

Annual Report air greenland A/S

1 January - 31 December 2022



Annual Report 2022

air greenland A/S

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The Annual Report has been presented and approved at
the Company's Annual General meeting on may 12th 2023

Peter Schriver
Meeting Chairman

Air Greenland A/S
CVR-nummer: 56 99 67 10
www.airgreenland.com
Postboks 1012
3900 Nuuk
Grønland

air greenland



The Group's key figures and key performance indicators (MDKK)

	unit	2018	2019	2020	2021	2022
Profit or loss:						
Turnover	MDKK	1.401,3	1.397,7	1.129,5	1.260,0	1.542,9
Profit or loss before interest and depreciation	MDKK	224,5	253,8	172,8	268,9	204,6
Profit or loss before financial entries	MDKK	79,1	112,9	45,2	156,8	89,7
Profit/loss before tax	MDKK	80,8	106,6	32,6	153,6	76,5
Net profit/loss for the year	MDKK	52,1	88,6	30,6	111,0	58,6
Balance						
Balance sum	MDKK	1.244,1	1.130,2	1.177,6	1.692,2	2.237,6
Equity	MDKK	717,9	488,8	506,8	647,6	692,5
Liquidity	MDKK	332,5	260,2	189,9	345,5	393,3
Long-term liabilities incl. short-term portion	MDKK	31,0	633,0	216,2	633,0	1.060,6
Net interest-bearing debt, adjusted*	MDKK	-272,6	315,6	153,7	315,7	692,7
Cash flows						
Cash flows from operating activities	MDKK	259,9	229,3	160,9	235,8	221,1
Cash flows from investment activities	MDKK	-117,7	-91,7	-264,4	-372,8	-600,8
Investments in tangible fixed assets	MDKK	126,2	95,6	289,5	398,5	620,3
Cash flows from financial activities	MDKK	-23,6	-210,0	33,2	287,0	427,6
Key performance indicators						
Operating margin, adjusted*	%	5,8%	8,2%	4,2%	12,7%	5,9%
Solidity	%	58%	43%	43%	38%	31%
Return on invested capital after tax (ROIC)	%	11,1%	12,5%	4,7%	14,4%	5,8%
Return on equity (ROE)	%	7,3%	14,7%	6,1%	18,6%	8,8%
Operating liquidity to net interest-bearing debt, adjusted*	%	-95%	73%	105%	75%	32%
Leverage, adjusted*	x	-1,2x	1,2x	0,9x	1,2x	3,3x
Traffic and environment data						
Number of flights	Number	44.411	36.195	25.250	32.999	34.614
Number of passengers	1.000	431	438	246	309	416
Offered seats-km, regular traffic	1.000	733.328	717.180	435.859	485.381	731.494
Cabin factor, regular traffic	%	77,5%	80,9%	59,4%	65,7%	78,6%
Offered tonne-km, regular traffic	1.000	91.793	88.989	54.329	61.264	87.598
Total load factor, regular traffic	%	64,2%	67,2%	54,8%	57,4%	66,9%
Flying hours in the air, total	Number	23.486	21.527	15.742	18.006	20.720
Carbon emissions, fuel	Tonnes	80.061	76.638	50.572	56.558	74.894
Employees						
Number of employees year-end	Number	631	637	544	578	653
Average number of employees	Number	661	677	606	574	653

* Adjusted according to the value of the operational lease

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Selskabsoplysninger

CRN/CVR number:	56996710
Ownership:	The Government of Greenland, Nuuk Greenland owns 100% of the Company
Shareholders' funds	24 mio. kr.
Auditor:	PricewaterhouseCoopers Grønlands Revision A/S
Management	Jacob Nitter Sørensen, CEO

Management statement

The Board of Directors and the Executive Board have today approved the annual report for the financial year 1 January - 31 December 2022 for Air Greenland A/S.

The annual report is prepared in accordance with the provisions of the Danish Financial Statements Act.

In our opinion, the annual accounts and consolidated accounts give a true and fair picture of the assets, liabilities and financial position of the Company and the Group as at 31 December 2022 and of the results of their operations and their cash flows for 2022.

In our opinion, the management report gives a true and fair view of the development in the Company's activities and financial circumstances, the result for the year and the Company's financial position, as well as a description of the most significant risks and uncertainty factors facing the Company.

The annual report is presented to the annual general meeting for approval.

Nuuk 16 March 2023

**EXECUTIVE
BOARD**

Jacob Nitter Sørensen
CEO

**BOARD OF
DIRECTORS**

Bodil Marie Damgaard
Chairwoman of the Board

Steen Jensen
Vice-chair

Anette Grønkjær Lings

Malik Hegelund Olsen

Malene Lyng

Johannes Groth

Claus Motzfeldt

Henrik Maule Steinbacher

Tina Chemnitz

Independent auditor's report

To the capital owners in Air Greenland A/S

Conclusion

It is our opinion that the consolidated accounts and annual accounts give an accurate and fair picture of the Group's and the Company's assets, liabilities and financial position as of 31 December 2022, as well as the result of the Group's and the Company's activities and cash flows for the 1 January - 31 December 2022 financial year are in accordance with the Danish Financial Statements Act.

We have audited the consolidated accounts and annual accounts of Air Greenland A/S for the 1 January - 31 December 2022 financial year, which includes the income statement, balance sheet, statement of changes in equity, notes, including accounting practices and cash flow statement, both for the Group and the Company (the "accounts").

Basis for the conclusion

We have carried our audit in accordance with international standards on auditing and the additional requirements applicable in Greenland. Our responsibilities in accordance with those standards and requirements are detailed in the auditor's report under the section "The auditor's responsibility for auditing the accounts". We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethical Conduct for Professional Accountants (IESBA Code), and the additional ethical requirements applicable in Greenland, and we have fulfilled our other ethical obligations under these requirements and the IESBA Code. It is our opinion that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Opinion on the management report

Our conclusion on the accounts does not include the management report and we do not express any form of conclusion on the certainty of the management report.

In connection with our audit of the financial statements, it is our responsibility to read the management report, and in this connection, to consider whether the management report is materially inconsistent with the financial statements, or our knowledge gained by the audit or otherwise appears to be materially misstated.

Our responsibility is also to consider whether the management report contains the information required under the Danish Financial Statements Act.

Based on the work performed, it is our opinion that the management report is in accordance with the consolidated accounts and annual accounts and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We have not identified any material misstatement in the management's report.

Management's responsibility for the accounts

Management is responsible for preparing the consolidated accounts and annual accounts, and that they give an accurate and fair picture in accordance with the Danish Financial Statements Act. Furthermore, management has the responsibility for the internal controls that management considers to be necessary in order to prepare the accounts without significant misinformation, regardless of whether it is due to fraud or error.

In preparing the financial statements, management is responsible for assessing Company's ability to continue operations, to provide information on aspects of continuing operations, where applicable, and to prepare financial statements based on the accounting principle of continuing operations, unless management intends to liquidate the Company, cease trading, or has no realistic alternative but to do this.

The auditors' responsibility for auditing the accounts

Our aim is to obtain reasonable assurance of whether the accounts, as a whole, are free from material misstatement, whether it is due to fraud or error, and to issue an auditor's report with a conclusion. A high degree of certainty is a high level of certainty, but it is not a guarantee that an audit that is carried out in accordance with international standards on auditing and the additional requirements applicable in Greenland, will always uncover significant misinformation when such is found. Misinformation can occur as a result of fraud or errors and can be regarded as significant if it can reasonably be expected that they individually or collectively have a bearing on the financial decisions that the users take on the basis of the accounts.

As part of an audit, in accordance with international standards on auditing and the additional requirements applicable in Greenland, we carry out professional assessments and maintain professional scepticism during the audit. In addition to the above:

- We identify and assess the risk of significant misinformation in the accounts regardless of whether it is due to fraud or error, design and perform audit procedures in response to these risks, as well as obtaining audit evidence that is sufficient and appropriate to provide a basis for our conclusion. The risk of not detecting material misinformation caused by fraud is higher than for material misinformation caused by error, as fraud may include conspiracies, forgery, deliberate omissions, misrepresentation or breach of internal control.
- We gain an understanding of the internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not to express an opinion on the effectiveness of the Group's and Company's internal controls.
- We will take a position on whether the accounting policies, which are used by management, are adequate and whether the accounting estimates and associated information, which the management has prepared, is reasonable.
- We conclude on whether management's preparation of the accounts based on the accounting principles of continuing operations is appropriate, as well as whether on the basis of the audit evidence obtained, there is significant uncertainty related to events or conditions that can create substantial doubt about the Group's and Company's ability to continue operations. If we conclude that there is significant uncertainty in our audit report, we will draw attention to the information in the accounts on this or, if such information is not sufficient, modify our conclusion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may mean that the Group and the Company can no longer continue operations.

- We will take a position on the overall presentation, structure and content of the accounts, including the note information, as well as whether the accounts reflect the underlying transactions and events in such a way as to give an accurate and fair picture of this.
- We achieve sufficient and appropriate audit evidence of the financial information on businesses or business activities of the group to use in order to express a conclusion on the consolidated accounts. We are responsible for leading, supervising and performing the Group audit. We have the sole responsibility for our audit conclusion.

We communicate with senior management about, among other things, the planned scope and the time of the audit, as well as substantial audit related observations, including any significant deficiencies in internal checks that we identify during the audit.

Copenhagen, 16 March 2023

PricewaterhouseCoopers

PricewaterhouseCoopers Chartered Accountants
CRN/CVR No. 33 77 12 31

Thomas Wraae Holm
Chartered Accountant mne30141

Grønlands Revision A/S

Chartered Accountants
CRN/CVR No. 41 76 26 67

Per Jansen State
Chartered Accountant mne21



Air Greenland's Board of Directors



Bodil Marie Damgaard (Chairwoman)

Board Member since 2016, appointed by the Government of Greenland.
Chairwoman since 2020

Business activities and directorships:

CEO, Nalik Ventures (2020)

Uddannelsesmæssig baggrund: Kandidat i Kommunikation fra RUC
BA i Virksomhedsstudier

Skills and experience: Kommunikation, markedsføring, HR, ledelse og strategi



Steen Jensen (Næstformand)

Board Member since 2019, appointed by the Government of Greenland.
Deputy chairman since 2020

Business activities and directorships: Lawyer and partner, Bech-Bruun
Board member Ikano Property FE A/S. Board member at Bech-Bruun
Advokatpartnerselskab and Bech-Bruun Komplementar ApS.

Educational background: LLM, University of London Master of Laws,
University of Copenhagen

Skills and experience: Stock and capital markets, finance, regulatory
affairs, company law, strategy and corporate governance



Malik Hegelund Olsen

Board Member since 2019, appointed by the Government of Greenland.

Business activities and directorships: Corporate Sustainability Mana-
ger, Royal Greenland A/S Chairman of the Board Kofoeds Skole Nuuk

Educational background: Graduate Diploma in Business Administration
(HD-O), University of Greenland (Ilisimatusarfik); Production Engineer,
Copenhagen University College of Engineering

Skills and experience: Strategy, sales, sustainability, personnel manage-
ment, project management



Malene Lynge

Appointed by the Government of Greenland and member of the Board
since 2021

Business activities and directorships:

Head of Communications at Greenland Airports (Mittarfeqarfit)

Educational background: Diploma in Strategic Corporate Communicati-
on, Communication Consultant, Traffic Assistant, HIS Operator

Skills and experience: Strategic corporate communication, change
communication, strategic management, personnel management, project
management, political management, civic representation, board work



Anette Grønkjær Lings

Appointed by the Government of Greenland and member of the Board since 2021.

Business activities and directorships: Business owner and manager Hotel Sisimiut ApS, Chairwoman of the Board Visit Greenland A/S, Chairwoman of the Board Arctic Circle Business

Educational background: Diploma in Business Administration

Skills and experience: Company management, strategy, destination development, marketing and hospitality.



Johannes Groth

Appointed by the Government of Greenland and member of the Board since 2022.

Business activities and directorships: Wholesale Manager, KNI A/S Board member, Nuummi Illorsuit Timersortarfiit (NIT)

Educational background: Certified coach Sportigan Silkeborg/Aalborg Business College (Retail). Shop trainee specialising in sports and leisure Silkeborg Business College, HG Ikast Business School Skills and experience

Skills and experience: Sales, Negotiation, Strategic purchasing



Henrik Maule Steinbacher

Employee elected since 2013

Business activities and directorships: Chief Pilot, Dash 8 (1997), Flight Instructor (2004)

Educational background: Pilot (1997)

Skills and experience: Management and strategy, air traffic, engineering



Claus Motzfeldt

Employee elected since 2017
(Employee elected 2005-2014)

Business activities and directorships: Senior mechanic (1996)

Educational background: Aircraft Mechanic, Dragør Aviation School

Skills and experience: Engineering, air traffic, management and charter



Tina Chemnitz

Employee elected since 2021

Business activities and directorships: Strategic Purchasing Manager, Air Greenland (2023), Logistic Manager, Air Greenland (2008) Purchasing Dept., Air Greenland (1998)

Educational background: Diploma Programme, Project Management IPMA D certification

Skills and experience: Management, aviation, LEAN, economics, negotiation, transport and logistics.



Chairwoman's greetings

2022 was the year when we were faced with highly unstable weather across the country and technical challenges with Air Greenland's aircraft fleet reached new heights.

It was also the year when, after two years of fewer travellers on the back of COVID-19, we saw record demand and record passenger numbers. These factors combined meant that employees in all corners of Air Greenland's vast organisation have had work impressively hard, and too many customers have faced unplanned and unwanted changes to their journeys. Let me tell it like it is: 2022 has been a challenging year for Air Greenland.

In case of an irregularity in the traffic programme, Air Greenland looks after the customer for the entire journey. This means that we always take care of our customers by offering accommodation, meals and rebooking of the journey, whatever the reason for the delay.

Later in this Annual Report, you will be able to read that the expenses for Air Greenland in this area were approx. DKK 100 million in 2022. It is a conscious choice to look after our customers throughout their journey because it is of great importance to the individual traveller, but also because it is a way in which Air Greenland can help to take social responsibility, safeguard the individual passenger throughout the journey and ensure a well-functioning and coherent aviation infrastructure.

In this respect, Air Greenland today delivers a product to and takes responsibility for our customers that is not available in many other places in the world.

Over the past few years, we at Air Greenland have worked purposefully with an ambitious fleet strategy, which in 2022 reached several important milestones. This matters to all of us, as every single group of Air Greenland's aircraft fleet fulfils a crucial task for and in our society.

When we replace our SAR helicopters with a newer model, it is to have the most modern and efficient equipment to maximise the safety and security of everyone travelling in our magnificent natural environment.

When we invest in another Dash 8, it is to ensure more robust operations in domestic traffic. When we renew the fleet with H155 helicopters, it is with the aim of providing the best possible service to our fellow citizens in the country's towns and settlements without airports with everything from food to post and cargo to vital medicine.

When we replace the aging King Air with a newer King Air, it is to create the safest and best conditions for both patients and the healthcare staff who are on the air ambulance flights we carry out throughout the country.

And when we choose to invest in a new Airbus 330-800, it is to secure Atlantic traffic for many years to come and at the same time give our passengers, both local and foreign, a good and competitive experience.

So, when we at Air Greenland talk about the fleet strategy, it is very much about our ability to create the best conditions for society and all our customers, and to continue to be able to do so in the future.



In December, the fleet strategy culminated when the historically largest investment in Air Greenland's history meant that we could take over the keys to a brand-new Airbus 330-800 aircraft.

Implementing a fleet renewal programme in an airline requires a solid financial foundation and competent financial management.

In other words, a robust economy at all times is a prerequisite for the Company's ability to develop continuously and adapt to the needs and requirements that the Company will face in the future in order to be able to fulfil the tasks that Air Greenland performs today.

All of the aforementioned fleet renewals have been done with sustainability in focus, and the execution of the fleet strategy has resulted in a significant reduction in the overall carbon emissions of the aircraft fleet, which we are proud of.

At Air Greenland, we have no doubt that sustainability will be a decisive parameter in the future, both in relation to our own younger generations' willingness to join the Company, in relation to our ability to attract external capital and in relation to which tourists we will be able to attract.

There is undoubtedly a great potential in tourism, and we must contribute to the joint development of tourism in the country in a way that favours economic, cultural, educational and environmental sustainability.

Air Greenland and its subsidiaries Greenland Travel, Hotel Arctic and World of Greenland can and will play a major and active role here.

However, if the ambition of Greenland as a green, attractive and sustainable destination is to be realised, this can only happen in close collaboration with the rest of society, Visit Greenland and all stakeholders in the tourism industry. We look forward both to working together and to making our contribution.

Going back to my introduction, we have always had to submit to the weather in our country. Safety is quite simply an essential condition at Air Greenland, and the aviation industry is heavily regulated by law in this area.

As for the technical challenges we have seen in 2022, the availability of spare parts combined with the Company's familiarity with new machines will hopefully alleviate much of this.

With the growing demand for travelling in and to our country, we need to adapt to the opportunities this brings and focus on the changes we expect to face in the coming years. It requires us to adapt, and we are aware of this.

However, I can also say that we are strong as a group. Both with our local anchoring throughout the country, with our focus on opportunities and development, and especially with the professional and dedicated people at Air Greenland.

Management report

Group profile

Introduction

The Air Greenland Group achieved a satisfactory profit of DKK 58.6 million after tax, which is DKK 52.3 million less than the record result in 2021. The trend of high demand and the so-called 'ketchup effect' from the second half of 2021 slowed down at the beginning of the year due to the high infection with the COVID-omicron variant and so fewer travellers both domestically and internationally.

2022 was indeed the year of contrasts, characterised by extraordinary high demand, but also extraordinary challenges with technical challenges and bad weather. Against this background, Air Greenland entered 2022 with a planned capacity of 90% of the international traffic offered in 2019, which was ambitious compared to neighbouring markets and Europe.

The year began with a massive spread of infection due to the Omicron variant, which led to a significant drop in passenger numbers, both domestically and internationally.

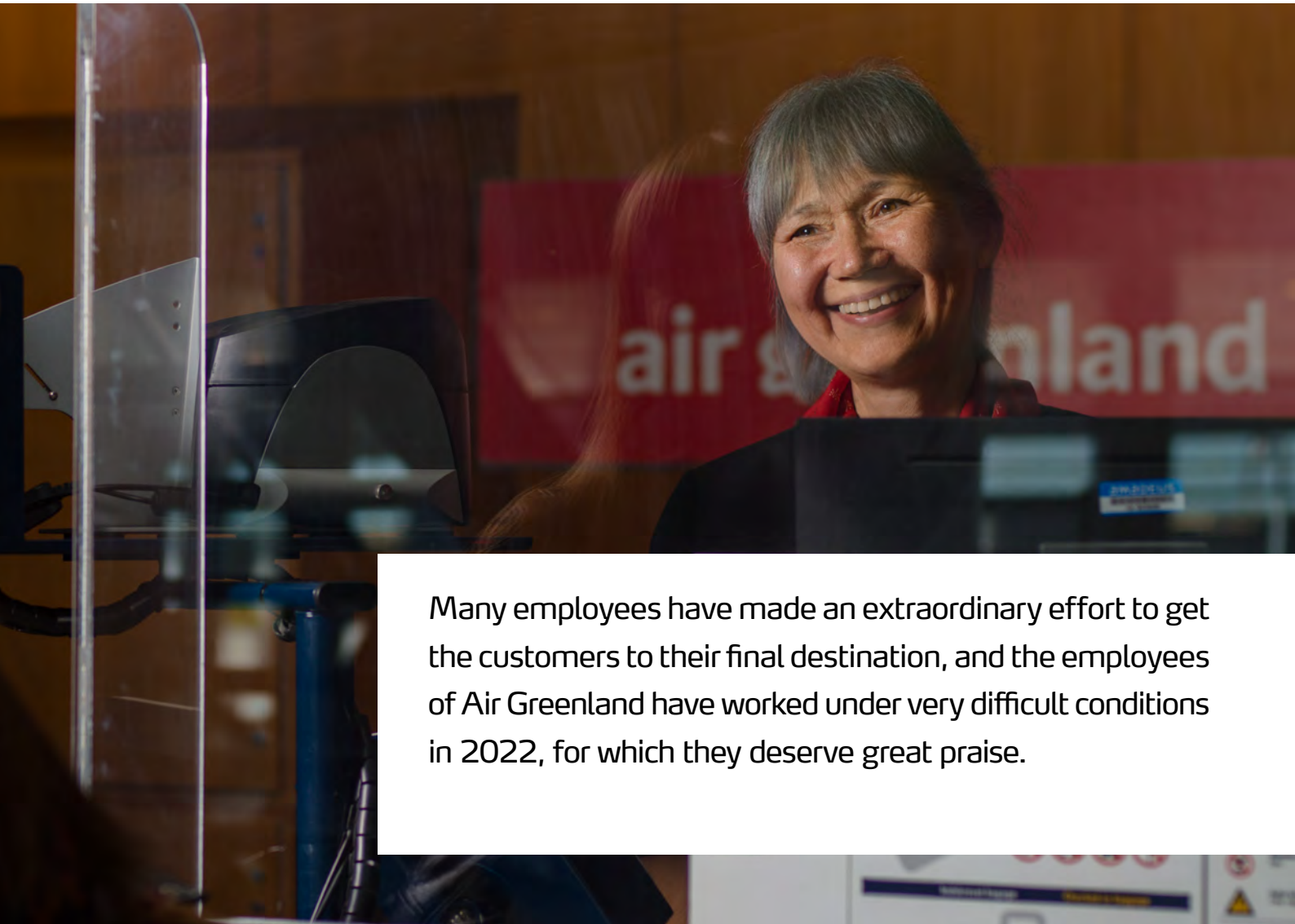
As more people received vaccines against COVID-19 and a large part of the population had been infected with COVID-19, the spread of infection was reduced, which meant that demand increased quite strongly from March 2022 onwards. Already at that time, it was decided to increase capacity to the extent possible.

Providing additional capacity for the increased demand proved difficult and this, combined with exceptionally bad weather, lack of or slow delivery of spare parts due to COVID-19, has led to far more technical cancellations than usual. This made 2022 an operationally extremely difficult year for the Company.

Air Greenland is used to operating in bad weather, but in combination with full aircraft and the technical challenges on the Dash 8 fleet in particular, a situation of disproportionate disruption was created, causing great inconvenience to many customers.

In case of cancelled flights due to weather, Air Greenland offers to accommodate passengers at the Company's expense, even though there is no legal obligation to do so, and it is not an industry standard. There is a clear ambition that customers should feel secure and that the Group takes care of the whole journey. This year, this principle has been particularly challenged and costly, and there is a clear ambition to do better. The large number of travellers, especially tourists, quickly filled up the existing hotel capacity.





Many employees have made an extraordinary effort to get the customers to their final destination, and the employees of Air Greenland have worked under very difficult conditions in 2022, for which they deserve great praise.

This made it difficult to accommodate stranded guests for periods of time, demonstrating the vulnerability of Greenland's reception apparatus. In direct irregularity costs, Air Greenland has spent more than DKK 100 million in 2022, which is more than double compared to 2019, which is considered a normal year.

On the other hand, it is extremely positive that in 2022 the Group will succeed in generating increased demand both locally and in the tourism segment. We succeeded in increasing demand in the low and shoulder seasons, and in general, 2022 has been characterised by great interest in Greenland and the Group's products, which customers reward with high satisfaction ratings.

The increased demand is having a positive impact on turnover and has compensated for the extraordinarily high irregularity costs.

The Group has managed to come out with a satisfactory profit of DKK 76.5 million before tax and DKK 58.6 million after tax.

This profit is mainly due to the extra passengers, but it has also been achieved thanks to a lot of staff who have worked hard and shown the necessary flexibility during a difficult period.

The spare parts situation improved in the latter part of 2022. To ensure greater resilience in operations, it was decided last autumn to add an eighth Dash 8 aircraft, which is expected to be available on 1 May 2023. Weather is expected to periodically become more and more challenging in the future, which Air Greenland is trying to adapt to.

As well as putting pressure on passengers, the high level of irregularity also puts pressure on staff, who have to work harder and cannot deliver the products they want. Therefore, it is expected that the eighth Dash 8 aircraft will not only benefit customers, but will also ease the pressure on the organisation, hence ensuring a better working environment.



Photo: Miki Jensen

In 2022, a large part of the fleet strategy was implemented. Major investments in H155 helicopters to replace the Bell 212 and the replacement of the Company's A330-200 took off in 2022. These investments are particularly important for the Company's future endeavours in the areas of sustainability, competitiveness and operational stability.

In 2022, three additional H155 helicopters were put into production in the service contract areas: Qaanaaq, Upernavik, Ummannaq, Ilulissat (winter) and Narsarsuaq. The phasing-in of H155 has been severely challenged by COVID-19 and its aftermath. This has particularly affected the spare parts situation and the retraining of pilots and mechanics.

In spring 2023, the sixth H155 will be put into production in Tasiilaq, and then a seventh H155 will be phased in, primarily to act as a buffer for major overhauls and technical challenges. After the final phase-in of the H155 helicopters, the last two Bell 212 helicopters will be sold.

Overall, there is a high level of satisfaction with the H155 helicopters. Passengers particularly appreciate the higher speed and better passenger comfort. The helicopters are expected to be used to maintain/fulfill the service contracts for many years to come.

In December 2022, Air Greenland took delivery of its latest aircraft investment, an Airbus 330-800neo, at a large and beautifully organised event in Toulouse and Kangerlussuaq.

The A330neo is a state-of-the-art aircraft with the latest engine technology, placing Air Greenland at the forefront of sustainability, product and efficiency. The aircraft reduces the total carbon footprint per passenger by about 20% and is prepared for the sustainable fuels of the future, also known as Sustainable Aviation Fuel (SAF).

The aircraft was built by Airbus and the engines supplied by Rolls Royce, while Air Greenland itself designed the interior, entertainment system, seats and more. The result is a great achievement and a big thank you goes to all the staff and partners involved in making the project a huge success. In early 2023, Wi-Fi will be installed in the aircraft so that customers can also enjoy internet on board at a time when access to a network is essential.

Air Greenland is now nearing the end of its ambitious fleet renewal programme. In 2022, an agreement was also signed with Airbus Helicopters to purchase nine H125 helicopters to replace its current AS350 helicopters. The helicopters are primarily used in the charter segment for mineral exploration, and the new helicopters provide mineral exploration companies with even better conditions to operate efficiently, as they can, among other things, lift more. The nine helicopters will be phased in during 2023 and 2024, and the Company's three leased AS350 helicopters are expected to be returned to the owner at the end of 2023.

The fleet replacements in recent years and with the upcoming H125 helicopter investments entail total aircraft investments totalling almost DKK 1.5 billion. In 2021, Air Greenland achieved a satisfactory financing through the issuance of US corporate bonds for DKK 1.14 billion, of which DKK 485 million was paid out in 2022.

The financing was recognised in May 2022 when Air Greenland won the "European Financing Deal of the year" award, which is a great recognition of the dedicated efforts to secure the financing.

The many new investments, changes in debt, a balance sheet of over DKK 2 billion and a strategy to develop tourism in Greenland through an increased value chain will re-



Photo: Kasper Zeeb

quire continued investments. With a strategy to develop tourism in Greenland through an increased value chain, continued investments will be required.

As aircraft investments are realised, there will be some scope for further investments in the value chain. Investments will be used to expand Glacier Lodge Eqi, to establish a new lodge in Aataa in the subsidiary World of Greenland and a new hotel concept in Ilulissat through the subsidiary Hotel Arctic. These investments are necessary to promote tourism and to ensure sufficient hotel capacity and infrastructure for years to come.

Air Greenland wants to be an attractive company for owners, customers, employees, but also for lenders. Much of the necessary fleet replacement has been done with borrowed money that has to be repaid over time, which requires robust finances. The sooner the payback is realised, the sooner further investment in tourism development can be made.

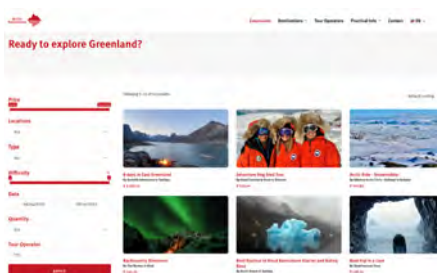
The number of tourists choosing Greenland as a destination is increasing and Greenland is poised for further growth with the opening of the new airports in Nuuk and Ilulissat by the end of 2024. The potential is great but requires further

investment in experiences and reception capacity. As part of the work to create experiences and raise awareness of Air Greenland, Air Greenland and the world-famous Faroese restaurant KOKS entered into a collaboration in 2022, where KOKS temporarily moved to Ilimanaq Lodge, which is owned and operated by World of Greenland.

The establishment of the restaurant has been a close collaboration between KOKS, Hotel Arctic and World of Greenland and has been an overwhelming success in 2022. The restaurant received 2 Michelin stars. The collaboration will continue in 2023.

As part of increasing tourism in Greenland, a strategic agreement was also signed in 2022 with Icelandair for expanded collaboration in the future.

The agreement will mean more choice for customers and easier access to Greenland for tourists and other visitors, while local travellers will have easier access to international destinations. Together with a number of other commercial measures, this initiative will facilitate access to Greenland and contribute to increased growth in 2023.



Highlights 2022

- The spring of 2022 was characterised by a large spread of infection with the Omicron variant throughout the country. The infection caused low demand until March, and in May the last restrictions were lifted.
- The year was characterised by unusually unstable weather and a major shortage of aircraft spare parts from around June onwards. These challenges led to many disruptions for customers and challenged the timetable.
- In May, Air Greenland received a prestigious international award “European Editor’s Deal of the year” for the loan agreement that finances the Company’s fleet renewal programme.
- In July, Air Greenland signed a purchase agreement with Airbus Helicopters for the purchase of nine H125 helicopters. The first will be delivered in autumn 2023 and will eventually replace the AS350 helicopter type.
- The phasing-in of H155 helicopters, replacing the Bell 212, was almost completed. The change has partly required the retraining of pilots, which has had to be done while maintaining the operation of the Bell 212. H155 has been challenged by a lack of spare parts due to COVID-19. However, by the end of the year, the situation has improved, and the experience base has increased. There is therefore great confidence in the shift.
- The Faroese internationally recognised Michelin-starred restaurant KOKS had a successful opening in Ilimanaq and deservedly added two Michelin stars to its entrance sign.
- An opening ceremony was held in Air Greenland’s hangar for the more than 400 participants of the travel trade show, Vestnorden 2022, in September, and the partnership agreement with Visit Greenland was extended for another 3 years.’
- To improve and strengthen the network, in September Air Greenland announced a new route from Billund to Kangerlussuaq, starting in March 2023. Furthermore, a Letter of Intent has been signed for a codeshare agreement with Icelandair until 2023.
- A main sponsorship agreement has been signed with the Sports Confederation of Greenland to fly Arctic Winter Games participants in 2023, and a new three-year main sponsorship agreement has been signed with Nunatta Isiginnaartitsisarfia - The National Theatre of Greenland.
- Five new collective agreements have been entered into with four trade unions in 2022. Although a strike was announced, Air Greenland and the parties managed to reach an agreement and avoid affecting flights.
- Within the Group, the Greenland Travel received an award as Denmark’s most recommended company by Relationwise. This was particularly appreciated after COVID-19.
- The Arctic Excursions portal was launched and well received by operators and customers. Here, interested operators can sell their products under their own name, thereby making greater use of the Group’s sales network.
- Tuukkaq was flown home and commissioned in December 2022 with a large and impressive event in Toulouse and Kangerlussuaq, which received international attention.



Photo: Lars Kleemann-Andersen

Financial development



Photo: Lars Kleemann-Andersen

Profit before tax for the year is DKK 76.5 million, which is in line with expectations for the year of DKK 70-80 million, and DKK 77.1 million lower than in 2021. 2022 has, as mentioned in the introduction, required significant adaptability, as the demand after COVID-19 came back significantly faster than expected, combined with significantly more bad weather and more technical challenges than Air Greenland has previously experienced.

By 2022, international route capacity has increased by 60% compared to 2021 and increased by around 20% compared to the initial expectations for the year. The total seat capacity offered thereby exceeded 2019, despite the first months of the year being negatively impacted by COVID-19.



Net revenue

The Group's net revenue has increased by 22%, corresponding to DKK 282.9 million compared to 2021, of which passenger revenue amounts to DKK 211.3 million. Charter income has increased by DKK 11.2 million. The increase is less than expected, which is primarily due to the fact that the mineral exploration companies have also been negatively affected by bad weather and the after-effects of COVID-19.

Cargo and post income has increased by 4%, corresponding to DKK 4.2 million. As a result of society's increased digitalisation, post income is naturally declining, while a positive development is seen in cargo income. The widespread irregularity has had a negative effect on cargo due to shortfalls in deliveries caused by a lack of available capacity. There will be increased focus on this in the future to ensure better confidence in expected delivery times per cargo product.

Other traffic income has decreased by DKK 20.6 million, which was expected and is primarily due to a reorganisation of the passenger ticket structure to semi-flexibility, which means that far more tickets can now be changed. This has led to a decrease in the number of unused tickets as more tickets are now being changed.

Staff and other external costs

At Air Greenland, the number of employees has increased as expected, and by the end of 2022 there are 43 more employees than in 2021. The number of full-time employees has also increased by 43 in Air Greenland, and the group has 16 more full-time employees than in 2019.

The employee turnover rate at Air Greenland is 8%. Given the high number of new recruitments and the pressure on the organisation, the speed of staff turnover is satisfactory.

External costs have increased by DKK 278.9 million, corresponding to an increase of 48%. The increased activity naturally increases costs, but this includes direct irregularity costs of DKK 108 million, which have increased by almost 90% and increased by 130% compared to 2019, and an increase in fuel of DKK 65 million, corresponding to 65%. Except in Kangerlussuaq and Thule, fuel prices in Greenland have remained stable via Polaroil, a unit of KNI A/S, while prices in the other destinations have increased.

The frequent irregularity and the resulting high number of unplanned changes have increased costs in 2022. Therefore, in 2023, there is an increased focus on "stable operations" to help deliver a better customer product and reduce unplanned costs.



Greenland Travel

Greenland Travel, which is the Group's travel agency, organises both business and tourist trips and has had another satisfactory year with a profit before tax of DKK 8.9 million and DKK 5.6 million after tax. The Company has its head office in Copenhagen and sales offices in Nuuk, Sisimiut and Ilulissat.

Total activity in 2022 has increased by 44% compared to 2021, and 8.5% compared to 2019, due to an increase in both business and tourist travel. For business travel, the Company can provide differentiated solutions from self-service to full service, combined with access to good statistical data that always provides the customer with a satisfactory overview, and the flexibility of the product offering ensures a good customer intake.

For tourist travel, 2022 has been the biggest year for Greenland Travel, and compared to 2019, activity has increased by 26%. Greenland Travel sends tourists to Greenland all year round, not just during the high season. The majority, 60% of their customers travel outside the high season (June, July and August). The large number of off-season tourists has greatly facilitated the development of attractive products in the shoulder seasons, which in turn has boosted year-round tourism.

In 2022, Greenland Travel has developed a new sales platform for day trips and activities in Greenland, Arctic Excursions. Via the platform, tourists can search for excursions/activities in the individual towns and settlements and can hence plan their own activities and excursions while travelling. The platform brings together excursions and activities from all over the country and markets the products in the name of each operator.

The tourist can book and pay for the excursions via www.arcticexcursions.com while the individual operators who have products on Arctic Excursions can manage their own products and track sales via an app.

By the end of 2022, there are more than 100 activities and excursions for sale, and over 30 operators in Greenland have put their products on sale. The product also aims to help smaller operators to become visible to the tourist, and therefore to make even more operators successful with their products.

World of Greenland

As of 1 November 2022, World of Greenland was transferred from Greenland Travel to Air Greenland, so all subsidiaries are now directly under Air Greenland. The Company has delivered a satisfactory profit of DKK 1.2 million before tax and DKK 0.9 million after tax. World of Greenland, operating in Ilulissat and focusing on the end experience for the tourist, has continued their focus on operating and product development of the existing lodges in Eqi, Ilimanaq and the newer Igloo lodge.

Igloo lodge burned down in the summer of 2022, but with quick action, the lodge has been rebuilt and will be ready for January 2023. The many tourists in the country have naturally created a high level of activity, and together with a committed group of employees at World of Greenland, quality experiences have been delivered that can form the basis for further investments in the Company.

Glacier Lodge Eqi has always had a very high occupancy rate during the opening period from mid-June to early September. It has therefore been decided to increase the number of cabins by a further nine units and to upgrade the other cabins so that from the 2024 season all cabins will have a shower and toilet.

Also in 2022, the Company has prepared a complete business case for the establishment of a new year-round lodge at the settlement Kapisillit in the Nuuk fjord. The product is judged to have the right potential and could create sufficient reason to go. Therefore, opportunities for co-investors are being explored.





Hotel Arctic

is a 4-star hotel in Ilulissat with 5-star conference facilities. In 2022, it has delivered a satisfactory profit of DKK 5.3 million before tax with a room utilisation rate of 70% despite a slow start to the year due to COVID-19 restrictions. The Company also managed to generate higher activity outside the absolute peak season, which is June-August.

With the combination of the initiatives already initiated and the continued focus on improving the customer experience, as well as developing a good and committed organisation, there is an expectation that both the Company and the customer experience will become even better.

Hotel Arctic is known for using local Greenlandic ingredients and gastronomy in the hotel's restaurant. It was therefore natural that the Company once again supported its sister company World of Greenland in ensuring good food experiences in Egi Lodges and in the preparations for the construction of the two-star Michelin restaurant, KOKS, in the settlement of Ilimanaq. In addition to the close collaboration ensuring the best possible customer experience, employees also become more aware of finding good solutions that go beyond what is normally possible.

The hotel chose to retain most of its staff during the COVID-19 pandemic. This has meant that Hotel Arctic has been able to handle high growth in the tourist segment while continuing the development and maintenance of the hotel. Among other things, the hotel's main entrance has been widened, meeting rooms renovated, and the terrace improved in 2022.

It was planned that in autumn 2022, the Company would expand its capacity by 10 apartments. However, this was not possible due to a general lack of housing in Ilulissat. The apartments are now expected to be handed over for letting from summer 2023.

In 2023, seven new Northern Lights cabins will also be commissioned. The Finnish-made cabins are mainly made of glass and will provide a unique experience, even in winter. The cabins are another initiative to increase the reason-to-go for visitors, especially outside the high season, so that more small-scale tourism operators can also have year-round employment.

Norlandair

The Icelandic associated company Norlandair once again proved its unique position in the market and delivered a satisfactory profit of almost DKK 9 million after tax out of a turnover of almost DKK 90 million. The company has also regained a high level of activity after COVID-19, and Air Greenland is very satisfied with the collaboration with the company.





Risk management

Risk management is part of the working day and it ensures Air Greenland, our owners and the surrounding community maximum benefit and return on our strategic priorities and objectives. Management continuously identifies Air Greenland's specific risks that may affect the Company positively as well as negatively. We address and follow up on the identified risks in the company's senior management so that we can continuously manage them, including through policies and initiatives.

Overall

We prioritise each identified risk according to impact and likelihood. Identification and prioritisation are exercised firmly throughout the year by management. As risk management is dynamic and changes continuously throughout the year, the following overview is not exhaustive of management's focus, but highlights the main overarching themes for 2021.

The strategic risks should not be confused with the company's management of flight safety, which is managed separately through the Company's Safety Management System.

Strategic risks

The new modern international airports in Nuuk and Ilulissat are expected to be operational in autumn 2024, followed by a regional airport in Qaqortoq in 2025. This represents a fundamental change in the airborne infrastructure, which Air Greenland is in the process of adapting to.

Macroeconomic development

In the wake of COVID-19 and Russia's invasion of Ukraine, the world has been hit by a new economic situation, with rising interest rates, high fuel prices and uncertainty about a potential global recession.

Therefore, in the current situation, it is difficult to predict travel patterns in the next few years. Nevertheless, Air Greenland believes that Greenland will be an increasingly popular destination and that Air Greenland, together with other stakeholders, can continue to make Greenland even more attractive, not least in the form of sustainability initiatives.

Due to the uncertainty of market developments, booking inflows and consumer behaviour are closely monitored in order to make the necessary adjustments.

New competitive situation

With the opening of the new airports, Air Greenland is facing a new competitive situation with more operators on international routes. In principle, Air Greenland welcomes competition, as competition usually benefits consumers in the form of lower prices and better products.

To ensure that Air Greenland is ready for the competition, the company took a new modern A330neo aircraft into service in December 2022. With the new aircraft, Air Greenland will be able to offer customers a state-of-the-art product with the lowest carbon consumption per seat on the market. Furthermore, Air Greenland has decided to blend 5% sustainable fuel in the tank on all international flights with the A330neo by 2023. Together, this puts Air Greenland in a favourable position in terms of product, efficiency and sustainability.

Reception capacity in Greenland

The main growth in the travel industry in Greenland in the coming years is expected to come from tourism. Greenland has an attractive brand and is a popular destination. However, there is a significant strategic challenge in the overall reception capacity in Greenland in terms of hotels and experience offers. Ilulissat is already close to sold out throughout the summer period, and other towns such as Nuuk and Sisimiut are also experiencing periods of pressure on accommodation capacity.

In addition, there is still a relatively small range of quality offers for tourists compared to other countries. Therefore, the expectation is that growth will be organic and incremental. Air Greenland also assesses where it is both socially and financially advantageous for the company to invest in the value chain.



Operational risks

Running an airline in Greenland is operationally very demanding. The aftermath of COVID-19, more extreme weather conditions and recruitment challenges have not made it any easier. This was very much the case in 2022, which operationally has been the most challenging year in the Company's history.

A combination of significantly higher demand, shortage of spare parts and historically bad weather made 2022 a very difficult year for both Air Greenland and its customers. Many customers found themselves stranded for an unreasonable amount of time, while a lack of accommodation capacity meant that it was difficult to find accommodation for the many stranded passengers.

In addition to being unsatisfactory for customers, it also put Air Greenland's employees in a difficult and pressurised situation, which has a negative impact on employee satisfaction. Operationally, the main focus in 2023 is therefore to ensure stable operations for the benefit of customers, employees and the Company.

Stable operation

Stable operation means sufficient capacity and resources to withstand irregularities caused by bad weather and technical problems. The 2023 timetable has been adjusted to provide more opportunities to deal with irregularities.

In 2022, it was decided to purchase an additional Dash 8 aircraft and an additional H155 helicopter as a backup to ensure sufficient resources in the operation to have a buffering capacity.

Operations in 2023 are expected to be more stable than in 2022, although challenges remain with spare parts on the world market and expectations of more extreme weather conditions. Finally, securing accommodation for customers during irregularities will only become more difficult as the number of travellers increases, while accommodation capacity will not be expanded in places such as Kangerlussuaq, where the problems have been greatest.

Dealing with customers in case of irregularity

In international aviation, airlines are not required to compensate passengers for irregularities related to bad weather. This is where Air Greenland sets itself apart, as it always provides accommodation, meals and reorganises itineraries in case of bad weather.

This is a major cost for the Company, but at the same time an excellent service for customers. In the event of irregularity - whatever the cause - it is of great importance for customers that the Company can ensure clear, accurate and timely communication about causes, plans and the services we offer. Together with stable operations, this is a crucial area of development for Air Greenland in 2023.



The future of Kangerlussuaq

Today and until the opening of the new international airports, Kangerlussuaq serves as the gateway to Greenland and is Air Greenland's main hub. With the future of the airport and the settlement still undecided, Kangerlussuaq represents a major operational risk as it is increasingly difficult to recruit staff for Kangerlussuaq.

Therefore, in 2023, Air Greenland will implement alternative staffing plans to ensure continued operation of Kangerlussuaq until the opening of the new airports.

Employee satisfaction

In 2022 and during COVID-19, employees have experienced increased pressure, increased insecurity and many changes that have led to a decrease in employee satisfaction, especially among flight crews and mechanics. A number of initiatives have been launched to work constructively with employee satisfaction and to ensure that as many people as possible at Air Greenland go to work happy and feel that they get the recognition for their efforts that they deserve. Senior management has prioritised the following three areas in relation to the work on employee satisfaction:

- Stable operation
- Trust in senior management
- Support for immediate managers

The ambition is to increase employee satisfaction in 2023 compared to 2022.

Financial risks

Liquidity and financing needs

In 2021, funding of DKK 1.14 billion was agreed via the US bond market (USPP). Of this, DKK 655 million was paid out in 2021 and the remaining DKK 485 million was paid out in 2022.

The financing has been crucial for the fleet replacement programme that has been initiated but has also ensured a simpler debt structure for the Group, which is currently financed solely through the bond market.

All current loans are long-term, in Danish kroner (DKK) and at fixed interest rates, thereby reducing interest rate and currency risks.

With the initial planned investments, no additional financing is needed, but new investments will require additional borrowing.

Currency hedging provides security

Air Greenland operates almost exclusively with the currencies DKK, EUR and USD, and the need is hedged continuously throughout the year against exposure to currency fluctuations via hedging for up to 24 months. Applied currency hedges are done via fixed price agreements through SWAPs, Forwards, Futures or similar financial instruments.

Safeguarded against fluctuating fuel prices

Fuel is a significant part of our total costs, and our fuel risk management is designed to protect the business against large fluctuations in market prices.

For Air Greenland, the atypical situation in the industry is that we buy a significant proportion of our fuel for internal production in Greenland outside Kangerlussuaq, which cannot be guaranteed.

Our consumption of jet fuel out of Denmark is continuously hedged through fixed price agreements with 40-80% for 0-12 months and 0-40% for 12-24 months.



Photo: Kasper Zeeb

Tuukkaq and Norsaq side by side for the very first and sole time on 8 December in Kangerlussaaq

Safety

The year is characterised by another major adjustment, this time back to a high level of activity. With the COVID-19 pandemic behind us, there was an expectation of normalisation, which changed after a year of record activity.

However, both planned and some unplanned audits, which help to ensure organisational compliance with external and internal standards, were carried out satisfactorily. Reporting has also normalised and is now stable at pre-COVID-19 levels.

2022 was also the year when it was decided to introduce IOSA as another standard at Air Greenland. Safety is at the forefront of the project, which is expected to be finalised by mid-2024. The project is well underway and will in every way affect the way the department and the Company work in the years to come.

At the end of the year, we received the results of an analysis of Air Greenland's safety culture, conducted in collaboration with an internationally recognised provider, Hogan. The measurement, together with other internal measurements, will help to define the work on safety in the future.

Our customers can - as always - expect a high level of safety when choosing Air Greenland.



On 9 May 2022, Air Greenland received an award for the loan financing agreement that finances the company's fleet renewal. The "European Editor's Deal of the year" award is an acknowledgement from professionals who deal exclusively with finance in the aviation and leasing industry.

Air Greenland's CFO, Mogens Jensen, accepted the award on behalf of Air Greenland.

Did you know that:

The International Air Transport Association, IATA, has a programme for operational safety audits, commonly referred to as IOSA.

It is an internationally recognised and accepted evaluation system designed to assess an airline's operational management and control systems.

	AMT	Technical Department	Operations	Commercial	HR	Finance
2019	Level 3	Level 3	Level 2			
2020	Level 4	Level 4	Level 3	Level 2	Level 2	Level 2
2021	Level 5	Level 5	Level 4	Level 3	Level 3/4	Level 3
2022	Level 5	Level 5	Level 5	Level 4	Level 5	Level 4
2023	Level 5	Level 5	Level 5	Level 5	Level 5	Level 5
2024	Everything is seen in value streams Suppliers involved in our processes Excellent project management Kata Coaching Project governance fully implemented					

LEAN transformationen in Air Greenland



Every Tuesday and Wednesday, relevant departments meet for a whiteboard meeting that includes reports developed according to LEAN principles.

Lean

2022 has been operationally very challenging, which is why much focus has been on basic support in relevant departments combined with strengthening the forward-looking development and structure. This has resulted in the following activities:

- Lean training and certifications: 60% of all managers have attended the Lean intro and 83% of relevant managers are now certified in Lean advanced.
- Project Governance: Has improved the overview and strengthened the management of major projects that are underway, which are brought together and coordinated at senior management level.
- Performance measurement: Increased focus on the cross-disciplinary processes, including more behaviour-driving KPIs, and increased focus on early warning actions. Performance has stabilised after a hectic and busy summer.

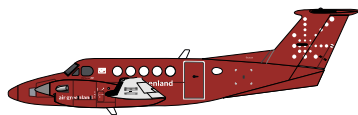
Lean continues to have a strong focus on operations in order to identify the measures that together can deliver the stable operation that is also the main theme for 2023. In order to deliver stable operations, the focus will be on the value stream at Air Greenland, where especially scheduling and dispatching are crucial.

Further lean transformation is still on track. However, we can see from our 2022 performance that there is a need to strengthen efforts in a number of areas and increase the understanding of lean for certain staff groups at Air Greenland.



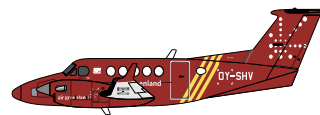
Photo: Inga Dóra Guðmundsdóttir / Markussen

The fleet and contracts



King Air 200

2019 →



King Air 250



Sikorsky S61

2020 →



H255

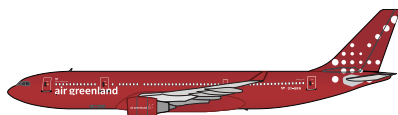


Bell 212

2021 →



H155



Airbus 330-200

2022 →



Airbus 330-800

The fleet

Since 2019, Air Greenland has been undergoing a significant fleet renewal, which is also the main reason why the Group's balance sheet has grown in recent years.

In 2019, the Company's King Air 200 was replaced with a new King Air 250, which has since been assigned to the Greenlandic Health Service for evacuations and similar transport needs in Greenland.

In 2020, the last two S61 helicopters were replaced by two H225 AWSAR helicopters, which from 2021 have been performing Search and Rescue in Greenland on behalf of Danish Defence (the unified Danish armed forces).

In 2021, new 10-year service contracts were signed with the Government of Greenland, enabling the replacement of the Company's seven Bell 212 helicopters with H155 helicopters. The replacement started in 2021 and the last two H155 helicopters are expected to be phased in during the first half of 2023. After that, the fleet will consist of seven H155 helicopters.

In 2022, a new Airbus 330-800neo transatlantic aircraft was phased in. The aircraft will replace the current 1998 Airbus 330-200, which will be sold at the beginning of 2023. The Company's new transatlantic aircraft, named "Tuukkaq", entered scheduled operations on 19 December 2022 to the great satisfaction of both customers and Air Greenland.



Contracts

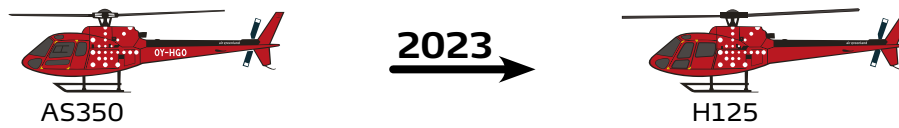
Air Greenland appreciates the current agreement to with air ambulances in Greenland and to coordinate evacuation flights when needed out of the country. There is a clear focus on ensuring the right availability of aircraft, but also on ensuring that the day-to-day coordination and execution is as simple and efficient as possible for all parties.

The service contracts with the Government of Greenland include helicopter services in the areas around Qaanaaq, Upernavik, Uummannaq, Ilulissat (winter), Sisimiut (winter), South Greenland, Tasiilaq and Ittoqqortoormiit, as well as a fixed-wing contract between Upernavik and Qaanaaq. The agreements run until 2030, with the option of a two-year extension.

However, this does not apply to South Greenland, where the current contract will be renegotiated when the runway in Qaqortoq is expected to be completed by the end of 2025.

The service contracts are primarily operated with H155 helicopters, and traffic operations are closely coordinated with the rest of the route network. In 2022, the areas have generally been challenged due to some irregularity, which is expected to be reduced after the 155 helicopters are fully phased in.

Moreover, less irregularity is foreseen thanks to increased capacity in terms of navigation and through a better experience base in the use of H155 helicopters, which together are expected to create a more stable delivery.



Initiatives in 2023

In 2022, an agreement was also signed with Airbus to purchase nine H125 helicopters to replace the current nine AS350s helicopters, three of which are on operational lease and are expected to be returned by the end of 2023. The first H125 helicopters are expected to be delivered at the end of 2023, and then on a rolling basis in 2024.

During 2023, a decision will be taken on whether to retain some AS350 helicopters in the fleet, which will be driven by market demand.



In 2022, it has also been decided that an additional Dash 8-200 will be purchased, with the primary purpose of supporting a more stable operation than has been the case in 2022.

This aircraft is expected to be phased in from 1 May 2023.



Air Greenland's agreement with the US Air Force on the operation of Thule Air base from both Copenhagen and Kangerlussuaq expires in 2023, which is why the contract is expected to be put out to tender in early 2023.

Air Greenland is very satisfied with the collaboration and therefore hopes to retain the contract.



Foto: Lars Kleemann-Andersen

Helicopter simulator training in Nuuk

In 2022, an agreement was also signed for the purchase of two simulators for the training of H125 and H155 pilots.

Both simulators will be located in Nuuk and are expected to be operational by mid-2023. The simulators make it possible to organise training much more flexibly, but also to train more in a simulator and less by flying. This is generally expected to increase the level of competence while avoiding carbon emissions from training flights. Furthermore, training costs are expected to be reduced.



The market

The high number of people infected with the COVID-19 Omicron variant, both at home in Greenland and abroad at the beginning of the year, had a negative impact on demand.

In February 2022, the Greenlandic authorities reintroduced the requirement to present a Covid passport for domestic travellers and travellers on the Atlantic route between Greenland and Denmark. The requirement was later removed, which was a contributing factor to more customers choosing to travel. Demand then increased significantly from March on both domestic and international routes. At the end of May, the Greenlandic authorities lifted all travel restrictions and the work to get back to 2019 levels started in earnest. This development exceeded all expectations as travellers' appetite for travel returned much faster than expected.

In 2022, passenger growth was driven to a greater extent by holiday travellers compared to the composition of travellers in 2019. Early sales efforts to groups and leisure travellers paved the way for demand, while capacity to meet late sales, consisting mainly of business and essential travellers, was gradually increased.

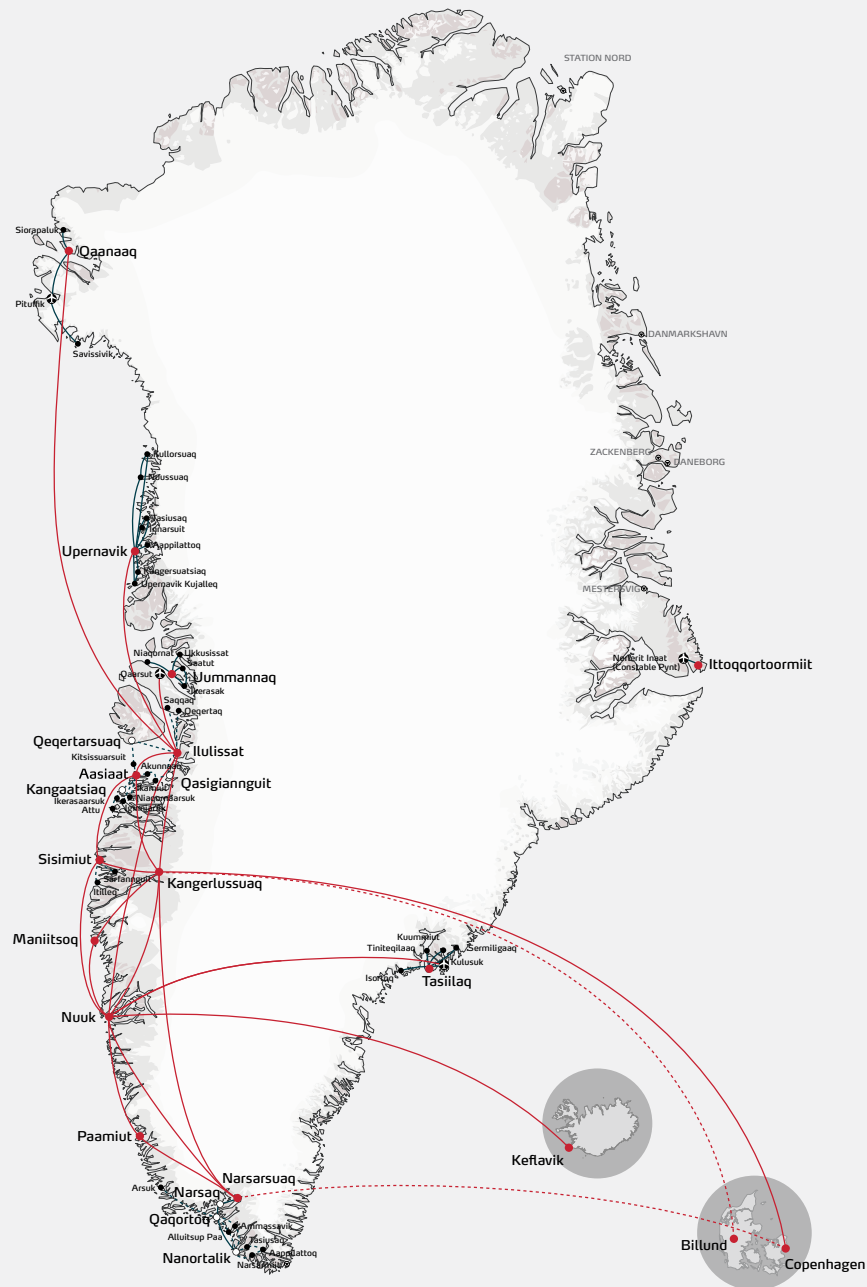
On the domestic network, the share of travellers on the cheapest ticket type Takuss and group tickets almost doubled compared to 2019. The trend covers the entire network, including the route between Nuuk and Kulusuk, as well as the northbound domestic routes out of Ilulissat.

The increase in demand for holiday travel to Greenland in 2022 was high and is estimated to be driven by a combination of pent-up travel demand after COVID-19 and an increased interest in Greenland. Growth was more successfully spread out from the peak season, June-August, to the shoulder season, when hotel capacity was available.

One of the initiatives that boosted the desire to travel was the marketing of Fly 'n Sleep, a one-way ticket to or from one of the three largest towns; Ilulissat, Sisimiut or Nuuk and Copenhagen, where the traveller spends the night in Kangerlussuaq at their own expense. The price of a Fly 'n Sleep one-way ticket was DKK 1,995 when it was launched in 2021 and was reduced to DKK 1,595 in the autumn of 2022.

Fly 'n Sleep utilises the available seat capacity on early flights from Kangerlussuaq and late flights from the towns where the flights do not connect with the Atlantic route on the same day.

In 2022, around 8,500 Fly 'n Sleep tickets were sold, and although the journey time is longer, this suggests that customers are happy with the product. From March 2023, Fly 'n Sleep tickets will also be valid on the route to and from Billund.



The route network

Air Greenland conducted a market survey among its customers, which led to a decision to expand the route network with direct flights to and from Billund in 2023. The market survey showed that a large proportion of travellers on the Atlantic route have Jutland as the starting point or final destination of their journey.

Billund Airport has prepared supporting analyses that confirm that there is a passenger base in the catchment area of the airport for the route between Billund and Kangerlussuaq. The route, operated by Jet Time, will open on 29 March for Easter and will operate until 11 October 2023.

In 2022, an extra flight was added on 21 December and 4 January between Narsarsuaq and Copenhagen for the Christmas traffic. This is an advantage for many customers in South Greenland, especially the many continuation school pupils and students going home for the Christmas holidays.

Unfortunately, the demand for the additional flights was not satisfactory.

In the 2023 timetable, there will be direct flights between Copenhagen and Narsarsuaq from 30 March to 21 September.

Air Greenland and Icelandic airline Icelandair signed a letter of intent for increased strategic collaboration through codeshare. The collaboration will create better connectivity for Greenland and make it easier for customers to travel on Icelandair's extensive route network between Keflavik and, among other places, North America and Europe. An internal certification process has been initiated, which is a prerequisite for implementing the collaboration and the process.

The new route and timetable measures were announced at the Vestnorden 2022 travel trade show, which was held in Nuuk from 19 to 21 September. The announcement was favourably received by travel agents.



Tourism

Air Greenland supports the sustainable development of tourism in Greenland by, among other things, entering into strategic partnerships with stakeholders in the tourism industry. Therefore, it was vital for Air Greenland to be able to participate in dialogue meetings about the future airports, where opportunities and challenges were discussed with local tourism operators, municipalities and citizens. The dialogue meetings were held during 2022 in Qaqortoq, Nuuk, Sisimiut, Aasiaat and Ilulissat, and were organised by the Government of Greenland with participation from Kalaallit Airports and the national tourism board, Visit Greenland.

In June, Air Greenland and Visit Greenland extended the 3-year framework agreement for the fourth time. The agreement aims to create a joint effort to boost year-round tourism, build support and help develop a professional network in the tourism industry. The parties agree to intensify the promotion of Greenland as an adventure destination in the North American market and the neighbouring markets in Denmark and Europe.

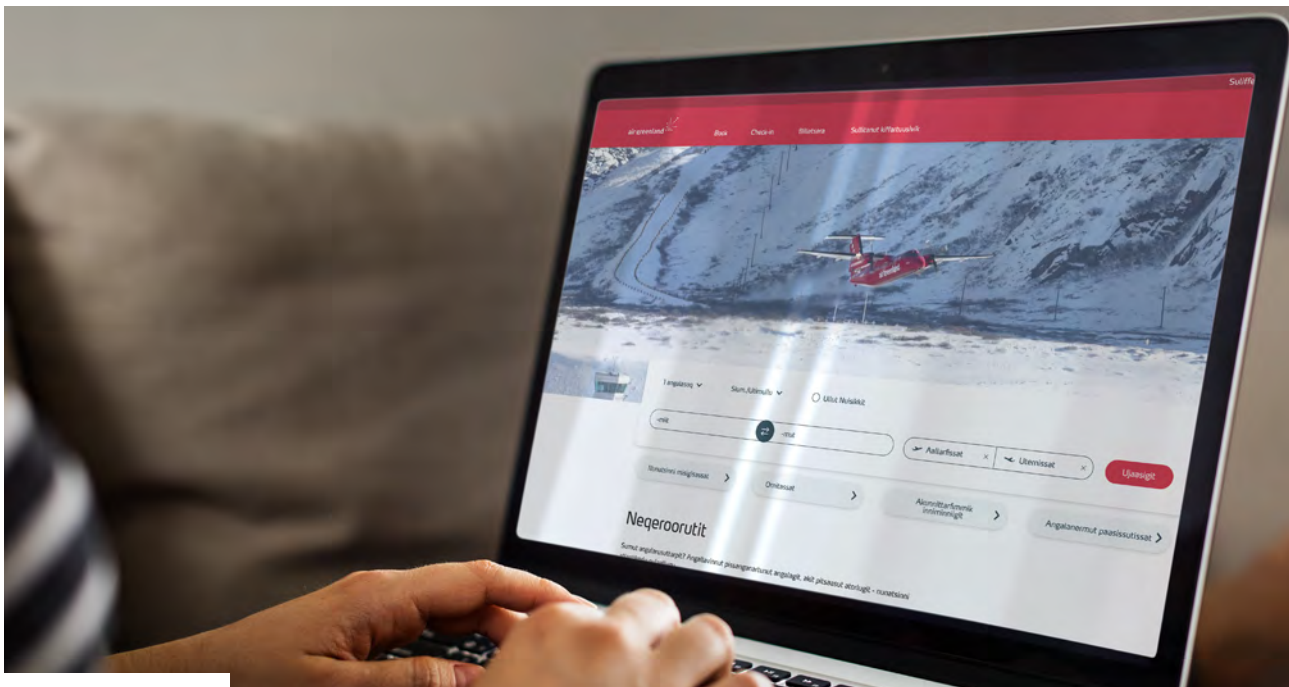
For Air Greenland, it is important to increase the range of reasons-to-go that encourage more people to visit Greenland. Therefore, at the end of 2021, Air Greenland entered into an agreement with the world-famous Faroese restaurant KOKS to take over the restaurant in Ilimanaq together with its subsidiary Hotel Arctic. The aim was to put Greenland on the world map with culinary food experiences, and it is fair to say that we succeeded.

KOKS opened its doors to guests in mid-June, and already in July the restaurant was awarded two Michelin stars. The restaurant will reopen its doors to guests in the summer of 2023.

Another cabin village "Igloo Lodge" is located 15 kilometres into Ilulissat's hinterland, employing dog sledders and snowmobilers in the winter off-season. The cabin village is therefore important for the tourism industry in the town. In August, the main cabin burned to the ground. This threatened revenue during the winter season, but the cabin was quickly rebuilt and was back in use by the end of January 2023.

Another strategic initiative to support the development of a wide range of tourism products across the country is the launch of the online sales portal arcticexcursions.com. It is owned by Air Greenland's subsidiary, Greenland Travel, and will allow tourism operators, large and small, to reach a large and ready-to-buy audience who want to customise their travel experiences in a given town, settlement and region. In order to be able to offer their products on arcticexcursions.com, operators must fulfil a number of quality requirements set by Arctic Excursions.

To facilitate the process, Arctic Excursions is at the disposal of the operators with advice and facilitation. 30 tourism businesses had signed up to the portal by the end of 2022, and both the uptake by operators and the turnover activity are satisfactory.



Marketing

Air Greenland is preparing for the increased competition that will come as a result of the opening of the new runways in Nuuk and Ilulissat next year and the runway in Qaqortoq in 2025. Therefore, it is important to increase Air Greenland's and Greenland's visibility in new markets, increase customer awareness of new ticket types and the rights associated with these.

In June, Air Greenland's website www.airgreenland.dk was relaunched with an improved design and with the aim of creating a better customer experience. The technical upgrade of the website provides a strong basis for working with data and integrating Club Timmisa. In the Club Timmisa app, the customer can follow real-time updates, check-in online, get boarding passes, record the journey, follow a flight, participate in competitions and receive benefits. In addition, the new interface on the website emphasises that the tourist should want to travel to more destinations in Greenland and find inspiration in the many experiences the country has to offer.



In 2022, Air Greenland won The Global Search award for its work with SEM (Search Engine Management). The award recognises a professional and smart approach to strategically positioning Air Greenland on online searches, as well as creating quality content and preparing ads on the Google search engine.

Furthermore, Air Greenland won awards for the Club Timmisa app at the international competition Digital Communication Award (DCA). In two categories, "Innovation" and "Data-Driven & Automated Communications", Air Greenland won silver after being nominated among more than 300 international companies such as H&M and BMW. In addition to the two silver medals, the Club Timmisa app took third place in the Disruptive Communications category and fifth place in the Mobile App category.

In addition to digital marketing, Air Greenland has regular adverts in various domestic and foreign media and publishes the inflight magazine SULUK six times a year.

The magazine focuses on adventure stories, tourism, business and culture in Greenland.

Furthermore, Air Greenland receives an increasing number of enquiries directly from influential aviation media and bloggers/influencers such as Flightradar24, Josh Cahill, Aviation week and Air Transport. In particular, the story of the small company in the far north, operating in difficult Arctic conditions, is in demand and so also being marketed.

In 2023, marketing of the popular Fly 'n Sleep concept will continue throughout the year, with Billund also benefiting from the product at the same attractive price of DKK 1,595 for a single journey with one paid overnight stay.



Flyv til Nuuk, Sisimiut eller Ilulissat med Fly 'n Sleep

Fly 'n Sleep tager dig til eventyrlige Grønland med en overnatning i Kangerlussuaq fra kun 1.595,- DKK one-way.

Prisen inkluderer 20 kg bagage, mad og drikke på flyet. Du skal dog selv tilføje overnatningen i Kangerlussuaq.

Bestil din fly 'n sleep billet allerede nu på www.airgreenland.dk og start dit eventyr til Grønland.

Book i god tid, så du er sikker på at få plads.



Charter

As expected, Air Greenland's charter activities have increased compared to previous years by DKK 11.2 million and with a higher activity than before the COVID-19 pandemic. The fixed contracts have all had a higher level of activity than in previous years, and there is a general focus on ensuring a close and competent dialogue with the individual customer to ensure the best possible delivery.

Mineral exploration activities have increased compared to the last few years. However, COVID-19 has also had a negative impact for the 2022 season, as some operators have been challenged to secure final funding, resulting in late cancellations of requested capacity.

The 2022 season will be particularly remembered for the very unstable weather, which required extensive flexibility and adjustments for both customers and Air Greenland. Going forward, Air Greenland seeks to strengthen its service offerings for customers shopping in both the scheduled and charter business, in order to fulfil the vision of becoming the customers' first choice.

Air Greenland is very proud to be able to carry out air ambulance flights for the Greenlandic Health Service with the Company's King Air. In 2022, the availability of the aircraft has been periodically limited. This has been a major focus during the year and better delivery is expected in 2023.

2022 was the first full calendar year with the two H225 helicopters in the Search-And-Rescue (SAR) response. In South Greenland, the SAR response from Bell 212 helicopters to H155 helicopters completed the transition phase described in the SAR contract. The long-standing close collaboration in SAR response between the Joint Arctic Command (AKO), the Police, the Greenland Health Service and Air Greenland has in 2022 benefited from the increased operational capabilities, especially speed and range, made possible by the H225.

The SAR response also makes a crucial educational contribution in terms of attracting and upskilling local labour in Greenland.

In the summer of 2022, Air Greenland initiated the last major planned investment in the fleet replacement programme. The Company's nine AS350 helicopters will be replaced by the newer H125 version. The new helicopters will be delivered by Airbus from Q3 of 2023 until the peak season in 2024.

The Company expects overall demand across customer segments to increase in the coming years, particularly in the summer months, but also increasingly in the other months, where both public and private efforts in year-round tourism and mining seem to be driving more activity around the country.

The new helicopters will provide customers with an efficient and competitive product for years to come.





Cargo and post

Cargo and post turnover has increased by DKK 4.2 million compared to previous years and is now higher than in 2019.

Post turnover has returned to 2019 levels, while cargo turnover has increased, reflecting generally higher activity. The increased volumes combined with a pressurised timetable, resulting from significantly more passengers and more irregularities, has meant that cargo delivery times have periodically been longer than normal.

This is not satisfactory for anyone, but given the disproportionate pressure on capacity, it has unfortunately been unavoidable.

For 2023, the purchase of an eighth Dash 8 has secured more capacity available, which is expected to solve most of the problem.

In addition, a new cargo system is expected to be introduced within 12 months to improve the management of available cargo capacity. This minimises the risk of bottlenecks and also makes it easier for the customer to track their shipment.



Operation



Air Greenland has one of Europe's most complicated airline operating licences and operates a fleet of aircraft consisting of three types of fixed-wing aircraft: A330neo, Dash-8 and King Air, as well as three helicopter types H225, H155 and AS350. These serve a total of 16 airports and 42 heliports, depending on the service contracts in force in each region. The operation is multi-faceted.

In addition to flying passengers, post and cargo to the regular destinations, Air Greenland also helps with specialised tasks. Specialised operations range from tasks as diverse as search and rescue to working with the business community in mineral exploration, sightseeing, heli-skiing, scientific expeditions and critical infrastructure maintenance, while endeavouring to maintain service to customers.

**416,000
flew with
Air Greenland
in 2022.**

*309.000 in 2021

**The Group has
a total of 663
employees**

* 574 in 2021

**Total turnover
DKK 1,542.9
million**

* DKK 1.251,3 mio. in 2021

**36.614
flights
completed**

* 32.999 in 2021

**Profit for the
year was DKK
58.6 million
after tax**

*In 2021 it was DKK
107.3 million

**The cost of
board and
lodging due to
delays was
DKK 100 million**

*2021 approx.
DKK 50 million

**Customer
service had
72,100
enquiries**

*In 2021, the figure
was 49.400

**34.614
Flights in
2022**

*In 2021 there were
32,999

**In 2022, there
were 20,720
flying hours
in the air**

*In 2021 the figure was
18,006 flying hours



Connecting cities and villages in a route network on the world's largest island is not always easy. Changing and irregular weather conditions and unscheduled technical maintenance on aircraft equipment not only test the patience of travellers but put an entire organisation in motion.

Air Greenland's employees rise to the occasion every time, but in 2022, Air Greenland's employees have had to constantly adapt technical and operational operations to the challenges that have arisen, while striving to maintain service to customers.



Technical operations

The Technical Department was extremely challenged in 2022, partly due to the aftermath of the COVID-19 pandemic. Many spare parts suppliers had gone bankrupt, affecting the entire supply chain and creating long lead times for spare parts for all types of planes and helicopters. As the aviation industry was recovering after being grounded during COVID-19, the demand for technicians in the industry also affected production in the department.

The challenges particularly affected work on one of the year's major projects: the phasing-in of the new H155 helicopter type, which replaces the older Bell 212 helicopters. Five helicopters were put into service, but the supply of spare parts was a challenge. An agreement was reached with Airbus to prioritise the delivery of the spare parts and the freight forwarder was replaced, which shortened the transport time.

The COVID-19 years also delayed the training plans for the H155 technicians and the competence building related to the implementation of H155 changed. Therefore, the entry-into-service task was contracted out in order to build up as much experience as possible.

This was more challenging than expected. However, the entry-into-service approach provided the desired experience, which was essential to build up for future checks. The initiative also helped to provide an overview of what spare parts needed to be stocked both centrally, but also decentrally at smaller airports from which the helicopters operate.

Another challenge involved the fixed-wing aircraft produced by De Havilland, the Dash-8. The aircraft experienced a number of technical problems that led to numerous cancellations and delays in the execution of the traffic programme.

Here, too, it was difficult to get spare parts for the aircraft type after one of the aircraft manufacturer's factories burned down. After a series of meetings with the manufacturer, deliveries to Air Greenland were prioritised, which helped in the delivery of aircraft for operations.

In addition to these challenges, other major projects such as the phasing-in of the new A330neo "Tuukkaq" transatlantic aircraft, which replaces the A330-200 "Norsaq". The technical department has been working hard to prepare the aircraft for entry into service on 19 December 2022. The aircraft flew its maiden flight from the Airbus factory in Toulouse, France, to Kangerlussuaq on 7 December, thanks to the hard work of many employees.

The Company's IT system for stock and maintenance is due to be replaced after many years. Therefore, in 2022, intensive work has been done on the transition from Swiss Aviation Software to the AMOS system. The task is complex as it involves, among other things, managing the complete history of all components. The system is expected to be operational in 2023.

In the spring, collective bargaining with the technicians' union FIG/IFAG reached an impasse, with a strike and subsequent lock-out announced. Fortunately, the parties did not reach that stage and a new collective agreement was entered into after negotiations at the Conciliation Board (Forligsinstitutionen).

Despite the many challenges the year presented, the technical organisation rose to the important task of getting planes and helicopters ready for operations. As the spare parts situation in particular has improved, there is a clear expectation of better delivery in 2023.



Operations

The flight operation was affected by an unusually high level of irregularities, including in particular bad weather and technical challenges, which led to many delays and cancellations in 2022. Combined with this, production was increased to meet the growing demand.

Air Greenland is used to operating in bad weather, which generally requires great flexibility and planning, but it also requires available aircraft. In 2022, we experienced significantly worse weather combined with a lack of spare parts preventing some aircraft from taking to the skies in good flying weather. This put disproportionate pressure on both the organisation and customers, without the Company being able to deliver the desired quality.

Especially during the summer, the busiest time of the year, an unusually high number of people were affected by the cancellations, causing a backlog of travellers.

This caused major logistical challenges on the routes between Greenland and Denmark as there was limited aircraft capacity in the rental market due to the increased travel activity in Europe after COVID-19 combined with a strike at SAS during the summer.

Fortunately, more planes eventually came into service, making it easier to hire aircraft to 'tidy up' irregularities on the Atlantic route. In regions where sailing between destinations is possible, there were also challenges as boat capacity was fully utilised due to the peak tourist season.

The same picture emerged with accommodation capacity in the high season. When flights are cancelled, especially to Nuuk, where the weather was unusually unstable for periods, bottlenecks occurred with a lack of beds in Kangerlussuaq and Ilulissat in particular.

Air Greenland's stations and their partner at Greenland Airports (Mittarfeqarfit) did everything they could to provide extra beds, and when this was not successful, an emergency solution was to fly travellers to other towns to stay overnight when the weather was suitable.

Air Greenland is not required to provide accommodation in connection with cancellations but has chosen to cover the costs associated with this, as we know it means a lot to our customers. The costs related to irregularity hence increased sharply compared to a normal year like 2019.

In addition to solving the day-to-day challenges posed by cancellations, other projects were also delayed.



The training of pilots from the Bell 212 helicopter type to the new H155 helicopter type took longer than expected. This was partly due to the big leap from operating the analogue equipment in Bell 212 to modern digital equipment in H155 and the lack of simulator capacity. COVID-19 also caused delays in retraining due to travel restrictions. The upcoming H155 simulator, which will be located in Nuuk, is therefore welcome and is expected to future-proof and streamline H155 training.

As of 1 January 2023, six pilots remained to be retrained to H155, representing 20%. The retraining and subsequent training is expected to be finalised by the summer of 2023.

An H125 helicopter simulator has been purchased and installed in autumn 2022 with subsequent EASA certification. The simulator is the cornerstone of training for the AS350 helicopter type, which will be replaced by the H125 helicopter in the autumn of 2023.

In connection with the phase-in of the A330neo "Tuukkaq", the crew, pilots and cabin crew have undergone a planned certification from the A330-200 "Norsaq" to the new type.

In the autumn of 2022, Air Greenland signed a new collective agreement with the pilots' union FFG and the cabin crew union ACU. The latter agreement was entered into after negotiation at the Conciliation Board.



Customer service

In 2021, there were almost 49,400 enquiries to Customer Service. The following year, the number had increased by 50% to 72,100 enquiries. Of these, 19% of enquiries related to delays and changes to travel plans that occurred in the wake of cancellations due to weather and technical reasons.

The first months were characterised by a lack of passengers, mainly due to travel restrictions and the widespread spread of COVID-19 in Greenland, which in itself led to many customer enquiries.

As a result of production pressures and increased pressure on travel bookings through the airgreenland.gl website, the number of 'Customer Service' staff was increased to meet customer needs for advice and support. At the same time, the opening hours for telephone enquiries to 70 12 12 were extended by 20 hours per week.

Optimisation of internal procedures and implementation of a number of electronic solutions, as well as skills development for staff, helped to significantly reduce the waiting time to get through to a member of staff.

In January 2022, the average waiting time was 18 minutes, while it was down to 3 minutes in December.

The customer satisfaction survey Net Promoter Score, NPS, was launched in April, where customers provide feedback on the experiences they have had when encountering or dealing with Air Greenland. Customer service and other staff groups receive a weekly updated list of the feedback.

From this, they select enquiries and then contact customers by phone to discuss both positive and negative experiences.

The implementation of NPS aims to ensure focus on creating high and sustained customer satisfaction, which is a crucial parameter, like price, arrival and departure times, for the customer's final choice of airline.

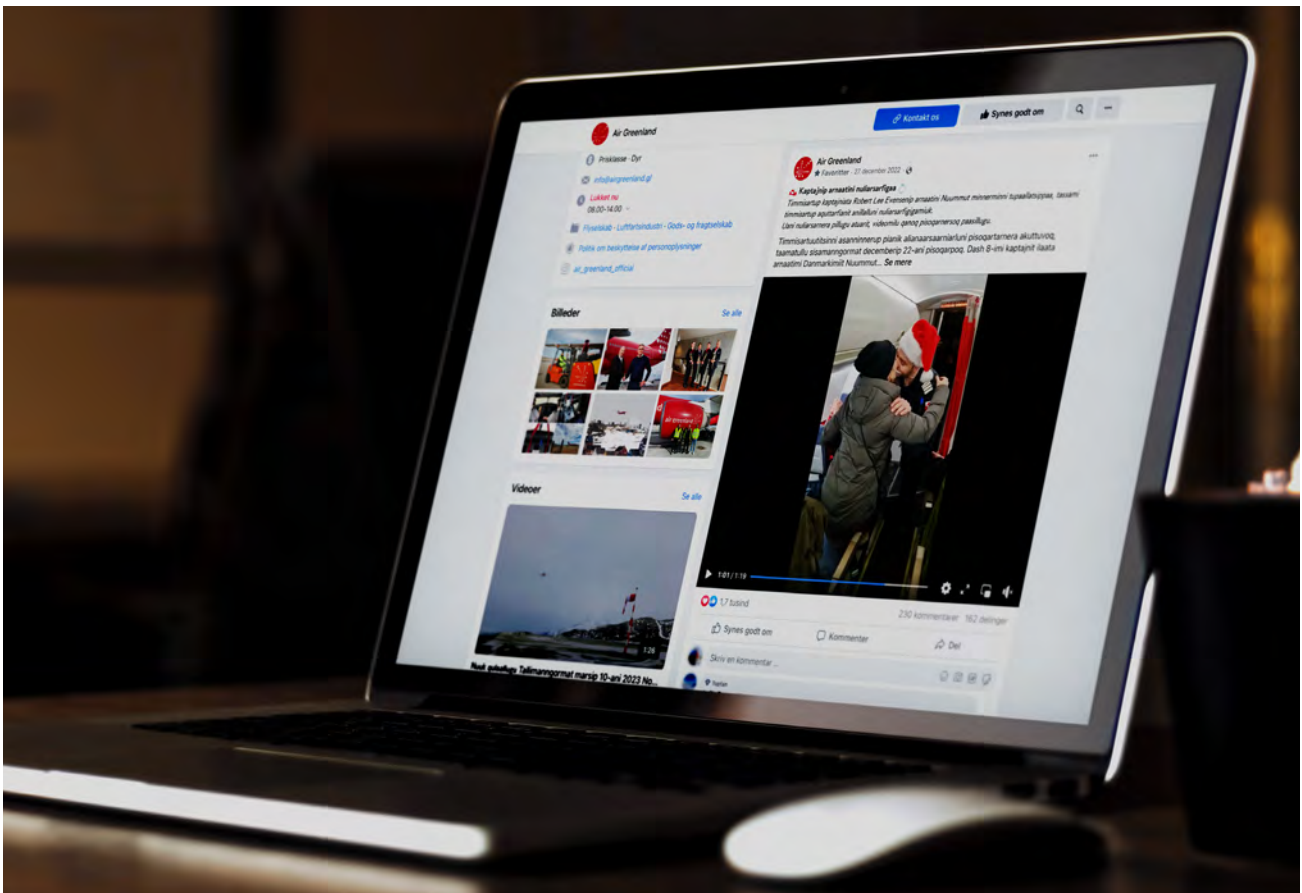
In 2023, NPS will also be implemented in all subsidiaries so that customer satisfaction can be measured and improved across all customer touch points in the Air Greenland Group. By working in a structured way with high and sustained customer satisfaction, we achieve our vision of being the customer's natural first choice.

Facts:

Air Greenland continuously collects data through Net Promoter Score measurement.

These are divided into four areas:

1. Booking a ticket on the website
2. The flight
3. Irregularity
4. Customer service



One of the most read updates on Air Greenland's Facebook profile in 2022 was when one of our Dash-8 pilots proposed to his girlfriend just after landing in Nuuk. The post received 1,711 likes.

Communication

Efforts to improve communication between the Company and its customers, particularly in relation to irregularities, will be intensified in 2023.

Air Greenland introduced a new format on the Company's Facebook profile in connection with the summer's mass cancellations. The need to mass communicate information related to the irregularity in the traffic programme was necessary.

The initiative was well received by customers and supported the need for operations to communicate the changes being worked on. In addition, it was important to provide information on the reasons for delays in spare parts for aircraft and helicopters, strike and lockout notices, the status of tidying-up operations after cancellations, etc. There were also encouraging good stories from daily life at Air Greenland.

In 2022, a total of 120 posts were made on the Facebook page, of which 66 were related to disruptions for customers at different destinations and flights. At the end of the year, Air Greenland had around 34,000 followers on its Facebook profile.

Efforts to provide a high level of information on social media will continue as needed.

Furthermore, intensive work is being done to improve communication efforts to ensure that the customer concerned receives the necessary information at the right time and place - especially in the event of changes to the journey. More initiatives in this area will be launched in 2023.

Following this, a new communication strategy was approved by the Board in 2022. This includes four main tracks, all of which are directly derived from the overall business strategy for Air Greenland:

- Improved and extended communication in case of disruptions
- Strengthened employee and manager communication
- Strengthened customer communication
- Strengthened communication on sustainability



Initiatives in 2023

Several of the initiatives launched in 2022 mean that operationally there is an expectation of a more stable 2023, where a more satisfactory product can be delivered to the customer to a greater extent.

This positive expectation is supported by several factors: The planned production for 2023 is higher, the necessary people are expected to be hired, challenges with spare parts shortages have almost been addressed, resource constraints related to the phasing-in of new aircraft types are limited, and the eighth Dash 8 is expected to be phased-in in May 2023, which will increase the availability of available aircraft.

Overall, faster access to resources and processes is a prerequisite for delivering a better customer product. As a result, the number of resources available will increase and there will be a greater focus on how to improve processes.

In 2023, preparations for an IOSA certification, the IATA Operational Safety Audit, will start and it is expected that the certification will be in place by 2024 at the latest. IOSA is a global industry standard for airline operational safety audits. Therefore, it will primarily be the technical and operational areas that will have to adapt procedures, manuals, etc., to comply with this standard.

The main purpose of the certification is to increase collaboration with other airlines. The certification will require an extraordinary effort in 2023 but will also ensure a higher consistent quality in the long term, which will benefit both the Company and its customers.

After certification, Air Greenland will be regularly audited by an external certification agency.

HR



VALUES:

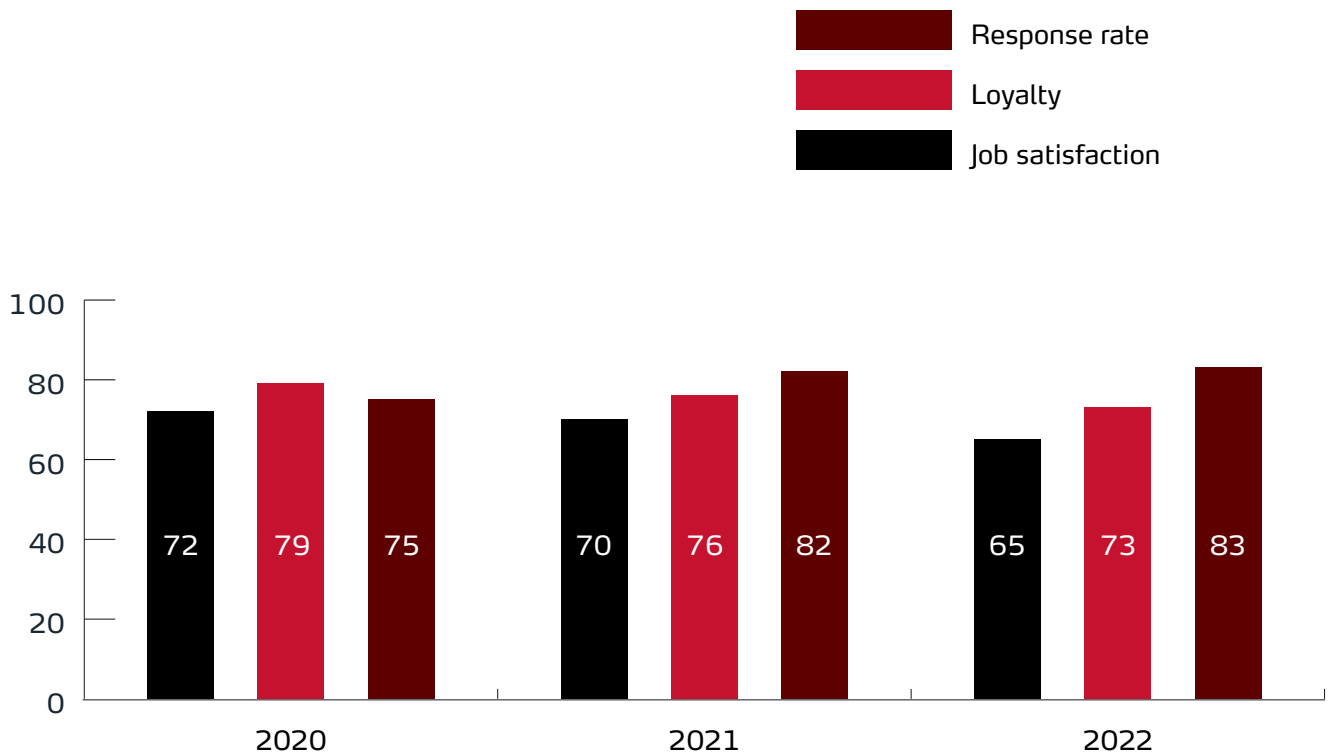
Fact-based, Accountability, Communication, Integrity, Result-orientated

Air Greenland's mission and vision cannot be realised without its 485 employees, who were employed at the beginning of the year.

With an expected increase in production for the year, focus was placed on adding more employees to the organisation. As a result, almost 10% more staff were added in 2022.

The unusually high irregularity due to weather and technical issues, together with a timetable that was increased to 2019 levels at short notice, created an unpredictable working day and pushed the organisation to the limit at times.

Adapting to the unpredictability of the two years of COVID-19 did not help employee frustrations. This has also been the picture for comparable companies.



Employee satisfaction survey in 2022.

Job satisfaction and loyalty to the Company have been decreasing since 2020, compared to 2019, when job satisfaction scored 77 and loyalty was as high as 83. The participation rate in this year's HTA was a record 83%, so the result is considered fair but unsatisfactory.

The survey provided important input on where in the organisation efforts need to be strengthened. With the assistance of organisational psychologists, the top management initially developed a process to identify which focus areas should be prioritised. Subsequently, a broader management team has been brought together for two days to see which focus areas should be the centre of attention:

- Stable operation - thereby better conditions for management
- Building trust in senior management
- Interviews with local management - especially the low-scoring local managers, discussions in the Works Council and at management seminars
- A number of initiatives have already been launched targeting managers with low scores, where coaching and follow-up programmes have resulted in the proportion of managers with low scores falling from 6 to 2. This indicates that it is worthwhile to work with local initiatives. Employee satisfaction in general is also a recurring topic on the agenda of the Works Council.

In 2023, there will be a particular focus on the work on the action plans agreed in the departments. A wide range of initiatives have already been taken to improve stability for 2023.

Among other things, additional staff will be recruited to ensure stable operations, but there will also be a greater focus on the quality of the product. At the same time, initiatives have been launched to ensure closer coordination between management, managers and, in particular, operations.

Upcoming collective bargaining

In 2022, collective bargaining with the unions of technicians, pilots, cabin crew and SIK, the workers' organisation, resumed after several collective agreements had been suspended during COVID-19. After long and sometimes tough negotiations, it was possible to enter into mutually responsible collective agreements, which management hopes will bring calm and better well-being to the organisation.

A special effort has been made in favour of the group of employees living and working in the settlement of Kangerlussuaq. They face an uncertain future as they will be directly affected by the opening of the new runways in Nuuk and Ilulissat.

Air Greenland's management has therefore initiated an ongoing dialogue with the employees, with all or part of the top management holding joint meetings with an appropriate frequency.

At the same time, incentive schemes to retain staff until the new airports are ready are being worked out with the trade unions concerned.



A good working life

Work to include the new generations continues. The possibility of fully paid maternity leave during both maternity and parental leave was extended to SIK staff. Senior staff have not been forgotten either, and work is underway to set up a trial scheme of 1-month free exchange.

Individual employees at the Company have been given the opportunity to choose in future whether they want 5 care days (paid time off with pay for a purpose of their choice) or the option of converting these into more 1-day days off in connection with child sickness. The scheme provides flexibility so that time off can be taken even if it is not the first day of sickness, regardless of whether someone else has looked after the child on the first day of sickness.

Air Greenland has also tightened its policy on alcohol and drug abuse, introducing screening upon recruitment and testing of randomly selected employees during the year.

At the same time, the peer support scheme has been expanded to include a special section on Peer Support, whereby a number of colleagues in the operational area are trained to act as support persons. They are specially trained to identify and, to a certain extent, support colleagues whose "souls are hurting".

During 2023, the policy will add a section on the possibility of working from home to clarify the options and framework.



Diversity

In the aviation industry, there is a “25 in 25” target in management. It aims to have 25% of management positions filled by women by 2025. At Air Greenland, by the end of 2022, the figure was 31%. With 27% female staff, the distribution is satisfactory.

Nevertheless, the ambition for 2030 is to change the distribution, especially at senior management levels, with more women in leadership roles, particularly in top management, where women are currently not represented.

At board level, Air Greenland is very well represented with a chairwoman and a 50/50 distribution of women and men among the owner-elected board members.

Changing the distribution of senior management functions requires a focussed effort with clear targets, which will be set during 2023. Despite the lack of targets, a number of initiatives are underway to increase gender diversity by 2023.

In recruitment, local anchoring remains a high priority, and work is continuously being done to expand trainee and training programmes so that as many local candidates as possible can be engaged at Air Greenland at an early stage. Despite recruitment efforts with the few female role models in operational areas, the pool of applicants in male-dominated professions is limited.

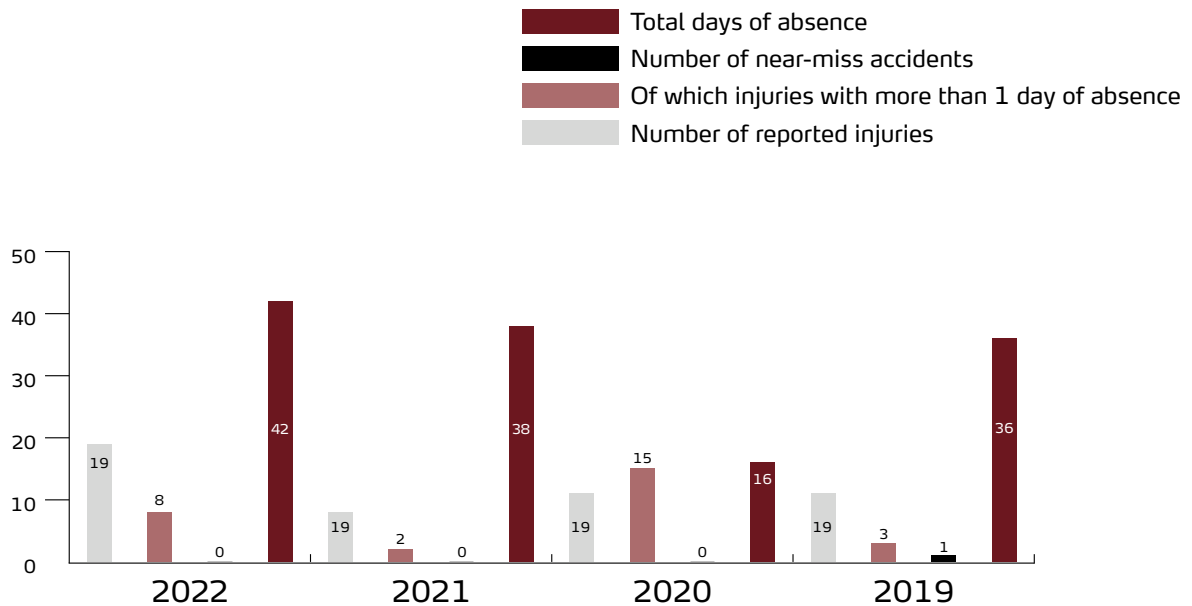
The trainee and talent programme has been implemented and all talents are now in new roles, either as managers or in staff functions. In 2023, we will work on further developing the talent programme, where efforts will be made to recruit new staff, either internally or externally, at an earlier stage than before. The target group must ensure diversity, including gender diversity in the longer term. Recruitment will take place among candidates with a solid educational background.

In 2022, an agreement was reached on gender-flexible uniforms for cabin crew members. Specifically, the design of new uniforms will incorporate the possibility of flexible uniforms, irrespective of the gender of the individual.

The ambition to develop and adapt both systems and policies for LGBTQ+ has been realised. The system implementation to enable gender-neutral ticketing has started and is expected to be implemented in 2023.

A working group of four staff members volunteered on their own initiative to work on inclusion and diversity with a particular focus on LGBTQ+. During 2023, the group will work to review Air Greenland’s existing policies and possibly propose new ones. The mandate is broad and several focus areas have already been identified, including purchasing tickets, recruitment and maternity leave.

Work-related injuries



Work-related injuries

Work-related injuries are recorded centrally, and statistics are kept on the annual number of work-related injuries, broken down by type of injury, the town in which the injury occurred, the age of the injured person and the number of days of incapacity to work. The health and safety coordinator from HR ensures that communication between the “Centre for Work-related Injuries”, the employee and the Company runs smoothly. Work-related injuries and near misses are a standing item on the agenda of all Health and Safety Organisation meetings, with near misses being a particular focus area.

Health and Safety

There is a good commitment and stable work effort in the Health and Safety Organisation at Air Greenland. All areas of work are represented in the organisation and all members must have completed health and safety training.

The main purpose of the Health and Safety Organisation is to review the workplace risk assessment and to ensure that the Company complies with it.

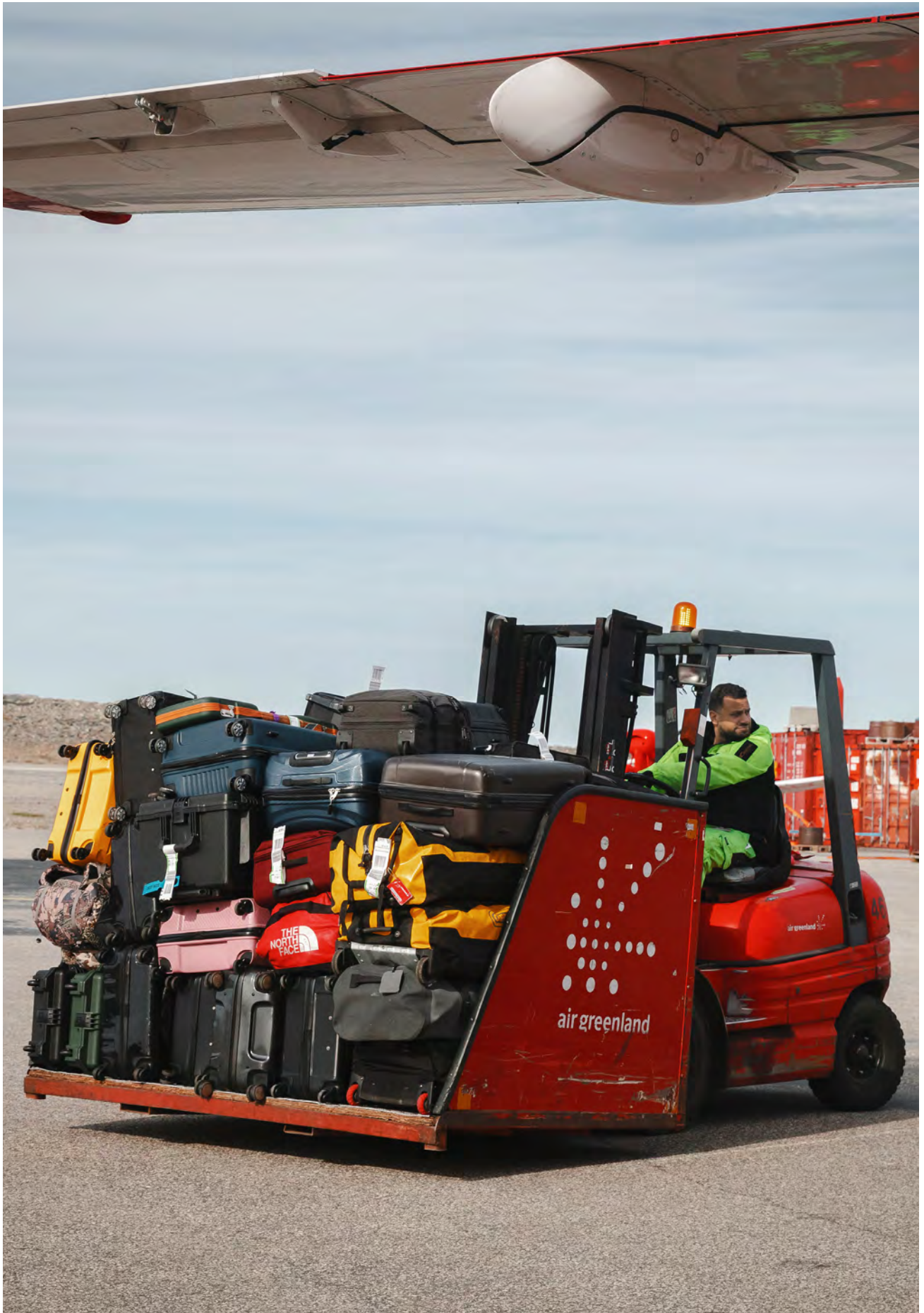
Workplace Risk Assessments

The Workplace Risk Assessment was conducted in the spring of 2021 for everyone at Air Greenland. The Workplace Risk Assessment is mandatory under the Working Environment Act and is a tool for managing health and safety.

The Workplace Risk Assessment must be carried out at least every 3 years or whenever there are significant changes in production. The introduction of the new transatlantic aircraft, A330neo “Tuukkaq” into operations is a significant change in production and therefore a separate Workplace Risk Assessment for Tuukkaq is planned during Q1 of 2023.

The Health and Safety Organisation continues to work steadily with the results of the Workplace Risk Assessment. The main focus areas are the interaction between health and safety knowledge and physically demanding work, as well as a continued good psychological working environment.

Work on the focus areas is documented in minutes and communicated to employees via internal communication platforms and the health and safety representatives in the specialised groups.



The year in photos



On 3 November 2022, the first part of the new runway in Nuuk became operational, closing the old runway - 43 years after it was opened in September 1979. The first aircraft to land on the new runway, which is 930 metres long, was GL540, which landed from Kangerlussuaq.



During the winter season the Northern Lights are at their brightest and why not stay in your cabin and get a total experience and feeling of being one with the beautiful surroundings in cabins built of glass - so-called Northern Lights cabins. Photo: Hotel Arctic



2022 saw an unusually high number of cancellations and a shortage of beds, especially in Kangerlussuaq. Last summer, we had to send passengers travelling to Narsarsuaq on to Kangerlussuaq to refuel and return to Copenhagen due to fog in Narsarsuaq. Photo: Per Mikkelsen



One of our two H225 SAR helicopters participated in the Tappik exercise on 7 June 2022 together with the Joint Arctic Command and the Greenland Police. Photo: The Greenland Police



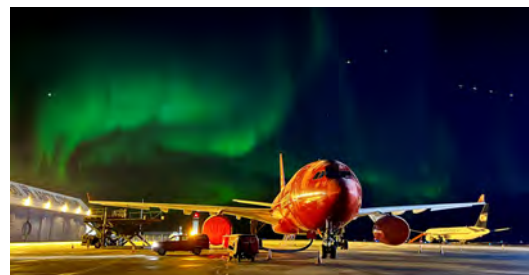
Tourism operators in Greenland have the opportunity to sell their products on the Arctic Excursions online portal, allowing travellers to put together their travel experiences from home. The team working on the portal is Patrick Bay and Mike Kaas. Photo: Abel Berthelsen, Academy profession programme student



On 5 July 2022, the H155 helicopter was approved for SAR operations in South Greenland. Under the white hoist, the team from the Danish Ministry of Defence Acquisition and Logistics Organisation (DALO) is standing with our team; Pilot Lars Munch Larsen, hoist operator Angutitsiaq Jensen and Daniel Johansen. Photo: Gunnar Hansen



Last summer, the H155 helicopter was hit by pebbles from the gravel runway while taxiing at Qaarsut airport. This caused damage and it was out of service for a period. Greenland Airports (Mittarfeqarfit) had artificial turf laid on the runway where the helicopter lands and takes off from, which has proved to be a good solution and prevents small debris from being stirred up. Photo: Arne Fleischer



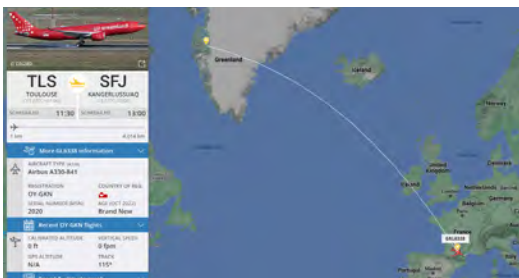
The most read post on Air Greenland's Facebook profile in the year 2022 when Norsaq's wing was hit by a "stair vehicle" while in Kangerlussuaq. The post received 930 reactions, 343 comments, was shared 396 times and reached almost 103,700 people. Here is one of the best photos of the year of Norsaq, who spent a few days in Kangerlussuaq. Photo: Kasper Zeeb



Our H155 helicopters are authorised for IFR, instrument flight rules, but due to the lack of navigation equipment on the ground, we rely on the light of the moonlight during the hours of darkness. Here is our helicopter in northernmost Greenland, flying between Qaanaaq - Siorapatuk and Kullorsuaq. Photo: Martin Nørregaard.



In 2022, Air Greenland and the Sports Confederation of Greenland signed a main sponsorship agreement to support Greenland's participation in the 2023 Arctic Winter Games in the state of Alberta, Canada. The agreement is worth DKK 1.7 million. Photo: Abel Berthelsen, Academy profession programme student



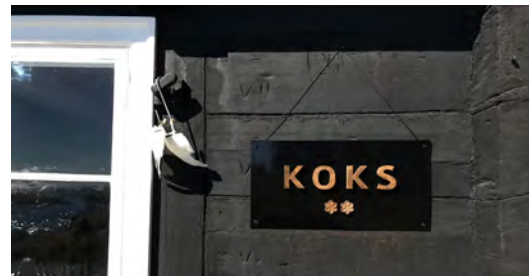
When Tuukqaq flew its maiden flight from Toulouse in France to Kangerlussuaq, 85,000 people followed the aircraft on its route on Flightradar24. Most followers were from the UK and the USA.



In July, the 'perfect storm' of low clouds and a shortage of flights hit the charter market, leaving many travellers waiting patiently for an itinerary. Fortunately, we managed to hire Niceair from Iceland to take one of the flights between Kangerlussuaq and Denmark.



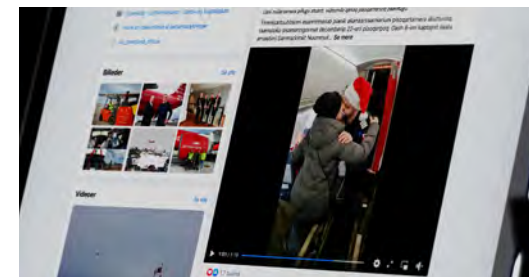
Greenland Travel won Sermerssoq Municipality's tender round in 2022, which the travel agency had invested heavily in. They have developed smart system solutions in an app and that, together with skilled and competent employees, the travel agency met the criteria for the assignment. Here are the staff on a trip in Sisimiut.



On 12 June 2022, the world-famous KOKS restaurant opened in the settlement of Ilirmanaq with a sumptuous tasting menu of local ingredients. World of Greenland operates a number of cabins in the settlement, and the presence of KOKS attracts a new segment of tourists to the region: food tourists. KOKS was awarded a second Michelin star in the summer, so it now has two Michelin stars. Photo: KOKS



Air Greenland has two H225 helicopters which are part of the Search & Rescue response under the Joint Arctic Command. The H225 has a total of 10 pilots and 6 hoist operators who take turns on duty around the clock. The crew consists of 2 pilots and 2 hoist operators fly out when there is a call out.

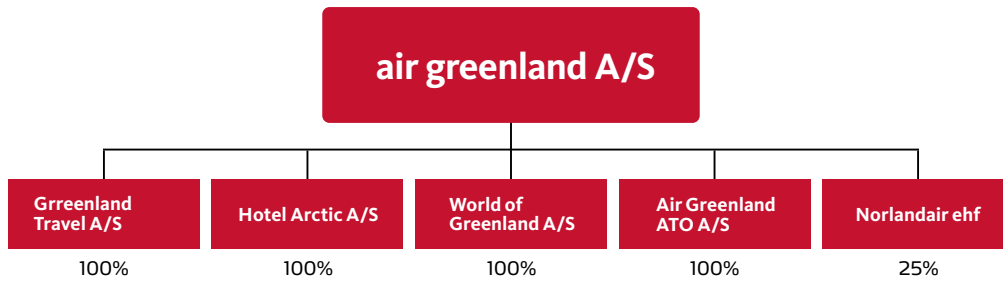


One of the most read updates on Air Greenland's Facebook profile in 2022 was a romantic one, when one of our Dash-8 pilots proposed to his girlfriend just after landing in Nuuk. The post received 1,700 reactions, reached 68,162 people and was shared 161 times.



Sustainability Report
2022





The Air Greenland Group is with you every step of the way. Our engagement in the value chain contributes to sustainable tourism development, while creating local jobs.

We are 100% owned by the Government of Greenland and are proud to support the needs of society. We are therefore continuously working to ensure a reliable and sustainable infrastructure for the benefit of society.

Air Greenland is an airline but is an associated company and contributes to development, green transition and growth in the tourism sector through its subsidiaries Greenland Travel, World of Greenland and Hotel Arctic.

The Annual Report, together with the sustainability section, describes the Air Greenland Group's business model.

The sustainability strategy in Air Greenland prioritises five of the 17 SDGs:

In 2010, Air Greenland was the first Greenlandic company to sign the UN Global Compact's 10 principles for responsible business conduct.

The principles, which deal with human and labour rights, climate, environment and anti-corruption, together with the Company's strategy, formed the basis for the Company's prioritisation of CSR. The Group's current Sustainability Strategy is therefore based on the UN Global Compact's 10 principles, but now also on the UN's 17 Sustainable Development Goals (SDGs), with a special focus on 5 selected SDGs.

The 5 SDGs are driven by Air Greenland's business areas and opportunities to make a positive difference. Our strategic endeavours are therefore weighted to achieve our vision:

- **We will be the natural choice that elevates Greenland.**
- **We want to make everyday life safe and create adventure.**
- **We do it sustainably.**





From SDGs to Everyday Goals 2022

By 2022, Air Greenland has increased the number of trainees and apprentices throughout the Group. The intake has particularly increased in the industry-specific programmes, and at the same time, work has been initiated with the Government of Greenland to increase the opportunities for Greenland to train more pilots.

At the same time, Air Greenland has continued the phasing-in of the new planes and helicopters in 2022, which meets our objective of providing a reliable, robust and sustainable infrastructure.

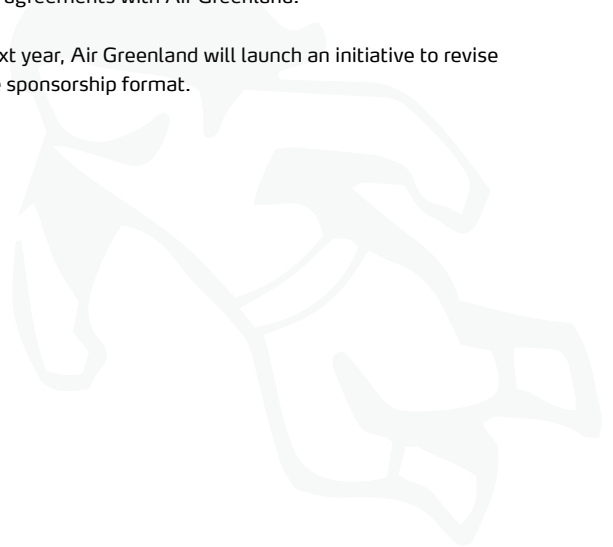
The new Airbus 330neo, which entered service in December 2022, is expected to reduce the carbon footprint per passenger by around 20%. We have been working actively for several years on our climate action, on improvements in our operations, and especially on the renewal of our fleet, and are now ready to take the next big steps in the journey towards a more sustainable fleet with the introduction of Sustainable Aviation Fuel (SAF).

From 2023, we will be supplied with aviation fuel made from bio-waste, SAF.

The biofuel will be blended into the fuel that our new Airbus 330neo, Tuukkaq, will use on all flights. With this agreement, we are reducing our carbon emissions even further, with an expected carbon reduction of 25% per seat.

This year, we have maintained our partnerships and experienced a willingness to enter into partnerships and sponsorship agreements with Air Greenland.

Next year, Air Greenland will launch an initiative to revise the sponsorship format.



The SDGs



SDG 4 **Quality training**

Our foundation for delivering great experiences

Air Greenland's training strategy is based on the Group and the individual employee. The strategy commits and has an impact on the way we think about education.

We have a vision to elevate the whole of Greenland. That is why our training programmes are wide-ranging and target the individual employee, the customer experience and the needs of society. We want to remain an attractive choice for young people who choose to study, and we invest for the long term when developing skills.



SDG 9 **Industry, innovation and infrastructure**

We want a sustainable and modernised fleet

Air Greenland supports innovation and is committed to providing a high-quality, reliable, robust and sustainable infrastructure. We are renewing our fleet and working to increase accessibility to support economic development and human well-being. We want to be part of technological developments and digitalise where it adds value.



SDG 12 **Responsible consumption and production**

We contribute to the development of sustainable tourism.

The Air Greenland Group will partner with local stakeholders and help promote new tourism initiatives that can benefit the local community and the development of sustainable tourism. We also choose to use local ingredients/raw materials as much as possible and want to contribute to responsible production.



SDG 13 **Climate action**

We think and act in an environmentally friendly way.

Air Greenland wants to help drive environmentally and economically sustainable development. We are aware that Air Greenland as an airline is responsible for significant carbon emissions. Therefore, we are prioritising areas where we can reduce carbon emissions and will continue to improve our skills in environmental improvement projects.



SDG 17 **Partnerships for the goals**

We take active corporate social responsibility.

The Air Greenland Group is a significant player in the development of the country. We take active responsibility for positive societal development in close collaboration and partnerships with local stakeholders, from the business community and public authorities to voluntary organisations. We want to help create more jobs and better training opportunities.



SDG 4 Quality Education

At Air Greenland, we have a vision to elevate Greenland. We know that our educational activities not only have a positive impact on society, but also on our ability to ensure the everyday life that creates the adventure for our travellers. Therefore, we carry out a number of activities to motivate and raise awareness of the training opportunities offered by Air Greenland.

Company visits

Every year, Air Greenland hosts company visits where children from daycare centres, young people from Municipal primary and lower secondary school, residential units and educational institutions and other interested parties visit the head office and stations around the country.

We make these visits a priority because many of these visitors return to the organisation either as students, apprentices or staff.

This year, Air Greenland was visited by 73 young people aged 18-35 from the Arctic region. Young people gathered to find innovative solutions to the SDGs. One of the innovation tracks was education, and during the visit, the participants gathered knowledge about what initiatives and challenges Air Greenland has regarding education.

Municipal primary and lower secondary schools and kindergartens

We experienced great interest from Municipal primary and lower secondary schools, which focused on the work placement and education opportunities, but also used Air Greenland for various tasks and projects.

There have been 155 visitors to the head office and 22 work placement trainees during the year.





Qaqisa

The Qaqisa project is a collaboration between Municipal primary and lower secondary school and the business community and aims to motivate the oldest Municipal primary and lower secondary school students to make informed choices about education and training.

Air Greenland prioritises these efforts and wants the students to see us as their first choice when they choose to study.

This is done by organising presentations and workshops and by informing Municipal primary and lower secondary school students about the opportunities offered by the Company.

Our talented students, apprentices and employees present their personal stories about their own education within a number of programmes and in this way tell the story of everyday life at Air Greenland.

Air Greenland has again this year visited several schools and held presentations for the oldest class groups.

Our subsidiaries participate actively in the field of education

During the summer, **World of Greenland** has had work placement trainees from Campus Kujalleq's service management programme in South Greenland. It is an internationally recognised academy profession programme specifically geared towards tourism management and is designed to help develop the tourism and experience industry.

Greenland Travel accepts students from the academy profession programmes every year, and from 2021, has started a specific trainee programme focusing on the travel industry. Furthermore, Greenland Travel regularly has vocational work placements from Municipal primary and lower secondary schools.

Hotel Arctic trains chefs, waiters and receptionists, office assistants and tourism assistants. Moreover, Hotel Arctic offers work placements for young people who are studying the service economist programme. The number of students at the hotel varies between eight and twelve per year.



Education and training programme	Early 2022	Fully-qualified in 2022	End of 2022
Aircraft mechanic	12	4	11
Terminal worker	0	0	1
IT supporter	0	0	1
Data technician	1	0	1
Academy & TNI programme	14	4	14
Chef & gastronome	4	1	4
Media graphics programme	1	0	1
Trainee programme	4	0	3
Talent programme	5	0	5
Pilot	0	0	2
Cabin Crew	0	8	0
Traffic candidates	0	0	5
Waitress	2	0	0
Receptionist	1	0	1
In total	44	15	49



Education - our foundation to deliver great experiences

At the beginning of 2022, the Air Greenland Group had 44 trainees and apprentices in training. Of these, 15 of them completed their training programmes during the year.

The capacity adjustment due to COVID-19 has led to a reduction in the number of education programmes offered since 2020. The adjustment has had a significant impact on the intake of trainees and apprentices, mainly in sector-specific programmes, which normally account for half of our trainee intake.

In 2022, admissions to our industry-specific training programmes, including pilot training, traffic candidate programme and cabin crew members, restarted.

Our intake in 2022 was higher than the number of trainees at the end of 2022, as some trainees have stopped their education and training programmes.

Air Greenland finds that several of the trainees have difficulty with the academic programmes that are part of their schooling.

Air Greenland has launched several initiatives to strengthen the ability of trainees to complete their education.

We have therefore had continuous follow-up with the individual programme applicants and at the same time increased contact with the educational institutions. In addition, the trainees have become part of Air Greenland's health insurance, which provides psychological counselling and physiotherapy to support both the mental and physical well-being of the individual.

We continue to focus on creating the right skills in the organisation. We have increased the number of degree programmes in the academic disciplines, while continuing the positive development with a targeted talent programme.

The Air Greenland Group has an annual target of having 50 active apprentices and trainees in the Group.



Internal skills development

At Air Greenland, one of our strategic goals is that our employees have the right skills. Therefore, we work continuously to ensure that our employees develop skills that benefit our customers, among other things, through continuous improvements in our Lean transformation.

In line with our Lean transformation, almost all managers and specialists have been trained in our own advanced Lean course. In addition, there is ongoing follow-up on Lean intro for the rest of the organisation.

As an airline, we are committed to strengthening our organisation through mandatory training that meets safety requirements, complies with laws and regulations, and improves the way we work.

We have also prioritised leadership development in the organisation and our talent programme.

Talent programme at Air Greenland

Air Greenland has integrated a talent policy into its training strategy. The aim of the policy is to develop talent for vital functions.

The policy focuses on developing locally embedded skills, prioritising an increased customer focus and developing a Lean improvement culture. The policy has several tracks, and in 2020, Air Greenland launched the preparatory work for a targeted talent programme that will contribute to greater diversity among the Company's management.

In 2021, the programmes formally kicked off, with the group of talents starting individual training and mentoring programmes to gain the skills that will drive their leadership in the future.

At the same time, at the end of the year, two talented individuals have moved on to other positions where they can contribute their commitment and experience while trying new challenges.

There has also been a focus on the specialist functions in the talent programme at Air Greenland. In 2021, we launched three new programmes in industry-critical functions within the Company.

However, two of them have left the programme and found other functions within the Group, while a new one has been recruited in the specialist function. Their programme is expected to end in 2024.



SDG 9 Industry, innovation and infrastructure

SDG 9 includes the development of high-quality, reliable, sustainable and resilient infrastructure, both regionally and across borders. The goal is to support economic development and human well-being, with a focus on equal access for all at an affordable price.

For us, SDG 9 means that we want to have a sustainable and up-to-date fleet, that we work on accessibility and safety, and that we focus on innovation. We take an innovative approach when looking at our products and fleet renewal, and actively collaborate with external partners to promote innovation.

A reliable infrastructure - with equal access for all.
We are often the only provider of scheduled flights.

We are therefore continuously working on our timetable to ensure a reliable and robust infrastructure with equal access for all.

Our work on the timetable is done in collaboration with other stakeholders. In 2020, Air Greenland entered into service contracts with the Government of Greenland, which ensure regular transport of passengers, post and cargo in areas where there is no commercial basis for scheduled services.

Our organisation always works to ensure the best travel conditions within the market in which we operate.

We continuously monitor our performance using various indicators and use this information to plan, deliver and execute. We have a particular focus on communication with our passengers and have phased in better communication platforms that provide more direct and better information.

The specific weather conditions and distances in the country have an impact on our operations and in some cases mean that our travellers experience irregularities on their journeys. Therefore, we prioritise the safety of the journey, and when our customers experience changes to their itinerary, we provide accommodation and meals for our passengers.

We are not legally required to do so, but it helps to support the goal of providing equal access for all.

Facts:

Our fleet renewal contributes to the green transition.

It is estimated that modern aircraft are around 80% more efficient per seat kilometre than aircraft flying in the 1960s.



A new and modernised fleet

Air Greenland is continuously working to renew the aircraft fleet to ensure a robust, sustainable and high-quality infrastructure. Air Greenland has undergone rapid development over the course of 60 years. From seaplanes to jets, from a single helicopter service to scheduled flights with fixed-wing planes.

Since 2019, Air Greenland has been working on the renewal of the fleet in several ways:

In 2019, Air Greenland renewed the agreement with the Danish Healthcare Service for transporting patients. In the same context, Air Greenland invested in a new super King Air to increase the level of service and quality in transporting patients in need of medical evacuations.

In 2020, Air Greenland and Danish Defence (the unified Danish armed forces) signed a new agreement in the form of the Search-and-Rescue (SAR) contract, which was signed for a period of 4 years with the option of an extension for up to 12 years. This means that the Company has replaced its aging S61 helicopters with modern and well-equipped H225 helicopters.

The new SAR helicopters have more efficient engines and a modern autopilot system, which will significantly contribute to overall safety during difficult rescue missions.

They have a large fuel capacity with increased range and de-icing capabilities that now make it possible to fly in areas where there is a risk of icing.

In 2020, the Board of Directors decided to invest in a brand-new Airbus 330-800neo, which entered into service in 2022. The new aircraft improves fuel economy due to more fuel-efficient engines and a better aerodynamic design. This investment will ensure that carbon emissions are significantly reduced. Our Airbus 330neo will fly with 5% Sustainable Aviation Fuel from 2023, further reducing the carbon footprint per passenger.

Air Greenland is deploying H155 helicopters to replace seven B212 helicopters. In 2021, the first H155 helicopter out of six entered service, and in 2022 the remaining five will be operational.

In 2023, a second H155 will be deployed to act as a backup machine. The new type of helicopter flies faster and consumes less fuel, benefiting the environment and travellers.

As part of the renewal of the aircraft fleet, Air Greenland has signed a purchase agreement with Airbus Helicopters for the purchase of nine H125 helicopters. The first will be delivered during the summer of 2023, after which the AS350 helicopters will be phased out.



Photo: Gustav Thuesen

SDG 12

Responsible consumption and production

Responsible consumption and production refers to the sustainable management and efficient use of natural resources. At Air Greenland, we want to contribute to the development of sustainable tourism. We do this by engaging in actions that promote new tourism initiatives that can benefit Greenlandic society.

We also choose Greenlandic products and use local ingredients as much as possible.

The Air Greenland Group wants to create the adventure of offering experiences in Greenland, where sustainability is a key element. This means that everything we do is rooted in the local environment and commitment.

World of Greenland

World and Greenland offer accommodation in spectacular cabins, called 'Lodges', which are heated by solar panels and generate electricity. It uses predominantly Greenlandic ingredients and makes a special effort to take good care of the surrounding nature.

World of Greenland aims to increase the number of year-round jobs in local tourism. At the same time, World of Greenland wants to work closely with the many other skilled tourism operators in Disko Bay.

By 2022, World of Greenland has signed cooperation agreements with 10 tourism operators, hence helping to strengthen tourism development in the region.

Locally anchored discounts are here to stay, and World of Greenland offers very favourable discounts to local businesses that want to experience Igloo Lodge. Here we provide a good framework for team-building experiences for companies and make this year's company outing something very special.



Photo: Lisa Burns

Ilimanaq Lodge

In one of the oldest settlements in the country, Ilimanaq Lodges are located on the edge of the mountain with nature close by. The settlement is quiet and peaceful. It offers the opportunity to get up close and personal with wildlife and nature, and is an ideal place for those who care about the impact an experience has.

Each cabin has a photovoltaic system that provides energy for heating. The surplus electricity produced by the system is used to supplement the settlement's electricity production. In 2022, the system provided 24,410 kWh of sustainable energy for Ilimanaq.

In 2022, the Faroese Michelin-starred restaurant KOKS opened in one of the settlement's historic buildings in close collaboration with Air Greenland's subsidiary, Hotel Arctic. KOKS uses predominantly local ingredients in the preparation of their culinary dishes. A sustainable initiative that reduces the need for transport and contributes to local growth.

World of Greenland, in collaboration with KOKS, has also engaged locally by organising a bingo night in the local hall, a church service and served tasting samples from the KOKS menu on National Day. In addition, handicrafts are bought from the locals and leftover food from the restaurant is served to the sled dogs in the settlement to avoid food waste.



Photo: Rob Whitworth

Glacier Lodge Eqi

In the beautiful accommodation at Glacier Lodge Eqi, our cabins by the Icefjord in Ilulissat, we have taken a number of measures to ensure the least possible impact on the sensitive landscape in the area around the Eqi Glacier.

Here too, solar photovoltaic systems help to minimise carbon emissions, as we have eliminated the need to transport other energy sources to the remote glacier. In 2021, World of Greenland has expanded the battery pack for the photovoltaic system so that the cabins can be more independent of generator power.



Igloo Lodge

Igloo Lodge is World of Greenland's first winter lodge. Igloo Lodges are built from the winter landscape's only naturally available material, snow, in the same unspoilt way that the Inuit of the past have done for millennia. In addition to the igloos, we have our cosy and heated cabin, so our guests also have the opportunity to stay indoors.

The opening of Igloo Lodge has been a major and important step towards more sustainable tourism development in Disko Bay. Extending the tourism season is one of the most important topics in the national tourism strategy, which World of Greenland is working hard on.

Unfortunately, in the summer of 2022, the cabin at Igloo Lodge burned to the ground. Fortunately, despite the lodge's unique location, it was rebuilt quickly and in a few months. The lodge reopened at the end of January 2023, helping to drive the development of the season.

Hotel Arctic

It is in Hotel Arctic's DNA to maximise the use of locally available Greenlandic ingredients and resources. The kitchen's ingredients come from all over Greenland.

Local fishermen, hunters and producers contribute marine and mammalian animals, as well as vegetables, seawater and herbs, allowing the hotel to promote tasty experiences for its guests.

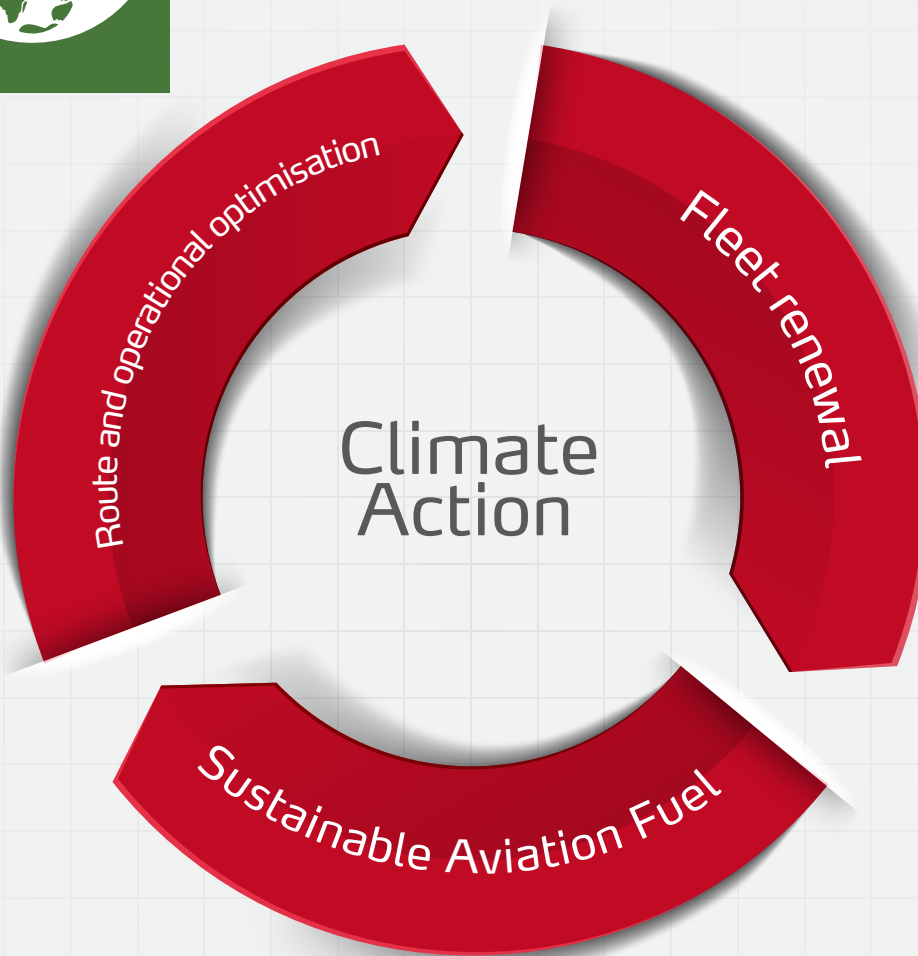


The 2022 Christmas present

Air Greenland takes pride in ensuring that Christmas gifts to employees benefit the employee and Greenland. We do this by choosing a gift from a locally based company, supporting the entrepreneurs and businesses that help create jobs and growth in the country.

In 2022, the year's Christmas present was delivered by designer Bibi Chemnitz in the form of a customised wool sweater adorned with an aeroplane.





SDG 13 Climate action

Greenhouse gas emissions today are more than 50% higher than 1990 levels worldwide. It is estimated that the aviation industry worldwide accounts for 2% of the total carbon emissions. Air Greenland is aware that the aviation industry contributes to a significant part of the carbon emissions and sees it as an important task to take co-responsibility and contribute positively to limiting carbon. Therefore, we continue to work to minimise our impact on the environment and climate.

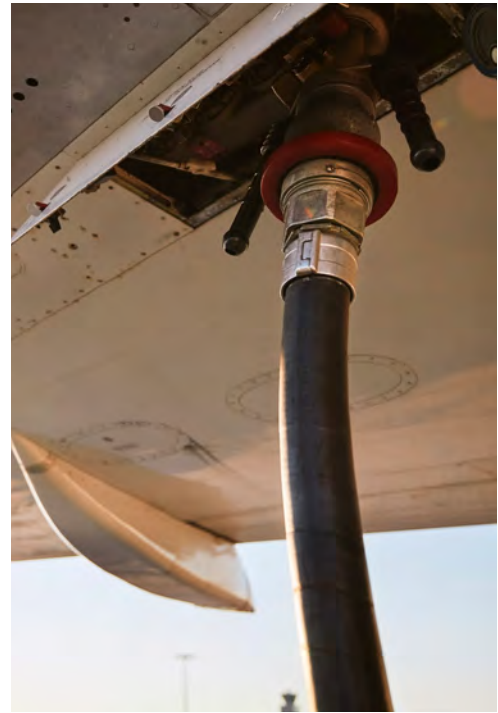
Our carbon footprint shows that our operation has increased significantly. Carbon emissions have therefore increased by 44% from 2021 to 2022, but still decreased by 6% compared to 2019, which is considered more of a normal year. There are three main solutions to reduce the climate impact of the aviation industry:

- **Route and operation optimisation**
- **Fleet renewal**
- **Sustainable Aviation Fuel (SAF)**

Over time, Air Greenland has analysed flight speed and scheduled flights to reduce fuel consumption. Furthermore, we are investing in a sustainable and up-to-date fleet that contributes not only to significant improvements in comfort, but also to our climate impact.

Sustainable Aviation Fuel

SAF is a term used by the aviation industry to describe a non-conventional fossil aviation fuel. Compared to conventional fossil fuels, SAF can reduce carbon emissions by up to 80% over its life cycle. The sustainable fuel used by Air Greenland is made from 100% bio-waste, including used cooking oil. The use of SAF represents a step towards the future of transport, and Air Greenland wants to contribute to a green transition by supporting the production and representing the market's need for sustainable aviation fuel.



5% SAF

Most recently, we have introduced Sustainable Aviation Fuel, SAF, into our operation through a historic agreement. The agreement means that Air Greenland is among the leading airlines in the green transition in Europe. The EU has a 2025 ambition for airlines in Europe to fly on at least 2% SAF, while Air Greenland flies on 5% SAF on all A330neo "Tuukkaq" flights.



Feedstock
Plant oils
Animal fats
Used cooking oils



**Feedstock
Converted to SAF**



**SAF blended
with jet fuel**



Photo: Kasper Zeelb

SDG 17 Partnerships for the goals

The Air Greenland Group is a significant player in the development of our society. We are able and willing to take active responsibility for positive societal development in close collaboration and partnerships with local stakeholders, both business and public authorities, as well as voluntary organisations. We want to contribute to more jobs and better educational opportunities in society.

Educational institutions

Air Greenland collaborates with several educational institutions to actively contribute to raising the level of education.

One of our main inputs is that students should have the opportunity to test theory in practice and have relevant and up-to-date information during their study programme. In addition, Air Greenland maintains contact with the Greenlandic student organisations.

Kangerlussuaq

In 2021, Air Greenland partnered with Savimilerinermik Ilinnarfik - the Iron and Metal School - on a training programme for our loaders in Kangerlussuaq to increase the mobility of unskilled workers.

The employees have worked for many years in the country's air transport hub, Kangerlussuaq.

Air Greenland is helping to ensure that the employees are equipped for the transition that the commissioning of the new runways will entail.

Once the employees complete the training programmes, their many years of experience in the aviation industry will put them in a strong position when recruitment for the new runways begins. In 2022, three modules were implemented in Kangerlussuaq.

The Greenlandic Job Fair

The job fair is organised by the Government of Greenland and provides a framework for establishing contact between companies, Greenlandic students and potential job candidates. Air Greenland has participated in the steering group work since the start of the job fair. In 2022, Air Greenland participated with a number of development projects from the organisation, giving students the opportunity to work on real-life issues during their education.

We continue to support the initiative, as we want to contribute to more Greenlandic students and more candidates with a connection to Greenland returning home after their stay in Denmark.

Air Greenland has also contributed to an education fair at Niuvernmik Ilinniarfik - The Business School where the students organised an education fair with material from Air Greenland.



The Danish Foundation for Entrepreneurship

Air Greenland has a partnership agreement with the Danish Foundation for Entrepreneurship until 2023. Our aim with the partnership is to contribute to the development of entrepreneurial competences at Municipal primary and lower secondary school level.

Throughout 2022, the Foundation has trained 275 teachers. The programme prepares participants to work with innovation and entrepreneurship in mainstream education and in special programmes. In addition, the Foundation has organised the invention competition *Arsarnerit inuusuttai*, in which 40 Municipal primary and lower secondary school students participated. The winners of this year's *Arsarnerit Inuusuttai* were the students from Nuussuup Atuarfia in Nuuk.

Visit Greenland

Air Greenland has a 3-year partnership agreement with Visit Greenland to develop tourism throughout the country. The aim of the agreement is, among other things, to increase awareness of Greenland as an adventure destination, especially in North America and neighbouring markets in Denmark and Europe. In addition, the agreement is about working purposefully to create more year-round tourism and to work within the industry to make more tourist destinations attractive.



The agreement with Visit Greenland also includes the Greenland Tourism Award, which is presented in collaboration with Nalik Ventures to a tourism operator that has excelled in sustainable product development. The prize went to Sermilik Adventures from Tasilaq to make a difference in the local community by, among other things, taking young people on tours and involving cultural stakeholders such as choirs, drummers and handicraft artisans in providing authentic experiences for tourists.

Arctic Excursions

Through Greenland Travel, a sales portal has been established where large and small operators can put their tourism product for sale via an app. Together with the operator, Greenland Travel ensures that an attractive quality product can be offered, which overall contributes to the development of local tourism, where the smaller operator also gets access to the Group's distribution network.

Sponsorships

Air Greenland not only elevates Greenland literally by transporting passengers, post and cargo to their destinations, but also metaphorically elevates our country by taking social responsibility.

The aim of our sponsorship strategy is to support sustainable development by supporting projects that can help strengthen the culture of volunteering, organisations and institutions in both sport and culture across the country. Moreover, Air Greenland wants to support organisations that promote health, experiences and strengthen cohesion in society.



Avannaata Qimussersua

Every year the dog sled race "Avannaata Qimussersua" is organised in North Greenland. The event is an important part of honouring a millennia-old tradition of having a team of sled dogs. The number of the unique Greenlandic sled dogs has been declining over the decades. That is why it's more important than ever to provide support to help keep the tradition alive. Air Greenland is a proud sponsor of the race to ensure as wide a participation as possible by transporting dog teams, sledges and their drivers to the race.



Main sponsor of Arctic Winter Games 2023

In 2022, Air Greenland entered into a main sponsorship agreement with the Sports Confederation of Greenland, which brought approximately 120 young athletes and leaders to and from the 2023 Arctic Winter Games, which took place in Wood Buffalo, Canada from 29 January - 4 February 2023. The sponsorship agreement is one of the largest single sponsorships that Air Greenland has entered into and is worth approximately DKK 1.7 million.

ILIK - discounts for culture and sportspeople

At Air Greenland, we want to contribute to associations being able to get out and experience more, develop, share knowledge, create community and relationships and cultivate common interests. That is why we have developed the "Ilik travel association" product, which, by offering group discounts, will make it easier for associations to travel to events and tournaments. In 2022, we actively participated in the sports seminar "New tournament structure" organised by the Sports Confederation of Greenland, as we want to contribute to the planning of the major sports events such as the Greenland Championships. The aim of this action is to facilitate the organisers' planning by inserting flights in the timetable that will make it easier to form an air bridge and so fly participants between towns where championships are being held at the same time.





In 2022, we commissioned the artist "Andachan" to compose the music that will be played when passengers get on and off the aircraft.

Nunatta Isiginnaartitsisarfia - The National Theatre of Greenland

What infrastructure and culture have in common is that they are important links to ensure cohesion and development across the country. It was to this end that in 2019, Air Greenland entered into an agreement with The National Theatre of Greenland entitled "Airborne Culture". The common goal is to support the spread of culture throughout the country by sponsoring travel. In 2022, The National Theatre of Greenland and Air Greenland invited our partners to the performance "Angutivik - The Greenlandic Man", written by Niviaq Korneliusen and directed by Hanne Trap Friis to create a greater focus on the work of the theatre.



Music under culture

Greenland has a strong musical tradition ranging from drum dancing, kalattuut - Greenlandic polka, choral singing, rock, pop and rap. Each town and settlement has its own band, which also comes to music events organised by everyone from Katuaq - Greenland's Culture House, to volunteers who are passionate about music. Air Greenland is also passionate about music, which is why we have dedicated a music channel featuring only Greenlandic music performers on board our A330neo Tuukkaq entertainment system.

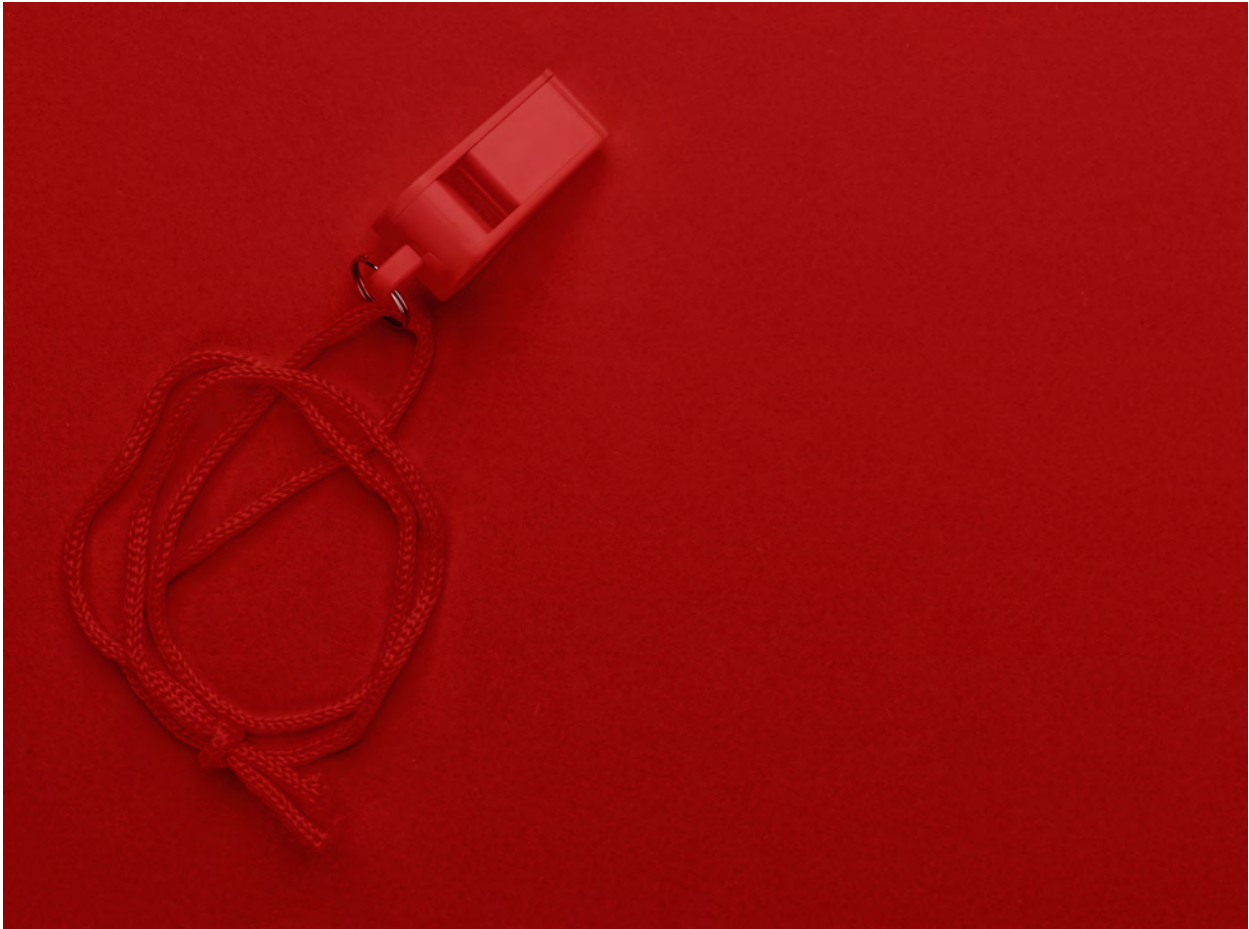


In 2022, we once again sponsored the following music organisers: Katuaq - Greenland's Culture House, the Akisu-nerit Festival in Nuuk and Arctic Sounds in Sisimiut.

National fundraisers

Every year, Neriuffit Kattuffiat - the Cancer Society in Greenland organises a national fundraiser to support cancer patients and their relatives in the fight against cancer. In 2022, as usual, Air Greenland donated one of the main prizes and small prizes to the national fundraiser.





Whistleblower scheme

The Air Greenland Group has an established whistleblower scheme for the Group's employees, customers, suppliers and other external business partners.

The aim of the whistleblower scheme is to ensure that an impartial and independent party can receive information about any irregularities outside of the Group's management system. The whistleblower scheme is therefore a reporting channel that complements the current existing reporting channels. All cases are handled by an external law firm, which assesses whether the case falls into the categories below.

Employees of the Group, customers, suppliers and other external business partners can report information to the Group's whistleblower scheme within the following categories:

Criminal offences, such as misappropriation of funds, theft, fraud, bribery, serious breaches of confidentiality, etc. Serious breaches of legal provisions, internal rules and non-compliance with legal obligations.

One report was made to the whistleblower scheme last year. The report fell outside the scheme and therefore the content of the report is not known to the organisation.

Human rights

Air Greenland supports and respects the observance of internationally recognised human rights in its activities.

The Company focuses on equality, safety, education and diversity, which is expressed, among other things, through a set of values called FAKIR. The values underpin learning, development, communication, integrity and accountability in daily life. FAKIR must ensure a balance of values that is even and not adversely affected by gender, ethnicity, etc.

The Employee Policy must also ensure that human rights are respected. The policy is based on the principles of accountability, transparency and integrity. Employees are able and encouraged to speak out - both in their professional organisations and individually.

All employee input is acknowledged. In addition, an annual employee satisfaction survey is conducted, which also indicates the state of employee relations and well-being.

We assess that the most significant risk of violation of international human rights is outside the Air Greenland Group.

Stakeholder Policy

The Air Greenland Group takes its social responsibility seriously and works to ensure that its business partners also comply with the focus on decent conditions. Therefore, Air Greenland acts, among other things, on the basis of specifically selected UN SDGs.

This is also reflected in the Air Greenland Group's relationship with the companies' stakeholders, which include customers, employees, the owner, the Government of Greenland, suppliers, partners, competitors, authorities, politicians, interest organisations, trade unions, media and the general public.

Air Greenland works continuously to have a good dialogue with stakeholders by listening and showing respect. All interactions with stakeholders are grounded in the Company's values, FAKIR. Air Greenland's Stakeholder Policy also expresses the expectations of suppliers and other business partners.

The Supplier Policy is based on the UN Global Compact. It requires compliance with legislation, as well as international standards and ethical, environmental and social conventions.

In 2022, a wide range of activities have been organised with our stakeholders. For example, meetings have been organised with various ministries and representatives from the Government of Greenland. In addition, there has been ongoing contact with trade unions, suppliers and other partners.

At the beginning of the COVID-19 pandemic, the Company's senior management organised regular online meetings with all Air Greenland employees, called "Sumit - Sumut". The initiative has continued after COVID-19, with employees being informed of relevant issues, decisions, developments and significant issues in the organisation's operations.

In 2023, the meeting concept will be extended so that it is no longer only senior management that chairs the meeting. The next level of management, managers, share information on operations and developments. Employees have the opportunity to ask questions and make comments during "Sumit-Sumut".

Purchasing Policy

Air Greenland applies a Purchasing Policy that focuses on, among other things, human rights and the environment. The Purchasing Policy must also ensure that no impartiality problems arise. This is prevented by having the immediate manager authorise purchases in cases where doubts about impartiality could arise.

The purpose of the Procurement Policy is to ensure responsible purchasing of goods and services and is used to evaluate tenders based on well-developed criteria and their weighting. The policy implies that by selecting suitable tenderers, Air Greenland commits suppliers to comply with basic social, environmental and ethical guidelines.

Following a request from the Purchasing Department to strengthen the criteria for purchasing goods and services, management initiated work on a Supplier Code of Conduct - an agreement format to ensure a higher degree of standardisation with Air Greenland's suppliers. The Supplier Code of Conduct helps to ensure that suppliers comply with requirements that oblige them, among other things, to respect human and labour rights, to comply with requirements for a safe and healthy workplace and to follow anti-corruption standards.

In addition, suppliers must prioritise sustainable solutions to avoid negative environmental impacts and comply with the applicable laws and regulations in the countries where they operate.

Air Greenland expected to implement the Supplier Code of Conduct in 2022, but has postponed the work to 2023. The Purchasing Department, together with the department budget administrator, is responsible for ensuring that purchases are made in accordance with the Purchasing Policy and the applicable purchasing agreements.

Good corporate governance

In 2012, the Government of Greenland published Guidelines for good corporate governance in the government-owned limited companies, which are intended to help ensure that the government-owned limited companies are managed professionally and transparently. Most recently in 2022, Air Greenland has addressed the guidelines and recommendations, and a comprehensive overview of the Company's work in this regard is published on the Company's website www.airgreenland.gl.

In 2022, the Company's Board of Directors consisted of a total of nine members, three of whom are employee-elected board members. The employee-elected members are elected for a 4-year term and the members elected by the General Meeting are elected by the Government of Greenland for a 1-year term.

During the past year, the Board of Directors held six ordinary board meetings. Meetings are spread evenly throughout the year and are organised on a yearly basis. This approach ensures meeting attendance and ongoing dialogue between the Board of Directors and the Executive Board. If necessary, extraordinary meetings of the Board may be convened and organised.

The Board of Directors and the Executive Board deal with the equity structure of the company, which - together with a number of other issues, including financial policy, insurance issues and strategies - is discussed at least once a year.

Air Greenland and stakeholders

Air Greenland actively works with its corporate social responsibility, which is reflected in the Company's mission statement: "We are aware of our corporate social responsibility and take it seriously". The Company's stakeholder strategy supports the focus on building and maintaining the Company's relationships, and ensures that the interests of stakeholders are respected in accordance with the Company's stakeholder policies.

Openness and transparency

Air Greenland emphasises openness and transparency and so works continuously to ensure that the public has access to relevant information about the Company, including the competencies of the Board of Directors and Executive Management. Information is shared via, among other things, the Company's website www.airgreenland.gl, the Annual Report, newsletters, press releases, the inflight magazine Suluk and via social media.

The Board's duties, responsibilities and work

The Board is organised with a Chairperson (elected by the General Meeting) and a Deputy Chairperson. The latter are elected at the constituent meeting, which is usually held after the General Meeting.

- The duties and responsibilities of the Board are set out in the Company's Rules of Procedure. In addition to the issues that need to be addressed on an ongoing basis, the Board works based on a number of defined themes that are addressed each year, including: Define and/or review the Company's strategies.
- Evaluate the collaboration framework and skills, and take corrective action if necessary, including a review of the rules of procedure, articles of association and executive directives, evaluation of the Board of Directors and Executive board.
- Establish and evaluate the financial framework and performance, including budget, annual accounts, audit, long-term budget, financial policy, risk assessment and insurance policy.
- The Board works on the premise that all relevant matters and areas are dealt with by the full Board.

Composition and organisation of the Board

Air Greenland is 100% owned by the Government of Greenland. In addition to the members of the Board of Directors elected by the General Meeting, the Company's employees, cf. Section 120(3) of the Danish Companies Act, are also entitled to elect a number of members of the Board of Directors.

Hence, Air Greenland currently has three employee-elected board members, all of whom are elected for a 4-year term. Most recently, employee elections to the Board were organised in 2021, with the next elections taking place in 2025.

Members of the Board of Directors are selected with a view to the Company's strategic objectives and on the basis of Section 7 of the Gender Equality Act. Details of the individual members of the Board of Directors are available on the Company's website www.airgreenland.gl.

According to the Company's rules of procedure, the Board of Directors meets at least six times a year. The rules of procedure also ensure that the Board acts independently of any special interests.

The Board of Directors of Air Greenland has organised itself with an Audit Committee whose purpose is, among other things, to ensure a true and fair picture of the Company's financial information, including the Company's internal control and risk management systems.

The Audit Committee currently consists of three members, all of whom are members of the Company's Board of Directors and are assisted by the Executive Board. The committee meets 3-5 times a year.

Expectations for 2023

There is an expectation of an increasing level of activity for 2023, when Greenland continues its positive development as a tourist destination, and that the level of activity in Greenland will be further increased, also in the field of mineral exploration.

High inflation and the resulting risk of recession in neighbouring markets, as well as rising fuel prices, will have a dampening effect on demand. However, with the expectation of a more stable operation and with the investments initiated, a consolidated profit for 2023 of DKK 95-110 million before tax is expected.

For 2023, the focus is expected to be on the following:

- A better delivery of production that will improve regularity and lower costs, in particular irregularity costs.
- Completing the final part of the phase-in of H155 helicopters, which can also contribute to stable operations.
- A new route between Billund and Kangerlussuaq.
- Commissioning of additional hotel capacity in Ilulissat through both hotel apartments and Northern Lights cabins, particularly supporting off-peak season growth.
- Continued collaboration with the two-star Michelin restaurant KOKS in Ilima-naq. The product is expected to be even more targeted at the high spenders who want this unique experience.
- High activity in the charter sector, where mineral exploration activity will continue to demand BARS-certified companies.
- Continued work on the IOSA certification with an ambition to achieve certification in 2024.
- Expected sale of the last two Bell 212 helicopters and the ageing Airbus 330-200 "Norsaq" in the first half of 2023.



air greenland

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Accounting policies

The Annual Report is presented in accordance with Accounting Class D. The accounting policies are unchanged compared to 2021.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Group, and the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a prior event, and it is probable that future financial benefits will flow out of the Group, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement after initial recognition is effected as described below for each account item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year, including depreciation, impairment losses and provisions, as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

The consolidated accounts

The consolidated accounts comprise Air Greenland A/S (the parent company) and the companies (subsidiaries) that are controlled by the parent company. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising a controlling influence.

Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are regarded as associated companies.

Basis of consolidation

The consolidated accounts are prepared on the basis of the accounts of Air Greenland A/S and its subsidiaries. The consolidated accounts are prepared by combining uniform items.

Consolidation involves the elimination of Group intercompany income and expenses, intercompany balances and dividends, and gains and losses on transactions between consolidated companies.

The accounts used for consolidation have been prepared to apply the Group's accounting policies.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Newly acquired or newly established subsidiaries are recognised in the consolidated accounts from the time of acquiring or establishing such enterprises. Divested or wound-up subsidiaries are recognised in the consolidated income statement up to the time of their divestment or winding-up.

Foreign currency translation

Danish kroner (DKK) is used as the presentation currency. All other currencies are regarded as a foreign currency.

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, liabilities and other monetary items in foreign currency that are not settled on the balance date are translated at the exchange rate on the balance date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date or the rate at the balance sheet date are recognised in the income statement as financial entries.

Fixed tangible assets, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates. If the exchange positions are considered to safeguard future cash flows, the value adjustments are recognised directly in equity.

When recognising foreign associated companies, the share of the profit is translated using the average exchange rate for the year, and the share of the book value is translated using the currency exchange rate at the balance sheet date. Exchange rate differences resulting from the conversion of the book value at the beginning of the year to the balance sheet date exchange rate, as well as for the conversion of the share of the profit from the average rate to the exchange rate on the balance sheet date are recognised directly on equity.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subse-

quently at fair value. Derivative financial instruments are recognised under other receivables and other payables.

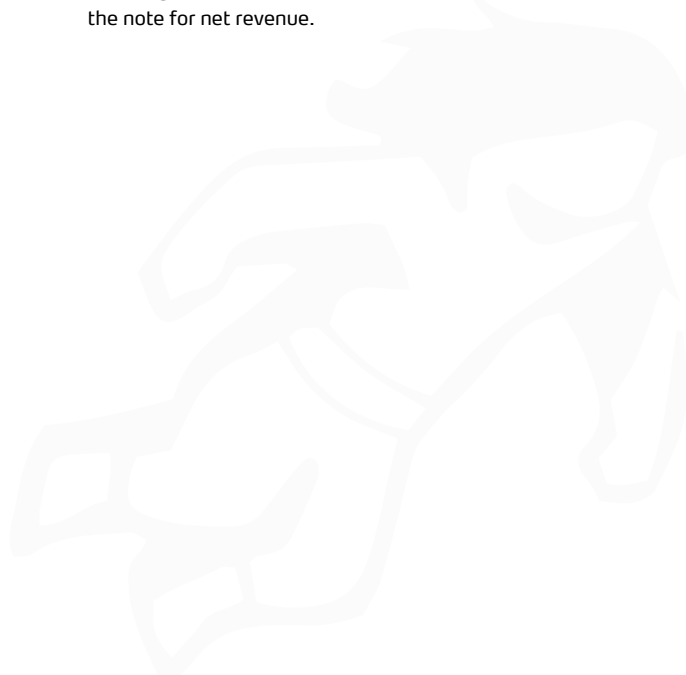
Changes in the fair value of derivative financial instruments classified as and complying with, the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recorded directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant account items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial entries.

Segment information on net revenue

The Group has divided its revenue into various business segments. Reference is made to the division in the note for net revenue.



Profit and loss account

Net revenue

Net revenue from the sale of tickets, cargo, post and charter traffic is recognised in the income statement when the transport has taken place.

Passenger taxes on domestic flights in Greenland collected from passengers on behalf of third parties are not included in revenue.

Tickets sold that are not used before they are outdated are recognised as income.

Service contracts are recognised as income in the period covered by the contract remuneration.

The Company's service contracts and emergency response flown under contract with the Government of Greenland are considered part of the Group's primary activities and are therefore considered part of the Group's net revenue.

Other operating income

Other operating income comprises income of a secondary nature to the Group's main activities, including fees, rental of commercial premises, income from hotel operations and ticket and incoming sales, trading income and income falling outside the ordinary course of business due to COVID-19.

Other external expenses

Other external expenditure comprises expenses for aircraft maintenance, fuel, purchase of capacity, provision to agents, taxes and costs in connection with passenger accommodation, premises, administration, sales and marketing, etc.

Staff costs

Staff costs include costs for salaries and wages and social contributions, pensions, etc., for the company's employees.

Financial entries

Financial entries comprise interest income and expenses, the interest portion of financial lease instalments, exchange rate gains and losses, amortisation charges and deductions on mortgage debt, etc.

Tax

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

In Greenland, tax deductibility is allowed for dividend paid during the year. The tax value of allocated dividend in the annual report is therefore recorded directly in equity, in accordance with the above.

The current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax is measured based on the tax regulations and tax rates of the relevant countries that will be in effect, using the laws at the balance sheet date, when the deferred tax is estimated to be triggered as current tax.

Changes in deferred tax resulting from changed tax rates are recognised in the income statement.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Balance sheet

Intangible fixed assets

Goodwill and software acquired are measured at cost less accumulated depreciation. Goodwill is depreciated on a straight-line basis over its estimated useful financial life of 5 years. Software is depreciated over 3-5 years.

Tangible fixed assets

Buildings, aircraft including essential components, other aircraft components, as well as other equipment, vehicles and inventory are measured at cost price less accumulated depreciation and devaluation.

Cost includes purchase price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be taken into use. For group-manufactured assets, cost comprises direct and indirect costs of materials, components, sub-suppliers and labour costs.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of estimated useful lives and scrap values of the assets, see however below for essential aircraft components.

The value of Air Greenland's aircraft can be separated into partly the aircraft/helicopter itself and partly essential components. The aircraft/helicopter is depreciated on a straight-line basis according to the above-mentioned principles.

The essential components are depreciated at the rate in which they are used, up to the next maintenance check.

When a component is sent for a maintenance check, it will be written off and costs of the maintenance check will be activated and amortised up to the next maintenance check. This method ensures that maintenance costs are accrued at the same rate as the components are used.

Tangible fixed assets are written down to the lower of recoverable value and book value.

Profits and losses from the sale of tangible fixed assets are calculated as the difference between the selling price less selling costs and book value at the time of sale. Profits or losses are recognised in the income statement as an adjustment for devaluation and depreciation, or under other operating income if the selling price exceeds original cost.

Company amalgamations

Acquisitions of subsidiaries are accounted for using the purchase method, whereby the acquiring Company's identifiable assets and liabilities are measured at fair value at the acquisition date. Acquired contingent liabilities are recognised in the consolidated accounts at fair value to the extent that the value can be measured reliably.

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

The cost of the Company acquired represents the fair value of the remuneration agreed, including remuneration conditional on future events.

Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as they are incurred.

	Depreciation period	Scrap value
Buildings	10–50 years old	0-50%
Aircraft/helicopters	6-20 years	0-25%
Other components	6-20 years	0-20%
Other equipment, vehicles and inventory	3-10 years	0%
Software	3-5 years	0%
Goodwill	5 years	0%

Balancen

Any positive difference between the cost of the acquired company and the identified assets and liabilities is recognised in the balance sheet under intangible assets as goodwill, which is depreciated on a straight-line basis over its estimated useful life. Depreciation of goodwill is allocated in the consolidated accounts to the functions to which the goodwill relates. If the difference is negative, it is recognised immediately in the income statement.

If the purchase price allocation is not final, positive and negative goodwill arising from acquired subsidiaries, as a result of changes in the recognition and measurement of the identified net assets, may be adjusted up to 12 months from the acquisition date. These adjustments are also reflected in the value of goodwill or negative goodwill, including depreciation already taken.

Where the cost includes conditional remuneration, this is measured at fair value at the acquisition date. Subsequently, conditional remuneration is re-measured at fair value. Value adjustments are recognised in the income statement.

In the case of gradual acquisitions, the value of the previous equity holding in the acquired company is re-measured at the fair value at the acquisition date. The difference between the book value of the previous shareholding and its fair value is recognised in the income statement.

Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are recorded and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or less unamortised positive, or negative, goodwill and plus or less unrealised intra-group profits or losses.

The parent company's share of the Company's profits or losses after elimination of unrealised intra-group profits and losses and less or plus depreciation of positive, or negative, goodwill is recognised in the income statement.

Upon distribution of profit or loss, net revaluation of investments in subsidiaries and associated companies is transferred to reserve for net revaluation according to the equity method under equity.

Inventories

Inventories are measured at cost using the FIFO method or net realisable value, when this is lower.

Cost of spare parts comprises the purchase price with addition of delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less deductions for devaluation to meet expected losses.

Accrual items (assets)

Deferred income recognised under assets comprise incurred costs relating to subsequent financial years. Deferred income is measured at cost.

Equity

The Company has presented the value adjustment for hedges of future cash flows in a separate reserve in the statement of changes in equity; reserve for hedging transactions. The reserve is not the bottom.

Dividends

Dividends are recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

Debt to credit institutions

At the time of borrowing, mortgage debt is measured at cost which corresponds to the proceeds received less transaction costs incurred. The mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal amount of the loan is recognised in the income statement as a financial expense over the term of the loan.

Lease

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities and, at the time of inception of the lease, measured at the present value of the future lease payments.

After initial recognition, lease commitments are measured at amortised cost. The difference between the present value and the nominal value of the lease payments are recognised in the income statement over the term of the contract as a financial expense.

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Balancen

Other financial liabilities

Other financial liabilities are recognised at amortised cost which usually corresponds to nominal value.

Accrual items (obligations)

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement of the Parent Company and the Group is presented using the indirect method and shows cash flows from operating, investing and financing activities, as well as the Parent Company and the Group's cash and cash equivalents at the beginning and end of the financial year.

The cash flow impact of the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the cash flow statement, group cash flows from acquired companies are recognised from the date of acquisition, and cash flows from sold companies are recognised until the time of sale.

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and incomes taxes paid.

Cash flow from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, as well as purchase, development, improvement and sale, etc., of intangible assets and tangible fixed assets.

Cash flow from financing activities comprise changes in the size or composition of the Parent's share capital and related costs, as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividend.

Cash covers cash and cash equivalents.

Key performance indicators

Key performance indicators are drawn upon the basis of CFA Society Denmark's "Recommendations & Key Performance indicators 2015".

Key performance indicators are shown as adjusted, which are adjusted for the value of the operating lease expense, where the impact on the result is split between a calculated interest rate and depreciation. In the balance sheet, the value of the annual operating lease cost is recognised in fixed assets and interest-bearing liabilities by a factor of 7.

NOPLAT (Net Operating Profit Less Adjusted Taxes) is defined as the profit/loss before interest (EBIT) adjusted for operational leasing costs, cf. note 25, less calculated depreciation of operational leased aircraft less 26.5% tax.

Net interest-bearing debt is calculated as interest-bearing debt less cash and cash equivalents.

Invested capital including goodwill is defined as equity plus net interest-bearing debt.

Key performance indicators	Calculation formula	Key performance indicators express
Profit margin (EBIT margin) (%)	$\frac{\text{Operating result (EBIT)}}{\text{Revenue}}$	The Company's operational profitability
Solidity	$\frac{\text{Equity}}{\text{Total assets}}$	The Company's financial strength
Return on invested capital after tax incl. goodwill (%)	$\frac{\text{NOPLAT}}{\text{Average invested capital including goodwill}}$	The return that the company generates from investors' funds
Return on equity (%)	$\frac{\text{Net profit/loss for the year}}{\text{Average equity}}$	The Company's rate of return on the capital the owners have invested in the Company
Operating liquidity in relation to net debt	$\frac{\text{Cash flow from operating activities}}{\text{Net interest-bearing debt}}$	The ability of the Company to service its debt using cash flow from operating activities.
Leverage	$\frac{\text{Net interest-bearing debt}}{\text{EBITDA}}$	The Company's financial risk

Income statement for 1 January to December 31 December

(in 1,000 DKK)	Parent company		Note	The Group	
	2022	2021		2022	2021
Net revenue	1.370.674	1.169.225	1	1.542.923	1.259.993
Other external expenses	(774.527)	(543.296)		(859.647)	(580.743)
Staff costs	(425.939)	(372.950)	2	(478.688)	(410.393)
Depreciation and devaluation	(87.924)	(103.387)	3	(114.925)	(112.081)
Profit or loss before financial entries	82.284	149.592		89.662	156.777
Income from equity holdings in affiliated companies	1.535	11.487	9	-	-
Income from equity holdings in associated companies	2.284	604	9	2.284	7.448
Other financial income	1.762	164	4	977	18
Financial expenses	(15.650)	(10.236)	5	(16.432)	(10.623)
Profit/loss before tax	72.215	151.611		76.491	153.620
Tax on profit for the year	(13.573)	(40.615)	6	(17.849)	(42.624)
Net profit/loss for the year	58.642	110.996		58.642	110.996
Proposal for profit allocation:			24		
Assigned to reserve for net revaluation according to the book value method	2.864	12.091			
Transferred to next year	55.778	98.905			
	58.642	110.996			

Balance sheet as of 31 December

(in 1,000 DKK)	Parent company			The Group	
	2022	2021	Note	2022	2021
Software	3.752	2.596		3.811	3.758
Goodwill	-	-		-	1.958
Intangible fixed assets	3.752	2.596	7	3.811	5.716
Buildings	99.478	106.588		201.361	224.773
Aircraft equipment incl. essential aircraft components	1.181.089	532.985		1.181.089	532.985
Other aircraft components	51.476	26.092		51.476	26.092
Other equipment, vehicles and inventory	20.657	7.206		35.389	24.537
Prepayments and current intangible fixed assets	122.611	315.154		142.789	315.960
Tangible fixed assets	1.475.311	988.025	8	1.612.104	1.124.347
Equity holdings in affiliated companies	100.772	113.237	9	-	-
Equity holdings in associated companies	13.488	11.980	9	13.488	11.980
Receivables from affiliated companies	53.475	43.975	9	-	-
Other securities and equity holdings	-	-	9	39	39
Other receivables	1.243	1.222	9	1.646	1.603
Deferred tax assets	-	-	14	375	2.279
Financial fixed assets	168.978	170.414		15.548	15.901
Fixed assets	1.648.041	1.161.035		1.631.463	1.145.964
Inventories	42.652	30.281	10	47.972	34.477
Trade receivables	106.149	82.901		133.217	106.038
Receivables from group undertakings	284	-		-	-
Receivables with associated companies	-	3		-	3
Other receivables	21.849	48.796	11	25.703	50.990
Accrual items	4.972	8.459	12	5.943	9.184
Receivables	133.254	140.159		164.863	166.215
Cash at bank and in hand	349.055	289.587		393.304	345.501
Current assets	524.961	460.027		606.139	546.193
Assets	2.173.002	1.621.062		2.237.602	1.692.157

Balance sheet as of 31 December

(in 1,000 DKK)	Parent company			The Group	
	2022	2021	Note	2022	2021
Shareholders' funds	24.000	24.000	13	24.000	24.000
Reserve for net revaluation of equity holdings using the book value method	36.952	78.624		4.310	4.238
Reserve for hedging transactions	5.819	18.760		5.819	18.760
Retained profit	625.728	526.190		658.370	600.576
Equity	692.499	647.574		692.499	647.574
Deferred tax liabilities	106.968	98.219	14	118.685	108.966
Accrued obligations	106.968	98.219		118.685	108.966
Debt contracted through bond issues	991.577	598.695		991.577	598.695
Long-term debt obligations	991.577	598.695	15	991.577	598.695
Short-term share of long-term debt obligations	68.986	34.315	15	68.986	34.315
Supplier debts	46.021	51.774		69.656	78.234
Debts to group undertakings	3.092	1.929		-	-
Debts to associated companies	386	-		386	-
Corporation tax	-	1.104		1.402	3.297
Other debts	122.400	100.843	16	129.527	107.835
Accrual items	141.073	86.609	17	164.884	113.241
Short-term debt obligations	381.958	276.574		434.840	336.922
Debt obligations	1.373.535	875.269		1.426.417	935.617
Liabilities	2.173.002	1.621.062		2.237.602	1.692.157
Mortgages and contingent liabilities, etc.			18-20		
Other notes			20-24		

Statement of changes in equity as of 31 December 2022

Parent company					
(in 1,000 DKK)	Shareholders' funds	Reserve for net revaluation of equity holdings to the book value method	Retained profit	Reserve for hedging transactions	In total
Equity 01.01.2021	24.000	63.656	429.392	(10.290)	506.758
Appreciation derivative financial instruments				39.524	39.524
Net profit/loss for the year		12.091	98.905		110.996
Exchange rate adjustment of foreign associated company		1.047			1.047
Tax on equity		(277)	-	(10.474)	(10.751)
Other adjustments		2.107	(2.107)		-
Equity 31.12.2021	24.000	78.624	526.190	18.760	647.574
Appreciation derivative financial instruments				(17.766)	(17.766)
Net profit/loss for the year		2.864	55.778		58.642
Exchange rate adjustment of foreign associated company		(776)			(776)
Tax on equity				4.825	5.031
Other adjustments		(43.760)	43.760		-
Egenkapital 31.12.2022	24.000	36.952	625.728	5.819	692.499
The Group					
(in 1,000 DKK)	Shareholders' funds	Reserve for net revaluation of equity holdings to the book value method	Retained profit	Reserve for hedging transactions	In total
Egenkapital 01.01.2021	24.000	5.741	487.307	(10.290)	506.758
Værdiregulering afledte finansielle instrumenter				39.524	39.524
Årets resultat		7.448	103.548		110.996
Valutakursregulering af udenlandsk associeret virksomhed		1.047			1.047
Skat af egenkapitalbevægelser		(277)		(10.474)	(10.751)
Andre reguleringer		(9.721)	9.721		-
Egenkapital 31.12.2021	24.000	4.238	600.576	18.760	647.574
Værdiregulering afledte finansielle instrumenter				(17.766)	(17.766)
Årets resultat		1.713	56.929		58.642
Valutakursregulering af udenlandsk associeret virksomhed		(776)			(776)
Skat af egenkapitalbevægelser				4.825	5.031
Andre reguleringer		(865)	865		-
Egenkapital 31.12.2022	24.000	4.310	658.370	5.819	692.499

Cash flow statement

(in 1,000 DKK)	Parent company		Note	The Group	
	2022	2021		2022	2021
Profit or loss before financial entries	82.284	149.592		89.662	156.777
Depreciation and devaluation	87.924	103.387		114.925	112.081
Change in working capital	48.586	(13.563)	20	35.233	(21.620)
	218.794	239.416		239.820	247.237
Received financial income	1.762	164		977	18
Paid financial expenses	(15.650)	(10.236)		(16.432)	(10.623)
Tax paid	(1.104)	-		(3.294)	(799)
Cash flows regarding operation	203.802	229.344		221.071	235.834
Addition of intangible fixed assets	(2.227)	(1.812)		(2.204)	(1.812)
Addition of tangible fixed assets	(592.804)	(369.258)		(620.334)	(373.715)
Sale of tangible fixed assets	18.665	8.201		21.760	11.588
Addition of fixed asset investments	(12.521)	(48.078)		(43)	(113)
Access by business transfer	-	-		-	(12.000)
Removed financial fixed assets	3.000	7.312		-	3.300
Dividend received	14.000	-		-	-
Cash flows regarding investments	(571.887)	(403.635)		(600.820)	(372.752)
Taking on long-term debt obligations	485.000	655.000		485.000	655.000
Release of the credit facility on the overdraft facility	-	(100.000)		-	(100.000)
Instalments on long-term debt obligations	(57.447)	(217.668)		(57.447)	(268.029)
Cash flows regarding financing	427.553	337.332		427.553	286.971
Change in cash and cash equivalents	59.468	163.041		47.801	150.053
Cash and cash equivalents 1 January	289.587	126.546		345.501	189.917
Access by business transfer	-	-		-	5.531
Cash and cash equivalents 31 December	349.055	289.587		393.304	345.501

Notes to the Annual Report

(in 1,000 DKK)	Parent company		The Group	
	2022	2021	2022	2021
1. Net revenue				
Passenger income	771.244	559.975	771.244	559.975
Charter income	259.349	248.160	259.349	248.160
Cargo income	81.765	71.604	81.765	71.604
Mail income	25.255	31.195	25.255	31.195
Payment for service contracts	152.705	139.500	152.705	139.500
Other traffic income	50.015	70.632	50.015	70.632
Other operating income	19.683	8.770	191.932	96.464
Other revenue	10.658	30.755	10.658	30.755
COVID-19 compensation	-	8.634	-	11.708
	1.370.674	1.169.225	1.542.923	1.259.993

Notes to the Annual Report

(i 1.000 DKK)	Parent company		The Group	
	2022	2021	2022	2021
2. Staff costs				
Wages and salaries	368.116	319.935	417.486	355.120
Pension costs	16.027	12.824	18.993	14.791
Other social security costs	41.796	40.191	42.209	40.482
	425.939	372.950	478.688	410.393
Of this total remuneration to the parent company:				
Management	3.784	3.686		
Board of Directors	1.561	1.464		
	5.345	5.150		
Average number of employees	526	483	653	574

The Executive Board shall be remunerated pursuant to the contract with a fixed monthly salary incl. pension, accommodation and company car in accordance with the applicable rules, as well as a variable pay share. Variable pay elements are only a limited part of the total remuneration.

The annual remuneration of the Executive Board of the parent company can be specified as follows:

	2022	2021
Fixed salary	3.384	2.914
Retention scheme	0	772
Bonus	400	0
	3.784	3.686

No incentive schemes have been setup for the company's Board of Directors.

Notes to the Annual Report

(in 1,000 DKK)	Parent company		The Group	
	2022	2021	2022	2021
3. Depreciation and devaluation				
Goodwill	-	-	1.958	140
Software	1.071	954	2.151	1.079
Buildings	7.429	8.475	24.186	11.693
Aircraft equipment incl. essential aircraft components	89.757	91.861	89.757	91.861
Other aircraft components	3.284	1.927	3.284	1.927
Other equipment, vehicles and inventory	3.312	4.991	9.700	9.420
Profit from the sale of tangible fixed assets	(16.929)	(4.821)	(16.111)	(4.039)
	87.924	103.387	114.925	112.081
4. Other financial income				
Interest on bank deposits	792	-	792	-
Interest from affiliated companies	957	164	-	-
Currency gains	-	-	151	-
Interest in general	13	-	34	18
	1.762	164	977	18
5. Financial expenses				
Interest on bank debt	1.487	1.212	2.182	685
Interest and amortisation of long-term debt	14.009	8.902	14.026	9.946
Exchange rate losses	69	42	96	36
Interest in general	85	80	128	63
	15.650	10.236	16.432	10.623
6. Tax on profit for the year				
Current tax	-	1.104	1.402	3.297
Adjustment of tax pertaining to previous years	724	438	725	438
Deferred tax on the year's profit	19.137	39.073	22.672	38.890
Effect of the reduction of the corporation tax rate from 26.5% to 25%	(6.288)	-	(6.950)	-
	13.573	40.615	17.849	42.624

(continued)

(in 1,000 DKK)	Parent company		The Group		
	Software	In total	Software	Goodwill	In total
7. Intangible fixed assets					
Cost price 01.01.2022	38.177	38.177	42.658	2.098	44.756
Added	2.227	2.227	2.227	-	2.227
Removed	(1.002)	(1.002)	(1.085)	-	(1.085)
Cost price 31.12.2022	39.402	39.402	43.800	2.098	45.898
Depreciation and devaluation 01.01.2022	35.581	35.581	38.900	140	39.040
Depreciation for the year	1.071	1.071	2.151	1.958	4.109
Reversed depreciation at year end	(1.002)	(1.002)	(1.062)		(1.062)
Depreciation and devaluation 31.12.2022	35.650	35.650	39.989	2.098	42.087
Accounting value 31.12.2022	3.752	3.752	3.811	-	3.811

(continued)

(in 1,000 DKK)						The Group
	Buildings	Aircraft equipment and aircraft components	Other aircraft components	Other plant, operating equipment and fixtures and fittings	Advance payments for tangible fixed assets	In total
8. Tangible fixed assets						
Cost price 01.01.2022	364.173	1.390.499	91.837	110.243	315.154	2.271.906
Added	319	11.516	28.615	12.036	540.318	592.804
Removed	(3.134)	(103.931)	(17.438)	(1.649)		(126.152)
Transferred to other entries		728.134		4.727	(732.861)	-
Cost price 31.12.2022	361.358	2.026.218	103.014	125.357	122.611	2.738.558
Depreciation and devaluation 01.01.2022	257.585	857.514	65.745	103.037	-	1.283.881
Devaluation and depreciation for the year	7.429	89.757	3.284	3.312	-	103.782
Reversed depreciation at year end	(3.134)	(102.142)	(17.491)	(1.649)	-	(124.416)
Depreciation and devaluation 31.12.2022	261.880	845.129	51.538	104.700	-	1.263.247
Accounting value 31.12.2022	99.478	1.181.089	51.476	20.657	122.611	1.475.311

(in 1,000 DKK)						The Group
	Buildings	Aircraft equipment and aircraft components	Other aircraft components	Other plant, operating equipment and fixtures and fittings	Advance payments for tangible fixed assets	In total
8. Tangible fixed assets						
Cost price 01.01.2022	551.476	1.390.499	91.837	180.482	315.960	2.530.254
Added	4.262	11.516	28.615	14.413	561.528	620.334
Removed	(20.487)	(103.931)	(17.438)	(20.931)	-	(162.786)
Transferred to other entries	-	728.134	-	4.727	(732.861)	-
Cost price 31.12.2022	535.251	2.026.218	103.014	178.691	144.627	2.987.801
Depreciation and devaluation 01.01.2022	326.703	857.514	65.745	155.945	-	1.405.907
Devaluation and depreciation for the year	24.186	89.757	3.284	7.862	1.838	126.927
Reversed depreciation at year end	(16.999)	(102.142)	(17.491)	(20.505)	-	(157.137)
Depreciation and devaluation 31.12.2022	333.891	845.129	51.538	143.302	1.838	1.375.697
Accounting value 31.12.2022	201.361	1.181.089	51.476	35.389	142.789	1.612.104

(continued)

(in 1,000 DKK)	Parent company				
	Equity holdings in affiliated companies	Equity holdings in associated companies	Receivables from affiliated companies	Other receivables	In total
9. Financial fixed assets					
Cost price 01.01.2022	38.403	7.742	47.975	1.222	95.790
Added	18.846		12.500	21	31.367
Removed			(3.000)		(3.000)
Cost price 31.12.2022	57.249	7.742	57.475	1.243	124.157
Net revaluation 01.01.2022	74.834	4.238	(4.000)	-	74.624
Exchange rate adjustment		(776)			(776)
Share of the year's profit	8.868	2.284			11.152
Devaluation at book value	(7.333)				(7.333)
Dividend paid to parent	(32.846)				(32.846)
Net revaluation 31.12.2022	43.523	5.746	(4.000)	-	44.821
Accounting value 31.12.2022	100.772	13.488	53.475	1.243	168.978

Affiliated and associated companies (parent + group):	percent.	Nominal value	Equity
A/S Hotel Arctic, Ilulissat	100%	30.000	69.066
Greenland Travel A/S, Copenhagen	100%	1.500	20.891
Air Greenland ATO A/S, Copenhagen	100%	500	500
World of Greenland A/S, Ilulissat	100%	2.000	10.327
Norlandair ehf., Akureyri	25%	8.022	53.949

2022 **2021**

Result of affiliated companies is made up as follows:

Profit before tax Air Greenland ATO A/S	8	10
Profit before tax Hotel Arctic A/S	5.157	122
Profit before tax Greenland Travel A/S	8.901	13.198
Profit before tax World of Greenland A/S	(9.004)	-
Result of associated companies before tax	5.062	13.330
Tax in subsidiaries	(3.527)	(1.843)
Result of associated companies after tax	1.535	11.487

(continued)

	Equity holdings in associated companies	Other securities and capital shares	Other receivables	The Group In total
9. Financial fixed assets (continued)				
Cost price 01.01.2022	7.742	9	1.603	9.354
Added	-	-	43	43
Cost price 31.12.2022	7.742	9	1.646	9.397
Net revaluation 01.01.2022	4.238	30	-	4.268
Exchange rate adjustment	(776)	-	-	(776)
Share of the year's profit	2.284	-	-	2.284
Net revaluation 31.12.2022	5.746	30	-	5.776
Accounting value 31.12.2022	13.488	39	1.646	15.173

	Parent company		The Group	
	2022	2021	2022	2021
10. Inventories				
Spare parts stock	42.530	30.209	42.530	30.209
Other stocks	122	72	5.442	4.268
	42.652	30.281	47.972	34.477
11. Other receivables				
Positive fair value hedging instruments	7.937	25.524	7.937	25.524
Deposit item purchases	5.200	-	5.200	-
Other receivables	8.712	23.272	12.566	25.466
	21.849	48.796	25.703	50.990

12. Accrual items

Deferred income consists of prepaid expenses relating to subscriptions, etc.

13. Shareholders' funds

The share capital of DKK 24 million consists of 40 shares of DKK 500,000, 384 shares of DKK 10,000 and 160 shares of DKK 1,000.

The shares are not divided into classes with special rights. Each share of DKK 1,000 has 1 vote. There has been no change in the share capital the past 5 years.

(continued)

	Parent company		The group	
	2022	2021	2022	2021
14. Deferred tax				
Provision for deferred tax is based on the following items:				
Intangible fixed assets	938	688	953	727
Tangible fixed assets	89.206	71.967	100.117	82.756
Financial fixed assets	12.731	20.052	12.736	20.057
Current assets	(1.351)	(1.252)	(626)	(1.252)
Short-term debt	-	-	-	(154)
Other receivables	1.940	6.764	1.940	6.762
Tax losses carried forward	(4.708)	-	(5.022)	(2.209)
Dividends not further distributed	8.212	-	8.212	-
	106.898	98.219	118.310	106.687
Net asset value is recognised in the balance sheet:				
Deferred tax assets	-	-	(375)	(2.279)
Deferred tax liabilities	106.968	98.219	118.685	108.966
	106.968	98.219	118.310	106.687
This year's movement can be specified as follows:				
Deferred tax 1 January	98.219	47.957	106.689	57.206
Deferred tax on the year's profit	19.862	39.511	23.397	38.730
Effect of the reduction of the corporation tax rate from 26.5% to 25%	(6.288)	-	(6.950)	-
Tax on equity	(4.825)	10.751	(4.825)	10.751
Deferred tax 31 December	106.968	98.219	118.310	106.687

(continued)

	Parent company			
	Due within 1 year	Due in 2 - 5 years	Due after 5 years	Nominal liabilities, total
15. Long-term debt obligations				
Debt to credit institutions	68.986	497.973	493.604	1.060.563
Long-term debt obligations 31.12.2022	68.986	497.973	493.604	1.060.563

	Koncernen			
	Due within 1 year	Due in 2 - 5 years	Due after 5 years	Nominal liabilities, total
Debt to credit institutions	68.986	497.973	493.604	1.060.563
Long-term debt obligations 31.12.2022	68.986	497.973	493.604	1.060.563

	Parent company		The group	
	2022	2021	2022	2021
16. Other debts				
Salaries due, social security contributions, etc.	11.694	11.961	13.647	13.495
Holiday payment obligations	31.810	28.318	35.174	31.723
Other expenses due	78.717	60.564	80.527	62.617
Negative fair value hedging instruments	179	-	179	-
	122.400	100.843	129.527	107.835

17. Accrual items

Deferred income consisting of outstanding costs concerning tickets sold, which have not yet been recognised as revenue.

18. Mortgaging

Cash and cash equivalents deposited in favour of the Travel Guarantee Fund and other supplier credits	1.200	1.200	3.136	9.430
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(continued)

	Parent company		The Group	
	2022	2021	2022	2021
19. Lease obligations				
For 2022 - 2023, operating lease agreements have been entered into for aircraft	3.510	5.706	3.510	5.706
Of this due within 1 year	3.510	3.698	3.510	3.698
Other operational leasing agreements	-	-	1.129	-
Of this due within 1 year	-	-	1.129	-
20. Changes in working capital				
Changes in inventories	(12.371)	(394)	(13.495)	(3.018)
Changes in receivables	(10.682)	(23.972)	(16.235)	(41.852)
Change in supplier debt, etc.	71.639	10.803	64.963	23.250
	48.586	(13.563)	35.233	(21.620)

(continued)

	Parent company		The Group	
	2022	2021	2022	2021
21. Remuneration of the auditor elected at the annual general meeting				
Fees paid to the parent company's auditor PricewaterhouseCoopers for the financial year:				
Statutory audit	472	531	624	683
Other declarations of security	145	507	238	570
Tax and VAT advice	320	-	348	-
Other services	341	557	431	610
	1.278	1.595	1.641	1.863
Fees to the parent company's auditor appointed by the General Meeting Grønlands Revision A/S for the financial year:				
Statutory audit	168	189	317	325
Other declarations of security	27	-	27	-
Tax advice	47	-	55	-
Other services	3	53	97	129
	245	242	496	454

Notes to the Annual Report

22. Related parties

Related parties are considered to be members of the Company's Board of Directors, Executive Board, the Company's sole shareholder, the Government of Greenland, and the Group's affiliated and associated companies.

Significant transactions with the Company's owner, the Government of Greenland, are based on service contracts between the Company and the Government of Greenland. Transactions include patient transport for the Healthcare Service, sale of tickets, settlement of traffic fees and operation of heliports/airports with Greenland Airports (Mittarfeqarfit), etc.

Transactions with the Executive Board and the Board of Directors consist of remuneration as described in note 2. All transactions with closely related parties are conducted on a market-related basis.

23. Shareholder relations

The following shareholders own more than 5% of the company's share capital:

- The Government of Greenland (100%)

(in 1,000 DKK)	Parent company	
	2022	2021
24. Distribution of net profit		
Proposal for profit allocation:		
Assigned to reserve for net revaluation according to the book value method	2.864	12.091
Transferred to next year	55.778	98.905
	58.642	110.996

25. Subsequent events

At the beginning of the 2023 financial year, the Company entered into an agreement for the sale of the Airbus A330-200 aircraft for delivery by 8 March 2023.

An agreement has been entered into for the purchase of an additional Dash 8, which is expected to be in production from 1 May 2023.



Our Fleet

Airbus A330-800
International destinations



Number: 1
Max. no of seats: 305
Average speed km/t: 870
Max. altitude m: 13,666

Dash 8-200
Domestic destinations



Number: 7
Max no. of seats: 37
Average speed km/t: 537
Max. altitude m: 7,620

Airbus H155
Domestic destinations



Number: 6
Max. no of seats: 13
Average speed km/h: 277

Airbus AS350
Charter



Number: 9
Max. no of seats: 5
Average speed km/h: 234
Max. altitude m: 7,000

Kingair
Medevac



Number: 1
Max. no of seats: Medevac (8)
Average speed km/t: 480
Max. altitude m: 10,670

Airbus H225
Search and rescue



Number: 2
Max. no of seats: SAR (19)
Average speed km/h: 262
Max. altitude m: 6,095



Air Greenland A/S
CVR-nummer: 56 99 67 10
www.airgreenland.com
Postboks 1012
3900 Nuuk
Grønland

air greenland 