



ANNUAL REPORT

ROYAL GREENLAND A/S

JANUARY 1ST 2019 - DECEMBER 31ST 2019



ANNUAL REPORT

Royal Greenland A/S

2019

January 1st - December 31st



CVR-nr. 13645183
The annual report has been prepared and
approved by the ordinary
Annual General Meeting on May 13th 2020

Peter Schriver
Dirigent

THE GROUP'S VALUE CHAIN

FISHERY

We fish in large areas of the North Atlantic and in the Arctic, with our own fleet and in collaboration with independent fishermen.

PRODUCTION

At our factories and landing facilities, local fishermen and our own fleet land their daily catches of fish and shellfish. The raw materials are processed and packed.

QUALITY

The supply of high-quality products is the core of our business. We take responsibility for our products, from sea to table, and hold certifications in accordance with international standards.

SALES

We have a well-consolidated sales and distribution network to consign products from various locations in Greenland, Atlantic Canada, Denmark and Germany to customers throughout the world.

IN THE KITCHEN

Our products are used in many different cultures, with various flavour preferences, and end up as healthy, tasty meals in homes, canteens and restaurants all over the world.

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The pictures in the annual report
mainly derive from
Royal Greenland's internal archive

Statement by the Management on the Annual Report

The Supervisory and Executive Boards have today considered and adopted the Annual Report of Royal Greenland A/S for the financial year from January 1st 2019 to December 31st 2019.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the Annual Report give a true and fair view of the Group and company's assets, liabilities and financial position on December 31st 2019 and of the results of the Group's and the company's activities and the Group's cash flow for the financial year from January 1st to December 31st 2019.

It is also our opinion that the management's review provides a true and fair review of the development in the Group's and the company's activities and financial affairs, the profit or loss for the year, and the Group's and the company's financial position.

We recommend the Annual Report for adoption by the Annual General Meeting.

Svenstrup, April 1st 2020

Executive board

Mikael Thinghuus
CEO

Bruno Olesen

Nils Duus Kinnerup
CFO

Lars Nielsen

Supervisory board

Niels de Coninck-Smith
CHAIRMAN

Niels Smedegaard

Malik Hegelund Olsen
Elected by the employees

Jan H. Lynge-Pedersen
DEPUTY CHAIRMAN

Tina Lynge Schmidt

Niels Ole Møller
Elected by the employees

Pernille Fabricius

Kristine Winberg

Mika Heilmann
Elected by the employees

The independent auditor's audit report

To the shareholders in Royal Greenland A/S

Conclusion

We have audited the Group financial statements and the Annual Report for Royal Greenland A/S for the financial year January 1st to December 31st 2019, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes for both the Group and the company, in addition to the cash flow statement for the Group. The Group financial statements and the Annual Report have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Group financial statements and the Annual Report give a true and fair view of the Group's and company's assets, liabilities and financial position on December 31st 2019 and of the results of the Group's and the company's activities and the Group's cash flow for the financial year January 1st - December 31st 2019, in accordance with the Danish Financial Statements Act.

Basis for the conclusion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Greenland. Our responsibility under these standards and requirements is described in more detail in the "Auditor's responsibility for the audit of the Group financial statements and Annual Report" (hereinafter referred to as the "financial statements"). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Independence

We are independent of the Group in accordance with the international code of ethics for professional accountants (IESBA Code) and the additional requirements applicable in Greenland, and we have fulfilled our other ethical responsibilities in accordance with these regulations and requirements.

The management's responsibility for the financial statements

The management is responsible for the preparation of Group financial statements and an Annual Report that give a true and fair view in accordance with the Danish Financial Statements Act.

Furthermore, the management is responsible for any internal controls it deems necessary in the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

On preparing the financial statements, management is responsible for assessing the Group and the company's ability to continue as a going concern; for disclosing, as applicable, matters related to a going concern; and for using the going concern basis of accounting in preparing the financial statements, unless management either intends to liquidate the Group or 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 audit report with a conclusion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Greenland will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Greenland, we exercise professional judgement and maintain professional scepticism during 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 conclusion. 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 overriding of internal control.

- Obtain an understanding of the 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 company's internal control.

- Evaluate the appropriateness of the auditing policies used by the management, as well as 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 and 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 until the date of our auditor's report. However, future events or conditions may mean that the Group and company can no longer continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the notes, as well as whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- We have obtained sufficient and appropriate audit evidence for the financial information for the companies or business operations in the Group to be able to form a conclusion about the Group financial statements. We are responsible for directing, supervising and conducting the Group audit. We are solely responsible for our audit conclusion.

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 concerning the management's review

The management is responsible for the management's review.

Our conclusion concerning the financial statements does not include the management's review, and we do not express any form of conclusion or assurance about the management's review.

In connection with our audit of the financial statements, it is our responsibility to read the management's review and in this context to consider whether the management review is substantially inconsistent with the financial statements or the information obtained from the audit, or otherwise appears to contain material misstatements.

It is also our responsibility to consider whether the management's review includes the information required in accordance with the Danish Financial Statements Act.

Based on the work we have conducted, 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 find any material misstatements in the management's review.

Svenstrup, April 1st 2020

EY Grønland

Godkendt Revisionsanpartsselskab
CVR-nr: 33 94 61 71

Claus Hammer-Pedersen
State-authorised public accountant - mne21334

Michael Christiansen
State-authorised public accountant - mne34515

FINANCIAL HIGHLIGHTS AND KEY RATIOS

PROFIT/LOSS

KEY FIGURES - DKK mill.	2019	2018	2017	2016	2014/15
Net revenue	5.327	5.169	5.613	5.589	4.721
Profit from primary operations, including associated companies	437	292	290	251	244
Net financials	(33)	(29)	(35)	(16)	(39)
Net profit before tax	404	263	255	235	204
Net profit for the year	311	175	187	152	141
Royal Greenland's shareholders' share of the profit for the year	267	148	158	125	124

BALANCE SHEET

KEY FIGURES - DKK mill.	31.12.19	31.12.18	31.12.17	31.12.16	30.09.15
Fixed assets	2.679	1.745	1.623	1.587	1.207
Net working capital	1.710	1.597	1.424	1.518	1.422
Equity	1.888	1.601	1.515	1.486	1.324
Royal Greenland's shareholders' share of equity	1.715	1.467	1.396	1.383	1.246
Net interest-bearing debt	2.195	1.521	1.328	1.347	1.123
Balance sheet total	5.733	4.614	4.358	4.552	4.012
Investments in property, plant and equipment	991	222	314	355	180

RATIOS IN %

%	31.12.19	31.12.18	31.12.17	31.12.16	30.09.15
EBIT-margin	8,2	5,7	5,2	4,5	5,2
EBT-margin	7,6	5,1	4,5	4,2	4,3
ROIC including goodwill	11,1	9,1	9,1	8,2	11,2
Return on equity (ROE)	19,6	12,2	13,5	11,2	11,7
Equity ratio	30,7	32,3	32,2	31,4	32,4
Net interest-bearing debt / EBITDA	3,7	3,5	2,9	3,0	2,8

NUMBER OF EMPLOYEES

	2019	2018	2017	2016	2014/15
Greenland	1.432	1.487	1.363	1.401	1.202
Denmark	199	205	198	197	195
Other countries	569	536	972	1.171	759
Total	2.200	2.228	2.533	2.769	2.156

Since the 2015/16 financial year was a 15-month period, the key figures are compared with the 2016 calendar year. These key figures, and other references in the report to financial information for the 2016 calendar year, are unaudited, but are prepared on the basis of internal financial reporting.

RECORD PROFIT AND CONTINUED GROWTH IN THE NORTH ATLANTIC ACTIVITIES

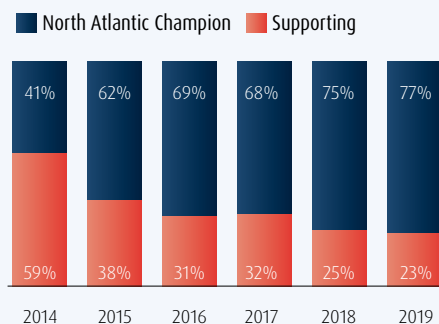
Through its “North Atlantic Champion” strategy, Royal Greenland has the ambition to be the world's leading supplier of seafood wild-caught in the North Atlantic, primarily cold-water prawns, Greenland halibut and snow crab.

Royal Greenland presents a record profit before tax of DKK 404 million for 2019. A strong contributing factor is DKK 141 million from the sale of the two trawlers Sisimiut and Qaqqatsiaq, although “ordinary” operations also achieved the best result ever in Royal Greenland’s history.

Performance was challenged, however, in the second half-year by the course of sales prices for cooked & peeled prawns.

Turnover increased by 3%, while core activities continue to develop positively and, in line with the “North Atlantic Champion” strategy, constitute an ever-increasing share of Royal Greenland’s turnover. Core activities currently constitute 77% of Royal Greenland’s turnover, compared to just 41% six years ago.

Breakdown of turnover by business areas



The development highlights the strength of Royal Greenland’s product and market portfolio, and the company’s unique position in the value chain, with a high degree of vertical integration, whereby Royal Greenland constantly seeks to be closest to the resources, closest to the customer, and closest to the consumer.

The strategic initiatives are effective, and the focus in version 3 of the “North Atlantic Champion” strategy is primarily on maximising the value of Royal Greenland’s existing access to North Atlantic species, since these are wild-caught species with no guarantee of higher quotas and thereby a wider resource base.

Together with the vertical integration, the value maximisation measures will continue to strengthen Royal Greenland’s earnings and robustness.

In 2019, there was also positive development in the Supporting activities, with particular progress shown by the pelagic activity and the flatfish range, delivered via the cooperation with Espersen. While not being part of the core business, the Supporting activities underpin the core business.

It is part of Royal Greenland’s DNA that we continuously balance commercial strength against our extensive societal and social responsibility - not only for the benefit of Greenland’s society and our owner, the Government of Greenland, but also with respect for the many other local communities of which we are part across the world.

Royal Greenland’s mission is:

“We sustainably maximise the value of the North Atlantic marine resources, for the benefit of our owner and the local communities in which we operate.”

2019 was also the year in which Royal Greenland’s so far largest investment in two new trawlers, to replace the trawlers M/tr Sisimiut and M/tr Qaqqatsiaq, was completed. The first new trawler, which is also called M/tr Sisimiut, was delivered in June 2019, while M/tr Avataq was taken over in December. The delivery and commissioning of M/tr Sisimiut proceeded according to plan, while M/tr Avataq was launched in 2020. At the time of writing, both trawlers are in full operation and will strengthen Royal Greenland’s primary fisheries activities.

A third trawler, to replace the prawn trawler M/tr Nataarnaq, is being built at the same yard, with delivery expected in 2021.

On the factory side, the continued upgrading of facilities, particularly in Northern Greenland, has been maintained, in order to strengthen inshore activity. This not only applies to the facilities that are wholly owned by Royal Greenland, but also the joint ventures established in Northern Greenland.

It is part of Royal Greenland’s DNA that we continuously balance commercial strength against our extensive societal and social responsibility



A new strategic initiative is the establishment of a new factory in Newfoundland for the production of live lobster, in order to develop lobster from Newfoundland as a new resource comprising raw, cooked and live lobster.

A&L Seafoods in Nova Scotia, a new company in the Group, developed very positively, strengthening Royal Greenland’s position for snow crab.

Most recently, a joint venture has been established with a local company in Chile, in order to strengthen the Group’s crab activities.

In market terms, work is ongoing on a number of fronts in order to strengthen sales efforts in Asia and North America, but also in the food service segment in Europe.

The commercial development and our equity of DKK 1.7 billion, equivalent to a equity ratio of 31%, support Royal Greenland’s strategic focus and financial strength.

FINANCIAL STATEMENTS

Royal Greenland's core activities are the basis for our earnings. The profit before tax of DKK 404 million is very satisfactory and reflects a record result from "ordinary" operations and the sale of two trawlers.

With an EBIT margin of 5.6%, primary operations improved from the previous year. In overall terms, Supporting activities gave a loss, but nonetheless increased. The North Atlantic species thus account for all of the Group's earnings, and in isolated terms achieved an EBIT margin of 7%.

Even though the North Atlantic activities achieved a record-high result in overall terms, there were still challenges in 2019.

Shell-on prawns are still the best-earning activity. The markets in China and Scandinavia are developing positively, while the Russian market is affected by greater self-sufficiency in Russia.

Cooked & peeled prawns continued to deliver significant earnings, but the development in sales prices in the second half-year for large prawns in particular entailed lower earnings.

In the autumn of 2019, prawn packing and the production of prawns in brine were moved from Denmark to Cuxhaven in Germany. In addition, a large share of the packing of prawns for customers will be moved to Greenland.

In Europe, Cuxhaven will be Royal Greenland's production centre comprising prawn packing, production of prawns in brine, production of lumpfish roe, and packing of the zip-lock convenience range.

As the world's largest company for Greenland halibut, it is positive that halibut sales increased in 2019, with Asia accounting for 90% of sales. The main markets are China and Japan. The upgrading of the facilities in Northern Greenland (Ummannaq, Aappilattoq, Upernavik Kujalleq and Nuussuaq), and the establishment of joint ventures with fishermen and employees, strengthen Royal Greenland's position, although increased competition, together with higher costs, mean that earnings were not at the same level as in 2018.

Based on Quin-Sea Fisheries and A&L Seafoods, snow crab continued the positive development on the strength of the Japanese and US markets. Sales increased by 45%, and earnings also rose, despite significantly higher raw material prices. The new establishment in Atlantic Canada means that crab is now Royal Greenland's third best-earning activity.

North Atlantic cod still entails losses for Royal Greenland, although progress is being made as a consequence of higher sales prices. Declining cod volumes in Greenland's inshore waters give grounds

for concern, since stable high volumes are vital to the success of the Nutaq project in Maniitsoq. Inshore volumes declined by 27% in 2019.

Lumpfish roe achieved positive earnings once again in 2019. France is the most important market.

As described, the Supporting activities show a loss, but are making progress.

The pelagic activity made considerable gains in 2019, despite the lacking allocation of a capelin quota and unusually poor mackerel fishing in Eastern Greenland. On the other hand, early access to mackerel fishing in international waters improved earnings significantly.

Earnings for the flatfish range from our partner A. Espersen, which took over Royal Greenland's Polish factory in 2017, also developed positively, with a significantly better match between sales and raw material prices.

Among the other non-North Atlantic product groups, smoked products and the zip-lock convenience range developed negatively, and returned a loss.

The profit for the year after deduction of minority interests amounts to DKK 267 million. Minority interests in the companies Ice Trawl Greenland, Pelagic Greenland, Gaia Fish, Arctic Fish and Inughuit Seafood amount to DKK 44 million.

The profit for the year is affected positively by DKK 48 million as a consequence of a reduced tax rate in Greenland with effect from 2020, as well as new accounting legislation in Greenland. The tax rate is thus 23%.

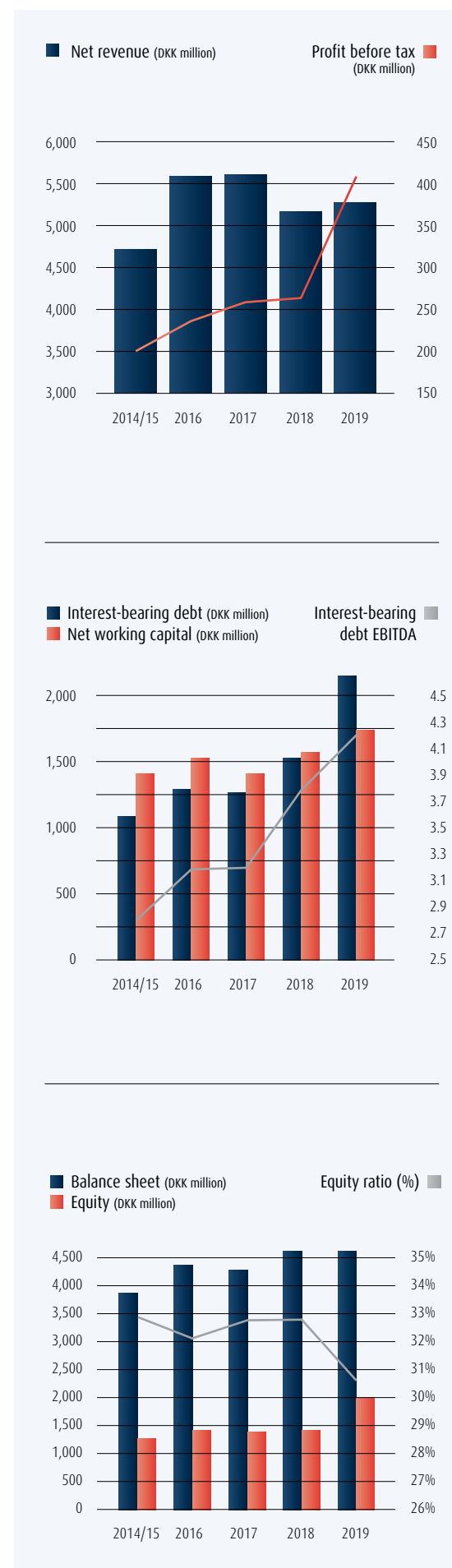
Royal Greenland's interest-bearing debt has increased as a consequence of augmented working capital and a high investment level, and at the end of 2019 amounted to DKK 2.2 billion.

Working capital increased by DKK 113 million as a consequence of a higher debtor portfolio and slightly increased stock.

Debt as a ratio of EBITDA amounts to 4.2. Higher gearing was planned, and the development is under control and in line with the strategy. Available liquidity amounts to DKK 1 billion.

Cash flow after investment activities amounts to DKK (623) million, while the total cash flow amounts to DKK (79) million after financing. This is after deduction of the dividend payment of DKK 63 million and raising of non-current debt for a net amount of DKK 586 million.

Establishing joint ventures with fishermen and employees, strengthen Royal Greenland's position



Equity capital amounts to DKK 1,715 million, while the equity ratio is 31%.

Pursuant to the dividend policy agreed with the owner, DKK 134 million was allocated as dividend. As a consequence of the uncertainties caused by the outbreak of COVID-19 it has in agreement with the owner been decided to deviate from this dividend policy and not pay any dividend for the year 2019.

No events have occurred after the close of the financial year that affect the result or the balance sheet significantly.

Outlook

The fundamental expectations of 2020 are continued positive development in both fisheries and sales of our wild-caught high-quality products.

The North Atlantic species will continue to constitute a major proportion of the total business, and thereby boost earnings in accordance with the "North Atlantic Champion" strategy.

Turnover is thus expected to be at the 2019 level, but with higher earnings before extraordinary items.

The course of the global economy, including Brexit, and a possible trade war between the USA and China, or between the USA and Europe, and not least the outbreak of coronavirus, are key uncertainties. The last-mentioned will affect the Group to a significant extent, but further quantification of this is not yet possible, see also Note 2.

In addition to the aforementioned, the principal risk factors are the development in sales prices, including the development in exchange rates, the development in quotas for prawn and snow crab in Newfoundland, and the competitive situation for Greenland halibut in Greenland, of which the latter is relevant for both raw material prices and volumes.

In line with the strategy, interest-bearing debt will decline in 2020, after the high investment level in the last few years.

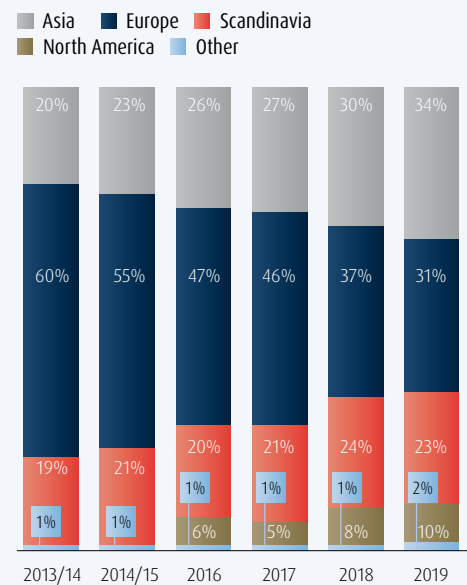
STRONG MARKET POSITION MAINTAINED, DESPITE A MORE UNCERTAIN PRAWN MARKET

Growth in Asia and North America

Despite a lower sales volume at 3%, turnover increased by 3%, since the North Atlantic products account for an ever-increasing share of the business volume.

The strategic development towards more balanced geographical diversification in key markets continued in 2019.

Historical distribution of revenue by regions



The markets in Asia and North America continued to grow in 2019 and together account for 44% of Royal Greenland's turnover.

Asia is now the largest key market, while the European markets faced a number of challenges.

Royal Greenland's strategy is to ensure a strong presence in the most interesting markets for our North Atlantic products, and thereby increase the value of the resources to which Royal Greenland has access.

For all markets, there is focus on the value maximisation measures, cf. the North Atlantic Champion strategy. For each of the North Atlantic species, measures have been defined to increase the value of the resource to which we have access.

Asia

Sales to Asia amount to DKK 1.8 billion, equivalent to 34% of turnover, compared to 23% five years ago.

Turnover in Asia grew by 13%, with the Chinese market making progress in particular. Despite the difficult market conditions in China, due to the influence of the trade conflicts between the USA and China on the domestic Chinese economy and the Yuan rate, growth of 18% was achieved.

The main products for the Chinese market are shell-on prawns and Greenland halibut, but there are also significant sales of cod, snow crab and cooked & peeled prawns.

The supply of land-based Greenland halibut in particular has increased, together with sound demand in the Chinese market, but with slightly falling sales prices up to the end of the year.

The increase in sales of shell-on prawns was particularly important for Royal Greenland, since it was necessary to find new markets to replace the Russian market.

For the second consecutive year, the development in sales to the retail market and e-commerce doubled. This turnover is still small, however, but is expected to growth and thereby ensure that Royal Greenland's brand achieves a stronger position in the retail market.

In Asia, there are greater opportunities to use e-commerce as a sales channel, since refrigerated and frozen products can be distributed at a reasonable cost level. Asia is generally far ahead in developing e-commerce, and a large amount of our learning there can be beneficial in other markets.

Sales to the Japanese market increased by 9%, and were related particularly to Greenland halibut. For the main species of shell-on prawns, Greenland halibut and snow crab, Royal Greenland is a market leader for deliveries to the Japanese sushi chains. The products are sold both in Japan and internationally, as the Japanese sushi chains expand outside Japan. Sales to Taiwan, Singapore and Hong Kong in particular are developing positively.

There is continued focus on achieving a broader geographical distribution of production for the sushi chains. Work is ongoing to develop production in Thailand and Vietnam as a strong supplement to Chinese production.

In the autumn, e-commerce-based sale of snow crab to Japanese consumers commenced. The start-up was promising, with a fine number of visitors and sound sales and, not least, a good number of repeat purchases. The range is expected to be expanded with other product groups.



In 2019, China became Royal Greenland's largest market

Royal Greenland's industrial sales to China continue to increase in significance for the Group, and in 2019 accounted for more than DKK 1 billion, making China Royal Greenland's largest single market.

Sales are driven primarily by Greenland halibut and shell-on prawns, but snow crab, lobster, cod and, in recent years, cooked and peeled prawns, also find their way to Chinese tables. As a consequence of the positive development in China, we are gaining several new collaboration partners and a broader market presence.

In December, Royal Greenland signed an agreement with the Chinese company Beiyang Jiamei Seafood.

Under this agreement, Royal Greenland acquires 20% of the company, which is based in Qingdao, with revenue in the hundred millions and around 100 employees. Royal Greenland has worked closely with Beiyang Jiamei Seafood for a number of years. The Chinese company has extensive market expertise, particularly within online trading.

The aim of the agreement is, first and foremost, that Beiyang's organisation and market access will help to strengthen Royal Greenland's brand on the digital platforms.

Online sales in Japan exceed expectations

Royal Greenland is continuously looking for new sales opportunities. After many years' success within food service and retail, in 2019 the company opened a proprietary store on the Rakuten online platform.

During the spring and summer, there was intensive development of logistics, ranges

and the e-commerce set-up. In the autumn, detailed campaign planning took place in collaboration with the Rakuten team. In the last months of 2019, towards the new year, sales of snow crab in particular exceeded expectations significantly.



Europe

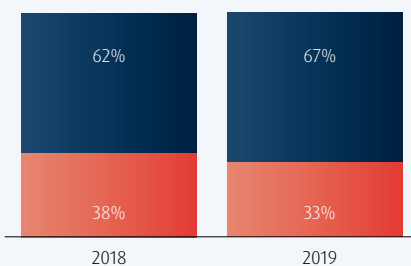
Royal Greenland's key European markets comprise Germany, France, the UK, Italy, Spain, Portugal and Russia. Together, the markets account for 31% of turnover, equivalent to DKK 1.6 billion.

Turnover decreased significantly from 2018, due to the discontinuation of unprofitable orders for retail customers, lower sales of shell-on prawns to Russia, and a lower supply of cod from inshore fisheries in Greenland.

Sales to the German market are changing rapidly from a focus on large volume-based retail orders with low earnings, to a focus on sale of Royal Greenland's North Atlantic species with high earnings. This shift continued in 2019, and in overall terms earnings in the German market made good progress.

Turnover in Europe by business area

■ North Atlantic Champion ■ Supporting

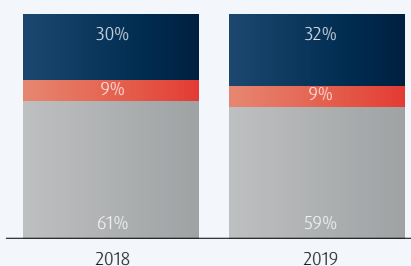


Another strategically important initiative is greater focus on food service.

The organisation in Germany has been adjusted to bring us closer to our customers. Instead of selling only to wholesalers, an organisation has been established to visit kitchens and ensure that Royal Greenland's products are on the menu of the largest corporate canteens in Germany, for example.

Turnover in Europe by sales channel

■ Food service ■ Industri ■ Detail



The transformation of the sales initiatives, with greater focus on both North Atlantic species and food service, is important not only for Germany, but also for the European markets in general.

France achieved good sales of lumpfish roe. France is the world's largest market for glass jars of lumpfish roe. Sales of Greenland halibut fillets also increased, which is important in view of Royal Greenland's larger quota of Greenland halibut subject to a landing obligation.

In the UK, turnover increased by 8%. The increase is primarily related to higher prices for Frozen-at-Sea cod, which increased the value of sales of fillets for the fish & chips sector. The fillets come from the cod fisheries in the Barents Sea.

On the other hand, sales of cooked & peeled prawns were challenged, primarily because relatively higher prices for Royal Greenland's main product, large single frozen prawns, meant that the retail trade switched towards smaller, cheaper, double frozen prawns. The market was affected by strong competition, besides the uncertainty concerning Brexit.

Sales to Russia continued to decline. From being a significant market for sales of shell-on prawns, turnover has declined significantly during the last few years. Russian prawn fishing increased from 14,000 tonnes in 2018 to 30,000 tonnes in 2019. Most of these prawns are sold in the domestic market. Until now, domestic Russian consumption has increased in step with fisheries, so that exports from Russia are limited. In addition, the sizes fished in Russia are predominantly small prawns, while in Greenland large prawns are fished, as stated.

Russian prawn fishing is expected to increase further, in step with the expansion of the fleet, and an increased quota. At some time, Russian exports of shell-on prawns can be expected to increase, and thereby affect the world market.

Sales to Italy were at the 2018 level, while due to the decrease in cod fishing in Greenland there was declining turnover in Spain and Portugal, which are important cod markets.

Scandinavia

With sales of DKK 2.1 billion, Scandinavia accounts for 23% of the Group's turnover. Scandinavia is particularly important for sales of prawn, cod, smoked products and breaded products.

Turnover at the 2018 level was achieved, with a small improvement in Sweden.

During the year, Royal Greenland increased its market shares for prawn, lumpfish roe and breaded products.

Despite a low Swedish krona rate, in Sweden it was possible to expand market shares for shell-on prawns, and to enter into new strategic cooperation with some of the most important customers.

Despite lower turnover, the Danish market increased its sales of branded products to the food service sector by 15%.

Instead of selling only to wholesalers, an organisation has been established to visit kitchens and ensure that Royal Greenland's products are on the menu



Royal Greenland targeting the cruise industry in Germany

In September, Royal Greenland Germany attended the SeaTrade fair in Hamburg. SeaTrade specifically targets the international cruise industry, which is the fastest-growing holiday sector.

In the first instance, the aim of attending the fair in Hamburg was to study the target group's needs in terms of products and range. Not surprisingly, high quality, supply reliability and food safety are key factors on board a cruise ship.

Royal Greenland's wide range and good history, with resources from the North Atlantic and the Arctic, were received well and the German sales team established contact with a number of interesting customers from among the fair's over 5,000 visitors in three days.

'Chilled Selection' further optimises the value of Nutaag® cod

In 2019, Royal Greenland launched 'Chilled Selection' in the UK. This range is our take on products carefully selected for the growing market for fresh fish, and in the first instance is based on the distinguished quality used for Nutaag® cod. The unique, controlled processing of the Nutaag® fish, with maximum two hours from catch to freezer, minimises bacterial growth and makes the defrosted fish a product of very high quality that can be filleted for use as part of Chilled Selection. We are thereby setting a whole new standard for the 're-fresh' market, with a guaranteed shelf life that is longer than for most other products in the category.

The British buyers are experts when it comes to cod for a very demanding, well-informed market, which made the UK the obvious market in which to launch the new range. The high quality and longer shelf life of the fish make it possible to leverage a key new sales argument. So far, Chilled Selection has been a commercial success, limited only by a shortage of raw material.



from the production of 'Chilled Selection' in Cuxhaven



Italian gourmet chefs opening new doors

In recent years, Royal Greenland has cooperated with the Italian national culinary team, who have gained significant experience with our range. The national team's 38 skilled chefs come from a wide range of restaurants throughout Italy and are thereby helping to spread awareness and use of our products.

Big wedding receptions and other major events are a defined cultural trend and sector for the Italian food service market. Based on the cooperation with the national culinary team, Royal Greenland in Italy has had the opportunity to develop this market, which makes high demands of both quality and creativity. When a chef in the reception or 'Banquet' market, as it is called in Italy, selects products for the big events, inspiration from the best in the industry is an important quality stamp.

In 2020, Royal Greenland is expanding the external cooperation to include a local food designer, who will focus on creating exquisite product presentations for the demanding Banquet market in particular.



Big start for a little new product

In the autumn, Royal Greenland launched the 'Mini Fillet of Fish' in Sweden and Denmark. This product is the result of a surplus supply of the largest plaice grades, for which it was hard to find a market. Based on culinary traditions in the Danish market, the simple idea arose of dividing the large fillets into two smaller, breaded fillets. This introduced the 'Mini Fillet of Fish' concept as an alternative to the larger varieties, as an easy way to serve more fish.

The size of the fillet fits perfectly on a slice of rye bread, as an open-faced sandwich, which is actually the Danes' most popular evening meal. The new 'Mini Fillet of Fish' has also proved successful as a buffet dish, in packed lunches and for the youngest children. This project is a fine example of how small adjustments to a product can resolve production challenges and also meet a simple, but previously overlooked, consumer need.



In Norway, sales of shell-on prawns were maintained at the high 2018 level. The large, most valuable prawns are in particularly high demand in Norway.

North America

Turnover from the North American market increased by more than 60% and now exceeds DKK 0.5 billion.

The increase is primarily related to Royal Greenland's takeover of A&L Seafoods, a Canadian snow crab producer, although turnover of other products also increased.

North America is a strategic market for Royal Greenland. A sales company in Boston has therefore been established. The background to this establishment is a wish to be able to sell further along the value chain, to food service distributors and retail customers.

The range to be sold in the USA comprises snow crab, prawn, Greenland halibut, cod and smoked salmon.



Greenland halibut received positively by American consumers

During the summer, an American customer with 100 stores in New England contacted Royal Greenland with a request to expand their range with a new fish species that had to be caught sustainably and be of high quality. They chose our MSC-certified Greenland halibut and in conjunction with the launch, a number of selected stores offered taster samples to their customers.

Consumers in the New England area generally eat a lot of fish, which was a good basis for the product launch. Even though consumers were not familiar with Greenland halibut, it was very well-received, and especially the white, boneless meat and mild taste were welcomed. Many were also surprised that Greenland halibut's content of omega-3 fatty acids is actually almost as high as for salmon, a species that is much appreciated by American consumers.

NEW PRODUCTS AND INNOVATION

Royal Greenland's principal species are subject to a value maximisation plan that includes research and product development.

For all species, the initiative reflects the species' importance to the overall business and the development potential of the category and relevant markets. Internally within the organisation, the products are optimised continuously in relation to quality, shelf lives, yields, range and flavour varieties.

The more long-term value maximisation of the core species is often achieved through involvement in research and development projects, together with universities and other external operators.

WASEABI – new research collaboration on side-streams

In May, Royal Greenland joined the European research project, WASEABI, WA(TE) SEA(FOOD) BI(OECONOMY), headed by Professor Charlotte Jacobsen from the Danish National Food Institute. The research consortium comprises three research institutions, an industrial cluster and nine companies from different European countries. The overall budget for the project, which will run until mid-2023, is EUR 4.2 million. The project is organised under the EU's Horizon 2020 research and innovation programme.

The research project will develop new methods for the manufacture and production of nutritious ingredients from fish and shellfish side-streams. Today, it is estimated that towards 70% of the resources fished from the sea end as side-streams, which are either used for low-value purposes such as animal feed, or are discarded.

Royal Greenland's contribution to the project includes the collection of by-products such as heads, carcasses, trimmings and guts from the cod production in Maniitsoq, Greenland. Here, it is possible to collect fresh side-streams from the Nutaaq production, where the cod is processed and frozen no later than two hours after leaving the sea.

Nutaaq industrial research project concluded

With support from Innovation Fund Denmark, in 2017-2019 Jonas Steenholdt Sørensen undertook the industrial research project "New concept for the production of cod in Greenland – Best Practice with focus on quality and sustainability".

The project included visits to and performance of trials at Royal Greenland in Maniitsoq, with the support of our main laboratory in Nuuk, sensory tests in Royal Greenland's product development department in Svenstrup and, last but not least, extensive work at the Danish National Food Institute in Lyngby under the

supervision of Professor Paw Dalgaard and senior researcher Flemming Jessen. At the National Food Institute, there was access to microbiological and chemical laboratory facilities, which were used in the evaluation of both frozen and refrigerated cod products.

The industrial research project is concluded with a PhD thesis, to be submitted in the first quarter of 2020. This sets out documentation of Best Practice for frozen and refrigerated Nutaaq cod products, respectively.

During the project period, Royal Greenland gathered valuable knowledge that has already led to specific production optimisation, and will use the PhD thesis as a basis for the ongoing work with Nutaaq and other cod products.

Start-up of re-fresh range

Based on the significant knowledge gained from the day-to-day work and the industrial research project in Maniitsoq, in 2019 fresh cod production commenced in Cuxhaven in Germany. Part of the facility in Cuxhaven is designed for thawing, filleting and packing of products based on the same raw material quality as is used in the Nutaaq production.

Benchmark analyses of the quality of the raw material after thawing, in relation to comparable products in the market, have shown that there is virtually no bacterial growth before freezing. This can be attributed to the rapid, controlled freezing process in Greenland, which has provided for the development of the high-quality "Chilled Selection" range, with a longer shelf life than other products in the re-fresh market.

Live lobster production in Canada

Royal Greenland's Canadian company in Newfoundland, Quin-Sea Fisheries, is engaged in packing raw lobster, cooked lobster and, most recently, storage of live lobster.

The process of catching, landing, transport and sorting of lobster for direct freezing, cooking or storage was continuously developed during 2019. The long-term storage system used is finely adjusted to ensure a high degree of recirculation, a stable low water temperature, high oxygenation and thorough removal of impurities from the water, resulting in high-quality lobster and low mortality.

The three-tiered division of production into raw, cooked and live lobster now enables Royal Greenland to deliver to several different markets, price points and seasons than before.

The more long-term value maximisation of the core species is often achieved through involvement in research and development projects, together with universities and other external operators



From trial to market analysis

For several years, Nikoline Ziemer from Business Development in Greenland has researched and worked with seaweed on a trial basis, and undertook the first trial cultivation in the summer and autumn of 2018.

2019 was the first harvest year, and in early spring, when the cultivation ropes off Maniitsoq were inspected for the first time, the seaweed growth on the ropes was still very limited. Fortunately, a very different result could be seen in the early summer, when the seaweed algæ set out had grown big and strong, and the harvest was an unexpected success.

The harvested seaweed is of the sugar kelp (*Saccharina latissima*) and winged kelp (*Alaria esculenta*) types, which are both well-known in kitchens all over the world.

The seaweed is now being presented and tested, and the initial feedback regarding commercial use of seaweed cultivated in Greenland is positive.

In 2019, the Business Development team focused on testing and recreating the results from 2018: Is the growth, yield and quality of the seaweed consistent? Can the results be recreated? How susceptible are the cultivation ropes to changes in wind and weather conditions, and how far can the cultivation methods be changed?

While Nikoline and her team continue to work on trials and cultivation in Greenland, there is focus on finding the best and most realistic market potential: as a vegetable, ingredients, bioactive substances or as animal feed?

New marine resources and side-streams

In 2019, seaweed was harvested in Greenland for the first time. The development project for the cultivation of seaweed in Greenland is thereby moving from the initial test phase to validation of the results in terms of growth, quality and yield. The seaweed is also currently being evaluated in the market.

In 2019, the generally increasing interest in by-products and side-streams led Royal Greenland to intensify

the systematic collection and packing of such products as cod tongues, roe, liver and heads for further sale. More advanced products such as protein powder, fish meal and oil are also being considered. The products will be sold primarily to the industrial market, while investigating the potential within more advanced sales channels and product forms.

The product development costs defrayed are recognised in the income statement.

Two new trawlers in Royal Greenland's fleet

2019 was a big year for Royal Greenland's fleet, as we welcomed two new trawlers, which are the new M/tr Sisimiut, as well as M/tr Avataq. There are high expectations of the two new trawlers, and the shipbuilding work was monitored closely from within the organisation, since this investment entails significant improvements in several areas.

The work on the new trawlers began back in June 2017, when the first steel for the keel of M/tr Sisimiut was cut at Astilleros de Murueta in Bilbao, Spain. The trawler Sisimiut was officially handed over to Royal Greenland in May, after which the vessel sailed to Nuuk to be christened and included in Royal Greenland's fleet at an official ceremony in August. M/tr Avataq followed at the beginning of December, when it was handed over to the crew and started the journey north, to dock in Nuuk in early January 2020.

Both trawlers are designed to match the current development in North Atlantic fisheries. Compared to previous vessels, they feature much lower fuel consumption, faster transport times and a bigger load capacity. There has also been focus on the degree of utilisation of the fish, especially cod, and the new plant for fish meal production and fish oil extraction on board M/tr Sisimiut will increase the utilisation ratio from 30% to 100% of the fish.

Throughout the construction work, Royal Greenland focused on creating effective workflows and a home-like environment on board the trawlers for our crews. The crews on board were involved when decisions were taken, and the on-board factories have more space, with automation of more processes, while the work is less arduous for the crews. Both trawlers primarily have cabins for single occupancy, as well as pleasant and modern living rooms, with local art from Greenland, the Faroe Islands and Denmark on the walls.



Christening Trawler Sisimiut



Christening Trawler Sisimiut



Trawler Avataq in the harbour in Nuuk

VALUE OPTIMISATION IN FISHERIES AND PRODUCTION

Optimisation of the resources' value takes high priority in Royal Greenland's fishing and production..

Raw material: Fishing and purchase

Greenland

Privileged access to quotas in Greenland is vital for Royal Greenland, both in our own fisheries and as a supply of raw material from external fishing companies and fishermen to the Group's factories.

Fishing

Royal Greenland's fleet comprises three ocean-going prawn trawlers, two ocean-going production trawlers for Greenland halibut, cod, etc., a line boat for Greenland halibut, cod, etc., and two smaller inshore prawn trawlers. Additional to these is an investment in a number of large cutters for fishing in Northern Greenland, to increase the volumes of Greenland halibut supplied to the factories, which had a positive effect in 2019.

In 2019, the production trawler M/tr Sisimiut and the prawn trawler M/tr Qaqqatsiaq were replaced by two newbuildings, M/tr Sisimiut and M/tr Avataq. This has increased the offshore fisheries capacity. The prawn trawler M/tr Nataarnaq will be replaced in 2021 by a new trawler that is being built at Murueta Astilleros shipyards in Bilbao, Spain.

Under the Pelagic Greenland joint venture with the Icelandic company Isfelag, two pelagic trawlers are operated for fishing off East Greenland.

In 2019, the Group's fisheries totalled 55,700 tonnes, which is a decline by 9% from 2018. The downturn is related to the lower prawn fishing capacity due to one less trawler for a six-month period in conjunction with the replacement of M/tr Qaqqatsiaq, and a planned yard visit for M/tr Nataarnaq. In addition, pelagic fishing was lower in 2019 due to a decline in mackerel fishing in Greenlandic waters.

As a consequence of the purchase of prawn quotas in West Greenland and lower fishing capacity, there was no prawn fishing off Svalbard and only to a moderate extent off East Greenland in 2019.

In 2019, the prawn quota for West Greenland was increased to 105,000 tonnes, and will be raised further in 2020 to 110,000 tonnes, in accordance with biologists' recommendations and the MSC management plan.

Purchasing

Royal Greenland's processing plants in Greenland received 66,745 tonnes of fish and shellfish during the financial year, which represents an increase of 5%.

The increase is due to higher supplies of prawn and Greenland halibut, while cod continued to decline in volume terms and now accounts for only around half of the volumes in 2016-2017.

The average landing price increased by 9% in 2019, driven by a change in the raw material mix and general price increases. Over an eight-year period, the average landing price has almost doubled.

In 2019, payment to inshore fishermen in Greenland totalled DKK 843 million, which is DKK 75 million more than in 2018. During an eight-year period, the total payment to fishermen in Greenland increased by DKK 514 million.

Again in 2019, permits were granted for the deployment of "klondyke fishing vessels" in the Upernavik area, even though there is sufficient capacity at the land-based processing plants. This led to periods of low activity and low onshore employment, and at times also to strong pressure on landing prices, in order to ensure supplies of raw material for production, and thereby onshore employment.

Royal Greenland's processing plants in Greenland received 66,745 tonnes of fish and shellfish during the financial year, which represents an increase of 5%

Catches landed to Royal Greenland in Greenland

	2013	2014	2015	2016	2017	2018	2019
Prawns	24.569	23.925	20.135	25.003	26.935	26.852	30.991
Greenland halibut	10.465	13.404	17.504	20.697	17.591	19.997	22.249
Crab	1.615	1.765	1.063	1.055	1.330	1.535	1.551
Roe	1.636	951	755	460	718	685	780
Cod	7.512	10.756	15.042	21.432	19.199	14.028	10.227
Other	908	943	604	557	521	341	947
Total	46.705	51.744	55.103	69.204	66.294	63.438	66.745



Finished packing of more prawns in Greenland.

There is a longstanding wish to pack more finished products directly in Greenland, so it is very pleasing that more and more containers with the iconic Royal Greenland food service prawns are now being shipped from Greenland to customers all over the world.

From a quality aspect, it is a great advantage to be able to pack the cooked and peeled prawns directly in the packaging that is also opened by the end-user; the chef or consumer using the prawns. Less handling eliminates work processes and also avoids the prawns being exposed to temperature fluctuations.

It can naturally also be a challenge to ensure available packaging, staffing and logistics-friendly weather all year round in Greenland, far away from the large markets.

Fortunately, during the last few years strong, well-trained teams have been established in both Sisimiut and Ilulissat, where the cooked and peeled prawns are packed. This means that the prawns packed at the European production facility in Cuxhaven are primarily for the retail trade or are packed for major campaigns and peak loads.

In overall terms, 21,500 tonnes of raw material were purchased, for processing at the factories in Atlantic Canada, which is an increase of 20% from 2018

Canada

Purchasing

Royal Greenland does not conduct its own fishing in Canada. All production is based on the purchase of fish and shellfish from independent fishermen and shipping companies.

In Newfoundland the principal species are snow crab and prawn.

The crab quota in Newfoundland was reduced by 15% in 2019. Despite falling crab quotas, Royal Greenland's Newfoundland subsidiary, Quin-Sea Fisheries, managed to expand its market share, and its crab activity thus remained unchanged. In 2019, the company opened a new factory in New Harbor for the production of live lobster. Lobster production will be scaled up in the coming years and will include raw, cooked and live lobster. In 2019, there was also further focus on sea cucumber, and cooperation on this species was established between Newfoundland and Greenland.

The prawn quota was reduced again in 2019, in all fishing areas. The quota is expected to stabilise in 2020. Royal Greenland's deliberate diversification of activities on several geographical quota areas reduces vulnerability to quota fluctuations. In view of the increasing prawn quota in Greenland, Royal Greenland's global prawn volume thus remains unchanged.

In Quebec/Gulf of St. Lawrence the prawn quota was reduced by 25%. There are signs of stabilisation or a small increase in 2020. To supplement the prawn production, crab production was established at the factory in Matane. 2019 was the first season with full crab production. Increased crab activity in 2020 is expected.

In Nova Scotia, the crab stock is healthy, and larger quotas are expected in the coming years. Royal Greenland's subsidiary A&L Seafoods saw a high level of activity. The company is continuing to expand its raw material volumes, and once again in 2020, further growth in the crab intake is expected.

In overall terms, 21,500 tonnes of raw material were purchased, for processing at the factories in Atlantic Canada, which is an increase of 20% from 2018, among other things as a consequence of the acquisition of A&L Seafoods.

Other purchases

To supplement our own production of cooked & peeled prawns, 900 tonnes of MSC-certified prawns were purchased in 2019, for production at the prawn factories in Sisimiut, Greenland and Old Perlican, Newfoundland.

External purchase of Greenland halibut was at the same level as in 2018, amounting to 2,000 tonnes of halibut from Norway and Canada, for processing in Po-

land, China and Denmark. The processed products are used in our smoked production or sold to customers in Europe.

Raw material such as salmon, warmwater prawns, flat fish and MSC-certified cod are purchased in the world market. Here, MSC-certified cod from primarily Norway constitutes the largest individual share, at 6,500 tonnes. MSC-certified cod serves as a supplement to our Greenlandic cod. Besides Atlantic cod, 1,500 tonnes of cod are purchased from the Pacific, while 1,500 tonnes of saithe and haddock are purchased primarily from Norway.

Royal Greenland's sale of warmwater prawns as a trading activity has been declining in recent years, and only 500 tonnes were purchased in 2019. ASC-certified warmwater prawns is purchased primarily in Ecuador. The shrimp is packed at our facility in Cuxhaven.

Salmon is purchased primarily from Norway for the smoking facility in Hirtshals. In 2019, 3,500 tonnes of farmed Atlantic salmon was purchased. The fresh salmon is delivered to the smokehouse.

10,000 tonnes of flounder and plaice were purchased for the factory in Koszalin. Flounder is used mainly for breaded fillets of fish for the Scandinavian market, while plaice is mostly sold as natural fillets and stuffed products. Royal Greenland purchases raw material under the cooperation agreement with A. Espersen in Koszalin. As a supplement to plaice and flounder, 2,800 tonnes of yellow fin and rock sole were purchased.

Plaice is purchased at auction in Denmark, while flounder comes from the Baltic Sea, including as direct purchases from Danish and Polish trawlers.

Production

Greenland

Royal Greenland owns 38 facilities in Greenland, of which four are operated in collaboration with local fishermen and employees. All facilities are in operation. These facilities are operated without service contracts from the Government of Greenland.

Activity was at a higher level than in 2018, and with significant variation between the species. There was high activity at the prawn and Greenland halibut factories, while cod continued to decline, including the Nutaq production in Maniitsoq.

As a consequence of the Greenlandic processing strategy, there is significant investment in the factories in Greenland. During the last four years, Royal Greenland has thus invested DKK 459 million in the processing facilities in Greenland.

In 2019, there was focus on completion of the expansion of the Greenland halibut capacity, including the construction of a new factory in Nuussuaq, in the Upernavik area, and also on the filleting capacity in

New Greenland halibut factory in Nuussuaq

The limited liability company Arctic Fish Greenland operates factories in Kullorsuaq and Nuussuaq in northern Greenland. The company is jointly owned by 92 local fishermen and shareholders, and by Royal Greenland. Since its establishment in 2017, the company with the special ownership structure has developed positively, with continuous capacity expansion and investments in snow scooters, fishing equipment and small boats for transport purposes.

The construction of a new factory in Nuussuaq commenced in 2019. Here, the landing capacity will be expanded from the current around 130 tonnes to 500 tonnes per year. The factory is expected to be completed in the summer of 2020.



The topping-out ceremony in November 2019 was well-attended, and the settlement's residents, the company's shareholders and the craftsmen all admired the result. Technician Peter Reimer Kristensen offered trips in the construction crane for anyone keen to get an aerial view.

Paamiut, in conjunction with the allocated quotas of offshore halibut that must be landed. As the capacity increases, a number of halibut processing plants have been realigned in order to support our need for further processing. In the future, more facilities will produce both J-cuts and fillets, and not just whole fish as before. These realignments are continued in 2020.

At the prawn factories in Sisimiut and Ilulissat, significant investments in production and buildings were launched in 2019, and this work is continued in 2020.

As a consequence of the decrease in inshore cod fishing, there was no investment in further cod capacity and processing. In collaboration and under joint ownership with a number of local fishermen, a cod processing factory was established in Sisimiut. The factory will be taken into operation in 2020, when the last official approvals have been given.

The new ownership model under Arctic Fish, whereby fishermen and employees are co-owners of the two processing plants in Nuussuaq and Kullorsuaq in the Upernavik area, respectively, has been a great success, with increased activity and sound financial performance. There is also positive development in the jointly-owned facility in Qaanaaq, which is operated under Inughuit Seafood.

It continues to be very challenging to achieve a sufficient workforce, especially in high season. Royal

Greenland has recruited manpower from other areas of Greenland with high unemployment rates, to work in the processing facilities in Maniitsoq, Uummannaq and Ilulissat, and also recruited manpower from abroad. This will also be necessary in 2020.

Canada

With the processing plants in Newfoundland and Quebec, and now also Nova Scotia, Royal Greenland has significant inshore fishing activities in Canada. A total of 21,500 tonnes of raw material was landed to the factories in Atlantic Canada.

The main activity in Newfoundland is snow crab and prawn, while there is also production of sea cucumber, cod, halibut, lobster and pelagic species.

Via Quin-Sea Fisheries, Royal Greenland owns six factories in Newfoundland.

In Quebec the Group runs a processing plant for cooked & peeled prawn and crab. There is intense competition for the raw material, as a consequence of excess factory capacity. After the establishment of the crab line, the activity has increased, and it has been necessary to bring in manpower from Mexico.

In Nova Scotia, a crab factory is operated under the auspices of A&L Seafoods.

Live lobster from Newfoundland for the entire world

2019 was a special year for lobster production in Newfoundland, since in May, Quin-Sea Fisheries, Royal Greenland's production company in the Canadian province, inaugurated our new lobster facility in New Harbour.

The unit includes a long-term lobster storage facility. At a stable low water temperature, with high oxygenation and meticulous water purification, the lobster go into hibernation, which allows for deliveries to the world market during a period that extends far beyond the lobster catch season. The storage facility is built for a capacity of 150,000 pounds of live lobster, or just below 70 tonnes, with the

opportunity for expansion up to a capacity of just below 200 tonnes.

During the 2019 sales season we gained valuable experience with the logistics set-up, oxygenation, and storage during transport, and reception by the market. The ultimate test was to get logistics and timing to function for China, which was very successful.

The factory was officially opened on 18 September and was a good opportunity to present the factory and the latest technology in this area to guests from the industry and official Newfoundland representatives.



Lobster facility in New Harbour, Newfoundland





Combining expertise and capacity in Cuxhaven

Back in 2010, Royal Greenland established finished packing of roe products in the German port of Cuxhaven. Since then, the production in Cuxhaven has developed to include packing of frozen fish, and at the end of 2019, brine production was transferred from Aalborg to Cuxhaven. Frozen prawns are still packed in Greenland and now also in Cuxhaven, which is now Royal Greenland's only European production facility.

The latest addition to the activities in Cuxhaven is based on raw material from the recognised Nutaq cod production in

Greenland. In Cuxhaven, whole frozen cod is processed for the fresh re-fresh market in Europe, where good quality is in high demand.

Combining various production activities and species in Cuxhaven generates synergies in terms of gathering and sharing expertise, just as administrative functions are simplified and optimised. Finally, Cuxhaven is optimally located for rapid and efficient servicing of customers in the UK and continental Europe.

Denmark

The factory in Aalborg, which packed prawn and produced prawns in brine, was closed down in the autumn of 2019, and the activities were relocated to Cuxhaven, Germany. In 2020, some of the packing activities will be moved to Ilulissat and Sisimiut.

Royal Greenland's range of smoked products continues to be produced by a sub-supplier in Denmark.

Cuxhaven, Germany

Royal Greenland runs five factories at three locations in Cuxhaven. They produce lumpfish roe in jars, the zip-lock/chain-pack range and fresh fish, as well as prawns in brine, and packed frozen prawns. The factories are subject to shared management and administration.

The relocation from Denmark proceeded according to plan, and all production lines are in operation.

After the transfer from Aalborg, Cuxhaven is Royal Greenland's European production centre. We expect that potential new production in Europe will also be located in Cuxhaven.

China

For many years, Royal Greenland has collaborated with Chinese sub-suppliers which process raw material from Greenland into high-quality sushi products for the Japanese market. Cod and salmon are also processed for sale and further processing in Europe. It has been decided to discontinue the processing of Greenlandic cod in China, and instead sell the fish to industrial customers. Production of purchased MSC-certified cod will be continued in China.

Chile

At the end of the year, a joint venture was established with a small Chilean company whose primary activity is Chilean king crab and snow crab. This cooperation is an element of Royal Greenland's strategic ambition to strengthen its global position within its core species, including by achieving privileged access to the raw material, thereby strengthening vertical integration in the value chain.

New acquisitions strengthens access to resources

According to Royal Greenland's North Atlantic Champion strategy, a number of criteria must be fulfilled before the organisation decides to invest in new companies. In specific terms, business expansion depends on new acquisitions being a good fit for Royal Greenland's existing range; the acquisition must give us privileged access to quotas or landings; Royal Greenland must be able to create added value in the value chain we are joining; and last, but not least, new investments must not expose our activities to major financial risk.

In 2019, Royal Greenland invested in two new companies with privileged access to resources.

A&L Seafood in Nova Scotia is a company that Royal Greenland has known for several years, and with a 25% interest since 2016, via our ownership of Quin-Sea Fisheries. In 2019, Royal Greenland acquired all shares in this well-run company, which is known particularly for its snow crab. A&L Seafood makes a significant contribution to the overall strength of Royal Greenland's snow crab activities.

The town of Porvenir is located in the southernmost part of Chile, more than 13,000 km almost directly south of Royal

Greenland's head office in Nuuk. Despite the distance and location – or maybe because of it – Porvenir is not that different from what we know; the cold polar climate, the cold water, the recognised local fish species and the great expertise required to operate and run activities in these special conditions.

At this location, Royal Greenland has acquired 50% of International Seafood, a company that among other things lands and produces three crab species that resemble king crab, snow crab and brown crab, and is a good complement to Royal Greenland's portfolio. The company also has other products such as scallop and sea urchin, with which we are already familiar.

The company's products are thus in demand on the world market from the same type of customers as Royal Greenland trades with today. Royal Greenland therefore has the aim that – despite the great distance – we can use our experience and broad presence in the world market to create added value in the value chain in which International Seafood operates.



A STRONG AND HEALTHY “FOOD SAFETY CULTURE” TO STRENGTHEN FOOD SAFETY

Food safety, traceability and high quality are key parameters for Royal Greenland.

Food safety from sea to table takes highest priority at Royal Greenland. Food safety is ensured through a strong and healthy culture that helps to highlight and consolidate Royal Greenland's food safety strategy.

This strategy is based on four fundamental elements:

- High raw material quality
- High standard of hygiene
- Stabilisation of bacteriology, to reduce adverse bacteria
- Continuous risk assessment

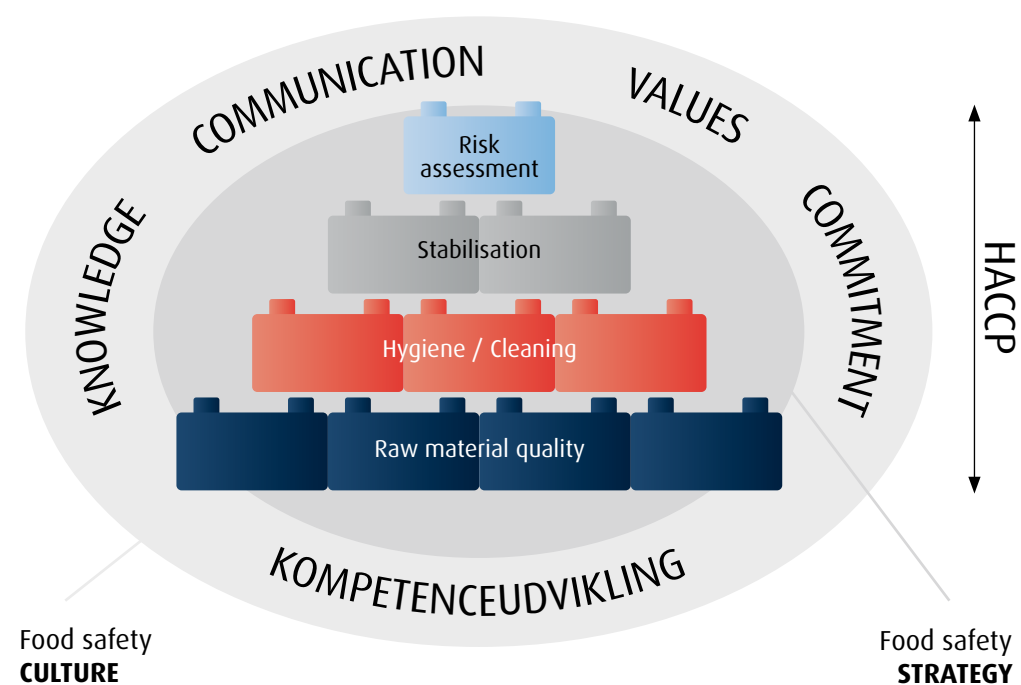
Royal Greenland's food safety culture is based on shared values, dedication, know-how, communication and competence development. Every year, we devote many resources to education and training in every part of the organisation, from production to sales. This contributes to developing competent, independent employees, who can take decisions, also in matters concerning food safety. Competence development ensures that the food safety strategy is implemented in Royal Greenland.

Together with the culture and Royal Greenland's HACCP (Hazard Analysis and Critical Control Point) system, the four elements safeguard products and processes, with high and well-documented food safety.

It is of paramount importance that Royal Greenland is at the forefront with the latest knowledge within food safety. During the past decades, Royal Greenland has been involved in many research and development projects. The recurring theme of these projects has been process and product development, with the aim of optimising food quality and safety.

The research and development projects have contributed knowledge that is an important element of Royal Greenland's food safety strategy, including the development of predictive models for the growth of the two pathogenic bacteria, *Listeria monocytogenes* and *Clostridium botulinum*.

Royal Greenland's quality and traceability certifications are illustrated in the chart on page 32.



Data collection offshore

The commissioning of the new trawlers M/tr Sisimiut and M/tr Avataq has also required the deployment of a broad range of new technology, software and data-intensive systems. One of the many new elements of real significance for sales and rapid market access is the introduction of a tablet solution for quality inspections.

Via a cloud solution, SAP QM Movilizer, which has been used elsewhere in the Group for a few years, it is now also possible to receive ongoing quality data from the new trawlers. As soon as data has been entered via a Movilizer tablet, it is sent

to SAP, where it can be analysed by the quality departments and batches can be released for sale. This is a great advantage for the sales department, which in reality can sell the products while they are still on board, since quality reports can be shared with customers long before the trawler docks at the quayside.

Super-users were present on Sisimiut and Avataq during the commissioning period and will also continue the implementation in the rest of Royal Greenland's fleet.



DNA-based Listeria analysis method is improving food safety

In 2019, the main laboratory in Nuuk introduced a new, DNA-based analysis method for *Listeria monocytogenes*, a bacterium that among other things can occur in production environments, and for which it is vital to test products before they are released to the market.

Previously, the main laboratory tested raw materials using classical analysis methods based on cultivation and confirmation of results, with the help of various different

laboratory media. These time-consuming methods often require evening and weekend work, since the different analysis stages are mutually dependent in timing terms.

The new, DNA-based method is less time-consuming, while also giving a faster (real-time) and more reliable analysis result. This can all be achieved without increasing analysis costs. In the final analysis, the new method also means that products can get to market faster.

SNOW CRAB	
Production	Certifications
Quin-Sea Fisheries Limited (Old Perlican, Cape Broyle) Conche Seafoods Limited	MSC CoC, BRC grade A
PRAWN FLOUR	
Production	Certifications
Ilulissat	BRC grade A
GREENLAND HALIBUT	
Production	Certifications
Qasigiannqut	MSC CoC, IFS Higher level
Manitsoq Paamiut Quin-Sea Fisheries Limited (Cupid, Old Perlican, Cape Broyle, Southern Harbour) Conche Seafoods Limited	MSC CoC
Trawler Tuugaalik Trawler Sisimiut	MSC, West Greenland offshore halibut
COOKED & PEELED PRAWNS	
Production	Certifications
Sisimiut Ilulissat	MSC CoC, BRC Grade B
Matane, Eastern Quebec Seafoods Quin-Sea Fisheries Limited Old Perlican	MSC CoC, BRC Grade AA
Cuxhaven	MSC CoC
Aalborg	MSC CoC, BRC Grade AA, IFS Higher level
GREENLAND COD	
Production	Certifications
Trawler Sisimiut	MSC, Greenland Cod, Haddock and Saithe from the Barents Sea and the North-East Atlantic

SHELL-ON PRAWNS	
Production	Certifications
Trawler Akamalik Trawler Tuugaalik Trawler Avataq Trawler Nataarnaq (Ice Trawl Greenland A/S)	MSC, West Greenland & Faroe Islands, North-East Arctic cold-water prawns
Aalborg	MSC CoC, BRC Grade AA, IFS Higher level
Cuxhaven	MSC CoC
LUMPFISH ROE	
Production	Certifications
Akunnaaq Atammik Attu Ikamiut Ikerasaarsuk Qeqertarsuatsiaat Qeqertarsuaq Kangaamiut Kangaatsiaq Kujalleq, Upernavik Manitsoq Narsaq Paamiut Nuuk Itileq Sisimiut Headoffice, Nuuk	MSC CoC
Cuxhaven, roe	MSC CoC, BRC Grade AA+, IFS Higher level
SUPPORTING	
Production	Certifications
Cuxhaven, Zip-lock	MSC CoC, ASC, BRC Grade AA+, IFS Higher level
Dan Salmon, Smoked production	MSC CoC/ASC/Global Gab, IFS Higher level
Trading	MSC CoC/ASC/Global Gab
SALES OFFICES	
Production	Certifications
Royal Greenland Seafood A/S Royal Greenland Ltd. Royal Greenland Italy Royal Greenland Japan Ltd. Royal Greenland Vertriebs GmbH Royal Greenland China Royal Greenland Norway AS Royal Greenland Sweden AB	MSC CoC, ASC
Quin-Sea Fisheries Limited	MSC CoC

Two Royal Greenland lectures at the WEFTA conference

In October, the 49th WEFTA (Western European Fish Technologists' Association) conference was held in Torshavn on the Faroe Islands, attended by more than 120 researchers from 17 different countries.

gave lectures on Royal Greenland's approach to food safety for lightly preserved seafood products, and the systematisation of the collection of quality documentation for the Nutaq production.

There was great interest in Royal Greenland's work on food safety and building up quality documentation in production processes. PhD and team leader Ole Mejlholm and industrial PhD student Jonas Steenholdt Sørensen

Both lectures drew a lot of interest and led to further sharing of experience with other research colleagues that is of great value in the development and implementation of research results.



The respondents in the consumer target group are first invited to chat about fish in general, and then to blind taste and assess various fish species - including Greenland halibut - as the basis for a more specific discussion of their sensory assessment of Greenland halibut.

What's special about Greenland halibut?

Our strategy has the clear objective for consumers in Europe to eat far more Greenland halibut. At the end of 2019 we therefore initiated a qualitative study of how Greenland halibut is perceived in various markets. The aim is to find out how Greenland halibut is viewed in relation to comparable species, and which characteristics of the fish we should emphasise in our marketing to customers and end users.

The analyses are conducted in the UK, Germany and Denmark, where focus group interviews are held with wholesalers, chefs and consumers. The study is prepared in cooperation with external market analysis institutes in the individual markets. The overall results will be available in mid-2020, when they can hopefully boost sales and the marketing of Greenland halibut in Europe.



RISKS

To reduce its vulnerability to fluctuating quotas and catches, Royal Greenland seeks to diversify the intake of raw material across several stocks of core species and across several geographical areas. The exposure to financial, currency and interest rate risks in global activities is monitored closely and reduced through the company's fixed policy in this area.

Raw material

Access to raw material and the development in raw material prices are a significant operating risk for Royal Greenland. This risk is predominantly related to the live resources around Greenland and Atlantic Canada. These constitute 80% of Royal Greenland's total raw material resources. The prawn quota in Greenland increased in 2019 and will increase further in 2020. On the other hand, both the prawn and the crab quota in Atlantic Canada were reduced in 2019, but are expected to stabilise in 2020. A significant element of the North Atlantic Champion strategy is to diversify activities across several geographical resource areas, so as to also diversify the risk and reduce the volatility of the company's earnings. Royal Greenland's global access to prawn resources is thus unchanged.

For inshore Greenland halibut, the quota in the three management areas in Greenland was unchanged, but is expected to be reduced, although not down to the level recommended by biologists. It should be noted that around 4,000 tonnes of the quota are not normally fished.

Concerning the development in the quotas, experience shows that lower quotas often give higher sales prices, thereby maintaining the value of the activities.

The uncertainty concerning the raw material resources requires a sharper focus on value optimisation of the raw material and an increased processing level, in order to maintain earnings from the resources. These areas are in even greater focus in version 3 of the "North Atlantic Champion".

Royal Greenland's purchase of raw material totals approximately DKK 2.3 billion. We seek continuously to maintain the relative earnings level, irrespective of the development in raw material prices. The aim is to hedge this risk by adjusting sales prices, as well as close follow-up and back-to-back currency hedging concerning major purchase and sales agreements.

Financial risks

Through its operations, investments and financing, Royal Greenland is exposed to changes in exchange rates and interest rate levels. The parent company manages the financial risks on a centralised basis, and coordinates liquidity management, including capital procurement and the placement of surplus liquidity.

The Group pursues a financial policy that is based on a low risk profile, so that currency, interest rate and credit risks only arise on the basis of commercial conditions.

The use of financial derivatives is governed by a specified policy adopted by the Board of Directors, as well as internal procedures to e.g. set amounts and determine which derivative financial instruments may be used.

Currency risks

The Group's activities are affected by exchange rate fluctuations, since revenue is primarily invoiced in foreign currency, while costs, including wages and salaries, are primarily defrayed in Danish kroner, euro, and Canadian and American dollars.

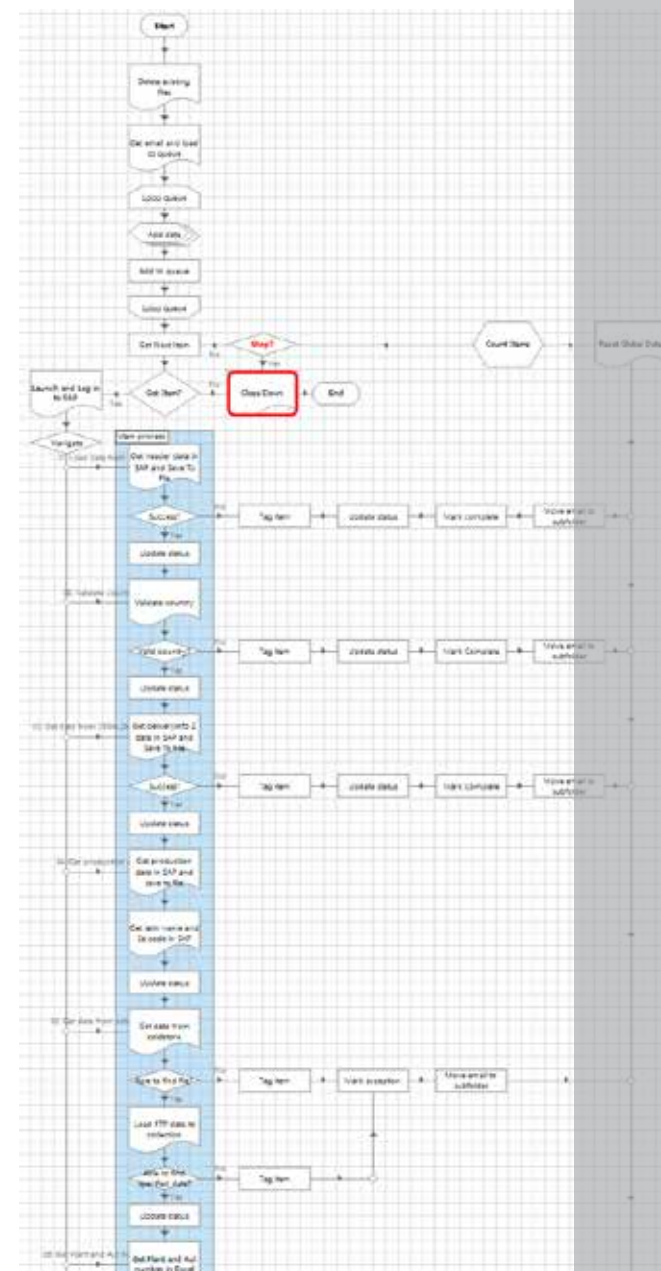
The Group will thus be exposed via net positions in a number of currencies. Other countries than Greenland and Denmark account for 86% of the Group's turnover, with an emphasis on the euro-area member states, China, Japan, the UK, Sweden and the USA. Revenue in EUR and DKK accounts for 40% of Royal Greenland's total revenue, and is not assessed to present any real currency risk. The primary currency exposure concerns US dollars, Japanese yen, Pounds sterling, Swedish kronor and Canadian dollars, and also, indirectly, Chinese yuan. The Group is also affected by fluctuating exchange rates since a number of subsidiaries' results and equity at the close of the year are converted to Danish kroner on the basis of the average and balance-sheet date exchange rates, respectively.

Currency risks are primarily covered by matching receipts and payments in the same currency, and by using forward contracts. The Group's currency policy is to hedge 75% of the expected exchange rate risks within six months, and 50% of the currency risks during a 6-12 month period. Large contracts are hedged individually. The exchange rate risk in relation to EUR is not hedged.

Interest rate risks

The interest-bearing debt has been swapped for DKK, EUR and JPY. The proportion of the debt at variable interest rates was 33% at the close of the financial year. An increase by 1 percentage point in the general level of interest rates would increase the Group's annual interest costs by DKK 7.2 million.

The Group pursues a financial policy that is based on a low risk profile, so that currency, interest rate and credit risks only arise on the basis of commercial conditions



Robots helping out in administration

During 2019, robots progressed from production into offices. A cross-organisational 'Robot team' worked on mapping monotonous and repetitive processes in administration that are suitable for automation.

In Royal Greenland's international sales department, a significant – monotonous – workload has been eliminated. During the past year, the department needed no less than 1,700 health certificates in conjunction with sale to countries outside the EU that are not subject to European and Danish food legislation.

The department's staff previously spent 30-40 minutes on each certificate. Data must be collected from various different sources, before the staff log onto the Danish Veterinary and Food Administration's website and enter a large amount of information, which then generates a health certificate number that is used as part of the sales documentation.

Based on a detailed process description, the Robotic Process Automation team succeeded in programming a robotic assistant to undertake this time-consuming work. Royal Greenland International's staff can now spend their time on more interesting, value-creating activities related to new customers, better service and a more rewarding working day.

WHAT IS ROBOTICS PROCESS AUTOMATION (RPA)?

RPA is a software robot that can perform routine administrative tasks by copying an employee's routine tasks, across the underlying systems and documents.

The software robot is part of the existing IT landscape and can thereby work with and across the systems and documents that are already used.

Since the robot is not capable of independent thought, it can only handle routine tasks that adhere to specific rules, and which the robot must be able to 'learn' to perform via programming.

A software robot can work 24/7/365, and can thereby also help to reduce the seasonal peak workloads at Royal Greenland.

The robot can log in, enter data, copy, calculate, collect information and structure data ad infinitum ...

WHAT IS A HEALTH CERTIFICATE?

Food exports to most countries outside Europe must carry a health certificate that is printed from the Veterinary and Food Administration on special sheets. Each sheet has a unique number and must be physically stamped and signed by the Veterinary and Food Administration.

The health certificate is the Danish food safety authorities' verification that a product meets the high Danish food standards.

SUSTAINABILITY

A strong sustainability focus will maximise Royal Greenland's long-term earnings and lay a sound environmental, economic and social foundation.

At Royal Greenland, we are responsible for conducting sound business operations in a vertically integrated, international value chain on behalf of our owner, the Government of Greenland, while along the coasts of Greenland and Canada we contribute to safeguarding employment and stability in traditional fishing and hunting communities.

At Royal Greenland we will create maximum value, sustainable development and growth for all stakeholders, both local and global, while reducing any negative impacts of our activities.

Sustainability in the light of the UN's Sustainable Development Goals

We have built up a broad sustainability programme that is founded on our business strategy, with specific targets for 2022 and ambitions for 2030. The programme will bring Royal Greenland into a new decade with focus on the important aspects for the company, in a sustainable and economic perspective.

Royal Greenland's social responsibility and sustainability initiatives are naturally based on the UN's 17 Global Goals for Sustainable Development.

In the development of Royal Greenland's sustainability programme, employees from different departments attended workshops to study the Sustainable Development Goals in the light of the company's activities. After this, all 169 targets were reviewed, analysed and structured, before final conclusion on priorities could be drawn.

The results of this work are related particularly to goals 4, 8, 12 and 14, under which we have a particular opportunity to have a positive impact on both our business and society – see Figure 1.

Organisation and the strategic direction

On the basis of the sustainability programme, continuous adjustment and employee contributions, decisions are taken by the steering group and then implemented in the organisation. The steering group comprises the Executive Board and managerial employees within Communication, HR, Marketing and Sustainability. The steering group meets four times per year, with one meeting allocated to the annual evaluation. Overall decisions concerning the strategic direction are taken by the Executive Board and Board of Directors.



Fig. 2: Competence and cohesion between the CSR steering group and decision makers

Fig. 1: Selection of Sustainable Development Goals

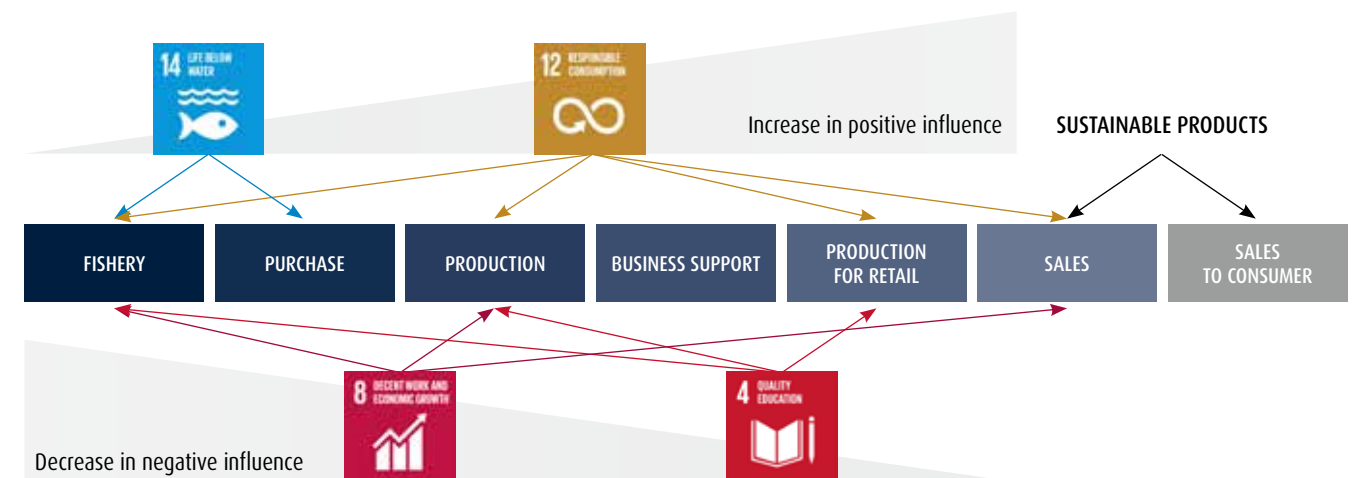
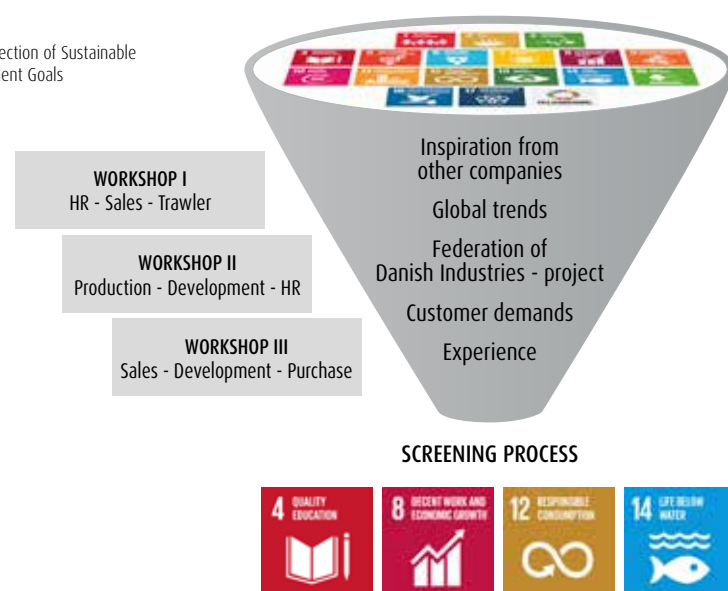


Fig. 3: Influence on Royal Greenland's value chain, with input from the Sustainable Development Goals.

In concept terms, we work with People – Planet – Profit, but in the new Sustainability Programme we to a greater extent apply the natural resources to which we have access, and the four selected Sustainable Development Goals. This illustrates the importance of sustainable fisheries and increased use of natural resources. It also requires a higher degree of integration and synergy between People – Planet – Profit.

Through a holistic approach to sustainability in the value chain, we wish to create the basis for new business opportunities, while reducing the negative impact on the environment. We meet our customers' and consumers' demand for sustainable products and also contribute to achieving the UN's Sustainable Development Goals.

Policies and reporting

The following policies have been adopted within the framework of People – Planet – Profit:

- Sustainable fisheries policy (2019)
- Environment and climate policy (2019)
- Human rights policy (2019)
- Anti-bullying and harassment policy (2018)
- Policy concerning the under-represented gender (2014)
- Anti-corruption and bribery policy (2014)

These policies will replace the current CSR policy after they have been supplemented in 2020 with policy for the psychosocial working environment. The policies can be read in their full length on our website: <https://www.royalgreenland.com/royal-greenland/sustainability/related-documents/>

Below is a description of Royal Greenland's initiatives within the four selected Sustainable Development Goals:



No. 14
LIFE BELOW WATER



No. 12
RESPONSIBLE CONSUMPTION



No. 8
DECENT WORK AND ECONOMIC GROWTH



No. 4
QUALITY EDUCATION



SUSTAINABLE FISHING

Sustainable fishing is Royal Greenland's life blood. Our goal is for the marine resources to be managed in accordance with the scientific advice, and that the largest and most important fisheries are certified by an independent third party.

Royal Greenland fishes, lands and processes fish and shellfish in Greenland. Via bilateral agreements, Greenland also has fishing rights in the North Atlantic, which Royal Greenland also fishes. In addition, raw material is landed and processed in Canada, and purchased from external suppliers.

We can divide our access to raw material into (i) ocean fishing, (ii) coastal fishing and direct purchase from local fishermen, and (iii) purchase from third parties, including semi-manufactures. Coastal fishing and ocean fishing account for 44% and 36%, respectively, and in total 80% of the total raw material basis.

Royal Greenland's Sustainable fisheries policy obliges us to adhere to the development in new fisheries requirements, react to scientifically proven changes in populations, and participate actively in the development of new technology. Our aim for both ocean and coastal fishing is to support an ecosystem-based approach in fisheries management, and to work for the certification of the most important fisheries. We are aware that many parties are involved in coastal fishing, where in the short term changes can have a great influence on the scope of fisheries and thereby the day-to-day lives of the fishermen. Some of our efforts will therefore be focused on involving local fishermen's knowledge, in particular with regard to improvement projects and MSC certification.

Risks

In both coastal and ocean fishing, we have identified the following risks:

- High Total Allowable Catch (TAC) determination compared to scientific advice.
- Serious impacts on ecosystems and habitats
- Surplus fisheries capacity

We wish to fish responsibly from a sustainable resource. If TAC is set too high compared to the scientific advice, there is a risk of a decline in fisheries in the longer term. The political system determines TACs for the individual fisheries, and in this regard local employment considerations play a significant role. For coastal fisheries in Greenland, for both Greenland halibut and cod, there is a higher TAC than the advice would indicate.

Via MSC, we have a documentation obligation to prove that fishing does not affect benthic species and benthic conditions irreversibly. Trawler fishing has a certain impact on the seabed, and the fisheries sector is therefore obliged to document the geographical extent of fishing and the actual impact on the seabed.

In general, the greater the fishing capacity in relation to a given stock, the bigger the challenge of keeping fishing at a sustainable level. During the last year, the number of licences issued in the coastal segment in Greenland has increased significantly. This means that there is pressure for high quotas, which can make it difficult to adapt and maintain fishing according to a sustainable management strategy.

Opportunities and goals

In the short term, there may be a decline in fishing if TAC is reduced in order to build up stocks, but experience from both prawn fishing and ocean-going Greenland halibut fishing in Greenland shows that determining TAC in line with the scientific advice can ensure stable fisheries for many years.

We see good opportunities for cooperation with fisheries stakeholders to draw up objectives and catch strategies for relevant fisheries, which is then documented in management plans.

Our goals are for:

- > ocean and coastal fishing to be sustainable
- > certification of important fishing
- > the greatest possible reduction of unused by-catches
- > involvement of fishermen's knowledge in proposed advice and management
- > simplification and improvement of reporting of both target species and by-catches

The promotion of sustainable fishing in Greenland primarily takes place with our partners in Sustainable Fisheries Greenland (SFG), which was established in 2012. The aim is to focus on identified risks, initiate improvement projects and create a basis for MSC certification. The Greenland Business Association and the Association of Fishers and Hunters in Greenland (KNAPK) are also members of SFG. A large part of the work takes place in cooperation with researchers and authorities. In recent years, Royal Greenland has headed the Board of Directors of SFG.

Royal Greenland is also a member of the Global Sustainable Seafood Initiative (GSSI), whose primary task is to assess sustainability standards. In 2019, we took part in updating the benchmark tool.

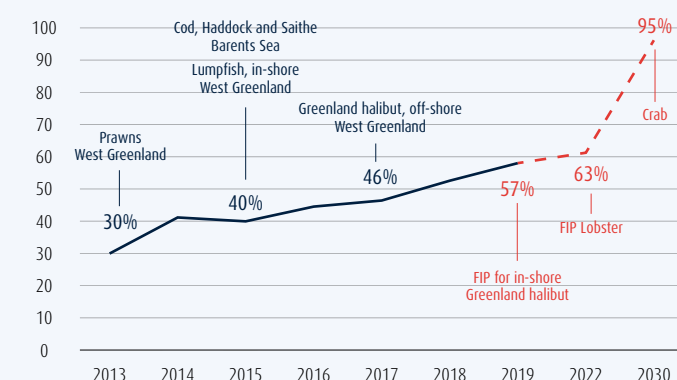
Action and risk management

Royal Greenland is involved in five MSC certifications (see Figure 4) and also works on certification projects within crab, inshore Greenland halibut and lobster. It takes time to prepare fisheries for certification. The standard sets many requirements, and may entail changes in national legislation, investigation methods

and scope, and impose new requirements on actual fishing, including reporting. A project usually begins with a pre-assessment, to identify any weak points. These are improved via an FIP (Fishery Improvement) project. Once a certificate has been achieved, it applies for five years, with annual status reviews. Then the fishing has to be re-certified, usually against a new version of the standard, in which the requirements are tightened. This is resource-intensive for many of the fisheries stakeholders, but also sets the direction for sustainability. The commercial value of certification is increasing, since the markets to a greater extent demand certified products.

In 2019, 57% of resources from fishing and purchase in Royal Greenland were certified, of which 1% from farmed sources, cf. Figure 4.

Development in share of MSC-certified fisheries and ambitions for 2030



The figures for 2022 and 2030 reflect objective and ambition, respectively.

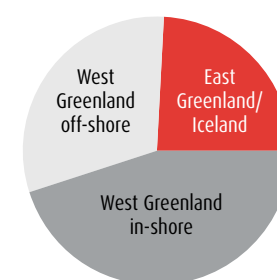
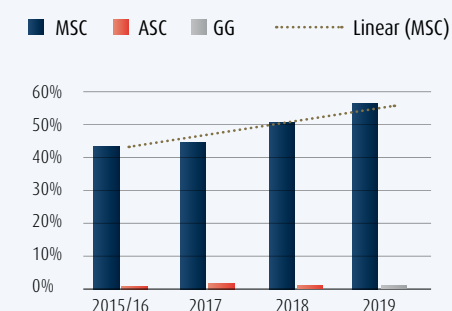


Figure 6: Identified populations for in-shore fishing based on DNA analyses

Fig. 4

MSC, ASC and GG % share of fishery and purchase 2019



Every year, all species and fisheries are reviewed in order to assess their sustainability status. The categorisation is based on a breakdown into sustainable, less sustainable and critical species, where the first-mentioned is defined as the fishing of healthy populations that are fished responsibly in accordance with TAC (Figure 5).

80% of Royal Greenland's species are fished sustainably. The critical species account for only 0.1% and are eliminated in real terms. Around 20% of fishing falls within the category of "less sustainable fisheries". This is primarily related to the inshore Greenland halibut and cod fishing in Greenland.

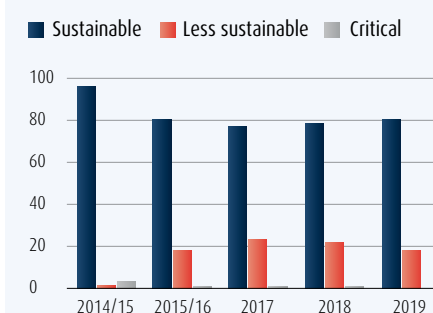
To meet the challenges concerning the inshore Greenland halibut, in 2018 SFG commenced a Fishery Improvement Project (FIP). The aim is to mature this fishing for MSC certification over a two-year period. The project draws up recommendations concerning advice, reporting of by-catches, registration of lost equipment and proposals for a sustainable catch strategy. It is still too early to draw any conclusions from the project. After the preparation phase, MSC certification will take around 18 months.

For several years, inshore cod fishing in West Greenland has been an important activity for Royal Greenland. Fishing takes place using passive equipment, including pound nets, which is a non-invasive fishing method. In our Nutaaq fishing, the fish is taken onto the well boat alive, and fish that does not fulfil the minimum size requirement is put back in the sea alive. This is a great benefit for the stock, which nonetheless still continued to decline from 2018 to 2019. One reason may be a very high TAC compared to the scientific advice.

At the request of the Greenland Institute of Natural Resources, in 2017-18 Royal Greenland took part in a trial to achieve a better data basis for inshore fishing. Our contribution comprised gathering samples of cod to be DNA-tested. The result was published by the Greenland Institute of Natural Resources in 2019, and is presented in Figure 6. Coastal cod fishing thus comprises several populations.

Fig. 5

Percentage distribution of purchased and fished raw materials in accordance with sustainability 2019



Sustainable Development Goals - SDG contributions

Through its work with sustainable fisheries, Royal Greenland contributes to achieving the Sustainable Development Goals by promoting fisheries that respect the size of the stock, with due consideration of the surrounding environment. Our key contributions lie within the following targets, although not all fisheries can achieve the target before 2020:

14.2: By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans.

14.4: By 2020, effectively regulate harvesting and end overfishing, illegal, unreported and unregulated

fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible, at least to levels that can produce maximum sustainable yield as determined by their biological characteristics.

14.a: Increase scientific knowledge, develop research capacity and transfer marine technology, taking into account the Intergovernmental Oceanographic Commission Criteria and Guidelines on the Transfer of Marine Technology, in order to improve ocean health and to enhance the contribution of marine biodiversity to the development of developing countries, in particular small island developing States and least developed countries.

Figure 7: MSC certification of Greenlandic and Norwegian fisheries, of which Royal Greenland is part.



Prawn fishery
West Greenland
2013



Cod, haddock and Saithe
Barents Sea
2015



Lumpfish fishery
West Greenland
2015



Off-shore
Greenland halibut
West Greenland
2017



Prawn fishery
Barents Sea
2017

12 RESPONSIBLE CONSUMPTION



RESPONSIBLE FOOTPRINT

We will maximise the degree of utilisation by creating new food from fish and shellfish.
We will minimise our environmental footprint through responsible consumption and circular handling of non-renewable resources.

The environmental and climate policy defines the background for the current and future measures in the new sustainability programme under the "North Atlantic Champion" strategy.

The policy outlines the responsible utilisation of environmental resources and describes initiatives within the following areas:

- Reduction of consumables and materials
- Recovery as a circular philosophy
- Use of renewable resources

The policy concerns the use of natural resources such as raw materials, energy, water, paper, cardboard and plastic, and derivative substances, and the opportunity for circular use.

Resource utilisation -> less waste, more food

There are 7.6 billion people in the world. The number will increase in the course of the next generations. In 2030, the world's population is expected to total 8.6 billion, and in 2050, 9.7 billion people. This will lead to increased demand for food, and put pressure on the world's food producers.

We wish to take our share of the responsibility for effective utilisation of the fish and shellfish that we catch and purchase. This can give opportunities for new foods, ingredients or feeds by using new technologies and through cooperation with other sectors.

Risks

In 2019, Royal Greenland utilised 67% of the landed raw material in Greenland. This means that there is still a considerable share that is not utilised. The challenge presented by the remaining share is a lack of knowledge of potential utilisation opportunities, in terms of both products and process. This requires innovative solutions, investments, external cooperation and the time to increase resource utilisation significantly.

The consequence of not using the entire raw material is a loss of earnings opportunities and a risk of the accumulation of organic material in still-water sea areas. In Greenland, residual materials are disposed of from land facilities by direct discharge via an approved pipeline, or by being sailed out for deposit at sea.

Opportunities and goals

We wish to increase the utilisation of the fish and shellfish, and thereby also the value of the raw material.

For certain types of resources, the utilisation ratio is already high. This applies to Greenland halibut, which for several years has shown a utilisation ratio

exceeding 90%. Other resources such as cod, if filleted, have a relatively low utilisation ratio. In this case, the challenge is that large parts of the fish cannot be produced in the relatively small volumes landed at the individual facilities in Greenland. This requires innovation and testing of the sale of new products such as cod tongues, cod roe and liver. In 2018, an oil facility was established in Maniitsoq, to produce fresh cod liver oil from Nutaq cod.

For more than 20 years, in Ilulissat, Royal Greenland has dried prawn shells to make prawn meal. This has contributed to increasing the degree of utilisation of the prawn significantly, creating a good product for which there is high demand. Our aim is to continue these initiatives and expand them to other facilities.

Our goals are to:

- > increase the utilisation of our raw material in Greenland to minimum 80% within the next three years
- > develop new products with positive financial returns
- > reduce the discharge of shells and fish residue via wastewater pipes

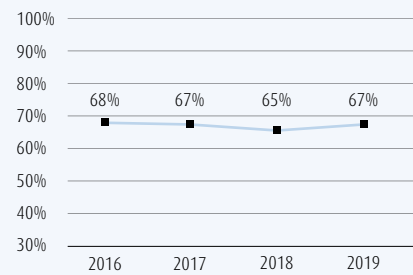
Action and risk management

The new Sisimiut trawler is a factory ship to process cod and Greenland halibut into ready-for-sale products. The residual resource can also be processed onboard the trawler, since both a fish meal and oil plant are installed onboard. The facility will be commissioned in 2020.



On land, in 2019 there were several trials to increase the utilisation of the residual resource. Most of these are long-term initiatives that have not yet resulted in any new products in the market. This is reflected in Figure 8, which shows the status of the utilisation ratio.

Figure 8: Share of residual raw material available for new products in 2016-2019.



The utilisation ratio is challenged, however, by higher processing ratio of the raw material. This is i.e. the case for fileting, where larger volumes of residuals are left unused than is the case when the whole fish is sold unprocessed.

Royal Greenland is involved in several projects with the aim of increasing the utilisation of resources:

- **Better utilisation of the seafood industry's side-streams**, also called WASEABI, is a four-year EU project headed by the Danish National Food Institute. The aim of the project is to develop methods and technologies to utilise side-streams for new products such as proteins, minerals and other high-tech products.

- **Cooperation with Kvalvik** - development of fish paste and fish meal for use as bait, and extraction of protein and oil from crab shells.

- **Flotfood** - from process water to food. The project is a two-year processing project and is supported by the Environmental Technology Development and Demonstration Programme (MUDP). Focus has been on cleaning process water and extraction of proteins and oils from the prawn process. Flotfood was concluded in 2019 and showed potential for water flotation, but there are still challenges in obtaining the right food-standard flocculant at an economic price.

- **Aqualeather**, with the aim of processing fish skin into tanned leather. The project is supported by the Green Development and Demonstration Programme (GUDP)

Outlook for the coming years

We expect to be able to commercialise more residual products. We will also build on our experience with Greenland halibut and drying of prawn shells. Furthermore, new products will be gained by using side-streams from the Sisimiut factory trawler. So far, we

have measured the progress (KPI) of the facilities on Greenland, but going forward this will be monitored for the Group.

Environmental resources

Energy and climate:

Energy for Royal Greenland's factories is purchased as electricity and district heating from the local utility companies, and as gas and oil directly for combustion at the factories.

In Greenland, around half of the onshore energy consumption is delivered as electricity from the utility company. Of this, renewable hydropower-based energy accounted for around one third of Royal Greenland's total electricity consumption, and primarily concerns Ilulissat, Sisimiut and Nuuk. Royal Greenland has the greatest total energy and oil consumption at the two prawn factories in Ilulissat and Sisimiut. Besides electricity, the factories also purchase oil for local consumption.

For the trawlers, bunker oil is the most important energy source. For the last many years, Royal Greenland has exclusively used Marine Gas Oil, which is recommended in Arctic regions, since its sulphur content is around 30 times lower than the Heavy Fuel Oil normally used. This affects the acidification of the oceans and the occurrence of black particles.

Risks

The greatest risk on using larger volumes of energy is the emission of CO2 equivalents to the atmosphere, which affects global warming. Extreme weather conditions are already seen in Arctic regions, and Royal Greenland will do what it can to prevent a further increase in global warming.

Opportunities and goals

With regard to land-based facilities, in Greenland plant and engines running on oil can be converted to electricity. This is relevant at locations where electricity production is based on sustainable energy. In future, the utility company expects to install additional hydropower systems, and trials with solar energy are also being conducted.

On the newly-built factory trawlers, a relatively high fossil-based oil consumption is addressed. A great effort has been made to optimise sailing performance, improve winches and optimise engine efficiency.

Our goals are to:

-> significantly reduce the total energy consumption of land-based facilities in the Group.

-> reduce the climate footprint by converting oil-based plants to electricity based on renewable environmental resources.

-> pursue the International Maritime Organization's target for reduction of bunker oil consumption.

Action and risk handling

Energy consumption is monitored at the individual factories and vessels, based on monthly reports. In addition, the Group's total energy consumption is compiled as a minimum once a year. For newbuildings and maintenance in particular, energy consumption is an important reduction parameter.

The trawlers account for the greatest emissions, totalling 85% of the Group's total CO2 emissions based on fossil fuels. There will therefore be focus on reducing the trawlers' energy consumption.

Figure 9 presents the result for 2019. It shows that there is a significant reduction of the trawlers' energy consumption per tonne of finished product. The reason is that 2019 includes vessels wholly owned by Royal Greenland and vessels owned by associated companies. Previously, only vessels owned by Royal Greenland were included in the key figure. The difference is related to different fishing methods and a varying need for energy in fisheries, with pelagic fishing requiring the lowest energy consumption.

The 2019 figures better reflect the Group's energy consumption.

Outlook for coming years

The new trawlers are expected to show better energy utilisation, measured per ton of finished product. For the Sisimiut trawler, however, we can expect overall higher consumption, since in future there will also be a process to dry side-streams for fish meal. The facility is optimised for reuse of energy.

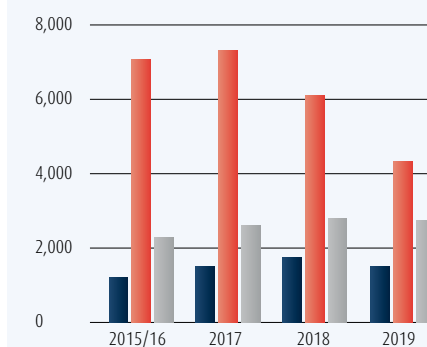
Fresh water:

Fresh water of good quality is an important resource for all production units. Water may be part of a product, a means of transport during production, and a means to clean a workplace.

Figure 9

Energy consumption - kWh/tonnes finished goods

■ GRL Factories ■ Trawlers ■ RG Group average



Risks

Fresh water may originate from surface water, groundwater or sea water. In recent years, sea water has been a potential resource for the cleaning of whole fish. In Greenland, fresh water is supplied by the utility company, while sea water is collected by Royal Greenland. At some geographical locations in Greenland, fresh water is in short supply, and fresh water is produced via a reverse osmosis (RO) system.

The greatest risk for Royal Greenland is a lack of water for production. At some locations, the factory is the biggest local water consumer, which can present challenges in relation to the other activities of the settlement or town. Prawn factories are the entities that consume most water, but they are situated at locations with ample fresh water supplies.

Opportunities and goals

In order to counter any situation with a shortage of fresh water, regular meetings are held with the utility company, in order to coordinate changes in fish production and drinking water supplies.

In recent years we have worked on the purification of sea water to drinking water quality. This has yielded some good results, which can be reproduced, and we are now awaiting the European authorities' approval prior to installation.

Our goals are to:

-> reduce consumption at the Group's factories significantly

-> use sea water at locations where there is a lack of fresh water

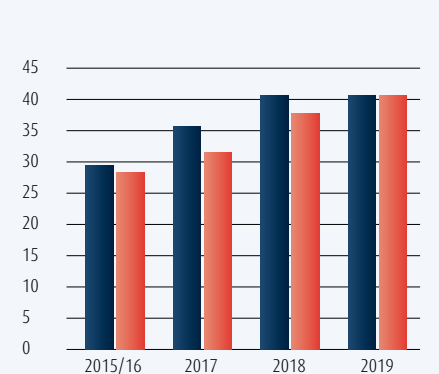
Action and risk management

By showing due diligence and in dialogue with the utility company, there is now greater opportunity for coordination of production and local fresh water supplies. In the short term, this is a good initiative. In the longer term, there is focus on our own purification of sea water.

Figure 10

Water consumption - m3 water/tonnes finished goods

■ GRL Factories ■ RG Group average



We continuously follow up on consumption of fresh water and report the status for Greenland and the Group.

As Figure 10 shows, water consumption per tonne of end-product is at the same level as the previous year. Water consumption depends on the factories' production methods and hygiene requirements. The demand for fresh water will increase with the growing need for local processing. It was thus not possible to reduce consumption per tonne of finished product during the year.

Outlook for coming years

Our goal is to work specifically with the locations where fresh water is in short supply. In the course of the next year, we expect to receive a permit to purify sea water as a replacement for surface water. This will improve opportunities to process fish in the settlements, and thereby create more employment in smaller communities.

Paper, cardboard and plastic:

One of the most important focus areas in the Environmental and climate policy is the recirculation of packaging and greater use of renewable resources. This applies in particular to paper, cardboard and plastic.

Risks

Packaging is many different things. It can be packaging of raw materials and products, but also fish boxes and tubs. Unfortunately, packaging often ends up in nature, polluting the environment.

Used fish trawl nets and lost fishing nets are also hazards. The risk presented by lost fishing equipment that is not recovered is "ghost fishing". Used trawl nets contain large amounts of plastic, which the water's motion can wear down to microplastic, and plastic can also end up on beaches.

Opportunities and goals

It is our responsibility to keep our own house in order, and use available opportunities for increased reuse and recovery. Several companies process used plastic into plastic granulates that can be used to make new plastic items.

Our goals are to:

- > reduce waste through process optimisation and repair
- > use materials that can be recirculated
- > use FCS-certified cardboard and paper

Action and risk management

During 2019, several initiatives were taken to promote the circular approach. One of the first steps was to map all of the packaging we use ourselves. We found that approximately 40% of this can already be recirculated. During the year, we worked on the substitution of multi-layer packaging in particular, i.e. packaging comprising several types of plastic, with mono-layer

packaging. This packaging can then be included in recirculation systems.

Tubs and boxes are subject to equivalent initiatives. These are most often used in areas of Greenland where the only means of transport to a recipient that can repair the tub or produce granulate is by ship. This challenges the economic value of reuse. Another challenge with tubs is that they contain multi-layer plastic. Work on this project is continuing in 2020.

Cardboard materials for boxes and packaging were exclusively made from FSC wood fibre in 2019.

Outlook for the coming years

We expect that the trials with conversion to monomaterials will be successful and thereby increase the ratio of circular materials.

SDG contribution

By working to achieve better utilisation of the raw material, reduce fossil fuels, and increase the utilisation of sea water and the re-circulation of paper, cardboard and plastic, we will contribute to achieving Sustainable Development Goal 12.

The most important targets are:

12.2: By 2030, achieve the sustainable management and efficient use of natural resources.

12.3: By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.

12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.



HEALTHY WORKING LIVES

Our ambition is to have a fully integrated working environment and environmental system that can address our employees' physical and psychosocial well-being and the working environment. We make the same requirements of our suppliers as we make of ourselves.

At Royal Greenland we have a great responsibility to create as many commercially and socially worthwhile local workplaces as possible. This requires a focus on job creation and the physical and psychosocial working environment.

In 2019, a Human rights policy was added to Royal Greenland's sustainability policies. In addition, the Anti-bullying and harassment policy was revised in order to define responsibility more closely. Finally, we have a Gender policy, which specifies target figures and policies for the under-represented gender.

Physical and psychosocial working environment :

Sustainable Development Goal 8 concerns decent work and economic growth. At Royal Greenland, this goal is reflected in the wish for more, better and more inclusive workplaces. We are also imposing tighter requirements on our global suppliers in countries subject to a higher risk of breaches of human rights and good working conditions.

Risks

When an employee is injured, this can be painful and costly for the employee, and also for the company. This emphasises the vital importance of adequate safety procedures.

There can be great variation in the risk of occupational injuries in different jobs within the Group. Identifying the company's risks and setting up preventive procedures are part of this work.

Opportunities and goals

Healthy and safety activities at Royal Greenland are decentralised, to ensure that any incidents are handled directly. This can present challenges, however, in terms of the formal organisation of working environment initiatives. We can see great opportunities in creating a simple, overall working environment system covering the entire company. This will make it possible to set up uniform procedures and create tools that can be adapted locally. This will ensure transparency and a uniform approach to the work across the organisation.

We also see opportunities to strengthen employees' knowledge and awareness of the working environment. It is still necessary to take extensive account of both environmental and working environment factors when we purchase new machines, and build and maintain buildings and equipment.

Our goals are to:

- > safeguard the workplace as much as possible
- > reduce the number of occupational injuries
- > avoid serious injuries
- > build up a simple, well-functioning working environment management system

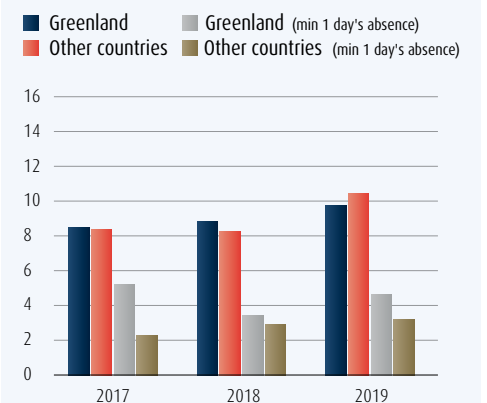
Action and risk management

At the factories, risk assessments and workplace assessments (WA) are prepared. In 2019, nine new WAs were initiated at the factories in Greenland. We found that ergonomically correct heavy lifting in particular should be improved. A major project with an equivalent investment budget has been launched. The WAs also showed another challenge in the form of slippery floors that can lead to falls and injuries.

Every year, occupational injury data is collected and evaluated, and relevant statistics are prepared.

Figure 11

Reported occupational injuries /100 emp.



In Greenland, the number of actual reported injuries increased in 2019, so that there was a small increase in the injury frequency per 100 full-time employees (FTEs). In the company's trawler division there was one fatal accident in 2019, in the Faroe Islands, when an officer attending a course fell down some steps. This incident, which did not take place on a vessel, is assessed to have been an accident, so that no preventive measures were taken onboard.

All injuries, large and small, are compiled in the statistics. The number is halved when the same analysis is performed for occupational injuries with more than one day's absence.

Spending leisure time together makes working hours more enjoyable

Soccer games, nature walks, company tournaments and fitness training – in many towns and settlements, Royal Greenland employees meet up outside working hours to exercise together, or to defend their workplace's honour against other companies.

At the factory in Sisimiut, a group of employees exercise together once a week, enjoying the outdoors in both summer and winter. "We started at the end of 2018, and we've played soccer together on many Sundays. There are enough of us for two teams. We've also spent a lot of time out in nature together; skiing in winter and hiking in summer. Spending our free time together in this way, and getting to know each other better, has a positive effect on our working relationship," says Hans Lars Olsen, factory manager in Sisimiut.

In Qasigiannuit, employees have free access to the sports hall's fitness centre, of which lots of employees make good use in their leisure time. Hans Grønvold, factory manager

in Qasigiannuit, describes how training and interaction in the sports hall have a positive impact on the workplace atmosphere: "On Saturdays, we meet up to exercise together – this can be anything from rounders to soccer. Last summer, 70-80 employees and their families turned up for an event on the soccer pitch. This was a soccer tournament against Royal Arctic Line and the Fire Station, followed by a tug-of-war contest and a barbecue – a really enjoyable day."

Company soccer tournaments are a big hit in Nuuk, and there will always be a team of Royal Greenland employees, from both the head office and the factory. On two afternoons, a dodgeball tournament also drew many Royal Greenland employees into the sports hall, to represent their workplace. Internally, during the year the company has held soccer tournaments, kite building and other physical activities with focus on cooperation.



Royal Greenland's employees took part in the company tournament in Nuuk in September 2019.



Employees at the Nuuk factory competed to be the factory's best team.



In Qasigiannuit, employees play rounders, hockey, handball, soccer and several other sports on Saturdays.



Group picture from the Bootcamp, with trainees and apprentices.



Group exercise from the Bootcamp, with trainees and apprentices.

Annual Bootcamp in Kangerlussuaq

Every year, Royal Greenland has a large group of young people who are trainees or apprentices. In the course of their training, they are all offered a Bootcamp programme, which always takes place in Kangerlussuaq.

On 8-11 August 2019, 11 young people gathered for a Bootcamp, of which the primary aim is to increase the youngsters' resilience and strength to take responsibility, learn more about the company and also get to know the other trainees at Royal Greenland. The Bootcamp thus also helps the participants to build up a good and useful network, giving them the confidence to share ideas across professional areas and geographical locations.

Evaluations of the Bootcamp show that the trainees enjoy participating and value the many team exercises, physical activities and, not least, professional discussions and learning. Marco Leibhardt, a warehouse and transport trainee at the Nuuk factory, comments: "We're getting to know each other better, which is really good." Christian Stricker, trainee laboratory technician in the main laboratory in Nuuk, was also pleased with the programme: "It was great fun and taught me a lot, and really exceeded my expectations."

Focus on well-being

In 2019, Royal Greenland for the fourth time conducted an employee welfare survey (MTU) in Greenland. A total of 1,141 employees took part in the survey, which is the largest-ever number of respondents, giving a record response rate of 83%.

The 2019 MTU showed the best-ever results for well-being and reputation. Job satisfaction at Royal Greenland was measured at 81%, compared to a benchmark of 76% for other companies in Greenland. Loyalty to the company is 84%.

It is particularly pleasing to note that employees' satisfaction with job content and cooperation has increased from 79% to 85%. This increase can be traced back to the many initiatives taken in recent years, such as Sulisa+ at the factories, bootcamps for managers, trainees and apprentices and, not least, Siukaat, a course with focus on employee co-involvement. On top of this comes the general managers' efforts to create a good working environment.

Outlook for coming years

The organisation has a strong focus on improving workplaces with physically exerting operations by

introducing better procedures and help with heavy lifting. We therefore expect a decline in the number of lifting injuries.

We also expect that we will build up more detailed procedures for the preventive work, with a more rapid reaction to any working environment risks identified.

Job creation and diversity

At Group level, the number of employees, converted to full-time equivalents (FTEs) fell by 3% from 2,228 to 2,166 employees in total. A decrease was mainly seen in Greenland, although when compared to 2014, the number of employees in Greenland has increased by 43%. Employees in Greenland account for 65% of the total workforce. The reason for the reduction in Greenland is related to a lower supply of cod, and thereby lower activity at the cod factories. There was also one prawn trawler less in operation for six months of the year, as a consequence of the replacement of Qaqqatsiaq.

Figure 12

No. of employees

■ Greenland ■ Denmark ■ Other countries

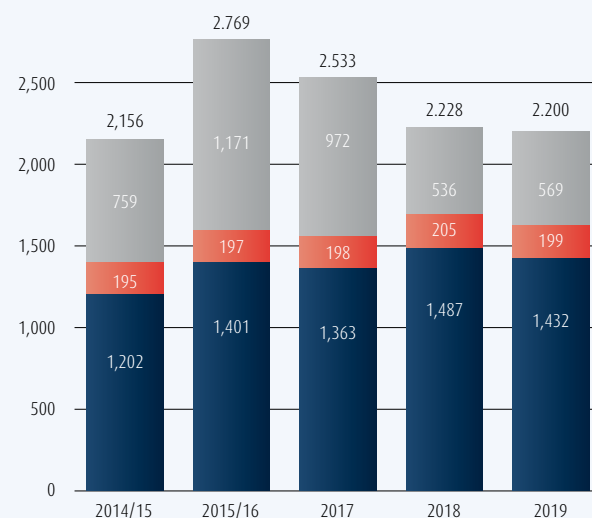
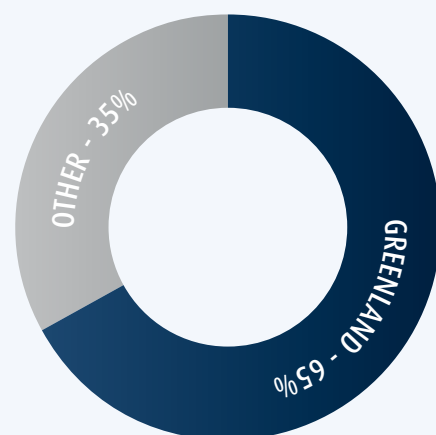


Figure 13

Employee distribution in 2019

■ Greenland ■ Other countries



Risks

At the factories in Greenland, we have around 2,700 employees in the course of a year. During the high season from April to October in particular, there is a great need for many employees to process the fish and shellfish landed. In 2019, as in previous years, we needed more employees than were available in the local communities. The greatest risk is thus a lack of manpower when the fish is ready for landing and processing. It is a well-known challenge that it is difficult to recruit sufficient manpower at certain times of the year.

Opportunities and goals

In 2019, we analysed the gender breakdown at our production sites. Adjustment of workplaces to accommodate additional employee groups, in particular women and young people, has the potential to create opportunities to expand the current recruitment basis and also create good working conditions with increased diversity.

Our goals are to:

- > ensure adequate staffing in order to achieve optimal processing of all raw material
- > retain the existing good teams at factories and on vessels
- > offer employees a good and inclusive working environment
- > ensure equal opportunities for men and women

Action and risk management

During 2019 it was necessary to supplement local manpower with young people taking summer jobs (the Nordjobb exchange programme), and people of other nationalities (primarily Chinese) who work

at our largest factories in Greenland under two-year contracts. This recruitment of manpower from abroad was vital to safeguarding the factories' operations during high season. These externally-hired employees and the factory managers were very pleased with this cooperation.

To ensure stability and a local anchoring, factory manager and plant manager positions are filled on a local or regional basis. In Greenland, there was still only one factory manager of another nationality in 2019, so that 97% of the factory managers are from Greenland.

The employee turnover rate also fell in 2019. It is very satisfactory that production employees are increasingly staying on at the workplace. This ensures continuity, better cooperation and higher competence levels.

Gender breakdown of the senior management

According to Royal Greenland's gender policy, the members of the Board of Directors elected by the Annual General Meeting must comprise equal numbers of male and female members. In 2019, three new members, two women and one man, were elected, thereby retaining the equal balance.

In the Policy for the under-represented gender, the goal for the senior management is set at 26%. The senior management comprises the three levels immediately below the Board of Directors and includes 76 people. In 2019 14% of the senior management positions at these three levels were occupied by the under-represented gender.

On this basis, the goal is not achieved, but including the next management level on land, the under-represented gender accounts for a total of 27%, which matches the objective. It can thus be noted that there

are recruitment opportunities for women to the next management level at factories, in sales and in other staff functions.

Including all marine officers, including associated companies, women account for a total of 14%, out of an overall group totalling 368 people. The group of officers on vessels accounts for around one half of the employees in question.

Working at sea is typically a male occupation, but thanks to modern equipment and good facilities on the new vessels, in future the role of marine officer is suitable for both men and women.

Our goal of 26% concerning the senior management was not achieved. In future, more work needs to be done to bring more women at lower management levels into senior management.



Niels Peter Johnsen



Malu Laursen

Practical training abroad increases business insights

In 2019, Royal Greenland had 11 trainees in internships from the Academy programme at Niuvermirk Ilinnarfik, Greenland's Commercial College. Seven of these trainees attended the Finance and Resource programme, one attended the International Transport and Logistics programme, and three attended the International Trade and Marketing programme. Two of the International Trade and Marketing students had the opportunity for stays abroad as part of their education programme.

In the spring of 2019, Malu Laursen spent a six-week internship at Royal Greenland Japan in Tokyo. The internship in Japan was arranged after Malu completed a six-week stay at Market Development & Marketing in Denmark. In Tokyo, Malu among other things worked on her graduation project focusing on the potential for smoked fish in the Japanese single segment, an assignment for which she was awarded a fine B grade. Malu is pleased with the opportunity to take some of her practical training abroad. "The internship gave me an insight into other cultures, and not just in Royal Greenland. I still use this experience as inspiration in my

work today," Malu says. After completing her education in the summer, she was appointed Key Account Manager Assistant in the Home Market Department in Nuuk.

In the autumn of 2019, Niels Peter Johnsen spent six weeks in the Category Department in Denmark. "I think it was a great internship, with exciting insights into our products, how we handle them, and how and where we sell them. It's a question of getting the most value from our raw material," Niels Peter says. In the spring of 2020, Niels Peter can also look forward to a stay at one of Royal Greenland's sales companies, in Bremen in Germany, before graduating in July 2020.

"Offering internships abroad to some of our trainees is an investment in a potential employee. Via these internships, both in Denmark and at our sales offices in other countries, they can get to know Royal Greenland better, and we can recruit new staff who have good insights into the entire company," says Christian Laursen, Group HR Director.

Outlook for coming years

We expect that we can offer women, seniors and young people a workplace that takes greater account of physical challenges, and thereby creates equal opportunities for everyone, irrespective of age and gender.

Ethical supply chain management, human rights and due diligence

Royal Greenland operates in a long value chain across national borders, legislation, cultures and traditions. Wherever we trade, and whoever it is with, we have an obligation to ensure compliance with human rights and employee rights. At Royal Greenland we have a Supplier Code of Conduct and an ethical supply chain management system which require our suppliers to comply with customary, internationally recognised human rights and employee rights.

Risks

Royal Greenland purchases a small proportion of fish and shellfish in countries where, according to international analyses, there is a relatively great risk of breaches of human rights and employee rights, and of corruption. Human rights, anti-corruption and environmental measures are therefore included in the Supplier Code of Conduct. According to the supplier's risk profile, control measures are differentiated in our due diligence system. .

Opportunities and goals

Via our supply chain management, we have achieved a good basis for correct working practice among our suppliers. The system can be improved continuously, just as the requirements made of suppliers can be tightened. Today, many of our suppliers are audited according to the recognised SMETA standard, which gives greater insights into performance and safety. We wish to continuously improve our safety by requiring more of our suppliers to undergo a SMETA audit.

Our goal is for:

- > all suppliers to comply with the UN's Universal Declaration of Human Rights and ILO's Declaration on Fundamental Principles and Rights at Work
- > all suppliers to sign Royal Greenland's Code of Conduct
- > all suppliers from high- and medium-risk countries to conduct and sign a self-assessment

Action and risk management

In addition to signing Royal Greenland's Supplier Code of Conduct, all suppliers that are placed in the medium- or high-risk group will be asked to complete a self-assessment. Based on the response, it will be assessed whether the cooperation can be approved, or whether further dialogue is required.

Our retail customers increasingly request documentation of our own ethical and due diligence processes. We therefore now encourage suppliers to undergo third-party audits, and we document their ethical practice by obtaining audit reports directly from our suppliers.

During the past year, nine supplier audits were conducted in China, with review of human and employee rights, working environment, fire protection and environmental measures at the production venues visited. It was positive to see how suppliers were ready to make the proposed improvements or adjustments, and a generally high level of compliance with ethical requirements.

In the compilation of supplier status in 2019, there was a slightly lower response rate than in previous years from suppliers in both high- and medium-risk countries. The reason is that supplier control is only partly implemented for the most recently engaged suppliers. This will be rectified in 2020.

On a quarterly basis, we compile measurement points and the status of ethical supply chain management, whereby suppliers' performance is assessed together with the procurement organisation.

Royal Greenland Code of Conduct

Internally, everyone at Royal Greenland must be informed of their rights and good business practice. This takes place by distributing the Code of Conduct to new employees in offices and production facilities. Should an employee discover a breach of the Code of Conduct, a complaint procedure exists that enables the employee to make an official complaint about the conduct while still being assured protection.

Outlook for the coming years

Our supply chain management system has been implemented for several years and experience has been positive. We expect that SMETA audits will be a requirement with which suppliers of fish and shellfish, ingredients and packing materials will have to comply.

Anti-corruption

Royal Greenland trades in a global market and with many different stakeholders. It is therefore important that relevant employees are aware of the risks which their jobs may entail. At Royal Greenland we do not tolerate any form of corrupt behaviour. This might be tax evasion, money laundering, embezzlement or bribery. We have had a specific policy for this area since 2014.

Our goals are to:

- > ensure our employees are aware of the risks and consequences of corruption
- > prevent complicity in corruption
- > inform of possibilities to report a suspicion

Action and risk management

In accordance with Royal Greenland's anti-corruption policy and procedures, at least every other year employees who are exposed to risk must receive training in dilemmas that are adapted to the employees' everyday work and national context. At Royal Greenland we held anti-corruption training in December 2018, when 76% of the target group were trained in dilemmas and good practice. The remaining 24% were trained in the first quarter of 2019. The total response rate was 99%. In total, 228 risk-exposed employees took this training.

The results of the anti-corruption training are evaluated every second year, and new legislation within this area is considered by the CSR steering group.

SDG contribution

By focusing on employees at our own factories and at suppliers, we will contribute to healthy working lives. Employees are a very important part of the company and we will contribute to achieving Sustainable Development Goal 8 by continuing to be engaged with our employees.

The targets we contribute to achieving are:

8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

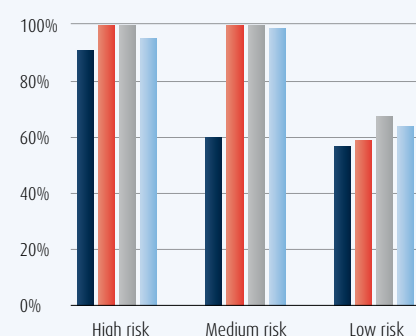
8.7: Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.

8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

Figure 14: Status of response to self-evaluation and acknowledgement of the RG Supplier Code of Conduct.

Ethical supply chain management

■ 2015/16 ■ 2017 ■ 2018 ■ 2019





EDUCATION IN GREENLAND

We take great responsibility for competence development and education in Greenland's society, in close cooperation with educational institutions and via our own Royal Greenland Academy.

In Greenland, young people do not pursue higher education as a matter of course, so there is a shortage of young people achieving technical qualifications, and in the maritime professions. In addition, the fishing sector is not considered to be one of the most attractive sectors.

Building competences in Greenlandic society:

Sustainable Development Goal 4 concerns creating equal opportunities for education and education of high quality. At Royal Greenland, we convert this Sustainable Development Goal into a wish for far more education for those with the least education. We also wish to continue to upgrade the qualifications of our managers internally, and to support apprentices, trainees, cadets and technical students to a greater extent than before.

Risks

A company like Royal Greenland needs many skilled employees at all levels and within many different trades and professions. It is important that young people achieve educational qualifications in order to meet their own expectations, but also the needs of society, including requirements in the fisheries industry.

If we do not educate enough young people, the recruitment basis will decline, with negative consequences for both the company and society at large.

Opportunities and goals

Royal Greenland is dedicated to contributing to building up expertise in our society by offering trainees and apprentices practical training positions under short-intermediate- and long-cycle higher education. Today, only half of a youth cohort in lower secondary schools in Greenland will achieve higher education. Our goal is to have more than 50 trainees and apprentices per year attached to our activities in Greenland.

Our goals are to:

- > train apprentices and trainees for the fisheries sector
- > support higher vocational education
- > support employees in upgrading their skills and competences

Action and risk management

PAT Group level there were 47 apprentices and trainees in 2019, of whom 41 were based in Greenland. In total, 18 apprentices, trainees or students completed their course of education.

Particular measures are taken to support students from Greenland who are taking vocational higher education programmes, and in 2019, 14 students from Greenland were taking programmes in such fields as process engineering and fishing technology, or were aspiring engineer officers or deck officers.

Figure 15: Development and status for numbers of trainees, apprentices and students attached to Royal Greenland.

Apprentices/trainees and students

■ 2015/16 ■ 2017 ■ 2018 ■ 2019

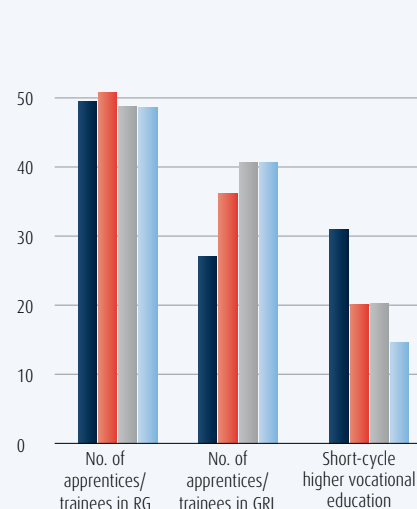
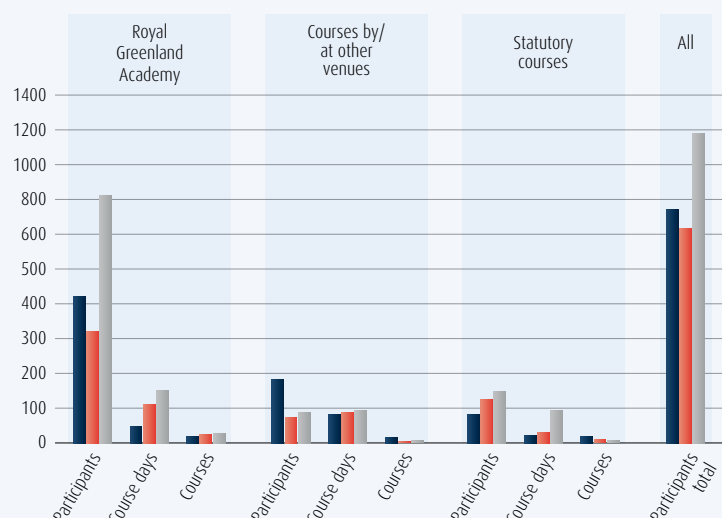


Figure 16: Course activities in 2019.

Courses for production employees in Greenland

■ 2017 ■ 2018 ■ 2019



Tina Hansen

On tour with the 'Education roadshow'

Every year, the 'Education roadshow' visits the larger towns with educational institutions in Greenland, and in 2019, Royal Greenland was represented in Ilulissat, Sisimiut and Nuuk. The roadshow targets the towns' residents and lower secondary school pupils. The participating companies compete to present their opportunities to offer practical training positions in various educational disciplines.

Tina Hansen is an HR consultant and responsible for Royal Greenland's contribution to the roadshow. According to Tina, there seems to be a growing interest in the company: "On the roadshow, we do everything we can to attract residents and pupils to our stand. We have a 'pool coupon' quiz, for which there are good prizes. We also make a big effort to present the educational opportunities in the seafood industry. Many are surprised at how big a company Royal Greenland actually is, and the many different educational disciplines we can offer. We do a lot to describe the different functions across the value chain. In our dialogue with visitors to our stand, we can see that we widen their horizons and view of the seafood industry," Tina says.

The highest-ever number of trainees and apprentices

In Greenland, Royal Greenland plays an important role in the training of young people, both at sea and onshore. Substantial support from both head office and the many factories and coastal facilities meant that a total of 61 young people had a practical trainee position at Royal Greenland in 2019, the highest number ever.

In 2019, 16 trainees and apprentices completed their training, and nine of them were subsequently engaged by the company. The programme's drop-out ratio has fallen significantly, in particular for the technical programmes, which indicates that the ongoing training campaign, including individual advisory services and therapy opportunities, has given results.



Group picture of the new trainees

Royal Greenland thus had 61 apprentices, trainees and students attached to the company, of whom 55 in Greenland.

Each year, numbers of trainees, apprentices and students are evaluated. Training initiatives are considered regularly by the steering group, and HR assesses how Royal Greenland can support more students in completing their education.

Outlook for coming years

Education in Greenland is an important element of our sustainability programme, and we will continue our efforts to upgrade the skills and competence levels of our employees and the apprentices, trainees and students who choose to pursue a course of education together with Royal Greenland.

Royal Greenland Academy:

A large proportion of Royal Greenland's production employees are unskilled. These employees' skills and competences are developed continuously with professional courses offered by educational institutions or as internal courses held by Royal Greenland Academy. The Academy coordinates such initiatives as "Sulisa+", which will contribute to achieving a better workplace culture with focus on well-being and job satisfaction.

Risks

Competence and motivation are important aspects of the day-to-day work. Royal Greenland Academy has been active for many years and is still important in building up employees' skills and competences on a broad basis. A lack of skills would present both a financial and professional risk for the company.

Opportunities and goals

Royal Greenland Academy gives employees opportunities for professional and personal development via tailored courses. The Academy offers ambitious training and further educational initiatives to ensure that Royal Greenland is always developing skilled new managers, and which motivate individuals to continue to do their best for the company.

Our goals are to:

- > educate, train and qualify managers
- > upgrade qualifications and train production employees
- > provide motivation for continued learning

Action and risk management

In 2019, Sulisa+ for production employees was rolled out at three of Royal Greenland's large factories: Sisimiut, Nuuk and Paamiut. In total, ten courses were held, with 509 participants over 59 days. This is the biggest internal training initiative in Royal Greenland's history, and was an overwhelming success.

The Sulisa+ manager development course was also held twice, for a total of 46 employees in the course

of seven days. Furthermore, in 2019 an additional three middle manager courses were held for 57 employees over 27 days, as well as a bootcamp for 20 participants in total. Overall, via Royal Greenland Academy, Royal Greenland has offered a record-high number of courses and course days, for a record number of participants: 147 course days were offered, with a total of 815 participants.

Besides initiatives for production employees and internal managers, a bootcamp for 18 trainees and apprentices was also held.

Outlook for the coming years

The Sulisa+ and employee competence building activities will continue. Courses of this type have a great effect, which is apparent from employee surveys and satisfaction studies.

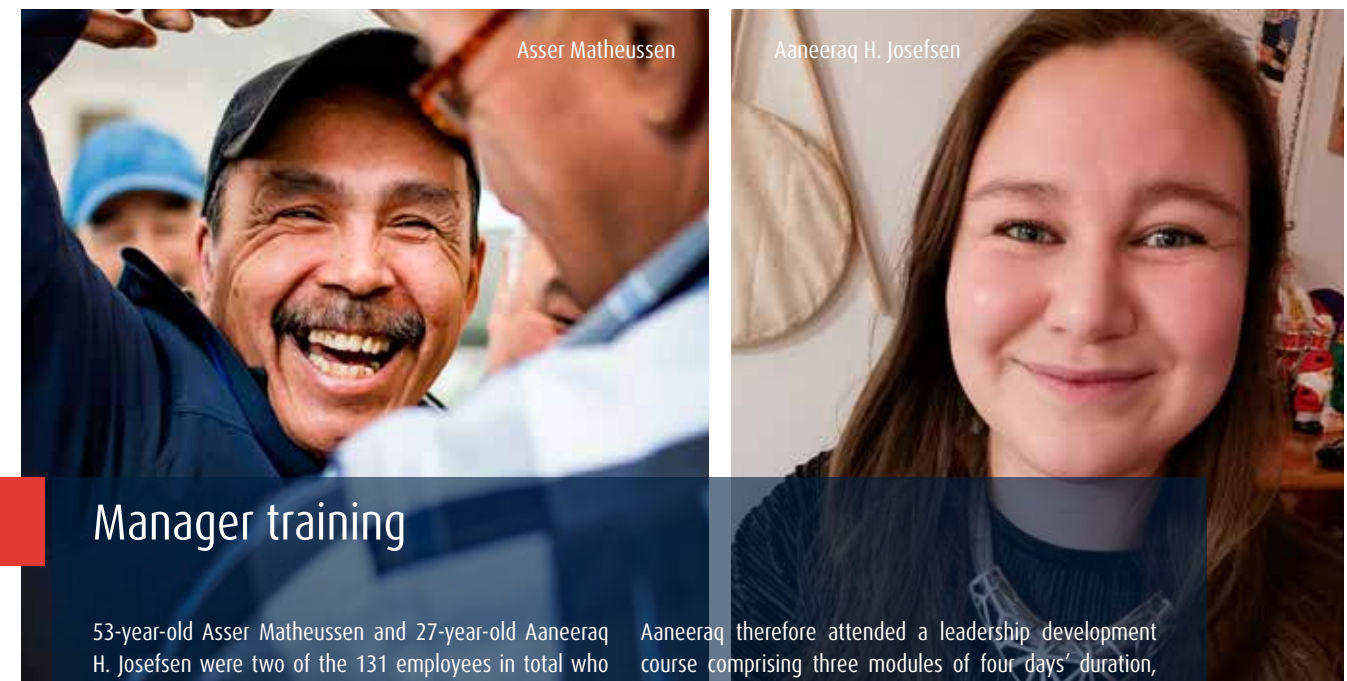
SDG contribution

Royal Greenland undertakes the ethical responsibility of training and educating its employees and holding courses to strengthen individual personal development. Royal Greenland undertakes the responsibility of continuing to train employees throughout their working lives.

SDG targets will contribute to:

4.3: By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.

4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.



Manager training

53-year-old Asser Matheussen and 27-year-old Aaneeraq H. Josefsen were two of the 131 employees in total who completed manager courses and training in 2019.

In September, Asser Matheussen, a team leader at the factory in Nuuk, attended a team leadership course. Asser also took part in teambuilding activities, focusing on values and a number of empowerment courses, all under the Sulisa+ umbrella. "I've gained some really good tools to manage a team and the course gave me an insight into the importance of good communication for teamwork. Managing people can be tough sometimes, especially if there are substance abuse problems. I think the course has helped to open up dialogue about our cooperation. I found the focus on values very useful, since we could talk about the values we want to work by at the factory," says Asser Matheussen.

Aaneeraq H. Josefsen, quality manager at the factory in Maniitsoq, became a manager in the spring of 2018 and initially felt a little uncertain in the new role.

Aaneeraq therefore attended a leadership development course comprising three modules of four days' duration, offered by Campus Kujalleq. The course gave her new self-confidence as a manager: "I have a much better understanding of the leadership role and the different leadership styles. I'm a relatively new manager and during the programme I also discovered that I was a very quiet manager. I learnt a lot about different types of meetings and the importance of motivating and giving feedback to your team. There were three of us from Royal Greenland on the course, so that we could discuss the assignments together. Both personally and professionally, I got a lot out of the leadership development course, which gave me some really good tools," says Aaneeraq H. Josefsen.

FACTBOX: The aim of the Sulisa+ programme is to create a good workplace culture. Sulisa+ activities are held in periods when production is on a lower burner, so that as many employees as possible can take part in the programme.



INCOME STATEMENT

	Note	Group		Parent	
		2019 DKK 1,000	2018 DKK 1,000	2019 DKK 1,000	2018 DKK 1,000
Revenue	3	5,327,510	5,168,911	3,072,052	2,915,027
Change in inventories of finished goods		103,762	28,529	(75,134)	67,345
Other operating income	4	200,641	67,220	189,703	38,343
		5,631,913	5,264,660	3,186,621	3,020,715
Costs of raw materials and consumables		(3,179,959)	(2,964,461)	(1,610,249)	(1,568,261)
Other external expenses		(893,308)	(880,283)	(501,018)	(489,032)
Staff costs	5	(1,030,886)	(1,020,116)	(684,365)	(677,392)
Depreciation, amortisation and impairment losses	6	(150,849)	(141,320)	(91,407)	(80,729)
Other operating costs		(5,715)	(3,594)	(540)	(88)
Operating profit		371,196	254,886	299,042	205,213
Profit/loss from investments in group enterprises after tax		0	0	40,211	(2,958)
Profit/loss from investments in associates after tax		66,104	37,072	18,317	21,262
Financial income	7	38,601	30,726	17,370	19,131
Financial expenses	8	(71,612)	(59,950)	(43,613)	(34,201)
Profit before tax		404,289	262,734	331,327	208,447
Tax on profit	9	(93,290)	(81,562)	(63,872)	(60,274)
Profit for the year		310,999	181,172	267,455	148,173
The Group's profit is distributed as follows:					
Shareholders of Royal Greenland A/S		267,455	148,173		
Minority interests		43,544	32,999		
		310,999	181,172		
Proposed distribution of profit					
Proposed dividend				0	62,979
Retained earnings				267,455	85,194
				267,455	148,173

ASSETS

	Note	Group		Parent	
		31.12.19 DKK 1,000	31.12.18 DKK 1,000	31.12.19 DKK 1,000	31.12.18 DKK 1,000
Intangible assets	10	224,076	176,583	42,627	49,153
Buildings		335,472	306,426	241,524	233,703
Plant and machinery		263,130	216,855	156,265	122,650
Vessels		943,418	411,253	799,418	187,023
Other fixtures and fittings, tools and equipment		22,927	25,804	18,170	21,328
Fixed assets in progress		315,731	233,019	28,994	217,210
Property, plant and equipment	11	1,880,678	1,193,357	1,244,371	781,914
Investments in group enterprises	12	0	0	1,842,116	1,786,740
Receivables from Group enterprises	13	0	0	43,863	49,712
Investments in associates	12	171,160	140,458	31,334	29,715
Receivables from associates	13	6,048	8,852	6,048	8,852
Derivative financial instruments		148,948	73,046	148,948	73,046
Other fixed asset investments	14	248,007	152,716	75,016	59,313
Fixed asset investments		574,163	375,072	2,147,325	2,007,378
FIXED ASSETS		2,678,917	1,745,012	3,434,323	2,838,445
Inventories	15	1,821,789	1,644,651	752,177	813,165
Trade receivables		747,228	662,305	9,504	12,631
Receivables from Group enterprises		0	0	672,543	137,070
Receivables from associates		7,273	5,809	7,273	5,809
Other receivables	16	54,075	67,784	2,769	4,328
Deferred tax assets	18	70,685	76,944	0	0
Income tax receivable		17,310	15,827	0	0
Prepayments	17	28,407	22,257	2,371	2,192
Receivables		924,978	850,926	694,460	162,030
Cash		307,644	373,286	24,686	202,610
CURRENT ASSETS		3,054,411	2,868,863	1,471,323	1,177,805
ASSETS		5,733,328	4,613,875	4,905,646	4,016,250

EQUITY AND LIABILITIES

	Note	Group		Parent	
		31.12.19 DKK 1,000	31.12.18 DKK 1,000	31.12.19 DKK 1,000	31.12.18 DKK 1,000
Share capital		850,000	850,000	850,000	850,000
Reserve for net revaluation under the equity method		0	0	0	0
Retained earnings		864,639	553,694	864,639	553,694
Proposed dividend		0	62,979	0	62,979
Shareholders of Royal Greenland A/S' share of equity		1,714,639	1,466,673	1,714,639	1,466,673
Minority interests		173,218	134,522	-	-
TOTAL EQUITY		1,887,857	1,601,195	1,714,639	1,466,673
Deferred tax	18	161,070	160,988	110,287	88,018
Other provisions	19	8,687	7,797	0	0
PROVISIONS		169,757	168,785	110,287	88,018
Other credit institutions		2,414,910	1,680,851	2,414,910	1,680,852
Other long-term debt		30,107	81,655	2,435	0
Derivative financial instruments		5,487	18,506	5,487	18,506
Long-term liabilities other than provisions	20	2,450,504	1,781,012	2,422,832	1,699,358
Short-term portion of long-term liabilities other than provisions		60,869	69,229	0	65,733
Credit institutions		197,930	171,835	102,486	111
Trade payables		561,733	395,917	143,266	167,420
Payables to Group enterprises		0	0	120,490	213,252
Payables to associates		78,208	73,199	78,192	73,199
Income taxes	9	85,970	64,548	44,005	42,187
Other payables	21	233,487	280,160	169,449	200,299
Deferred income		7,013	7,995	0	0
Short-term liabilities other than provisions		1,225,210	1,062,883	657,888	762,201
LIABILITIES OTHER THAN PROVISIONS		3,675,714	2,843,895	3,080,720	2,461,559
EQUITY AND LIABILITIES		5,733,328	4,613,875	4,905,646	4,016,250
Accounting policies	1				
Events after the close of the financial year	2				
Mortgages and contingent liabilities	22				
Other notes	23-26				

STATEMENT OF CHANGES IN EQUITY - GROUP

	Share capital DKK 1,000	Retained earnings DKK 1,000	Proposed dividend DKK 1,000	Total DKK 1,000	Minority interests DKK 1,000	Equity in total DKK 1,000
Equity at January 1 st 2018	850,000	479,927	64,338	1,394,265	119,189	1,513,454
Addition	0	0	0	0	2,334	2,334
Exchange rate adjustment	0	(6,064)	0	(6,064)	0	(6,064)
Fair value adjustments recognised in equity	0	(7,864)	0	(7,864)	0	(7,864)
Tax, fair value adjustments	0	2,501	0	2,501	0	2,501
Paid dividend	0	0	(64,338)	(64,338)	(20,000)	(84,338)
Net profit for the year	0	85,194	62,979	148,173	32,999	181,172
Equity at December 31st 2018	850,000	553,694	62,979	1,466,673	134,522	1,601,195
Addition	0	0	0	0	12,998	12,998
Exchange rate adjustment	0	35,017	0	35,017	0	35,017
Fair value adjustments recognised in equity	0	12,513	0	12,513	0	12,513
Tax, fair value adjustments	0	(4,040)	0	(4,040)	0	(4,040)
Paid dividend	0	0	(62,979)	(62,979)	(17,846)	(80,825)
Net profit for the year	0	267,455	0	267,455	43,544	310,999
Equity at December 31st 2019	850,000	864,039	0	1,714,639	173,218	1,887,857

STATEMENT OF CHANGES IN EQUITY - PARENT

	Share capital DKK 1,000	Reserve under the equity method DKK 1,000	Retained earnings DKK 1,000	Proposed dividend DKK 1,000	Total DKK 1,000
Equity at January 1 st 2018	850,000	0	479,927	64,338	1,394,265
Exchange rate adjustment	0	0	(6,064)	0	(6,064)
Fair value adjustments recognised in equity	0	0	(7,864)	0	(7,864)
Tax, fair value adjustments	0	0	2,501	0	2,501
Paid dividend	0	0	0	(64,338)	(64,338)
Net profit for the year	0	0	85,194	62,979	148,173
Equity at December 31st 2018	850,000	0	553,694	62,979	1,466,673
Exchange rate adjustment	0	0	35,017	0	35,017
Fair value adjustments recognised in equity	0	0	12,513	0	12,513
Tax, fair value adjustments	0	0	(4,040)	0	(4,040)
Paid dividend	0	0	0	(62,979)	(62,979)
Net profit for the year	0	0	267,455	0	267,455
Equity at December 31st 2019	850,000	0	864,039	0	1,714,639

The company's share capital consists of 850,000 shares of DKK 1,000 or multiples thereof. The share capital is not divided into classes. There have been no changes in the share capital for the last 5 years.

CONSOLIDATED CASH FLOW STATEMENT

	Note	2019 DKK 1,000	2018 DKK 1,000
Net profit for the year		310,999	181,172
Adjustments relating to net profit for the year	27	61,170	198,756
Working capital changes	28	(120,179)	(151,681)
Cash flows from operating activities before net financials		251,990	228,247
Ingoing payments relating to financial items		32,308	15,464
Outgoing payments relating to financial items		(39,197)	(39,704)
Cash flows from ordinary activities		245,101	204,007
Paid taxes		(83,074)	(105,904)
Cash flows from operating activities		162,027	98,103
Purchase of net assets on transfer of company ownership		(88,009)	0
Purchase of intangible assets and property, plant and equipment		(992,958)	(231,427)
Purchase of shares in associates		(5,902)	(245)
Purchase of other fixed asset investments		(133,532)	(28,262)
Sale of intangible assets and property, plant and equipment		351,565	29,182
Sale of other fixed asset investments		39,477	31,673
Dividends received from associates		44,065	5,025
Cash flows from investing activities		(785,294)	(194,054)
Proceeds from obtaining/(instalments on) long-term liabilities		585,573	610,682
Debt displacement on credit facilities		26,095	(308,222)
Paid dividend		(62,979)	(64,338)
Sale to/supply of capital from minority interests		12,998	2,334
Dividends paid during the year to minority interests		(17,846)	(13,640)
Cash flows from financing activities		543,841	226,816
Increase/decrease in cash and cash equivalents		(79,426)	130,865
Cash and cash equivalents, beginning of year		373,286	242,421
(Reduction)/addition connected to business transfer		13,784	0
Cash and cash equivalents, end of year	29	307,644	373,286

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

General

The Annual Report for Royal Greenland A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act for state-owned public limited companies in accounting class D.

The new Financial Statements Act has been adopted with effect for financial years beginning on 1 July 2018 or later. As from the 2018 financial year, the following provisions from the new Financial Statements Act were implemented:

1. Provisions concerning auditing etc.
2. Provisions concerning ongoing revaluation of residual values on the calculation of the basis for depreciation of fixed assets

As from the 2019 financial year, other consequences of the new Financial Statements Act are implemented. Besides changes in the presentation and classification in the annual financial statements, the implementation has entailed that, going forward, IFRS 3 is the interpretation basis applied to the carrying amount of business combinations. The change is implemented prospectively as from 2019 in accordance with Section 4 of the Transitional Period Executive Order (Overgangsbekendtgørelsen), so that there is no adjustment to the comparative figures in the balance sheet or the income statement. The change in accounting policy has only affected the financial statements as insignificant amounts.

Furthermore, as a consequence of amended rules of interpretation concerning the carrying amount of tax deductions for dividend paid, the relevant accounting policy has been changed. Previously, the tax value was recognised as income directly to equity in the financial year for which the dividend was paid. Going forward, the tax value is recognised as income in the income statement under tax on the profit for the year in the financial year in which the dividend is adopted by the Annual General Meeting.

The change in accounting policy only affected the financial statements as insignificant amounts.

DKK million	Group		Parent	
	2019	2018	2019	2018
Profit before tax	2,9	4,7	11,7	15,6
Profit for the year	23,2	28,6	17,6	22,2
Total assets	-2,4	0,0	-2,4	0,0
Equity	-48,0	-20,0	-48,0	-20,0

With the exception of the above, the accounting policy applied remains unchanged from the previous year.

Consolidation

The Group financial statements comprises Royal Greenland A/S (the parent company) and its associated

companies (subsidiaries), in which the parent company directly or indirectly owns more than 50% of the voting rights or otherwise has a controlling interest. Companies in which the Group has a significant influence, but not a controlling interest, are considered to be associates. The Group summary is presented on page 83.

The Group financial statements are prepared as a consolidation of the parent company's and the individual subsidiaries' audited financial statements, which are all presented in accordance with the Group's accounting policies. All intra-Group receivables and debt, income and expenses, dividends and unrealised intra-Group gains and losses are eliminated, together with set-off of all internal shareholdings.

Subsidiaries' accounting items are recognised 100% in the consolidated accounts. Minority interests' shares of the profit for the year and of the equity of subsidiaries that are not wholly-owned are included in the consolidated profit and equity, but are presented separately. Purchase and sale of minority interests subject to a continuing controlling influence are recognised directly to equity as a transaction between capital owners.

Business combinations

Newly acquired or established companies are included in the Group financial statements from the time of takeover. Sold or liquidated companies are included in the consolidated balance sheet up until the time of disposal.

Comparative figures are not adjusted for newly-acquired companies. Discontinued activities are presented separately, cf. below.

The acquisition date is the date on which the Group actually achieves control of the acquired company.

On the acquisition of new companies in which the parent company achieves a controlling interest, the purchase method is used, after which the newly acquired companies' identifiable assets and liabilities are measured at fair value at the time of takeover.

Any positive difference (goodwill) between the cost price, the value of minority interests in the acquired company, and the fair value of any capital interests previously acquired, on the one hand; and the fair value of the identifiable assets acquired, liabilities and contingent liabilities, on the other hand, is recognised as goodwill under intangible assets. Goodwill is written off on a linear basis in the income statement, according to an individual assessment of useful life.

Costs incurred in conjunction with company acquisitions are recognised in the income statement in the year in which they are incurred.

Gain or loss from the transfer or disposal of subsidiaries is calculated as the difference between the sales sum or the disposal proceeds and the carrying amount of the net assets at the time of transfer or disposal, including unamortised goodwill, earlier price adjustments

NOTES TO THE FINANCIAL STATEMENTS

and anticipated costs of the sale or disposal. Gains and losses are included in the income statement.

Intra-Group business combinations

For business combinations such as purchase and sale of capital interests, mergers, demergers, contribution of assets and share swaps, etc. on participation in activities subject to the parent company's controlling influence, the book value method is applied whereby the combination is deemed to have taken place as of the acquisition date, without adjustment of comparative figures. Differences between the agreed remuneration and the acquired company's carrying amount are recognised directly to equity.

Minority interests

On calculating consolidated income and consolidated equity, the minority interests' proportionate share of the subsidiaries' profits and equity is stated separately.

Foreign currency translation

Transactions in foreign currency are initially translated at the exchange rate on the transaction date. Receivables, debts and other monetary items in foreign currency that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. Any differences in exchange rates that occur between the rate on the transaction date and the rate on the payment date or balance sheet date respectively, are included in the income statement as financial items.

The income statements of foreign subsidiaries and associates are translated into Danish kroner at the average exchange rate for the year, while the balance sheets are translated at the exchange rate at the balance sheet date. Exchange rate differences arising from the translation of the foreign subsidiaries' equity at the beginning of the year at the exchange rate on the balance sheet date are included directly in equity. The same applies to any exchange rate differences arising as a result of translation of the income statement from the average exchange rate for the year to the exchange rate on the balance sheet date.

Derivative financial instruments

Derivative financial instruments are measured initially on the balance sheet at cost price and subsequently at fair value. Derivative financial instruments are included in the balance sheet under fixed asset investments and long-term liabilities.

Changes to the fair value of derivative financial instruments that are classified as and fulfil the conditions for hedging of a recognised asset or a recognised liability are included in the income statement under financial items together with any changes in the value of the hedged asset or the hedged liability.

Changes to the fair value of derivative financial instruments that are classified as and fulfil the conditions for hedging of future transactions are included directly

in equity. Once the hedged transactions are realised, the accumulated changes are included in the relevant account entries.

If derivative financial instruments do not fulfil the conditions for processing as hedging instruments, the changes to the fair value are included on an ongoing basis in the income statement as financial items.

Statement of income

Revenue

The company has chosen IAS 11/IAS 18 as the interpretation basis for revenue recognition.

Net revenue is measured as the fair value of the agreed remuneration, excluding VAT and taxes collected on behalf of third parties. All types of discounts given are recognised in net revenue.

Income from the sale of commodities and finished goods is included in the net revenue once the transfer of significant benefits and risks to the buyer has taken place, the income can be reliably compiled and payment is expected to have been received. The date of transfer of significant benefits and risks is in accordance with standardised delivery terms, based on Incoterms® 2010. In cases where sold items are continuously delivered and integrated with the buyer's property, revenue is recognised in net revenue in step with delivery, whereby the net revenue corresponds to the sales value of the work performed during the year.

Other operating income and operating costs

Other operating income and operating costs cover income and costs of a secondary nature seen in relation to the Group's primary operations.

Research and development costs

Research and development costs cover costs, including remuneration and amortisation, that can be attributed to research and development activities.

Research costs are included in the income statement for the year in which they were incurred.

Development costs incurred for the maintenance and optimisation of existing products or production processes are charged as an expense. Costs for the development of new products are included in the income statement, unless the criteria for inclusion in the balance sheet have been fulfilled for the individual development project.

Financial items

Financial items cover interest income and interest costs, the interest share of financial leasing services, realised and unrealised exchange rate gains and losses in regard to any securities, liabilities and transactions in foreign currency, amortisation supplements/deductions in regard to mortgage debt, cash discounts etc. as well as supplements and allowances in accordance with the on-account tax scheme.

NOTES TO THE FINANCIAL STATEMENTS

Tax

The year's tax, which comprises the current tax for the year and any amendments to deferred tax, is included in the income statement as the share that can be attributed to the profit of loss for the year, and directly in equity as the share that can be attributed to items posted directly to equity. The share of the recognised tax that relates to the year's extraordinary profits is recognised here while the remaining share is included in the year's ordinary profits.

Income tax payable or receivable and current tax receivables, respectively, are recognised in the balance sheet as tax calculated on the year's taxable income, adjusted for tax paid on account.

Deferred tax is recognised and measured according to the balance sheet liability method on all temporary differences between the carrying and taxable values of assets and liabilities, whereby the taxable value of the assets is calculated on the basis of the planned use of the individual asset. No deferred tax is allocated for shares in subsidiaries. Deferred tax is measured on the basis of the tax regulations and rates in the respective countries that will be applicable on the balance sheet date when the deferred tax is expected to be released as current tax. Any changes in deferred tax as a result of changes in tax rates are recognised in the income statement.

Deferred tax assets, including the tax value of any tax loss carryforwards, are recognised in the balance sheet at the value at which the asset is expected to be realised, by offsetting deferred tax liabilities or as net tax assets.

Balance sheet

Intangible assets

The value of goodwill, quotas and other intangible fixed assets is in real terms kept intact for an indefinite period, but is written off over a period of up to 20 years in accordance with the Greenlandic Financial Statements Act.

Goodwill and Group goodwill

Goodwill is amortised linearly over its assessed useful lifetime, which is determined on the basis of the management's experience within the individual business areas. The amortisation period normally constitutes 5 years, but may be longer for strategic acquisitions with a strong market position and long-term earnings profile, should the longer amortisation period be assessed to better reflect the Group's utilisation of the relevant resources.

The carrying amount of goodwill is assessed regularly and reduced to the recoverable amount in the income statement should the carrying amount exceed the expected future net income from the company or operations to which the goodwill is related.

Quotas, IT and licences

Acquired intellectual property rights in the form of quotas, IT and licences are measured at cost price with deduction of accumulated amortisation. Amortisation occurs linearly over 3-10 years. The acquired intellectual property rights are written down to the recoverable amount should this be lower than the carrying amount.

Development projects

Development projects cover costs, salaries and remuneration, as well as amortisation, that can be linked directly or indirectly to the company's development activities and which fulfil the criteria for recognition in the balance sheet.

Capitalised development costs are measured at cost price minus accumulated amortisation, or at the recoverable amount, should this be lower.

Capitalised development projects are amortised linearly after completion of the development activities over the assessed economic useful lifetime. The amortisation period normally constitutes 3-10 years.

Other intangible fixed assets

Other intangible fixed assets concern commercial agreements and are measured at cost price with deduction of accumulated amortisation. The lifetime is considered to be indefinite, so that amortisation takes place on a linear basis over 20 years. The acquired intellectual property rights are written down to the recoverable amount should this be lower than the carrying amount.

Property, plant and equipment

Land and buildings, vessels, technical facilities and machinery, as well as other plant, operating equipment and fixtures, are measured at cost price minus the accumulated depreciation and impairment losses. Land is not written off.

The cost price concerns the purchase price and any costs directly attached to the purchase, all well as the costs of preparing the asset until the time when the asset is ready to be taken into use. For own-produced assets, the cost price covers direct and indirect costs of materials, components, sub-suppliers and salaries.

Interest costs on loans to finance the manufacture of property, plant and equipment are included in the cost price providing that they relate to the manufacturing period. All other financing costs are included in the income statement.

The depreciation period and residual value are determined at the time of purchase and reassessed annually. Should the residual value exceed the carrying amount of the asset, depreciation is discontinued.

The depreciation base is the cost price minus the expected residual value after the useful lifetime. Linear depreciation is made based on the following assessment of the expected useful lives of the assets:

NOTES TO THE FINANCIAL STATEMENTS

Buildings	10 - 50 years
Vessels	7 - 16 years
Production facilities that are included in the financial entry "vessels"	5 - 10 years
Production facilities and machinery	5 - 20 years
Other facilities, operating equipment and fixtures	3 - 5 years

Property, plant and equipment is written down to the recoverable amount should this be lower than the carrying amount.

Gains and losses on the disposal of property, plant and equipment are calculated as the difference between the sales price minus the sales costs and the carrying amount at the time of sale. Gains are recognised in the income statement under other operating income, while losses are recognised in the income statement under other operating costs.

Leasing contracts

The company has chosen IAS 17 as the interpretation basis for the classification and recognition of lease contracts.

On initial recognition in the balance sheet, leasing contracts concerning assets, where the company carries all significant risks and benefits associated with the right of ownership (financial leasing), are measured at the lower of fair value and current value of the future leasing payments. The current value is calculated at the internal interest rate in the leasing agreement, or the alternative borrowing rate as the discounting factor. Financial leased assets are thereafter treated in the same way as the company's other assets.

The capitalised residual leasing obligation is recognised as a liability in the balance sheet, and the interest element of the leasing payment is recognised in the income statement over the lifetime of the contract.

All other leasing contracts are considered to be operational leasing. Payments related to operational leasing and other lease agreements are recognised in the income statement during the lifetime of the contract. The company's total obligation concerning operational leasing and lease agreements is disclosed under contingent items, etc.

Fixed asset investments

Investments in subsidiaries and associates

Investments in subsidiaries and associated companies are measured in the parent company's annual financial statements, according to the equity method. The company considers the equity method for subsidiaries to be a consolidation method.

On initial recognition, investments in subsidiaries are measured at cost price, cf. the description under accounting policies concerning the consolidated financial statements, i.e. without addition of transaction costs.

On initial recognition, investments in associated companies are measured at cost including transaction costs.

The cost price is allocated according to the acquisition method, cf. the aforementioned accounting policy concerning the consolidated accounts. The cost price is adjusted by the profit shares after tax, compiled according to the consolidated accounting policy with deduction or addition of unrealised intra-Group profit/loss.

Actual added value and any goodwill in relation to the equity value of the underlying company is amortised in accordance with the accounting policy applied to the consolidated accounts. Negative goodwill is recognised in the income statement.

Dividend received is deducted from the carrying value.

Investments in subsidiaries and associated companies that are measured at equity value are subject to an impairment test requirement, if there are indications of impairment.

The parent company's share of the company's profits is included in the income statement after the elimination of any unrealised intra-Group gains and losses and with the deduction or addition of amortisation of Group goodwill or negative Group goodwill, respectively.

Subsidiaries and associates with a negative equity value are measured at DKK 0, and any receivables in these companies are reduced by the parent company's share of the negative equity value, to the extent that this is assessed to be irrecoverable. Should the negative equity value exceed the receivable, the remaining amount is included under provisions, to the extent that the parent company has a legal or constructive obligation to cover the relevant company's liabilities.

Net revaluation of investments in subsidiaries and associates is transferred to the reserve for net revaluation of investments to the extent that the carrying amount exceeds the cost price.

Other fixed asset investments

Other fixed asset investments primarily concern long-term receivables and unlisted investments.

Investments and receivables that are not held until maturity are measured upon acquisition at cost price and subsequently at fair value. Should it not be possible to reliably determine the fair value they are measured at cost price.

Receivables that are held until maturity are measured upon acquisition at cost price and subsequently at amortised cost price.

Any depreciation to a lower value takes place with due consideration of an individual assessment of the risk of loss.

Inventories

The inventory of commodities is measured at cost price calculated according to weighted average prices, or at net realisable value, should this be lower.

NOTES TO THE FINANCIAL STATEMENTS

The inventory of consumables includes packaging, operating supplies and fishing boxes.

The inventory of fishing boxes is measured at a fixed amount. Additional purchases are expensed on an ongoing basis.

Other inventories of consumables are measured at cost price, calculated according to the FIFO method, or at net realisable value, should this be lower.

Inventory that falls under manufacture or end products, including end products produced onboard own trawlers, are measured at cost price, calculated according to weighted average prices, or at net realisable value, should this be lower. The cost price covers the costs of the raw fish, consumables and direct salaries, as well as any indirect production costs. Indirect production costs are allocated on the basis of the individual production units' normal capacity. Indirect production costs cover indirect materials and salaries, the costs of maintenance, depreciation and impairment of the trawlers used in the production process, processing plant buildings, machinery and equipment, as well as the cost of plant administration and management.

Receivables
Receivables are measured at amortised cost price, which normally corresponds to the nominal value minus a reduction to accommodate any anticipated loss.

Accruals
Accruals included under assets cover costs incurred in regard to the subsequent financial year. Accruals are measured at amortised cost price, which normally corresponds to the nominal value.

Equity
Dividends are recognised as a liability at the time of adoption at the Annual General Meeting. The proposed dividends for the financial year are listed as a separate entry under equity.

Provisions
Provisions are recognised when the Group, as a result of an event before or on the balance sheet date, has a legal or constructive obligation, and it is likely that there may be financial gains from settling the obligation.

Provisions with an expected maturity beyond one year from the balance sheet date are discounted using a market-based interest rate.

Liabilities
Financial liabilities
Financial liabilities are measured at the time of borrowing at cost price, corresponding to the proceeds received minus incurred transaction costs. The liability is subsequently measured at the amortised cost price

corresponding to the capitalised value using the effective interest method, so that the difference between the proceeds and the nominal value is recognised in the income statement over the loan period.

Provided that a financial liability is effectively hedged by a derivative financial instrument, the financial liability is measured at fair value, and any changes to the fair value are recognised in the income statement under financial items together with any changes in the fair value of the derivative financial instrument.

Other financial liabilities
Other financial liabilities are recognised at amortised cost price, which normally corresponds to the nominal value.

Accruals
Accruals recognised under liabilities cover income received for recognition in subsequent financial years. Accruals are measured at amortised cost price, which normally corresponds to the nominal value.

Pash flow statement
The cash flow statement for the Group is presented according to the indirect method and shows the cash flow in regard to operations, investments and financing, as well as the Group's liquid assets at the beginning and end of the year. A separate cash flow statement has not been prepared for the parent company, as this is included in the cash flow statement for the Group.

The liquidity effect of the purchase and sale of new businesses is shown separately under cash flows relating to investment activities. Cash flow from acquired companies is recognised in the cash flow statement from the acquisition date, while cash flow from sold companies is recognised up until the time of sale.

Cash flow from operating activities is calculated as the operating profit adjusted for non-cash operating items, changes in working capital and paid corporate income tax.

Cash flow from investment activities covers payments in connection with the purchase and sale of companies and activities, as well as the purchase and sale of intangible assets, property, plant and equipment, and fixed asset investments.

Cash flow from financial activities covers changes to the size or composition of the Group's share capital and any related costs, as well as any borrowing, repayment of interest-bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash and short-term securities with insignificant price risk.

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Segment information
The Group's primary segment comprises the business segment, while the secondary segment is geographical markets.

The Group's primary segment
The Group's primary segment is reported on the basis of the internal reporting to the Group management and is distributed on retail, foodservice, industry and others.

The Group's secondary segment
The Group's secondary segment is the geographical markets and is distributed on Scandinavia, Europe, Asia, North America and other markets, respectively

Financial highlights
The key figure "net interest-bearing debt" is obtained after offsetting derivative financial instruments with a positive value. On calculating the equity ratio and net interest-bearing debt/EBITDA, derivative financial instruments with a positive value are offset in both the total assets and the net interest-bearing debt. On calculating the return on equity, Royal Greenland's shareholders' share of the profit for the year is used. On calculating the equity ratio, Royal Greenland's shareholders' share of equity is used.

As the 2015/16 financial year covers 15 months, the financial year's figures from the income statement are calculated proportionally for 12 months to the extent they are included in the calculation of key figures.

2. Events after the close of the financial year
In January 2020, 50% of two companies in Chile was acquired. The ownership interests in the companies were acquired in order to strengthen the Group's crab activities.

The outbreak of coronavirus first in China and then in large parts of the rest of the world has a very significant impact on the Group, and is a key uncertainty factor in terms of activities and the results for 2020. Both production and sales in a number of markets are expected to be affected by the coronavirus outbreak, but it is not yet possible to further quantify this.

In the same way, any trade war between the USA and China, or between the USA and Europe, as well as Brexit, might impact the company's activities and results.

The situation is being monitored closely, and the measures necessary to minimise the impacts are being taken.

EBIT margin	=	$\frac{\text{Profit from primary operations, including associated companies}}{\text{Net revenue}} \times 100$
EBT margin	=	$\frac{\text{EBT} \times 100}{\text{Net revenue}}$
ROIC including goodwill	=	$\frac{\text{EBITA} \times 100}{\text{Average invested capital including goodwill}}$
Return on equity (ROE)	=	$\frac{\text{Net profit/loss for the year} \times 100}{\text{Average equity}}$
Equity ratio	=	$\frac{\text{Equity} \times 100}{\text{Balance sheet total}}$
Net interest-bearing debt / EBITDA	=	$\frac{\text{Net interest-bearing debt}}{\text{EBITDA including associated companies}}$

NOTES TO THE FINANCIAL STATEMENTS

	Group		Parent	
	2019 DKK 1,000	2018 DKK 1,000	2019 DKK 1,000	2018 DKK 1,000
3 Net revenue - Geographical markets				
Scandinavia	1,230,935	1,223,033	-	-
Europe	1,671,603	1,955,573	2,808,492	2,684,139
Asia	1,793,697	1,579,733	-	-
North America	551,945	335,295	-	-
Other markets	79,330	75,277	263,560	230,888
	5,327,510	5,168,911	3,072,052	2,915,027
Business segments				
Retail	1,780,011	1,921,872		
Food service	1,147,611	1,191,979		
Industry	2,396,748	2,050,921		
Other	3,140	4,139		
	5,327,510	5,168,911		
4 Other operating income				
Management fees	7,818	6,616	14,874	13,928
Rental income	20,927	31,015	4,603	3,872
Sale of annual quota	12,656	6,851	13,814	7,451
Profit on sale of fixed assets	150,389	14,363	144,113	11,989
Grants received	1,811	1,841	0	0
Other operating income	7,040	6,534	12,299	1,103
	200,641	67,220	189,703	38,343
Other operating income includes the profit on the sale of trawlers of DKK 141 million as a special item.				
5 Staff costs				
The total amount of wages and salaries, etc. is specified as follows:				
Salaries and wages	905,773	898,664	605,772	597,486
Pension contributions and other social costs	49,604	51,571	38,732	40,084
Other staff costs	75,509	69,881	39,861	39,822
	1,030,886	1,020,116	684,365	677,392
Average number of employees	2,200	2,228	1,454	1,468
Remuneration of the Supervisory Board and Executive Board				
Remuneration of the Parent Company's Supervisory Board	2,200	2,200		

Remuneration of the Executive Board	Fixed 2019	Bonus* 2019	Total 2019	Fixed 2018	Bonus* 2018	Total 2018
Mikael Thinghuus	4,496			4,465		
Nils Duus Kinnerup	2,900			2,827		
Bruno Olesen	2,745			2,676		
Lars Nielsen	2,776			2,695		
Executive Board in total	12,917	512	13,429	12,663	4,299	16,962

*) The accounting cost. The actual payment may vary from this amount.

In addition to the fixed pay, the Group Executive Board can earn a performance-based bonus.

In 2019, CEO Mikael Thinghuus received a bonus of DKK 1.86 million concerning 2018, equivalent to fulfilment of the objectives at 65%. The total remuneration thus amounted to DKK 6.33 million.

The Executive Board members also receive a free company vehicle, telephone, Internet and newspaper subscription. The Executive Board do not have any pension, severance or retention schemes.

CEO Mikael Thinghuus and Group Production Director Lars Nielsen are subject to 18 months' notice of termination by the company, and must themselves give six months' notice of termination. CFO Nils Duus Kinnerup and Group Sales and Marketing Director Bruno Olesen are subject to 12 months' notice of termination by the company, and must themselves give six months' notice of termination.

NOTES TO THE FINANCIAL STATEMENTS

	Group		Parent	
	2019 DKK 1,000	2018 DKK 1,000	2019 DKK 1,000	2018 DKK 1,000
6 Depreciation, amortisation and impairment losses				
Buildings	31,412	29,746	26,730	25,619
Plant and machinery	51,394	45,236	30,408	27,695
Vessels	33,871	36,083	18,087	12,077
Other fixtures and fittings, tools and equipment	9,103	9,869	7,474	7,605
Goodwill	9,205	5,596	2,524	2,525
Quotas	4,019	4,110	1,269	1,301
IT and licences	5,094	4,135	4,915	3,907
Other intangible assets	6,751	6,545	0	0
	150,849	141,320	91,407	80,729
7 Financial income				
Capital gains	26,663	21,918	9,132	12,441
Interest from affiliated businesses	-	-	3,843	3,343
Interest on bank deposit	916	168	549	0
Income from fixed asset investments	10,244	5,673	3,846	3,347
Other financial income	778	2,967	0	0
	38,601	30,726	17,370	19,131
8 Financial expenses				
Capital loss	37,519	20,388	13,849	6,789
Interest on bank and mortgage debt	29,659	31,521	28,465	26,627
Interest to affiliated businesses	-	-	239	317
Other financial expenses	4,434	8,041	1,060	468
	71,612	59,950	43,613	34,201
9 Tax on profit				
Current tax for the year	(62,954)	(50,353)	(27,070)	(23,967)
Other taxes	(10,626)	(8,685)	(18,875)	(18,289)
Deferred tax for the year	(37,991)	(21,228)	(40,430)	(16,722)
Effect of changed tax rate	24,465	0	22,118	0
Adjustment to previous years	(6,184)	(1,296)	301	(1,296)
Adjustment of deferred tax for previous year	0	0	84	0
	(93,290)	(81,562)	(63,872)	(60,274)
Reconciliation of tax rate:				
Greenland tax rate	32%	32%	32%	32%
Other taxes	3%	3%	6%	9%
Deduction for declared dividend	(5)%	(10)%	(6)%	(10)%
Effect of changed tax rate	(6)%	0%	(7)%	0%
Tax concerning previous year	1%	0%	0%	0%
Write-down of tax assets in foreign companies	2%	3%	0%	0%
Effect of difference in tax rate between Greenland and foreign enterprises	0%	7%	0%	0%
Tax-free income (net) from affiliated and associated companies, etc.	(4)%	(4)%	(6)%	(2)%
Tax rate expensed	23%	31%	19%	29%

NOTES TO THE FINANCIAL STATEMENTS

	Group				
10 Intangible assets	Group goodwill DKK 1,000	Quotas DKK 1,000	IT and licences DKK 1,000	Development projects DKK 1,000	Other intangible assets DKK 1,000
Cost at January 1 st 2019	99,908	153,509	46,662	11,764	128,568
Addition on purchase of company	60,752	0	0	0	0
Value adjustment at year-end rate		0	2	0	8,672
Transferred from plant under construction	0	0	638	0	0
Additions for the year	0	0	1,548	0	1
Disposals for the year	0	0	(7,004)	0	0
Cost at December 31st 2019	162,924	153,509	41,846	11,764	137,241
Amortisation and impairment losses at January 1 st 2019	(53,972)	(143,460)	(38,207)	(11,764)	(16,425)
Value adjustment at year-end rate	(96)	0	0	0	(1,219)
Amortisation for the year	(9,205)	(4,019)	(5,094)	0	(6,751)
Impairment losses for the year	0	0	0	0	0
Amortisation regarding disposals for the year	0	0	7,004	0	0
Amortisation and impairment losses at December 31st 2019	(63,273)	(147,479)	(36,297)	(11,764)	(24,395)
Carrying amount at December 31st 2019	99,651	6,030	5,549	0	112,846
Carrying amount at December 31 st 2018	45,936	10,049	8,455	0	112,143

Basis for goodwill amortisation periods

Upernavik Seafood A/S

Royal Greenland's investment in Upernavik Seafood A/S is considered to be of strategic importance to the Group's Greenland halibut activities. In view of the Group's expected plans to increase its activities and future earnings, the economic lifetime of goodwill was set at 20 years as from the acquisition date in 2014. The company has subsequently merged with the parent company, Royal Greenland A/S.

A&L Seafoods Ltd.

The investment in A&L Seafoods Ltd. strengthens the Group's snow crab activities. In view of the expected future earnings and the long-term potential, the economic lifetime of goodwill is set at 10 years.

NOTES TO THE FINANCIAL STATEMENTS

	Parent			
10 Intangible assets	Goodwill DKK 1,000	Quotas DKK 1,000	IT DKK 1,000	Development projects DKK 1,000
Cost at January 1 st 2019	52,991	118,279	45,652	11,764
Additions for the year	0	0	1,544	0
Transferred from plant under construction	0	0	638	0
Reclassification	0	0	0	0
Disposals for the year	0	0	(6,723)	0
Cost at December 31st 2019	52,991	118,279	41,111	11,764
Amortisation and impairment losses at January 1 st 2019	(14,728)	(115,621)	(37,420)	(11,764)
Amortisation for the year	(2,524)	(1,269)	(4,915)	0
Reclassification	0	0	0	0
Amortisation regarding disposals for the year	0	0	6,723	0
Amortisation and impairment losses at December 31st 2019	(17,252)	(116,890)	(35,612)	(11,764)
Carrying amount at December 31st 2019	35,739	1,389	5,499	0
Carrying amount at December 31 st 2018	38,263	2,658	8,232	0

	Group				
11 Property, plant and equipment	Buildings DKK 1,000	Plant and machinery DKK 1,000	Vessels DKK 1,000	Other fixtures etc, DKK 1,000	Fixed assets in progress DKK 1,000
Cost at January 1 st 2019	1,101,885	794,055	958,997	91,722	233,019
Transferred on purchase of company	11,821	4,248	0	211	0
Value adjustment at year-end rate	6,792	14,282	2,365	1,276	440
Transferred from plant under construction	27,867	65,125	161,117	198	(254,945)
Additions for the year	22,922	27,952	594,630	8,001	337,647
Disposals for the year	(106,431)	(25,716)	(413,642)	(12,772)	(430)
Cost at December 31st 2019	1,064,856	879,946	1,303,467	88,636	315,731
Amortisation and impairment losses at January 1 st 2019	(795,459)	(577,200)	(547,744)	(65,918)	-
Value adjustment at year-end rate	(2,560)	(9,551)	(1,508)	(1,049)	-
Amortisation for the year	(31,412)	(51,394)	(33,871)	(9,103)	-
Amortisation regarding disposals for the year	100,047	21,329	223,074	10,361	-
Amortisation and impairment losses at December 31st 2019	(729,384)	(616,816)	(360,049)	(65,709)	-
Carrying amount at December 31st 2019	335,472	263,130	943,418	22,927	315,731
Carrying amount at December 31 st 2018	306,426	216,855	411,253	25,804	233,019

The vessels item includes financially leased vessels with a total value of DKK 652,978k.

The vessels item includes capitalised loan costs at DKK 3,544k.

NOTES TO THE FINANCIAL STATEMENTS

11 Property, plant and equipment	Parent				
	Buildings DKK 1,000	Plant and machinery DKK 1,000	Vessels DKK 1,000	Other fixtures etc. DKK 1,000	Fixed assets in progress DKK 1,000
Cost at January 1 st 2019	883.180	489.440	543.539	69.034	217.210
Transferred from plant under construction	27.392	55.990	160.661	182	(244.863)
Additions for the year	7.191	12.567	578.360	5.838	56.647
Transferred from Group companies	0	0	0	170	0
Disposals for the year	(5.563)	(23.423)	(304.571)	(7.893)	0
Cost at December 31st 2019	912.200	534.574	977.989	67.331	28.994
Amortisation and impairment losses at January 1 st 2019	(649.477)	(366.790)	(356.516)	(47.706)	-
Amortisation for the year	(26.730)	(30.408)	(18.087)	(7.474)	-
Transferred from Group companies	0	0	0	(51)	-
Amortisation regarding disposals for the year	5.531	18.889	196.032	6.070	-
Amortisation and impairment losses at December 31st 2019	(670.676)	(378.309)	(178.571)	(49.161)	-
Carrying amount at December 31st 2019	241.524	156.265	799.418	18.170	28.994
Carrying amount at December 31 st 2018	233.703	122.650	187.023	21.328	217.210

The vessels item includes financially leased vessels with a total value of DKK 652,978k.

The vessels item includes capitalised loan costs at DKK 3,544k.

12 Investments in Group enterprises and associates	Group	Parent	
	Associates DKK 1,000	Associates DKK 1,000	Group enterprises DKK 1,000
Cost at January 1 st 2019	27,460	18,249	2,040,003
Additions for the year	5,902	0	26,296
Disposals for the year	0	0	0
Cost at December 31st 2019	33,362	18,249	2,066,299
Value adjustments at January 1 st 2019	112,998	11,466	(270,932)
Exchange rate adjustments	2,433	917	34,101
Share of profit/loss for the year	66,104	18,317	40,211
Dividends	(44,065)	(17,943)	(27,563)
Disposals for the year	0	0	0
Value adjustments December 31st 2019	137,470	12,757	(224,183)
Offset in receivables	328	328	0
Carrying amount at December 31st 2019	171,160	31,334	1,842,116
Carrying amount at December 31 st 2018	140,458	29,715	1,786,740

In the Group, the original differential value on acquisition of investments in associates amounts to DKK 7,311k. The carrying amount at 31.12.2019 amounts to DKK 0k.

In the parent, the original differential value on acquisition of investments in associates amounts to DKK 60k. The carrying amount at 31.12.2019 amounts to DKK 0k.

The consolidated overview on page 8 presents details of Group enterprises and associates.

NOTES TO THE FINANCIAL STATEMENTS

13 Receivables from Group enterprises and associates	Group	Parent	
	Associates DKK 1,000	Associates DKK 1,000	Group enterprises DKK 1,000
Cost at January 1 st 2019	8,852	8,852	49,712
Disposals for the year	(2,804)	(2,804)	(5,849)
Cost at December 31st 2019	6,048	6,048	43,863
Carrying amount at December 31st 2019	6,048	6,048	43,863
Carrying amount at December 31 st 2018	8,852	8,852	49,712

14 Other fixed asset investments	Group	Parent
	DKK 1,000	DKK 1,000
Cost at January 1 st 2019	167,537	69,763
Value adjustments	2,410	0
Additions for the year	133,688	30,173
Disposals for the year	(39,477)	(13,495)
Cost at December 31st 2019	264,158	86,441
Provisions for losses at January 1 st 2019	(14,821)	(10,450)
Value adjustments	(355)	0
Change in provisions for the year	(975)	(975)
Provisions for losses at December 31st 2019	(16,151)	(11,425)
Carrying amount at December 31st 2019	248,007	75,016
Carrying amount at December 31 st 2018	152,716	59,313

NOTES TO THE FINANCIAL STATEMENTS

	Group		Parent	
	31.12.2019 DKK 1,000	31.12.2018 DKK 1,000	31.12.2019 DKK 1,000	31.12.2018 DKK 1,000
15 Inventories				
Holdings of raw materials	473,071	429,366	57,473	48,961
Holdings of goods in process	16,347	14,964	1,080	1,228
Holdings of finished products	1,192,687	1,081,471	599,042	674,175
Holdings of other products	139,684	118,850	94,582	88,801
	1,821,789	1,644,651	752,177	813,165
Of which the carrying amount of goods at net realisation value	122,807	112,852	55,397	40,011
16 Other receivables				
Insurance compensation receivable	1,882	0	75	0
VAT and customs receivable	37,156	36,377	0	0
Other receivables	15,037	31,407	2,694	4,328
	54,075	67,784	2,769	4,328
17 Prepayments, assets				
Prepaid rent and consumption taxes	2,932	3,061	0	0
Prepaid quota	17,306	14,500	0	0
Other prepayments	8,169	4,696	2,371	2,192
	28,407	22,257	2,371	2,192



NOTES TO THE FINANCIAL STATEMENTS

	Group		Parent	
	31.12.2019 DKK 1,000	31.12.2018 DKK 1,000	31.12.2019 DKK 1,000	31.12.2018 DKK 1,000
18 Deferred tax				
Deferred tax concerns the following items:				
Intangible assets and property, plant and equipment	117,817	107,225	94,930	69,759
Fixed asset investments	26,466	36,158	0	0
Other accounting items	16,787	17,605	15,357	18,259
	161,070	160,988	110,287	88,018
Deferred tax assets concern the following items:				
Deficit carried forward	21,171	37,863	0	0
Other tax assets	49,514	39,081	0	0
	70,685	76,944	0	0
Deferred tax (net):				
Beginning of year	(84,044)		(88,018)	
Adjustment to previous years	0		84	
Value adjustments	(951)		0	
Addition	(3,711)		0	
Transferred to tax payable	15,887		0	
Change in the income statement during the year	(37,991)		(40,432)	
Effect of changed tax rate in the income statement	24,465		22,118	
Change in equity during the year	(3,980)		(3,979)	
Effect of changed tax rate on equity	(60)		(60)	
End of year	(90,385)		(110,287)	
As at 31 December 2019, the Group had a recognised tax asset totalling DKK 70,685k. The tax asset comprises taxable deficits carried forward of DKK 21,171k and non-utilised taxable deductions in the form of timing differences of DKK 49,514k				
Based on the budgets up to 2024, the management has assessed that it is probable that there will be future taxable income available, whereby non-utilised taxable deficits and non-utilised taxable deductions can be utilised.				
19 Other provisions				
Other provisions at January 1 st 2019	7,797	7,581	0	0
Value adjustments	273	537	0	0
Additions for the year	617	6	0	0
Disposals for the year	0	(327)	0	0
Other provisions at December 31st 2019	8,687	7,797	0	0

Other provisions concern pensions.

NOTES TO THE FINANCIAL STATEMENTS

20 Long-term liabilities other than provisions

After 5 years or later the following fall due:

	Group		Parent	
	31.12.2019 DKK 1,000	31.12.2018 DKK 1,000	31.12.019 DKK 1,000	31.12.2018 DKK 1,000
Credit institutions	1,886,992	1,089,262	1,842,833	1,089,262
Derivative financial instruments	0	846	0	846
	1,886,992	1,090,108	1,842,833	1,090,108

Interest and maturities of non-current liabilities (Group, converted to DKK)	Weighted term (years)	Fixed/ floating	Effective rate of interest		Nominal value DKKm	
			2019	2018	2019	2018
Other non-current debt	2	Floating	3.78%	3.90%	25	28
Private Placements	7	Fixed/Floating	1.32%	1.47%	2,288	1,698
					2,313	1,726
Weighted average effective interest rate			1.35%	1.51%		

21 other debt

	Group		Parent	
	31.12.2019 DKK 1,000	31.12.2018 DKK 1,000	31.12.2019 DKK 1,000	31.12.2018 DKK 1,000
Payable salaries, A-tax, social contributions, etc.	105,538	113,496	74,977	81,490
Holiday pay commitments	46,996	39,824	38,869	35,009
Interest	4,452	4,019	3,974	3,560
VAT and taxes	46,427	52,181	38,332	42,431
Prepayments	0	25,233	0	25,233
Derivative financial instruments	408	2,247	408	0
Other costs payable	29,666	43,160	12,889	12,576
	233,487	280,160	169,449	200,299

22 Mortgages and contingent liabilities

Mortgages				
As security for accounts with credit institutions fixed assets are mortgaged for a book value of	153,716	196,722	0	0
Contractual obligations				
Contracts have been entered into for the delivery of fixed assets for a value of	248,784	498,307	24,307	498,307
There are rental and leasing obligations falling due after the balance sheet date amounting to	85,273	60,433	54,970	31,459
Of which falling due within one year	31,422	35,693	21,287	26,835
Surety and guarantee commitments				
Associates	5,000	10,000	0	0
Third party	4,635	5,595	4,635	5,595
Associated companies	-	-	695,548	567,220

Contingent liabilities

The Royal Greenland Group has certain ongoing legal cases, including queries raised by the tax authorities. The management believes that the outcome of these legal cases and queries will not significantly affect the Group's financial position.

NOTES TO THE FINANCIAL STATEMENTS

23 Financial risks

Positions in the key currencies:

	Receivables DKK 1,000	Liabilities DKK 1,000	Hedged by forward exchange contracts and options DKK 1,000	Net position DKK 1,000
USD	246,942	(101,016)	(159,611)	(13,685)
GBP	20,205	(23,112)	(76,268)	(79,175)
SEK	25,286	(39,380)	(26,831)	(40,925)
JPY	203,768	(122,384)	(120,861)	(39,477)
	496,201	(285,892)	(383,571)	(173,262)

The currency hedging performed solely covers commercial positions.

The company has raised fixed-interest-rate loans in USD. All of the loans are converted to loans at fixed or variable interest rates in DKK/EUR by using currency and interest rate swaps. The nominal principal of the contracted swaps is USD 187,500,000.

Interest rate risks

Concerning the Group's financial assets and liabilities, the following contractual reassessment and redemption dates can be stated, according to which date occurs first. The effective interest rates are compiled on the basis of the current level of interest rates at 31.12.2019.

	Group Reassessment/maturity date				
	Within one year DKK 1,000	Within two-five years DKK 1,000	After five years DKK 1,000	Hereof fixed-rate loan DKK 1,000	Effective rate of interest %
Mortgage credit and credit institutions, loans	0	(554,049)	(1,733,586)	(1,458,676)	0.2-7.25

Liquid holdings amount to DKK 307,644k and accrue interest at an effective interest rate in the range of 0.0-2.0%. The debt on overdraft facilities amounts to DKK 197,930k and accrues interest at an effective interest rate in the range of 0.7-1.5%.

	Group		Parent	
	2019 DKK 1,000	2018 DKK 1,000	2019 DKK 1,000	2018 DKK 1,000
Audit fee	2,726	2,605	1,410	1,365
Other declarations from the auditor	226	348	70	171
Tax advisory services	750	1,559	440	987
Other services	1,475	820	130	525
Adjustments concerning previous years	(14)	(26)	(18)	(35)
	5,163	5,306	2,032	3,013

24 Fees to auditors appointed by the general meeting

25 Related parties

Related parties of the Group are the members of the Supervisory Board and the Executive Board, as well as the owner, the Government of Greenland.

In the current financial year, the Group has not executed any transactions with the Supervisory Board or Executive Board other than management remuneration, as disclosed in Note 5.

All transactions with related parties have occurred on market terms.

NOTES TO THE FINANCIAL STATEMENTS

26 The managerial positions held by members of the Supervisory Board and Executive Board in other Greenlandic and Danish public limited companies

The managerial positions held by members of the Supervisory Board and Executive Board in other commercial undertakings, except for wholly-owned subsidiaries:

Supervisory Board	Company	Managerial position
Niels de Coninck-Smith Chairman	Orifarm Group A/S Welltec A/S	Chairman Chairman
Jan H. Lynge-Pedersen Deputy Chairman	KNI Ejendomme A/S Neqi A/S Akia Sisimiut A/S	Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board
Pernille Fabricius	John Guest International Ltd. Højgaard Holding A/S MT Højgaard A/S Gabriel Holding A/S Gabriel A/S Gabriel Ejendomme A/S Gabriel Innovation A/S Zenxit A/S	Chief Executive Officer Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board
Niels Smedegaard	Bikubenfonden Norwegian Air Shuttle ASA Frederiksbergfonden Falck A/S DSV Panalpina A/S TT Club UK P&I	Chairman Chairman Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board
Tina Lynge Schmidt	Nuup Bussii A/S	Chairman
Niels Ole Møller	Inughuit Seafood A/S	Chief Executive Officer
Malik Hegelund Olsen	Air Greenland A/S Inuk Hostels A/S	Member of the Supervisory Board Member of the Supervisory Board

NOTES TO THE FINANCIAL STATEMENTS

Executive Board	Company	Managerial position
Mikael Thinghuus CEO	Ice Trawl Greenland A/S Toms Gruppen A/S	Member of the Supervisory Board Member of the Supervisory Board
Nils Duus Kinnerup CFO	Intego A/S Proniq Holding A/S	Member of the Supervisory Board Member of the Supervisory Board
Bruno Olesen Group Sales Director	Skare Meat Packers K/S Skare Food A/S Defco A/S af 2019	Chairman Member of the Supervisory Board Member of the Supervisory Board
Lars Nielsen Group Production Director	Gaia Fish A/S Sisimiut Fish A/S Pelagic Greenland A/S Arctic Fish Greenland A/S Inughuit Seafood A/S Sisimiut Fish A/S Gaia Fish A/S Ice Trawl Greenland A/S Qaleralik A/S Qalut Vónin A/S Independent Fish Harvesters Ltd. Gulf Shrimp Ltd. Quinlan Brothers Maritime Limited Øksfjord Eiendom AS Maniitsoq AS International Seafood S.A. Blue Ocean Seafood Spa.	Chief Executive Officer Chief Executive Officer Chairman Chairman Deputy Chairman Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board

	Group	
	2019 DKK 1,000	2018 DKK 1,000
Adjustments relating to net profit for the year		
Depreciation, amortisation and impairment losses	150,849	141,320
Financial items allocated to profit for the year	33,011	29,224
Income taxes expensed	93,290	81,562
Provisions, etc.	(680)	(1,945)
Grants received	(1,811)	(1,841)
Gains and losses from sale of fixed assets	(147,385)	(12,492)
Profit from associates	(66,104)	(37,072)
	61,170	198,756
Changes in working capital		
Change in receivables	(71,809)	105,246
Change in inventory	(176,690)	(82,825)
Change in trade payables and other payables	128,320	(174,102)
	(120,179)	(151,681)

29 Cash and cash equivalents, end of year

Cash and cash equivalents amount to DKK 307,44k.

SUPERVISORY BOARD

CHAIRMAN

NIELS DE
CONINCK-SMITH



DEPUTY CHAIRMAN

JAN H. LYNGE-
PEDERSEN



BOARDMEMBER

PERNILLE
FABRICIUS



BOARDMEMBER

NIELS
SMEDEGAARD



BOARDMEMBER

TINA LYNGE
SCHMIDT



BOARDMEMBER

KRISTINE
WINBERG



BOARDMEMBER

NIELS OLE
MØLLER *)



BOARDMEMBER

MALIK HEGELUND
OLSEN *)



BOARDMEMBER

MIKA
HEILMANN *)



*) Elected by the
employees

EXECUTIVE BOARD

CEO

MIKAEL
THINGHUUS



CFO

NILS DUUS
KINNERUP



GROUP PRODUCTION DIRECTOR

LARS
NIELSEN



GROUP SALES DIRECTOR

BRUNO OLESEN



Corporate Governance

Royal Greenland complies with the guidelines of the Government of Greenland for corporate governance in government-owned companies. These guidelines accord with the OECD recommendations for state-owned companies, and to a large extent also with the recommendations for listed companies.

Royal Greenland is headed by a Board of Directors and Executive Management Board. The Board of Directors has nine members, three of whom are employee representatives elected for a period of four years, while the other six members are elected by the general meeting and stand for election every year. The six board members elected by the general meeting are independent, according to the definition contained in the recommendation of the "Committee for Good Corporate Governance". There is no age limit for the members of the Board of Directors.

The Board members encompass a spectrum of experience from the Greenlandic, Danish and international business worlds. The Board of Directors is led by the chairman, Niels de Coninck-Smith. The chairman is appointed for a period of one year at a time.

The Board has established two committees:

- The Audit Committee
- The Recruitment Committee

The Executive Management Board consists of four members: CEO Mikael Thinghuus, CFO Nils Duus Kinnerup, Group Production Director Lars Nielsen and Group Sales and Marketing Director Bruno Olesen. For other offices held by the Board of Directors and the Executive Management Board, see Note 26.

Remuneration

The remuneration of Board members is subject to the approval of the annual general meeting, and is specified in Note 5. The fee consists entirely of a basic fee, plus, for the Chairman, payment of expenses for secretarial assistance and telephone calls. The remuneration of the Executive Management Board is negotiated with the Board of Directors and consists of a fixed basic salary, a performance bonus and other customary non-monetary benefits, such as a company car, etc. The remuneration of the Executive Management Board is specified in Note 5. There are no unusual severance agreements in the employment contracts of the members of the Executive Management Board.

Evaluation

An evaluation of the Board of Directors is undertaken annually. Every second year, this takes place on the basis of an external evaluation process.

Activities

Six meetings of the Board of Directors were held in 2019. Two of these meetings were held as conference calls, while the other meetings were held in Nuuk, Greenland, Malmö, Sweden, London, UK, and Copenhagen, Denmark. The Audit Committee held three meetings. In addition to the annual report and audit minutes, the committee also considers financial policy, risk and insurance policies, internal audits, financial conditions and audit evaluation.

COMPANY DETAILS & GROUP CHART

COMPANY

Royal Greenland A/S
 Qasapi 4
 P.O. Box 1073
 3900 Nuuk
 Telephone: +299 32 44 22
 Telefax: +299 32 33 49
 www.royalgreenland.com
 CVR-no. 13645183

FINANCIAL YEAR:

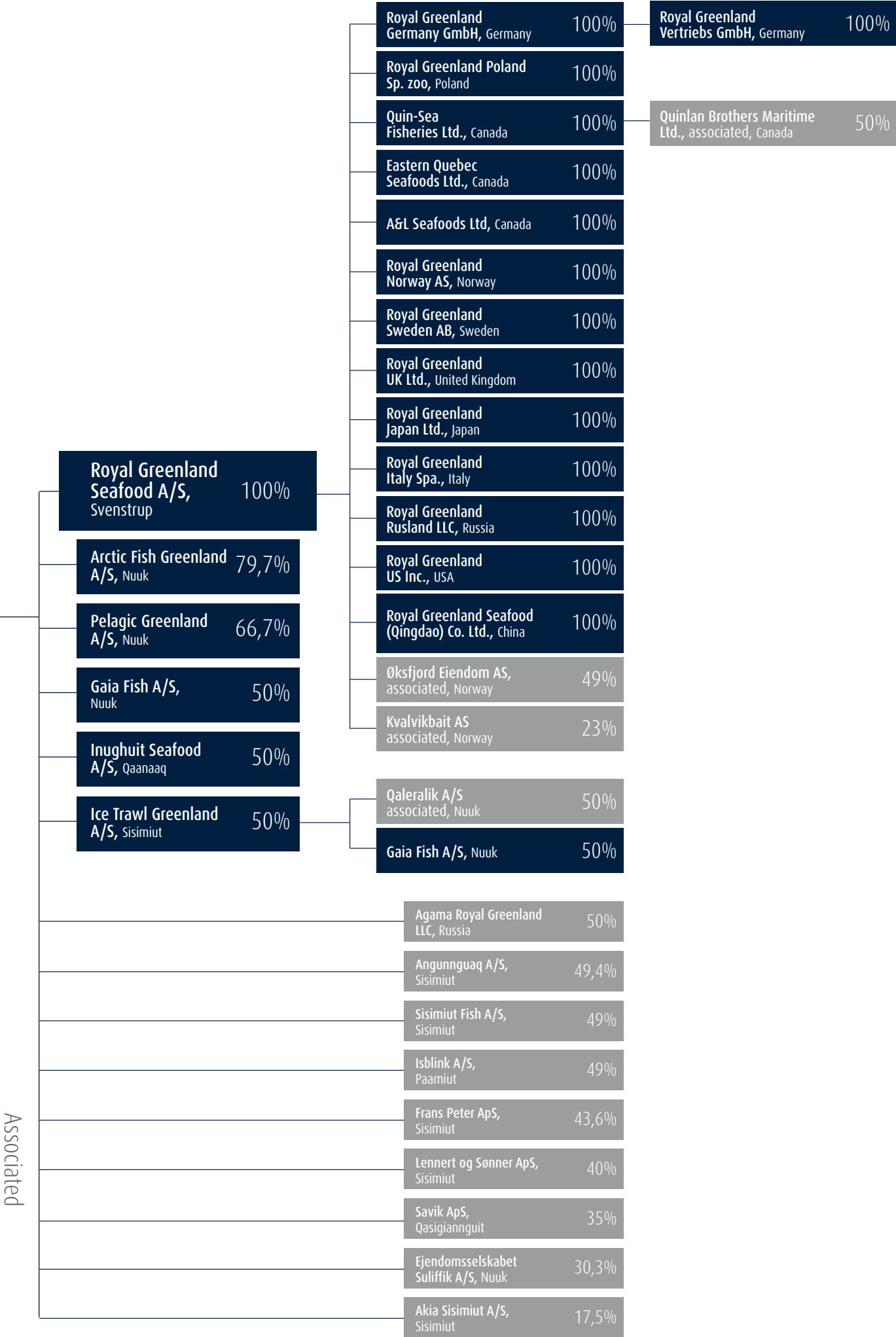
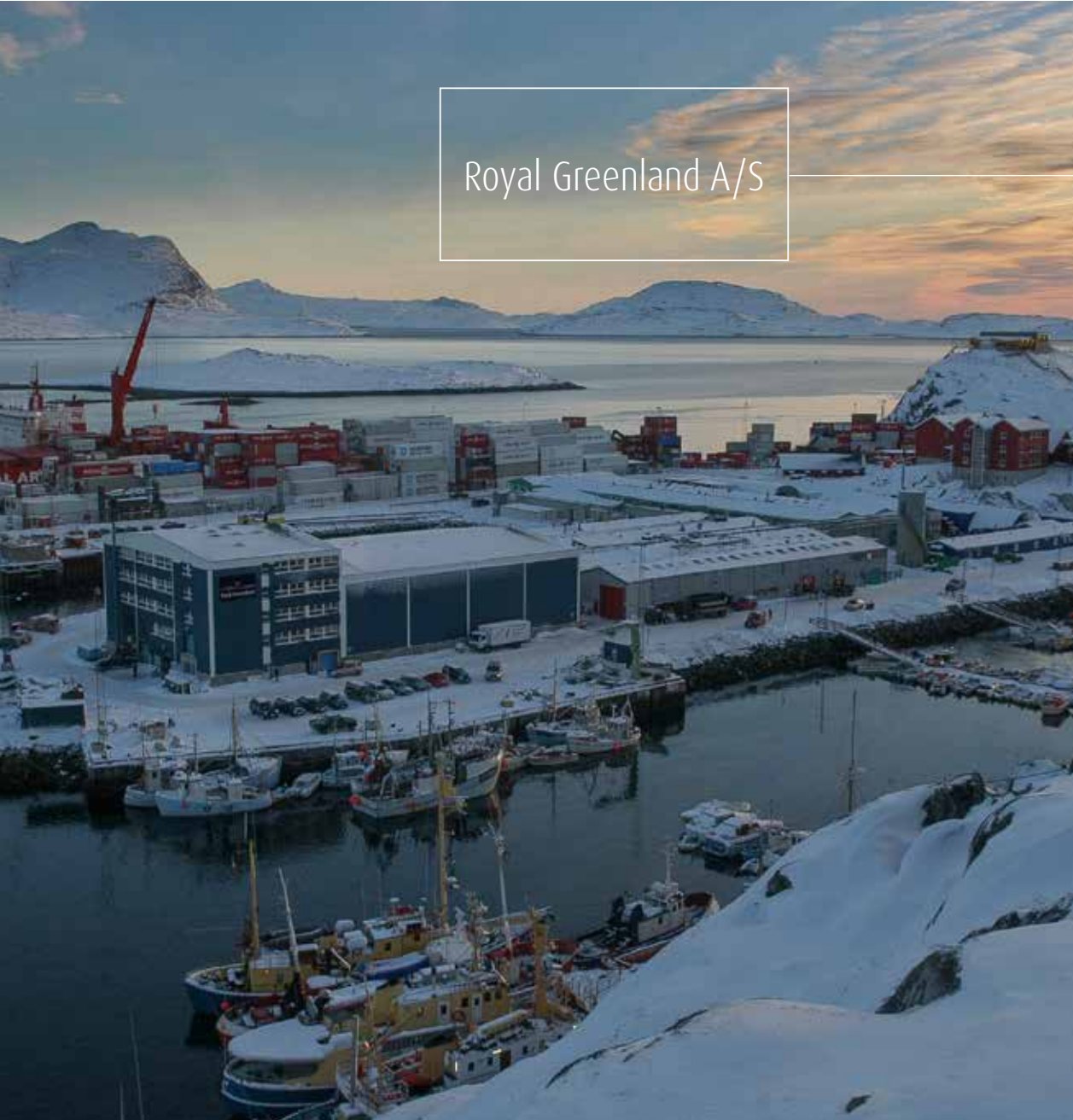
January 1st – December 31st

REGISTERED IN: Kommuneqarfik Sermersooq

The Government of Greenland owns all shares in the Company

AUDITORS: EY Grønland

Godkendt Revisionsanpartsselskab



PRODUCTION UNITS IN GREENLAND

Royal Greenland owns 37 facilities in Greenland, of which four are operated in collaboration with local fishermen and employees. All facilities are in operation.

The facilities' activities range from production and packaging of finished products, to packaging of semi-manufactures for further processing in Asia, Germany or Poland, and e.g. block freezing and salting.

Plant Manager: Rosa Davidsen
Primary species: Greenland halibut
Products: Greenland halibut, j-cut, heads, tails & HOG
Capacity: 3 t/day
Cold store capacity: 230 ton
Employees: 10 in the season

As of 1/10 2014, J/V Inughuit Seafood A/S with 50% RG ownership.



Qaanaaq



Kullorsuaq

Factory Manager: Frederik Olsen
Primary species: Greenland halibut
Products: Freezing of Greenland halibut
Capacity: 3 t/day
Cold store capacity: 130 ton
Employees: 1-7 low/peak seasons



Nuussuaq

Plant Manager: Benedikte Eskildsen
Primary species: Greenland halibut
Products: Freezing of Greenland halibut
Capacity: 12 t/day
Cold store capacity: 600 ton
Employees: 10-15 low/peak seasons



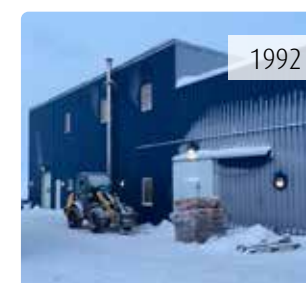
Nutaarmiut

Qaanaaq

Kullorsuaq
Nuussuaq
Nutaarmiut
Aappilattoq
Innaarsuit
Tasiusaq
Upernavik
Upernavik Kujalleq
Qaarsut / Uummannaq
Ukkusissat
Saattut
Ikerasak

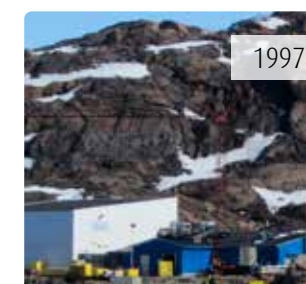
Plant Manager: Justine Petersen
Primary species: Greenland halibut
Products: Freezing of Greenland halibut
Capacity: 15 t/day
Cold store capacity: 450 ton
Employees: 4-10 low/peak seasons

Newly constructed in 2017



Aappilattoq (North)

Plant Manager: Søren Kielmann
Primary species: Greenland halibut
Products: Freezing of Greenland halibut
Capacity: 20 t/day
Cold store capacity: 600 ton
Employees: 10-20 low/peak seasons



Tasiusaq

Plant Manager: Hans Peter Kristensen
Primary species: Greenland halibut
Products: Freezing of Greenland halibut
Capacity: 15 t/day
Cold store capacity: 550 ton
Employees: 10-20 low/peak seasons



Innaarsuit

Factory Manager: Harald Kleeman
Primary species: Greenland halibut
Products: Freezing of Greenland halibut
Capacity: 5 t/day
Cold store capacity: 200 ton
Employees: 4-10 low/peak seasons



Upernavik

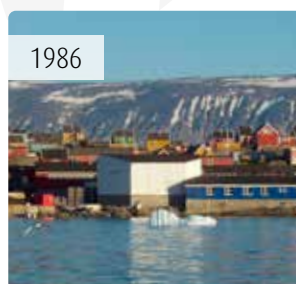
Plant Manager: Magnus Grim
Primary species: Greenland halibut
Products: Freezing of Greenland halibut
Capacity: 2 t/day
Cold store capacity: 100 ton
Employees: 1-7 low/peak seasons



Upernavik Kujalleq



Ukkusissat



Saattut

Plant Manager: Johanne Knudsen Samuelsen
Primary species: Greenland halibut
Products: J-cut, heads, tails, whole fish
Capacity: 4.5 t/day
Cold store capacity: 100 ton
Employees: 1-10 low/peak seasons

New freezing facilities in 2013, new drying house in 2013.

Plant Manager: Marie Knudsen
Primary species: Greenland halibut
Products: J-cut, heads, tails, whole fish
Capacity: 15 t/day
Cold store capacity: 400 ton
Employees: 1-15 low/peak seasons

Current unit was refurbished in 1998, when the large freezing facility was also taken into use. Two new plate freezers in 2018

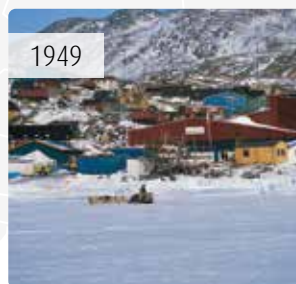
Plant Manager: Elisabeth Filemonsens
Primary species: Greenland halibut
Products: Whole fish, fillets with skin, heads, tails, j-cut
Capacity: 10 t/day
Cold store capacity: 169 ton
Employees: 2-25 low/peak seasons

The unit has only been refurbished to a small degree since it was established. New freezing facilities were established in 2008.

Plant Manager: Dorthe Kristensen
Primary species: Halibut
Products: -
Capacity: -
Cold store capacity: -
Employees: -

Factory Manager: Kirsten A. K. Worm
Primary species: Greenland halibut
Products: Whole Greenland halibut, heads, tails, fillets and j-cut
Capacity: 50 t/day
Cold store capacity: 1,600 ton
Employees: 10-50 low/peak seasons

Current location since 1966, but the unit has been expanded several times. In 2017 a large expansion took place.



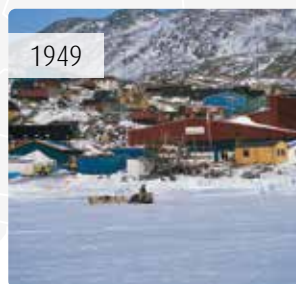
Uummannaq



Ikerasak



Qaarsut



Uummannaq

Plant Manager: Anna Marie Mølgaard
Primary species: Greenland halibut
Products: J-cut, whole fish
Capacity: 20 t/day
Cold store capacity: 100 ton
Employees: 15 low/peak seasons



Qeqertaq

Plant Manager: Mathias Nielsen
Primary species: Greenland halibut, other fish
Products: Whole Greenland halibut frozen in blocks
Capacity: 14 t/day
Cold store capacity: 110 ton
Employees: 2-10 low/peak seasons



Saqqaq

Factory Manager: Jakob Broberg
Primary species: Snow crab, cod, Greenland halibut, lumpfish roe
Products: Crab sections, fish frozen in blocks, lumpfish roe in barrels
Capacity: 10 ton snow crab, 1 ton fish/day
Cold store capacity: 100 ton
Employees: 3-30 low/peak seasons



Qeqertarsuaq

Factory Manager: Stefán H. Tryggvason
Primary species: Prawns, Greenland halibut
Products: IQF prawns, prawnmeal, Greenland halibut, cod
Capacity: 100 t prawns, 20 t fish/day
Cold store capacity: 1,100 ton
Employees: 100-121 low/peak seasons



Ilulissat

Qeqertaq ■ Saqqaq
 Qeqertarsuaq ■ Ilulissat
 Ikamiut ■ Qasigiannnguit
 Kangaatsiaq ■ Akunnaaq
 Ikerasaarsuk ■ Niaqornaarsuk
 Attu ■
 Sisimiut ■ Sarfannguaq

Factory Manager: Hans Grønvold
Primary species: Greenland halibut, cod, other fish, lumpfish roe
Products: Greenland halibut fillets, frills, heads, IQF fillets, loins, cod fillet/whole
Capacity: 25 ton Greenland halibut/day
Cold store capacity: 1,800 ton
Employees: 130 low/peak seasons

Refurbished as a prawn factory in 1952 and several times later on. Closed in 1997. Recommended operations in 2000 and refurbished in 2011.



Qasigiannnguit

Plant Manager: Thara Jeremiassen
Primary species: Salted cod, Greenland halibut, Lumpfish roe
Products: Salted cod, dried fish. HOG Greenland halibut, HOG cod
Capacity: 1.5 t/day
Cold store capacity: 20 ton
Employees: 0



Ikamiut

Plant Manager: Peter Nielsen
Primary species: Cod, Greenland halibut
Products: Salted cod, dried fish. HOG Greenland halibut, HOG cod
Capacity: 0 t/day
Cold store capacity: 40 ton
Employees: 0

Stand-alone plate freezer for freezing, plus 2 x 20 foot containers (40 tonnes) installed in 2018.



Akunnaaq

Factory Manager: Jørgen Inusugtoq
Primary species: Cod, lumpfish roe
Products: Cod frozen in blocks, fillet, lumpfish roe in barrels
Capacity: 15 t/day freezing
Cold store capacity: 100 ton
Employees: 2-25 low/peak seasons

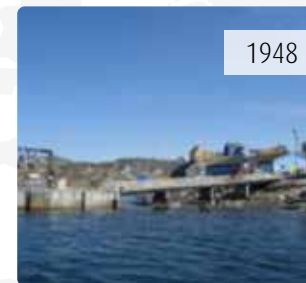
The unit was renovated/built in 1986 in its current form with production of cod. Today, cod and other fish are frozen and in the season lumpfish roe is processed. Rebuilt for cod fillet production 2015.



Kangaatsiaq

Plant Manager: Judithe Wille
Primary species: Cod, lumpfish roe
Products: Salted fish, lumpfish roe
Capacity: 5 t/day
Cold store capacity: No cold store
Employees: 4-10 low/peak seasons

Refurbished and renovated in 1995. Expanded in 2013.



Niaqornaarsuk



Ikerasaarsuk



Attu

Plant Manager: Klaus Jonathansen
Primary species: Cod, lumpfish roe
Products: Salted fish from cod and ugaq, lumpfish roe
Capacity: 5 t/day
Cold store capacity: No cold store
Employees: 1-10 low/peak seasons

Renovated in 1995.

Plant Manager: Tikkili Ezekiasen
Primary species: Cod
Products: Salted fish, lumpfish roe, frozen cod and other species
Capacity: 2 t/day
Cold store capacity: 20 ton
Employees: 0

Factory Manager: Hans Lars Olsen
Primary species: Prawns, cod, snow crab
Products: Cooked & peeled prawns, cod fillets, crab sections, cod
Capacity: 120 ton prawns, 6 ton snow crab/day, 50 ton cod/day
Cold store capacity: 1,600 ton
Employees: 100-150 low/peak seasons

Current unit built in 1969 for production of cod and prawns, renovated in 1992 and 2011 into a modern prawn processing facility.



Sisimiut

Factory Manager: -
Primary species: -
Products: -
Capacity: -
Cold store capacity: -
Employees: -

Operational in roe season



Sisimiut (Roe)

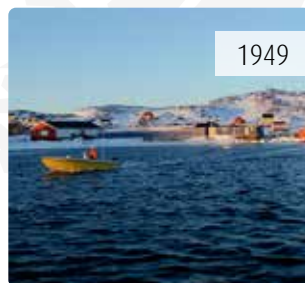
Plant Manager: Paarnannguaq Jonathansen
Primary species: Cod
Products: Salted fish of cod and cod frozen in blocks
Capacity: 15 t/day
Cold store capacity: 60 ton
Employees: 1-13 low/peak seasons

Renovated in 2005.



Sarfannguaq

Plant Manager: Otto Enoksen
Primary species: Cod and lumpfish roe
Products: Salted fish and lumpfish roe
Capacity: 2.5 t/day
Cold store capacity: none
Employees: 1-7 low/peak seasons
 Renovated in 1991/93 and in 1994/95.



Itilleq

Plant Manager: Larsen Sofiaaraq Larsen
Primary species: Cod, wolffish, Greenland halibut, lumpfish roe
Products: Whole fish, Winter-dried cod, dried wolffish, lumpfish roe in barrels
Capacity: 5 t/day
Cold store capacity: 30 ton
Employees: 4-16 low/peak seasons
 Renovated in 1994/95. Expansion of the freezing capacity and cold store.



Kangaamiut

Factory Manager: Susanne Marie Knudsen
Primary species: Nutaaq cod, Cod, Greenland halibut, lumpfish roe, dried fish and other fish
Products: Cod fillets, halibut fillets, lumpfish roe, dried fish and freezing
Capacity: 80 ton/day
Cold store capacity: 500 ton
Employees: 25-100 low/peak seasons
 Filleting line and production of dried cod for the home market established.



Maniitsoq

Plant Manager: Tippu-Bolatta Jakobsen
Primary species: Cod, wolffish, lumpfish roe
Products: Whole fish, salted fish, lumpfish roe in barrels
Capacity: 3 ton freezing, 4 ton salting/day
Cold store capacity: 8 ton
Employees: 4-20 low/lumpfish roe season
 Expansion of the cold store and freezing capacity. 8-10 ton freezing, 4 ton salting.



Atammik

Factory Manager: Abia Thorsteinsen
Primary species: Cod, Greenland halibut, redfish, wolffish, lumpfish roe
Products: Lumpfish roe, whole fish IQF, products for the home market
Capacity: 50 t/day
Cold store capacity: 200 ton
Employees: 12-40 low/peak seasons
 Godthåb Fiskeindustri taken over in 1990, prawn production closed in 2002.



NUUK

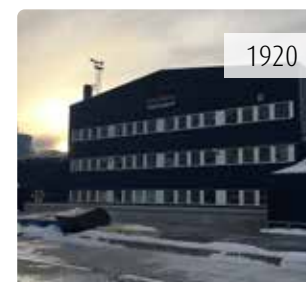
Itilleq
 Maniitsoq
 Nuuk
 Qeqertarsuatsiaat
 Paamiut
 Narsaq
 Aappilattoq

Plant Manager: Konrad Boye
Primary species: Cod, lumpfish roe
Products: Salted fish, cod IQF, cod frozen in blocks, lumpfish roe in barrels
Capacity: 4 ton salted fish, 18 ton fish/day
Cold store capacity: 80 ton
Employees: 6-16 low/peak seasons



Qeqertarsuatsiaat

Factory Manager: Jan Jørgensen
Primary species: Snow crab, greenland halibut, lumpfish roe, cod and other fish
Products: Crab sections, halibut fillets, dried cod, lumpfish roe and freezing
Capacity: Crab sections 10 t/day, fillets 20 t/day
Cold store capacity: 500 ton
Employees: 10-50 low/peak seasons
 Refurbished from cod production to smokehouse in 1997. Closed in 2003. Prawn and crab production established in 2004. In 2012, the prawn production was closed in favour of the cod filleting line.



Paamiut



Narsaq

Factory Manager: Niels Sakariassen
Primary species: Lumpfish roe, cod
Products: Lumpfish roe in barrels
Capacity: Freezing of 20 t/day
Cold store capacity: 600 ton
Employees: 1-10 low/peak seasons
 Renovated in 1995.

Plant Manager: Nicolai Benjaminsen
Primary species: Greenland halibut, cod
Products: Freezing
Capacity: 4 t/day
Cold store capacity: 70 ton
Employees: 3
 First sales of raw materials initiated in 2014 after refurbishment and modernisation of cooling plant.



Aappilattoq (South)



PRODUCTION UNITS IN CANADA

Royal Greenland now operates 8 factories in Canada. In Newfoundland, there are six production units where local fishermen land their catches. The primary species originating from Newfoundland are snow crab, prawn, whelk, lobster, herring, cod, Greenland halibut and capelin.

In the town Matane in the Quebec province Eastern Quebec Seafoods Ltd. lands and processes prawns and crab, primarily from the local fishing areas. In Nova Scotia, A&L Seafoods operates a crabfactory.

Factory Manager: Chris Butler
Primary species: Ground fish, Pelagics
Products: Split/salt fish, Block frozen capelin/herring/mackerel
Capacity: 38 t/day
Cold store capacity: 1000 ton
Employees: 30 low/peak seasons



Cupids



Cape Broyle

Factory Manager: Doug Young
Primary species: Snow crab, Pelagics, Scallops, Sea cucumber, Cod
Products: Crab sections/cooked/RAW snow crab, Block frozen capelin/herring/mackerel, Butterfly cut/gutted sea cucumber, J-Cut/H&G/HOG Greenland halibut
Capacity: 110 t/day
Cold store capacity: 75 ton
Employees: 135 low/peak seasons

Factory Manager: Tony Merrigan
Primary species: Prawns, Snow crab, Whelk, Scallop, Cod
Products: Cooked & Peeled, IQF, Crab sections/Cooked snow crab, In shell/cooked whelk, Scallops
Capacity: 195 t/day
Cold store capacity: 300 ton
Employees: 400 low/peak seasons



Old Perlican



Conche Seafood

Factory Manager: Stedman Letto
Primary species: Snow crab, whelk, Pelagics, Lobster
Products: Crab sections/Cooked snow crab, In shell/cooked whelk, Block frozen capelin/herring/mackerel, J-Cut/H&G/HOG Greenland halibut, Lobster fresh/frozen
Capacity: 145 t/day
Cold store capacity: 50 ton
Employees: 70 low/peak seasons

Factory Manager: Charles Daley
Primary species: Capelin, heering, mackerel, lobster, ground fish
Products: Block frozen capelin/herring/mackerel, fresh/frozen lobster
Capacity: 24 t/day
Cold store capacity: 80 ton
Employees: 50-100 low/peak seasons



Southern Harbour

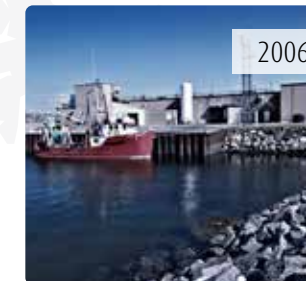
Cold storage Manager: Chris Butler
Cold store capacity: 1000 ton
Employees: 4



New Harbour

Live Lobster Holding Manager: Chris Fong

Factory Manager: Gudmundur Hognason
Primary species: Prawns, Snow crab
Products: Cooked and peeled prawns, Crab sections
Capacity: 30 t/day
Employees: 120 low/peak seasons

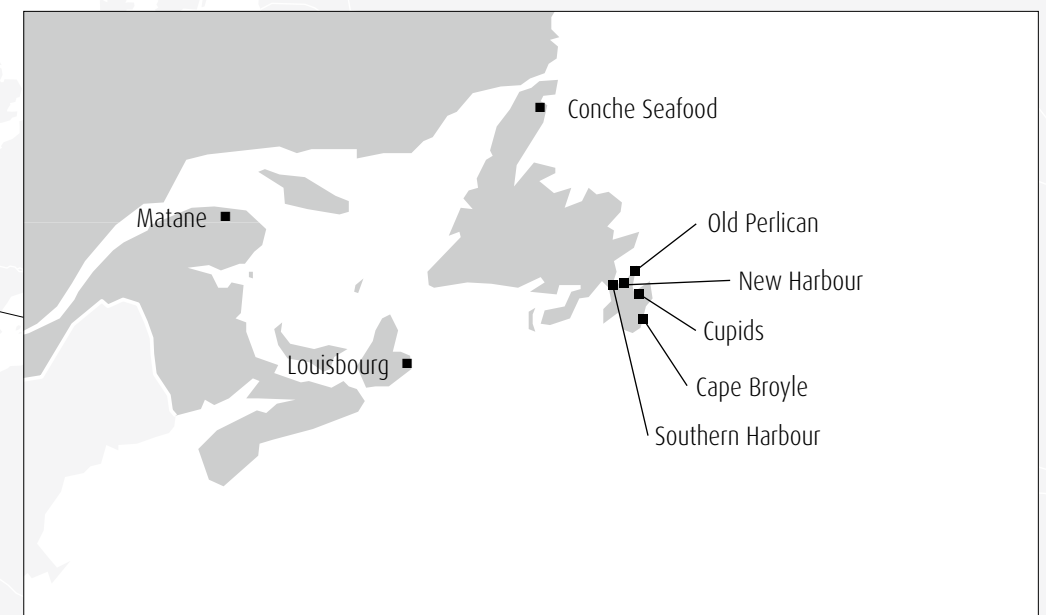


Matane



Louisbourg

Factory Manager: Joe Anthony
Primary species: Snow crab
Products: Crab sections
Employees: 90



PRODUCTION UNITS IN EUROPE

Royal Greenland runs five factories at three locations in Cuxhaven. They produce lumpfish roe in jars, the zip-lock/chain-pack range and fresh fish, as well as prawns in brine, and packed frozen prawns. The factories are subject to shared management and administration.



■ Cuxhaven

THE ROYAL GREENLAND FLEET - IN SHORE

The coastal fleet comprises 3 vessels for catching prawns, cod and crab. Catches are landed at landing points along the west coast of Greenland.



1988

Master: Jakup Bech, Karl Egede Petersen
Length/width: 43.2 x 9.6 m
Production capacity: 60 ton/day
Catch capacity: 6,000 ton/yearly
Hold capacity: 130 ton
Crew: 11 men
Trawler type: Coastal prawn trawler
Ownership: RG 75%

Lomur



1986

Master: Nuka Levisen
Length/width: 26 x 8 m
Production capacity: 20 ton/day
Catch capacity: 2,500 ton/yearly
Hold capacity: 45 ton
Crew: 6-9 men
Trawler type: Coastal prawn trawler, iced prawns, cod
Ownership: RG 100%

Sermilik



1986

Master: Frederik Mathiassen
Length/width: 14.85 x 5.16
Production capacity: None
Catch capacity: 150 ton/yearly
Hold capacity: 10 ton
Crew: 4 men
Trawler type: Coastal line/net vessel, crab vessel
Ownership: RG 100%

Chartered out

Lea

THE ROYAL GREENLAND FLEET - OFFSHORE

Royal Greenland's offshore fleet consists of three ocean-going prawn trawlers, two ocean-going production trawlers for Greenland halibut, cod etc., one line vessel for Greenland halibut, cod etc. and two trawlers for pelagic fishing.

Master: Ivan Olsen

Pauli Olsen

Length/width: 82,65 x 17 m

Production capacity: 30-50 ton/day

Catch capacity: 7-8.000 ton/yearly

Hold capacity: 7-900 ton

Crew: 42 men

Trawler type: Ocean-going fish trawler

Ownership: RG 100%

Sisimiut

2019



Avataq

2019



Master: Jogvan Trondarson

Tordar Dimon

Length/width: 83 x 18 m

Production capacity: 110 ton/day

Catch capacity: 7-10.000 ton/yearly

Hold capacity: 6-800 ton

Crew: 30 men

Trawler type: Ocean-going prawn-/fish trawler

Ownership: RG 100%

"Avataq" is Greenland's largest fishing vessel. The vessel can fish with three trawls and as something new the ship can switch between prawn and Greenland halibut fishing giving great flexibility in fishing. This means that the factory on board has two lines where one can sort, boil and freeze prawns, while the other is a line for Greenland halibut.

Master: Linjohn Christiansen/

Torbjørn Joensen

Length/width: 75.8 x 14.5 m

Production capacity: 110 ton/day

Catch capacity: 7-10,000 ton/yearly

Hold capacity: 450-750 ton

Crew: 22-26 men

Trawler type: Ocean-going prawn trawler

Ownership: RG 100%

2001



Akamalik

2001



Nataarnaq

Master: Martin Jacobsen/Davur Mohr

Length/width: 67.5 x 14.5 m

Production capacity: 110 ton/day

Catch capacity: 7-10,000 ton/yearly

Hold capacity: 600 ton

Crew: 22-24 men

Trawler type: Ocean-going prawn trawler

Ownership: RG 50%

2002



Tuugaalik

Master: Regin Henriksen

Pauli Justinussen

Length/width: 66.4 x 14.6 m

Production capacity: 80 ton/day

Catch capacity: 6 - 7,000 ton/yearly

Hold capacity: 800 ton

Crew: 25 men

Trawler type: Ocean-going Greenland

halibut-/mackerel trawler

Ownership: RG 25%

2001



Masilik

Master: Hans Petur Samuelsen

Gunnar Olsen

Length/width: 52 x 12 m

Production capacity: 20 ton/day

Catch capacity: 3-5,000 ton/yearly

Hold capacity: 350 tons

Crew: 18 men

Trawler type: Line boat

Ownership: RG 50%

1987



Tasiilaq

Master: Jónfríður Poulsen

Birgir Petersen

Length/width: 77,6 x 12,6 m

Production capacity: 120 ton/day

Catch capacity: 20-25.000 ton/yearly

Hold capacity: 700 tons

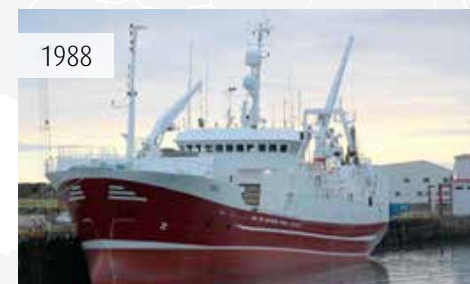
Crew: 22 men

Trawler type: pelagic trawls and purse

seines

Ownership: RG 66%

1988



Tuneq

Master: Páll Johan Poulsen

Length/width: 70 x 12,5 m

Production capacity: 60 ton/day

Catch capacity: 10-15,000 ton/yearly

Hold capacity: 500 tons

Crew: 10-12 men

Trawler type: Pelagic trawl

Ownership: RG 66%

Royal Greenland A/S

2019

