Espersen Annual Report 2020, signed by chair.pdf

Signers:

Name	*Method*	*Date*
Lena Lauridsen	NEMID	2021-04-09 14:49 GMT+2

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A. Espersen A/S

Fiskerivej 1, 3700 Rønne

Annual Report 2020

The Annual Report 2020 was adopted by the Annual General Meeting on 9 April 2021

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(Chairman)

CVR-nr. 38 38 99 12

Contents

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 A. Espersen A/S for the financial year 1 January – 31 December 2020.

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

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2020 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2020.

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

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

Rønne, 25 March 2021

Executive Board:

Klaus B. Nielsen *CEO*	Max Sørensen *Deputy CEO*	Jesper Mikkelsen Heilbuth *CFO*

Board of Directors:

Flemming Enevoldsen *Chairman*	Christopher Thomas	Peter Kjær
Niels Walther-Rasmussen	Bettina Fürstenberg	
Jacek Migrala	Klaus B. Nielsen	
René Kofod*	Mette Bendix Nielsen*	Preben Finne*

*Employee representative

Independent auditor's report

To the shareholder of A. Espersen A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of A. Espersen A/S for the financial year 1 January – 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2020 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent 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 Group or the Parent 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent 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 Group's and the Parent 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 Group and the Parent Company to cease to continue as a going concern.

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

- 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'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.

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.

Aarhus, 25 March 2021
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Friis
State Authorised
Public Accountant
mne32732

Tobias Oppermann
State Authorised
Public Accountant
mne46362

Management's review

Company details

A. Espersen A/S
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Denmark

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Web site:	www.espersen.com
E-mail:	espersen@espersen.com

Registration No.:	38389912
Established:	23.02.1945
Registered office:	Bornholm, Denmark

Board of Directors

Flemming Enevoldsen (Chairman)
Christopher Thomas
Peter Kjær
Niels Walther-Rasmussen
Bettina Fürstenberg
Jacek Migrala
Klaus B. Nielsen
René Kofod (employee representative)
Mette Bendix Nielsen (employee representative)
Preben Finne (employee representative)

Executive Board

Klaus B. Nielsen, CEO
Max Sørensen, Deputy CEO
Jesper Mikkelsen Heilbuth, CFO

Auditors

ERNST & YOUNG, Godkendt Revisionspartnerselskab, CVR. No. 30700228
Værkmestergade 25
Postboks 330
DK-8100 Aarhus C
Denmark

Annual General Meeting

The Annual General Meeting is to be held on 9 April 2021.

Management's review

Financial highlights for the Group

DKKm	2020	2019	2018	2017	2016
Key figures					
Revenue	2,858	2,788	2,739	2,431	2,159
Operating profit before special items (Note 2)	49	53	-10	-4	-10
Ordinary operating profit	40	41	-56	-4	-10
Financial income and expenses, net	-48	-31	-37	-38	-26
Result before tax	-8	9	-94	-43	-35
Result for the year	**-8**	**1**	**-76**	**-34**	**-33**
Non-current assets	404	409	434	406	268
Current assets	1,059	1,083	1,035	933	832
Total assets	**1,463**	**1,492**	**1,469**	**1,339**	**1,100**
Share capital	39	39	35	30	30
Equity	**309**	**384**	**255**	**159**	**230**
Non-controlling shareholder's interest	1	1	1	0	0
Provisions	2	3	21	21	11
Non-current liabilities other than provisions	5	9	20	59	84
Current liabilities other than provisions	1,146	1,095	1,173	1,099	775
Cash flows from operating activities	0	77	-194	-6	192
Cash flows from investing activities, net	-58	-30	-93	-155	-29
Hereof investments in tangible assets	-59	-45	-108	-49	-31
Cash flows from financing activities	67	-51	268	192	-153
Total cash flows	**10**	**-4**	**-19**	**30**	**10**
Financial ratios					
Solvency ratio	21.1	25.7	17.4	11.9	20.9
Return on equity	-2,2	+0.3	-36.7	-17.5	-13.0
Average number of full-time employees	2,990	2,929	2,946	2,689	2,374

The financial ratios stated in the financial highlights overview have been calculated as follows:

Solvency ratio: Equity at year end x 100 / Total equity and liabilities at year end

Return on equity: Result for the year after tax x 100 / Average equity

Management's review

Principal activities of the Group

Espersen's activities are production of frozen and chilled seafood products for retail and foodservice markets, primarily in Europe as well as BtB customers worldwide. The raw materials used are mostly imported frozen cod as well as other fish species and semi manufactured products from other parts of the world.

Customers

The majority of products are sold to a variety of large international customers with whom partnerships are made and new products are developed.

Suppliers

Espersen continuously works on strengthening its supplier relations. Our suppliers ensure a stable production in spite of considerable and often unpredictable fluctuations in the size of fishing quotas.

Development in activities and financial position

Financial performance and position for the year

In 2020, the Group's revenue increased 2.5% to DKK 2,858m (2019: DKK 2,788m) and the Group's operating profit before special items for 2020 is DKK 49m compared with DKK 53m in 2019, equal to a decrease of DKK 4m.

Ordinary operating profit for 2020 is DKK 40m compared with DKK 41m in 2019, equal to a decrease of DKK 1m.

The outbreak of Covid-19 has impacted the Group's business in most areas – some areas negative others positive. Overall, Covid-19 directed most focus and time on securing a safe environment for our employees and securing supply of raw materials in order to secure production of goods to our customers, as well as on constantly adapting to the ever changing developments in the countries we are operating and trading in.

Some of our customers were positively impacted by Covid-19 and others were negatively impacted. Overall, Covid-19 has had a negative impact on our financial performance as well as our ability to develop and expand our business as originally included in our plans for 2020. Accordingly, Covid-19 prevented the Group from continuing the improvements in the financial performance that started in 2019. However, the significantly improved financial performance achieved in 2019 improved the Group's robustness, which meant that the operational result achieved in a turbulent Covid-19 year is on level with 2019.

The Group has incurred extra costs of DKK 9m directly related to Covid-19, which i.a. comprise salaries to employees in quarantine and costs to protect employees (facemasks, tests, hand sanitizer, extra cleaning, extra space in production etc.). These costs are viewed as Special costs.

The Group's cash flow from operating activities was positive by DKK 0.4m in 2020 compared with positive DKK 77m in 2019, equal to a decrease of DKK 77m.

The development in the financial performance and cash flow in 2020 is considered satisfactory considering the impacts from Covid-19.

The Group's solvency decreased to 21.1% at 31 December 2020 (2019: 25.7%). The decrease is primarily caused by a significant negative currency effect from translating the Group's subsidiaries from local currencies into DKK at consolidation – in particular the Group's Polish activities and Asian activities result in negative currency adjustments recognized directly in equity as the PLN and USD have depreciated significantly against DKK from 1 Jan 2020 to 31 Dec 2020.

Outlook

The outbreak of Covid-19 in 2020 had significant impact on the world trade and on the consumers' "usual" ways of buying and eating seafood. Most countries still have many Covid-19 restrictions in force, which continue to impact how and where seafood is bought and enjoyed.

Covid-19 vaccines have been developed and vaccination programmes are running in most countries in which we are selling our products. Accordingly, more stability and normality in societies is expected to come during first half of 2021, where societies slowly are lifting the Covid-19 restrictions and thereby slowly re-opening and getting back to "normality", however, expectedly to a "new normality". Espersen follows the development closely and is in close dialogue with customers and suppliers to understand the current demand and supply in its markets.

There is still uncertainty as to the development and consequences of Covid-19, but with our current knowledge, we overall expect, that the Group's revenue and earnings for 2021 will increase compared with 2020 – for revenue an increase of around 1-5% is expected while earnings is expected to increase around 10-15%, but both will vary depending on in particular the development in fish prices. Further, the revenue and earnings estimates for 2021 are subject to high uncertainty due to the continued Covid-19 uncertainties which are impacting most parts of the Group's activities.

We have prepared contingency plans for our business, including securing our production plants etc. We have also prepared financial models for scenario analysis, which we will update as and when needed.

The Group has significant exports into UK. The vast majority of the exports will not be subject to import duties, while some products will be subject to import duties at different rates from 4% to 18%. We expect to pass on the import duties to our customers, and generally the market is expecting that market prices for the products subject to import duties will align during 1st half 2021. Brexit has resulted in new and more comprehensive and cumbersome paperwork to be completed for exports into UK. The Espersen Group was well prepared for this extra paperwork, and have after Brexit managed to deliver timely to its customers. Brexit is not expected to have material impact on the Group's financial performance.

Espersen Group has sufficient liquidity to continue its business.

Particular risks

General risks

Espersen's main exposure is its dependence on raw material procurement. Espersen depends on a good development of whitefish stocks, especially cod, and is working both locally and globally to ensure sustainable fishing. A further risk could be an environmental disaster and its consequences for global fishing.

Currency and financial risks

A considerable part of Espersen's purchases and sales are performed in foreign currency, and fluctuations in the rates of exchange may have a short-term effect on the Group's results; in the long-term, these fluctuations are, however, included in the market. A defined policy is in place to mitigate significant short-term impacts of changes in exchange rates. Hedging of currency risks is mainly by use of foreign exchange forwards.

Espersen is predominantly financed through the parent company, INSEPA A/S, which has sufficient funding in place to secure operations.

Credit risks

The credit risks of the Company primarily relates to trade receivables. As a rule, an international credit insurance institution insures all trade receivables in order to minimise credit risks.

Intellectual capital

Espersen's employees have high seniority and industry insight.

Espersen's main activities are processed on standard production equipment, and the high seniority of the employees is a contributing factor to higher yields and profits.

Environmental issues

It is important for Espersen to act in an ethical correct way, to support and work for sustainable fishing and to have a good image towards our business partners and in the local communities.

Social responsibility

Espersen's sustainability report constitute our compliance with the Danish statutory disclosure on corporate social responsibility and gender distribution among management, see the Danish Financial Statements Act, sections §99a and §99b. Access our sustainability report here: http://www.espersen.com/Files/Images/Espersen/Sustainability/Espersen%20sustainability_Report_2020%20Final.pdf

Events after the balance sheet date

No events have occurred after the year-end closing which could significantly affect the evaluation of the financial position of the Group and the Parent Company. However, reference is made to comments on Brexit and the Covid-19 situation provided in the Outlook on the previous page.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Accounting policies

The annual report of A. Espersen A/S for 2020 has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

Changes in accounting policies

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the value of the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, A. Espersen A/S, and subsidiaries in which A. Espersen A/S directly or indirectly holds more than 50% of the voting rights or over which it otherwise exercises control. Entities in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates, see the group chart.

The consolidated financial statements have been prepared as a consolidation of the Parent Company's and the individual subsidiaries' financial statements, which are prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains in so far as they do not reflect impairment.

In the consolidated financial statements, the items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the Group's profit/loss and equity, respectively, but are disclosed separately.

Business combinations

Recently acquired or formed entities are recognised in the consolidated financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated in respect of recently acquired or sold entities.

Gains or losses on disposal of subsidiaries and associates are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated selling costs.

Corporate acquisitions are accounted for using the purchase method according to which the acquired entity identifiable assets and liabilities are measured at fair value at the date of acquisition. Restructuring costs recognised in the acquired entity before the date of acquisition and not agreed as part of the acquisition are part of the acquisition balance sheet and, hence, the calculation of goodwill. Costs relating to restructuring decided by the acquiring entity must be recognised in the income statement. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill) is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset.

Negative differences (negative goodwill) are recognised as income in the income statement at the time of acquisition when the general revenue recognition criteria are met.

Goodwill and negative goodwill from acquired entities may be adjusted until 12 months after the year of acquisition.

Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, additions of assets and share conversions, etc. in which entities controlled by the Parent Company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures.

Differences between the agreed consideration and the carrying amount of the acquired entity are recognised in equity.

Non-controlling interests

On initial recognition, non-controlling interests are measured at the fair value of the non-controlling interests' ownership share or at the non-controlling interests' proportionate share of the fair value of the acquired entity's identifiable assets, liabilities and contingent liabilities.

In the former scenario, goodwill relating to the non-controlling interests' ownership share in the acquired entity is thus recognised, while, in the latter scenario, goodwill relating to the non-controlling interests' ownership share is not recognised. Measurement of non-controlling interests is chosen on a transaction-by-transaction basis and is stated in the notes in connection with the description of acquired entities.

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 at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and 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 at 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.

Foreign subsidiaries and associates are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of intra-group balances with independent foreign subsidiaries which are considered part of the investment in the subsidiary are recognised directly in equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

On recognition of foreign subsidiaries which are integral entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the acquisition date or at the date of any subsequent revaluation or impairment of the asset. Income statement items are translated at the exchange rates at the transaction date, although items derived from non-monetary items are translated at the historical exchange rates applying to the non-monetary items.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets and liabilities are recognised in other receivables or other payables and in equity.

Income statement
Revenue

Income from the sale of goods for resale and finished goods, comprising sale of fish is recognised in the income statement when delivery and transfer of risk to the buyer have taken place and provided that the income can be reliably measured and is expected to be received. Revenue is measured ex. VAT and taxes charged on behalf of third parties.

Other operating income

Other operating income comprises items secondary to the activities of the Company, including income from renting out properties.

Raw materials and consumables

Costs of raw materials and consumables comprise purchases for the year and the change in the inventory of raw materials and consumables.

Other external costs

Other external costs comprise all other costs, among these administration, bad debts, fixed costs and operational leases.

Staff costs

Staff costs comprise wages and salaries, including holiday allowances and pensions, and other social security cost etc. for the Company's employees. Refund received from public authorities are deducted from staff costs.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses which comprise depreciation, amortisation and impairment losses regarding goodwill, intangible assets and property and equipment are provided on a straight-line basis over the expected useful lives of the assets, based on the assessed useful lives.

Income from investments in subsidiaries and associates

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/losses.

The proportionate share of the results after tax of the associates is recognised in both the consolidated income statement and the parent company income statement after elimination of the proportionate share of intra-group profits/losses.

Financial income and expenses

Financial income and expenses comprise interest income and expense, 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.

Tax on profit/loss for the year

The Company is covered by the Danish rules on compulsory joint taxation of INSEPA A/S Group's Danish subsidiaries. Subsidiaries form part of the joint taxation from the date when they are included in the consolidation of the consolidated financial statements and up to the date when they exit the consolidation.

The parent company INSEPA A/S is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

The current Danish corporation tax is allocated by settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carry forwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

Tax for the year comprises joint taxation contributions for the year and changes in deferred tax for the year – due to changes in the tax rate. 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

Acquired rights

Acquired rights are measured at cost amortised over the remaining period and adjusted for impairment losses. Useful life vary between 1-5 years.

Software

Software is measured at cost and amortised over the expected useful live and adjusted for impairment losses. Useful vary between 1-10 years.

Goodwill

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is between 5 and 20 years. The amortisation period is fixed on the basis of the expected repayment horizon, longest for strategically acquired business enterprises with strong market positions and long-term earnings profiles.

Property, plant and equipment

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

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Buildings	5-50 years
Plant and machinery	3-20 years
Fixtures and fittings, other plant and equipment	3-10 years

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement by off-setting in depreciation for the year.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured according to the equity method.

Investments in subsidiaries and associates are measured at the proportionate share of the entities' net asset value calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the purchase method of accounting.

Investments in subsidiaries and associates with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such entities are written down in so far as the amount receivable is considered irrecoverable. If the Parent Company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries and associates is recognised in the reserve for net revaluation according to the equity method in equity where the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be declared before the annual report of A. Espersen A/S is adopted are not taken to the net revaluation reserve.

The purchase method of accounting is applied to corporate acquisitions, see the above description under "Consolidated financial statements".

Securities and other investments

Listed securities and other investments are measured at fair value at the balance sheet date.

Impairment of non-current assets

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

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 expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

Inventories are measured at cost in accordance with the weighted average cost 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.

Receivables

Receivables are measured at amortised cost. Write-down is made for expected bad debt losses.

Prepayments

Prepayments comprise costs incurred in relation to subsequent financial years.

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries and associates is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Translation and hedging reserve

The Translation reserve comprise the share of exchange rate adjustments arising from the translation into Danish Kroner at consolidation of the results and net assets in foreign group entities with a functional currency other than Danish Kroner. Further, currency exchange rate adjustments of receivables and liabilities, which are deemed part of the Company's net investment in such foreign group entities are also recognised directly in the Translation reserve in the equity. The Translation reserve is dissolved at disposal of such foreign group entities.

In the parent company's accounts the exchange rate adjustments of such foreign group entities will instead be included as part of the Reserve for revaluation under the equity method.
More elaborate explanation of "Foreign currency translation" and "Derivative financial instruments" is provided in separate sections elsewhere in these accounting policies.

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

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 is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

Liabilities

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

Other liabilities are measured at net realisable value.

Consolidated 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 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 enterprises and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are subject to only minor risks of changes in value.

INCOME STATEMENT **DKK'000**

Note		CONSOLIDATED		PARENT	
		2020	2019	2020	2019
3	**Revenue**	2.857.524	2.788.049	2.259.407	1.986.307
	Changes in inventories of finished goods	-83.003	54.384	-34.399	9.385
	Other operating income	2.801	5.946	2.161	3.265
		2.777.322	2.848.379	2.227.169	1.998.957
	Raw materials, consumables, etc.	-2.053.727	-2.142.802	-2.058.357	-1.852.239
	Other external costs	-272.968	-270.675	-93.642	-90.404
	Gross profit	450.627	434.902	75.170	56.314
4	Staff costs	-368.221	-343.445	-69.977	-71.852
5+6	Depreciation, amortisation and impairment	-42.142	-50.852	-3.905	-10.277
	Operating profit/(loss)	40.264	40.605	1.288	-25.815
7	Share of result after tax in subsidiaries	-	-	24.290	40.167
8	Share of result after tax in associates	978	-580	978	-580
9	Financial income	4.501	5.591	4.212	32
9	Financial expenses	-54.055	-36.218	-45.947	-23.689
	Result before tax	-8.312	9.398	-15.179	-9.885
10	Corporation tax	645	-8.370	7.309	10.936
	Result for the year	-7.667	1.028	-7.870	1.051
	Breakdown of consolidated result for the year:				
	Shareholders, A. Espersen A/S	-7.870	1.051		
	Non-controlling interests	203	-23		
		-7.667	1.028		
	Proposed profit/loss appropriation:				
	Proposed dividends			-	-
	Retained earnings			-7.870	1.051
				-7.870	1.051

BALANCE SHEET **DKK'000**

Note		CONSOLIDATED		PARENT	
		2020	2019	2020	2019
	ASSETS				
	Non-current assets				
5	**Intangible assets**				
	Goodwill	23.533	28.010	-	1.750
	Software	340	1.153	294	1.100
		23.873	29.163	294	2.850
6	**Tangible assets**				
	Buildings	176.869	200.179	9.917	12.973
	Plant and machinery	132.470	141.262	3.961	558
	Other fixtures and operating equipment	9.308	5.835	4.032	620
	Property, plant and equipment under construction	52.591	23.534	27.335	17.822
		371.238	370.810	45.245	31.973
	Investments				
7	Investments in subsidiaries	-	-	567.858	519.458
8	Investments in associates	7.698	7.656	7.698	7.656
11	Other securities	1.300	1.319	1.300	1.319
		8.998	8.975	576.856	528.433
	Non-current assets	404.109	408.948	622.395	563.256
	Current assets				
	Inventories				
	Raw materials and consumables	311.211	322.895	32.247	51.264
	Finished goods and goods for resale	215.176	298.179	88.659	123.058
		526.387	621.074	120.906	174.322
	Receivables				
	Trade receivables	394.839	360.423	275.751	227.656
	Receivables from group enterprises	-	-	425.586	394.133
	Other receivables	35.716	34.110	29.070	6.678
12	Deferred tax	30.888	31.030	11.739	12.410
	Corporate tax receivable	23.302	-	11.835	12.409
13	Prepayments	2.484	1.104	1.558	641
		487.229	426.667	755.539	653.927
	Cash at bank and in hand	45.473	35.745	-	10.202
	Current assets	1.059.089	1.083.486	876.445	838.451
	TOTAL ASSETS	1.463.198	1.492.434	1.498.840	1.401.707

BALANCE SHEET DKK'000

Note		CONSOLIDATED		PARENT	
		2020	2019	2020	2019
	EQUITY AND LIABILITIES				
	Equity				
14	Share capital	39.000	39.000	39.000	39.000
	Retained earnings	348.615	341.655	289.102	341.655
	Reserve for net revaluation under the equity method	3.265	3.223	28.897	3.223
	Translation and hedging reserve	-81.576	-	-47.695	-
	Proposed dividends	-	-	-	-
	Shareholders, A. Espersen A/S	309.304	383.878	309.304	383.878
	Non-controlling interests	750	553	-	-
		310.054	384.431	309.304	383.878
	Provisions				
12	Deferred tax	2.288	3.424	-	-
		2.288	3.424	-	-
15	**Non-current liabilities**				
	Mortgage debt	4.623	6.401	4.623	6.401
	Other payables	-	2.288	-	2.288
		4.623	8.689	4.623	8.689
	Current liabilities				
	Mortgage debt	2.320	2.864	2.320	2.864
	Bank loans and overdrafts	16.421	6.315	-	-
	Trade payables	320.109	348.782	78.265	119.980
	Corporate tax payable	5.160	3.873	-	-
	Other payables	74.255	63.873	48.844	34.850
	Deferred income	16.891	18.149	-	-
	Payables to group enterprises *	711.077	652.034	1.055.484	851.446
		1.146.233	1.095.890	1.184.913	1.009.140
	Total liabilities	1.150.856	1.104.579	1.189.536	1.017.829
	TOTAL EQUITY AND LIABILITIES	1.463.198	1.492.434	1.498.840	1.401.707

* Hereof DKK 711,077k (2019: 652,034k) payable to the company's shareholder.

1 Events after the balance sheet date
2 Special items
3 Segment information
16 Contingent liabilities and collateral
17 Fees paid to the statutory auditor appointed at the general meeting
18 Currency and interest rate risks and the use of derivative financial instruments
19 Related parties
20 Cash and Cash equivalent at year-end
21 Proposed profit/loss appropriation

CASH FLOW STATEMENT **DKK'000**

Note	**Consolidated**	2020	2019
	Operating profit/(loss)	40.264	40.605
	Depreciation	42.142	50.852
	Adjustment from other non cash transactions	1.693	-1.656
	Cash flows from operations before changes in working capital	84.099	89.801
	Changes in inventories	64.035	-51.541
	Changes in trade receivables and other receivables	-44.378	33.844
	Changes in trade payables and other payables	-44.392	38.903
	Cash flows from operations (operating activities)	59.364	111.007
	Interest income and expense, net	-55.048	-30.644
	Corporation tax received/(paid)	-3.873	-3.765
	Cash flows from operating activities	**443**	**76.598**
	Acquisition of property, plant and equipment	-59.066	-44.567
	Disposal of property, plant and equipment	1.081	14.900
	Dividend from associates	443	-
	Cash flow to/from investments	**-57.542**	**-29.667**
	Mortgage	-2.322	-3.551
	Group loans	59.043	-369.171
	Bank loans and overdrafts	10.106	199.706
	Debt conversion	-	125.000
	Dividends paid	-	-3.000
	Cash flows to/from financing	**66.827**	**-51.016**
	Net cash flows for the year	**9.728**	**-4.085**
	Cash and cash equivalents at 1 January	35.745	39.830
20	**Cash and cash equivalents at 31 December**	**45.473**	**35.745**

Cash and cash equivalents represent the total of cash.

The cash flow statement cannot be directly derived from the consolidated financial statements.

STATEMENT OF CHANGES IN EQUITY

DKK'000

Consolidated

	Share capital	Reserve for reval under the equity method	Translation and hedging reserve	Retained earnings	Dividend	Total
Equity at 1 January 2019	35.000	3.745	-	213.176	3.000	254.921
Dividend paid	-	-	-	-	-3.000	-3.000
Dividend proposed	-	-	-	-	-	-
Capital increase	4.000	-	-	121.000	-	125.000
Transf. from profit/loss for the year	-	-580	-	1.631	-	1.051
Foreign exchange rate adj. associates	-	58	-	-	-	58
Foreign exchange rate adj. subsidiaries	-	-	-	6.589	-	6.589
Derivative financial instr. at 1 Jan	-	-	-	14.624	-	14.624
Derivative financial instr. at 31 Dec	-	-	-	-15.365	-	-15.365
Equity at 1 January 2020	39.000	3.223	-	341.655	-	383.878
Dividend paid	-	-443	-	443	-	-
Dividend proposed	-	-	-	-	-	-
Transf. from profit/loss for the year	-	978	-	-8.848	-	-7.870
Foreign exchange rate adj. associates	-	-493	-	-	-	-493
Foreign exchange rate adj. subsidiaries	-	-	-53.580	-	-	-53.580
Derivative financial instr. at 1 Jan	-	-	-	15.365	-	15.365
Derivative financial instr. at 31 Dec	-	-	-27.996	-	-	-27.996
Equity at 31 December 2020	39.000	3.265	-81.576	348.615	-	309.304

The Translation and hedging reserve comprise the share of exchange rate adjustments arising from the translation into Danish Kroner at consolidation of the results and net assets in foreign group entities with a functional currency other than Danish Kroner as well as the value of derivates recognized in equity. The Translation and hedging reserve is dissolved at disposal of such foreign group entities or changes in derivates.
In the parent company's accounts the exchange rate adjustments of such foreign group entities will instead be included as part of the Reserve for revaluation under the equity method.

Non-controlling interests	Total
Equity at 1 January 2019	576
Transf. from profit/loss for the year	-23
Equity at 1 January 2020	553
Transf. from profit/loss for the year	203
Exchange rate adjustment	-6
Equity at 31 December 2020	750

Parent Company

	Share capital	Reserve for reval under the equity method	Translation and hedging reserve	Retained earnings	Dividend	Total
Equity at 1 January 2019	35.000	3.745	-	213.176	3.000	254.921
Dividend paid	-	-	-	-	-3.000	-3.000
Capital increase	4.000	-	-	121.000	-	125.000
Transf. from profit/loss for the year	-	-580	-	1.631	-	1.051
Foreign exchange rate adj. associates	-	58	-	-	-	58
Foreign exchange rate adj. subsidiaries	-	-	-	6.589	-	6.589
Derivative financial instr. at 1 Jan	-	-	-	14.624	-	14.624
Derivative financial instr. at 31 Dec	-	-	-	-15.365	-	-15.365
Equity at 1 January 2020	39.000	3.223	-	341.655	-	383.878
Transfer	-	35.223		-35.223	-	-
Dividend paid	-	-443	-	443	-	-
Dividend proposed	-	-	-	-	-	-
Transf. from profit/loss for the year	-	25.268		-33.138	-	-7.870
Foreign exchange rate adj. associates	-	-493	-	-	-	-493
Foreign exchange rate adj. subsidiaries	-	-33.881	-19.699	-	-	-53.580
Derivative financial instr. at 1 Jan	-	-	-	15.365	-	15.365
Derivative financial instr. at 31 Dec	-	-	-27.996	-	-	-27.996
Equity at 31 December 2020	39.000	28.897	-47.695	289.102	-	309.304

NOTES **DKK'000**

1 **Events after the balance sheet date**

No events materially affecting the Group's financial position have occurred subsequent to the balance sheet date.

2 **Special items**

Special items comprise significant income and expenses of a special nature relative to the Group's ordinary recurring activities such as costs of comprehensive structuring of processes and basic structural adjustments as well as any disposal gains and losses relating there to and which over time are of significance to the Group's development. Special items also comprise significant one-off items which in the opinion of Management do not form part of the Group's recurring operating activities.

As disclosed in the Management's review, the profit for the year is affected by several matters that in the opinion of the Board of Directors do not form part of the recurring operating activities.

Special items for the year are specified below just as are the line items under which they are recognised in the income statement.

	Consolidated		Parent	
	2020	2019	2020	2019
Direct costs incurred due to Covid-19 (salaries to employees in quarantine and costs to keep employees safe (facemasks; Covid-19 tests; establishing extra space in production etc.))	9.133	-	1.125	-
Closure of Fredericia manufacturing facility and transferring production to site in Poland	-	2.931	-	2.931
Restructuring of Primary production facility in Poland	-	960	-	960
Costs related to key strategic initiatives and projects	-	4.276		4.276
Accounting loss on sale of property in Hirtshals	-	3.755	-	3.755
Total special items	**9.133**	**11.922**	**1.125**	**11.922**
Reported in the Income Statement as below:				
Staff costs *	3.215	4.624	1.037	4.624
Other external costs	5.918	3.543	88	3.543
Depreciation, amortisation and impairment	-	3.755	-	3.755
	9.133	**11.922**	**1.125**	**11.922**

* the DKK 1,037k in the Parent Company in 2020 is after having deducted DKK 2,018k in Covid-19 reimbursement from the Danish Government.

3 **Segment information**

	Consolidated		Parent	
	2020	2019	2020	2019
Fish products - domestic market (Denmark)	52.181	69.445	52.181	69.445
Fish products - export markets	2.805.343	2.718.604	2.207.226	1.916.862
	2.857.524	2.788.049	2.259.407	1.986.307

4 **Staff costs**

	Consolidated		Parent	
	2020	2019	2020	2019
Wages and salaries	314.181	294.804	63.685	65.026
Pensions	27.660	24.946	6.019	5.924
Other social security costs	26.380	23.695	273	902
	368.221	343.445	69.977	71.852

The Group had 2,990 full-time employees in 2020 (2019: 2,929) of which 120 were employed in the parent company (2019: 116).

	Consolidated		Parent	
	2020	2019	2020	2019
Remuneration Executive Board	8.494	6.640	8.494	6.640
Remuneration Board of Directors	120	120	120	120
	8.614	6.760	8.614	6.760

NOTES **DKK'000**

5 **Intangible assets**

Consolidated	**Acquired rights**	**Goodwill**	**Software**	**Total**
Cost at 1 January 2020	21.773	48.039	6.960	76.772
Currency adjustments	-	-1.643	-94	-1.737
Additions	-	-	117	117
Disposals	-	-	-701	-701
Transfer from/to other assets	-	-	-	-
Cost at 31 December 2020	**21.773**	**46.396**	**6.282**	**74.451**
Depreciation at 1 January 2020	21.773	20.029	5.807	47.609
Currency adjustments	-	-550	-90	-640
Depreciation of the year	-	3.384	225	3.609
Depreciation at 31 December 2020	**21.773**	**22.863**	**5.942**	**50.578**
Carrying amount at 31 December 2020	**-**	**23.533**	**340**	**23.873**

Parent Company	**Acquired rights**	**Goodwill**	**Software**	**Total**
Cost at 1 January 2020	21.773	15.000	5.367	42.140
Additions	-	-	92	92
Disposals	-	-	-737	-737
Cost at 31 December 2020	**21.773**	**15.000**	**4.722**	**41.495**
Depreciation at 1 January 2020	21.773	13.250	4.267	39.290
Depreciation of the year	-	1.750	161	1.911
Depreciation at 31 December 2020	**21.773**	**15.000**	**4.428**	**41.201**
Carrying amount at 31 December 2020	**-**	**-**	**294**	**294**

6 **Tangible assets**

Consolidated	**Buildings**	**Plant and machinery**	**Opera-ting equipment**	**Under Construc-tion**	**Total**
Cost at 1 January 2020	438.549	700.890	61.413	23.534	1.224.386
Currency adjustments	-19.650	-41.260	-1.110	-379	-62.399
Additions	-	900	1.874	56.175	58.949
Disposals	-86.959	-160.201	-14.939	-51	-262.150
Transfer to/from other assets	1.722	20.843	4.123	-26.688	-
Cost at 31 December 2020	**333.662**	**521.172**	**51.361**	**52.591**	**958.786**
Depreciation at 1 January 2020	238.370	559.628	55.578	-	853.576
Currency adjustments	-8.213	-33.761	-797	-	-42.771
Depreciation on disposed assets	-86.959	-160.201	-14.939	-	-262.099
Depreciation of the year 1)	13.595	23.036	2.211	-	38.842
Depreciation at 31 December 2020	**156.793**	**388.702**	**42.053**	**-**	**587.548**
1) Accounting loss on disposal of assets included with DKK 0.5m					
Carrying amount at 31 December 2020	**176.869**	**132.470**	**9.308**	**52.591**	**371.238**

Parent company	**Buildings**	**Plant and machinery**	**Opera-ting equipment**	**Under Construc-tion**	**Total**
Cost at 1 January 2020	114.095	216.366	38.528	17.822	386.811
Additions	-	228	1.600	13.234	15.062
Disposals	-90.016	-153.290	-14.451	-	-257.757
Transfer to/from other assets	1.722	-	1.999	-3.721	-
Cost at 31 December 2020	**25.801**	**63.304**	**27.676**	**27.335**	**144.116**
Depreciation at 1 January 2020	101.122	215.807	37.909	-	354.838
Depreciation on disposed assets	-86.959	-157.328	-14.755	-	-259.042
Depreciation of the year 1)	1.721	864	490	-	3.075
Depreciation at 31 December 2020	**15.884**	**59.343**	**23.644**	**-**	**98.871**
1) Accounting gain on disposal of assets included with DKK 1.1m					
Carrying amount at 31 December 2020	**9.917**	**3.961**	**4.032**	**27.335**	**45.245**

NOTES DKK'000

7 **Investments in subsidiaries**

	2020	2019
Cost at 1 January	484.235	484.235
Additions (through conversion of loan into shares)	57.991	-
Cost at 31 December	**542.226**	**484.235**
Value adjustments at 1 January	35.223	-11.536
Currency adjustments	-33.881	6.592
Amortisation of goodwill	-765	-765
Share of Result after tax for the year	25.055	40.932
Value adjustments at 31 December	**25.632**	**35.223**
Carrying amount at 31 December	**567.858**	**519.458**

	Reg. Office	Ownership-%	Share capital	Share of equity	Share of result after tax
OOO A. Espersen	Russia	100%	TRUB 100	9.832	-4.929
UAB Espersen Lietvua	Lithuania	100%	TEUR 4,071	48.021	2.540
Espersen Asia Ltd.	Hong Kong	100%	TUSD 17,667	70.977	-2.272
Espersen Sweden AB	Sweden	100%	TSEK 100	175	22
Espersen France SAS	France	80%	TEUR 130	2.999	809
Espersen UK Ltd.	UK	100%	TGBP 1	719	91
Espersen Poland Sp. z o.o.	Poland	100%	TPLN 65,501	422.228	28.794
				554.951	25.055
Group goodwill				13.001	-765
Adjustment for internal proft on Fixed Assets				-94	-
				567.858	24.290

8 **Investments in associates**

	2020	2019
Consolidated and Parent		
Cost at 1 January	4.433	4.433
Additions	-	-
Cost at 31 December	**4.433**	**4.433**
Value adjustments at 1 January	3.223	3.745
Currency adjustments	-493	58
Dividend paid	-443	-
Share of Result after tax for the year	978	-580
Value adjustments at 31 December	**3.265**	**3.223**
Carrying amount at 31 December	**7.698**	**7.656**

	Reg. Office	Ownership-%	Share capital	Share of equity	Share of result after tax
Scanfish Norway AS	Norway	49%	TNOK 500	5.356	994
Bornholm Fisk A/S	Denmark	50%	TDKK 500	-486	-501
Sweryb International AB	Sweden	50%	TSEK 200	137	20
EsPan Sp. z o.o.	Poland	50%	TPLN 4,000	2.691	465
				7.698	978

9 **Financial income and expenses**

	Consolidated		Parent	
	2020	2019	2020	2019
Financial income				
Interest income	108	75	18	-
Interest income from group enterprises	-	-	107	-
Foreign exchange adjustments	4.299	5.484	4.055	-
Other financial income	94	32	32	32
	4.501	5.591	4.212	32
Financial expenses				
Interest expense	7.534	12.118	6.744	6.715
Interest expense to group enterprises	18.016	13.884	15.198	11.019
Foreign exchange adjustments	21.166	4.034	19.021	41
Capital losses on securities and adjustments	4.800	5.777	4.800	5.777
Other financial costs	2.539	405	184	137
	54.055	36.218	45.947	23.689
Financial income and expenses, net	**-49.554**	**-30.627**	**-41.735**	**-23.657**

NOTES DKK'000

10 **Corporation tax**

	Consolidated		Parent	
	2020	2019	2020	2019
Current tax for the year	-2.534	-6.739	-11.825	-12.464
Hereof to be recognised directly in equity 1)	-1.967	-1.383	-1.967	-1.383
Movement in deferred tax for the year	3.471	2.504	6.098	2.724
Adjustment to previous years	385	13.988	385	187
Total tax for the year	-645	8.370	-7.309	-10.936

Tax analysis

	Consolidated 2020	Consolidated 2019	Parent 2020	Parent 2019
Result before tax	-8.312	9.398	-15.179	-9.885
Adjustments previous years	1.750	63.582	1.750	850
Other	4.608	-35.515	5.474	-1.087
Share of result in subsidiaries and associates	-978	580	-25.268	-39.587
Result before tax, adjusted	-2.932	38.045	-33.223	-49.709
Implied tax rate of the above	22%	22%	22%	22%

1) Relates to financial instruments (hedging), which accounting wise is recognised directly in equity, and accordingly the tax impact should also be recognised directly in equity. At 31 December 2020 it is a tax payable of DKK 1,967k (31 December 2019: tax payable of DKK 1,383k), which is recognised directly in the equity.

11 **Other securities**

Consolidated and parent company

	Consolidated		Parent	
	2020	2019	2020	2019
Cost at 1 January and 31 December	69	69	69	69
Value adjustment to fair value at 1 January	1.250	1.089	1.250	1.089
Value adjustments for the year	-19	161	-19	161
Value adjustments to fair value at 31 December	1.231	1.250	1.231	1.250
Carrying amount at 31 December	1.300	1.319	1.300	1.319

12 **Deferred tax**

At 31 December 2020, the Group recognised a deferred tax asset of DKK 30,888k (2019: DKK 31,030k). The tax asset include tax losses carry forward of DKK 1,543k (2019: DKK 6,621k). Based on the Group's budgets, Management expect that the Group in the nearest future will generate possible taxable income against wihich the tax losses carry forward can be utilised.

The changes for the year are specified as follows:

	Consolidated		Parent	
	2020	2019	2020	2019
Deferred tax liabilities at 1 January	3.424	1.591	-	-
Deferred tax assets at 1 January	-31.030	-30.473	-12.410	-13.660
Deferred tax (asset)/liability, net at 1 January	-27.606	-28.882	-12.410	-13.660
Opening adjustment, foreign exchange rates	962	246	-	-
Adjustments in respect of previous years	103	118	103	118
Movement for the year, equity items	-5.530	-1.592	-5.530	-1.592
Movement for the year, income statement	3.471	2.504	6.098	2.724
Deferred tax (asset)/liability, net at 31 December	-28.600	-27.606	-11.739	-12.410
Deferred tax liabilities at 31 December	2.288	3.424	-	-
Deferred tax assets at 31 December	-30.888	-31.030	-11.739	-12.410
	-28.600	-27.606	-11.739	-12.410

NOTES **DKK'000**

13 **Prepayments**

Consists of various minor prepayments, notably rent and insurance.

14 **Share capital**

The share capital consists of 39,000 shares of DKK 1.000 each and has developed as follows the last 5 years:

	2020	2019	2018	2017	2016
Beginning of the year	39.000	35.000	30.000	30.000	30.000
Increase of share capital	-	4.000	5.000	-	-
	39.000	39.000	35.000	30.000	30.000

15 **Non-current liabilities**

	Consolidated		Parent	
	2020	2019	2020	2019
Falling due between 2 and 5 years	4.623	8.689	4.623	8.689
	4.623	8.689	4.623	8.689

16 **Contingent liabilities and collateral**

Operational leasing - Consolidated

	Sites	**Cars**	**Equipment**	**Total**
Falling due within one year	3.370	1.637	603	5.610
Falling due between 1-5 years	11.241	2.582	1.770	15.593
Falling due after more than 5 years	4.509	-	-	4.509
	19.120	4.219	2.373	25.712

Operational leasing - Parent company

	Sites	**Cars**	**Equipment**	**Total**
Falling due within one year	3.095	1.157	65	4.317
Falling due between 1-5 years	10.914	1.282	153	12.349
Falling due after more than 5 years	3.792	-	-	3.792
	17.801	2.439	218	20.458

Contingent liabilities

The company is comprised by the Danish rules on compulsory joint taxation of INSEPA A/S and its Danish subsidiaries. Accordingly, the company is jointly liable for corporate and withholding taxes in the Danish joint taxation.

The company is dependent upon financing from the parent company (INSEPA A/S) who is the Principal in the agreements with the Group's main bank. The company is unlimited and jointly liable for any obligations INSEPA A/S has with its main bank.

As collateral for the company's mortgage lending, amounting to DKK 6,943k (2019: DKK 9,265k) A. Espersen has provided guarantees in its buildings with a carrying amount of DKK 9,917k at 31 December 2020 (2019: DKK 12,973k).

Collateral	Consolidated		Parent	
	2020	2019	2020	2019
Bank guarantee for customs duty	5.500	5.500	5.500	5.500

NOTES **DKK'000**

17 **Fees paid to the statutory auditor appointed at the general meeting**

	Consolidated		Parent	
	2020	2019	2020	2019
Ordinary audit fee	1.532	1.467	696	676
Issuance of other declarations with assurance	-	-	-	-
Tax consultancy	923	520	777	484
Other services	203	326	203	326
Total EY	2.658	2.313	1.676	1.486
Other	787	933	-	-
Total	**3.445**	**3.246**	**1.676**	**1.486**

18 **Currency and interest rate risks and the use of derivative financial instruments**

Currency risks:
Most revenues are invoiced in foreign currencies, most notably GBP, USD & EUR. A significant part of raw material purchases are made in USD and NOK.

To mitigate impact of changes in exchange rates on short/mid term performance future cash flows are hedged in accordance with the Company's finance policy. All hedging of currency risks in the Group is carried out in the Parent Company.

At 31 December 2020 the Company and the Group had the following open currency forward contracts:

Currency	Principal	Months	Fair Value
GBP Sale	7.330	0 - 7	121
SEK Sale	38.750	0 - 6	-561
USD Purchase	382	0 - 1	251
NOK Purchase	46.600	0 - 3	474
PLN Purchase	100.000	0 - 12	-688
USD Sales	14.335	0 - 6	3.461
USD Purchase	79.819	0 - 24	-25.869
TOTAL			**-22.811**

At 31 December 2019 the Company and the Group had the following open currency forward contracts:

Currency	Principal	Months	Fair Value
GBP Sale	14.704	0 - 6	-1.821
SEK Sale	10.700	0 - 3	-244
USD Purchase	10.905	0 - 13	-3.264
EUR Purchase	936	0 - 12	-171
NOK Purchase	51.000	0 - 1	580
PLN Purchase	130.000	0 - 12	6.160
USD Purchase	64.469	0 - 15	782
TOTAL			**2.022**

Interest rate risks:
Effectively all interest bearing debt is based on variable interest rates, which means that changes in interest rates are reflected in the income statement. All hedging of interest rate risks in the Group is carried out in the Parent Company.

In 2020 the Company decided to settle its 3 interest rate swaps, resulting in an expense of DKK 4.4 million recognized in the income statement for 2020. At 31 December 2020 the Company has no interest rate swaps.

At 31 December 2019 the company had entered into 3 interest rate swaps totalling DKK 27.2 million with expiry between December 2020 and December 2030 at rates ranging from 2.53% - 5.43%.

NOTES **DKK'000**

19 **Related parties**

A. Espersen A/S is a wholly-owned subsidiary of:
INSEPA A/S
Kalvebod Brygge 39-41
1560 København V

Related party transactions	2020	2019
Group		
Payables to parent company (INSEPA A/S)	711.077	652.034
Parent		
Sale of goods to group enterprises	524.397	465.486
Purchase of goods from group enterprises	1.181.534	1.061.926
Receivables from group enterprises	425.586	394.133
Payables to parent company (INSEPA A/S)	711.077	652.034
Payables to group enterprises	344.407	199.412
Dividend paid to shareholders in the year	-	3.000

Remuneration to members of the Executive Board and the Board of Directors of the Parent Company is disclosed in note 4.

20 **Cash and Cash equivalent at year-end - Consolidated**

	2020	2019
Cash according to the balance sheet	45.473	35.745

21 **Proposed profit/loss appropriation:**

	2020	2019
Proposed dividends	-	-
Retained earnings	-7.870	1.051
	-7.870	1.051