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GASA Investment A/S

Jægersborg Alle 4, 5.
2920 Charlottenlund
Central Business Registration
No 39058804

Annual report 03.11.2017 - 31.12.2018

The Annual General Meeting adopted the annual report on 08.02.2019

Chairman of the General Meeting

Name: Claes Peter Riber

Contents

Entity details

Entity
GASA Investment A/S
Jægersborg Alle 4, 5.
2920 Charlottenlund

Central Business Registration No (CVR): 39058804
Registered in: Gentofte
Financial year: 03.11.2017 - 31.12.2018

Board of Directors
Per Klitgård Poulsen, chairman
Thomas Marstrand
Lars Aage Sørensen
Bo Svane
Kristian la Cour

Executive Board
Thomas Marstrand, CEO

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 Investment A/S for the financial year 03.11.2017 - 31.12.2018.

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 31.12.2018 and of the results of its operations and cash flows for the financial year 03.11.2017 - 31.12.2018.

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.

Charlottenlund, 08.02.2019

Executive Board

Thomas Marstrand
CEO

Board of Directors

Per Klitgård Poulsen chairman	Thomas Marstrand	Lars Aage Sørensen
Bo Svane	Kristian la Cour	

Independent auditor's report

To the shareholders of GASA Investment A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of GASA Investment A/S for the financial year 03.11.2017 - 31.12.2018, 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 31.12.2018, and of the results of their operations and the consolidated cash flows for the financial year 03.11.2017 - 31.12.2018 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, 08.02.2019

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

	2017/18 DKK'000
Financial highlights	
Key figures	
Revenue	2.277.251
Gross profit/loss	205.427
Operating profit/loss	(8.100)
Net financials	(6.788)
Profit/loss for the year	(10.043)
Total assets	704.965
Investments in property, plant and equipment	182.567
Equity	254.024
Cash flows from (used in) operating activities	60.654
Cash flows from (used in) investing activities	(558.426)
Cash flows from (used in) financing activities	319.629
Average numbers of employees	362
Ratios	
Gross margin (%)	9,0
Net margin (%)	(0,4)
Return on equity (%)	(4,0)
Equity ratio (%)	36,0

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

Management commentary

Primary activities

The GASA GROUP is an commercial international trading company whose main activity is to trade in plants and related products primarily in Europe and abroad while being headquartered in Denmark.

The Group's mission is "adding value to the green world", and it is our goal to be one of the leading European suppliers of overall plant solutions with a strong focus on the customer.

Development in activities and finances

Several important events occurred to the Company during the year. By the end of the year, we moved our Danish operations and headquarter to our newly build facility centrally located in Denmark near Exit 52 from the motorway crossing the island of Funen. With our new facility, we look forward to serving our customers through an efficient logistic set up and with our sales departments focusing on Retail, Wholesale and Young Plants now located close together for an even better exchange of knowledge and ideas.

Preparatory to moving, we sold the remaining Garta activities focusing on the supply to greenhouse growers to the company Tanggaard A/S on 1 July 2018. The building project was finalised and delivered slightly ahead of schedule, so our logistics operations moved in early November 2018 while the sales and administrative departments moved in mid-December 2018. By the end of the year, the building was divested to the professional property investor NREP and leased back. The move itself went according to plan. However, it required extra efforts of the organisation, especially in the last quarter, in addition to the associated moving costs.

The season for selling plants was a challenge in 2018. March and April were cold, May was good and then we had an extremely hot Pan-European summer that once again had an adverse effect on our sales. The autumn season went well, focusing on the German organisation selling erica and calluna directly and through the Group to customers around Europe. The Christmas sales, including Christmas trees, went all right and slightly better than in 2017.

The consolidated financial statements show a loss before tax of DKK 14.9 million

The results are considered unsatisfactory.

Outlook

We continue to focus on gaining strength from our European product range to serve our customers more effectively and efficiently gradually as "One GASA". However, we have budgeted for a selective sales growth and improved net results, also from the organisational adjustments that we made in mid-2018 to reach a profit level of 15 million.

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 risks. 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
The GASA Group has not yet implemented policies on Corporate Social Responsibility, including, specifically,on the environment and reduction of the climate impact of our activities, social and employment relations, human rights, anticorruption and bribery. This being said, we are working on forming and formalising our views to these important aspects of our surrounding society, and it is certainly the intention of the Group to develop specific policies and to report on Corporate Social Responsibility in future reporting.

Business model
As mentioned above, the GASA GROUP is an international trading company whose main activity is to tradein plants and related products primarily in Europe and abroad while being headquartered in Denmark.

The Group's mission is "adding value to the green world", and it is our goal to be one of the leading Europeansuppliers of overall total plant solutions with a strong focus on the customer.

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

Policy on the environment and reduction of the climate impact of our activities
The GASA GROUP considers an environmentally responsible approach as one of the preconditions for its business success. The GASA 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. The move to our new headquarter in Denmark will certainly have a positive foot print on our future

Management commentary

energy consumption as the building follows current building standards allowing us to save on especially heating and electricity especially, and which is further backed up with solar panels.

Policy on social and employment relations
The GASA 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 (samarbejdsudvalg) and other social bodies governed by labour market agreements or law. Further, we have established policies on behaviour at work, smoking and health, initially with a focus on the GASA Group Denmark.

Policy on anticorruption and bribery
The GASA 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.

Policy on human rights
The GASA 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. However, Management is carrying the values forward to the organisation.

Statutory report on the underrepresented gender
Equal opportunities and focus on diversity are an integrated part of the GASA 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 GASA 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. As and when the Board nominates new candidates, the Board will include gender as a parameter. When appointing candidates to the Board of the GASA GROUP, it is, however, important that the members hold professional qualifications relevant to the GASA GROUP's activities. Finding the member with the right qualifications will always supercede gender. The GASA GROUP's ambition is to have one female member at the Board before the end of 2023.

Other management levels
The share of women in the GASA GROUP's management team is currently less than 5%. In the light of the limited recruiting possibilities for women to hold a leadership position in our industry, the current level is considered as the best possible. Meanwhile, the GASA 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 2018:

- Where possible, invited candidates of both genders when recruiting for new management positions

Management commentary

- 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 2018, 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.

Action, risk, KPIs and result of the above topics
As said initially in the Corporate Social Responsibility section, the GASA GROUP has not yet implemented full written policies on the topics to report on. 2018 caused the attention of Management to be used on business directions in the business in a challenging year in which we also built a new headquarter in Denmark and moved our Danish operations. Management is certainly considering CSR policies and will be working on carrying its values forward internally and externally in cooperation with both customers, suppliers and staff.

As a consequence of this, it is not possible to report on actions derived from the individual topics above. The risk, however, is considered for some of the topics, and we are working on mitigating these risks.

The GASA GROUP will strive to establish policies on these topics over the coming years and will focus on areas which brings the most value for our surroundings, peers and us.

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 2017/18

	Notes	2017/18 DKK'000
Revenue	1	2.277.251
Other operating income		5.263
Costs of raw materials and consumables		(1.980.788)
Other external expenses	2	(96.299)
Gross profit/loss		**205.427**
Staff costs	3	(192.548)
Depreciation, amortisation and impairment losses	4	(20.979)
Operating profit/loss		**(8.100)**
Income from investments in associates		5.154
Other financial income		4.178
Impairment losses on financial assets		(4.382)
Other financial expenses		(11.738)
Profit/loss before tax		**(14.888)**
Tax on profit/loss for the year	5	4.845
Profit/loss for the year	6	**(10.043)**

Consolidated balance sheet at 31.12.2018

	Notes	2017/18 DKK'000
Completed development projects		7.611
Goodwill		174.807
Intangible assets	7	**182.418**
Land and buildings		0
Other fixtures and fittings, tools and equipment		37.776
Leasehold improvements		3.647
Property, plant and equipment in progress		0
Property, plant and equipment	8	**41.423**
Investments in associates		170.171
Other receivables		1.806
Fixed asset investments	9	**171.977**
Fixed assets		**395.818**
Manufactured goods and goods for resale		14.378
Inventories		**14.378**
Trade receivables		180.185
Deferred tax	11	39.008
Other receivables		56.111
Prepayments	12	7.421
Receivables		**282.725**
Cash		**12.044**
Current assets		**309.147**
Assets		**704.965**

Consolidated balance sheet at 31.12.2018

	Notes	2017/18 DKK'000
Contributed capital		1.000
Retained earnings		250.510
Equity attributable to the Parent's owners		**251.510**
Share of equity attributable to minority interests		**2.514**
Equity		**254.024**
Debt to other credit institutions		4.000
Non-current liabilities other than provisions	13	**4.000**
Current portion of long-term liabilities other than provisions	13	44.000
Bank loans		190.187
Trade payables		168.211
Income tax payable		284
Other payables		44.259
Current liabilities other than provisions		**446.941**
Liabilities other than provisions		**450.941**
Equity and liabilities		**704.965**
Associates	10	
Financial instruments	15	
Unrecognised rental and lease commitments	16	
Contingent liabilities	17	
Transactions with related parties	18	
Subsidiaries	19	

Consolidated statement of changes in equity for 2017/18

	Contributed capital DKK'000	Retained earnings DKK'000	Share of equity attributable to minority interests DKK'000	Total DKK'000
Increase of capital	1.000	271.000	2.496	274.496
Ordinary dividend paid	0	0	(371)	(371)
Exchange rate adjustments	0	(257)	(219)	(476)
Other entries on equity	0	(9.582)	0	(9.582)
Profit/loss for the year	0	(10.651)	608	(10.043)
Equity end of year	**1.000**	**250.510**	**2.514**	**254.024**

Consolidated cash flow statement for 2017/18

	Notes	2017/18 DKK'000
Operating profit/loss		(139)
Amortisation, depreciation and impairment losses		13.292
Working capital changes	14	56.383
Other adjustments		(810)
Cash flow from ordinary operating activities		**68.726**
Financial income received		4.178
Financial expenses paid		(10.253)
Income taxes refunded/(paid)		(1.997)
Cash flows from operating activities		**60.654**
Acqusition of assets and enterprises		(695.019)
Sale of assets		136.593
Cash flows from investing activities		**(558.426)**
Loans raised		60.000
Repayments of loans etc		(12.000)
Dividend paid		(371)
Cash increase of capital		272.000
Cash flows from financing activities		**319.629**
Increase/decrease in cash and cash equivalents		**(178.143)**
Cash and cash equivalents end of year		**(178.143)**
Cash and cash equivalents at year-end are composed of:		
Cash		12.044
Short-term debt to banks		(190.187)
Cash and cash equivalents end of year		**(178.143)**

Notes to consolidated financial statements

	2017/18 DKK'000
1. Revenue	
Nothern Europe	732.210
Central- and Southern Europe	1.028.455
Eastern Europe	510.804
Rest of the world	5.782
	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.

	2017/18 DKK'000
2. Fees to the auditor appointed by the Annual General Meeting	
Statutory audit services	1.008
Other assurance engagements	10
Tax services	110
Other services	225
	1.353

Fees to the parent company auditor is estimated to 711 DKK’000 and fees to other auditors is estimat-ed to 642 DKK’000.

	2017/18 DKK'000
3. Staff costs	
Wages and salaries	174.934
Pension costs	10.183
Other social security costs	7.431
	192.548
Average number of employees	**362**

	Remunera-tion of manage-ment 2017/18 DKK'000
Total amount for management categories	760
	760

Notes to consolidated financial statements

	2017/18 DKK'000
4. Depreciation, amortisation and impairment losses	
Amortisation of intangible assets	16.332
Depreciation of property, plant and equipment	5.427
Profit/loss from sale of intangible assets and property, plant and equipment	(780)
	20.979

	2017/18 DKK'000
5. Tax on profit/loss for the year	
Current tax	2.182
Change in deferred tax	(6.975)
Adjustment concerning previous years	(52)
	(4.845)

	2017/18 DKK'000
6. Proposed distribution of profit/loss	
Retained earnings	(10.651)
Minority interests' share of profit/loss	608
	(10.043)

	Completed develop-ment projects DKK'000	Goodwill DKK'000
7. Intangible assets		
Addition through business combinations etc	10.164	37.374
Additions	0	152.359
Disposals	0	(1.184)
Cost end of year	**10.164**	**188.549**
Amortisation for the year	(2.590)	(13.742)
Reversal regarding disposals	37	0
Amortisation and impairment losses end of year	**(2.553)**	**(13.742)**
Carrying amount end of year	**7.611**	**174.807**

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.

Notes to consolidated financial statements

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000	Property, plant and equipment in progress DKK'000
8. Property, plant and equipment				
Addition through business combinations etc	0	36.275	2.015	19.844
Exchange rate adjustments	0	47	0	0
Transfers	19.844	0	0	(19.844)
Additions	114.232	8.331	1.870	0
Disposals	(134.076)	(1.702)	0	0
Cost end of year	**0**	**42.951**	**3.885**	**0**
Exchange rate adjustments	0	8	6	0
Depreciation for the year	0	(5.183)	(244)	0
Depreciation and impairment losses end of year	**0**	**(5.175)**	**(238)**	**0**
Carrying amount end of year	**0**	**37.776**	**3.647**	**0**

	Investments in associates DKK'000	Other receivables DKK'000
9. Fixed asset investments		
Addition through business combinations etc	176.469	6.109
Additions	0	114
Disposals	0	(35)
Cost end of year	**176.469**	**6.188**
Adjustments on equity	(11.452)	0
Amortisation of goodwill	(237)	0
Share of profit/loss for the year	5.391	0
Revaluations end of year	**(6.298)**	**0**
Impairment losses for the year	0	(4.382)
Impairment losses end of year	**0**	**(4.382)**
Carrying amount end of year	**170.171**	**1.806**

Notes to consolidated financial statements

	Registered in	Equity interest %
10. Associates		
Container Centralen A/S	Denmark	50,0

	2017/18 DKK'000
11. Deferred tax	
Changes during the year	
Beginning of year	32.033
Recognised in the income statement	6.975
End of year	**39.008**

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

12. Prepayments

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

	Due within 12 months 2017/18 DKK'000	Due after more than 12 months 2017/18 DKK'000
13. Liabilities other than provisions		
Debt to other credit institutions	44.000	4.000
	44.000	**4.000**

There is no liabilities with due after 5 years.

	2017/18 DKK'000
14. Change in working capital	
Increase/decrease in inventories	3.993
Increase/decrease in receivables	9.171
Increase/decrease in trade payables etc	43.219
	56.383

15. Financial instruments

To secure the value of recognised assets the company uses financial instruments in form of foreign exchange contracts in swedish kroner, polish zloty and british punds. The secured positions consists of trade receivables and accounts payable.

Notes to consolidated financial statements

As of 31.12.2018 the fair value of derivative financial instrument is a loss of DKK 327k. Derivative financial instruments has a runningperiod under 12 months.

	2017/18 DKK'000
16. Unrecognised rental and lease commitments	
Liabilities under rental or lease agreements until maturity in total	**152.390**

The company has in 2018 established a new rental agreement. The rental agreement is irrevocable for 12 years.
The total cost of the first year of the rental and lease commitments are estimated to DKK 20,9 million

17. Contingent liabilities
Assuming primary liability, the Group has guaranteed all balances with the group enterprises to the Group's banks in Denmark.

The Group has provided foreign payment guarantees totalling DKK 2,5 million.

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

The Group's Danish enterprises are jointly and severally liable for tax on the jointly taxed income of the Group for assessment year 2018.

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 tax will totalling DKK 7,5 million.

18. 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

19. Subsidiaries	**Registered in**	**Corporate form**	**Equity interest %**
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 Invest A/S	Denmark	A/S	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
GASA GROUP Holding A/S	Denmark	A/S	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%.

The positive difference amount occurred in connection with business combinations is DKK 146,8 millions pr. 31.12.2018.

Parent income statement for 2017/18

	Notes	2017/18 DKK'000
Other external expenses		(275)
Operating profit/loss		**(275)**
Income from investments in group enterprises		(9.279)
Other financial expenses		(1.485)
Profit/loss before tax		**(11.039)**
Tax on profit/loss for the year	1	388
Profit/loss for the year	2	**(10.651)**

Parent balance sheet at 31.12.2018

	Notes	2017/18 DKK'000
Investments in group enterprises		298.160
Fixed asset investments	3	**298.160**
Fixed assets		**298.160**
Receivables from group enterprises		987
Deferred tax	4	340
Joint taxation contribution receivable		48
Receivables		**1.375**
Current assets		**1.375**
Assets		**299.535**

Parent balance sheet at 31.12.2018

	Notes	2017/18 DKK'000
Contributed capital		1.000
Retained earnings		250.510
Equity		**251.510**
Debt to other credit institutions		4.000
Non-current liabilities other than provisions	5	**4.000**
Current portion of long-term liabilities other than provisions	5	44.000
Other payables		25
Current liabilities other than provisions		**44.025**
Liabilities other than provisions		**48.025**
Equity and liabilities		**299.535**
Contingent liabilities	6	
Related parties with controlling interest	7	
Transactions with related parties	8	

Parent statement of changes in equity for 2017/18

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Increase of capital	1.000	271.000	272.000
Exchange rate adjustments	0	(257)	(257)
Other entries on equity	0	(9.582)	(9.582)
Profit/loss for the year	0	(10.651)	(10.651)
Equity end of year	**1.000**	**250.510**	**251.510**

Notes to parent financial statements

	2017/18 DKK'000
1. Tax on profit/loss for the year	
Change in deferred tax	(340)
Refund in joint taxation arrangement	(48)
	(388)

	2017/18 DKK'000
2. Proposed distribution of profit/loss	
Retained earnings	(10.651)
	(10.651)

	Invest-ments in group enterprises DKK'000
3. Fixed asset investments	
Addition through business combinations etc	331.278
Cost end of year	**331.278**
Amortisation of goodwill	(7.687)
Share of profit/loss for the year	(1.592)
Dividend	(14.000)
Other adjustments	(9.839)
Impairment losses end of year	**(33.118)**
Carrying amount end of year	**298.160**
Goodwill or negative goodwill recognized during the financial year	**152.083**

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

	2017/18 DKK'000
4. Deferred tax	
Changes during the year	
Recognised in the income statement	340
End of year	**340**

The recognised tax asset comprises tax loss carry-forwards. The recognised tax losses are expected to be utilised within the coming years.

Notes to parent financial statements

	Due within 12 months 2017/18 DKK'000	Due after more than 12 months 2017/18 DKK'000
5. Liabilities other than provisions		
Debt to other credit institutions	44.000	4.000
	44.000	**4.000**

There is no liabilities with due after 5 years.

6. 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 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 banks in Denmark. The debt is DKK 191 million.

As a security of bank loans, the entity has given mortgage all shares in subsidiaries with the exception of Zenflora A/S. The book value of the shares is DKK 298 million.

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7. Related parties with controlling interest

Erhvervsinvest IV K/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).

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.

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.

Accounting policies

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.

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.

Accounting policies

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.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, 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.

Accounting policies

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.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, 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 10-20 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 20 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 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.

Accounting policies

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	3-10 years
Leasehold improvements	3-10 years

For leasehold improvements and assets subject to finance leases, 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.

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

Accounting policies

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.

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.

Accounting policies

Cash
Cash comprises cash in hand and bank deposits.

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 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.