

GASA Investment A/S
Jægersborg Alle 4, 5.
2920 Charlottenlund
Central Business Registration
No 39058804

Annual report 2019

The Annual General Meeting adopted the annual report on 24.08.2020

Chairman of the General Meeting



Name: Claes Peter Riber

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Entity details

Entity

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

Central Business Registration No (CVR): 39058804
Registered in: Gentofte
Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Per Klitgård Poulsen, chairman
Thomas Marstrand
Kristian la Cour
Bo Svane

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 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.

Charlottenlund, 12.03.2020

Executive Board



Thomas Marstrand

CEO

Board of Directors



Per Klitgård Poulsen

chairman



Bo Svane



Thomas Marstrand



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 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	2017/18 DKK'000
Financial highlights		
Key figures		
Revenue	2,130,681	2,277,251
Gross profit/loss	223,905	205,427
Operating profit/loss	7,982	(8,100)
Net financials	21,757	(6,788)
Profit/loss for the year	26,555	(10,043)
Total assets	473,627	704,965
Investments in property, plant and equipment	11,831	182,567
Equity	215,320	254,024
Cash flows from (used in) operating activities	69,966	60,654
Cash flows from (used in) investing activities	178,747	(558,426)
Cash flows from (used in) financing activities	(108,951)	319,629
Average numbers of employees	351	362

Ratios

Gross margin (%)	10.5	9.0
Net margin (%)	1.2	(0.4)
Return on equity (%)	11.3	(4.0)
Equity ratio (%)	45.5	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

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 29.7 million compared to DKK -14.9 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 38.2 million net after having acquired 20% of own shares and amounted to DKK 213.3 million excluding minority interests at year-end 2019, corresponding to an equity ratio of 45.5%.

As a result of a specific assessment regarding a purchase price adjustment it is the management's assessment that goodwill should be written down and furthermore the Group has sold its associated company during the year.

Cash flows from operating activities amounted to DKK 70.0 million compared to DKK 60.6 million in 2018. Cash flows from investing activities amounted to DKK 178.7 million compared to DKK -558.4 million in 2018. Cash flows from financing activities were negative by DKK 109.0 million compared to DKK 319.6 million in 2018. 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 from 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

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2017/18 DKK'000</u>
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	(77,489)	(96,299)
Gross profit/loss		223,905	205,427
Staff costs	3	(181,954)	(192,548)
Depreciation, amortisation and impairment losses	4	(33,969)	(20,979)
Operating profit/loss		7,982	(8,100)
Income from investments in associates		24,353	5,154
Other financial income		831	4,178
Impairment losses on financial assets		0	(4,382)
Other financial expenses		(3,427)	(11,738)
Profit/loss before tax		29,739	(14,888)
Tax on profit/loss for the year	5	(3,184)	4,845
Profit/loss for the year	6	26,555	(10,043)

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2017/18 DKK'000</u>
Completed development projects		5,595	7,611
Goodwill		146,254	174,807
Intangible assets	7	151,849	182,418
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		202,912	395,818
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
Deferred tax	10	37,824	39,008
Other receivables		28,619	56,111
Prepayments	11	4,628	7,421
Receivables		240,528	282,725
Cash		15,256	12,044
Current assets		270,715	309,147
Assets		473,627	704,965

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2017/18 DKK'000</u>
Contributed capital		1,000	1,000
Retained earnings		212,312	250,510
Equity attributable to the Parent's owners		213,312	251,510
Share of equity attributable to minority interests		2,008	2,514
Equity		215,320	254,024
Debt to other credit institutions		0	4,000
Non-current liabilities other than provisions		0	4,000
Current portion of long-term liabilities other than provisions		0	44,000
Bank loans		53,633	190,187
Trade payables		176,158	168,211
Income tax payable		1,173	284
Other payables		27,343	44,259
Current liabilities other than provisions		258,307	446,941
Liabilities other than provisions		258,307	450,941
Equity and liabilities		473,627	704,965
Financial instruments	14		
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Transactions with related parties	17		
Subsidiaries	18		

Consolidated statement of changes in equity for 2019

	Contributed capital DKK'000	Retained earnings DKK'000	Share of equity attributable to minority interests DKK'000	Total DKK'000
Equity beginning of year	1,000	250,510	2,514	254,024
Purchase of treasury shares Ordinary	0	(60,125)	0	(60,125)
dividend paid	0	0	(826)	(826)
Exchange rate adjustments	0	3	(10)	(7)
Other entries on equity	0	(4,301)	0	(4,301)
Profit/loss for the year	0	26,225	330	26,555
Equity end of year	1,000	212,312	2,008	215,320

Consolidated cash flow statement for 2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2017/18 DKK'000</u>
Operating profit/loss		7,982	(139)
Amortisation, depreciation and impairment losses		33,969	13,292
Working capital changes	13	31,164	56,383
Other adjustments		557	(810)
Cash flow from ordinary operating activities		73,672	68,726
Financial income received		831	4,178
Financial expenses paid		(3,427)	(10,253)
Income taxes refunded/(paid)		(1,110)	(1,997)
Cash flows from operating activities		69,966	60,654
Acquisition etc of intangible assets		(194)	0
Acquisition etc of property, plant and equipment		(11,831)	0
Sale of property, plant and equipment		1,187	136,593
Acquisition of fixed asset investments		(415)	0
Sale of fixed asset investments		190,000	0
Acquisition of assets and enterprises		0	(695,019)
Cash flows from investing activities		178,747	(558,426)
Loans raised		0	60,000
Repayments of loans etc		(48,000)	(12,000)
Dividend paid		(826)	(371)
Acquisition of treasury shares		(60,125)	0
Cash increase of capital		0	272,000
Cash flows from financing activities		(108,951)	319,629
Increase/decrease in cash and cash equivalents		139,762	(178,143)
Cash and cash equivalents beginning of year		(178,143)	0
Currency translation adjustments of cash and cash equivalents		4	0
Cash and cash equivalents end of year		(38,377)	(178,143)
	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2017/18 DKK'000</u>
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	2017/18 DKK'000
1. Revenue		
Nothern 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	2017/18 DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	706	1,008
Other assurance engagements	252	10
Tax services	25	110
Other services	138	225
	1,121	1,353

Fees to the parent company auditor is estimated to 876 DKK'000 and fees to other auditors is estimated to 245 DKK'000.

	2019 DKK'000	2017/18 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 2017/18 DKK'000
Total amount for management categories	443	760
	443	760

Notes to consolidated financial statements

	2019 DKK'000	2017/18 DKK'000
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	14,798	16,332
Impairment losses on intangible assets	15,968	0
Depreciation of property, plant and equipment	3,417	5,427
Profit/loss from sale of intangible assets and property, plant and equipment	(214)	(780)
	33,969	20,979
5. Tax on profit/loss for the year		
Current tax	2,018	2,182
Change in deferred tax	1,184	(6,975)
Adjustment concerning previous years	(18)	(52)
	3,184	(4,845)
6. Proposed distribution of profit/loss		
Retained earnings	26,225	(10,651)
Minority interests' share of profit/loss	330	608
	26,555	(10,043)
7. Intangible assets		
Cost beginning of year	10,164	188,549
Exchange rate adjustments	164	(10)
Additions	194	0
Cost end of year	10,522	188,539
Amortisation and impairment losses beginning of year	(2,553)	(13,742)
Exchange rate adjustments	(160)	9
Impairment losses for the year	0	(15,968)
Amortisation for the year	(2,214)	(12,584)
Amortisation and impairment losses end of year	(4,927)	(42,285)
Carrying amount end of year	5,595	146,254

Development projects relate primarily to the development of new versions of the Groups existing software

Notes to consolidated financial statements

products. The software constitutes the central platform for optimisation and support of the Groups internal administrative routines. Effective roll-out of these software products within the Group takes place on a continuous basis.

As a result of a specific assessment regarding a purchase price adjustment it is the management's assessment that goodwill should be written down.

	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			
Cost beginning of year	42,951	3,885	0
Exchange rate adjustments	(227)	4	0
Additions	3,571	6,288	1,972
Disposals	(969)	0	0
Cost end of year	45,326	10,177	1,972
Depreciation and impairment losses beginning of year	(5,175)	(238)	0
Exchange rate adjustments	246	(9)	0
Depreciation for the year	(2,805)	(612)	0
Depreciation and impairment losses end of year	(7,734)	(859)	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	176,469	6,188
Exchange rate adjustments	0	35
Additions	0	415
Disposals	(176,469)	(4,457)
Cost end of year	0	2,181
Revaluations beginning of year	(6,298)	0
Adjustments on equity	(4,477)	0
Share of profit/loss for the year	24,235	0
Reversal regarding disposals	(13,460)	0
Revaluations end of year	0	0
Impairment losses beginning of year	0	(4,382)
Reversal regarding disposals	0	4,382
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		39,008
Recognised in the income statement		(1,184)
End of year		37,824

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

11. Prepayments

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

Notes to consolidated financial statements

	<u>Number</u>	<u>Nominal value DKK'000</u>	<u>Share of contributed capital %</u>	<u>Purchase/(se lling) price DKK'000</u>
12. Treasury shares				
Investments acquired:				
Ordinary shares	200,000	200	20.0	60,125
	200,000	200	20.0	
Holding of treasury shares:				
Ordinary shares	200,000	200	20.0	
	200,000	200	20.0	

The company has agreed with a shareholder to acquire the shareholder's shares in the company.

	<u>2019 DKK'000</u>	<u>2017/18 DKK'000</u>
13. Change in working capital		
Increase/decrease in inventories	(556)	3,993
Increase/decrease in receivables	40,798	9,171
Increase/decrease in trade payables etc	(9,078)	43,219
	31,164	56,383

14. 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.

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

	<u>2019 DKK'000</u>	<u>2017/18 DKK'000</u>
15. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	141,481	152,390

16. 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

Notes to consolidated financial statements

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 tax calculation 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.

17. Transactions with related parties

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

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>
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
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%.

As of 31.12.2019 the positive difference amount occurred in connection with business combinations is DKK 121.7 millions. The positive difference is decreased by DKK 22.7 millions due to amortisation of goodwill and adjustment of acquisition price.

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

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2017/18 DKK'000</u>
Other external expenses		(122)	(275)
Operating profit/loss		(122)	(275)
Income from investments in group enterprises		27,080	(9,279)
Financial expenses from group enterprises		(809)	0
Other financial expenses		(164)	(1,485)
Profit/loss before tax		25,985	(11,039)
Tax on profit/loss for the year	1	240	388
Profit/loss for the year	2	26,225	(10,651)

Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2017/18 DKK'000</u>
Investments in group enterprises		256,974	298,160
Fixed asset investments	3	<u>256,974</u>	<u>298,160</u>
Fixed assets		<u>256,974</u>	<u>298,160</u>
Receivables from group enterprises		0	987
Deferred tax	4	362	340
Joint taxation contribution receivable		218	48
Receivables		<u>580</u>	<u>1,375</u>
Current assets		<u>580</u>	<u>1,375</u>
Assets		<u>257,554</u>	<u>299,535</u>

Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2017/18 DKK'000</u>
Contributed capital	5, 6	1,000	1,000
Retained earnings		212,312	250,510
Equity		213,312	251,510
Debt to other credit institutions		0	4,000
Non-current liabilities other than provisions		0	4,000
Current portion of long-term liabilities other than provisions		0	44,000
Payables to group enterprises		44,217	0
Other payables		25	25
Current liabilities other than provisions		44,242	44,025
Liabilities other than provisions		44,242	48,025
Equity and liabilities		257,554	299,535
Contingent liabilities	7		
Assets charged and collateral	8		
Related parties with controlling interest	9		
Transactions with related parties	10		

Parent statement of changes in equity for 2019

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1,000	250,510	251,510
Purchase of treasury shares	0	(60,125)	(60,125)
Exchange rate adjustments	0	3	3
Other entries on equity	0	(4,301)	(4,301)
Profit/loss for the year	0	26,225	26,225
Equity end of year	1,000	212,312	213,312

Notes to parent financial statements

	2019 DKK'000	2017/18 DKK'000
1. Tax on profit/loss for the year		
Change in deferred tax	(22)	(340)
Refund in joint taxation arrangement	(218)	(48)
	(240)	(388)
	2019 DKK'000	2017/18 DKK'000
2. Proposed distribution of profit/loss		
Retained earnings	26,225	(10,651)
	26,225	(10,651)
		Invest- ments in group enterprises DKK'000
3. Fixed asset investments		
Cost beginning of year		331,278
Cost end of year		331,278
Impairment losses beginning of year		(33,118)
Exchange rate adjustments		3
Adjustments on equity		(4,301)
Amortisation of goodwill		(6,764)
Impairment losses on goodwill		(15,968)
Share of profit/loss for the year		33,844
Dividend		(48,000)
Impairment losses end of year		(74,304)
Carrying amount end of year		256,974

As a result of a specific assessment regarding a purchase price adjustment it is the management's assessment that goodwill should be written down.

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

Notes to parent financial statements

	2019 DKK'000
4. Deferred tax	
Changes during the year	
Beginning of year	340
Recognised in the income statement	22
End of year	362

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

	Number	Nominal value DKK'000
5. Contributed capital		
Ordinary shares	1,000,000	1,000
	1,000,000	1,000

	Number	Nominal value DKK'000	Share of contributed capital %	Purchase/(selling) price DKK'000
6. Treasury shares				
Investments acquired:				
Ordinary shares	200,000	200	20.0	60,125
	200,000	200	20.0	
Holding of treasury shares:				
Ordinary shares	200,000	200	20.0	
	200,000	200	20.0	

The company has agreed with a shareholder to acquire the shareholder's shares in the company.

7. 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 bank in Denmark. The debt is DKK 54 million.

Notes to parent financial statements

8. Assets charged and collateral

Bank liabilities have been secured on shares in GASA GROUP Holding A/S. The carrying amount of shares charged is DKK 257 million.

9. Related parties with controlling interest

Erhvervsinvest IV K/S – Jægersborg Alle 4, 5. 2920 Charlottenlund (Parent company)

10. Transactions with related parties

In annual report only transactions with related parties, which have not been completed under normal circumstances 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

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 10-20 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 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

Accounting policies

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.

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.

Accounting policies

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.

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.

Accounting policies

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.

Treasury shares

Acquisition and selling prices and dividends for treasury shares are classified directly as equity under retained earnings. Gains and losses on sale are not recognised in the income statement.

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 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.

Accounting policies

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