

**Botved Systems A/S**  
**Central Business Registration No**  
**11026109**

**Annual report 2015/16**

The Annual General Meeting adopted the annual report on 22.11.2016

**Chairman of the General Meeting**



Name: Claus Linde

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## **Entity details**

### **Entity**

Botved Systems A/S  
Metalgangen 16  
2690 Karlslunde

Central Business Registration No: 11026109

Registered in: Greve

Financial year: 01.07.2015 - 30.06.2016

### **Board of Directors**

Claus Linde, Chairman

Anne Mette Linde

Nick Linde

### **Executive Board**

Claus Linde, Chief Executive Officer

### **Auditors**

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

Postboks 1600

0900 København C

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Botved Systems A/S for the financial year 01.07.2015 - 30.06.2016.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2016 and of the results of its operations for the financial year 01.07.2015 - 30.06.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Greve, 22.11.2016

### Executive Board



Claus Linde  
Chief Executive Officer

### Board of Directors



Claus Linde  
Chairman



Anne Mette Linde



Nick Linde

## **Independent auditor's reports**

### **To the owner of Botved Systems A/S**

#### **Report on the financial statements**

We have audited the financial statements of Botved Systems A/S for the financial year 01.07.2015 - 30.06.2016, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

#### **Management's responsibility 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 financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of financial statements that give a true and fair view 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 Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

#### **Opinion**

In our opinion, the financial statements give a true and fair view of the Company's financial position at 30.06.2016 and of the results of its operations for the financial year 01.07.2015 - 30.06.2016 in accordance with the Danish Financial Statements Act.

#### **Statement on the management commentary**

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

## Independent auditor's reports

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

København, 22.11.2016

### Deloitte

Statsautoriseret Revisionspartnerselskab



Lars Kronow

State Authorised Public Accountant



## Management commentary

### Primary activities

The Company's main activities are sales of laundry and supply equipment and spare parts.

For more than 60 years, Botved has been the leading supplier of equipment and systems for the industrial and hospital laundry sector in Denmark, the Faroe Islands and Greenland.

### Development in activities and finances

For a long time, the laundry sector in the Nordic countries has requested more competition in the market. Of course, in the interest of increased price competition between the suppliers, but even more, with the desire to create more innovative solutions.

Botved responds to the challenge. We have therefore decided to seek new ways to meet market demands. In 2016, we switched to a new innovative supplier of industrial laundry equipment and expanded our market to include all the Nordic countries.

Further we have for a long time wanted to strengthen our activities in the supply area which typically consists of:

- Linen trolleys and transport systems
- Laundry bags, racks and laundry nets
- As well as a wide range of products for the hospital sector

Accordingly, we acquired the main shares of Repella A/S in November 2016. Repella is a well-known supplier in Denmark and Sweden and has for many years delivered:

- Transfers, badges, labels and welding equipment
- Dispensers and hygiene equipment
- As well as a wide range of trolleys, transport and consumables products

This financial year, we have invested time and resources in the merger of the two companies and in increasing our market share in the Nordic market, which we will also focus on next year.

### Profit/loss for the year in relation to expected developments

This year's positive result before tax amounted to DKK 728 thousand, which is in line with our expectations.

We also expect a positive result for the next financial year.

### Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The management has with reference to section 32 of the Danish Financial Statements Act decided only to show the gross profit.

The accounting policies applied for these financial statements are consistent with those applied last year.

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.



## Accounting policies

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, other operating income and external expenses.

#### Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

#### Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

#### Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

#### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

#### Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

#### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

#### Other financial income

Other financial income comprises interest income, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

## Accounting policies

### Other financial expenses

Other financial expenses comprise interest expenses, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

### Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

### Balance sheet

#### Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-6 years
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Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

#### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

#### Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

## Accounting policies

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### Cash

Cash comprises bank deposits.

### Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

### Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

### Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

### Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

## Income statement for 2015/16

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK'000</u>
<b>Gross profit</b>		<b>8.133.087</b>	<b>8.784</b>
Staff costs	1	(7.184.790)	(6.966)
Depreciation, amortisation and impairment losses	2	(202.069)	(360)
<b>Operating profit/loss</b>		<b>746.228</b>	<b>1.458</b>
Other financial income		23.920	12
Other financial expenses		(42.540)	(93)
<b>Profit/loss from ordinary activities before tax</b>		<b>727.608</b>	<b>1.377</b>
Tax on profit/loss from ordinary activities	3	(167.080)	(365)
<b>Profit/loss for the year</b>		<b><u>560.528</u></b>	<b><u>1.012</u></b>
<b>Proposed distribution of profit/loss</b>			
Dividend for the financial year		560.528	1.136
Retained earnings		0	(124)
		<b><u>560.528</u></b>	<b><u>1.012</u></b>



**Balance sheet at 30.06.2016**

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK'000</u>
Other fixtures and fittings, tools and equipment		528.666	729
<b>Property, plant and equipment</b>	4	<u>528.666</u>	<u>729</u>
Other receivables		75.000	75
Deferred tax		0	46
<b>Fixed asset investments</b>		<u>75.000</u>	<u>121</u>
<b>Fixed assets</b>		<u>603.666</u>	<u>850</u>
Manufactured goods and goods for resale		2.671.844	6.817
<b>Inventories</b>		<u>2.671.844</u>	<u>6.817</u>
Trade receivables		2.733.555	3.744
Receivables from group enterprises		88.090	5.975
Other short-term receivables		0	10
Prepayments		691.501	198
<b>Receivables</b>		<u>3.513.146</u>	<u>9.927</u>
<b>Cash</b>		<u>7.663.238</u>	<u>2.873</u>
<b>Current assets</b>		<u>13.848.228</u>	<u>19.617</u>
<b>Assets</b>		<u>14.451.894</u>	<u>20.467</u>



**Balance sheet at 30.06.2016**

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK'000</u>
Contributed capital	5	500.000	500
Retained earnings		2.000.000	2.000
Proposed dividend		560.528	1.136
<b>Equity</b>		<b><u>3.060.528</u></b>	<b><u>3.636</u></b>
Provisions for deferred tax		50.000	0
<b>Provisions</b>		<b><u>50.000</u></b>	<b><u>0</u></b>
Bank loans		159.707	0
<b>Non-current liabilities other than provisions</b>		<b><u>159.707</u></b>	<b><u>0</u></b>
Bank loans		51.168	0
Prepayments received from customers		1.110.000	0
Trade payables		6.712.274	11.926
Income tax payable		71.080	365
Other payables		3.237.137	4.540
<b>Current liabilities other than provisions</b>		<b><u>11.181.659</u></b>	<b><u>16.831</u></b>
<b>Liabilities other than provisions</b>		<b><u>11.341.366</u></b>	<b><u>16.831</u></b>
<b>Equity and liabilities</b>		<b><u>14.451.894</u></b>	<b><u>20.467</u></b>
Unrecognised rental and lease commitments	6		
Contingent liabilities	7		
Related parties with control	8		

**Statement of changes in equity for 2015/16**

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Proposed dividend DKK</b>	<b>Total DKK</b>
Equity beginning of year	500.000	2.000.000	1.136.296	3.636.296
Ordinary dividend paid	0	0	(1.136.296)	(1.136.296)
Profit/loss for the year	0	0	560.528	560.528
<b>Equity end of year</b>	<b>500.000</b>	<b>2.000.000</b>	<b>560.528</b>	<b>3.060.528</b>

## Notes

	<u>2015/16</u> <u>DKK</u>	<u>2014/15</u> <u>DKK'000</u>
<b>1. Staff costs</b>		
Wages and salaries	6.622.282	6.398
Pension costs	431.525	444
Other social security costs	81.584	81
Other staff costs	49.399	43
	<u>7.184.790</u>	<u>6.966</u>
Average number of employees	<u>13</u>	<u>12</u>
	<u>2015/16</u> <u>DKK</u>	<u>2014/15</u> <u>DKK'000</u>
<b>2. Depreciation, amortisation and impairment losses</b>		
Depreciation of property, plant and equipment	235.184	328
Profit/loss from sale of intangible assets and property, plant and equipment	(33.115)	32
	<u>202.069</u>	<u>360</u>
	<u>2015/16</u> <u>DKK</u>	<u>2014/15</u> <u>DKK'000</u>
<b>3. Tax on ordinary profit/loss for the year</b>		
Current tax	71.080	365
Change in deferred tax for the year	96.000	0
	<u>167.080</u>	<u>365</u>

## Notes

	<b>Other fixtures and fittings, tools and equipment DKK</b>
<b>4. Property, plant and equipment</b>	
Cost beginning of year	1.802.443
Additions	292.000
Disposals	<u>(600.000)</u>
<b>Cost end of year</b>	<b><u>1.494.443</u></b>
Depreciation and impairment losses beginning of the year	(1.073.708)
Depreciation for the year	(235.184)
Reversal regarding disposals	<u>343.115</u>
<b>Depreciation and impairment losses end of the year</b>	<b><u>(965.777)</u></b>
<b>Carrying amount end of year</b>	<b><u>528.666</u></b>

	<b>Number</b>	<b>Par value DKK</b>	<b>Nominal value DKK</b>
<b>5. Contributed capital</b>			
Ordinary shares	<u>500</u>	1.000,00	<u>500.000</u>
	<b><u>500</u></b>		<b><u>500.000</u></b>

	<b>2015/16 DKK</b>	<b>2014/15 DKK'000</b>
<b>6. Unrecognised rental and lease commitments</b>		
Commitments under rental agreements or leases until expiry	<u>361</u>	<u>560</u>

## 7. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which Kanich Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

## Notes

### **8. Related parties with control**

Kanich Holding ApS, Metalgangen 16, DK-2690 Karlslunde, Central Business Registration no 20 25 95 74 owns all shares of the Company and thus has control over the Company.