

Gazelle Denmark A/S

Baltorpbakken 14  
2750 Ballerup

CVR no. 33 88 59 97

**Annual report 2016**

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

15 May 2017

\_\_\_\_\_  
chairman

**Gazelle Denmark A/S**  
Annual report 2016  
CVR no. 33 88 59 97

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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 Gazelle Denmark A/S for the financial year 1 January – 31 December 2016.

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 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016.

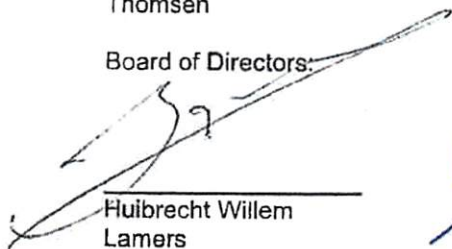
We recommend that the annual report be approved at the annual general meeting.

Ballerup,  
Executive Board:



Henrik Hyldgaard  
Thomsen

Board of Directors:



Huibrecht Willem  
Lamers  
Chairman



Maarten Koen van der  
Weerd



Fedde Wildenbeest

It has been decided that the Company's financial statements for the coming financial year should be subject to an extended review in accordance with the Danish Business Authority's Accounting Standard for Small Entities instead of an audit in accordance with International Standards on Auditing. The Company is a reporting class B entity and meets the requirements in this respect in section 135 of the Danish Financial Statements Act.



## **Independent auditor's report**

### **To the shareholders of Gazelle Denmark A/S**

#### **Opinion**

We have audited the financial statements of Gazelle Denmark A/S for the financial year 1 January – 31 December 2016 comprising income statement, balance sheet 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 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016 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.



## **Independent auditor's report**

### **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.
- 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.



## Independent auditor's report

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.

Copenhagen,

**KPMG**

Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98

A handwritten signature in blue ink, appearing to read 'PEJ' with a stylized flourish.

Per Ejning Olsen  
State Authorised  
Public Accountant

## **Company details**

Gazelle Denmark A/S  
Baltorpbakken 14  
2750 Ballerup

CVR no.: 33 88 59 97  
Established: 12 September 2011  
Registered office: Ballerup  
Financial year: 1 January – 31 December

### **Board of Directors**

Huibrecht Willem Lamers, Chairman  
Maarten Koen van der Weerd  
Fedde Wildenbeest

### **Executive Board**

Henrik Hylgaard Thomsen

### **Auditor**

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
2100 København Ø

## Financial statements 1 January – 31 December

### Income statement

DKK'000	Note	2016	2015
Revenue		25.624	23.947
Cost of goods sold		-20.540	-18.985
Other external costs		-2.789	-2.780
<b>Gross profit</b>		<b>2.295</b>	<b>2.182</b>
Staff costs	2	-1.759	-1.674
<b>Operating profit</b>		<b>536</b>	<b>508</b>
Financial expenses		-54	-42
<b>Profit before tax</b>		<b>482</b>	<b>466</b>
Tax on profit/loss for the year		-106	-109
<b>Profit for the year</b>		<b>376</b>	<b>357</b>
<b>Proposed profit appropriation</b>			
Retained earnings		376	357
		376	357



## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	2016	2015
<b>ASSETS</b>			
<b>Current assets</b>			
<b>Inventories</b>			
Finished goods and goods for resale		<u>145</u>	<u>225</u>
		<u>145</u>	<u>225</u>
<b>Receivables</b>			
Trade receivables		<u>11.779</u>	<u>9.537</u>
		<u>11.779</u>	<u>9.537</u>
<b>Total current assets</b>		<u>11.924</u>	<u>9.762</u>
<b>TOTAL ASSETS</b>		<u><u>11.924</u></u>	<u><u>9.762</u></u>

## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	2016	2015
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	3		
Share capital		500	500
Retained earnings		<u>1.292</u>	<u>916</u>
<b>Total equity</b>		<u>1.792</u>	<u>1.416</u>
<b>Liabilities other than provisions</b>			
<b>Current liabilities other than provisions</b>			
Trade payables		34	103
Debt to group companies		7.581	6.025
Corporation tax		106	109
Other payables		<u>2.411</u>	<u>2.109</u>
		<u>10.132</u>	<u>8.346</u>
<b>Total liabilities other than provisions</b>		<u>10.132</u>	<u>8.346</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>11.924</u>	<u>9.762</u>
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## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of Gazelle Denmark A/S for 2016 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015. This has entailed the following changes to recognition and measurement:

- Going forward, dividends from equity investments in subsidiaries recognised at cost are always recognised in the income statement. In case of indication of impairment, an impairment test is conducted. Indication of impairment exists if distributed dividend exceeds profit for the year or if the carrying amount of equity investments exceeds the consolidated carrying amounts of the net assets in the subsidiary. Previously, cost was reduced to the extent that distributed dividend exceeded accumulated earnings after the acquisition date.
- Going forward, the residual value of intangible assets and property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.
- Going forward, unlisted equity investments are measured at cost. Previously, these were measured at fair value. Pursuant to the transition provisions, the recognised fair value in the annual report for 2016 is considered deemed cost of the equity investments. Comparative figures for the income statement and balance sheet have not been restated.
- Going forward, an amount corresponding to the capitalised development costs will be tied to the restricted reserve "Reserve for development costs" under equity. The reserve cannot be used for dividend, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the development costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established. The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures.

### Income statement

#### Revenue

Income from the sale of goods, which comprise the sale of bicycles, is recognised in

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

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.

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.

#### Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, 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 expenses and other costs regarding loans to finance the production of intangible assets and property, plant and equipment, and as concerns the period of time of production, are not included in cost.

Dividends from shares in subsidiaries is included in the income statement in the financial year, when the dividend is declared.

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

Tax for the year comprises current tax and changes in deferred tax for the year. 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

#### 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.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

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

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries. Indirect production overheads and borrowing costs are not included in cost.

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 recognised in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provision for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Prepayments and deferred income

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

##### Equity

###### *Dividend*

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

##### Corporation tax and deferred tax

The Company is jointly taxed with other Danish companies in the Pon Group. The tax effect of the joint taxation with the parent company is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses). The jointly taxed enterprises have adopted the on-account taxation scheme.

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.

Current tax liability and current tax receivable are recognised as receivables in the balance sheet in case of overpayment of tax on account, and as liabilities in case of underpayment of tax on account.

Deferred tax is measured under the balance sheet liability method in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax assets, including the tax base of tax loss carryforwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

##### Liabilities other than provisions

Liabilities other than provisions are measured at net realisable value.

##### Deferred income

Deferred income includes payments in respect of income in subsequent years.

## **Financial statements 1 January – 31 December**

### **Notes**

#### **1 Accounting policies (continued)**

##### **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 at 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.

Non-current assets, purchased in foreign currencies, are measured at the exchange rates at the transaction date.

## Financial statements 1 January – 31 December

### Notes

#### 2 Staff costs

DKK'000	2016	2015
Wages and salaries	1.611	1.525
Pensions	143	135
Other social security costs	5	14
	<u>1.759</u>	<u>1.674</u>
Average number of full-time employees	<u>3</u>	<u>3</u>

#### 3 Equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2016	500	916	1.416
Transferred over the profit appropriation	0	376	376
Equity at 31 December 2016	<u>500</u>	<u>1.292</u>	<u>1.792</u>

The share capital consists of 500 shares of a nominal value of DKK 1,000 each.

All shares rank equally.

There has been no movement in the share capital since the founding of the company.

#### 4 Contractual obligations, contingencies, etc.

##### Contingent liabilities

The Company is jointly taxed with other Danish companies in the PON Group and severally liable for tax on the jointly taxed income and for certain withholding taxes such as dividend tax and royalty tax. The jointly taxed entities' total net liability to SKAT amounted to DKK 0 thousand at 31 December 2016. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail an increase in the entities' liability. The Group as a whole is not liable to any other parties.

##### Operating lease obligations

Remaining operating lease obligations at the balance sheet date fall due at DKK 255 thousand within 4 years (2015: DKK 5 thousand).



## Financial statements 1 January – 31 December

### Notes

#### 5 Main activity

Gazelle Denmark A/S is included in the Royal Dutch Gazelle Group as a subsidiary.

Royal Dutch Gazelle employs around 450 employees at its factory in Dieren, where bicycles are produced, including electric bicycles, city bicycles and leisure bicycles. The Company was established in 1892 and has produced bicycles ever since. Gazelle Denmark A/S takes care of the Group's sales in Denmark.

#### 6 Related party disclosures

Gazelle Denmark A/S' related parties comprise the following:

##### Controlling interest

PON Holding Denmark A/S, immediate Parent Company

PON Holding B.V., ultimate Parent Company

##### Ownership

The following shareholders are registered in the Company's register of shareholders as holding a minimum of 5% of the votes or a minimum of 5% of the share capital:

Pon Holding Denmark A/S  
Park Aile 363, 2605 Brndby

PON Holding B.V., The Netherlands., which is the Company's ultimate Parent Company at 31 December 2016, prepares the Group annual report in which the company is included.

The Group annual report of the ultimate Parent Company can be obtained at the following adress:

PON Holdings B.V., Putterstraatweg 5, 3862 RA Nijkerk, The Netherlands.