

Skagerak Salmon A/S

Herluf Trollesvej 14
9850 Hirtshals

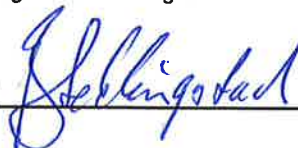
CVR no. 31 16 53 42

Annual report 2019

The annual report was presented and approved at the
Company's annual general meeting on

28 August 2020

Bård Sekkingstad
chairman



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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Skagerak Salmon A/S for the financial year 1 January – 31 December 2019.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

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

Hirtshals, 28 August 2020

Executive Board:



Even Hopland

Board of Directors:



Bard Sekkingstad
Chairman



Per Johnny Bøe



Even Hopland



Independent auditor's report

To the shareholder of Skagerak Salmon A/S

Opinion

We have audited the financial statements of Skagerak Salmon A/S for the financial year 1 January – 31 December 2019 comprising income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 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 financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for 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 rules and requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these 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

Independent auditor's report

- identify and assess the risks of material misstatement of the company 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 Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.



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Independent auditor's report

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Aalborg, 28 August 2020

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Steffen S. Hansen
State Authorised
Public Accountant
mne32737

Skagerak Salmon A/S
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Management's review

Company details

Skagerak Salmon A/S
Herluf Trollesvej 14
9850 Hirtshals

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Fax: +45 98 94 48 22
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CVR no.: 31 16 53 42
Established: 1 January 2008
Registered office:
Financial year: 1 January – 31 December

Board of Directors

Bård Sekkingstad, Chairman
Per Johnny Bøe
Even Hopland

Executive Board

Even Hopland

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Østre Havnegade 18
DK-9000 Aalborg

Bank

DnB Bank ASA
Arne Jacobsens Allé 15
2300 København S

Annual general meeting

The annual general meeting will be held on 28 August 2020.

Management's review

Financial highlights

DKK'000	2019	2018	2017	2016	2015
Key figures					
Revenue	810,065	719,770	649,672	440,095	368,300
Gross profit	34,201	31,639	36,539	9,814	44,257
Operating profit/loss	9,182	10,151	10,240	-15,544	-3,356
Profit/loss from financial income and expenses	137	-1,049	73	616	-1,768
Profit/loss for the year	7,250	7,081	7,901	-11,650	-3,903
Assets					
Total assets	164,246	195,931	144,342	122,433	129,197
Equity	33,352	26,102	19,023	11,121	22,771
Investment in property, plant and equipment	14,859	6,285	585	6,457	1,066
Ratios					
Return on invested capital	5.1%	7.6%	7.6%	-11.7%	-4.0%
Solvency ratio	19.0%	13.3%	13.1%	9.0%	18.2%
Average number of full-time employees					
	56	57	40	46	91

Financial ratios are calculated in accordance with the guidelines "Recommendations & Ratios" issued by the Danish Society of Financial Analysts. The financial ratios have been calculated as follows:

Return on invested capital

$$\frac{\text{Operating profit/loss} \times 100}{\text{Average invested capital}}$$

Solvency ratio

$$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$$

Management's review

Operating review

Principal activities

Similar to previous years, the Company has been engaged in the manufacture, processing and sale of salmon and related activities.

Development in activities and financial position

Revenue increased from DKK 720 million to DKK 810 million driven by an increase in sales in the Americas in line with strategy.

The Company reported a profit after tax of DKK 7.3 million for 2019 as against a profit of DKK 7.1 million for 2018.

The profit was impacted by the sale of two buildings in December 2019.

Management does not consider the performance satisfactory.

The significant increase in other receivables was due to the sale of buildings, which was received in July 2020.

Apart from this, working capital has been significantly reduced due to focus on lower inventories and factoring agreement for trade receivables. As a consequence of lower inventories, trade payables also decreased significantly.

Capital resources

The Company is financed through cash pool with Danish and Norwegian group entities, and the group companies will support the Company to realise the budget for 2020, and Management therefore considers cash resources sufficient.

Events after the balance sheet date

No events have occurred after the financial year end with an impact on the financial statements for 2019. COVID-19 has a major impact on the seafood business worldwide. The Company has a diversified market both in customers, product range and geography even though the pandemic consequences result in lower volume and some extra costs.

Environmental matters

During the year under review, the Company remained focused on reducing the environmental impact from production.

Outlook

The Company expects to reduce costs through optimisation of processes within the Group and increase volume through active market management. Management expects to report improved results for 2020.

Due to the global COVID-19 situation, the outlook is subject to higher degree of uncertainty, but Management still expects positive earnings, which is supported by operations at the time of finalising the financial statements.

Management's review

Operating review

Particular risks

General risks are increased, and Management has focus on relevant business and financial risks impacting the Company.

Particular risks affecting the Company are mainly related to the general market situation and currency development.

Corporate social responsibility

Production takes place in Denmark and Management focus is on keeping environmental costs at a minimum. Further, Skagerak Salmon A/S holds a high standard respecting and applying to human rights. We strive to reduce our carbon footprint and encourage the market to choose green solutions.

Human rights

The Company does not have specific policies for human rights, anti-corruption and bribery and social and staff matters.

Management expects to adopt policies for these areas during 2020.

The Company has conducted a thorough assessment of its business model and has not identified any material risks within the areas of human rights, anti-corruption and bribery, climate and environment, and social and staff matters.

Climate impact

The Company focuses on the climate and environment but has not adopted specific policies for these topics.

Management expects to adopt policies for these areas during 2020.

Goals and policies for the underrepresented gender

The Group, including Skagerak Salmon, practises equality for all genders, sexuality and ethnical background.

Skagerak Salmon A/S' Board of Directors currently consists of three members, of which all are males. The Company has a target of one female member on its Board of Directors before 2024. During entire 2019 one board member has been female.

For other management levels, the current ratio is 60% males. Management has adopted policies for increasing the underrepresented gender on other management levels.

Actions taken include continuous assessment of recruitment policies and focus on female candidates when searching for new managers and equal terms for males and females in the recruitment process ..

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2019	2018
Revenue		810,065	719,770
Change in inventories of finished goods/work in progress		-737,600	-626,967
Other operating income		37,942	0
Other external costs		-76,206	-61,164
Gross profit		34,201	31,639
Staff costs	2	-22,354	-19,917
Depreciation, amortisation and impairment losses		-2,665	-1,571
Operating profit		9,182	10,151
Financial income	3	2,958	1,723
Financial expenses	4	-2,821	-2,772
Profit before tax		9,319	9,102
Tax on profit for the year	5	-2,069	-2,021
Profit for the year	6	7,250	7,081

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2019	31/12 2018
ASSETS			
Fixed assets			
Intangible assets	7		
Software		325	514
Property, plant and equipment	8		
Land and buildings		0	13,717
Plant and machinery		7,320	6,251
Fixtures and fittings, tools and equipment		64	181
		7,384	20,149
Investments	9		
Deposits		188	60
Total fixed assets		7,897	20,723
Current assets			
Inventories			
Raw materials and consumables		3,532	5,221
Finished goods and goods for resale		44,875	80,760
Prepayments for goods		0	4,212
		48,407	90,193
Receivables			
Trade receivables		44,997	81,957
Other receivables		61,395	1,697
Prepayments	10	1,550	1,361
		107,942	85,015
Total current assets		156,349	175,208
TOTAL ASSETS		164,246	195,931

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Balance sheet

DKK'000	Note	31/12 2019	31/12 2018
EQUITY AND LIABILITIES			
Equity			
Contributed capital	11	600	600
Retained earnings		32,752	25,502
Total equity		33,352	26,102
Provisions			
Provisions for deferred tax		1,271	1,847
Total provisions		1,271	1,847
Liabilities other than provisions			
Non-current liabilities other than provisions			
Other payables	13	10,125	11,625
Current liabilities other than provisions			
Current portion of non-current liabilities	13	1,500	1,500
Trade payables		52,223	97,527
Payables to group entities		59,854	53,471
Corporation tax		1,811	0
Other payables		4,110	3,859
		119,498	156,357
Total liabilities other than provisions		129,623	167,982
TOTAL EQUITY AND LIABILITIES		164,246	195,931
Fees to auditor appointed at the general meeting			
	14		
Contractual obligations, contingencies, etc.			
	15		
Mortgages and collateral			
	16		
Currency and interest rate risks and the use of derivative financial instruments			
	17		
Related party disclosures			
	18		
Disclosure of events after the balance sheet date			
	19		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 January 2019	600	25,502	26,102
Transferred over the profit appropriation	0	7,250	7,250
Equity at 31 December 2019	600	32,752	33,352

Financial statements 1 January – 31 December

Cash flow statement

DKK'000	Note	2019	2018
Profit for the year		7,250	7,081
Other adjustments of non-cash operating items	20	-33,241	4,640
Cash flows from operations before changes in working capital		-25,991	11,721
Changes in working capital	21	42,380	-1,393
Cash flows from ordinary activities		16,389	10,328
Interest income		2,958	1,723
Interest expense		-2,821	-2,772
Corporation tax paid		0	-1,494
Cash flows from operating activities		16,526	7,785
Acquisition of intangible assets		-97	0
Sale of intangible assets		2	0
Acquisition of property, plant and equipment		-14,859	-6,285
Disposal of property, plant and equipment		56	0
Acquisition of securities		-128	0
Cash flows from investing activities		-15,026	-6,285
External financing:			
Repayment of non-current debt		-1,500	-1,500
Cash flows from financing activities		-1,500	-1,500
Cash flows for the year		0	0
Cash and cash equivalents at year end		0	0

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Skagerak Salmon A/S for 2019 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Income statement

Revenue

Income from the sale of goods is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms ® 2020.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Cost of sales

Costs incurred in generating revenue for the year are recognised in cost of sales. Furthermore, the caption also comprises direct costs of goods for resale and changes to inventory of goods for resale.

Other operating income

Other operating income comprises items secondary to the activities of the entity, including gains on the disposal of intangible assets and property, plant and equipment.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Intangible assets with short useful lives, e.g. software, are measured at cost less accumulated amortisation or the recoverable amount if this is lower. Such assets are usually amortised over a maximum of seven years, which is the expected useful life.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Buildings	20-30 years
Plant and machinery	3-10 years
Fixtures and fittings, tools and equipment	3-10 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Deposits

Deposits comprise rent deposits recognised and measured at cost. Deposits are not depreciated.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management and capitalised development costs on the products.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments and deferred income

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement apart from captions taken directly to equity.

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

Prepayments and deferred income

Deferred income comprises advance invoicing regarding income in subsequent years.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities, intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in size or composition of the Company's contributed capital and costs in this respect as well as the raising of loans, instalments on interest-bearing debt and distribution of dividends to owners.

Segment information

Segment information is omitted, thus it is considered business sensitive information.

Financial statements 1 January – 31 December

Notes

2 Staff costs

DKK'000	2019	2018
Wages and salaries	18,653	16,996
Pensions	1,474	1,500
Other social security costs	815	735
Other staff costs	1,412	686
	<u>22,354</u>	<u>19,917</u>
Average number of full-time employees	<u>56</u>	<u>57</u>

With reference to section 98b (3) of the Danish Financial Statements Act, executive remuneration has not been disclosed for 2019.

DKK'000	2019	2018
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3 Financial income

Other financial income	<u>2,958</u>	<u>1,723</u>
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4 Financial expenses

Interest expense to group entities	1,576	1,429
Other financial costs	<u>1,245</u>	<u>1,343</u>
	<u>2,821</u>	<u>2,772</u>

5 Tax on profit for the year

Current tax for the year	1,875	66
Deferred tax for the year	181	1,955
Adjustment of tax concerning previous years	<u>13</u>	<u>0</u>
	<u>2,069</u>	<u>2,021</u>

6 Proposed profit appropriation

Retained earnings	<u>7,250</u>	<u>7,081</u>
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Financial statements 1 January – 31 December

Notes

7 Intangible assets

DKK'000	Software
Cost at 1 January 2019	6,474
Additions for the year	96
Disposals for the year	-5,221
Cost at 31 December 2019	1,349
Amortisation and impairment losses at 1 January 2019	-5,960
Amortisation for the year	-284
Reversed amortisation and impairment losses on assets sold or disposed	5,220
Amortisation and impairment losses at 31 December 2019	-1,024
Carrying amount at 31 December 2019	325

8 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2019	16,537	7,318	1,334	25,189
Additions for the year	7,546	2,906	0	10,452
Disposals for the year	-24,083	-197	-773	-25,053
Cost at 31 December 2019	0	10,027	561	10,588
Depreciation and impairment losses at 1 January 2019	-2,820	-1,067	-1,153	-5,040
Depreciation for the year	-711	-1,837	-117	-2,665
Depreciation for the year on assets sold or disposed	3,531	197	773	4,501
Depreciation and impairment losses at 31 December 2019	0	-2,707	-497	-3,204
Carrying amount at 31 December 2019	0	7,320	64	7,384

Financial statements 1 January – 31 December

Notes

9 Investments

DKK'000	Deposits
Cost at 1 January 2019	60
Additions for the year	128
Cost at 31 December 2019	188
Carrying amount at 31 December 2019	188

10 Prepayments

DKK'000	31/12 2019	31/12 2018
Prepaid lease costs	1,090	947
Other prepayments	460	414
	1,550	1,361

11 Equity

The contributed capital consists of 600 shares of a nominal value of DKK 1,000 each.

All shares rank equally.

12 Deferred tax

DKK'000	2019	2018
Deferred tax at 1 January	1,847	867
Deferred tax adjustment for the year in the income statement	-589	1,955
Adjustment of deferred tax in respect of previous years	13	-975
	1,271	1,847
Provisions for deferred tax relate to:		
Intangible assets	0	114
Property, plant and equipment	925	1,677
Current assets	380	524
Liabilities other than provisions	-34	-147
Tax loss carryforwards	0	-321
	1,271	1,847

13 Current liabilities other than provisions

DKK'000	31/12 2019	Repayment, first year	Outstanding debt after five years
Loan Skagerak Holding	11,625	1,500	4,125
	11,625	1,500	4,125

Financial statements 1 January – 31 December

Notes

14 Fees to auditor appointed at the general meeting

DKK'000	2019
Statutory audit services	145
Tax assistance	30
Non-audit services	48
	<u>223</u>

15 Contractual obligations, contingencies, etc.

Operating lease obligations

The Company has entered into operating leases with an annual lease payment of DKK 7,786 thousand.

The remaining term of the lease contracts is up to 40 months, and they come with a residual lease payment of DKK 16,993 thousand.

Contingent liabilities

Skagerak Salmon A/S is jointly taxed with another Danish group entity. The jointly taxed entities are jointly and severally liable for tax on the Group's jointly taxed income and for certain withholding taxes such as dividend tax and royalty tax. The jointly taxed entities did not have a net liability to SKAT at 31 December 2019. Any subsequent corrections of the jointly taxed income or withholding taxes on dividends, etc., may entail a change in the entities' liability.

The Group as a whole is not liable to any other parties.

Rent obligations

The Company has entered into a lease contract for inventory facilities. The price relies on volume. Costs for 2019 reached DKK 2,947 thousand. The liability during the period of interminability represents a maximum of DKK 300 thousand.

16 Mortgages and collateral

As collateral for bank loans via a cash-pool scheme with the affiliated company in Norway of DKK 59,020 thousand, the Company has issued a company charge of a nominal amount of DKK 50,000 thousand. The company charge has been secured upon the following assets whose carrying amount at the balance sheet date totals:

Plant and machinery: DKK 7,264 thousand

Trade receivables: DKK 44,997 thousand

Inventories: DKK 48,407 thousand.

17 Currency and interest rate risks and the use of derivative financial instruments

Other payables and other receivables include negative and positive fair values of derivative financial instruments of net DKK 1,340 thousand. Derivative financial instruments have been entered into to hedge exchange rate exposure of future purchases of DKK 55,949 thousand divided primarily between the currencies NOK, EUR, SEK and AUD. Forward exchange contracts expire between January 2020 and December 2020.

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18 Related party disclosures

Skagerak Salmon A/S' related parties comprise the following:

Control

Trient AS, Skaganeset, 5382 Skogsvåg, Norway.

Trient AS holds the majority of the contributed capital in the Company.

Skagerak Salmon A/S is part of the consolidated financial statements of Trient AS, Norway, which is the largest and smallest group in which the Company is included as a subsidiary.

The consolidated financial statements of Trient AS can be obtained by contacting the Company.

Related party transactions

Remuneration of the Parent Company's Executive Board and Board of Directors is not disclosed as outlined in note 2.

Payables to associates and subsidiaries are disclosed in the balance sheet and interest expenses in note 4.

DKK'000	2019
Sale of goods to a group entity	8,000
Purchase of goods from a group entity	242,010
	<u>250,010</u>

19 Disclosure of events after the balance sheet date

No events have occurred after the financial year end with an impact on the financial statements for 2019. COVID-19 has a major impact on the seafood business worldwide. The Company has a diversified market both in customers, product range and geography even though the pandemic consequences result in lower volume and some extra costs.

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DKK'000	2019	2018
20 Other adjustments		
Financial income	-2,958	-1,723
Financial expenses	2,821	2,772
Tax on profit for the year	2,069	2,021
Depreciation and amortisation	2,769	1,570
Gains on the disposal of non-current assets	-37,942	0
	<u>-33,241</u>	<u>4,640</u>
21 Changes in working capital		
Change in inventories	41,786	-37,343
Change in receivables	38,223	-9,094
Change in trade and other payables	-37,629	45,044
	<u>42,380</u>	<u>-1,393</u>