

# Annual Report Air Greenland A/S 2021

1. januar 2021 - 31. december 2021





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The annual report was presented and  
adopted at the Company's Annual  
General Meeting on 11. maj 2022

Peter Schriver  
Chair of the meeting

Air Greenland A/S  
CVR-nummer: 56 99 67 10  
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3900 Nuuk  
Grønland

air greenland 

<b>The Group's key figures and key performance (DKK mill.)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Revenue	1.304,8	1.401,3	1.397,7	1.129,5	1.251,3
Profit before interest and depreciation (EBITDA)	217,2	224,5	172,8	172,8	268,9
Profit before financial entries (EBIT)	75,8	79,1	112,9	45,2	156,8
Profit before tax	71,1	80,8	106,6	32,6	153,6
Profit for the year	44,9	52,1	88,6	30,6	111,3
Tangible fixed assets	764,3	737,2	688,4	824,7	1.124,3
Equity	700,7	717,9	488,8	506,8	646,6
Balance sum	1.170,2	1.244,1	1.130,2	1.177,6	1.692,2
Dividends for the financial year	22,5	-	461,0	-	-
Investments in tangible fixed assets	148,0	126,2	95,6	289,5	398,5
Number of employees (year-end)	614	631	637	544	578
Profit margin	5,8%	5,6%	8,1%	4,0%	12,5%
Return on invested capital after tax incl. goodwill	9,4%	10,8%	11,2%	4,9%	14,0%
Financial gearing	-0,2	-0,4	0,3	0,3	0,5
Operational gearing	-0,7	-1,2	0,9	0,9	1,2
Return on equity	6,5%	7,3%	14,7%	6,1%	18,6%
Solvency ratio	59,9%	57,7%	43,3%	43,0%	38,2%

<b>Statistical information</b>	<b>Unit of measurement</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Route network length	Km	17.603	17.603	17.603	11.345	11.884
Number of towns serviced	Towns	16	16	16	16	21
Flown km in regular traffic	1000	5.903	6.201	5.933	3.698	4.420
Flying hours in the air, total	Hours	23.189	23.486	21.527	15.742	18.006
Flying hours in the air, regular	Hours	12.648	13.064	12.845	8.271	10.781
Offered tonne-km, regular traffic	1000	85.233	91.793	88.989	54.329	61.264
Sold tonne-km, regular traffic	1000	56.922	58.971	59.792	29.765	35.139
Total load factor, regular traffic	Per cent	66,8%	64,2%	67,2%	54,8%	57,4%
Number of passengers	1000	419	431	438	246	309
Offered seats-km, regular traffic	1000	678.174	733.328	717.180	435.859	485.381
Sold seats-km, regular traffic	1000	548.252	568.316	579.841	258.892	318.975
Cabin factor, regular traffic	Per cent	80,8%	77,5%	80,9%	59,4%	65,7%
Average travel distance for regular traffic	Km	1.310	1.319	1.323	1.054	1.033

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## Company information

<b>CBR No. (CVR):</b>	56996710
<b>Ownership:</b>	Grønlands Selvstyre, Nuuk, Grønland, ejer selskabet 100%
<b>Share capital</b>	24 mio. kr.
<b>Audit:</b>	PricewaterhouseCoopers Grønlands Revision A/S
<b>Executive Board</b>	Jacob Nitter Sørensen, CEO

## Management statement

The Board of Directors and Executive Board today discussed and approved the annual report for the 1 January-31 December 2021 financial year 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 view of the assets, liabilities and financial position of the Company and the Group as at 31 December 2021 and of the results of their operations and their cash flows for 2021.

The annual report is set for approval at the Annual General Meeting.

**Nuuk 21 March 2022**

### EXECUTIVE BOARD

**Jacob Nitter Sørensen**  
CEO

### BOARD OF DIRECTORS

**Bodil Marie Damgaard**  
Chairwoman of the Board

**Steen Jensen**  
Deputy chairman

**Anette Grønkjær Lings**

**Malik Hegelund Olsen**

**Malene Lynge**

**Jens-Jakob Sandgreen**

**Claus Motzfeldt**

**Henrik Maule Steinbacher**

**Tina Chemnitz**

# The independent auditor's audit 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 2021, as well as the result of the Group's and the Company's activities and cash flows for the 1 January - 31 December 2021 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 2021 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 Guidelines for the Ethical Conduct of Accountants (IESBA Code) and the additional ethical requirements applicable in Greenland, and have fulfilled our other ethical responsibilities in accordance with 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

Management is responsible for 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 accounts, it is our responsibility to read the management report and in this connection to consider whether the management report is materially inconsistent with the accounts or our knowledge gained by the audit or otherwise appears to be materially misstated.

It is also our responsibility to consider whether the management's report contains the required information in accordance with 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 the annual accounts and have been prepared in accordance with the requirements of the Danish Financial Statements Act. We have not found any material misinformation 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 accounts, management is responsible for assessing the company's ability to continue operations, to provide information on aspects of continuing operations, where applicable, and to prepare the accounts 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:

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 significant misinformation caused by fraud is higher than for significant misinformation caused by error, because fraud can include conspiracies, falsifying documents, deliberate omission, misrepresentation or breach of internal checks.

We gain an understanding of the internal control relevant to the audit to be able to design audit procedures that are appropriate to the circumstances, but not to make a conclusion on the effectiveness of the Group's and the company's internal control.

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. Future events or circumstances may require that the group and company can no longer continue operating.

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 thereof.

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.

Hellerup, 21 March 2022

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab  
Central Business Register (CVR) no. 33 77 12 31

Thomas Wraae Holm  
Chartered Accountant  
mne30141

**Grønlands Revision A/S**

State Authorised Public Accountants  
Central Business Register (CVR) no. 41 76 26 67

Per Jansen  
Chartered Accountant  
mne21323







**Bodil Marie Damgaard**

Chairwoman of the Board.  
Appointed by the Government of Greenland  
in 2020. Member of the board since 2016

**Business activities and directorships**  
CEO, Greenland Holding (2020)

**Educational background**  
Bachelor in Communication from  
Roskilde University (RUC)

**Skills and experience**  
Communication, marketing, HR,  
management and strategy



**Steen Jensen**

Deputy chairman (2020). Appointed by  
The Government of Greenland in 2019

**Business activities and directorships**  
Lawyer and Partner, Bech-Bruun  
Board member Ikano Property FE A/S

**Educational background**  
LLM, University of London  
Master of Laws (LLM), University of  
Copenhagen

**Skills and experience**  
Stock and capital markets, finance, regu-  
latory affairs, company law, strategy and  
corporate governance



**Malik Hegelund Olsen**

Appointed by The Government of Green-  
land in 2019

**Business activities and directorships**  
Sales Manager, Royal Greenland A/S  
(2014)  
Board member Kofoeds School Nuuk  
Employee-elected board member, Royal  
Greenland A/S

**Educational background**  
HD-O, Ilisimatusarfik (University of Gre-  
enland) Production Engineer, Copenha-  
gen University College of Engineering

**Skills and experience**  
Economic utilisation, personnel manage-  
ment, project management



**Anette Grønkjær Lings**

Appointed by The Government of Green-  
land in 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**  
Business Economics  
Diploma in Business Administration

**Skills and experience**  
Company management, strategy, desti-  
nation development, marketing and ho-  
spitality.



**Malene Lynge**

Appointed by The Government of Green-  
land in 2021

**Business activities and directorships**  
Self-employed business owner

**Educational background**  
Diploma in Communication  
Traffic Assistant

**Skills and experience**  
Strategy, communication and manage-  
ment  
Secretariat and Project Management



**Jens-Jakob Sandgreen**

Appointed by The Government of Green-  
land in 2021

**Business activities and directorships**  
Director and Consultant, Loading ApS  
Chairman of the Board, Balloon Inc.  
Board member, Visit Greenland A/S  
Deputy chairman, Wildfood IVS

**Educational background**  
Sorø Academy School (2008)  
Made in NY Fellowship (2016)  
Mini-MBA, Aros Business Academy  
(2021)

**Skills and experience**  
International entrepreneurship, product  
development and accelerated progres-  
sion



**Henrik Maule Steinbacher**  
Employee elected since 2013

**Business activities and directorships**  
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**  
Sales Manager, Air Greenland (2022)  
Logistic Manager, Air Greenland (2008)  
Purchasing dept, Air Greenland (1998)

**Educational background**  
Diploma in Management  
Project Management IPMA D Certification

**Skills and experience**  
Management, air traffic, LEAN, finance, negotiations, transport and logistics.



## Greetings from the chairwoman Bodil Marie Damgaard



Air Greenland connects Greenland. This has been one of the most important phrases about our airline for many years, and with good reason.

Indeed, the journey often begins and ends with Air Greenland's red planes or helicopters. In a small community like ours, we know the needs of passengers to reach their final destination. It can be for celebrations such as the first day of school, a wedding, baptism, graduation or to arrive to say goodbye at family and friends' funerals. Whatever the purpose of the journey, Air Greenland always does its best to ensure that everyone arrives safely.

With over 60 years of experience operating air traffic in this country, we are used to operating in a volatile environment. During busy periods, our skilled and dedicated staff go the extra mile to get our passengers to their destinations. Because let me be clear: It is a huge and complex task to connect 62 destinations while providing SAR equipment, offering charter options, ensuring ambulance flights, running hotel and tourism operations and ensuring that mail and freight reaches its final destination. This gives us great responsibility, which we must humbly accomplish. It commits to being owned by society; it commits to being the largest player in air traffic in Greenland.

In 2021, Covid-19 again made a big impact on the overall air aviation industry. However, thanks to the extensive adjustments made at Air Greenland when the pandemic broke out, as well as the company's role as a critical infrastructure in the country, it has managed to run a healthy and financially strong company through a very unpredictable 2021 with changing infection pressures and so travel restrictions. After limited travel activity in the first part of the year, we ended up with significantly more passengers and more revenue than anyone expected in the latter half of the year. It has required a major effort from the entire company to adapt to the Covid-19 conditions with changing travel restrictions, and the accom-

panying requirements for higher efficiency and tight financial management, while also being able to meet the high travel demand at the end of 2021.

On behalf of the Board, I would like to thank Air Greenland's management and its many talented employees for their efforts. You have all been extremely adaptable and willing to go the extra mile for Air Greenland.

One thing is to bind our country together. Another is to take responsibility for helping to develop it. Air Greenland did so increasingly in 2021. Contributing to elevating Greenland is a responsibility that is taken seriously at the company, and a task we are proud to perform.

One of our focus areas at Air Greenland continues to be the development of ticket prices and new and more flexible ticket types. We are constantly working to make our tickets available to as many people as possible.

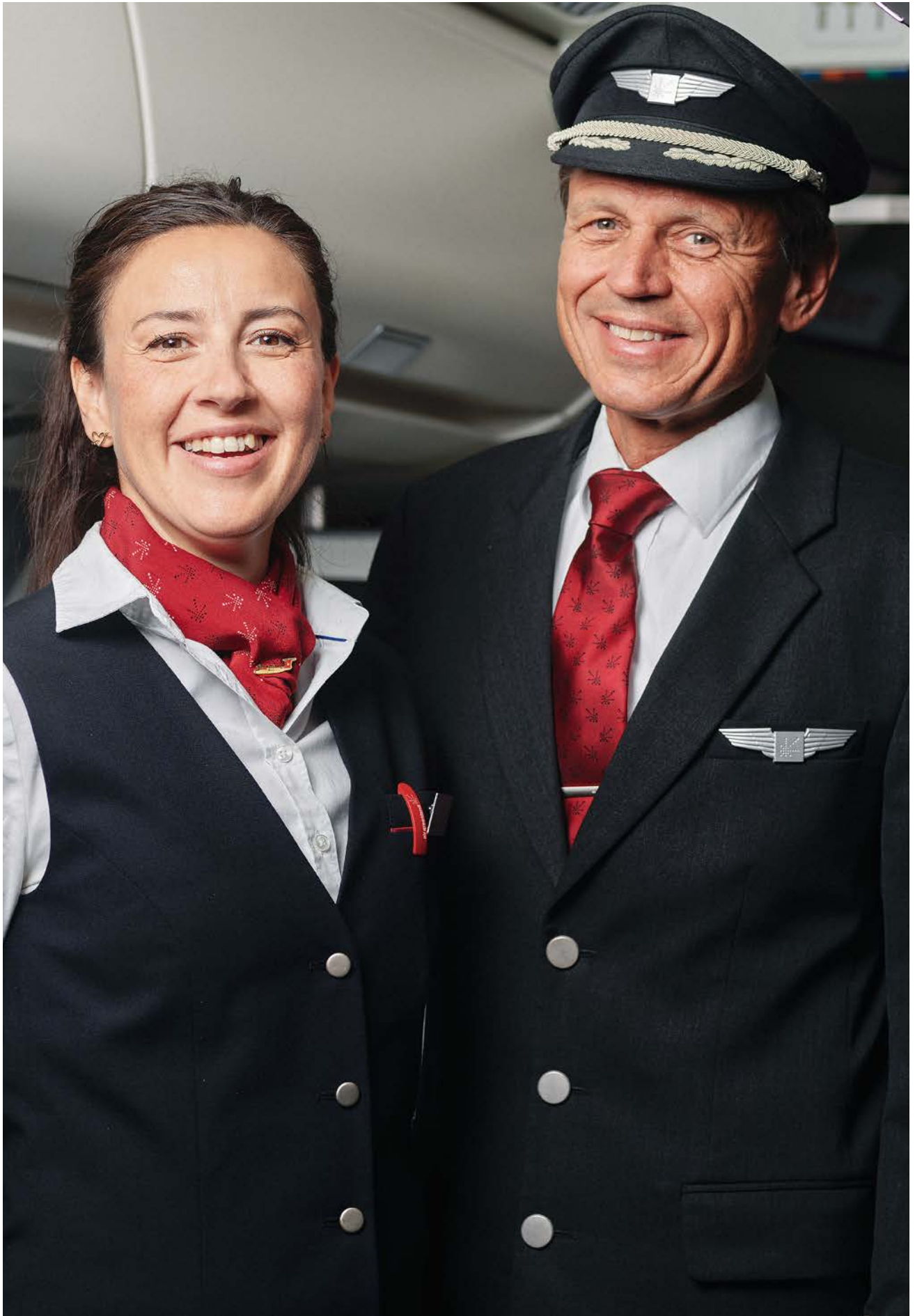
In 2021, we moved a little closer to our new and much more sustainable fleet of planes and helicopters. That means more comfort, lower fuel consumption and a much lower carbon footprint. We are delighted with this because we need to continuously improve our sustainability. We have a duty to do so.

Greenland should be a green destination.

We are very aware that Air Greenland is making historically large investments, and for this reason, the Board has established an Audit Committee to keep a close eye on the company's finances and risk profile. In this way, we ensure financial development that is consistent with our business initiatives, so that we are well equipped for the future. For the good of all.

Air Greenland also focuses on corporate social responsibility. With the objective 'Together we elevate Greenland', we commit ourselves to developing the skills of our employees, students and apprentices. It is so important that we, as a self-governing company of our size, are aware that we have a corporate special responsibility in this area. In the future, we must and will continue to contribute to knowledge and skills being disseminated and raised as best as possible. We need that in our great country.

'The future will undoubtedly be challenged by new competition. Therefore, it is now that the investments and efforts to future-proof the company must be made, including continuing to work towards a more efficient company that can compete with the best airlines in the world. With our long experience and in-depth knowledge of our country and society, we have a solid head start and, above all, the strength and will to do the job. So, we look forward to welcoming our customers, not just in 2022, but for many years to come.



# Management's report

## Group profile

### Introduction

In a world of restrictions, lockdowns and global uncertainty due to Covid-19, 2021 was a challenging year for Air Greenland in terms of management.

Nevertheless, we have come out of the year with a financially very satisfactory result of DKK 153.6 million before tax. We had not dared to hope for this, as at the beginning of the year we could look forward to another year of continued travel restrictions as a result of Covid-19.

We budgeted for a significantly lower number of passengers, and in the first half of 2021, we therefore had to focus all our efforts on adapting the company to a new and critical situation. And the task was extensive. Air Greenland must at all times be run in a way that ensures responsible finances and sound operations, while at the same time ensuring both a critical infrastructure and that all passengers can get to and from their destinations. However, passengers failed to turn up in greater numbers in the first half, as reflected in the half-year report, which showed a half-year loss of just over DKK 14 million before tax.

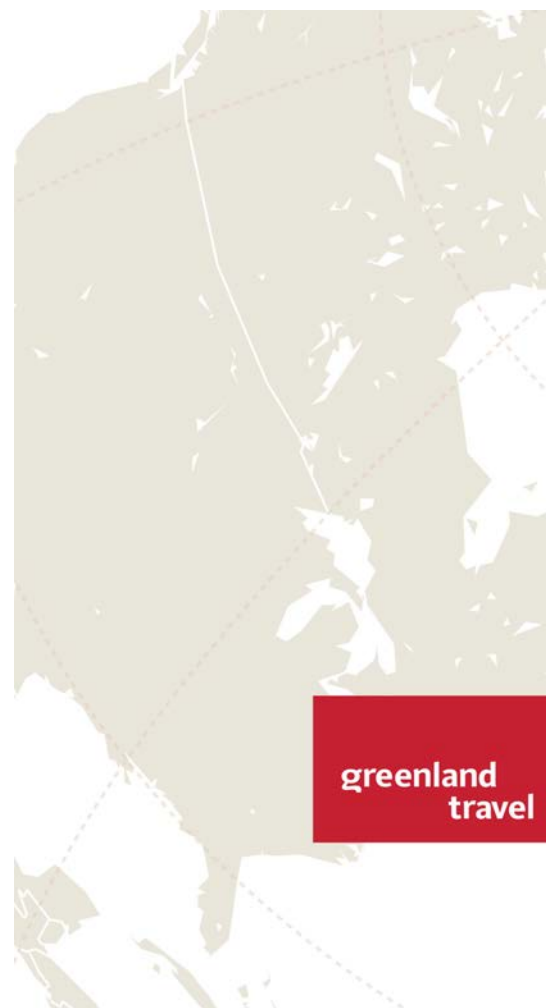
Therefore, we focused all our efforts on adapting the organisation, costs and timetables, while continuing to work with the authorities, the health service, the police and the Government of Greenland, which worked wonderfully.

In the second half of 2021, we saw people's appetite for travel return along with the lifting of restrictions. The roll-out of vaccinations, the introduction of Covid passports and the presentation of negative PCR tests before departure resulted in high demand, especially for domestic travel. The staycation concept was popular again - everyone wanted to visit family and friends along the long coast. Once again, we managed to turn around operations and get enough planes to get all our customers off the ground. It also meant that the passenger load factor, or how many passengers are on each flight, was the highest ever for a six-month period.

The exceptionally high level of activity - despite the Covid-19 restrictions - combined with an adapted organisation and exceptionally full aircraft, meant that in the second half of the year, we more than made up the deficit of the first half.

Overall, Air Greenland generated its largest profit ever in 2021, which we as management are delighted with. It could not have been done without the enormous effort of all our employees. If anything, they have taken on a major task at a time when Covid-19 and the increased spread of infection in society, particularly in the latter part of the year, have meant constant adaptation and a great willingness to change. In 2021, all corners of the Group worked hard to find customer-facing solutions and to always be ready to adapt operations, both when scaling down and when scaling up as the spread of infection and travel restrictions affected our customers and our working day.

In the second half of 2021, we were again able to put the popular Takuss tickets on sale and we introduced the fly'n'sleep product, which with prices from DKK 1,995 one-way between Copenhagen and the three main towns in Greenland, makes our tickets available to even more travellers across the Atlantic. Passengers have responded really well and we look forward to expanding the concept even further in 2022. We ensured that passengers were quickly reimbursed for cancellations in the first half of the year due to Covid-19 restrictions.





Despite a challenging year, we managed to secure funding for our new fleet and new tourism initiatives in 2021.

We have borrowed DKK 1.14 billion by issuing US corporate bonds, of which DKK 485 million will be paid in 2022, at very attractive interest rates, partly due to the fact that Air Greenland was one of the few airlines in the world to make a profit in 2020.

The funding will secure Air Greenland's future and open up new investments that can help to further promote Greenland as a sustainable destination.

At the end of 2022, we can look forward to receiving the new Airbus, which is a big step towards a more sustainable future. The purchase of six new H155 helicopters, which fly faster, are much more comfortable and emit half as much CO2 as the old Bell 212s, also puts Air Greenland in a different league than before.

However, replacing planes and helicopters is demanding. In 46 settlements, we trained employees on everything from new tools and parts to new training programmes and safety procedures. That our colleagues have been able to make the very sophisticated transitions required by a fleet change, in the face of exceptionally difficult operations, speaks volumes about the high level of complexity that Air Greenland's skilled people are able to handle.

In December, we partnered with the Faroese Michelin restaurant KOKS, which is now opening a unique lodge restaurant in Ilimanaq. We are proud and honoured to attract

experts at such a high gastronomic level. Welcome.

In general, Air Greenland is much more active in the tourism sector. So, in 2021, together with the rest of the tourism industry in Greenland, we succeeded in attracting more tourists during the low seasons or so-called shoulder seasons, i.e., autumn and winter, when we have made extra efforts to market the Northern Lights, overnight stays in our igloo lodges in Ilulissat, dog sledding, the magnificent ice fjords and New Year trips.

Our overall goal is to create adventure and what we call 'reason to go' - preferably all year round. We are competing with the rest of the world to attract tourists, so we need to keep developing, inspiring and creating new good reasons to visit our country.

As a 100% socially owned company, Air Greenland has a great responsibility to bind the country together - not only in good times, but also in bad. Our customers and our passengers have a right to expect that from us.

We are already engaged in exciting new activities to ensure the best, safest and most sustainable transport at the lowest possible cost. Promises that go hand in hand with Air Greenland's vision of elevating Greenland together. Creating the adventure, turning UN SDGs into everyday goals and being ready every time. It's our shining beacon in the Arctic, frosty nights, and it's a sign that we are well on our way.



## Highlights 2021



- First half of the year marked by tight restrictions due to the Covid-19 pandemic and so low demand. Conversely, the second half of the year was marked by strong demand and high activity
- Successful start of the new SAR contract with state-of-the-art H225 helicopters
- We raised pioneering funding from the US USPP bond market - money that will go towards realising our fleet strategy and investing in tourism
- The phasing-in of H155 helicopters to replace the B212 has been challenged by Covid-19. However, we have managed to get two of the new helicopters successfully into service
- Expansion of the Group with the purchase of the remaining 50% of World of Greenland and approval of the future Kapisillit Icefjord Lodge
- Decision to invest in and use 5% SAF (sustainable aviation fuel) on the future transatlantic aircraft, A330-800neo
- Signing of MOU on eVTOL Avolon electric aircraft to be used in 2025. The electric planes are particularly suitable for short destinations, such as transporting tourists around Ilulissat
- A successful winter season has resulted in the highest number of travellers/tourists ever during this period
- The Group had its first joint participation and presentation at the West Nordic Travelmart in Iceland, where a record number of buyers, especially from the US and Europe, attended







## Financial development



Profit before tax for the year is DKK 153.6 million, which is higher than expectations for the year and DKK 121 million higher than in 2020. Although Covid-19 continued to impact 2021, the second half of the year in particular was significantly better than expected - and better than previous years.

In 2020, capacity was reduced by 15%, but maintained a timetable that could provide an adequate service pattern of Greenland, both domestically and to and from Denmark. The reduced capacity continued in 2021. Together with a reduced but stable demand in the first half of 2021, this strategy allowed us to maintain satisfactory finances.

In the second half of 2021, an easing of travel restrictions resulted in a significantly higher demand and so high utilisation of our available capacity. We also saw satisfactory charter activity in mineral exploration. The level of activity in the second half of the year led to an increase in revenue of DKK 154 million compared to 2020, which is the main reason for the Group's satisfactory result.

The positive second half of 2021 and the belief to soon operate without Covid-19 restrictions, led to an increase in the number of employees at the end of 2021.



### Net revenue

The Group's net revenue increased by DKK 121.7 million. Of this, passenger revenue increased by DKK 119.2 million, while charter revenue decreased by DKK 124.3 million, primarily due to the emergency response agreements entered into with the Government of Greenland in 2020, which have been continuously adjusted in 2021.

Freight and mail revenue is DKK 3.1 million higher, with the relatively low increase due to activity being largely back to original levels in 2019, and other operating revenue is DKK 30.2 million higher due to increased activity from ticket sales, hotel operations and tour experiences.

Total net revenue is DKK 146.4 million lower than in 2019, of which passenger revenue is DKK 209.7 million lower. Payment for service contracts has increased by DKK 66.9 million due to the additional contracts starting in 2021.

### Personnel and other external costs

The increased activity at Air Greenland has led to 14% more flight hours produced, which has also led to a 3% increase in costs. Costs have increased less than activity as the reduction implemented in 2020 had its full effect in 2021. In 2021, there were 5% fewer full-time employees than in 2020.

Personnel costs in the Group have been reduced by DKK 20.2 million and by DKK 52.8 million compared to 2019. From 2019 to 2021, the number of full-time employees has decreased by 111, excluding World of Greenland. This corresponds to 16% fewer employees.

Other external costs increased by DKK 45.9 million in the Group. This is due to the increased activity, including the effect of the new service contracts and the Search and Rescue agreement with the Danish Ministry of Defence.





For several years, **Greenland Travel** has focused on creating growth outside the summer season, and in 2021 we could start to see the results of that strategy. The first half of 2021 was heavily influenced by Covid-19, as government restrictions and frequent changes to them put a lot of pressure on our sales organisation both here in the country and in Denmark. Staff moved from selling travel to helping customers understand the applicable restrictions, which often led to changes, cancellations and refunds. Before the Covid-19 pandemic, we usually had contact with the customer once or twice before a trip, while we saw contact with the customer increase to five to ten times during Covid-19. The high level of service to our loyal customers in particular has also contributed to Greenland Travel experiencing a strong increase in demand for travel to Greenland in Q4, with a growth of 33% compared to the same period in 2018 and 2019. The year culminated with the new initiative of New Year trips to Ilulissat and Hotel Arctic, which 70 tourists booked with Greenland Travel.

The demand for Greenland as a destination is also reflected in the sales of tourism products for 2022. Already by the end of 2021, 70% of the production for 2022 was sold. In terms of tourism, 2022 looks promising and the expectation is to reach the 2019 level. However, the overall result in 2022 is expected to be somewhat lower than that realised in 2021. This is because 2021 includes an accounting profit on the existing shareholding on the purchase of the remaining shares in World of Greenland.

Greenland Travel now owns 100% of World of Greenland, after we bought Topas Explorer Group's stake in the autumn of 2021. The investment in full ownership of World of Greenland has been made to expand the Group's value chain and to further develop and ensure the right experience products for tourists.

World of Greenland's main assets remain Glacier Lodge Eqi north of Ilulissat, Ilimanaq Lodge south of Ilulissat and Iglo Lodge. World of Greenland's new lodge project, Nuuk Icefjord Lodge in Nuuk Fjord, has received the necessary government approvals from Sermersooq Municipality to proceed with the establishment, but the project is postponed for a year as Covid-19 is still affecting tourism worldwide. Expected start of operations is early 2025. The investment in Nuuk Icefjord Lodge, together with the further development of Glacier Lodge Eqi and Ilimanaq Lodge in Disko Bay, will help attract more high-spending tourists to Greenland during both the high and low seasons.



**Hotel Arctic** was also negatively impacted by Covid-19 in 2021, but, like its parent company, had a good second half with high demand. Given Covid-19, the company delivered a satisfactory result. At the turn of the year 2022, Hotel Arctic introduced a new way of staying open on New Year's Eve. The initiative got off to a good start with 70 guests and 35 rooms sold to customers from especially Denmark and the rest of Europe. More guests have already booked rooms for New Year 2022-2023, while the market for weddings and confirmations continues to grow along with other bookings.

From May, hotel guests could be welcomed through a newly renovated main entrance, which has been extended by 50 square metres, and 22 rooms have been renovated. In autumn 2022, Hotel Arctic will expand its capacity by 10%, taking over 10 one- and two-bedroom apartments of 45-65 square metres close to the hotel.

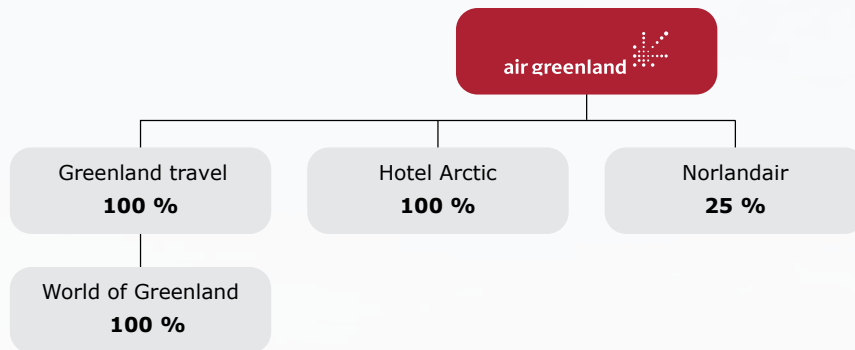
Despite further competition in the Ilulissat hotel market, Hotel Arctic is well equipped to compete by maintaining its focus on customer satisfaction and culinary experiences. As part of a higher level of gastronomic ambition, the hotel restaurant will be expanded in the summer months of 2022 and 2023 with the two-star Michelin restaurant KOKS, which will move from the Faroe Islands to Ilimanaq. Each evening, up to 30 guests can enjoy a 14-course menu created by Poul Andrias Ziska and his international team of chefs using unique Greenlandic ingredients. KOKS will take over the historic premises of Restaurant Egede, dating from 1741, and will operate in collaboration with Hotel Arctic. The restaurant is open from 12 June to 8 September.

Icelandic associated company **Norlandair** once again proved their unique position in the market, delivering a satisfactory positive result despite the fact that Covid-19 has also created high uncertainty and lower demand. Air Greenland chose to divest ownership of Nordurflug.



### Subsidiaries and associated companies

Although Covid-19 has hit Air Greenland's subsidiaries hard over the past few years, both Greenland Travel and Hotel Arctic are reporting increased activity.



# Risk management

*It 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 continually identifies Air Greenland's specific risks that may affect the company, both positively and 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

We expect the new airports in Nuuk and Ilulissat to be operational by the end of 2024. The postponement requires us to adjust the resources we have allocated to strategic projects to adapt the business to the new infrastructure. However, the delay is not entirely negative as we are working on ambitious initiatives at several levels of the Group to ensure our customers get the best prices, conditions and products when the new airports open. Lean, which is now an integral part of the daily work in most places at Air Greenland, is one of the most important tools to ensure the optimal allocation of resources. The management also addresses consequences and possible scenarios for flights especially within Greenland, after the new airports are completed. These will inevitably have an impact on fares and regularity at the other destinations when the need for feeder traffic to Nuuk and Ilulissat disappears.

## A timetable with a special responsibility

As currently the only provider of scheduled flights in Greenland, we have a special responsibility to ensure our customers the best possible combination of timetable, price and service at all times.

With the unique weather conditions, long distances and complex operation within the country, it is impossible to avoid delays and disruptions for passengers during the year. To reduce inconvenience to our customers and make the timetable more robust to deviations, we therefore plan capacity with a historical margin for IRR (irregularity).

Improved customer service in terms of increased availability on multiple platforms and channels is an increasingly important competitive parameter. That is why we are committed to a standardised approach to processing and evaluating customer feedback to enhance the overall experience of traveling with Air Greenland. In this context, it should be mentioned that we have made it a strategic priority to provide our customers with a safe experience in the event of delays, etc. Among other things, we spend a considerable amount of money on accommodation and catering for passengers in the event of bad weather, even though we are not obliged to do so by law.

## Capacity planning and cost level

In spring 2020, we adapted our capacity in response to the Covid-19 pandemic. The effects of the adjustment were fully implemented in 2021. Furthermore, experience from previous years has shown that additional capacity added over a shorter period of time results in dimensioning costs that could not be immediately offset by demand. Therefore, in 2021, there were significant savings on variable costs, partly as a result of significantly better capacity utilisation. These are the main reasons for a satisfactory annual result.

In addition to the airline industry, the other sectors in which we operate - travel agents, hotels and experiences - are among the hardest hit by the Covid-19 pandemic. Our focus is to provide capacity for profitable growth in all parts of the value chain, and to invest in line with the company's overall strategy so that we remain competitive on the other side of the pandemic.

## Overall

Risk management at Air Greenland is divided into three main areas:







### Operational risks

#### Focus on operations during Covid-19

The many changes in government-imposed travel restrictions during the Covid-19 pandemic have<sup>a</sup> put a lot of pressure on our frontline staff, including station staff and customer service staff. Therefore, we have focused primarily on ensuring operations and delivering the known core tasks. Here too, the solution is to ensure the implementation of Lean tools through operational management and standardised workflows, which ensures recognisability for the employee and better service for the customer. An essential part of risk management has been to maintain continuous and direct access to the relevant authorities and contact persons at the Government of Greenland, so that we could best ensure operations and communication to customers.

#### Upcoming collective bargaining

Due to Covid-19, a number of collective bargaining agreements have been postponed and were only launched at the end of 2021, when the agreements expired after extension. We have a clear strategy to ensure lower prices and a competitive cost level for the coming years. Therefore, we will continue to focus on increased flexibility within existing and future contractual frameworks.

#### Deployment of new aircraft and helicopters

The fleet deployment of the B212 helicopter replacement, the H155, was delayed due to Covid-19. However, two out of six helicopters were successfully delivered to Greenland during 2021.

The prolonged transition increases the workload for the staff involved, as well as the risk of further technical challenges and component shortages for the ageing B212 helicopters. Moreover, the deployment of the two new SAR H225 helicopters and the project work on the production of our new A330-800neo, have placed significant demands on project governance and the operational handling of more aircraft types than usual. However, the company's established project governance, the Lean based Project Governance, reduces the risk of fleet implementations. Once the new fleet is deployed, as expected, in early 2023, the technical and operational risk will also be significantly reduced.

#### Significant work pressure

A combination of fleet implementation, adaptation to and management of Covid-19, and an ambitious project portfolio in the run-up to the new infrastructure has resulted in a heavy workload for most of our staff. This is reflected in the annual employee satisfaction survey. We expect that tasks related to fleet implementation and Covid-19 will be reduced in 2022. In all other areas, we have action plans in place at all levels of management in the company to retain our people and increase well-being.

### Financial risks

#### Liquidity and financing needs

In spring 2021, we secured funding through the US





bond market (USPP) of DKK 1.14 billion. Financing was a cornerstone of the implementation of our new fleet, in particular to secure long-term financing for our new flagship Airbus A330-800neo, which will be delivered brand new in late 2022.

The USPP loan has also enabled us to simplify our debt structure, reducing our other long-term financial costs.

Even though in 2021 we reaffirmed our role as a cornerstone of the critical infrastructure at home, Air Greenland is internationally considered to be in the same risk category as traditional airlines. It challenges our credit rating in a very practical way, for example, when approving credit cards. We can expect this situation to continue until the international airline industry has recovered to pre-pandemic levels. This is not expected to happen before 2024. However, as a result of the USPP loan, the positive annual results in 2020 and 2021, and with the current plans, the company does not have a need for additional external financing.

#### **Currency hedging provides security**

Air Greenland operates almost exclusively in DKK, EUR and USD. We continuously protect ourselves during the year against exposure to currency fluctuations through

hedging up to 24 months. Applied currency hedges are done via fixed price agreements through SWAPs, Forwards, Futures or similar financial instruments.

The company received the first part of the USPP loan in 2021, while the second part will be received in spring 2022. Both disbursements are in DKK and there is therefore no exchange rate risk on the loan. In addition to the planned operational activity, USD prepayment to Airbus for the new A330-800neo has been secured.

#### **Protected 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.

## Fleet Strategy and Contracts

**At Air Greenland, we have started a major, necessary renewal of our fleet. In 2021, this has already led to improvements and the process will continue in the coming years. Among the improvements we can mention that:**

- Our current transatlantic aircraft - an Airbus 330-200 - will be replaced in 2022 by a brand-new Airbus 330-800neo. Over the past year, the organisation has put a lot of effort into configuring and quality assuring the new aircraft. This helps to ensure that the future flagship meets all our requirements and needs - from the choice and configuration of key components to the paint scheme, cabin interior and in-flight entertainment and information systems. We expect the new Airbus 330-800neo, named 'Tuukkaq', to enter service in December 2022.
- A Memorandum of Understanding has been signed with Avolon to invest in a fully electric Vertical VA-X4 aircraft of the eVTOL (electrical vertical take-off and landing) type. The final confirmation is subject to type approval of the model, and if granted, we could receive a brand-new VA-X4 in 2025. The new VA-X4 will be particularly suitable for short-distance transport, for example, of tourists around Ilulissat.
- The company's two S61 helicopters have been replaced by two AWSAR H225 helicopters operating the new Search-And-Rescue contract. It has been a very successful commissioning that included training pilots, mechanics and hoist operators. The new rescue helicopters have a significantly longer range and are much less dependent on the weather, for example, because they have built-in de-icing. Among other things, the increased performance has helped to increase the number of completed missions by almost 50%, and the helicopters are making a huge difference to the level of service and safety in the country.
- The company's seven Bell 212 helicopters, which primarily cover the service contract areas, will be replaced by six H155 helicopters, which, among other things, reduce fuel consumption by about 30%, have about 50% higher speed and provide a more comfortable flight. In 2021, two of the new H155 helicopters entered service at Upernavik and Ilulissat. Challenges related to Covid-19 made it difficult to keep deliveries on schedule, but a wholehearted effort by the staff involved made it possible to complete the task and put the first two aircraft into operation in 2021. The other four are expected to be operational in 2022.

**Air Greenland has the following long-term contracts:**

- Service contracts with the Government of Greenland until 2030
- Search-And-Rescue with the Danish Ministry of Defence (4-year contract until 2024 with the possibility of extension for up to 8 additional years)
- Servicing Thule Airbase for the US Air Force, which has taken place since 2003
- The current contract with the Healthcare Service for medical evacuations runs until 30 June 2022. Negotiations for a new contract are ongoing.

# Fleet renewal



Airbus 330-200



Airbus 330-800neo



Bell 212



Airbus H155



Sikorsky S-61



Airbus H225



Beechcraft King Air



Beechcraft King Air



## Covid-19 was a strong presence in 2021



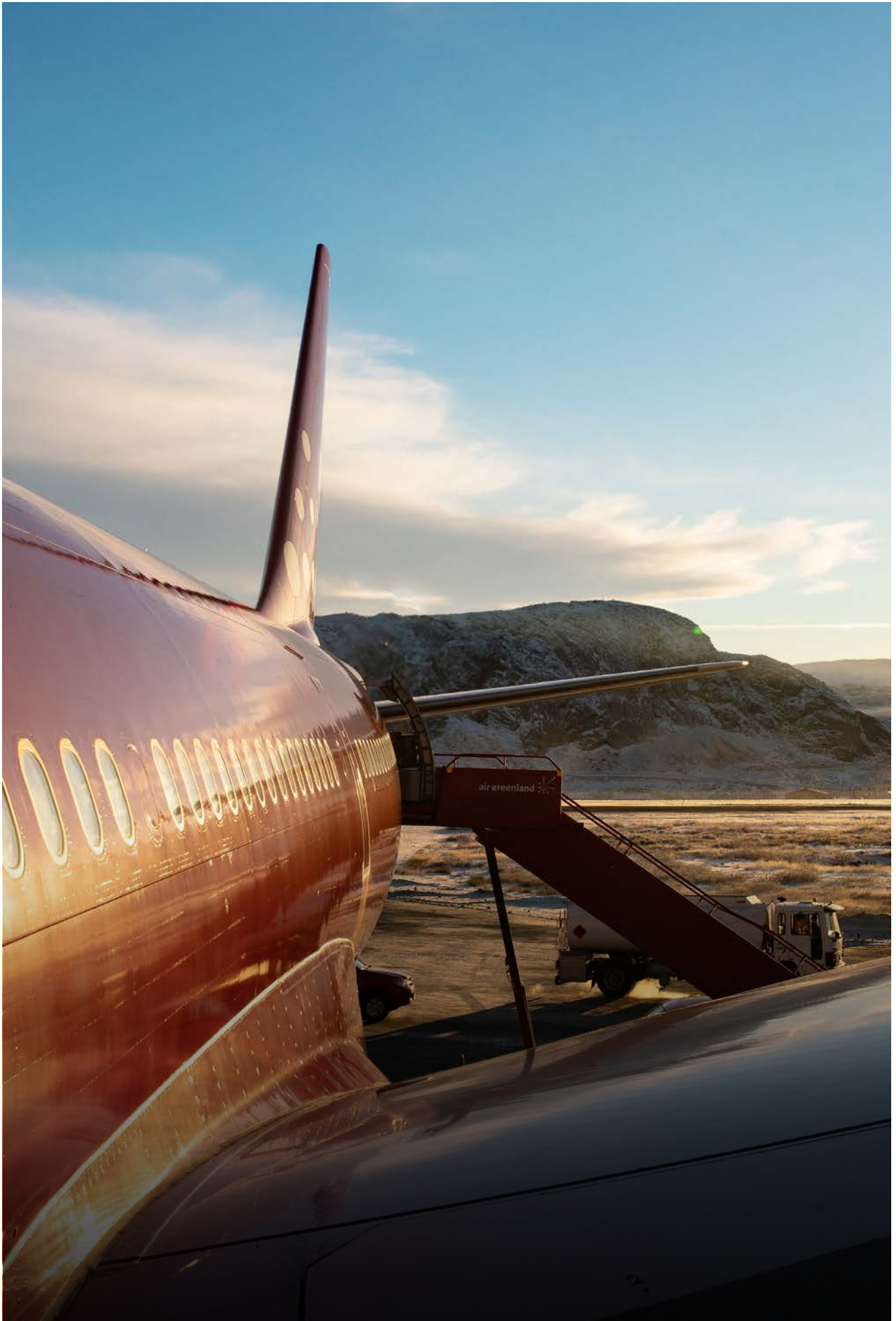
In order to secure the critical airborne infrastructure throughout the country, Air Greenland has been working closely with the authorities throughout the pandemic, primarily the Government of Greenland's Covid Secretariat, the Ministry of Housing and Infrastructure and the Ministry of Health. In 2020, Air Greenland entered into an agreement with the health authorities for public service flights between Greenland and Denmark, where entry to Greenland was significantly restricted due to high infection rates in Denmark. The agreement meant that we had to operate with half-empty aircraft at times, and so in 2021, we reached an agreement with the authorities on a deficit guarantee, which was not used. Similarly, we agreed to refund or rebook tickets without charge for travellers who either lost the purpose of their trip or had to postpone their trip due to changes in travel restrictions.

For our staff and operations, the year was therefore characterised by restrictions on entry to Greenland, including measures such as restrictions on numbers and documentation requirements. Travellers had to apply for entry by filling in a SUMUT form, presenting a vaccination card and a negative PCR test before departure.

Although the agreement on public service flights between Greenland and Denmark was terminated on 3 May 2021, the restrictions on how many people could travel to Greenland continued. After the abolition of the public service flights in May, the limit was 600 passengers per week, but the number gradually increased over the year. First to 810 and then to 1,000 people a week. In comparison, an average of 2,500 people travelled weekly between Copenhagen and Kangerlussuaq in summer 2019.

The increasing demands meant that we again assisted the authorities in enforcing the restrictions on flights from Copenhagen. Staff at the stations put in a lot of effort checking tickets, reviewing statements and checking that travellers had a recent, negative Covid-19 test. Furthermore, customer service was often required to help customers understand and comply with changing restrictions, which also led to changes, cancellations and refunds of travel bookings.

Throughout the year, significant resources have been allocated to customer service and station staff to update and adapt to ongoing changes in travel restrictions





## Development



Ruslan Merzlyakov

### Safety

The year saw a continuation of the challenges faced by the Safety Department in the first year of the Covid-19 pandemic. The difference was that both internal and external partners had now adapted to the situation, making it easier for everyone to carry out the necessary tasks. The primary audit function, which supports standards and procedures both internally and with external suppliers, completed the planned programme for the year.

Moreover, internal reporting is back on a positive trend after a period of Covid-19-related decline. The work on using Lean to drive some of the Safety work was further developed and will include quality measurement in the future. Our customers have not been affected by the challenges and can - as always - expect the same high level of safety that characterises Air Greenland.



## LEAN

In 2021, we have followed our Lean implementation plan and focused on embedding results and continuously improving processes in the Technical Department and Flight Operations. Efforts in Shopfloor Management have started in the Commercial Department, where the focus has been on the utilisation capacity and implementing local Project and Lean Governance.

At senior management level, we have established a structure for initiating and monitoring progress on projects and initiatives (Project Governance). Preliminary performance measurements show a more stable and predictable performance.

A few actions have had to be postponed or refocused due to Covid-19. However, this has not changed the content, only lengthened the time-frame.

Essential data from the Lean work in 2021:

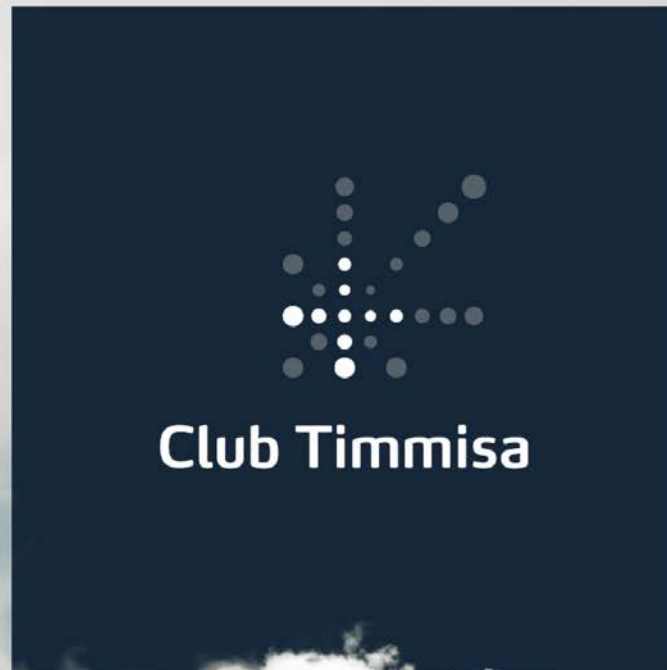
- Lean training and certifications: 70% of all employees have participated in Lean Intro. 109 of 120 colleagues have attended Lean Advanced training, 87 of whom will have completed their certification by the end of 2021
- Project Governance: Project governance for local projects has been established in each AMT area and the AMT-level process implemented in 2020 is anchored.
- Performance is stabilised on our overall KPIs through more robust and standardised planning and execution.

The further Lean transformation at Air Greenland will follow the original plan with unchanged content. In 2022, we will back this up with new performance data that focuses on the utilisation capacity and stabilising our performance even further.

	AMT	Teknisk afdeling	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					



## Commercial actions and increased customer focus



**IDC Future Enterprise Awards**  
Best in Future of Digital Innovation Finalist



**EUROPEAN  
EXCELLENCE  
AWARDS  
2021**  
**SHORTLIST**

**Danish  
Digital  
Award**  
22  
DANISH DIGITAL AWARD

In 2021, Club Timmisa was nominated for three international awards in four categories:  
Danish Digital Award in the categories: Marketing Automation and Digital Architecture  
<https://nexusone.dk/viden/20210604-dda-award/>

IDC's Future of Digital Innovation Awards in the category: Excellence in use of Digital Innovation for B2C  
<https://nexusone.dk/viden/20210602-idc-award/>

European Excellence Awards in the category: Data Driven & Automated Communications  
<https://nexusone.dk/viden/20211116-eea-award/>





Despite the many setbacks caused by the Covid-19 pandemic, we have maintained a strong focus throughout 2021 on further developing commercial initiatives and improving customer loyalty. In 2021, a number of new initiatives were introduced while we have implemented the ongoing ones.

#### **Training employees in good service**

We have increased our focus and efforts to train our employees in customer service standards. The aim is to ensure that customers experience an improved and consistent level of service. The project covers all employees in the Group with customer contact. As part of the effort, Net Promoter Score measurements will be introduced on an ongoing basis in the affected areas. The training of employees in the customer service department was completed at the end of 2021, and in 2022 more departments will be involved.

#### **Better digital contact with customers**

In 2021, we have improved our customers' ability to get in touch with us. We have implemented a contact form on our website and inform customers via Text message and e-mails in case of changes to travel plans.

#### **Increased customer loyalty with Club Timmisa**

We have continued to work on the data-driven customer experiences in Club Timmisa. The aim is to give members the best possible experience when travelling with Air Greenland. Club Timmisa's vision remains to be 'the indispensable travel partner' - before, during and after your trip.

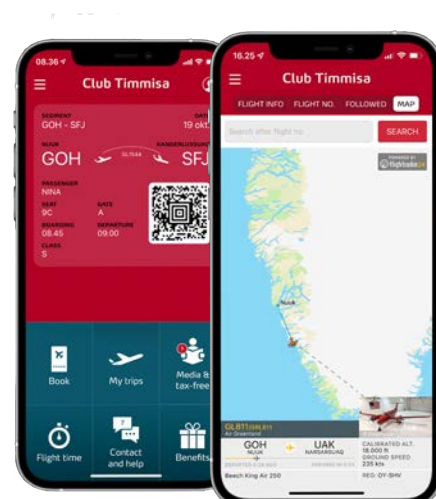
Members of Club Timmisa have access to:

Automatic data-driven display of their boarding pass in the Club Timmisa app. The member receives their boarding pass directly in the app when it is relevant for the trip.

Integration of Flightradar24 in the app, so Club Timmisa becomes one point of entry when you need to track the location of your aircraft.

Optimising e-mail communication so that the member is presented with information relevant for the specific trip, destination and the member's personal preferences in general.

We take fear of flying seriously. We know from member information whether the traveller has a fear of flying and we know when they shall travel. We link this information and inform the station staff at the given destination, who can take care of the passenger.

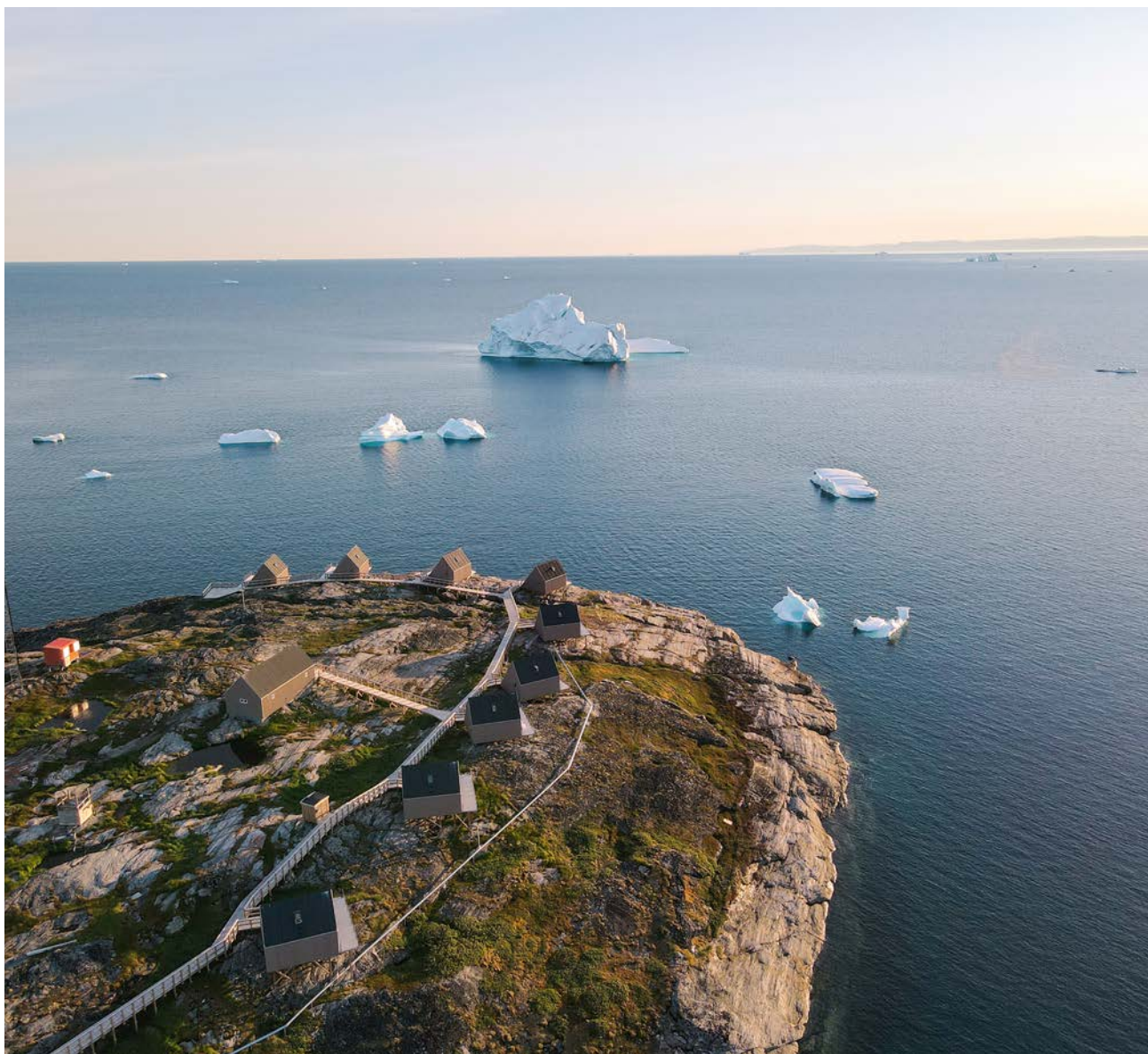




### New Fly'n'Sleep concept

Long distances, few travellers and a challenging environment mean that travelling to, from and within Greenland is relatively expensive. That is why Air Greenland is constantly working to reduce costs and so prices. That's why we are delighted to be launching a new concept in 2021 called Fly'n'sleep, where for DKK 1,995 you can travel to either Denmark or Greenland with an overnight stay in Kangerlussuaq. The product has been well received both domestically and internationally.





Ilimanaq

### **New routes and acquisitions**

In 2021, Air Greenland acquired the remaining 50% of the shares in World of Greenland. This means that we now own 100% of World of Greenland, which opens up a wide range of new opportunities both in terms of sales and marketing, as well as allowing the concepts to follow the standards of the Group. In this way, we can further support our desire to expand the value chain for the benefit of our customers and our country.

It is a strategic priority that we develop new international routes to and from Greenland when the new airports are operational. More destinations will increase people's opportunities to travel to the rest of the world and, conversely, increased accessibility will mean more tourists visiting our beautiful country. That is why in 2021 we attended the World Routes conference in Italy, where the aviation and airport industries meet to discuss route network development.



## Charter, mail and freight

Similar to the other areas, charter, mail and freight were strongly influenced in 2021 by the second and third wave of Covid-19.

With the growing interest from, among others, high-spending tourists from North America, there were hopes for an increase in demand in the charter sector. However, global uncertainty combined with government entry restrictions meant that in parts of 2021, traffic arrived at less than 25% of 2019 levels. The lower number of tourist arrivals in 2021 therefore also meant that the charter sector, which includes special flights such as heli-skiing, had limited activity during the year.

Mineral resources exploration, which forms part of the charter tasks, was at a standstill early in the year. This was mainly due to local entry restrictions, but also to the general uncertainty about return quarantines and similar issues, which introduced an unprecedented element of risk for the exploration teams. However, in the second half of 2021, mineral resources exploration activity increased, but did not reach pre-Covid-19 levels.

For both tourism and mineral resources exploration, interest is expected to increase in 2022. Therefore, we are optimistic when it comes to 2022.

With the charter market expected to grow, we expect to see increased competition in the coming years. In the mail and freight sectors, volumes for both sectors are slightly increasing. 2021 has seen increased e-commerce and customers' growing expectations for service, including the ability to track packages through Greenland to their final destination. In 2022, we will therefore invest in a new freight system with the primary aim of improving competitiveness and providing better end-to-end service for customers. The system is expected to be operational in 2023.







## Sustainability

Since we signed up to the UN Global Compact's 10 principles in 2010, Air Greenland has been working purposefully on CSR initiatives. The 10 principles are a set of values that provide a framework for operating a responsible company.

The principles have since been specified by the UN's 17 Sustainable Development Goals. From these, Air Greenland has selected 5 goals to launch specific actions 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.

In 2021, a number of specific initiatives were launched based on Air Greenland's sustainability strategy:

In 2021, we have increased capacity utilisation on passenger flights that also carry freight and medicine. To take advantage of the available capacity on those flights, we introduced the Fly'n sleep concept, which offers travellers in the three main towns the option of a cheaper transatlantic journey with an overnight stay in Kangerlussuaq. The product has been well received and we will continue to meet the ever-increasing demand as far as possible.

We have started the phasing-in of H155 helicopters to replace helicopters with an average age of 40. The H155 has a significantly higher speed and lower fuel consumption per hour flown, reducing overall fuel consumption by up to 50%.

From 2022, 5% of the fuel consumed by Air Greenland's transatlantic A330-800neo aircraft will come from Sustainable Aviation Fuel (SAF). Compared to conventional fossil fuels, SAF can reduce CO2 emissions by up to 80%.

In 2021, we became the sole owner of World of Greenland, which, among other things, offers accommodation in lodges in scenic areas. The cabins are powered by green energy from solar cells and use local ingredients as much as possible. Furthermore, World of Greenland strives to be 100% disposable plastic free.

In 2021, we signed a Memorandum of Understanding (MoU) with the leasing company Avolon for the delivery of an eVTOL electric aircraft in 2025. The aircraft is being developed in collaboration with the leading players in the aviation industry and will help transform passenger transport options over shorter distances, as it can take off and land vertically.

The CSR report contains the statement on corporate social responsibility, cf. section 99a of the Danish Financial Statements Act, and constitutes the statutory statement on the gender composition of management, cf. section 99b of the Danish Financial Statements Act.

A separate CSR report can be read here:  
[www.airgreenland.dk/om-os/organisation/csr](http://www.airgreenland.dk/om-os/organisation/csr)





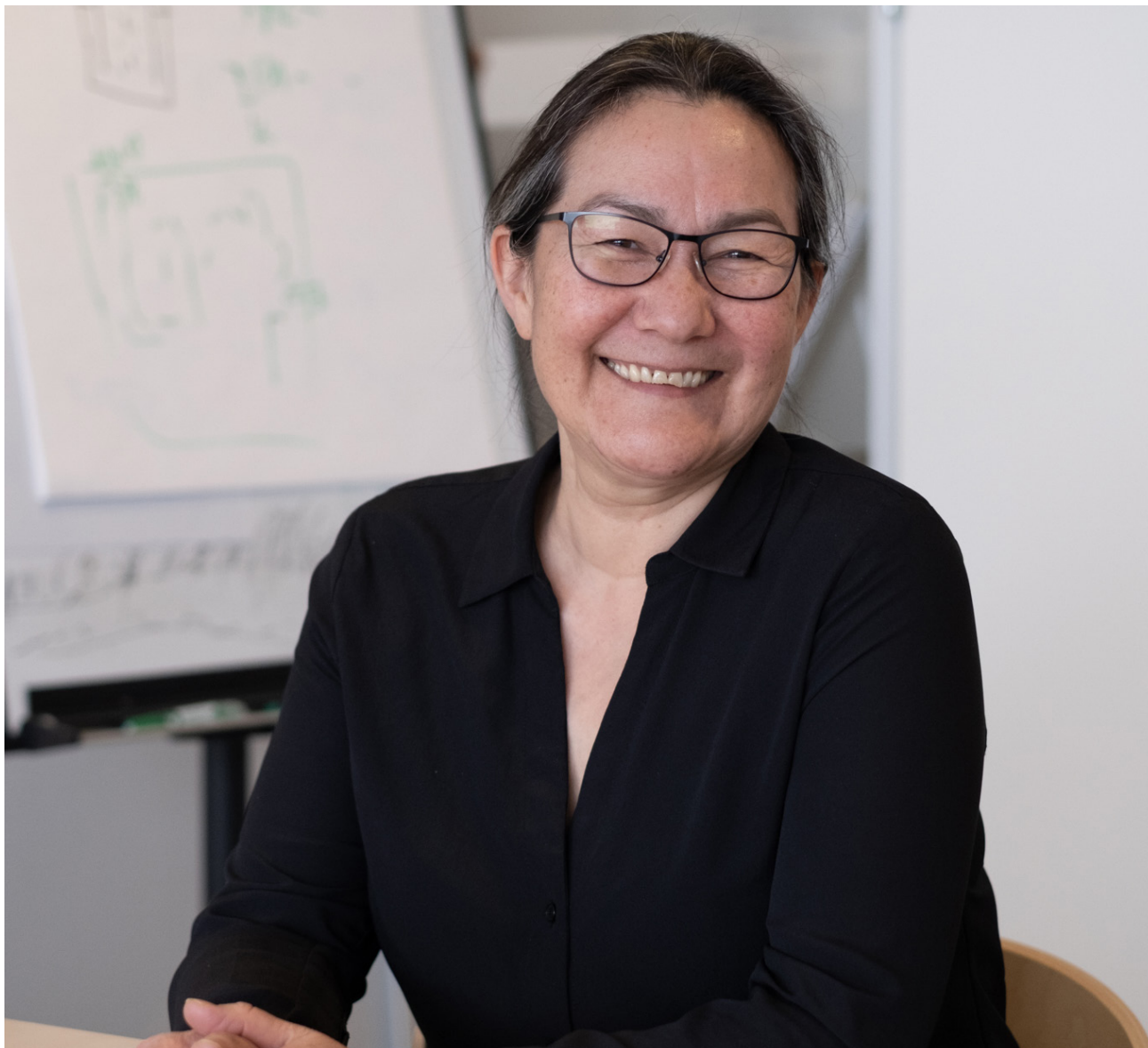
### Education in society

When the new transatlantic airports become operational in 2024, Kangerlussuaq Airport, SFJ, will lose its status as Greenland's traffic hub as we know it today. Therefore, in 2021, we started collaborating with the Iron and Metal College to offer our loading workers in Kangerlussuaq a qualification course. The course will allow those who wish to do so to train as terminal workers, which together with their many years of experience will mean that they are better placed in terms of job security when Kangerlussuaq changes airport status.

The trainee programme, which targets new graduates and apprentices, was also a success in 2021, so the number has been increased from four to nine trainees. The purpose of a trainee programme is to offer tailor-made training in specialised functions within our

organisation. In the Talent Programme, one additional talent has been added to the programme during 2021. One of the five talents selected for the 2020 programme has been promoted to a higher level in the organisation, and two talents have been promoted to management positions. The talent programme provides us with a recruitment base of employees with high skill levels, leadership potential, and good knowledge of the organisation.

In education generally, we have also increased our focus on key roles that have traditionally been difficult for us to fill with locally based labour. Here we are working to get trainees into the areas, so that in the long run we ensure the supply of competent employees.



Angu Motzfeldt

### Focus on increasing employee well-being

Covid-19 again affected all planned activities for employees in 2021. The already postponed anniversary party was postponed again, Christmas lunches were cancelled, and manager gatherings and teambuilding activities were again put on hold. Big events like Culture Night, where 3,000-4,000 citizens usually drop by to see us in Ilulissat, Kangerlussuaq and Nuuk, were cancelled, as were a number of other external activities.

Skills development was again limited, with priority given to management development, Lean skills and statutory training. Covid and capacity adjustment have been a major part of daily communication throughout 2021. A lack of development opportunities and joint activities across the organisation has had an impact on the annual employee satisfaction survey, which - not surprisingly - showed a drop to a historically low level of 72 on job satisfaction. The measurement showed an overall decrease in all parameters, except for the immediate manager, which was a focus area in 2020.

As restrictions were eased, we have increased the level of activity compared to the level that was the starting point for capacity adjustments in 2020. At the same time, the focus on the new competitive situation that the new runways will bring has meant that posts have been filled to some extent, and new functions have been added. Compared to the nearly 60 positions that were eliminated in the spring of 2020, 26 staff members were hired/rehired by the end of the year. With the prospect of higher activity levels in 2022, it is expected that more posts will be filled.

As a direct result of this year's Employee Satisfaction Survey, we have launched a number of initiatives in 2022 to increase well-being among our employees. One of the aims is to strengthen leadership so that all managers are clearer in their roles towards employees. At the same time, the management will increase its efforts to tell the many good stories, both internally and externally, in order to also increase job satisfaction at Air Greenland.





Lasse Nymand Petersen

### Diversity

To make us competitive and attractive as a workplace, we introduced a new pension plan in 2021. The plan is an important recruitment parameter, primarily targeting the younger generation of employees. At the same time, we introduced a new and attractive maternity leave scheme for several groups of staff. In 2022, we will work with managers and staff to offer more flexible and up-to-date working arrangements for parents of young children, senior staff and staff in general.

We are expanding our policies to include a section targeting LGBTQ+, where part of the effort will be to change the systemic definitions, such as Mr. and Mrs., so that travellers and employees can define their own preferences going forward.

We are also working on a clearer expression in our recruitment material. Over the past year, an event was held where employees could bid on a phased-out staff car, with proceeds going to charity, including the LGBTQ+ Greenland Association.

Over the past year, there has been a major leadership shake-up, with a focus on both diversity and the impact of the talent programme, which has seen us move from a 30% to 32% female representation in the overall Air Greenland management team. The proportion of women in the company as a whole has also increased, with women now making up 29.2% of our workforce, up from 27% last year.

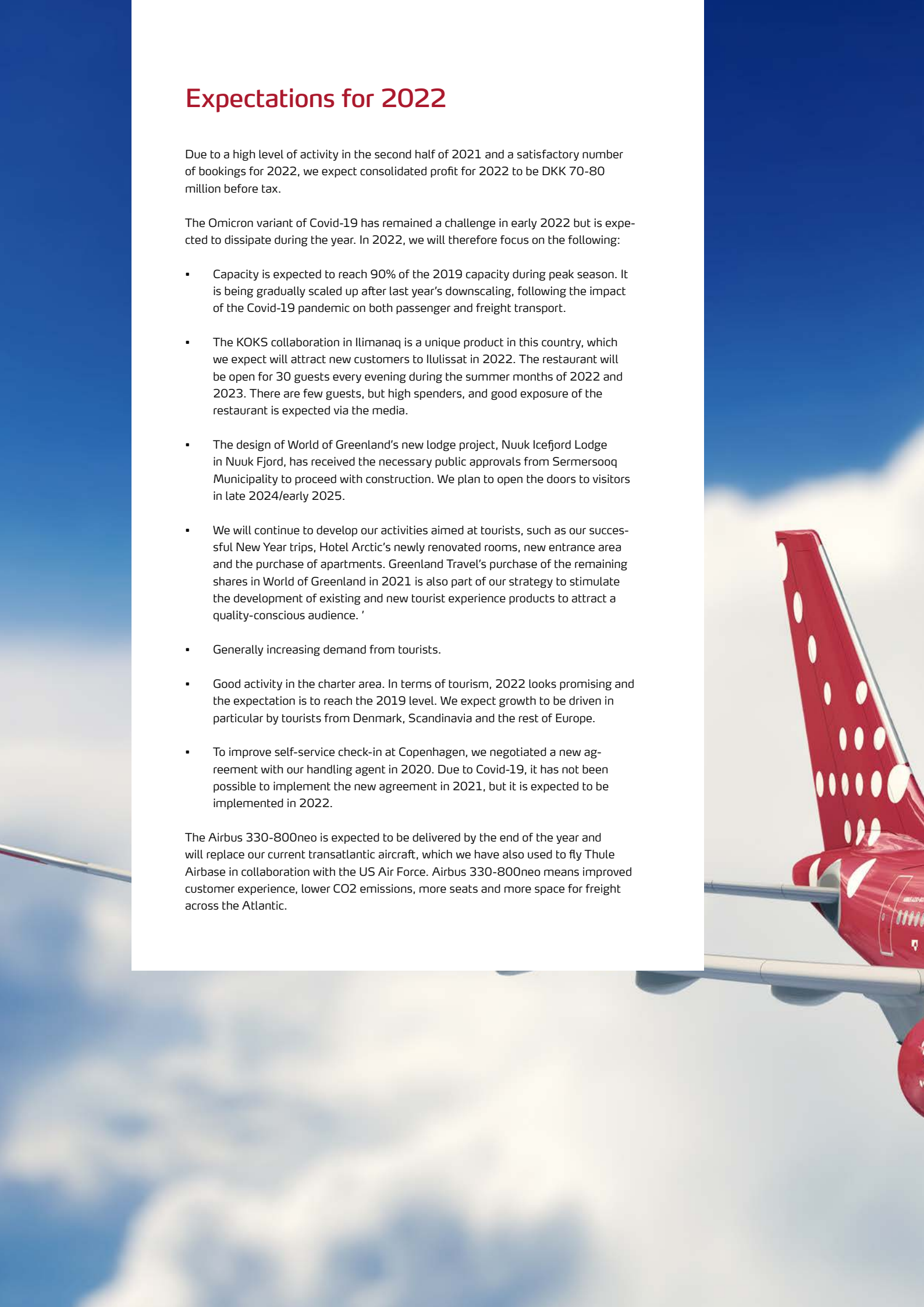
## Expectations for 2022

Due to a high level of activity in the second half of 2021 and a satisfactory number of bookings for 2022, we expect consolidated profit for 2022 to be DKK 70-80 million before tax.

The Omicron variant of Covid-19 has remained a challenge in early 2022 but is expected to dissipate during the year. In 2022, we will therefore focus on the following:

- Capacity is expected to reach 90% of the 2019 capacity during peak season. It is being gradually scaled up after last year's downscaling, following the impact of the Covid-19 pandemic on both passenger and freight transport.
- The KOKS collaboration in Ilimanaq is a unique product in this country, which we expect will attract new customers to Ilulissat in 2022. The restaurant will be open for 30 guests every evening during the summer months of 2022 and 2023. There are few guests, but high spenders, and good exposure of the restaurant is expected via the media.
- The design of World of Greenland's new lodge project, Nuuk Icefjord Lodge in Nuuk Fjord, has received the necessary public approvals from Sermersooq Municipality to proceed with construction. We plan to open the doors to visitors in late 2024/early 2025.
- We will continue to develop our activities aimed at tourists, such as our successful New Year trips, Hotel Arctic's newly renovated rooms, new entrance area and the purchase of apartments. Greenland Travel's purchase of the remaining shares in World of Greenland in 2021 is also part of our strategy to stimulate the development of existing and new tourist experience products to attract a quality-conscious audience. '
- Generally increasing demand from tourists.
- Good activity in the charter area. In terms of tourism, 2022 looks promising and the expectation is to reach the 2019 level. We expect growth to be driven in particular by tourists from Denmark, Scandinavia and the rest of Europe.
- To improve self-service check-in at Copenhagen, we negotiated a new agreement with our handling agent in 2020. Due to Covid-19, it has not been possible to implement the new agreement in 2021, but it is expected to be implemented in 2022.

The Airbus 330-800neo is expected to be delivered by the end of the year and will replace our current transatlantic aircraft, which we have also used to fly Thule Airbase in collaboration with the US Air Force. Airbus 330-800neo means improved customer experience, lower CO2 emissions, more seats and more space for freight across the Atlantic.







## Good corporate governance

In 2012, the Government of Greenland published Guidelines for Good Corporate Governance in the Government of Greenland owned public limited companies. For this purpose, Air Greenland has prepared a detailed report, which can be found on the company's website [www.airgreenland.gl](http://www.airgreenland.gl)

The Board of Directors of the company shall hold six ordinary meetings a year, evenly distributed and agreed for one year at a time. This approach ensures meeting attendance and ongoing dialogue between the Board of Directors and the Executive Board. Extraordinary meetings may be held if necessary.

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.

### Openness and transparency

Air Greenland values openness and transparency and works through the website and other relevant channels, including the annual report, newsletters, press releases, social media, etc., to ensure that the public has access to relevant information about the company, including information about the competencies of the members of the Board of Directors and the Executive Board.

In 2018, the company's whistleblower scheme also came into force, which ensures that custo-

mers, business partners and employees can report any irregularities within the Group to an impartial and independent party.

### Tasks, responsibilities and work of the Board

The Board has a Chairperson as provided for in the company's Articles of Association at the inaugural meeting.

In accordance with the Rules of Procedure of the Board, the Board also has a Deputy Chairperson.

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:

- Establish and/or revise strategies.
- Evaluate the collaboration framework and skills, and take corrective action if necessary, including a review of the Rules of Procedure, statutes and executive directives, evaluation of the Board 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 of the Board and organisation

Air Greenland is 100% owned by the Government of Greenland, which appoints the Chairperson of the Board and five Board members. Furthermore, the employees of Air Greenland elect three employees to the Board of Directors. Elections were held in 2021 for a 4-year term.

According to the Rules of Procedure of the Board of Directors of Air Greenland, the Board meets at least 6 times a year. The Rules of Procedure also ensure that the Board acts independently of any special interests.

The Board regularly conducts a self-evaluation, including the Board's overall competencies, any training needs, collaboration among Board members and collaboration with the Executive Board. The results are reviewed with the owner.

#### **Submitting accounts (financial reporting)**

In accordance with the Rules of Procedure of the Board, the Board holds an annual accounts meeting at which the annual report, including the draft endorsement by the auditors, is submitted to the Board for approval. The Board is also presented with monthly reports, half-yearly accounts and forecasts, and approves the budget. The budget and budget follow-up on major investments are also presented to the Board.

#### **Risk management, internal control and audit**

The Executive Board reports regularly to the Board on developments in key risk areas and ensures that the Board is informed of any business risks and corrective actions that are underway. Furthermore, a regular dialogue and exchange of information between the auditor and the Board is ensured, partly through the auditor's report and partly through the annual participation of the auditor at the March Board meeting.

# Accounting practices

The annual report is presented in accordance with Accounting Class D.

The accounting policies are unchanged compared to 2020.

## 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 affected 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.

On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated.

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 subsequently 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.



# Income Statement

## Net revenue

Net revenue from the sale of tickets, cargo, mail 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 out-dated 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 in 2021 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 include interest income and expenses, the interest portion of financial lease instalments, exchange rate gains and losses, amortisation charges and deductions on mortgage debt, etc.

## Income taxes

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.

# Statement of financial position

## 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 based on 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.

Any positive difference between the cost of the acquired company and the identified assets and liabilities is recognised in the balance sheet under

	Depreciation period	Scrap value
Buildings	10–50 years old	0-50%
Aircraft/helicopters	6–14 years old	0-25 %
Other components	6-12 years	0-20 %
Other equipment, vehicles and inventory	3-10 years	0 %
Software	3-5 years	0%
Goodwill	5 years	0%



# Balancen

intangible assets as goodwill, which is depreciated on a straight-line basis over its estimated useful life. Amortisation 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.

## Equity holdings in subsidiary companies 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.

## Deferred income (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.

## Other financial liabilities

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

# Balancen

## Deferred income (liabilities)

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 corporation 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".

NOPLAT (Net Operating Profit Less Adjusted Taxes) is defined as the profit/loss before interest (EBIT) adjusted for operational leasing costs, cf. note 4, less calculated depreciation of operational leased aircraft less 26.5% tax.

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

Net interest-bearing debt is defined as interest-bearing liabilities, net of interest-bearing assets, including cash and cash equivalents, and income tax receivable. Operational leasing is included in net interest-bearing debts by a factor 7 times the year's operational leasing costs.

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
Return on invested capital after tax including goodwill (%)	$\frac{\text{NOPLAT}}{\text{Average invested capital including goodwill}}$	The return that the company generates from investors' funds
Financial gearing	$\frac{\text{Net interest-bearing debt}}{\text{Equity}}$	The company's financial gearing
Operational gearing	$\frac{\text{Net interest-bearing debt}}{\text{EBITDA}}$	The company's operational gearing
Return on equity (%)	$\frac{\text{Profit or loss for the year}}{\text{Average equity}}$	The company's return on the capital invested by the owners in the company
Solvency ratio (%)	$\frac{\text{Equity}}{\text{Total assets}}$	The company's financial strength.

# Annual accounts

## Income statement for 1 January to 31 December

(in 1,000 DKK)	Parent company		Note	Group	
	2021	2020		2021	2020
Net revenue	1.169.225	1.070.139	1	1.251.269	1.129.493
Other external expenses	(543.296)	(494.246)		(572.019)	(526.127)
Staff costs	(372.950)	(393.125)	2	(410.393)	(430.611)
Depreciation and devaluation	(103.387)	(121.542)	3	(112.081)	(127.572)
Profit or loss before financial entries	149.592	61.226		156.777	45.184
Income from equity holdings in affiliated companies	11.487	(14.710)	9	-	-
Income from equity holdings in associated companies	604	(1.273)	9	7.448	(2.774)
Other financial income	164	126	4	18	218
Financial expenses	(10.236)	(8.525)	5	(10.623)	(10.054)
Profit before tax	151.611	36.844		153.620	32.573
Tax on the year's profit	(40.615)	(6.237)	6	(42.624)	(1.966)
<b>Profit for the year</b>	<b>110.996</b>	<b>30.607</b>		<b>110.996</b>	<b>30.607</b>
<b>Proposal for profit allocation:</b>					
			24		
Assigned to reserve for net revaluation according to the book value method	12.091	(16.592)			
Transferred to next year	98.905	47.199			
	<b>110.996</b>	<b>30.607</b>			





## Balance at 31 December

(in 1,000 DKK)	Parent company			Group	
	2021	2020	Note	2021	2020
Software	2.596	1.738		3.758	1.738
Goodwill	-	-		1.958	-
Intangible fixed assets	2.596	1.738	7	5.716	1.738
Buildings	106.588	105.823		224.773	186.470
Aircraft equipment incl. essential aircraft components	532.985	536.700		532.985	536.700
Other aircraft components	26.092	20.609		26.092	20.609
Other equipment, vehicles and inventory	7.206	7.564		24.537	22.242
Prepayments and current intangible fixed assets	315.154	58.704		315.960	58.704
Tangible fixed assets	988.025	729.400	8	1.124.347	824.725
Equity holdings in affiliated companies	113.237	101.750	9	-	-
Equity holdings in associated companies	11.980	13.641	9	11.980	18.797
Receivables from affiliated companies	43.975	-	9	-	-
Other securities and equity holdings	-	-	9	39	39
Other receivables	1.222	1.119	9	1.603	1.490
Deferred tax assets	-	-	14	2.279	1.898
Financial fixed assets	170.414	116.510		15.901	22.224
Fixed assets	1.161.035	847.648		1.145.964	848.687
Inventories	30.281	29.887	10	34.477	32.333
Receivables from sales and services	82.901	75.005		106.038	86.789
Receivables with subsidiaries	-	4.119		-	-
Receivables with associated companies	3	33		3	33
Other receivables	48.796	7.817	11	50.990	8.016
Deferred income	8.459	3.689	12	9.184	4.001
Receivables	140.159	90.663		166.215	98.839
Cash and cash equivalents	289.587	126.546		345.501	189.917
Total current assets	460.027	247.096		546.193	321.089
<b>Assets</b>	<b>1.621.062</b>	<b>1.094.744</b>		<b>1.692.157</b>	<b>1.169.777</b>

## Balance at 31 December

(in 1,000 DKK)	Parent company			Group	
	2021	2020	Note	2021	2020
Share capital	24.000	24.000	13	24.000	24.000
Reserve for net revaluation of equity holdings to the book value method	78.624	63.656		4.238	5.741
Reserve for hedging transactions	18.760	(10.290)		18.760	(10.290)
Profit carried over	526.190	429.392		600.576	487.307
Equity	647.574	506.758		647.574	506.758
Deferred tax liabilities	98.219	47.957	14	108.966	58.247
Accrued obligations	98.219	47.957		108.966	58.247
Debt to credit institutions	-	130.000		-	130.567
Debt contracted through bond issues	598.695	-		598.695	-
Bank debt	-	-		-	18.197
Long-term debt obligations	598.695	130.000	15	598.695	148.764
Short-term share of long-term debt obligations	34.315	65.678	15	34.315	67.478
Other bank debt	-	100.000		-	100.000
Supplier debts	51.774	45.405		78.234	74.440
Debts to affiliated companies	1.929	7		-	-
Debts to associated companies	-	-		-	44
Corporation tax	1.104	-		3.297	698
Other liabilities	100.843	131.364	16	107.835	139.531
Deferred income	86.609	67.575	17	113.241	73.817
Short-term debt obligations	276.574	410.029		336.922	456.008
Debt obligations	875.269	540.029		935.617	604.772
<b>Liability</b>	<b>1.621.062</b>	<b>1.094.744</b>		<b>1.692.157</b>	<b>1.169.777</b>
Mortgages and contingent liabilities, etc.			18-20		
Other notes			20-24		

## Statement of changes in equity as of 31 December 2021

<b>Parent company</b> (in 1,000 DKK)	Share capital	Reserve for net revaluation of equity holdings to book value method	Profit carried over	Reserve for security transactions	Total
Equity 01.01.2020	24.000	81.936	382.193	694	488.823
Appreciation derivative financial instruments				(14.694)	(14.694)
Profit for the year		(16.592)	47.199		30.607
Exchange rate adjustment of foreign associated company		(2.297)			(2.297)
Tax on equity		609		3.710	4.319
Equity 31.12.2020	24.000	63.656	429.392	(10.290)	506.758
Appreciation derivative financial instruments				39.524	39.524
Profit 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)		-
<b>Equity 31.12.2021</b>	<b>24.000</b>	<b>78.624</b>	<b>526.190</b>	<b>18.760</b>	<b>647.574</b>
<b>Group</b> (in 1,000 DKK)	Share capital	Reserve for net revaluation of equity holdings to book value method	Profit carried over	Reserve for security transactions	Total
Equity 01.01.2020	24.000	10.203	453.926	694	488.823
Appreciation derivative financial instruments				(14.694)	(14.694)
Profit or loss for the year		(2.774)	33.381		30.607
Exchange rate adjustment of foreign associated company		(2.297)			(2.297)
Deferred tax on the year's dividends					-
Tax on equity		609		3.710	4.319
Equity 31.12.2020	24.000	5.741	487.307	(10.290)	506.758
Appreciation derivative financial instruments				39.524	39.524
Profit for the year		7.448	103.548		110.996
Exchange rate adjustment of foreign associated company		1.047			1.047
Tax on equity		(277)		(10.474)	(10.751)
Other adjustments		(9.721)	9.721		-
<b>Equity 31.12.2021</b>	<b>24.000</b>	<b>4.238</b>	<b>600.576</b>	<b>18.760</b>	<b>647.574</b>



## Cash flow statement

(in 1,000 DKK)	Parent company			Group	
	2021	2020	Note	2021	2020
Profit or loss before financial entries	149.592	61.226		156.777	45.184
Depreciation and devaluation	103.387	121.542		112.081	127.572
Change in working capital	(13.563)	(19.631)	20	(21.620)	(887)
	239.416	163.137		247.237	171.869
Received financial income	164	126		18	218
Paid financial expenses	(10.236)	(8.525)		(10.623)	(10.054)
Tax paid	-	-		(799)	(1.169)
Cash flows regarding operation	229.344	154.738		235.834	160.863
Addition of intangible fixed assets	(1.812)	(1.763)		(1.812)	(1.763)
Addition of tangible fixed assets	(369.258)	(263.140)		(373.715)	(289.453)
Sale of tangible fixed assets	8.201	4.513		11.588	25.556
Addition of fixed asset investments	(48.078)	-		(113)	-
Access by business transfer	-	-		(12.000)	-
Removed financial fixed assets	7.312	99		3.300	1.301
Cash flows regarding investments	(403.635)	(260.291)		(372.752)	(264.359)
Taking on long-term debt obligations	655.000	-		655.000	-
Utilisation/Release of the overdraft facility	(100.000)	100.000		(100.000)	100.000
Release and repayment of long-term debt	(217.668)	(65.000)		(268.029)	(66.762)
Cash flows regarding financing	337.332	35.000		286.971	33.238
Change in cash and cash equivalents	163.041	(70.553)		150.053	(70.258)
Cash and cash equivalents 1 January	126.546	197.099		189.917	260.175
Access by business transfer	-	-		5.531	-
Cash and cash equivalents 31 December	289.587	126.546		345.501	189.917

## Notes to the annual report

(in 1,000 DKK)	Parent company		Group	
	2021	2020	2021	2020
<b>1. Net revenue</b>				
Passenger income	559.975	440.754	559.975	440.754
Charter income	248.160	372.469	248.160	372.469
Cargo income	71.604	74.506	71.604	74.506
Mail income	31.195	25.156	31.195	25.156
Payment for service contracts	139.500	72.361	139.500	72.361
Other traffic income	70.632	50.686	70.632	45.869
Other operating income	8.770	5.726	87.740	68.212
Other revenue	30.755	24.014	30.755	24.014
Covid-19 compensation	8.634	4.467	11.708	6.152
	1.169.225	1.070.139	1.251.269	1.129.493

## Notes to the annual report

(in 1,000 DKK)	Parent company		Group	
	2021	2020	2021	2020
<b>2. Staff costs</b>				
Wages and salaries	319.935	337.752	355.120	373.078
Pension costs	12.824	13.852	14.791	15.762
Other social security costs	40.191	41.521	40.482	41.771
	372.950	393.125	410.393	430.611
Of this total remuneration to the parent company:				
- Executive Board	3.686	3.760		
- Board of Directors	1.464	1.399		
	5.150	5.159		
Average number of employees	483	511	574	606

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

The employment relationship may be terminated by either party with 12 months' notice.

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

	2021	2020
Fixed salary	2.914	2.820
Retention scheme	772	940
	3.760	3.760

There are no incentive programmes in place for the company's Board of Directors.



## Notes to the annual report

(in 1,000 DKK)	Parent company		Group	
	2021	2020	2021	2020
<b>3. Depreciation and devaluation</b>				
Goodwill	-	-	140	-
Software	954	25	1.079	25
Buildings	8.475	27.870	11.693	31.425
Aircraft equipment incl. essential aircraft components	91.861	84.210	91.861	84.210
Other aircraft components	1.927	2.444	1.927	2.444
Other equipment, vehicles and inventory	4.990	7.339	9.420	9.826
Profit from the sale of tangible fixed assets	(4.820)	(346)	(4.039)	(358)
	103.387	121.542	112.081	127.572
<b>4. Other financial income</b>				
Interest on bank deposits	-	-	-	65
Interest from affiliated companies	164	56	-	-
Debts to associated companies	-	-	-	44
Currency gains	-	-	-	19
Interest in general	-	70	18	90
	164	126	18	218
<b>5. Financial expenses</b>				
Interest on bank debt	1.212	849	685	1.269
Interest and amortisation of mortgage debt	8.902	7.631	9.946	8.729
Exchange rate losses	42	1	36	2
Interest in general	80	44	63	54
	10.236	8.525	10.623	10.054
<b>6. Tax on the year's profit</b>				
Current tax	1.104	-	3.297	792
Adjustment of tax pertaining to previous years	438	(3.526)	438	(3.526)
Deferred tax on the year's profit	39.073	9.763	38.890	4.700
	40.615	6.237	42.624	1.966

(continued)

(in 1,000 DKK)	Parent company		Group		
	Software	Total	Software	Goodwill	Total
<b>7.Intangible fixed assets</b>					
Cost 01.01.2021	38.763	38.763	42.015	-	42.015
Added	1.812	1.812	1.812	-	1.812
Access by business transfer	-	-	1.236	2.098	3.334
Removed	(2.398)	(2.398)	(2.405)	-	(2.405)
Cost 31.12.2021	38.177	38.177	42.658	2.098	44.756
Depreciation and devaluation 01.01.2021	37.025	37.025	40.220	-	40.220
Depreciation for the year	954	954	1.079	140	1.219
Reversed depreciation at year end	(2.398)	(2.398)	(2.399)	-	(2.399)
Depreciation and devaluation 31.12.2021	35.581	35.581	38.900	140	39.040
Book value 31.12.2021	2.596	2.596	3.758	1.958	5.716

(continued)

	Parent company					
(in 1,000 DKK)	Buildings	Aircraft equipment and aircraft components	Over aircraft components	Other equip- ment, vehicles and inventory	Prepayments for tangible fixed assets	Total
<b>8. Tangible fixed assets</b>						
Cost 01.01.2021	354.933	1.340.485	97.867	113.192	58.704	1.965.181
Added	9.240	91.500	7.410	4.658	281.097	393.905
Removed	-	(41.486)	(13.440)	(7.607)	(24.647)	(87.180)
Cost 31.12.2021	364.173	1.390.499	91.837	110.243	315.154	2.271.906
Depreciation and devaluation 01.01.2021	249.110	803.785	77.258	105.628	-	1.235.781
Devaluation and depreciation for the year	8.475	91.861	1.927	4.990	-	107.253
Reversed depreciation pertaining to the year-end	-	(38.132)	(13.440)	(7.581)	-	(59.153)
Depreciation and devaluation 31.12.2021	257.585	857.514	65.745	103.037	-	1.283.881
Book value 31.12.2021	106.588	532.985	26.092	7.206	315.154	988.025

(in 1,000 DKK)	Group					Total
	Buildings	Aircraft equipment and aircraft components	Over aircraft components	Other equip-ment, vehicles and inventory	Prepayments for tangible fixed assets	
8. Tangible fixed assets (continued)						
Cost 01.01.2021	532.890	1.340.485	97.867	184.282	59.442	2.214.966
Added	11.161	91.500	7.410	7.288	281.097	398.456
Access by business transfer	11.918	-	-	454	162	12.534
Removed	(4.493)	(41.486)	(13.440)	(11.542)	(24.741)	(95.702)
Cost 31.12.2021	551.476	1.390.499	91.837	180.482	315.960	2.530.254
Depreciation and devaluation 01.01.2021	313.532	803.785	77.258	158.018	-	1.352.593
Devaluation and depreciation for the year	13.518	91.861	1.927	9.420	-	116.726
Reversed depreciation pertaining to the year-end	(347)	(38.132)	(13.440)	(11.493)	-	(63.412)
Depreciation and devaluation 31.12.2021	326.703	857.514	65.745	155.945	-	1.405.907
Book value 31.12.2021	224.773	532.985	26.092	24.537	315.960	1.124.347

(continued)

(in 1,000 DKK)	Parent company				Total
	Equity holdings in affiliated companies	Equity holdings in associated companies	Receivables with subsidiaries	Other receivables	
9. Financial fixed assets					
Cost 01.01.2021	38.851	12.884	-	1.119	52.854
Added	-	-	47.975	103	48.078
Removed	-	(5.142)	(4.000)	-	(5.142)
Cost 31.12.2021	38.851	7.742	43.975	1.222	95.790
Net revaluation 01.01.2021	62.899	757	-	-	63.656
Exchange rate adjustment	-	1.047	-	-	1.047
Share of the year's profit	11.487	604	-	-	12.091
Removed	-	1.830	-	-	(2.170)
Net revaluation 31.12.2021	74.386	4.238	-	-	74.624
Book value 31.12.2021	113.237	11.980	43.975	1.222	170.414

**Subsidiaries and associated companies  
(Parent + Group):**

	percent	Nominal value	Equi- capital
A/S Hotel Arctic, Ilulissat	100%	30.000	64.614
Greenland Travel A/S, Copenhagen	100%	1.500	48.141
Air Greenland ATO A/S, Copenhagen	100%	500	482
World of Greenland A/S	100%	2.000	9.437
Norlandair ehf., Akureyri	25%	8.578	47.918

	2021	2020
Result of affiliated companies is made up as follows:		
Profit before tax		
Air Greenland ATO A/S, Copenhagen	10	0
Profit before tax Hotel Arctic A/S, Ilulissat	122	(12.474)
Profit before tax Greenland Travel A/S	13.198	(6.507)
Result of associated companies before tax	13.330	(18.981)
Tax in subsidiaries	(1.843)	4.271
Result of associated companies after tax	11.487	(14.710)



(continued)

	Group			
	Equity holdings in associated companies	Other securities and equity holdings	Other receivables	Total
<b>9. Financial fixed assets (continued)</b>				
Cost 01.01.2021	13.884	9	1.490	15.383
Added	-	-	113	113
Removed	(5.142)	-	-	(5.142)
Transfers	(1.000)	-	-	(1.000)
Cost 31.12.2021	7.742	9	1.603	9.354
Net revaluation 01.01.2021	4.913	30	-	4.943
Exchange rate adjustment	1.047	-	-	1.047
Share of the year's profit	7.448	-	-	7.448
Transfers during the year	(9.170)	-	-	(9.170)
Net revaluation 31.12.2021	4.238	30	-	4.268
Book value 31.12.2021	11.980	39	1.603	13.622

	Parent company		Group	
	2021	2020	2021	2020
<b>10. Inventories</b>				
Spare parts stock	30.209	29.803	30.209	29.803
Other stocks	72	84	4.268	2.530
	30.281	29.887	34.477	32.333
<b>11. Other receivables</b>				
Positive fair value hedging instruments	25.524	-	25.524	-
Deposit item purchases	-	-	-	-
Other receivables	23.272	7.817	25.466	8.016
	48.796	7.817	50.990	8.016

#### 12. Deferred income

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

#### 13. Share capital

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		Group	
	2021	2020	2021	2020
<b>14. Deferred tax</b>				
Provision for deferred tax is based on the following items:				
Intangible fixed assets	688	461	727	461
Tangible fixed assets	71.967	76.796	82.756	88.775
Financial fixed assets	20.052	16.260	20.057	16.265
Total current assets	(1.252)	(1.195)	(1.252)	(1.197)
Short-term debt	-	(3.960)	(154)	(4.114)
Other receivables	6.764	-	6.762	-
Tax losses carried forward	-	(40.405)	(2.209)	(43.834)
	98.219	47.957	106.687	56.356
Net asset value is recognised in the balance sheet:				
Deferred tax assets	-	-	(2.279)	(1.898)
Deferred tax liabilities	98.219	47.957	108.966	58.247
	98.219	47.957	106.687	56.356
This year's movement can be specified as follows:				
Deferred tax 1 January	47.957	46.289	57.206	59.751
Deferred tax on the year's profit	39.511	6.237	38.730	1.174
Tax on equity	10.751	(4.569)	10.751	(4.569)
Deferred tax 31 December	98.219	47.957	106.687	56.356

(continued)

	Parent company			Nominal liabilities, total
	Due within 1 year	Due 2- 5 years	Due after 5 years	
<b>15. Long-term debt obligations</b>				
Debt to credit institutions	34.315	346.477	252.218	633.010
Long-term debt obligations 31.12.2021	34.315	346.477	252.218	633.010

	Group			Nominal liabilities, total
	Due within 1 year	Due 2- 5 years	Due after 5 years	
Debt to credit institutions	34.315	346.477	252.218	633.010
Long-term debt obligations 31.12.2021	34.315	346.477	252.218	633.010

	Parent company		Group	
	2021	2020	2021	2020
<b>16. Other liabilities</b>				
Salaries due, social security contributions, etc.	11.961	20.502	13.495	23.509
Holiday payment obligations	28.318	29.310	31.723	33.548
Other expenses due	60.564	67.552	62.617	68.474
Negative fair value hedging instruments	-	14.000	-	14.000
	100.843	131.364	107.835	139.531

#### 17. Accruals and deferred income

Accruals and deferred income are made up of expenses payable concerning sold tickets that have yet to be recognised as revenue.

#### 18. Mortgaging

Mortgage debt is secured by mortgages on properties.

As security for bank debts and mortgage debt, owner's mortgages have been deposited in properties for nom.

	-	86.250	-	108.067
Book value of mortgaged real estate	-	60.983	-	141.628
Cash and cash equivalents deposited in favour of the Travel Guarantee Fund and other supplier credits	1.200	1.200	9.430	2.789

(continued)

	Parent company		Koncernen	
	2021	2020	2021	2020
<b>19. Lease obligations</b>				
For 2021-2023 where operational lease agreements have been entered into for aircraft	5.706	6.953	5.706	6.953
Of this due within 1 year	3.698	3.620	3.698	3.620
Other operational leasing agreements	-	-	-	1.100
Of this due within 1 year	-	-	-	896
<b>20. Changes in working capital</b>				
Changes in stock	(394)	430	(3.018)	2.023
Changes in receivables	(23.972)	1.643	(41.852)	15.412
Change in supplier debt, etc.	10.803	(21.704)	23.250	(18.322)
Change in working capital, total	(13.563)	(19.631)	(21.620)	(887)



(continued)

	Parent company		Koncernen	
	2021	2020	2021	2020
<b>21. Fee to auditor elected at the Annual General Meeting</b>				
Fee paid to PwC, the auditor elected by the General Meeting of the parent company, for the financial year:				
Lovpligtig revision	531	501	683	673
Andre erklæringer med sikkerhed	507	-	570	123
Skatterådgivning	-	-	-	5
Andre ydelser	557	360	610	421
	1.595	861	1.863	1.222
Fee paid to GRK, the auditor elected by the General Meeting of the parent company, for the financial year:				
Statutory audit	189	215	325	291
Other declarations of security	-	-	-	-
Tax advice	-	-	-	-
Other services	53	77	129	119
	242	292	454	410

## Notes to the annual report

### 22. Closely related parties

Closely related parties are members of the Board of Directors, the Executive Board, the sole shareholder of the company.

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 Health-care 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.

The company has also flown an emergency response in 2021 on behalf of the Government of Greenland.

### 23. Shareholder relations

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

- The Government of Greenland (100%)

#### Parent company

	2021	2020
<b>24. Distribution of net profit</b>		
<b>Proposal for profit allocation:</b>		
Assigned to reserve for net revaluation according to the book value method	12.091	(16.592)
Transferred to next year	98.905	47.199
	110.996	30.607

### 25. Subsequent events

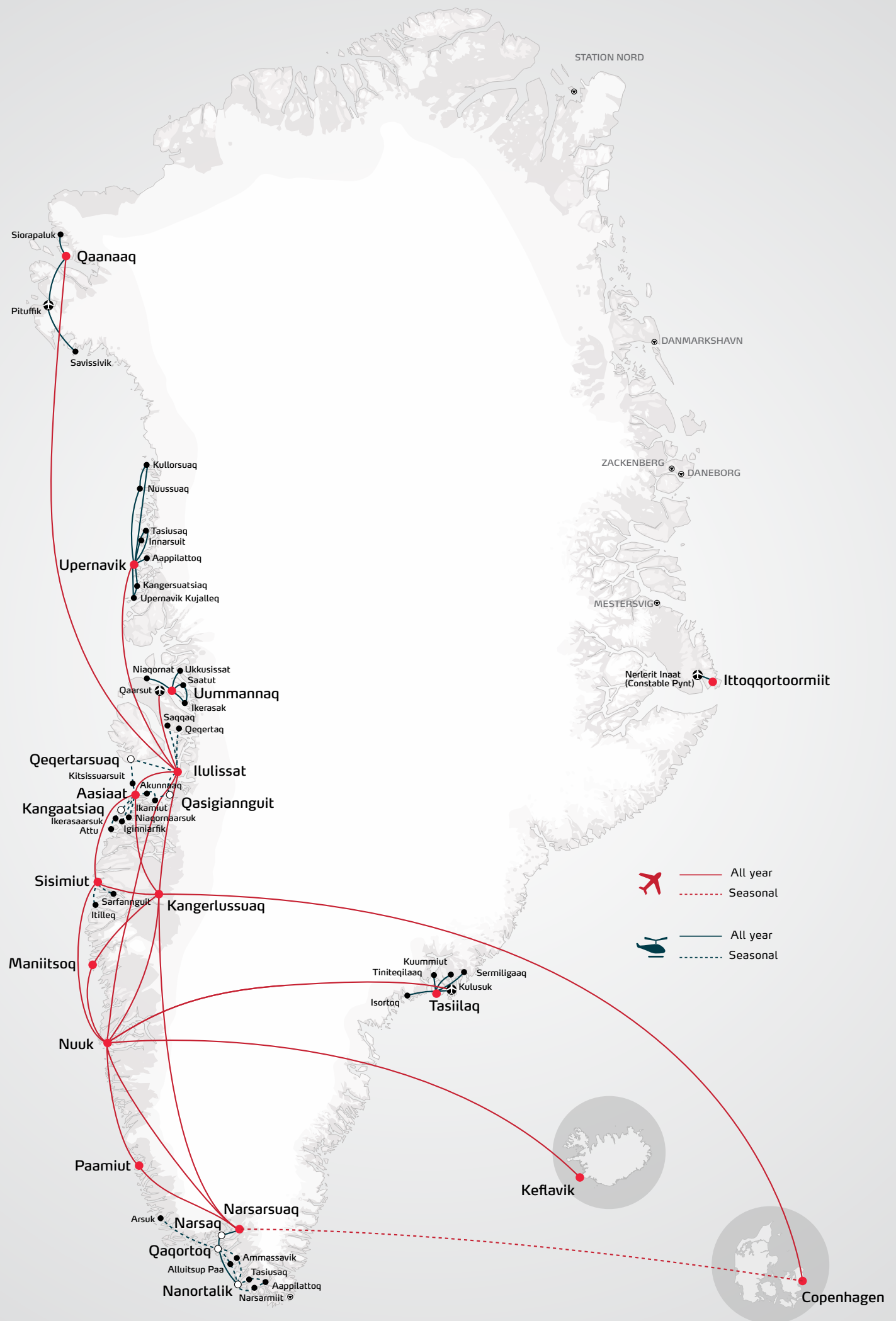
The company has signed an agreement for the sale of six helicopters at the beginning of the 2022 financial year for delivery during 2023. The sale is expected to result in an accounting gain in 2022.













# Nammineq timmisartuutit

## Egen flyflåde

## Our Fleet

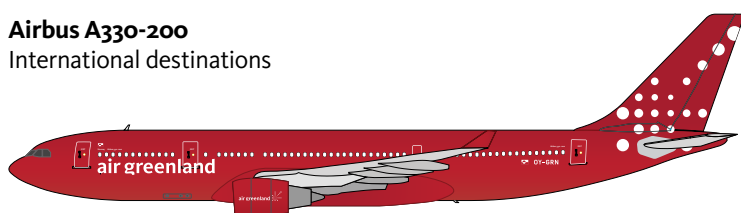
Timmisartuuteqarpugut aammalu qulimiguulinnik peqarluta. Timissartut angisuuniik Airbus 330-200 timmisartut qulimiguullit mikisunut AS 350.

Vores flåde består af både fastvingede fly og helikoptere, fra den store Airbus 330-200 til de små AS 350 helikoptere.

**Our fleet consists of fixed-wing aircrafts and helicopters – ranging from the large Airbus 330-200 to small AS 350 helicopters.**

### Airbus A330-200

International destinations



Number: 1

Max. no of seats: 278

Average speed km/t: 870

Max. altitude m: 13,666

### Dash 8-200

Domestic destinations



Number: 7

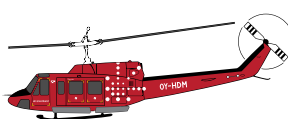
Max no. of seats: 37

Average speed km/t: 537

Max. altitude m: 7,620

### Bell 212

Domestic destinations



Number: 4

Max. no of seats: 13

Average speed km/t: 185

Max. altitude m: 3,000

### 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: (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

### Airbus H155

Domestic destinations



Number: 2

Max. no of seats: 13

Average speed km/h: 277

Max. altitude m: 4,572



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