

# Vitakraft Danmark A/S

Hasselager Centervej 7, st.  
8260 Viby J

CVR no. 14 31 28 97

## Annual report 2017

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

23 April 2018

\_\_\_\_\_  
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 Vitakraft Danmark 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 matters discussed in the Management's review.


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

Aarhus, 23 April 2018  
Executive Board:

  
Christian Kjærgaard  
Thomsen

Board of Directors:

  
Heinz Johannes Gardewin  
Chairman

  
Dirk Strelow

  
Christian Kjærgaard  
Thomsen



## **Independent auditor's report**

### **To the shareholders of Vitakraft Danmark A/S**

#### **Opinion**

We have audited the financial statements of Vitakraft Danmark 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.

Aarhus, 23 April 2018

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Michael E. K. Rasmussen

State Authorised  
Public Accountant  
MNE no. 41364

Vitakraft Danmark A/S  
Annual report 2017  
CVR no. 14 31 28 97

## Management's review

### Company details

Vitakraft Danmark A/S  
Hasselager Centervej 7, st.  
8260 Viby J

CVR no.:	14 31 28 97
Established:	1 January 1990
Registered office:	Aarhus
Financial year:	1 January – 31 December

### Board of Directors

Heinz Johannes Gardewin, Chairman  
Dirk Strelow  
Christian Kjærgaard Thomsen

### Executive Board

Christian Kjærgaard Thomsen

### Auditor

KPMG  
Statsautoriseret Revisionspartnerselskab  
Bredskifte Allé 13  
DK-8210 Aarhus V

### Annual general meeting

The annual general meeting will be held on 23 April 2018.

## **Management's review**

### **Operating review**

#### **Principal activities**

The Company's activities include wholesale and distribution of food and accessories for pets in Denmark.

#### **Development in activities and financial position**

For the financial year 2017, the Company reported a profit before tax of DKK 310 thousand as against a profit of DKK 593 thousand last year.

During 2017, the Company transferred its inventory to the parent company.

#### **Events after the balance sheet date**

No events have occurred that will have a significant impact on the financial position of the Company.

## Financial statements 1 January – 31 December

### Income statement

DKK'000	Note	2017	2016
<b>Gross profit</b>		4,081	5,104
Staff costs	2	-3,622	-4,267
Depreciation, amortisation and impairment		-94	-71
<b>Operating profit</b>		365	766
Financial income		24	34
Financial expenses	3	-79	-207
<b>Profit before tax</b>		310	593
Tax on profit/loss for the year		0	-144
<b>Profit for the year</b>		310	449
<b>Proposed profit appropriation</b>			
Retained earnings		310	449
		310	449



## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	2017	2016
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Property, plant and equipment</b>			
Fixtures and fittings, tools and equipment		233	180
		<u>233</u>	<u>180</u>
<b>Investments</b>			
Deposits		78	80
		<u>78</u>	<u>80</u>
<b>Total fixed assets</b>		<u>311</u>	<u>260</u>
<b>Current assets</b>			
<b>Inventories</b>			
Finished goods and goods for resale		0	3,131
		<u>0</u>	<u>3,131</u>
<b>Receivables</b>			
Trade receivables		5,316	3,797
		<u>5,316</u>	<u>3,797</u>
<b>Cash at bank and in hand</b>		<u>2,640</u>	<u>1,712</u>
<b>Total current assets</b>		<u>7,956</u>	<u>8,640</u>
<b>TOTAL ASSETS</b>		<u><u>8,267</u></u>	<u><u>8,900</u></u>

## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	2017	2016
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Contributed capital		501	501
Retained earnings		759	449
<b>Total equity</b>		<u>1,260</u>	<u>950</u>
<b>Provisions</b>			
Other provisions		0	250
<b>Total provisions</b>		<u>0</u>	<u>250</u>
<b>Liabilities other than provisions</b>			
<b>Current liabilities other than provisions</b>			
Trade payables		610	673
Payables to group entities		3,877	4,077
Corporation tax		0	181
Other payables		2,520	2,769
		<u>7,007</u>	<u>7,700</u>
<b>Total liabilities other than provisions</b>		<u>7,007</u>	<u>7,700</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>8,267</u></u>	<u><u>8,900</u></u>

## 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	501	449	950
Transferred over the profit appropriation	<u>0</u>	<u>310</u>	<u>310</u>
<b>Equity at 31 December 2017</b>	<u><u>501</u></u>	<u><u>759</u></u>	<u><u>1,260</u></u>

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of Vitakraft Danmark A/S for 2017 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

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

#### Foreign currency translation

On initial recognition, 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 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.

### Income statement

#### 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 excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

#### Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale.

#### Other operating income

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

#### Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### 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.

##### Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

### Balance sheet

#### Property, plant and equipment

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:

Fixtures 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.

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.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Impairment of fixed assets

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

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down 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 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 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 receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable is used as discount rate.

## 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. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

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. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

##### Provisions

Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at value in use.

##### Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

## Financial statements 1 January – 31 December

### Notes

DKK'000	<u>2017</u>	<u>2016</u>
<b>2 Staff costs</b>		
Wages and salaries	3,325	3,939
Pensions	221	248
Other social security costs	<u>76</u>	<u>80</u>
	<u>3,622</u>	<u>4,267</u>
Average number of full-time employees	<u>10</u>	<u>12</u>
<b>3 Financial expenses</b>		
Interest expense to group entities	14	80
Other financial costs	<u>65</u>	<u>127</u>
	<u>79</u>	<u>207</u>

### 4 Contractual obligations, contingencies, etc.

#### Contingent assets

Tax losses with a tax value of DKK 531 thousand have not been recognised in the financial statements due to uncertainty relating to the possibility to use the losses.

#### Operating lease obligations

The Company has entered into operating leases at the following amounts:

The remaining term of the leases is 35 months with an average monthly lease payment of DKK 23 thousand, totalling DKK 809 thousand.

### 5 Related party disclosures

Vitakraft Danmark A/S is part of the consolidated financial statements of P.F.I Vitakraft GmbH, Bremen, Germany, which is the smallest group in which the Company is included as a subsidiary.