

Arepa Holding Denmark ApS

Mads Clausens Vej 12
8600 Silkeborg
Business Registration No
38648721

Annual report 01.10.2018 - 30.09.2019

The Annual General Meeting adopted the annual report on 08.01.2020

Chairman of the General Meeting

Name: Morten Kyed Thomsen

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Entity details

Entity

Arepa Holding Denmark ApS
Mads Clausens Vej 12
8600 Silkeborg

Central Business Registration No (CVR): 38648721
Registered in: Silkeborg
Financial year: 01.10.2018 - 30.09.2019

Executive Board

Michael Kelley Bavely
Robert John Wedoff
Laura A. Juarez

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Papirfabrikken 26
8600 Silkeborg

Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of Arepa Holding Denmark ApS for the financial year 01.10.2018 - 30.09.2019.

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 30.09.2019 and of the results of its operations for the financial year 01.10.2018 - 30.09.2019.

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, 08.01.2020

Executive Board

Michael Kelley Bavely

Robert John Wedoff

Laura A. Juarez

Independent auditor's report

To the shareholders of Arepa Holding Denmark ApS

Opinion

We have audited the financial statements of Arepa Holding Denmark ApS for the financial year 01.10.2018 - 30.09.2019, 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 30.09.2019 and of the results of its operations for the financial year 01.10.2018 - 30.09.2019 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, 08.01.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR)
33963556

Hans Trærup
State Authorised Public Accountant
Identification No (MNE) mne10648

Thorsten Jørgensen
State Authorised Public Accountant
Identification No (MNE) mne31431

Management commentary

Primary activities

The Entity serves as a holding company for the affiliated enterprises.

Development in activities and finances

The profit before tax for the year is considered less 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 2018/19

	<u>Notes</u>	<u>2018/19 DKK</u>	<u>2017/18 DKK</u>
Gross loss		(41.099)	(41.030)
Income from investments in group enterprises		(7.454.283)	(617.498)
Financial expenses from group enterprises		(2.179.567)	(1.851.591)
Other financial expenses		<u>(122)</u>	<u>(99)</u>
Profit/loss before tax		(9.675.071)	(2.510.218)
Tax on profit/loss for the year	1	<u>0</u>	<u>416.000</u>
Profit/loss for the year		<u>(9.675.071)</u>	<u>(2.094.218)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>(9.675.071)</u>	<u>(2.094.218)</u>
		<u>(9.675.071)</u>	<u>(2.094.218)</u>

Balance sheet at 30.09.2019

	<u>Notes</u>	<u>2018/19 DKK</u>	<u>2017/18 DKK</u>
Investments in group enterprises		66.189.651	76.331.160
Fixed asset investments	2	66.189.651	76.331.160
Fixed assets		66.189.651	76.331.160
Receivables from group enterprises		55.338	0
Deferred tax		348.903	115.000
Income tax receivable		0	471.000
Joint taxation contribution receivable		181.759	0
Receivables		586.000	586.000
Cash		28.636	22.852
Current assets		614.636	608.852
Assets		66.804.287	76.940.012

Balance sheet at 30.09.2019

	<u>Notes</u>	<u>2018/19</u> <u>DKK</u>	<u>2017/18</u> <u>DKK</u>
Contributed capital		100.000	100.000
Retained earnings		<u>7.766.138</u>	<u>17.428.435</u>
Equity		<u>7.866.138</u>	<u>17.528.435</u>
Payables to group enterprises		<u>55.683.640</u>	<u>51.536.781</u>
Non-current liabilities other than provisions	3	<u>55.683.640</u>	<u>51.536.781</u>
Trade payables		39.000	40.000
Payables to group enterprises		<u>3.215.509</u>	<u>7.834.796</u>
Current liabilities other than provisions		<u>3.254.509</u>	<u>7.874.796</u>
Liabilities other than provisions		<u>58.938.149</u>	<u>59.411.577</u>
Equity and liabilities		<u>66.804.287</u>	<u>76.940.012</u>
Contingent liabilities	4		
Group relations	5		

Statement of changes in equity for 2018/19

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	100.000	17.428.435	17.528.435
Exchange rate adjustments	0	12.774	12.774
Profit/loss for the year	0	(9.675.071)	(9.675.071)
Equity end of year	100.000	7.766.138	7.866.138

Notes

	2018/19	2017/18
	DKK	DKK
1. Tax on profit/loss for the year		
Change in deferred tax	0	(115.000)
Refund in joint taxation arrangement	0	(301.000)
	0	(416.000)

	Invest- ments in group enterprises DKK
2. Fixed asset investments	
Cost beginning of year	87.141.781
Cost end of year	87.141.781
Impairment losses beginning of year	(10.810.621)
Exchange rate adjustments	12.774
Amortisation of goodwill	(6.380.646)
Share of profit/loss for the year	(1.073.637)
Dividend	(2.700.000)
Impairment losses end of year	(20.952.130)
Carrying amount end of year	66.189.651

Carrying amount of investments in group enterprises includes group goodwill of DKK 48,400k.

	Corpo- rate form	Equity inte- rest %
Registered in		
Investments in group enterprises comprise:		
Arepa A/S	Denmark	A/S 100,0

	Outstanding after 5 years DKK
3. Liabilities other than provisions	
Payables to group enterprises	22.087.181
	22.087.181

Notes

4. Contingent liabilities

The Entity participates with effect from 01.05.2017 in a Danish joint taxation arrangement in which Pedershaab 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. for the jointly taxed entities, and from 01.05.2017 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities.

5. 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.

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.

Income statement

Gross profit or loss

Gross profit or loss comprises other external expenses.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including stationery and office supplies, etc. This item also includes writedowns of receivables recognised in current assets.

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 and goodwill amortisation.

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 companies in proportion to their taxable income (full distribution with reimbursement regarding tax losses).

Balance sheet

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.

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

Receivables

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

Accounting policies

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.

Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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