

Tanaco Danmark A/S
Glentevej 11
6705 Esbjerg Ø
Central Business Registration No
71361411

Annual report 2015/16

The Annual General Meeting adopted the annual report on 19.05.2017

Chairman of the General Meeting

Name: Peter Anthony Mangion

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Entity details

Entity

Tanaco Danmark A/S
Glentevej 11
6705 Esbjerg Ø

Central Business Registration No: 71361411

Registered in: Esbjerg

Financial year: 01.10.2015 - 31.12.2016

Board of Directors

David Matthew Stott
Robert Louis Cummings
David Wayne Cartmell
Peter Anthony Mangion

Executive Board

Peter Anthony Mangion
Kim Lauridsen Hansen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Dokken 8
Postbox 200
6701 Esbjerg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Tanaco Danmark A/S for the financial year 01.10.2015 - 31.12.2016.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.10.2015 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Esbjerg, 19.05.2017

Executive Board

Peter Anthony Mangion

Kim Lauridsen Hansen

Board of Directors

David Matthew Stott

Robert Louis Cummings

David Wayne Cartmell

Peter Anthony Mangion

Independent auditor's report

To the shareholders of Tanaco Danmark A/S

Opinion

We have audited the financial statements of Tanaco Danmark A/S for the financial year 01.10.2015 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.12.2016 and of the results of its operations and cash flows for the financial year 01.10.2015 - 31.12.2016 in accordance with the Danish Financial statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities 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 as 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 about 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 applicable in Denmark will always detect a material misstatement when it exists. Misstatements can 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 taken on the basis of these financial statements.

Independent auditor's report

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 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial statements Act.

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Esbjerg, 19.05.2017

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Jørn Jepsen
State Authorised Public Accountant

Claus Vium Jensen
State Authorised Public Accountant

Management commentary

Primary activities

The principal activity of the Company is the supply and distribution of pest control products into the global professional pest control and retail markets.

Development in activities and finances

The 2015/16 accounts are for the 15 month period to December 2016. Seasonal factors mean that the fourth calendar quarter is loss making for the company and the inclusion of two such quarters in the period under review has significantly reduced profitability.

In addition to the inclusion of losses incurred in two low seasons, the impact of new legislation on the rodenticide market and disappointing weather in the high season were reflected in lower sales in the period. This in turn exacerbated the decline in profitability.

Other than the impact of the extended accounting period, the company's operating costs have been reduced.

As a result the company has recorded a net profit for the year of DKK 1,064,828, which is DKK 3,148,638 lower than that recorded in the year ended 31 September 2015.

An extraordinary dividend of DKK 4,000,000 has been declared in respect of the year.

Expectations for the coming year

In January 2016 Tanaco was acquired by the Pelsis Group. Headquartered in the UK, the Pelsis Group is a market leader in the European pest control market with operations in the UK, Belgium, The Netherlands, France, Spain and the US.

Following the acquisition, Tanaco Danmark expects to see a recovery in sales performance as the company focusses on securing new customer accounts in its core Northern European markets and expands its product offering as a result of joining the Pelsis group. In addition, the Directors believe that the impact of government legislation on rodenticide use has already been fully felt by the market.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2015/16

| | <u>Notes</u> | <u>2015/16</u> <u>DKK</u> | <u>2014/15</u> <u>DKK</u> |
|---|--------------|------------------------------|------------------------------|
| Gross profit | | 11,048,070 | 13,014,649 |
| Staff costs | 1 | (9,284,569) | (7,650,513) |
| Depreciation, amortisation and impairment losses | | <u>(421,874)</u> | <u>(284,473)</u> |
| Operating profit/loss | | 1,341,627 | 5,079,663 |
| Income from investments in group enterprises | | 439,688 | 403,352 |
| Income from other fixed assets investments | | 657 | 0 |
| Other financial income | | 10,706 | 26,345 |
| Financial expenses from group enterprises | | (511,320) | (83,194) |
| Other financial expenses | | <u>(21,459)</u> | <u>(13,600)</u> |
| Profit/loss before tax | | 1,259,899 | 5,412,566 |
| Tax on profit/loss for the year | 2 | <u>(195,071)</u> | <u>(1,199,100)</u> |
| Profit/loss for the year | | 1,064,828 | 4,213,466 |
| Proposed distribution of profit/loss | | | |
| Extraordinary dividend distributed in the financial year | | 4,000,000 | 0 |
| Transferred to reserve for net revaluation according to the equity method | | 439,688 | 403,352 |
| Retained earnings | | <u>(3,374,860)</u> | <u>3,810,114</u> |
| | | 1,064,828 | 4,213,466 |

Balance sheet at 31.12.2016

| | <u>Notes</u> | <u>2015/16</u> <u>DKK</u> | <u>2014/15</u> <u>DKK</u> |
|--|--------------|------------------------------|------------------------------|
| Acquired licences | | 863,972 | 51,765 |
| Intangible assets | | 863,972 | 51,765 |
| Other fixtures and fittings, tools and equipment | | 878,554 | 887,556 |
| Leasehold improvements | | 29,991 | 40,453 |
| Property, plant and equipment | | 908,545 | 928,009 |
| Investments in group enterprises | | 1,164,213 | 724,525 |
| Deposits | | 30,000 | 30,000 |
| Fixed asset investments | 3 | 1,194,213 | 754,525 |
| Fixed assets | | 2,966,730 | 1,734,299 |
| Manufactured goods and goods for resale | | 9,011,437 | 10,228,500 |
| Prepayments for goods | | 52,500 | 0 |
| Inventories | | 9,063,937 | 10,228,500 |
| Trade receivables | | 3,269,615 | 4,098,463 |
| Other receivables | | 69 | 292 |
| Prepayments | | 51,899 | 0 |
| Receivables | | 3,321,583 | 4,098,755 |
| Cash | | 357,009 | 1,626,292 |
| Current assets | | 12,742,529 | 15,953,547 |
| Assets | | 15,709,259 | 17,687,846 |

Balance sheet at 31.12.2016

| | <u>Notes</u> | <u>2015/16 DKK</u> | <u>2014/15 DKK</u> |
|--|--------------|--------------------------|--------------------------|
| Contributed capital | | 500,000 | 500,000 |
| Reserve for net revaluation according to the equity method | | 1,084,213 | 644,525 |
| Retained earnings | | <u>7,414,530</u> | <u>6,966,218</u> |
| Equity | | <u>8,998,743</u> | <u>8,110,743</u> |
| Deferred tax | | <u>165,000</u> | <u>3,000</u> |
| Provisions | | <u>165,000</u> | <u>3,000</u> |
| Trade payables | | 1,948,095 | 2,276,919 |
| Payables to group enterprises | | 1,686,668 | 3,368,623 |
| Income tax payable | | 120,000 | 1,177,687 |
| Other payables | | <u>2,790,753</u> | <u>2,750,874</u> |
| Current liabilities other than provisions | | <u>6,545,516</u> | <u>9,574,103</u> |
| Liabilities other than provisions | | <u>6,545,516</u> | <u>9,574,103</u> |
| Equity and liabilities | | <u>15,709,259</u> | <u>17,687,846</u> |
| Contingent liabilities | 4 | | |
| Mortgages and securities | 5 | | |
| Group relations | 6 | | |

Statement of changes in equity for 2015/16

| | Contributed capital DKK | Reserve for net revaluation according to the equity method DKK | Retained earnings DKK | Proposed extraordinary dividend DKK |
|-----------------------------|--|---|--------------------------------------|--|
| Equity beginning of year | 500,000 | 644,525 | 6,966,218 | 0 |
| Extraordinary dividend paid | 0 | 0 | 0 | (4,000,000) |
| Group contributions etc | 0 | 0 | 3,823,172 | 0 |
| Profit/loss for the year | 0 | 439,688 | (3,374,860) | 4,000,000 |
| Equity end of year | 500,000 | 1,084,213 | 7,414,530 | 0 |
| | | | | Total DKK |
| Equity beginning of year | | | | 8,110,743 |
| Extraordinary dividend paid | | | | (4,000,000) |
| Group contributions etc | | | | 3,823,172 |
| Profit/loss for the year | | | | 1,064,828 |
| Equity end of year | | | | 8,998,743 |

Notes

| | 2015/16 | 2014/15 |
|-----------------------------|------------------|------------------|
| | DKK | DKK |
| 1. Staff costs | | |
| Wages and salaries | 8,666,520 | 7,210,414 |
| Pension costs | 498,462 | 352,188 |
| Other social security costs | 119,587 | 87,911 |
| | 9,284,569 | 7,650,513 |
| | | |
| Average number of employees | 15 | |

| | 2015/16 | 2014/15 |
|---|----------------|------------------|
| | DKK | DKK |
| 2. Tax on profit/loss for the year | | |
| Tax on current year taxable income | 33,071 | 1,180,100 |
| Change in deferred tax for the year | 162,000 | 19,000 |
| | 195,071 | 1,199,100 |

| | Investments in group enterprises DKK | Deposits DKK |
|------------------------------------|---|-------------------------|
| 3. Fixed asset investments | | |
| Cost beginning of year | 80,000 | 30,000 |
| Cost end of year | 80,000 | 30,000 |
| | | |
| Revaluations beginning of year | 644,525 | 0 |
| Share of profit/loss for the year | 439,688 | 0 |
| Revaluations end of year | 1,084,213 | 0 |
| | | |
| Carrying amount end of year | 1,164,213 | 30,000 |

| | Registered in | Corpo- rate form | Equity inte- rest % |
|--|----------------------|---------------------------------|--|
| Investments in group enterprises comprise: | | | |
| Tanaco Production ApS | Esbjerg, Denmark | ApS | 100.0 |

Notes

4. Contingent liabilities

The Entity serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2016 for income taxes etc for the jointly taxed entities also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

5. Mortgages and securities

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor on other fixtures and fittings, tools and equipment of DKK 500k nominal.

The carrying amount of mortgaged other fixtures and fittings, tools and equipment is DKK 879k.

6. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Pelsis Holding (UK) Limited
Sterling House, Gimbald Crag Close, Knaresborough, North Yorkshire, HG5 8PJ

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Accounting policies

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Income from other fixed asset investments

Income from other fixed asset investments comprises gains in the form of interest etc.

Other financial income

Other financial income comprises interest income, net capital gains on securities, payables and transactions in foreign currencies etc.

Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

Other financial expenses

Other financial expenses comprise interest expenses, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Accounting policies

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise acquired licenses.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Licences are amortised over the term of the agreement, but over no more than 20 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Fixtures and fittings, tools and equipment as well as leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

| | |
|--|-----------|
| Other fixtures and fittings, tools and equipment | 3-5 years |
| Leasehold improvements | 5 years |

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables and direct labour costs. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises bank deposits and cash.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax