

# CEMBRANE A/S

Nøglegårdsvej 10  
3540 Lyngø

Årsrapport  
1. april 2018 - 31. marts 2019

Årsrapporten er fremlagt og godkendt på  
selskabets ordinære generalforsamling den

**11/06/2019**

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**Lasse Andreassen**  
**Dirigent**

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# Virksomhedsoplysninger

**Virksomheden**

CEMBRANE A/S  
Nøglegårdsvej 10  
3540 Lyngø

CVR-nr: 36422289  
Regnskabsår: 01/04/2018 - 31/03/2019

**Revisor**

Dupont Revision  
Blokken 13, 1  
3460 Birkerød  
DK Danmark

CVR-nr: 26563976  
P-enhed: 1009056722

# Ledelsespåtegning

Management has today considered and approved the annual report for the financial year 01. April 2018 - 31. March 2019 for CEMBRANE A/S.

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

Management believes that the financial statements give a true and fair view of the company's assets, liabilities and financial position and of the result.

The annual report is submitted for approval by the General Assembly.

Lynge, den 30/05/2019

## Direktion

Lasse Andreassen

## Bestyrelse

Sebastian Andreassen

Parviz Almassi Gouran

Marc Barbeau

# Den uafhængige revisors revisionspåtegning

To the shareholders of CEMBRANE A/S

## Konklusion

We have audited the Financial Statements of Cembrane A/S for the financial year 1 April 2018 - 31 March 2019, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies, for the Company. The Financial Statements are 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 March 2019 and of the results of the Company's operations for the financial year 1 April 2018 - 31 March 2019 in accordance with the Danish Financial Statements Act.

## Grundlag for konklusion

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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Ledelsens ansvar for regnskabet

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 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.

## Revisors ansvar for revisionen af regnskabet

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 of accounting information 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 judgment and maintain professional skepticism 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.

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 State-ments, 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.

## **Udtalelse om ledelsesberetningen**

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 Statement Act. We did not identify any material misstatement of Management's Review.

Birkerød, 30/05/2019

Pernille Dupont , mne2627  
 Registreret revisor, medlem af FSR - danske revisorer  
 Dupont Revision  
 CVR: 26563976

# Ledelsesberetning

## *Major Activities*

Cembrane supplies ceramic membranes of silicon carbide (SiC) for drinking- and wastewater treatment, to the international OEM market.

## *Developments in activities and financial highlights:*

### *Market activities*

Cembrane has delivered membranes to municipal wastewater treatment, Produced Water (water from oil extraction), drinking water, pre-treatment to Reverse Osmosis, concentration of activated sludge and Scrubber water treatment for marine engines.

At the end of the fiscal year, Cembrane has supplied membranes for a total treatment capacity of 35 million liter pr. day wastewater reuse and 110 million liter pr. day drinking water supply.

The primary markets in the fiscal year has been Middle East (28%), North America (21%), Europe (22%) and Asia (27%).

### *Market drivers*

We are experiencing an increasing interest in the recovery of waste water and thus for Cembrane's membranes for these applications as membranes are a key technology for water recovery. Especially within MBR, drinking water and scrubber water treatment, the company experiences repurchase.

### *Competition*

In the drinking water market, Cembrane's primary competitors are sand filters and pressurized polymer membranes. While on the MBR market it is polymer flat sheet membranes. Generally, the market is dominated by polymeric membranes, which historically have been cheaper than ceramic membranes. In addition, we experience several Chinese companies who make attempts to copy our technology, so far without success. The proportion of ceramic membranes is growing more than the market, the market share of ceramic membranes is perceived as growing.

### *Result*

The result for the financial year was a turnover of DKK 35,991,396, a growth of approx. 40% compared to last financial year.

The year's profit before tax was DKK 3,676,793, a growth compared to the last financial year, which was DKK 1,351,000. Equity has increased to DKK 42 million. + 74% compared to last financial year, which is due respectively to profit and sale of new shares. Bank account deposits are DKK 9.2 million.

### *Financial year development*

In the financial year, Cembrane has implemented improvements, extensions and commenced automation of the production facility. Investments have also been made in laboratory and test equipment, which make the company almost independent of subcontractors.

DKK 10 million has been invested. in the purchase of the property which enables further expansion of the production within existing frameworks and the possibility of further expansion.

### *Expectations for coming financial year*

Cembrane expects to continue the growth in the coming financial year by approx. 30% to a turnover of DKK 50 million. with an expected profit of approx. 10%. At the beginning of the financial year, the order book of Dkk 30 million was corresponding to approx. 60% of the budget.

# Anvendt regnskabspraksis

Årsrapporten er aflagt i overensstemmelse med årsregnskabslovens bestemmelser for Regnskabsklasse B.

The annual account has been prepared according to the same accounting practices as the previous year's account.

## Conversion of foreign currencies:

Transactions in foreign currencies are converted on the transaction date. Exchange rate differences that occur in the period between the exchange rate on the transaction date and the exchange rate on the payment date are included in the profit and loss accounts as a financial entry.

Accounts receivable, debts and other monetary items in foreign currency that are not settled on the balance sheet date, are converted at the exchange rate on the balance sheet date. The difference between the closing rate and the exchange rate on the date the receivable or debt arose is recognized in the income statement under financial income and costs.

## Profit and loss account

### Net turnover

Income from the sale of services and goods has been included in the calculation of the profit and loss account once delivery and passing of risk to the purchaser have taken place and if the income can be calculated reliably and is expected to be received.

Net turnover is calculated at the current value of the agreed payment, excl. VAT and duty. All discounts provided are deducted from the net turnover.

### Other operating income

Other operating income includes items of a secondary nature with respect to the company's activities, including profits arising from the sale of intangible and tangible fixed assets.

### Other operating costs

Other operating costs include items of a secondary nature with respect to the company's activities, including losses arising from the sale of intangible and tangible fixed assets.

### Personnel costs

Personnel costs include salaries and pay, including holiday pay and pensions, and other expenses for social security etc. for the company's employees. Remuneration received from public authorities is deducted from personnel costs.

### Tax on the net result for the year

The part of the tax for the year that can be attributed to the year's net result, consisting of the year's current tax and displacement of deferred taxes, is included in the profit and loss account, while the part that can be attributed to items posted directly to own capital is directly included in own capital.

## BALANCE

### Intangible fixed assets

Patents and licences are calculated at cost price, minus accumulated depreciation and write-downs. Patents are written off linearly over 5-7 years.

Profit or loss from the sale of intangible fixed assets is calculated as the difference between the sale price, minus sales costs, and the accounting value at the time of the sale. Profit or loss is included in the profit and loss account under operating income or other operating costs.



**Tangible fixed assets**

Property, production facilities and machines, together with other facilities, operating equipment and inventory, are calculated at cost price, minus accumulated depreciation and write-downs.

The basis for depreciation is the cost price minus expected residual value after completion of useful life. The cost price includes the purchase price and costs directly linked to the purchase until the date the asset is ready for use.

The cost price of a total asset is divided into separate elements, which are written off individually if the useful life of each individual element varies.

Linear depreciation is carried out on the basis of the following evaluation of the assets' expected useful life and residual value:

Production facilities and machines 10 years  
 Other facilities, operating equipment and inventory 5 years  
 Furnishings 5 years  
 Buildings 30 years

Land are not subdued to depreciations.

Profit or loss for the sale of tangible fixed assets is included in the profit and loss account under other operating income or other operating costs.

**Financial fixed assets**

Rent deposits are measured at cost price.

**Inventory**

Inventory is calculated at cost price according to the FIFO method. If the net realisable value is lower than the cost price, this will be written down to the lower value.

The cost price for stock in trade, together with raw materials and consumables, includes the purchase price plus stocking costs.

The cost price of manufactured goods and goods in the process of being manufactured includes the cost price of raw materials, consumables, direct salaries and direct production costs.

The net realisable value of inventory is calculated as the sales price minus completion costs and costs incurred to effect the sale. The value is determined taking into account the marketability of the inventory, its obsolescence and the expected development of the sales price.

**Receivables**

Accounts receivable are measured at amortised cost price, which usually equals the nominal value. Value is reduced by provisions to meet expected losses.

**Contract work in progress**

Work in progress are measured at the selling price of the work performed. The stage of completion is calculated based on the direct and indirect expenses incurred in relation to the expected total expenses. The value of the individual items of work in progress minus invoicing on account is classified as receivables where the amounts are positive and as payables where the amounts are negative.

**Accruals and deferred income**

Accruals included under assets, comprise paid expenses relating to the following financial year.

## **Equity**

### **Dividend**

The proposed dividend is included as a liability at the date of adoption at the Annual General Meeting (date of declaration). The dividend that is expected to be paid for the year is entered as a separate item under own capital.

### **Corporation tax and deferred tax**

Current tax liabilities and outstanding current tax are included in the balance sheet as tax calculated on the year's taxable income, adjusted for tax on preceding years' taxable income and for tax paid on account.

Deferred tax is calculated according to the balance sheet liability method based on the difference between the accounting value and the tax value of assets and liabilities. In the event that the calculation of the tax value can be carried out according to other tax regulations, deferred tax will be calculated on the basis of the planned use of the asset or the settlement of the liability.

Deferred tax assets, including the tax value of deferrable tax losses, is calculated at the value at which the asset is expected to be realisable, either by equalisation of tax rates for future earnings or by setting off deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are calculated at their net realisable value.

Deferred tax is calculated on the basis of the tax regulations and tax rates which, pursuant to the balance sheet date provisions, will apply when the deferred tax is expected to become current tax. Changes to deferred tax as a result of changes to tax rates will be included in the profit and loss account.

### **Debt**

Debt is measured at amortised cost price, which usually equals the nominal value.

# Resultatopgørelse 1. apr. 2018 - 31. mar. 2019

	Note	2018/19 kr.	2017/18 kr.
Nettoomsætning .....		35.991.396	21.110.989
Vareforbrug .....		-19.447.873	-10.400.531
Ændring i lagre af færdigvarer og varer under fremstilling .....		-659.903	-1.450.844
Eksterne omkostninger .....		-940.808	-1.088.222
Ejendomsomkostninger .....		-835.622	-509.151
Administrationsomkostninger .....		-821.856	-780.775
<b>Bruttoresultat .....</b>		<b>13.285.334</b>	<b>6.805.392</b>
Personaleomkostninger .....	1	-7.251.546	-3.698.169
Af- og nedskrivninger af materielle og immaterielle anlægsaktiver .....		-2.575.187	-1.612.881
<b>Resultat af ordinær primær drift .....</b>		<b>3.458.601</b>	<b>1.494.342</b>
Andre finansielle indtægter .....		305.015	0
Øvrige finansielle omkostninger .....		-86.823	-145.017
<b>Ordinært resultat før skat .....</b>		<b>3.676.793</b>	<b>1.349.325</b>
<b>Årets resultat .....</b>		<b>3.676.793</b>	<b>1.349.325</b>
<b>Forslag til resultatdisponering</b>			
Overført resultat .....		3.676.793	1.349.325
<b>I alt .....</b>		<b>3.676.793</b>	<b>1.349.325</b>

# Balance 31. marts 2019

## Aktiver

	Note	2018/19 kr.	2017/18 kr.
Patenter, der stammer fra udviklingsprojekter .....		1.671.345	832.416
<b>Immaterielle anlægsaktiver i alt .....</b>		<b>1.671.345</b>	<b>832.416</b>
Grunde og bygninger .....		9.390.957	0
Produktionsanlæg og maskiner .....		21.404.506	12.500.918
Andre anlæg, driftsmateriel og inventar .....		561.179	104.460
Indretning af lejede lokaler .....		0	208.237
Materielle anlægsaktiver under udførelse .....		0	2.403.678
Forudbetalinger for materielle anlægsaktiver .....		0	948.771
<b>Materielle anlægsaktiver i alt .....</b>		<b>31.356.642</b>	<b>16.166.064</b>
Deposita .....		0	226.237
<b>Finansielle anlægsaktiver i alt .....</b>		<b>0</b>	<b>226.237</b>
<b>Anlægsaktiver i alt .....</b>		<b>33.027.987</b>	<b>17.224.717</b>
Råvarer og hjælpematerialer .....		3.134.107	2.037.124
Fremstillede varer og handelsvarer .....		0	437.080
<b>Varebeholdninger i alt .....</b>		<b>3.134.107</b>	<b>2.474.204</b>
Tilgodehavender fra salg og tjenesteydelser .....		9.486.269	2.889.149
Igangværende arbejder for fremmed regning .....		1.023.122	0
Andre tilgodehavender .....		1.640.957	923.390
Periodeafgrænsningsposter .....		48.636	99.147
<b>Tilgodehavender i alt .....</b>		<b>12.198.984</b>	<b>3.911.686</b>
Likvide beholdninger .....		9.238.280	6.179.207
<b>Omsætningsaktiver i alt .....</b>		<b>24.571.371</b>	<b>12.565.097</b>
<b>Aktiver i alt .....</b>		<b>57.599.358</b>	<b>29.789.814</b>

# Balance 31. marts 2019

## Passiver

	Note	2018/19 kr.	2017/18 kr.
Registreret kapital mv. ....		21.320.288	15.982.672
Overkurs ved emission ....		19.096.371	5.977.328
Overført resultat ....		1.804.441	-1.872.358
<b>Egenkapital i alt .....</b>		<b>42.221.100</b>	<b>20.087.642</b>
Andre hensatte forpligtelser ....	2	2.193.810	2.000.000
<b>Hensatte forpligtelser i alt .....</b>		<b>2.193.810</b>	<b>2.000.000</b>
Gæld til realkreditinstitutter ....		5.319.448	0
<b>Langfristede gældsforpligtelser i alt .....</b>	<b>3</b>	<b>5.319.448</b>	
Gæld til realkreditinstitutter ....		289.347	0
Modtagne forudbetalinger fra kunder ....		3.675.585	0
Leverandører af varer og tjenesteydelser ....		2.474.536	1.487.948
Gældsforpligtelser til tilknyttede virksomheder ....		0	5.776.645
Gældsforpligtelser til associerede virksomheder ....		1.000.000	0
Anden gæld, herunder skyldige skatter og skyldige bidrag til social sikring ....		398.657	437.579
Deposita ....		26.875	0
<b>Kortfristede gældsforpligtelser i alt .....</b>		<b>7.865.000</b>	<b>7.702.172</b>
<b>Gældsforpligtelser i alt .....</b>		<b>13.184.448</b>	<b>7.702.172</b>
<b>Passiver i alt .....</b>		<b>57.599.358</b>	<b>29.789.814</b>

# Egenkapitalopgørelse 1. apr. 2018 - 31. mar. 2019

	Registreret kapital mv.	Overkurs ved emission	Overført resultat	I alt
	kr.	kr.	kr.	kr.
Egenkapital, primo .....	15.982.672	5.977.328	-1.872.352	20.087.648
Kapitalforhøjelse .....	5.337.616	13.119.043	0	18.456.659
Årets resultat .....	0	0	3.676.793	3.676.793
Egenkapital, ultimo .....	21.320.288	19.096.371	1.804.441	42.221.100

# Noter

## 1. Personaleomkostninger

	2018/19 kr.	2017/18 kr.
Wages and salaries	6,858,386	3,493,501
Post employment benefit expense	267,410	126,440
Social security contributions	125,750	78,228
	<b>7,251,546</b>	<b>3,698,169</b>

## 2. Andre hensatte forpligtelser

An amount of DKK 2 million has been allocated in connection with a licence agreement that expires on 31/12/2024, according to which the other party to the agreement has the option to cancel the agreement and instead receive goods of a value corresponding to a maximum of DKK 2 million.

## 3. Langfristede gældsforpligtelser i alt

	Total debt, end of year kr.	Repayments, next year kr.	Longterm share kr.	Outstanding debt after 5 years kr.
Mortgage debt	5.608.795	289.347	5.319.448	4.167.830

## 4. Information om gennemsnitligt antal ansatte

	2018/19
Gennemsnitligt antal ansatte .....	19