

Annual report for 2021

Cembrit Holding A/S

Gasværksvej 24, 1., 9000 Aalborg

CVR no. 18 33 67 74

Adopted at the annual general meeting on 8
June 2022

Michael Christensen
chairman

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Statement by management on the annual report

The supervisory board and executive board have today discussed and approved the annual report of Cembrit Holding A/S for the financial year 1 January - 31 December 2021.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2021 and of the results of the company's operations for the financial year 1 January - 31 December 2021.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Aalborg, 8 June 2022

Executive board

Torben Axelsen
Executive Officer

Michael Christensen
Executive Officer

Supervisory board

Jørn Mørkeberg Nielsen
chairman

Torben Axelsen

Michael Christensen

Morten Rosager Andersen

Carsten Ejberg Jensen
employee representative

Henrik Gaardsøe
employee representative

Morten Nygaard Smed Sørensen
employee representative

Independent auditor's report

To the shareholder of Cembrit Holding A/S

Opinion

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2021 and of the results of the company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the financial statements of Cembrit Holding A/S for the financial year 1 January - 31 December 2021, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes ('the financial statements').

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 financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Independent auditor's report

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent auditor's report

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the 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 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 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Hellerup, 8 June 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Jacob Fromm Christiansen
Statsautoriseret revisor
MNE no. mne18628

Kristian Højgaard Carlsen
Statsautoriseret revisor
MNE no. mne44112

Company details

Cembrit Holding A/S
Gasværksvej 24, 1.
9000 Aalborg

CVR-no. 18 33 67 74

Financial year: 1 January - 31 December 2021

Incorporated: 1. January 1995

Domicile: Aalborg

Supervisory Board

Jørn Mørkeberg Nielsen, chairman

Torben Axelsen

Michael Christensen

Morten Rosager Andersen

Carsten Ejberg Jensen, employee representative

Henrik Gaardsøe, employee representative

Morten Nygaard Smed Sørensen, employee representative

Executive Board

Torben Axelsen

Michael Christensen

Auditors

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Strandvejen 44

2900 Hellerup

Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	2021	2020	2019	2018	2017
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Gross profit/loss	150,425	117,664	24,086	-70,204	-105,837
Profit/loss before net financials	82,858	42,862	-44,494	-136,748	-180,313
Net financials	12,903	9,836	5,900	9,258	-4,535
Profit/loss for the year	154,283	134,878	-8,474	-27,653	-116,210
Balance sheet total	1,921,224	1,954,381	1,675,120	1,675,688	1,528,247
Equity	1,266,201	1,107,406	998,012	1,005,200	1,037,689
Investment in property, plant and equipment	5,931	2,080	3,690	969	3,330
Number of employees	58	56	47	52	60
Financial ratios					
Solvency ratio	65.9%	56.7%	59.6%	60.0%	67.9%
Return on equity	13.0%	12.8%	-0.8%	-2.7%	-18.7%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

Management's review

Business review

The Cembrit Holding Group is a key manufacturer and distributor of fibre-cement products for all kinds of exterior and interior protective surfaces. The market focus is Europe and export markets. Cembrit Holding A/S is a 100% owned subsidiary of Cembrit Group A/S and the Cembrit Holding's primary activity is to manage shared functions within Group. Furthermore, the company holds the shares in the subsidiaries stated in note 9.

Financial review

The income statement of the Company for 2021 shows a gross profit of TDKK 150,425 (2020: TDKK 117,664) and a net profit of TDKK 154,283 (2020: TDKK 134,878), and at 31 December 2021 the balancesheet of the Company shows equity of TDKK 1,266,201. In the 2020 Annual Report was stated that the performance was expected to unchanged in 2021. The improvement in performance was based on the market outlook and new initiatives launched. With result for 2021 of TDKK 154,283 the expectation stated in the 2020 Annual Report has been meet and outperformed.

Significant events occurring after the end of the financial year

The Russian invasion of Ukraine is expected to have limited direct impact on Cembrit operations. Cembrit has limited sales activities in Russia and Ukraine with no employees present and is therefore not directly impacted by the ongoing invasion or the imposed sanctions. Additionally, Cembrit has taken preventive measures and redirected the limited sales volumes in Russia to other geographies.

However, there will be secondary effects, mainly from increased energy prices that will impact on Cembrit's raw material cost prices. Due to the continuous development and complexity of the situation, the impact going forward is uncertain and volatile.

Besides this, there have been not been any significant events after 31 December 2021 that could materially impact the financial position.

A positive financial development is expected for 2022. Further details are included in the 2022 outlook section of this report.

Outlook

The outlook assumes stable developments in the markets in which we operate and limited COVID-19 restrictions impacting activity in the construction industry.

Knowledge resources

The Company's future success depends in part on its ability to hire, assimilate and retain highly qualified personnel. Cembrit also depends on know-how in its business. The Company emphasizes on the protection of its know-how when working with third parties.

Management's review

Research and development activities

Cembrit conducts ongoing product development. Cembrit wants to continue and strengthen these activities going forward. Part of the product development is performed in a branch in the Czech Republic.

Forward-looking statements

Statements in the Annual Report 2021 concerning the future reflect the company's current expectations about future events and financial results. Statements concerning the future are naturally subject to uncertainty, and actual results may differ from expected results. COVID-19 has increased the level of uncertainty. Differences may be caused by, but are not limited to, economic and financial market developments, developments in product demand, competitive conditions etc. The company disclaims any liability to update or adjust statements in the Annual Report 2021 about future or possible reasons for differences between actual and anticipated results except where required by legislation.

Special risks

Risk will always play an important part in our business, and we maintain focus on the identification, mitigation and management of risks in our day-to-day work. Cembrit's business is cyclical by nature. When the level of activity in the industry is high, the primary focus is on new building rather than renovation. However, the expectation is that the renovation business will partly compensate for any decline in the European construction industry in the event of a down-turn in the economy.

Accounting policies

The Annual Report of Cembrit Holding A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied are consistent with those of last year.

The annual report for 2021 is presented in TDKK

Pursuant to sections §112, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of other income and other external expenses.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company.

Accounting policies

Other external expenses

Other external expenses comprise expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, realised and unrealised exchange adjustments as well as extra payments and repayment under the onaccount taxation scheme.

Income from investments in subsidiaries

The proportionate share of the profit/loss for the year of subsidiaries is recognised in the company's income statement after full elimination of intra-group profits/losses.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation with the subsidiaries is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Accounting policies

Intangible assets

Development projects, patents and licences

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover production costs, selling costs and administrative expenses and development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item "Reserve for development costs". The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is up to 10 years.

Patents and licences are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Patents are amortised over the remaining patent period or a shorter useful life. The amortisation period is 5 years. Licences are amortised over the period of the agreement, but not exceeding 5 years.

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Accounting policies

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	Residual value
Plant and machinery	10-16 years	0 %
Other fixtures and fittings, tools and equipment	3-15 years	0 %

The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

Investments in subsidiaries and associates are measured in the parent company financial statements using the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the cost value adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Impairment of fixed assets

The carrying amount of intangible assets, items of property, plant and equipment and investments in subsidiaries is tested annually for impairment, other than what is reflected through normal amortisation and depreciation.

Accounting policies

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount is the higher of the net present value and the value in use less expected costs to sell. The net present value is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets and the anticipated net cash flows from the disposal of the asset or group of assets after the end of their useful life.

Receivables

Receivables are measured in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Accounting policies

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in 'Other receivables' or 'Other payables', respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Cash flow statement

No cash flow statement has been prepared for the parent company, as the parent company's cash flows are included in the consolidated cash flow statement, see section 86(4) of the Danish Financial Statements Act.

Accounting policies

Financial highlights

Definitions of financial ratios.

Solvency ratio	$\frac{\text{Equity, end of year} \times 100}{\text{Total assets at year-end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$

Income statement 1 January - 31 December

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
Gross profit		150,425	117,664
Staff costs	2	-55,298	-59,285
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-12,269</u>	<u>-15,517</u>
Profit/loss before net financials		82,858	42,862
Income from investments in subsidiaries		79,454	48,995
Financial income	3	32,264	36,344
Financial costs	4	<u>-19,361</u>	<u>-26,508</u>
Profit/loss before tax		175,215	101,693
Tax on profit/loss for the year	5	<u>-20,932</u>	<u>33,185</u>
Profit/loss for the year		<u>154,283</u>	<u>134,878</u>
Distribution of profit	6		

Balance sheet 31 December

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
Assets			
Completed development projects		2,376	8,360
Acquired patents		0	5
Acquired other similar rights		42,811	51,608
Development projects in progress		19,937	8,570
Intangible assets	7	65,124	68,543
Plant and machinery		1,774	2,161
Other fixtures and fittings, tools and equipment		9,722	5,346
Tangible assets	8	11,496	7,507
Investments in subsidiaries	9	1,040,010	976,376
Fixed asset investments		1,040,010	976,376
Total non-current assets		1,116,630	1,052,426
Receivables from group enterprises		705,102	785,539
Other receivables		3,890	6,463
Deferred tax asset	11	95,538	109,889
Receivables		804,530	901,891
Cash at bank and in hand		64	64
Total current assets		804,594	901,955
Total assets		1,921,224	1,954,381

Balance sheet 31 December

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
Equity and liabilities			
Share capital		83,000	83,000
Reserve for development expenditure		13,159	13,159
Reserve for current value of hedging		155	155
Retained earnings		<u>1,169,887</u>	<u>1,011,092</u>
Equity	10	<u>1,266,201</u>	<u>1,107,406</u>
Other payables		<u>0</u>	<u>3,413</u>
Total non-current liabilities	12	<u>0</u>	<u>3,413</u>
Payables to group enterprises		611,364	815,304
Corporation tax		0	918
Joint taxation contributions payable		7,403	0
Other payables		<u>36,256</u>	<u>27,340</u>
Total current liabilities		<u>655,023</u>	<u>843,562</u>
Total liabilities		<u>655,023</u>	<u>846,975</u>
Total equity and liabilities		<u><u>1,921,224</u></u>	<u><u>1,954,381</u></u>
Uncertainty about the continued operation (going concern)	1		
Rent and lease liabilities	13		
Contingent liabilities	14		
Financial instruments	15		
Related parties and ownership structure	16		

Statement of changes in equity

	Share capital	Reserve for development expenditure	Reserve for current value of hedging	Retained earnings	Total
Equity at 1 January 2021	83,000	13,159	155	1,011,092	1,107,406
Exchange adjustment, foreign	0	0	0	4,512	4,512
Net profit/loss for the year	0	0	0	154,283	154,283
Equity at 31 December 2021	83,000	13,159	155	1,169,887	1,266,201

Notes

1 Uncertainty about the continued operation (going concern)

In preparing the financial statements, Management is responsible for assessing the 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 financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The short-term bank credit facility will expire in fourth quarter 2022, and the Group is currently reviewing the refinancing of the bank credit facility. Due to the positive development in the recent years and the outlook for the coming years, management expects a successful outcome the refinancing. Management therefore submits and approves the annual report for 2021 on the assessment of going concern.

	2021 TDKK	2020 TDKK
2 Staff costs		
Wages and salaries	51,160	55,150
Pensions	3,391	3,380
Other social security costs	747	755
	55,298	59,285
Including remuneration to the executive and supervisory boards:		
Executive Board	5,907	7,759
Supervisory Board	30	30
	5,937	7,789
Average number of employees	58	56
3 Financial income		
Interest received from group enterprises	32,264	36,344
	32,264	36,344

Notes

	<u>2021</u> TDKK	<u>2020</u> TDKK
4 Financial costs		
Interest paid to group enterprises	11,673	13,170
Other financial costs	6,802	9,764
Exchange loss	886	3,574
	<u>19,361</u>	<u>26,508</u>
5 Tax on profit/loss for the year		
Current tax for the year	6,581	918
Deferred tax for the year	14,351	10,681
Adjustment of deferred tax concerning previous years	0	-44,784
	<u>20,932</u>	<u>-33,185</u>
6 Distribution of profit		
Retained earnings	154,283	134,878
	<u>154,283</u>	<u>134,878</u>

Notes

7 Intangible assets

	Completed development projects	Acquired patents	Acquired other similar rights	Development projects in progress
Cost at 1 January 2021	14,070	9,243	165,901	13,166
Additions for the year	14	0	0	6,894
Transfers for the year	-4,625	0	0	4,625
Cost at 31 December 2021	<u>9,459</u>	<u>9,243</u>	<u>165,901</u>	<u>24,685</u>
Impairment losses and amortisation at 1 January 2021	5,710	9,238	114,293	4,596
Amortisation for the year	1,525	5	8,797	0
Transfers for the year	-152	0	0	152
Impairment losses and amortisation at 31 December 2021	<u>7,083</u>	<u>9,243</u>	<u>123,090</u>	<u>4,748</u>
Carrying amount at 31 December 2021	<u>2,376</u>	<u>0</u>	<u>42,811</u>	<u>19,937</u>

Notes

8 Tangible assets

	Plant and machinery	Other fixtures and fittings, tools and equipment
Cost at 1 January 2021	6,001	17,817
Additions for the year	106	5,825
Cost at 31 December 2021	<u>6,107</u>	<u>23,642</u>
Revaluations at 1 January 2021	<u>0</u>	<u>0</u>
Revaluations at 31 December 2021	<u>0</u>	<u>0</u>
Impairment losses and depreciation at 1 January 2021	3,840	12,471
Depreciation for the year	493	1,449
Impairment losses and depreciation at 31 December 2021	<u>4,333</u>	<u>13,920</u>
Carrying amount at 31 December 2021	<u>1,774</u>	<u>9,722</u>

Notes

	2021 TDKK	2020 TDKK
9 Investments in subsidiaries		
Cost at 1 January 2021	1,294,193	1,269,221
Exchange adjustment	0	-28
Additions for the year	0	25,000
Cost at 31 December 2021	<u>1,294,193</u>	<u>1,294,193</u>
Revaluations at 1 January 2021	-317,817	-325,304
Exchange adjustment	4,512	-24,935
Net profit/loss for the year	79,454	48,996
Dividend to the parent company	-20,332	-16,574
Revaluations at 31 December 2021	<u>-254,183</u>	<u>-317,817</u>
Carrying amount at 31 December 2021	<u>1,040,010</u>	<u>976,376</u>

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest
Cembrit A/S	Denmark	100%
Cembrit a.s.	Czech Republic	100%
Cembrit Oy	Finland	100%
Cembrit Production Oy	Finland	100%
Cembrit Production S. A.	Poland	100%
Cembrit Ltd.	Great Britain	100%
Cembrit Sp. z o.o.	Poland	100%
Cembrit AB	Sweden	100%
Cembrit AS	Norway	100%
Cembrit Kft.	Hungary	100%
Cembrit NV/SA	Belgium	100%
Cembrit Ireland Limited	Ireland	100%
Cembrit GmbH	Germany	100%
Cembrit BV	Netherlands	100%

Notes

10 Equity

The share capital consists of 1 share of a nominal value of TDKK 83,000. No shares carry any special rights.

	2021 TDKK	2020 TDKK
11 Provision for deferred tax		
Deferred tax asset at 1 January 2021	109,889	75,786
Amounts recognised in the income statement for the year	<u>-14,351</u>	<u>34,103</u>
Deferred tax asset at 31 December 2021	<u>95,538</u>	<u>109,889</u>

Based on current budgets we expect the tax value of losses to be available for utilization against future taxable income within the next 5 years.

12 Long term debt

Other payables

Between 1 and 5 years	<u>0</u>	<u>3,413</u>
Non-current portion	<u>0</u>	<u>3,413</u>
Other short-term other debt	<u>36,256</u>	<u>27,340</u>
Current portion	<u>36,256</u>	<u>27,340</u>
	<u>36,256</u>	<u>30,753</u>

13 Rent and lease liabilities

Operating lease liabilities.

Total future lease payments:

Within 1 year	2,652	3,631
Between 1 and 5 years	6,798	8,275
After 5 years	<u>1,195</u>	<u>2,836</u>
	<u>10,645</u>	<u>14,742</u>

Notes

14 Contingent liabilities

Willingness has been expressed to support a few subsidiaries. Cembrit Holding A/S has as the principal a contingent liability consisting of a residual risk in relation to the individual subsidiaries.

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Cembrit Group A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

15 Financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

Cembrit Holding A/S uses forward exchange contracts to hedge currency risks regarding expected future cashflow that meet the criteria for cash flow hedging. The fair value reserve of the derivatives is recognised in the equity until the hedged items are included in the income statement. In addition, unrealised fair value of derivatives is recognised in other receivables and other liabilities.

At 31 December 2021, the fair value of the cash flow hedge instruments amounts to DKK 2.7m (2020 DKK -13.7m) recognized under other receivables or other payables.

Interest rate risks

At 31 December 2021 the market value of the Group's interest rate swap is DKK 0.0m (2020 DKK - 0.4m). The interest swap has been recognised in the income statement as financial expense due to inefficiency.

Fair values

The fair value of the financial instruments deviates from the value recognised in the Company's balancesheet at 31 December 2021.

Notes

16 Related parties and ownership structure

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated financial statements

The company is reflected in the group report as the parent company Cembrit Group A/S

The group report of Cembrit Group A/S can be obtained at the following address:

www.cembrit.com