

A man with short dark hair, wearing a blue long-sleeved work shirt with the 'air greenland' logo on the chest, is smiling at the camera. He is holding a thick, yellow fire hose over his shoulder with both hands, which are wearing green gloves. A key is visible on a chain around his waist. The background is a blurred industrial or workshop setting with a red fire truck visible in the distance.

# Half-yearly Report 2020

air greenland 



# Company information

**CBR No. (CVR):** 56996710  
**Ownership:** The Government of Greenland,  
Nuuk, Greenland, owns 100% of  
the company  
**Share capital:** DKK 24 million  
**Audit:** PricewaterhouseCoopers  
Grønlands Revisionskontor A/S  
**Executive Board:** Jacob Nitter Sørensen, CEO

## Management statement

Today we have submitted a half-yearly report per 30 June 2020 for Air Greenland A/S.

The company's auditor has not performed an audit or review of the half-year report.

The half-year report is submitted in accordance with the Danish Financial Statements Act. We consider the chosen accounting policies to be appropriate, and in accordance with unchanged accounting policies, so that the half-year report gives a true and fair picture of the Group's assets and liabilities, financial position, profit and cash flows.

**Nuuk, 8. september 2020**

**Executive Management** Jacob Nitter Sørensen  
CEO

**Board of Directors** Kjeld Zacho Jørgensen  
Chairman of the Board

Steen Jensen

Annette Pia Brøndholt  
Sørensen

Bodil Marie Damgaard  
Deputy Chairperson

Sam Grønvold

Henrik Maule  
Steinbacher

Malik Peter Hegelund Olsen

Jette Larsen

Claus Martin Motzfeldt

# Management report

## – The half-year accounts and expectations for the year

### Economy

Overall, in the first half of 2020, Air Greenland delivered a consolidated result before tax of DKK 30.5 million, which is DKK 27.3 million lower compared to the same period in 2019 (2019: DKK 3.2 million). The result is affected by the COVID-19 situation and is considered satisfactory in this respect.

Equity at the end of the first half of 2020 has been reduced by DKK 23.6 million to DKK 465.2 million, and the solvency ratio reduced during the period to 39% from 43.3% at the end of 2019.

No dividend payment has been made in 2020.

Due to the effect of COVID-19, receivables from sales have been reduced, and liquidity has been increased by raising further loans of DKK 100 million, which was repaid in July 2020. Moreover, short-term debt is also affected by COVID-19, where accounts payable have been reduced as a result of lower activity, other debt has increased as a result of deferred other payments, and deferred income has been reduced by DKK 130.3 million compared to the same period in 2019, which is due to lack of future sales.

### Development

Net revenue fell by 11.4% to DKK 551.8 million. (2019: DKK 622.9 million). The decrease in turnover is composed of a large decrease in passenger revenues, which is reduced by an increase in charter revenues, due to payment for the maintenance of emergency flights as a result of COVID-19 for the Government of Greenland.

Other external costs have been reduced by DKK 50.9 million to DKK 278.5 million compared to 2019 (2019: DKK 329.4 million). Costs have been reduced as a result of low activity and initiatives that have reduced costs during the period.

Personnel costs decreased by DKK 3.8 million to 223 million compared to 2019 (2019: DKK 226.8 million).

Depreciation and amortisation increased by DKK 4.7 million.

### Liquidity

The cash and cash equivalents amount to DKK 317.8 million at the end of June 2020, which is an increase of DKK 44.2 million compared to June 2019 and an increase of DKK 57.6 million compared to the end of 2019. The increase is primarily related to an increase in short-term debt of DKK 100 million.

### Capital resources

The company lives up to its financial obligations and the capital base is still seen as solid.

### Expectations for results at the end of 2020

Air Greenland A/S expects to deliver a less positive result in 2020, which is significantly dependent on the effect of restrictions related to COVID-19.

### Events after the end of the period

From the balance sheet date until today, no circumstances have occurred that change the Group's financial position.

### COVID-19

The half-year accounts are clearly affected by COVID-19. Air traffic to and from Greenland (the Atlantic route) stopped per 20 March 2020, and domestic traffic internally in Greenland was also discontinued. During the period, Air Greenland flew emergency flights on behalf of the Government of Greenlandic, which has ensured that all towns and settlements could continue to be connected by flights. In addition to maintaining connections between towns, settlements and abroad, it has been possible throughout the period to maintain freight and post, and not least the shipment of COVID-19 samples. This, together with the excellent collaboration with the authorities, has helped to maintain a high level of testing.

Air Greenland and the Group's companies in Greenland have not received payment from aid packages financed by the Government of Greenland:

The period has naturally contributed to many cancellations of scheduled flights, which has resulted in many changes and refunds to customers. The refunds overall were made satisfactorily and in a timely manner, just as the many customer enquiries have been processed.

# Half-year accounts

## Income statement for 1 January to 30 June 2020

(in 1.000 DKK)

The Group

	1H 2020	1H 2019	2019
Net revenue	551,839	622,859	1,397,686
Other external expenses	(278,492)	(329,397)	(680,701)
Staff costs	(223,004)	(226,751)	(463,224)
Depreciation and amortisation	(73,008)	(68,327)	(140,902)
Profit or loss before financial items	(22,665)	(1,616)	112,859
Income from equity holdings in subsidiary companies	-	-	-
Income from equity holdings in associated companies	(895)	(1,069)	1,874
Other financial income	25	1,324	1,921
Financial expenses	(6,968)	(1,805)	(10,053)
Profit before tax	(30,503)	(3,166)	106,601
Tax on profit for the period	7,626	1,308	(18,021)
<b>Profit of the period</b>	<b>(22,877)</b>	<b>(1,858)</b>	<b>88,580</b>

## Balance per 30 June 2020

(in 1.000 DKK)

	The Group		
	30 June 2020	30 June 2019	2019
Software	152	-	
Intangible fixed assets	152	-	
Buildings	192,863	224,411	218,429
Aircraft equipment incl. essential aircraft components	389,539	420,429	404,083
Other aircraft components	22,344	24,714	20,879
Other equipment, vehicles and inventory	27,793	25,195	21,307
Prepayments for tangible fixed assets	106,095	-	23,677
Tangible fixed assets	738,634	694,750	688,375
Equity holdings in associated companies	22,973	21,611	23,868
Receivables with associated companies	1,087	1,380	1,181
Other securities and equity holdings	36	36	36
Other receivables	1,563	1,587	1,610
Deferred tax assets	133	168	140
Financial fixed assets	25,792	24,782	26,835
Fixed assets	764,578	719,531	715,210
Inventories	33,088	34,990	34,356
Receivables from sales and services	63,744	129,716	92,169
Receivables with associated companies	-	-	8
Other receivables	13,407	4,582	14,627
Accruals and deferred income	1,736	1,067	13,652
Receivables	78,887	135,365	120,456
Cash and cash equivalents	317,781	273,539	260,175
Total current assets	429,756	443,894	414,987
<b>Assets</b>	<b>1,194,334</b>	<b>1,163,426</b>	<b>1,130,197</b>

## Balance per 30 June 2020 (continued)

(in 1.000 DKK)

	The Group		
	30 June 2020	30 June 2019	2019
Share capital	24,000	24,000	24,000
Reserve for net appreciation of equity holdings to the book value method	9,308	8,154	10,203
Profit carried over	431,090	381,044	454,620
Equity	465,238	413,198	488,823
Deferred tax liabilities	52,022	28,101	59,884
Accrued obligations	52,022	28,101	59,884
Mortgage debt	162,523	222,619	195,567
Other liabilities	3,644	-	1,973
Bank debt	21,524	23,655	20,089
Long-term debt obligations	187,691	246,274	217,629
Short-term share of long-term debt obligations	65,000	36,000	66,039
Other bank debt	100,000	-	-
Supplier debts	84,603	124,182	74,151
Debts to associated companies	67	-	489
Corporation tax	1,028	4,177	1,075
Other liabilities	117,157	59,675	114,994
Accruals and deferred income	121,528	251,819	107,113
Short-term debt obligations	489,383	475,853	363,861
Debt obligations	677,074	722,127	581,490
<b>Liability</b>	<b>1,194,334</b>	<b>1,163,426</b>	<b>1,130,197</b>

## Statement of changes in equity as of 30 June 2020

(in 1.000 DKK)

### The Group

	Share capital	Reserve for net revaluation of equity holding according to the book value method	Carried over profit	Suggested dividend for the financial year	Total
Equity 01.01.2019	24,000	9,223	684,629	-	717,852
Dividend paid to shareholders			(461,044)		(461,044)
Value adjustment derived financial instruments			12,536		12,536
Profit or loss for the year		1,454	87,126		88,580
Exchange rate adjustment of foreign associated company		(694)			(694)
Tax on equity		221	131,373		131,593
Equity 31.12.2019	24,000	10,203	454,620	-	488,823
Value adjustment derived financial instruments			(944)		(944)
Profit or loss for the year		(895)	(21,982)		(22,877)
Tax on equity			236		236
<b>Equity 30 June 2020</b>	<b>24,000</b>	<b>9,308</b>	<b>431,930</b>	<b>-</b>	<b>465,238</b>

# Cash flow statement

(in 1.000 DKK)

The Group

	1H 2020	1H 2019	2019
Profit or loss before financial items	(22,665)	(1,616)	112,859
Depreciation and amortisation	73,008	68,327	140,902
Change in working capital	70,880	109,187	(12,387)
	121,223	175,898	241,374
Received financial income	25	1,324	1,921
Paid financial expenses	(6,968)	(1,805)	(10,053)
Tax paid	-	-	(3,952)
Cash flows regarding operation	114,280	174,075	229,290
Addition of intangible fixed assets	(152)	-	-
Addition of tangible fixed assets	(123,267)	(26,618)	(95,558)
Sale of tangible fixed assets	-	774	3,514
Addition of fixed asset investments	47	(1,645)	(42)
Change in financial fixed assets			394
Cash flows regarding investments	(123,372)	(27,489)	(91,692)
Taking on long-term debt obligations	100,000	260,000	260,000
Instalments on long-term debt obligations	(33,302)	(4,949)	(9,319)
Dividends received from associated companies	-	399	392
Dividend paid	-	(461,044)	(461,044)
Cash flows regarding financing	66,698	(205,594)	(209,971)
Change in cash and cash equivalents	57,606	(59,008)	(72,373)
Cash and cash equivalents 1 January	260,175	332,548	332,548
Cash and cash equivalents 30 June	317,781	273,540	260,175