

Maxi Zoo Denmark A/S

**Industriparken 21A, 3.
2750 Ballerup**

CVR no. 10 11 72 24

Annual report 2015



The annual report was presented and adopted at the annual general meeting of the Company on 11 May 2016

A handwritten signature in blue ink, appearing to be "Lars Jensen", written over a horizontal line.

Chairman

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Maxi Zoo Denmark A/S for the financial year 1 January - 31 December 2015.

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

It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the result of the Company's operations for the financial year 1 January - 31 December 2015.

In our opinion, the Management's review includes a fair review of the development in the Company's operations and financial conditions, the results for the year and the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Ballerup, 11 May 2016

Executive Board



Bo Demant

Board of Directors



Michael Ludwig Trapp
Chairman



Marc Lukies



Hans-Jörg Gidlewitz



KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 Copenhagen Ø
Denmark

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Independent auditor's report

To the Shareholder of Maxi Zoo Denmark A/S

Independent auditor's report on the financial statements

We have audited the financial statements of Maxi Zoo Denmark A/S for the financial year 1 January - 31 December 2015. The financial statements comprise accounting policies, income statement, balance sheet 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 that 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 as to 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company'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 evaluating 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 opinion.

Our audit has not resulted in any qualification.



Independent auditor's report

Opinion

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 11 May 2016

KPMG
Statsautoriseret Revisionspartnerselskab



Casper Garrelts
State Authorised
Public Accountant

Management's review

Company details

The Company

Maxi Zoo Denmark A/S
Industriparken 21A, 3.
2750 Ballerup

Telephone: +45 70 25 21 07
Fax: +45 70 25 21 29
Website: www.maxizoo.dk

CVR no.: 10 11 72 24
Financial Period: 1 January - 31 December
Incorporated: 7 January 2003
Municipality of reg. office: Ballerup

Board of Directors

Michael Ludwig Trapp, *chairman*
Marc Lukies
Hans-Jörg Gidlewitz

Executive Board

Bo Demant

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 Copenhagen Ø

General meeting

The annual general meeting is held on 11 May 2016 at the offices of
Fressnapf Holding SE, Westpreussenstrasse 32-38, D-47809 Krefeld,
Germany.



Management's review

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|---------|---------|---------|---------|---------|
| | DKK'000 | DKK'000 | DKK'000 | DKK'000 | DKK'000 |
| Key figures | | | | | |
| Gross profit | 75,833 | 70,087 | 63,638 | 51,340 | 42,643 |
| Profit/loss before financial income and expenses | -3,577 | -386 | 605 | -1,235 | -5,691 |
| Net financials | -241 | -172 | -284 | -1,780 | -2,134 |
| Net profit/loss for the year | -3,268 | -1,296 | 76 | -2,264 | -5,780 |
| Balance sheet total | 109,760 | 100,606 | 80,768 | 73,533 | 67,981 |
| Investment in property, plant and equipment | 9,111 | 11,138 | 12,774 | 2,853 | 2,553 |
| Equity | 38,371 | 41,639 | 42,935 | 42,859 | -2,852 |
| Number of employees | 198 | 178 | 153 | 129 | 132 |
| Ratios | | | | | |
| Current ratio | 117,4% | 128,9% | 180,0% | 217,4% | 258,2% |
| Solvency ratio | 35,0% | 41,4% | 53,2% | 58,3% | -4,2% |
| Return on assets | -3,4% | -0,4% | 0,8% | -1,7% | -8,4% |
| Return on equity | -3,2% | -3,1% | 0,2% | -11,3% | -200,0% |

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". For terms and definitions, please see the accounting policies.

Management's review

Principal activities of the Company

Maxi Zoo is Denmark's leading pet retailer and part of the German Fressnapf Group. Fressnapf/Maxi Zoo are with more than 1,400 stores Europe's largest chain of pet retailers.

Maxi Zoo Denmark has opened 3 new stores in 2015 and had at the end of the year 37 stores located in all regions of the country.

Development in activities and financial position

The Company consolidated its market position in 2015 with growth in turnover in the existing 34 stores.

The Company had a net loss of DKK 3,268 thousand in 2015, which is affected by expansion and decrease in consumer prices in the market. The result for the year is worse compared to 2014, but Management expects that the result for 2015 will significantly improve.

Risks

The Company's turnover has proved to be fairly robust during the financial crisis, which supports the consideration of the Company as relatively insensible to general consumption risks.

Unusual circumstances

There have been no unusual circumstances which have influenced the result for the year.

Events after the balance sheet date

No events have occurred after the closing of the 2015 financials, which would affect the financial position of the Company.

Outlook

Maxi Zoo expects to increase its turnover and gross profit and to improve the financial result in 2016 compared to 2015. Maxi Zoo expects to open 15 new stores in the next 3 years.



Financial statements 1 January - 31 December

Accounting policies

The annual report of Maxi Zoo Denmark A/S for 2015 has been prepared in accordance with the provisions applying to reporting class C-medium enterprises under the Danish Financial Statements Act.

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared as the cash flow statement is included in the consolidated financial statements of Fressnapf Beteiligungs GmbH.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the Company does not disclose its revenue.

The gross profit reflects an aggregation of revenue, changes in inventories of finished goods and other operating income less raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place before year end and that the income can be reliably measured and is expected to be received.

Revenue is measured at fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Expenses for raw materials and consumables

Expenses for raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other operating income

Other operating income comprises items secondary to the activities of the Company, including gains on disposal of intangible assets and property, plant and equipment.

Financial statements 1 January - 31 December

Accounting policies

Other operating expenses

Other operating costs comprise items secondary to the activities of the Company, including losses on disposal of intangible assets and property, plant and equipment.

Other external costs

External costs comprise expenses related to distribution, sale, advertising, administration, premises, bad debts, operating lease payments, etc.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

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 the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance sheet

Intangible assets

Software is measured at cost less accumulated amortisation. Software is amortised on a straight-line basis over the estimated useful life. The amortisation period is estimated to 3 years.

Property, plant and equipment

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost includes decommission cost if they meet the conditions for recognition of a provision.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The depreciable amount, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life.

Financial statements 1 January - 31 December

Accounting policies

Impairment of non-current assets

The carrying amounts of intangible assets and property, plant and equipment are subject to an annual test for indications of impairment other than the decrease in value reflected by amortisation or depreciation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Writedown is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and consumables are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a receivable portfolio has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows.

Deposits

Deposits are measured at cost.

Financial statements 1 January - 31 December

Accounting policies

Prepayments

Prepayments comprise costs incurred in relation to subsequent financial years.

Provisions

Provisions include provision for decommission costs. Provisions are recognised when, at the balance sheet date, the Company has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

When the Company is obligated to restore a rented store, a liability equal to the present value of the expected future costs is recognised. After initial recognition of the present value, the liability accretion expense is recognised over the income statement as a finance expense.

Deferred tax assets and liabilities

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and other items where temporary differences arise at the date of acquisition without affecting either profit/loss for the year or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the expected value of their realisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities other than provisions

Liabilities are measured at net realisable value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Financial statements 1 January - 31 December

Accounting policies

Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Financial highlights overview

Financial highlights are calculated as follows:

| | |
|------------------|---|
| Return on assets | $\text{Profit before financials} \times 100 / \text{Total assets}$ |
| Solvency ratio | $\text{Equity at year end} \times 100 / \text{Total assets}$ |
| Current ratio | $\text{Current assets} \times 100 / \text{Current liabilities}$ |
| Return on equity | $\text{Net profit for the year} \times 100 / \text{Average equity}$ |

Financial statements 1 January - 31 December

Income statement

| | <u>Note</u> | <u>2015</u> DKK'000 | <u>2014</u> DKK'000 |
|--|-------------|------------------------|------------------------|
| Gross profit | | 75,833 | 70,087 |
| Staff costs | 1 | -71,291 | -63,210 |
| Depreciation, amortisation and impairment of intangible assets and property, plant and equipment | 2 | <u>-8,119</u> | <u>-7,263</u> |
| Profit/loss before financial income and expenses | | -3,577 | -386 |
| Financial expenses | 3 | <u>-241</u> | <u>-172</u> |
| Profit/loss before tax | | -3,818 | -558 |
| Tax on loss for the year | 4 | <u>550</u> | <u>-738</u> |
| Profit/loss for the year | | <u>-3,268</u> | <u>-1,296</u> |
| Proposed distribution of loss | | | |
| Retained earnings | | <u>-3,268</u> | <u>-1,296</u> |
| | | <u>-3,268</u> | <u>-1,296</u> |

Financial statements 1 January - 31 December

Balance sheet

| | <u>Note</u> | <u>2015</u> DKK'000 | <u>2014</u> DKK'000 |
|--|-------------|------------------------|------------------------|
| Assets | | | |
| Software | | 0 | 199 |
| Intangible assets | 5 | <u>0</u> | <u>199</u> |
| Fixtures and fittings, tools and equipment | | 23,950 | 22,759 |
| Property, plant and equipment | 6 | <u>23,950</u> | <u>22,759</u> |
| Deposits | | 5,919 | 5,474 |
| Deposits | | <u>5,919</u> | <u>5,474</u> |
| Non current assets | | <u>29,869</u> | <u>28,432</u> |
| Finished goods and goods for resale | | 48,927 | 44,751 |
| Inventories | | <u>48,927</u> | <u>44,751</u> |
| Trade receivables | | 592 | 908 |
| Other receivables | | 4,159 | 2,675 |
| Deferred tax asset | 7 | 7,789 | 7,239 |
| Prepayments | | 1,504 | 1,815 |
| Receivables | | <u>14,044</u> | <u>12,637</u> |
| Cash at bank and in hand | | <u>16,920</u> | <u>14,786</u> |
| Total current assets | | <u>79,891</u> | <u>72,174</u> |
| Total assets | | <u><u>109,760</u></u> | <u><u>100,606</u></u> |

Financial statements 1 January - 31 December

Balance sheet

| | <u>Note</u> | <u>2015</u> DKK'000 | <u>2014</u> DKK'000 |
|---|-------------|------------------------|------------------------|
| Equity and liabilities | | | |
| Share capital | | 1,050 | 1,050 |
| Retained earnings | | <u>37,321</u> | <u>40,589</u> |
| Total equity | 8 | <u>38,371</u> | <u>41,639</u> |
| Provision for decommission costs | | <u>3,363</u> | <u>2,993</u> |
| Total provisions | | <u>3,363</u> | <u>2,993</u> |
| Trade payables | | 5,252 | 5,994 |
| Payables to subsidiaries | | 43,112 | 34,761 |
| Other payables | | 15,325 | 13,304 |
| Deferred income | | <u>4,337</u> | <u>1,915</u> |
| Short-term debt | | <u>68,026</u> | <u>55,974</u> |
| Total debt | | <u>68,026</u> | <u>55,974</u> |
| Total equity and liabilities | | <u>109,760</u> | <u>100,606</u> |
| Contractual obligations and contingencies, etc. | 9 | | |
| Related parties and ownership | 10 | | |

Financial statements 1 January - 31 December

Notes

| | <u>2015</u> DKK'000 | <u>2014</u> DKK'000 |
|-----------------------------|------------------------|------------------------|
| 1 Staff costs | | |
| Wages and salaries | 60,007 | 53,254 |
| Other social security costs | 5,767 | 4,997 |
| Other staff costs | <u>5,517</u> | <u>4,959</u> |
| | <u>71,291</u> | <u>63,210</u> |
| | | |
| Average number of employees | <u>198</u> | <u>178</u> |

Remuneration of the Executive Board amounts to DKK 347 thousand (2014: DKK 1,509 thousand).

| | | |
|---|---------------------|---------------------|
| 2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment | | |
| Amortisation intangible assets | 199 | 323 |
| Depreciation tangible assets | <u>7,920</u> | <u>6,940</u> |
| | <u>8,119</u> | <u>7,263</u> |

| | | |
|-----------------------------|-------------------|-------------------|
| 3 Financial expenses | | |
| Interest | 95 | 23 |
| Other financial expenses | 128 | 129 |
| Exchange loss | <u>18</u> | <u>20</u> |
| | <u>241</u> | <u>172</u> |

Financial statements 1 January - 31 December

Notes

| | <u>2015</u> DKK'000 | <u>2014</u> DKK'000 |
|--|------------------------|------------------------|
| 4 Tax on loss for the year | | |
| Deferred tax for the year | -936 | -85 |
| Adjustment for tax reduction | 0 | 823 |
| Adjustment of deferred tax concerning previous years | 386 | 0 |
| | <u>-550</u> | <u>738</u> |
| | | |
| 5 Intangible assets | | |
| | | <u>Software</u> |
| | | DKK'000 |
| Cost at 1 January | | <u>2,263</u> |
| Cost 31 December | | <u>2,263</u> |
| Impairment losses and amortisation at 1 January | | 2,064 |
| Amortisation for the year | | <u>199</u> |
| Impairment losses and amortisation 31 December | | <u>2,263</u> |
| Carrying amount at 31 December 2015 | | <u><u>0</u></u> |
| | | |
| Amortised over | | <u>3 years</u> |

Financial statements 1 January - 31 December

Notes

6 Property, plant and equipment

| | <u>Fixtures and fittings, tools and equipment</u> |
|---|---|
| | DKK'000 |
| Cost at 1 January | 66,914 |
| Additions for the year | <u>9,111</u> |
| Cost 31 December | <u>76,025</u> |
| Impairment losses and depreciation at 1 January | 44,155 |
| Depreciation for the year | <u>7,920</u> |
| Impairment losses and depreciation 31 December | <u>52,075</u> |
| Carrying amount at 31 December 2015 | <u><u>23,950</u></u> |
| Depreciated over | <u>3-5 years</u> |

| | <u>2015</u> | <u>2014</u> |
|--|----------------------------|----------------------------|
| | DKK'000 | DKK'000 |
| 7 Deferred tax asset | | |
| Deferred tax at 1 January | 7,239 | 7,977 |
| Deferred tax adjustment for the year | 936 | 85 |
| Adjustment for tax reduction | 0 | -823 |
| Correction to tax prior year | <u>-386</u> | <u>0</u> |
| Deferred tax asset at 31 December | <u><u>7,789</u></u> | <u><u>7,239</u></u> |



Financial statements 1 January - 31 December

Notes

8 Equity

| | Share capital | Retained earnings | Total |
|------------------------------|---------------|-------------------|---------------|
| | DKK'000 | DKK'000 | DKK'000 |
| Equity at 1 January | 1,050 | 40,589 | 41,639 |
| Net profit/loss for the year | 0 | -3,268 | -3,268 |
| Equity 31 December | 1,050 | 37,321 | 38,371 |

The share capital consists of 1,050,000 shares at a nominal value of DKK 1. No shares carry any special rights.

Change in share capital at:

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|
| | DKK'000 | DKK'000 | DKK'000 | DKK'000 | DKK'000 |
| Share capital at 1 January | 1,050 | 1,050 | 1,050 | 1,020 | 1,020 |
| Additions for the year | 0 | 0 | 0 | 30 | 0 |
| Share capital 31 December | 1,050 | 1,050 | 1,050 | 1,050 | 1,020 |

9 Contractual obligations and contingencies, etc.

Contingent liabilities

The Company's bank has issued guarantees with a total amount of DKK 5,405 thousand (2014: DKK 5,762 thousand) instead of rent deposits to a third party.

A Company charge of DKK 3,000 thousand has been granted to the Company's bank. At the year end, the bank facility is unused (2014: DKK 5,250 thousand).

Operating leases

Lease obligations (operating leases) falling due within 15 years total DKK 115,004 thousand (2014: DKK 101,563 thousand).

Financial statements 1 January - 31 December

Notes

10 Related parties and ownership

Maxi Zoo Denmark A/S' related parties comprise the following:

Controlling interest

Fressnapf Beteiligungs GmbH holds the majority of the share capital in the Company.
Other related parties comprise the other group companies, the Company's Management and the Board of Directors.

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Fressnapf Beteiligungs GmbH, Postfach 93 26, 47809 Krefeld, Germany

The consolidated financial statements of Fressnapf Beteiligungs GmbH are available at the Company's address.