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GASA GROUP Holding A/S

Logistikvej 4
5250 Odense SV
Central Business Registration
No 30272900

Annual report 2019

The Annual General Meeting adopted the annual report on 24.08.2020

Chairman of the General Meeting

Claes Peter Riber

Name: Claes Peter Riber

Contents

Entity details

Entity
GASA GROUP Holding A/S
Logistikvej 4
5250 Odense SV

Central Business Registration No (CVR): 30272900
Registered in: Odense
Financial year: 01.01.2019 - 31.12.2019

Board of Directors
Per Klitgård Poulsen, Chairman
Thomas Marstrand, Vice Chairman
Kristian la Cour
Bo Svane
Carsten Brendholdt
Flemming Røigaard-Petersen
Jens Kjær Hermansen

Executive Board
Claes Peter Riber
Daniel Vesterlund

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 GASA GROUP Holding A/S for the financial year 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019.

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.

Odense, 12.03.2020

Executive Board

Claes Peter Riber	Daniel Vesterlund

Board of Directors

Per Klitgård Poulsen Chairman	Thomas Marstrand Vice Chairman	Kristian la Cour
Bo Svane	Carsten Brendholdt	Flemming Røigaard-Petersen
Jens Kjær Hermansen		

Independent auditor's report

To the shareholders of GASA GROUP Holding A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of GASA GROUP Holding A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2019, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2019 - 31.12.2019 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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group 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 consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent'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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity 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 consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and these parent 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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 consolidated financial statements and the parent 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, 12.03.2020

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Jørn Jepsen
State Authorised Public Accountant
Identification No (MNE) mne24824

Stig Petersen
State Authorised Public Accountant
Identification No (MNE) mne35464

Management commentary

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000
Financial highlights					
Key figures					
Revenue	2,130,681	2,277,251	2,368,801	2,349,353	2,283,622
Gross profit/loss	208,059	205,702	246,818	235,405	240,042
Operating profit/loss	14,868	(138)	28,341	19,155	20,282
Net financials	22,730	(5,303)	(8,869)	(5,537)	(9,317)
Profit/loss for the year	34,174	(984)	22,303	24,755	25,587
Total assets	395,817	560,229	604,907	595,225	611,707
Investments in property, plant and equipment	11,831	124,433	24,792	3,916	5,740
Equity	137,318	156,278	183,560	157,688	153,987
Cash flows from (used in) operating activities	54,359	60,654	499	53,866	29,604
Cash flows from (used in) investing activities	178,747	9,897	12,922	1,333	(307)
Cash flows from (used in) financing activities	(93,344)	(14,371)	(251,053)	(55,227)	(28,844)
Average numbers of employees	351	362	407	423	428
Ratios					
Gross margin (%)	9.8	9.0	10.4	10.0	10.5
Net margin (%)	1.6	0.0	0.9	1.1	1.1
Return on equity (%)	23.3	(0.6)	13.1	15.9	18.3
Equity ratio (%)	34.7	27.9	30.3	26.5	25.2

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

Ratios	**Calculation formula**	**Calculation formula reflects**
Gross margin (%)	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

GASA GROUP is a commercial international value added supplier of plants and related products primarily in Europe and abroad while being headquartered in Denmark.

The Group's mission is to bring 'Nature to the people'. We connect those who grow plants and flowers with all of us who need nature in our modern lives through tight cooperation with nurseries and retail points.

It is our goal to be the leading European supplier of overall plant solutions with a strong customer focus.

Development in activities and finances

In 2019, May was cold followed by a warm summer and a very wet autumn which affected sales negatively.

The consolidated financial statements show a Profit before tax of DKK 37.6 million compared to DKK -5.4 million in 2018.

The result is however considered less satisfactory.

The expectations expressed in the latest annual report were to obtain selective sales growth and improved net results from the organisational adjustments made in mid-2018. An increase in revenue has not been realised, however the net result is considerably better than last year.

Equity decreased by DKK 18.5 million net after having paid a dividend of DKK 48.8 million and amounted to DKK 135.3 million excluding minority interests at year-end 2019, corresponding to an equity ratio of 34.7%.

The Group has sold its associated company during the year.

Cash flows from operating activities amounted to DKK 54.4 million compared to DKK 60.6 million in 2018. Cash flows from investing activities amounted to DKK 178.7 million compared to DKK 9.9 million in 2018. Cash flows from financing activities were negative by DKK 93.3 million. Total cash flows amounted to DKK 139.8 million.

Outlook

We continue to focus on gaining strength from our international sourcing and European product range to serve our customers effectively and efficiently from our Group platforms. We expect sales growth and improved net results in 2020.

Particular risks

Operating risks

The most material operating risks faced by the Group relates to weather conditions and seasonal fluctuations. Market trends are a risk factor as well. Another risk is the energy price movement which plays an important role in the Group's cost of transportation.

Management commentary

Foreign exchange risks

The Group's sales activities are concentrated on markets dealing in EUR and DKK. To the extent that settlement is carried out in other currencies, the currency policy of the Group requires hedging – primarily in respect of NOK, SEK, PLN and GBP.

Interest rate risks

The overdraft facilities of the Company are based on floating interest-bearing loans and, consequently, the Group is affected by interest rate fluctuations.

Credit risks

The Group allows credit to its customers and thereby assumes a debtor risk. This risk is sensitive to cyclical fluctuations. The Group's policy on debtor management includes minimisation of such risks – including credit insurance cover where possible, just as efforts are continuously being made to reduce the number of credit days.

Research and development activities

The company has no research activities but focuses on the development of customer-specific and sales-promotional sales efforts, especially towards the retail segment.

Statutory report on corporate social responsibility

Business model

As mentioned above, GASA GROUP is an international value added supplier of plants and related products primarily in Europe and abroad while being headquartered in Denmark.

The Group's mission is to connect those who grow plants and flowers – via our B2B customers - with all of us who need nature in our modern lives. Through tight cooperation with nurseries and retail points, we make nature available to those who value the power of green.

We bring plants to the consumer, eventually from young plants through growers to wholesalers and retailers around Europe. We set up the most appropriate and seasonal assortment from our locations in the main production areas of Denmark, the Netherlands and Germany. We deliver 'Nature to the people' for the individual customer, besides the plants, we also provide quality control, added value arrangements and logistics.

GASA Group has a number of focus areas and activities around Corporate Social Responsibility which naturally forms part of our daily day operations however which are not yet implemented in formal policies. This being said, we are currently evaluating the need for formulating policies and guidelines on CSR and how we measure and evaluate the impacts of these.

In this work we are fully aware of that there is inherent risks around CSR. Below we will describe potential risks and our policies and guidelines around this.

The environment, including the climate impact of our activities

The Group considers an environmentally responsible approach as one of the preconditions for its business success. The Group works on minimising its impact on the external environment through planning with carriers and suppliers and to showing consideration for the local environment at the workplace. We continuously work on improvements, in particular in connection with the optimisation of logistics solutions.

Management commentary

Social and employment relations
The Group values its employment relations and human relations are considered an important factor in business with customers and in-house cooperation. Consequently, we work according to labour market agreements where appropriate and have established a works council and other social bodies governed by labour market agreements or law. Further, we have established policies on behaviour at work, smoking and health and further we are aware of the risk of work accidents and work-related stress.

Human rights
The Group respects and works to the best of our knowledge according to international codes for human rights. We have no specific policy established on this as we operate in countries where we follow the legislation on this subject. Management is further carrying the values forward to the organisation on equal rights and discourage of discrimination.

Anticorruption and bribery
The Group dissociates itself from corruption and bribery as the most natural thing. Consequently, we are careful around customer entertainment and other peers with whom we meet in this context. We have established an Anti-Money Laundering and Terrorist Financing policy for customers in specific countries with background checks and identification of the end customers, including focus on where payments is received fropm as well as our policy is not to receive cash as payments.

Overall, we believe that the result of the efforts in 2019 in the mentioned areas is to maintain a satisfactory level of GASA GROUP.

Statutory report on the underrepresented gender
Equal opportunities and focus on diversity are an integrated part of the Group's policy on employee well-being and working conditions.

Opportunities of development and career must be available for everybody possessing skills and showing intention and shall in no way be restricted by the person's gender, nationality, age, sexual orientation and religion or other similar factors.

The Board of directors
The Group has no female board members for the time being, and the Board is cognisant of this.

The members of the Board are appointed by the shareholders of GASA GROUP at the general meeting. The parent company has four board members elected. At the moment none of the board members are female. As and when the Board nominates new candidates, the Board will include gender as a parameter. When appointing candidates to the Board of the Group it is however important that the members hold professional qualifications relevant to the Group's activities. Finding the member with the right qualifications will always supersede gender. The Group's ambition is to have one female member at the Board before the end of 2023. That goal has not been achieved during the year as there have been no election to the board.

Management commentary

Other management levels

The share of women in the Group's management team is currently less than 10%. Meanwhile, the Group aims to increase the ratio of women in the management team. That is why we focused on the following areas to increase the ratio of women in 2019:

- Where possible, invited candidates of both genders when recruiting for new management positions
- Considered female candidates for career and succession planning.

Both areas have been executed without compromising on the qualifications needed to hold the positions in question.

In 2019, we did not register any significant development in the gender distribution of Management. However, we have considered any option when replacing and hiring new employees, and also for managerial positions.

Events after the balance sheet date

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

Consolidated income statement for 2019

	Notes	2019 DKK'000	2018 DKK'000
Revenue	1	2,130,681	2,277,251
Other operating income		7,075	5,263
Costs of raw materials and consumables		(1,836,362)	(1,980,788)
Other external expenses	2	(93,335)	(96,024)
Gross profit/loss		**208,059**	**205,702**
Staff costs	3	(181,954)	(192,548)
Depreciation, amortisation and impairment losses	4	(11,237)	(13,292)
Operating profit/loss		**14,868**	**(138)**
Income from investments in associates		24,353	5,154
Other financial income from group enterprises		809	0
Other financial income		831	4,178
Impairment losses on financial assets		0	(4,382)
Other financial expenses		(3,263)	(10,253)
Profit/loss before tax		**37,598**	**(5,441)**
Tax on profit/loss for the year	5	(3,424)	4,457
Profit/loss for the year	6	**34,174**	**(984)**

Consolidated balance sheet at 31.12.2019

	Notes	2019 DKK'000	2018 DKK'000
Completed development projects		5,595	7,611
Goodwill		24,590	30,411
Intangible assets	7	**30,185**	**38,022**
Other fixtures and fittings, tools and equipment		37,592	37,776
Leasehold improvements		9,318	3,647
Property, plant and equipment in progress		1,972	0
Property, plant and equipment	8	**48,882**	**41,423**
Investments in associates		0	170,171
Other receivables		2,181	1,806
Fixed asset investments	9	**2,181**	**171,977**
Fixed assets		**81,248**	**251,422**
Manufactured goods and goods for resale		13,264	10,713
Prepayments for goods		1,667	3,665
Inventories		**14,931**	**14,378**
Trade receivables		169,457	180,185
Receivables from group enterprises		44,216	0
Deferred tax	10	37,462	38,668
Other receivables		28,619	56,111
Prepayments	11	4,628	7,421
Receivables		**284,382**	**282,385**
Cash		**15,256**	**12,044**
Current assets		**314,569**	**308,807**
Assets		**395,817**	**560,229**

Consolidated balance sheet at 31.12.2019

	Notes	2019 DKK'000	2018 DKK'000
Contributed capital		50,000	50,000
Retained earnings		85,310	55,764
Proposed dividend		0	48,000
Equity attributable to the Parent's owners		**135,310**	**153,764**
Share of equity attributable to minority interests		**2,008**	**2,514**
Equity		**137,318**	**156,278**
Bank loans		53,633	190,187
Trade payables		176,157	168,211
Payables to group enterprises		0	987
Income tax payable		1,391	332
Other payables		27,318	44,234
Current liabilities other than provisions		**258,499**	**403,951**
Liabilities other than provisions		**258,499**	**403,951**
Equity and liabilities		**395,817**	**560,229**
Financial instruments	13		
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Transactions with related parties	16		
Group relations	17		
Subsidiaries	18		

Consolidated statement of changes in equity for 2019

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	50,000	55,764	48,000
Ordinary dividend paid	0	0	(48,000)
Exchange rate adjustments	0	3	0
Other entries on equity	0	(4,301)	0
Profit/loss for the year	0	33,844	0
Equity end of year	**50,000**	**85,310**	**0**

	Share of equity attributable to minority interests DKK'000	Total DKK'000
Equity beginning of year	2,514	156,278
Ordinary dividend paid	(826)	(48,826)
Exchange rate adjustments	(10)	(7)
Other entries on equity	0	(4,301)
Profit/loss for the year	330	34,174
Equity end of year	**2,008**	**137,318**

Consolidated cash flow statement for 2019

	Notes	2019 DKK'000	2018 DKK'000
Operating profit/loss		14,868	(139)
Amortisation, depreciation and impairment losses		11,237	13,292
Working capital changes	12	30,478	56,383
Other adjustments		557	(810)
Cash flow from ordinary operating activities		**57,140**	**68,726**
Financial income received		1,640	4,178
Financial expenses paid		(3,263)	(10,253)
Income taxes refunded/(paid)		(1,158)	(1,997)
Cash flows from operating activities		**54,359**	**60,654**
Acquisition etc of intangible assets		(194)	(2,184)
Acquisition etc of property, plant and equipment		(11,831)	(124,433)
Sale of property, plant and equipment		1,187	136,558
Acquisition of fixed asset investments		(415)	(79)
Sale of fixed asset investments		190,000	35
Cash flows from investing activities		**178,747**	**9,897**
Dividend paid		(48,826)	(14,371)
Incurrence of loan to group enterprises		(60,125)	0
Repayment of loan from group enterprises		15,607	0
Cash flows from financing activities		**(93,344)**	**(14,371)**
Increase/decrease in cash and cash equivalents		**139,762**	**56,180**
Cash and cash equivalents beginning of year		(178,143)	(234,323)
Currency translation adjustments of cash and cash equivalents		4	0
Cash and cash equivalents end of year		**(38,377)**	**(178,143)**
Cash and cash equivalents at year-end are composed of:			
Cash		15,256	12,044
Short-term debt to banks		(53,633)	(190,187)
Cash and cash equivalents end of year		**(38,377)**	**(178,143)**

Notes to consolidated financial statements

	2019 DKK'000	2018 DKK'000
1. Revenue		
Northern Europe	675,959	732,210
Central- and Southern Europe	938,483	1,028,455
Eastern Europe	511,414	510,804
Rest of the world	4,825	5,782
	2,130,681	**2,277,251**

The main activity of the Group is international trading with ornamentals with a main market in Europe. Therefore it is evaluated that the Group have not different activities segments.

	2019 DKK'000	2018 DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	675	983
Other assurance engagements	252	10
Tax services	25	110
Other services	138	225
	1,090	**1,328**

Fees to the parent company auditor is estimated to DKK 845k and fees to other auditors is estimated to DKK 245k.

	2019 DKK'000	2018 DKK'000
3. Staff costs		
Wages and salaries	165,721	174,934
Pension costs	9,310	10,183
Other social security costs	6,923	7,431
	181,954	**192,548**
Average number of employees	**351**	**362**

	Remunera-tion of manage-ment 2019 DKK'000	Remunera-tion of manage-ment 2018 DKK'000
Executive Board	3,758	4,156
Board of Directors	563	880
	4,321	**5,036**

Notes to consolidated financial statements

	2019 DKK'000	2018 DKK'000
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	8,034	8,645
Depreciation of property, plant and equipment	3,417	5,427
Profit/loss from sale of intangible assets and property, plant and equipment	(214)	(780)
	11,237	**13,292**

	2019 DKK'000	2018 DKK'000
5. Tax on profit/loss for the year		
Current tax	2,236	2,230
Change in deferred tax	1,206	(6,635)
Adjustment concerning previous years	(18)	(52)
	3,424	**(4,457)**

	2019 DKK'000	2018 DKK'000
6. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	0	48,000
Retained earnings	33,844	(49,592)
Minority interests' share of profit/loss	330	608
	34,174	**(984)**

	Completed development projects DKK'000	Goodwill DKK'000
7. Intangible assets		
Cost beginning of year	17,137	77,839
Exchange rate adjustments	164	(10)
Additions	194	0
Disposals	(7)	(10,999)
Cost end of year	**17,488**	**66,830**
Amortisation and impairment losses beginning of year	(9,526)	(47,428)
Exchange rate adjustments	(160)	9
Amortisation for the year	(2,214)	(5,820)
Reversal regarding disposals	7	10,999
Amortisation and impairment losses end of year	**(11,893)**	**(42,240)**
Carrying amount end of year	**5,595**	**24,590**

Notes to consolidated financial statements

The goodwill consists of customer rights, which hav an estimated useful life of 10 years. As of 31.12.2019 the residual life is 4-7 years.

Development projects relate primarily to the development of new versions of the Groups existing software products. The software constitutes the central platform for optimisation and support of the Groups internal adminitrative routines. Effective roll-out of these software products within the Group takes place on a continuous basis.

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000	Property, plant and equipment in progress DKK'000
8. Property, plant and equipment			
Cost beginning of year	53,294	3,943	0
Exchange rate adjustments	(227)	4	0
Additions	3,571	6,288	1,972
Disposals	(3,593)	0	0
Cost end of year	**53,045**	**10,235**	**1,972**
Depreciation and impairment losses beginning of year	(15,518)	(296)	0
Exchange rate adjustments	246	(9)	0
Depreciation for the year	(2,805)	(612)	0
Reversal regarding disposals	2,624	0	0
Depreciation and impairment losses end of year	**(15,453)**	**(917)**	**0**
Carrying amount end of year	**37,592**	**9,318**	**1,972**

Notes to consolidated financial statements

	Investments in associates DKK'000	Other receivables DKK'000
9. Fixed asset investments		
Cost beginning of year	104,261	10,873
Exchange rate adjustments	0	35
Additions	0	415
Disposals	(104,261)	(9,142)
Cost end of year	**0**	**2,181**
Revaluations beginning of year	65,910	0
Adjustments on equity	(4,477)	0
Share of profit/loss for the year	24,235	0
Reversal regarding disposals	(85,668)	0
Revaluations end of year	**0**	**0**
Impairment losses beginning of year	0	(9,067)
Reversal regarding disposals	0	9,067
Impairment losses end of year	**0**	**0**
Carrying amount end of year	**0**	**2,181**

	2019 DKK'000
10. Deferred tax	
Changes during the year	
Beginning of year	38,668
Recognised in the income statement	(1,206)
End of year	**37,462**

The deferred tax assets is calculated by the different between tax value and book value. The deferred tax assets is expected to be reduced by depreciation over time.

11. Prepayments

Prepayments consist of prepaid expenses concerning rent of containers and other costs.

	2019 DKK'000	2018 DKK'000
12. Change in working capital		
Increase/decrease in inventories	(556)	3,993
Increase/decrease in receivables	41,100	9,171
Increase/decrease in trade payables etc	(10,066)	43,219
	30,478	**56,383**

Notes to consolidated financial statements

13. Financial instruments

To secure the value of recognised assets the company uses financial instruments in form of foreign exchange contracts in SEK 9,600k (DKK 6,720k), PLN 5,000k (DKK 8,678k) and GBP 950k (DKK 8,328k). The secured positions consists of trade receivables and accounts payable.

As of 31.12.2019 the fair value of derivative financial instruments is a loss of DKK 525k. Derivative financial instruments has a running period under 12 months.

	2019 DKK'000	2018 DKK'000
14. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**141,481**	**152,390**

15. Contingent liabilities

Assuming primary liability, the Group has guaranteed all balances with the group enterprises to the Group's bank in Denmark.

The Group has given a "Globalzession" in GASA GROUP Germany GmbH in favour of the Group's bank.

The Group participates in a Danish joint taxation arrangement where GASA Investment A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

When GASA AARHUS a.m.b.a and GASA ODENSE a.m.b.a were converted into limited companies, the companies book value was measured into trade values according to the danish tax law. The trade value is taxable for the company, GASA GRUPPEN A/S, but it will only be taxpayable if the company pays dividend. The tax rate will be 50% for the company. The dividend will be tax free to the shareholder. The taxcalculation after dividend in previous years will be calculated to DKK 110 million, but no more than 50% of the market value. Currently the latent tax amount to DKK 7.5 million.

16. Transactions with related parties

In annual report only transactions with related parties, which have not been completed under normal circumstanses will be infomed. There have been no such transactions.

Notes to consolidated financial statements

17. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: GASA Investment A/S, Charlottenlund

	Registered in	Corporate form	Equity interest %
18. Subsidiaries			
GASA Gruppen A/S	Denmark	A/S	100.0
Zenflora A/S	Denmark	A/S	50.0
FE af 20/3 2018 A/S	Denmark	A/S	100.0
GASA GROUP Norway AS	Norway	AS	100.0
GASA Group Holland B.V.	Netherlands	B.V.	100.0
GASA GROUP Germany GmbH	Germany	GmbH	100.0
GASA GROUP Denmark A/S	Denmark	A/S	100.0
GASA GROUP Poland SP z.o.o.	Poland	SP z.o.o.	100.0
Terreno Di Aprilia Srl societa agricola	Italy	Srl	100.0
GASA GROUP Hungary Kft.	Hungary	Kft.	100.0

Information of two subsidiaries are not presented according to the Danish Financial Statements Act §97a, 4. The ownership represent respectively 100% and 65%.

As of 31.12.2019 the positive difference amount occurred in connection with business combinations is DKK 2.0 millions. The positive difference is decreased by DKK 0.4 millions due to amortisation of goodwill.

Consolidation not based on majority of voting rights

Zenflora A/S

The company has been fully consolidated into GASA GROUP Holding A/S since 2010 given the 50% ownership, having the chairmanship according to the Shareholder Agreement and being the one who provided the necessary funding for the company.

Parent income statement for 2019

	Notes	2019 DKK'000	2018 DKK'000
Other external expenses		(65)	(37)
Operating profit/loss		**(65)**	**(37)**
Income from investments in group enterprises		34,950	3,090
Other financial income from group enterprises		809	0
Other financial income		4	0
Financial expenses from group enterprises		(2,079)	(6,034)
Other financial expenses		(9)	(1)
Profit/loss before tax		**33,610**	**(2,982)**
Tax on profit/loss for the year	1	234	1,390
Profit/loss for the year	2	**33,844**	**(1,592)**

Parent balance sheet at 31.12.2019

	Notes	2019 DKK'000	2018 DKK'000
Investments in group enterprises		176,346	335,426
Receivables from group enterprises		18,395	9,257
Fixed asset investments	3	**194,741**	**344,683**
Fixed assets		**194,741**	**344,683**
Receivables from group enterprises		44,370	0
Deferred tax	4	1,253	1,285
Other receivables		3,263	3,263
Income tax receivable		266	105
Receivables		**49,152**	**4,653**
Cash		**20**	**30**
Current assets		**49,172**	**4,683**
Assets		**243,913**	**349,366**

Parent balance sheet at 31.12.2019

	Notes	2019 DKK'000	2018 DKK'000
Contributed capital		50,000	50,000
Reserve for net revaluation according to the equity method		0	45,939
Retained earnings		85,310	9,825
Proposed dividend		0	48,000
Equity		**135,310**	**153,764**
Payables to group enterprises		108,555	195,566
Other payables		48	36
Current liabilities other than provisions		**108,603**	**195,602**
Liabilities other than provisions		**108,603**	**195,602**
Equity and liabilities		**243,913**	**349,366**
Contingent liabilities	5		
Assets charged and collateral	6		
Related parties with controlling interest	7		
Transactions with related parties	8		

Parent statement of changes in equity for 2019

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000
Equity beginning of year	50,000	45,939	9,825
Effect of divestments of entities etc	0	(74,671)	74,671
Ordinary dividend paid	0	0	0
Exchange rate adjustments	0	3	0
Other entries on equity	0	(4,301)	0
Transfer to reserves	0	(1,802)	1,802
Profit/loss for the year	0	34,832	(988)
Equity end of year	**50,000**	**0**	**85,310**

	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	48,000	153,764
Effect of divestments of entities etc	0	0
Ordinary dividend paid	(48,000)	(48,000)
Exchange rate adjustments	0	3
Other entries on equity	0	(4,301)
Transfer to reserves	0	0
Profit/loss for the year	0	33,844
Equity end of year	**0**	**135,310**

Notes to parent financial statements

	2019 DKK'000	2018 DKK'000
1. Tax on profit/loss for the year		
Change in deferred tax	32	(1,285)
Refund in joint taxation arrangement	(266)	(105)
	(234)	**(1,390)**

	2019 DKK'000	2018 DKK'000
2. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	0	48,000
Retained earnings	33,844	(49,592)
	33,844	**(1,592)**

	Invest-ments in group enterprises DKK'000	Receivables from group enterprises DKK'000
3. Fixed asset investments		
Cost beginning of year	249,839	11,201
Exchange rate adjustments	0	4
Additions	0	11,204
Disposals	(74,460)	0
Cost end of year	**175,379**	**22,409**
Revaluations beginning of year	85,587	0
Exchange rate adjustments	3	0
Adjustments on equity	(4,301)	0
Amortisation of goodwill	(6,843)	0
Share of profit/loss for the year	35,263	0
Adjustment of intra-group profits	6,412	0
Dividend	(1,802)	0
Investments with negative equity value depreciated over receivables	2,070	0
Reversal regarding disposals	(115,422)	0
Revaluations end of year	**967**	**0**
Impairment losses beginning of year	0	(1,944)
Investments with negative equity value depreciated over receivables	0	(2,070)
Impairment losses end of year	**0**	**(4,014)**
Carrying amount end of year	**176,346**	**18,395**

Notes to parent financial statements

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

	2019 DKK'000
4. Deferred tax	
Changes during the year	
Beginning of year	1,285
Recognised in the income statement	(32)
End of year	**1,253**

A limited part of the recognised tax asset comprises tax loss carry-forwards. The recognised tax losses are expected to be utilised within the coming years. In Connection with the assessment of the utilisation of the tax asset, special emphasis has been placed on the company having realised profits in recent years.

5. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where GASA Investment A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities.

Assuming primary liability, the Company has guaranteed all balances with the group enterprises to the Company's bank in Denmark. The debt is DKK 54 million.

6. Assets charged and collateral

Collateral provided for group enterprises

Bank liabilities have been secured on shares in GASA Group Denmark A/S. The carrying amount of shares charged is DKK 142 million.

7. Related parties with controlling interest

GASA Investment A/S – Jægersborg Alle 4, 5. 2920 Charlottenlund (Parent company)

8. Transactions with related parties

In annual report only transactions with related parties, which have not been completed under normal circumstanses will be infomed. There have been no such transactions.

Accounting policies

Reporting class
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

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

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.

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

Accounting policies

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate of the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Derivative financial instruments
On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised in the income statement. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

Accounting policies

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Changes in the fair value of derivative financial instruments applied for hedging net investments in independent foreign subsidiaries or associates are classified directly as equity.

Income statement
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.

Costs of raw materials and consumables
Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses
Other external expenses include expenses relating to the Entity’s ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

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
Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of intangible assets as well as property, plant and 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 internal profits or losses.

Income from investments in associates
Income from investments in associates comprises the pro rata share of the individual associates’ profit/loss after elimination of internal profits or losses.

Accounting policies

Other financial income from group enterprises
Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

Other financial income
Other financial income comprises interest income, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Impairment losses on financial assets
Impairment losses on financial assets comprise impairment losses on financial assets which are not measured at fair value on a current basis.

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 or exchange 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.

Balance sheet
Goodwill
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For other amounts of goodwill, useful life has been determined based on an assessment of 10 years whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and. Useful lives are reassessed annually. The amortisation periods used are maximum 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc
Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise

Accounting policies

can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. The amortisation periods used are 8 years.

Property, plant and equipment
Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

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	3-20 years
Leasehold improvements	3-10 years

For leasehold improvements the depreciation period cannot exceed the contract period.

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.

Accounting policies

Investments in group enterprises
In the parent financial statements, 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 unamortised goodwill and plus or minus unrealised intra-group profits and 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 will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

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.

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

Associates 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 associate, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

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

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

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

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, direct labour costs.

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

Accounting policies

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

Deferred tax assets, including the tax base of tax loss carry forwards, 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.

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

Cash
Cash comprises cash in hand and bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Minority interests
Minority interests consist of non-controlling interests' share of equity in subsidiaries not 100% owned by the Parent.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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

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

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of

Accounting policies

enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.