

Royal Greenland A/S

Interim Report

1 January 2021 – 30 June 2021

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Royal Greenland A/S

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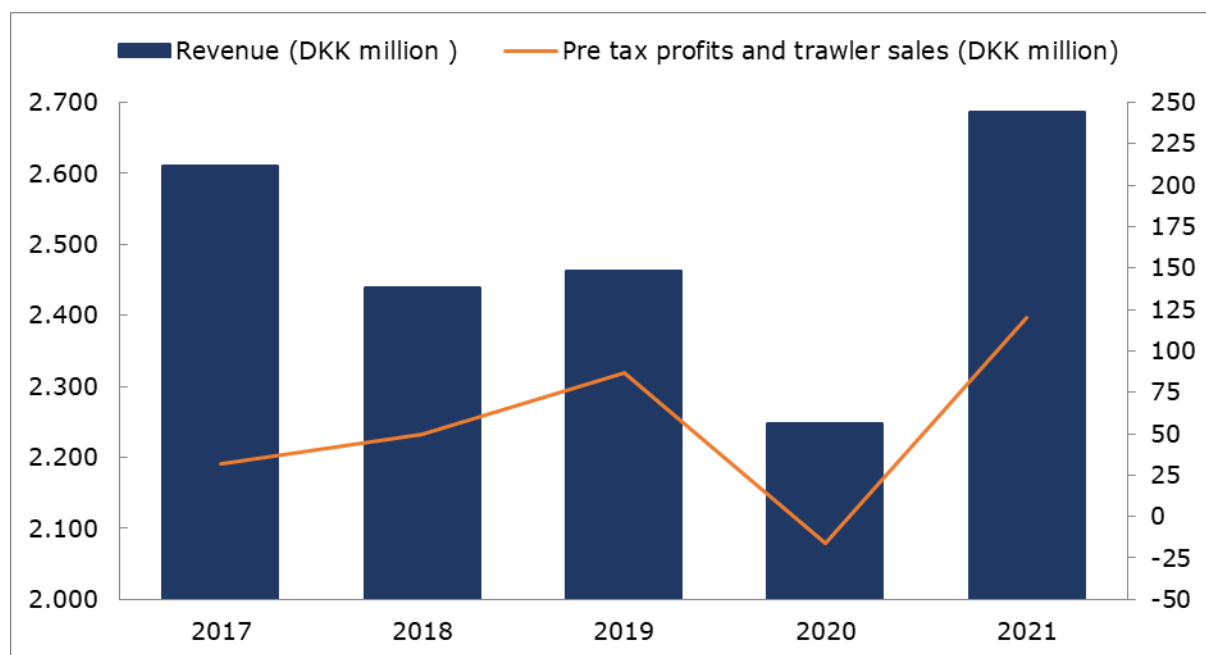
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Royal Greenland delivers a strong interim result, despite Covid-19

After a very challenging 2020, Royal Greenland has made a strong recovery. With a profit on ordinary operations before the sale of trawlers of DKK 120 million, the company has achieved the best ever interim result. The interim result for 2019 included a profit of DKK 141 million concerning the sale of two trawlers.



Revenue for the first half of 2021 increased by 20% and also exceeded the record set in 2019. The profit on ordinary operations before the sale of trawlers increased by DKK 136 million compared to 2020, and compared to 2019 as a "normal year", the profit improved by DKK 33 million.

The good performance is driven by snow crab and cold-water prawns as the core species, although pelagic activities also made good progress. In addition, the company's cost level has now been adjusted to the Covid-19 situation.

Despite higher raw material prices, an early start to the snow crab season in Atlantic Canada and attractive market conditions in North America and Japan resulted in improved earnings for snow crab. The improved market conditions also affect crab activities in Greenland. Overall, these activities increased by 31%, partly related to the early start to the crab season.

Shell-on prawns were severely affected by the difficult market and logistics conditions in China, but reached a more normal level in volume terms in Q2. Sales prices are also increasing. We succeeded in increasing sales to the Russian market, thereby compensating for the lower sales to China at the start of the year.

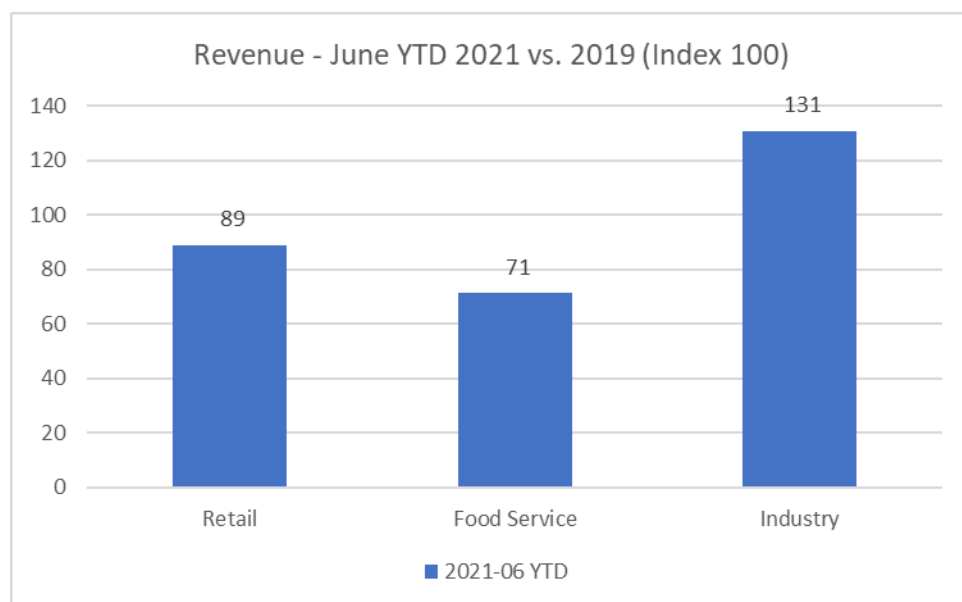
The market for cooked & peeled prawns is still severely affected by Covid-19, but is improving in both sales and price terms. The major markets for cooked & peeled prawns are the UK and Europe, and the activity is therefore strongly affected by the restrictions in the food service segment.

The new pelagic trawler acquired in November 2020 has got off to a sound start, with good fishing for capelin and blue whiting before the mackerel season begins in the summer. The trawler has made it possible to use the allocated capelin quota effectively. This is the first time in four years that Royal Greenland has been allocated a capelin quota, and there are favourable quota prospects for the next few years.

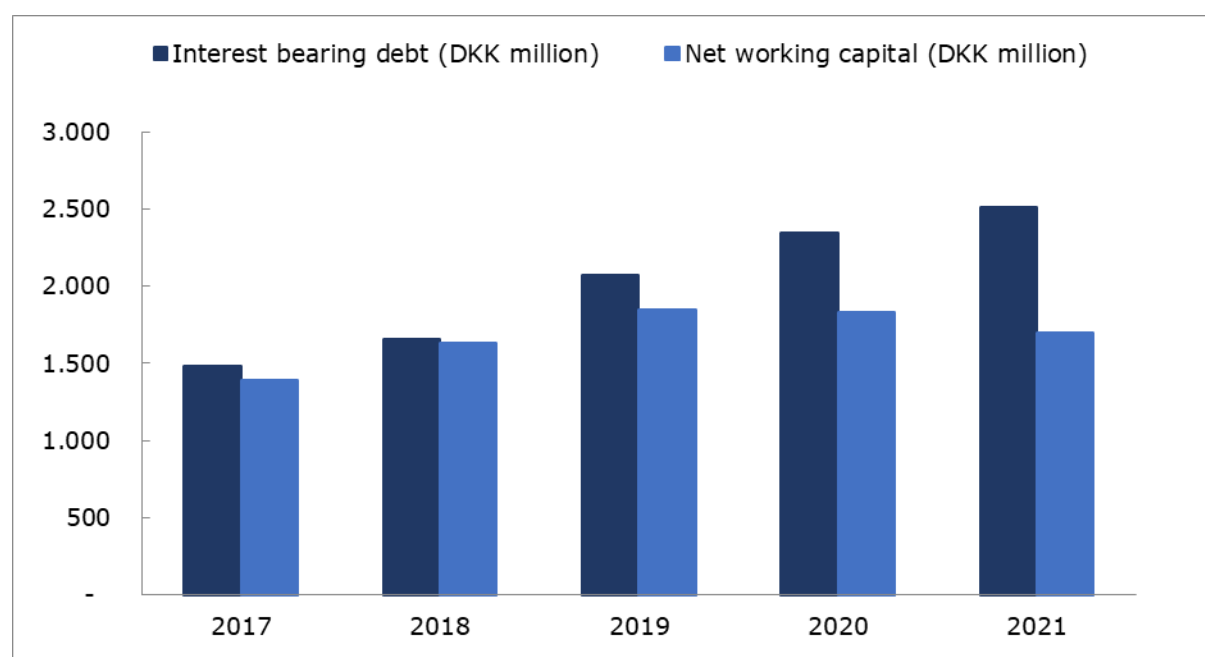
Greenland halibut and cod are still affected by difficult market conditions as a consequence of Covid-19. For both categories, the sales prices have not been re-established at earlier levels. The most important markets for Greenland halibut are in Asia, where fortunately the markets are gradually normalising.

Even though many restrictions are gradually being lifted in most of our markets, Covid-19 continues to be a major concern. Compared to 2019 as a "normal year", revenue excluding snow crab has dropped by 17%.

Food service sales are thus at index 71 compared to 2019, while the retail segment is at index 89. The positive development in the industrial segment is due to snow crab sales primarily to North America.



Royal Greenland's net profit for H1 amounts to DKK 58 million, compared to DKK (39) million for the same period last year.

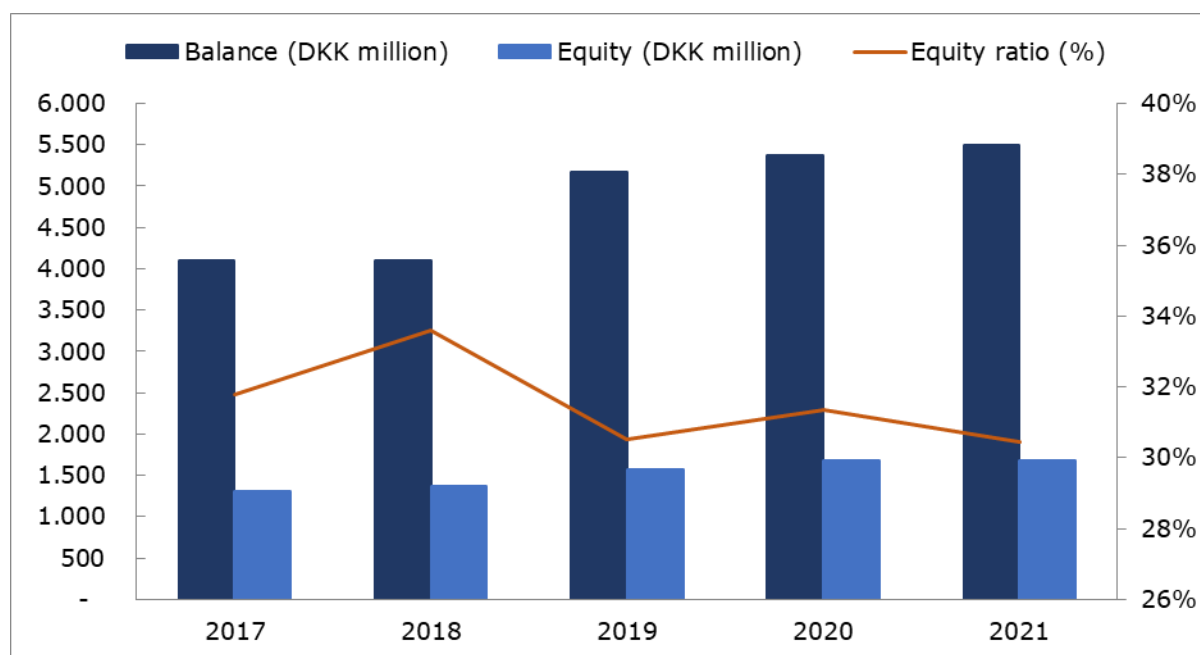


As a consequence of increasing activity and lower stock levels, working capital was reduced by DKK 131 million.

Interest-bearing debt increased by DKK 169 million compared to the same period last year. This development reflects completed factory investments in Greenland and Newfoundland in the first half of the year. The company has two trawler newbuildings in progress and is considering a third trawler investment. Upon completion of this third investment, Royal Greenland's offshore trawler fleet will have been replaced and fully optimised for fishing activities in many years to come.

The company's liquidity situation continues to be favourable. It has not been necessary to draw on the extra facilities that were established in the summer of 2020. Available liquidity currently amounts to DKK 1.0 billion.

Equity amounts to DKK 1.7 billion, with an equity ratio of 31%.



Expected performance of the company

As the vaccine programmes are rolled out and the restrictions in various countries are lifted, the markets are expected to continue to normalise, with positive development in sales of our wild-caught, high-quality products.

Our focus is naturally on re-establishing the core activities' sales and earnings levels, but also on getting back on track with our strategic ambition to maximise the value of existing resources, and to achieve growth from supplementary core activities.

The first half of 2021 has provided a good starting point, due particularly to an early start to the snow crab season in Atlantic Canada. We expect a general normalisation of market conditions during Q3 and Q4, which is important as this period includes the major sales season for cold-water prawns and Greenland halibut, with sales related to Chinese New Year, as well as Christmas and New Year in the western world.

The profit on ordinary operations before tax is not expected to be back at the 2019 level, but is expected to improve significantly to a level of DKK 150-200 million.

The general course of the global economy, including the market consequences of Covid-19 and Brexit, still constitute very significant uncertainties, however.

Liquidity and financial preparedness remain strong.

Financial highlights for the Group

H1

(DKK m)	2021	2020	2019	2018	2017
Profit/loss					
Revenue	2,687	2,247	2,462	2,440	2,611
EBITDA	220	68	320	141	118
EBIT	140	(17)	248	65	41
Profit before tax	120	(31)	228	50	32
Profit for the period	58	(39)	141	13	1
Balance sheet					
Fixed assets	2,821	2,781	2,252	1,705	1,695
Net working capital	1,697	1,828	1,850	1,635	1,390
Equity	1,674	1,686	1,574	1,377	1,303
Net interest-bearing debt	2,516	2,347	2,071	1,653	1,480
Total assets	5,603	5,660	5,300	4,122	4,095
Investments in property, plant and equipment	116	63	391	133	169
Ratios in %					
EBITDA margin	8.2	3.0	13.0	5.8	4.5
EBIT margin	5.2	(0.7)	10.1	2.7	1.6
EBT margin	4.5	(1.4)	9.3	2.0	1.2
ROIC including goodwill	6.6	(1.4)	13.9	3.5	1.7
Return on equity (ROE)	9.0	(2.8)	19.6	3.2	2.0
Equity ratio	30.5	31.4	30.5	33.6	31.8

Statement of income

	H1 2021	H1 2020	2020
Revenue	2,687,215	2,247,010	4,848,640
Changes in inventories of finished goods	191,348	106,922	(148,732)
Other operating income	33,872	30,181	50,996
	2,912,435	2,384,113	4,750,904
Costs of raw materials and consumables	(1,725,759)	(1,314,849)	(2,703,090)
Other external expenses	(467,429)	(487,327)	(867,061)
Personnel costs	(513,947)	(516,616)	(1,043,125)
Write-offs/write-downs	(80,537)	(84,847)	(167,090)
Other operating costs	(1,180)	(14,646)	(15,150)
Operating profit	123,583	(34,172)	(44,612)
Profit from investments in associates after tax	16,071	17,598	29,820
Financial income	7,229	5,835	45,036
Financial expenses	(26,842)	(20,099)	(89,438)
Profit before tax	120,041	(30,838)	(59,194)
Tax on the profit for the year	(46,524)	6,836	2,622
Profit after tax	73,517	(24,002)	(56,572)
The Group result can therefore be distributed as follows:			
Shareholders in Royal Greenland A/S	58,063	(39,360)	(92,432)
Minority interests	15,454	15,358	35,860
PROFIT FOR THE PERIOD	73,517	(24,002)	(56,572)

Balance sheet

(DKK 1,000)

Assets	30.06.2021	30.06.2020	31.12.2020
Intangible fixed assets	214,185	224,108	193,691
Buildings	397,430	314,174	395,368
Production plant and machinery	244,146	225,349	247,597
Vessels	978,298	877,086	986,865
Other fixtures and fittings, tools and equipment	22,921	26,013	21,036
Fixed assets under construction	365,588	370,059	319,807
Tangible fixed assets	2,008,383	1,812,681	1,970,673
Investments in associates	189,847	172,685	197,915
Receivables from associates	102,115	45,240	41,487
Derivative financial instruments	107,444	284,312	112,434
Other financial fixed assets	198,609	241,681	215,840
Financial fixed assets	598,015	743,918	567,676
FIXED ASSETS	2,820,583	2,780,707	2,732,040
Inventories	1,711,083	1,910,385	1,572,089
Receivables from sales	824,741	683,436	804,370
Receivables from associates	5,809	8,042	345
Other receivables	14,287	25,246	51,792
Deferred tax assets	90,940	54,184	88,305
Corporate tax receivable	0	0	3,985
Accruals	18,265	34,106	6,438
Receivables	954,042	805,014	955,235
Cash and cash equivalents	117,281	163,886	170,343
CURRENT ASSETS	2,782,406	2,879,285	2,697,667
ASSETS	5,602,989	5,659,992	5,429,707

Balance sheet

(DKK 1,000)

Liabilities	30.06.2021	30.06.2020	31.12.2020
Share capital	850,000	850,000	850,000
Retained earnings	763,987	836,311	673,758
Proposed dividend	60,000	0	60,000
Shareholders in Royal Greenland A/S' share of equity	1,673,987	1,686,311	1,583,758
Minority interests	191,940	166,314	196,635
TOTAL EQUITY	1,865,927	1,852,625	1,780,393
Deferred tax	104,239	165,469	111,044
Other provisions	15,135	13,373	8,910
PROVISIONS	119,374	178,842	119,954
Other credit institutions	2,265,540	2,522,918	2,328,987
Other long-term debt	75,438	23,394	9,584
Derivative financial instruments	17,667	0	29,852
Long-term liabilities	2,358,645	2,546,312	2,368,423
Current portion of long-term debt	73,806	0	86,546
Credit institutions	308,112	248,960	260,343
Suppliers of goods and services	530,366	493,112	468,884
Debt to associated companies	69,401	37,033	32,551
Corporate tax	32,118	57,516	52,838
Other debt	235,573	245,230	253,574
Accruals	9,667	362	6,201
Short-term liabilities	1,259,043	1,082,213	1,160,937
LIABILITIES	3,617,688	3,628,525	3,529,360
LIABILITIES	5,602,989	5,659,992	5,429,707