

# Maxi Zoo Denmark A/S

Industriparken 21A, 3.  
2750 Ballerup

CVR no. 10 11 72 24

## Annual report 2017

The annual report was presented and approved at the  
Company's annual general meeting on

28 May 2018

  
\_\_\_\_\_  
chairman

**Maxi Zoo Denmark A/S**  
Annual report 2017  
CVR no. 10 11 72 24

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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 2017.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

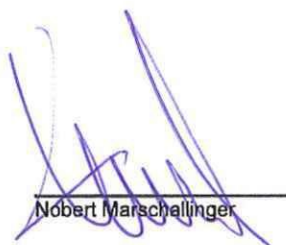
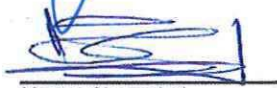
We recommend that the annual report be approved at the annual general meeting.

Ballerup 28 May 2018

Executive Board:

  
Bo Demant

Board of Directors:

  
Sven Girmendonk  
Chairman  
Robert Marschallinger  
Steven Pinholt Mortensen  
Morten Skaanshøj  
Sørensen  
Peter Gunnar Østergaard  
Hansen



## **Independent auditor's report**

### **To the shareholder of Maxi Zoo Denmark A/S**

#### **Opinion**

We have audited the financial statements of Maxi Zoo Denmark A/S for the financial year 1 January – 31 December 2017 comprising income statement, balance sheet, statement of changes in equity and notes, including 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 Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 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 the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **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.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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

- identify and assess the risks of material misstatement of the company 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.



## **Independent auditor's report**

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Statement on the Management's review**

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review 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's review.



## **Independent auditor's report**

Copenhagen 28 May 2018

**KPMG**

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

A handwritten signature in black ink, appearing to read 'Niels Vendelbo', written over a faint, illegible stamp or background.

Niels Vendelbo  
State Authorised  
Public Accountant  
MNE no. 34532

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## **Management's review**

### **Company details**

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](http://www.maxizoo.dk)

CVR no.: 10 11 72 24  
Established: 7 January 2003  
Registered office: Ballerup  
Financial year: 1 January – 31 December

### **Board of Directors**

Sven Girmendonk, Chairman  
Nobert Marschallinger  
Steven Pinholt Mortensen  
Morten Skaanshøj Sørensen  
Peter Gunnar Østergaard Hansen

### **Executive Board**

Bo Demant

### **Auditor**

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfaergevej 28  
DK-2100 Copenhagen

### **Annual general meeting**

The annual general meeting will be held on 28 May 2018.

## Management's review

### Financial highlights

DKK'000	2017	2016	2015	2014	2013
<b>Key figures</b>					
Gross profit	103,400	81,918	75,833	70,087	63,638
Operating profit/loss	9,953	-5,033	-3,577	-386	605
Profit/loss from financial income and expenses	-455	-661	-241	-172	-284
Profit/loss for the year	7,513	-4,550	-3,268	-1,296	76
<b>Balance sheet total</b>					
Balance sheet total	134,360	114,526	109,760	100,606	80,768
Equity	86,934	33,821	38,371	11,138	12,774
Investment in property, plant and equipment	5,803	0	0	0	0
<b>Ratios</b>					
Return on assets	8.0%	-4.4%	-3.4%	-0.4%	0.8%
Current ratio	240.0%	105.1%	118.3%	130.0%	167.7%
<b>Average number of full-time employees</b>					
Average number of full-time employees	228	213	198	178	153

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". The financial ratios have been calculated as follows:

Return on invested capital

$$\frac{\text{Operating profit/loss} \times 100}{\text{Average invested capital}}$$

Current ratio

$$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$$



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## Management's review

### Operating review

#### Principal activities

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

Maxi Zoo Denmark has opened 2 new stores in 2017 and has at the end of year 44 stores located in all regions of the country.

#### Development in activities and financial position

The company consolidated its market position in 2017 with growth in turnover in the existing 42 stores.

The company had a net profit of DKK 7,513 thousand in 2017. The result of the year is a significant improvement compared to 2016, and the management expect that the result will further improve in 2018.

During 2017 the Company received a cash group contribution of DKK 45,600 thousand from its parent company.

#### Events after the balance sheet date

No events have occurred after 31 December 2017, which would significantly affect the financial position of the Company as at 31 December 2017.

#### Outlook

Maxi Zoo expects to grow its turnover and gross profit and to increase the financial result in 2018 compared to 2017. Maxi Zoo expects to open 9 new stores in the next 3 years, and to further improve the financial result in 2019 and 2020.

## Financial statements 1 January – 31 December

### Income statement

DKK'000	Note	2017	2016
<b>Gross profit</b>		103,400	81,918
Staff costs	2	-84,020	-78,810
Depreciation, amortisation and impairment		<u>-9,427</u>	<u>-8,141</u>
<b>Operating profit/loss</b>		9,953	-5,033
Financial income		5	0
Financial expenses	3	<u>-460</u>	<u>-661</u>
<b>Profit/Loss before tax</b>		9,498	-5,694
Tax on profit/loss for the year	4	<u>-1,985</u>	<u>1,144</u>
<b>Profit for the year</b>		<u><u>7,513</u></u>	<u><u>-4,550</u></u>

## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	2017	2016
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>			
Software	5	0	0
<b>Property, plant and equipment</b>			
Fixtures and fittings, tools and equipment	6	22,526	26,150
		<u>22,526</u>	<u>26,150</u>
<b>Investments</b>			
Deposits		8,143	7,644
		<u>8,143</u>	<u>7,644</u>
<b>Total fixed assets</b>		<u>30,669</u>	<u>33,794</u>
<b>Current assets</b>			
<b>Inventories</b>			
Finished goods and goods for resale		48,236	50,311
		<u>48,236</u>	<u>50,311</u>
<b>Receivables</b>			
Trade receivables		2,818	775
Receivables from group entities		18,000	0
Other receivables		2,324	2,729
Deferred tax asset	7	8,104	8,933
Prepayments		3,399	1,597
		<u>34,645</u>	<u>14,034</u>
<b>Cash at bank and in hand</b>		<u>20,810</u>	<u>16,387</u>
<b>Total current assets</b>		<u>103,691</u>	<u>80,732</u>
<b>TOTAL ASSETS</b>		<u><u>134,360</u></u>	<u><u>114,526</u></u>

## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	2017	2016
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	8		
Contributed capital		1,050	1,050
Retained earnings		85,884	32,771
<b>Total equity</b>		86,934	33,821
<b>Provisions</b>			
Provisions for decommission costs		4,229	3,924
<b>Total provisions</b>		4,229	3,924
<b>Liabilities other than provisions</b>			
<b>Current liabilities other than provisions</b>			
Trade payables		5,494	6,271
Payables to group entities		12,821	51,289
Corporation tax		1,156	0
Other payables	9	19,396	13,942
Deferred income	10	4,330	5,279
		43,197	76,781
<b>Total liabilities other than provisions</b>		43,197	76,781
<b>TOTAL EQUITY AND LIABILITIES</b>		134,360	114,526
<b>Contractual obligations, contingencies, etc.</b>	11		
<b>Related party disclosures</b>	12		

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## Financial statements 1 January – 31 December

### Statement of changes in equity

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2017	1,050	32,771	33,821
Cash group contribution	0	45,600	45,600
Transferred over the profit appropriation	<u>0</u>	<u>7,513</u>	<u>7,513</u>
<b>Equity at 31 December 2017</b>	<b><u>1,050</u></b>	<b><u>85,884</u></b>	<b><u>86,934</u></b>

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of Maxi Zoo Denmark A/S for 2017 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

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 is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms © 2010.

Revenue is measured at the 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 external costs

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

#### Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

#### Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, 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.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Tax on 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

Land and buildings, plant and machinery and 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 on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

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 basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixture and fittings, tools and equipment	5 years
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The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

##### Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

decrease in value reflected by amortization 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 forecast net cash flows from the use of the asset or the group of assets, including forecast 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 raw materials 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 portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, 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.

#### Prepayments and deferred income

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

#### Provisions

Other securities and equity investments included in investment comprise unlisted shares that Management considers investment securities. The equity investments are measured at cost.

Other securities and equity investments recognised as current assets comprise listed securities measured at fair value at the balance sheet date, corresponding to market value.



## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Corporation tax and deferred tax

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 based on the planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

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.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

##### Prepayments and deferred income

Deferred income comprises advance invoicing regarding income in subsequent years.

##### 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 statements 1 January – 31 December

### Notes

<b>2 Staff costs</b>		
DKK'000	<u>2017</u>	<u>2016</u>
Wages and salaries	70,825	66,678
Other social security costs	6,978	6,470
Other staff costs	<u>6,217</u>	<u>5,662</u>
	<u>84,020</u>	<u>78,810</u>
	<u>228</u>	<u>213</u>
Remuneration of the Executive Board amounts to DKK 0 thousand (2015: DKK 347 thousand).		
<b>3 Financial expenses</b>		
Interest expense to group entities	115	102
Other financial costs	<u>345</u>	<u>559</u>
	<u>460</u>	<u>661</u>
<b>4 Tax on loss for the year</b>		
Current tax for the year	1,156	0
Deferred tax for the year	<u>829</u>	<u>-1,144</u>
	<u>1,985</u>	<u>-1,144</u>
<b>5 Intangible assets</b>		
DKK'000		<u>Software</u>
Cost at 1 January 2017		2,263
Cost at 31 December		<u>2,263</u>
Impairment losses and amortisation at 1 January		<u>-2,263</u>
Amortisation and impairment losses at 31 December 2017		<u>-2,263</u>
<b>Carrying amount at 31 December 2017</b>		<u>0</u>

## Financial statements 1 January – 31 December

### Notes

#### 6 Property, plant and equipment

DKK'000	Fixtures and fittings, tools and equipment
Cost at 1 January 2017	86,366
Additions for the year	<u>5,803</u>
Cost at 31 December 2017	<u>92,169</u>
Depreciation and impairment losses at 1 January 2017	-60,216
Depreciation for the year	<u>-9,427</u>
Depreciation and impairment losses at 31 December 2017	<u>-69,643</u>
<b>Carrying amount at 31 December 2017</b>	<b><u>22,526</u></b>

#### 7 Deferred tax asset

DKK'000	2017	2016
Deferred tax at 1 January	8,933	7,789
Deferred tax adjustment for the year	-935	1,144
Correction to tax prior year	<u>106</u>	<u>0</u>
Deferred tax at 31 December	<u>8,104</u>	<u>8,933</u>

#### 8 Equity

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

#### 9 Other payables

DKK'000	2017	2016
VAT payable	5,359	2,482
Labour Market Supplementary Pension (ATP)	192	191
Other social security costs	419	349
Holiday pay obligation	8,349	7,707
Accrued wages and salaries	1,195	2,511
Other payables	<u>3,882</u>	<u>702</u>
	<u>19,396</u>	<u>13,942</u>

#### 10 Deferred income

Deferred income recognized under current liabilities DKK 4,330 (2016: DKK 5,279) consist of adjustment related to provision for rental contribution as well as giftcards and vouchers.

## Financial statements 1 January – 31 December

### Notes

#### 11 Contractual obligations, contingencies, etc.

##### Contingent liabilities

The Company's bank has issued guarantees with a total amount of DKK 4,940 thousand (2016: DKK 4,940 thousand) instead of rent deposits to a third party.

Lease obligations (operating leases) falling due within 15 years total DKK 119,845 thousand (2016: DKK 82,569 thousand).

A Company guaranty of DKK 3,000 thousand has been granted to the Company's bank. At the year end, the bank facility is unused (2016: DKK 3,000).

#### 12 Related party disclosures

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.

##### Consolidated financial statements

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