

AREPA A/S

Mads Clausens Vej 12

8600 Silkeborg

Central Business Registration No

29614091

Annual report 2016/17

The Annual General Meeting adopted the annual report on 19.12.2017

Chairman of the General Meeting

Name: Jørgen Ebbesen Dam

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2016/17	7
Balance sheet at 30.09.2017	8
Statement of changes in equity for 2016/17	10
Notes	11
Accounting policies	15

Entity details

Entity

AREPA A/S
Mads Clausens Vej 12
8600 Silkeborg

Central Business Registration No: 29614091

Registered in: Silkeborg

Financial year: 01.07.2016 - 30.09.2017

Board of Directors

Robert John Wedoff, chairman
Michael Kelley Bavely
Hunter Simpson Powell
Jørgen Ebbesen Dam
Torben Vad

Executive Board

Pieter Benschop
Kenneth Millard
Jørgen Ebbesen Dam

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Papirfabrikken 26
8600 Silkeborg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of AREPA A/S for the financial year 01.07.2016 - 30.09.2017.

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 30.09.2017 and of the results of its operations for the financial year 01.07.2016 - 30.09.2017.

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.

Silkeborg, 19.12.2017

Executive Board

Pieter Benschop

Kenneth Millard

Jørgen Ebbesen Dam

Board of Directors

Robert John Wedoff
chairman

Michael Kelley Bavely

Hunter Simpson Powell

Jørgen Ebbesen Dam

Torben Vad

Independent auditor's report

To the shareholders of AREPA A/S

Opinion

We have audited the financial statements of AREPA A/S for the financial year 01.07.2016 - 30.09.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. 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 Entity's financial position at 30.09.2017 and of the results of its operations for the financial year 01.07.2016 - 30.09.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

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 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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:

Independent auditor's report

- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary 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 the management commentary.

Silkeborg, 19.12.2017

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Hans Trærup
State Authorised Public Accountant

Thorsten Jørgensen
State Authorised Public Accountant

Management commentary

Primary activities

The parent company AREPA A/S serves as a holding company for the affiliated enterprises and also has the license rights, etc. for the AREPA name.

The affiliated enterprises are engaged in technical services.

Arepa A/S has merged with its subsidiary Arepa Nordisk A/S. The business combination is recognised and measured using the pooling-of-interest method. Under the pooling-of-interests method, the financial statements for the period in which the pooling of interests occurred are presented as if Arepa A/S and Arepa Nordisk A/S had united their interests starting from the earliest accounting period forming part of the financial statements with reference to section 123 of the Danish Financial Statements Act.

Development in activities and finances

The Group's pre-tax profit in 2016/17 amounted to DKK 8,941k against DKK 1,344k in 2015/16. The annual report 2016/17 is based on the period from 01.07.2016 to 30.09.2017 (15 months), which is an extension compared to the annual report 2015/16 based on the period from 01.07.2015 to 30.06.2016 (12 months). Profit for the year is considered satisfactory.

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.

Income statement for 2016/17

	<u>Notes</u>	<u>2016/17</u> <u>DKK</u>	<u>2015/16</u> <u>DKK</u>
Gross profit		2.878.148	1.579.907
Staff costs	1	(3.107.344)	(1.901.828)
Depreciation, amortisation and impairment losses	2	<u>(553.217)</u>	<u>(420.440)</u>
Operating profit/loss		(782.413)	(742.361)
Income from investments in group enterprises		10.791.577	1.774.034
Income from investments in associates		0	372.236
Other financial income from group enterprises		60.543	55.157
Other financial income		64.814	61.434
Financial expenses from group enterprises		(11.175)	(153.419)
Other financial expenses		<u>(1.182.681)</u>	<u>(22.688)</u>
Profit/loss before tax		8.940.665	1.344.393
Tax on profit/loss for the year	3	<u>345.527</u>	<u>183.418</u>
Profit/loss for the year		<u>9.286.192</u>	<u>1.527.811</u>
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		3.200.000	4.000.000
Extraordinary dividend distributed in the financial year		6.000.000	0
Transferred to reserve for net revaluation according to the equity method		2.591.000	0
Retained earnings		<u>(2.504.808)</u>	<u>(2.472.189)</u>
		<u>9.286.192</u>	<u>1.527.811</u>

Balance sheet at 30.09.2017

	<u>Notes</u>	<u>2016/17</u> <u>DKK</u>	<u>2015/16</u> <u>DKK</u>
Other fixtures and fittings, tools and equipment		1.064.776	866.869
Property, plant and equipment	4	<u>1.064.776</u>	<u>866.869</u>
Investments in group enterprises		22.689.283	16.613.353
Investments in associates		0	0
Receivables from associates		0	1.553.348
Other investments		53.768	37.414
Fixed asset investments	5	<u>22.743.051</u>	<u>18.204.115</u>
Fixed assets		<u>23.807.827</u>	<u>19.070.984</u>
Trade receivables		8.034	484.123
Receivables from group enterprises		2.879.289	3.384.860
Deferred tax		21.000	71.000
Other receivables		17.952	7.336
Income tax receivable		993.775	180.171
Prepayments	6	435.425	278.884
Receivables		<u>4.355.475</u>	<u>4.406.374</u>
Cash		<u>2.788.200</u>	<u>2.543.030</u>
Current assets		<u>7.143.675</u>	<u>6.949.404</u>
Assets		<u>30.951.502</u>	<u>26.020.388</u>

Balance sheet at 30.09.2017

	<u>Notes</u>	<u>2016/17 DKK</u>	<u>2015/16 DKK</u>
Contributed capital		3.076.923	2.000.000
Reserve for net revaluation according to the equity method		2.591.000	0
Retained earnings		16.145.146	17.139.692
Proposed dividend		3.200.000	4.000.000
Equity		<u>25.013.069</u>	<u>23.139.692</u>
Trade payables		412.746	407.344
Payables to group enterprises		4.855.366	2.077.818
Other payables		670.321	395.534
Current liabilities other than provisions		<u>5.938.433</u>	<u>2.880.696</u>
Liabilities other than provisions		<u>5.938.433</u>	<u>2.880.696</u>
Equity and liabilities		<u>30.951.502</u>	<u>26.020.388</u>
Unrecognised rental and lease commitments	7		
Contingent liabilities	8		
Mortgages and securities	9		
Group relations	10		

Statement of changes in equity for 2016/17

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed extraordinary dividend DKK
Equity beginning of year	2.000.000	0	17.139.692	0
Increase of capital	1.076.923	0	1.082.077	0
Ordinary dividend paid	0	0	0	0
Extraordinary dividend paid	0	0	0	(6.000.000)
Exchange rate adjustments	0	0	(4.997)	0
Other equity postings	0	0	433.182	0
Profit/loss for the year	0	2.591.000	(2.504.808)	6.000.000
Equity end of year	3.076.923	2.591.000	16.145.146	0
			Proposed dividend DKK	Total DKK
Equity beginning of year			4.000.000	23.139.692
Increase of capital			0	2.159.000
Ordinary dividend paid			(4.000.000)	(4.000.000)
Extraordinary dividend paid			0	(6.000.000)
Exchange rate adjustments			0	(4.997)
Other equity postings			0	433.182
Profit/loss for the year			3.200.000	9.286.192
Equity end of year			3.200.000	25.013.069

Notes

	2016/17	2015/16
	DKK	DKK
1. Staff costs		
Wages and salaries	2.535.175	1.530.915
Pension costs	549.354	355.689
Other social security costs	22.815	15.224
	3.107.344	1.901.828
Average number of employees	3	2
	2016/17	2015/16
	DKK	DKK
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	553.217	420.440
	553.217	420.440
	2016/17	2015/16
	DKK	DKK
3. Tax on profit/loss for the year		
Tax on current year taxable income	(285.083)	(12.000)
Change in deferred tax for the year	(60.444)	(113.000)
Adjustment concerning previous years	0	(58.418)
	(345.527)	(183.418)

Notes

	Other fixtures and fittings, tools and equipment DKK
4. Property, plant and equipment	
Cost beginning of year	2.937.262
Additions	<u>751.124</u>
Cost end of year	<u>3.688.386</u>
Depreciation and impairment losses beginning of the year	(2.070.393)
Depreciation for the year	<u>(553.217)</u>
Depreciation and impairment losses end of the year	<u>(2.623.610)</u>
Carrying amount end of year	<u>1.064.776</u>

Notes

	Investments in group enterprises DKK	Investments in associates DKK	Receivables from associates DKK	Other investments DKK
5. Fixed asset investments				
Cost beginning of year	25.308.000	200.000	3.191.454	57.983
Transfers	2.596.000	0	0	0
Disposals	0	0	(3.191.454)	0
Cost end of year	27.904.000	200.000	0	57.983
Impairment losses beginning of year	(8.694.647)	(200.000)	(1.638.106)	(20.569)
Exchange rate adjustments	(4.996)	0	0	0
Amortisation of goodwill	(224.468)	0	0	0
Share of profit/loss for the year	11.016.047	0	0	0
Dividend	(7.014.844)	0	0	0
Impairment losses for the year	0	0	1.638.106	16.354
Investments with negative equity depreciated over receivables	(287.852)	0	0	0
Other adjustments	(3.957)	0	0	0
Impairment losses end of year	(5.214.717)	(200.000)	0	(4.215)
Carrying amount end of year	22.689.283	0	0	53.768

Carrying amount of investments in group enterprises includes group goodwill of DKK 1,482k.

Notes

6. Prepayments

Prepayments consist of prepaid insurances and software subscriptions.

	2016/17	2015/16
	DKK	DKK
7. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	744.832	72.000

The Entity has entered into operating leasing contracts for cars.

8. Contingent liabilities

The Entity participates with effect from 01.05.2017 in a Danish joint taxation arrangement in which Peder-shaab Concrete Technologies A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the 01.05.2017 for income taxes etc. and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities.

The Entity participated until 01.05.2017 in a Danish joint taxation arrangement in which Arepa A/S served as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc. for the jointly taxed entities, and from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities.

9. Mortgages and securities

The Entity has made a guarantee for AREPA Danmark A/S's debt to Jyske Bank. The balance shows a deposit at 30.09.2017.

The parent company is jointly liable with the group enterprises for the total VAT liability. The total VAT liability in group enterprises amounts to DKK 1,782k (2015/2016 DKK 2,180k).

10. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Envista Forensics LLC – Michigan, USA

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

Consolidated financial statements

Referring to section 112(2) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Non-comparability

This year the annual report is based on the period from 01.07.2016 to 30.09.2017, which is an extension compared to the annual report for 2015/16. Therefore, there will be a lack of comparability in the accounting records. The accounting period has been changed to adopt the group financial period.

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.

Business combinations

Business combinations within the Group are recognised and measured using the pooling-of-interest method. Under the pooling-of-interests method, the financial statements for the period in which the pooling of interests occurred are presented as if the companies had united their interests starting from the earliest accounting period forming part of the financial statements.

Income statement

Gross profit or loss

Gross profit comprises revenue less cost of raw materials and consumables and external expenses.

Accounting policies

Revenue

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

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.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment 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.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Income from investments in associates

Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after elimination of intra-group profits or losses.

Other financial income from group enterprises

Other financial income from group enterprises comprises interest income etc. on receivables from group enterprises

Other financial income

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc. from payables to group enterprises.

Accounting policies

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

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. Current Danish corporation tax is distributed among the jointly taxed companies in proportion to their taxable income (full distribution with reimbursement regarding 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.

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	5 years
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Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Accounting policies

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Investments in associates

Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value plus unamortised goodwill and plus or minus unrealised pro rata intra-group profits and losses.

Associates with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant associate, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Investments in associates 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.

Accounting policies

Other investments

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date and unlisted equity investments measured at cost.

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.

Income tax payable or receivable

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Other financial liabilities

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