

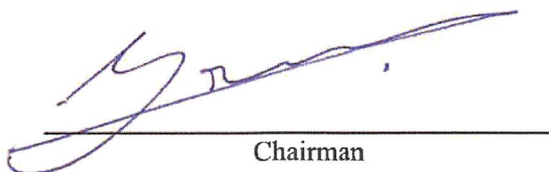
Gazelle Denmark A/S

**Baltopbakken 14
2750 Ballerup**

CVR no. 33 88 59 97

Annual report 2015

The annual report was presented and
adopted at the annual general meeting of
the Company on 31 May 2016



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 Gazelle 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 results of the Company's operations for the financial year 1 January - 31 December 2015.

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

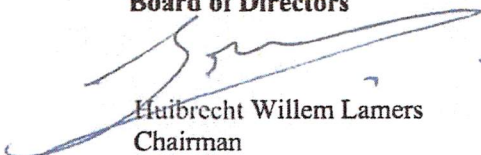
Ballerup, 31 May 2016

Executive Board



Joachim Green

Board of Directors



Huibrecht Willem Lamers
Chairman



Gijsbert Anton Peter Spil



Fedde Dirk Wildenbeest



KPMG
Statsautoriseret Revisionspartnerselskab
Amerika Plads 38
DK-2100 Copenhagen Denmark
Denmark

Telephone 70707760
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CVR no. 25578198

Independent auditor's report

To the Shareholder of Gazelle Denmark A/S

We have audited the financial statements of Gazelle 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.

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.



Independent auditor's report

Copenhagen, 31 May 2016

KPMG
Statsautoriseret Revisionspartnerselskab
25 57 81 98

A handwritten signature in blue ink, appearing to read 'P. E. Olsen'.

Per Ejsing Olsen
State Authorised Public Accountant



Management's review

Company

Gazelle Denmark A/S
Baltopbakken 14
2750 Ballerup

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

Board of Directors

Huibrecht Willem Lamers, Chairman
Gijsbert Anton Peter Spil,
Fedde Dirk Wildenbeest

Executive Board

Joachim Green

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Amerika Plads 38
DK-2100 Copenhagen Denmark

General meeting

The annual general meeting will be held on 31 May 2016 at the Company's address.

Financial statements 1 January - 31 December

Accounting policies

The annual report of Gazelle Denmark A/S for 2014 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

Income Statement

Revenue

Income from the sale of goods, which comprise sale of bicycles, is recognised in the income statement when delivery and transfer of risk to the buyer have taken place and provided that the income can be reliably measured and is expected to be received.

Revenue is measured at 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 expenses

Other external costs comprise expenses for distribution, sale, advertising, administration, offices, loss on accounts receivables and operating lease agreements.

Staff costs

Staff costs comprise wages and salaries as well as payroll expenses. In staff costs is deducted received remunerations from public authorities. Furthermore, staff costs comprise costs on cars, as sales staff drive to buyers to sell products.

Financial income and expenses

Financial income and expenses comprise interest income and expense, expense on financial lease, realised and unrealised exchange 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 subsidiary companies is included in the income statement in the financial year, when the dividend is declared.

Tax on profit/loss

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.

Financial statements 1 January - 31 December

Accounting policies

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.

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.

Prepayments, assets

Prepayments comprise costs incurred concerning subsequent financial years.

Equity - Dividends

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.

Financial statements 1 January - 31 December

Accounting policies

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

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

Income statement

	<u>Note</u>	<u>2015</u> DKK'000	<u>2014</u> DKK'000
Revenue		23,947	18,000
Cost of sales		-18,985	-14,886
External costs		<u>-2,780</u>	<u>-1,709</u>
Gross profit		2,182	1,405
Staff costs	2	-1,674	-1,060
Profit before financial income and expenses		508	345
Financial expenses		<u>-42</u>	<u>-9</u>
Profit before tax		466	336
Tax on loss from ordinary activities		<u>-109</u>	<u>-83</u>
Profit for the year		<u>357</u>	<u>253</u>
Retained earnings		<u>357</u>	<u>253</u>
		<u>357</u>	<u>253</u>

Financial statements 1 January - 31 December

Balance sheet

	<u>Note</u>	<u>2015</u> DKK'000	<u>2014</u> DKK'000
Assets			
Finished goods and goods for resale		225	27
Inventories		<u>225</u>	<u>27</u>
Trade receivables		9,537	4,782
Amounts owed by group enterprises		0	1,021
Receivables		<u>9,537</u>	<u>5,803</u>
Total current assets		<u>9,762</u>	<u>5,830</u>
Total assets		<u><u>9,762</u></u>	<u><u>5,830</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		500	500
Retained earnings		<u>916</u>	<u>557</u>
Total equity	3	<u>1,416</u>	<u>1,057</u>
Trade payables		103	298
Amounts owed to group enterprises		6,025	3,008
Corporation tax		109	84
Other payables		<u>2,109</u>	<u>1,383</u>
Current liabilities		<u>8,346</u>	<u>4,773</u>
Total liabilities		<u>8,346</u>	<u>4,773</u>
Total equity and liabilities		<u>9,762</u>	<u>5,830</u>
Main activity	1		
Contractual obligations and contingencies, etc:	4		
Related parties and ownership	5		

Financial statements 1 January - 31 December

Notes

1 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.

Gazelle is part of the group of companies PON.

	<u>2015</u> DKK'000	<u>2014</u> DKK'000
2 Staff costs		
Wages and salaries	1,525	950
Pensions	135	95
Other social security costs	<u>14</u>	<u>15</u>
	<u>1,674</u>	<u>1,060</u>
Average number of employees	<u>3</u>	<u>2</u>

Financial statements 1 January - 31 December

Notes

3 Equity

	Share capital	Retained earnings	Total
	DKK'000	DKK'000	DKK'000
Equity at 1 January 2015	500	557	1,057
Profit for the year	0	359	359
Equity at 31 December 2015	500	916	1,416

The share capital consists of 500 shares of a nominal value of DKK 1,000. No shares carry any special rights.

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

4 Contractual obligations and contingencies, etc:

Contingent liabilities

Lease obligations (operating leases) falling due within five years totalling DKK 5 thousand.

Joint taxation

The Company is jointly taxed with the other Danish consolidated enterprises. As a consolidated enterprise, together with the other consolidated enterprises included in the joint taxation, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties. The jointly taxed companies' total known net liability in respect of corporation taxes and withholding taxes payable on dividends, interest and royalties amounted to DKK 0 thousand at 31 December 2015. Any subsequent corrections of income subject to joint taxation and withholding taxes, etc., may entail that the Company's liability will increase.

Financial statements 1 January - 31 December

Notes

5 Related parties and ownership

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 minimum 5% of the voting rights or minimum 5% of the share capital:

Pon Holding Denmark A/S
Park Allé 363, 2605 Brøndby

PON Holding B.V., The Netherlands., which is the Company's ultimate Parent Company at 31 December 2015, 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 address:
PON Holdings B.V., Putterstraatweg 5, 3862 RA Nijkerk, The Netherlands.