse.

Currently, it is estimated to take 5-10 years before all land can be sold.

In February 2015, Cemat received an independent valuation report (from Cushman & Wakefield). The report supports that the land in its current form had a value of PLN 63.5 million (DKK 108 million), and assuming all claims solved, title to the land and zoning for residential and services purposes in place, the valuation report had a market value of PLN 145.1 million (DKK 246 million).

However, it should be remembered, that Cemat A/S only owns 77.66% of the shares in Cemat'70, and that there will be taxes and fees to be paid on proceeds from the sales of land of an estimated 25-30% in total.

Further to this, Cemat'70 and ITME are in dispute about the ownership of a 5 thousand sqm plot of land near Warsaw's international airport. This land has been under ITME administration for more than 20 years. Both Cemat'70 and ITME applied more than 20 years ago for perpetual usufruct rights; neither of them were granted such rights. Cemat'70 and its legal advisers concluded last year, after re-examining the old files, that Cemat'70 should be given title to the land and re-applied. The first administrative instance eventually also decided in favour of Cemat'70, but the decision was objected to by ITME and the case is now progressing in the court system. This plot of land is assumed to have a value of DKK 15-20 million, but it is very uncertain who will eventually be given title to the land.

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3. Timetable for the process following the shareholders' decision at the extraordinary general meeting on either a share buyback programme or an extraordinary dividend

The schedule for the return of excess liquidity to shareholders is as follows:

24 October 2016: An extraordinary general meeting will be held to decide how the excess liquidity is to be paid out (by way of a share buyback programme or an extraordinary dividend).

If the shareholders adopt a resolution to pay an extraordinary dividend, the disbursement is expected to take place in November 2016, and if the shareholders adopt a share buyback programme, it will follow the schedule set out below:

- November 2016: Share buyback programme launched, subject to the tax implications of the share buyback programme having been clarified with the Danish tax authorities.
- March 2017: Payment of the shares will be effected when, after implementing the share buyback, the Company's shareholders have resolved at an extraordinary general meeting to cancel the acquired shares and the relevant publication period has expired, cf. sections 188 and 192 of the Danish Companies Act, and when the annual report for 2016 with specification of distributable reserves is available, cf. section 180 of the Danish Companies Act.

Please direct any questions concerning this stock exchange announcement to info@cemat.dk.

Cemat A/S

Jens Borelli-Kjær
Chairman of the Board

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

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