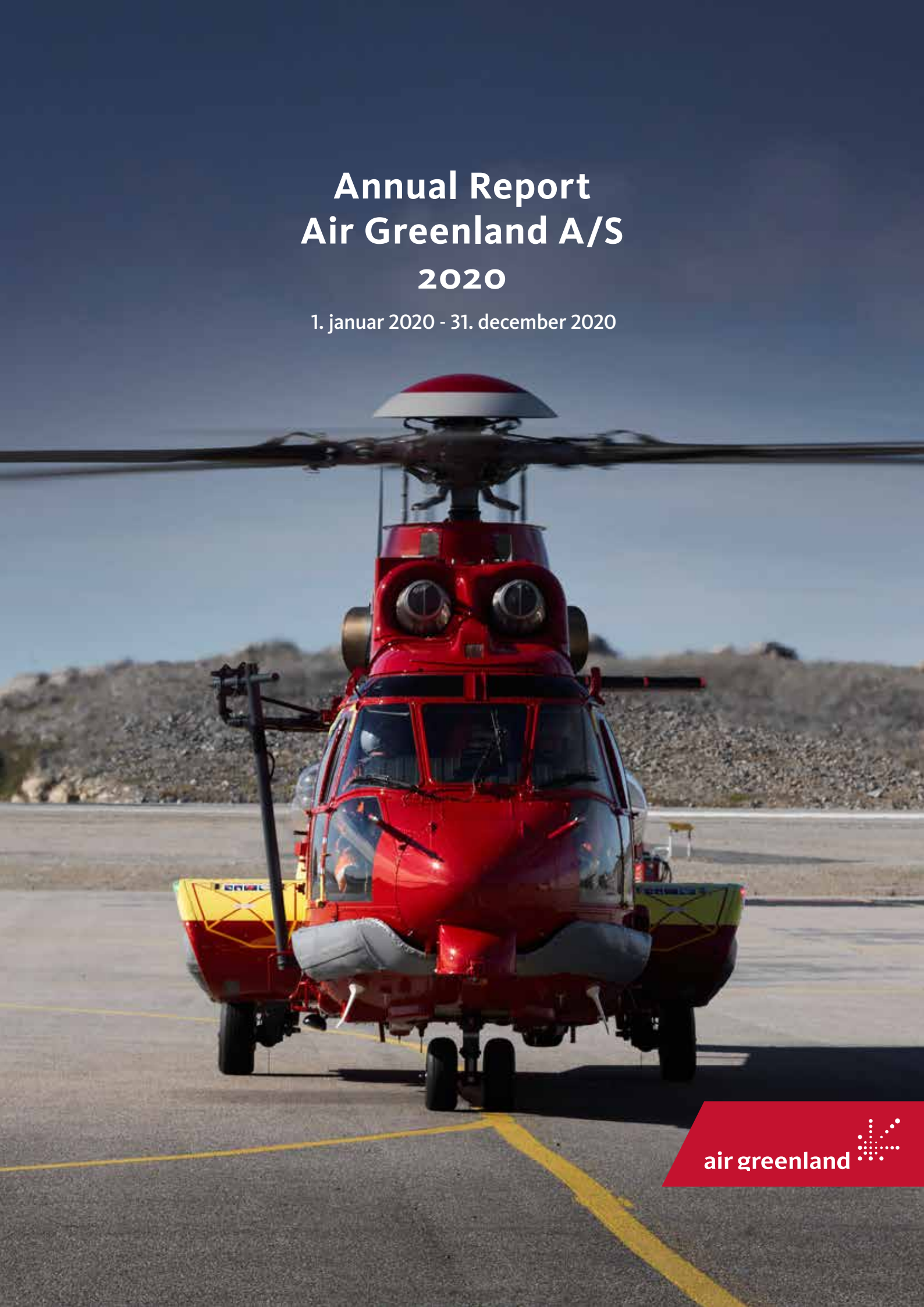
Annual Report
Air Greenland A/S
2020

1. januar 2020 - 31. december 2020



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Annual Report
Air Greenland A/S
2020

1 Januar 2020 - 31 December 2020

The annual report was presented and adopted at the Company's Annual General Meeting on 18/5 2021

Peter Schriver
Chair of the meeting

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

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The Group's key figures and ratios (DKK mill.)	2016	2017	2018	2019	2020
Net revenue	1.307,1	1.304,8	1.401,3	1.397,7	1.129,5
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	226,9	217,2	224,5	253,8	172,8
Earnings before interest and tax (EBIT)	35,6	75,8	79,1	112,9	45,2
Profit or loss before tax	40,8	71,1	80,8	106,6	32,6
Profit or loss for the year	25,6	44,9	52,1	88,6	30,6
Tangible fixed assets	745,4	764,3	737,2	688,4	824,7
Equity	683,6	700,7	717,9	488,8	506,8
Balance sheet total	1.121,7	1.170,2	1.244,1	1.130,2	1.177,6
Dividends for the financial year	37,0	22,5	-	461,0	-
Investments in tangible fixed assets	78,7	148,0	126,2	95,6	289,5
Number of employees (year-end)	621	614	631	637	544
Profit margin	2,7%	5,8%	5,6%	8,1%	4,0%
Return on invested capital after tax incl. goodwill	4,1%	9,4%	10,8%	11,2%	4,9%
Financial gearing	-0,4	-0,2	-0,4	0,1	0,3
Operational gearing	-1,2	-0,7	-1,2	0,2	0,9
Return on equity	3,2%	6,5%	7,3%	14,7%	6,1%
Equity ratio	60,9%	59,9%	57,7%	43,3%	43,0%

Statistical information (DKK mill.)	Unit of measurement	2016	2017	2018	2019	2020
Route network length	Km	18.340	17.603	17.603	17.603	11.345
Number of towns serviced	Byer	22	16	16	16	16
Flown km in regular traffic	1000	6.025	5.903	6.201	5.933	3.698
Flying hours in the air, total	Timer	23.176	23.189	23.486	21.527	15.742
Flying hours in the air, regular	Timer	13.911	12.648	13.064	12.845	8.271
Offered tonne-km, regular traffic	1000	81.369	85.233	91.793	88.989	54.329
Sold tonne-km, regular traffic	1000	54.713	56.922	58.971	59.792	29.765
Total load factor, regular traffic	Procent	67,2%	66,8%	64,2%	67,2%	54,8%
Number of passengers	1000	426	419	431	438	246
Offered seats-km, regular traffic	1000	650.059	678.174	733.328	717.180	435.859
Sold seats-km, regular traffic	1000	523.656	548.252	568.316	579.841	258.892
Cabin factor, regular traffic	Procent	80,6%	80,8%	77,5%	80,9%	59,4%
Average travel distance for regular traffic	Km	1.229	1.310	1.319	1.323	1.054

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Company information

Central Business Register (CVR) no.:	56996710
Ownership:	Wholly owned by the Government of Greenland, Nuuk, Greenland
Share capital:	24 mio. kr.
Auditors:	PricewaterhouseCoopers Grønlands Revision A/S
Executive Board:	Jacob Nitter Sørensen, Administrerende direktør

Statement of the Board of Directors and Executive Board

We have on this day presented the annual report for the financial year 1 January – 31 December 2020 for Air Greenland A/S.

The annual report has been prepared in accordance with the Greenlandic Financial Statements Act.

We consider the accounting policies to be appropriate, such that the annual report provides a true and fair view of the Group and Parent Company's assets, liabilities and financial position as at 31 December 2020 and of the result of the Group and Parent Company's operating activities and cash flow in 2020.

The annual report is recommended for adoption at the Annual General Meeting.

Nuuk, 23 March 2021

MANAGEMENT

Jacob Nitter Sørensen
Chief Executive Officer

BOARD OF DIRECTORS

Bodil Marie Damgaard
Chairman of the Board

Annette Pia Brøndholt Sørensen

Henrik Maule Steinbacher

Steen Jensen

Peter Grønvold Samuelsen

Claus Martin Motzfeldt

Jette Larsen

Malik Peter Hegelund Olsen

Sam Grønvold

The independent Auditor's Report

To the owners of capital in Air Greenland A/S

Opinion
In our opinion, the consolidated accounts and financial statements provide a true and fair view of the Group and the Company's assets, liabilities and financial position as of 31 December 2020, as well as the result of the Group and the Company's activities and cash flow for the financial year 1 January – 31 December 2020, in accordance with the Greenlandic Financial Statements Act.

We have audited the consolidated accounts and financial statements of Air Greenland A/S for the financial year 1 January - 31 December 2020, which comprise the income statement, balance sheet, statement of changes in equity, notes, including accounting policies, and cash flow statement for both the Group and the Company ("financial statements").

Basis for opinion
We have conducted our audit in accordance with international standards for audits and the additional requirements that are applicable in Greenland. Our responsibility under these standards and requirements is further described in the section Auditor's responsibility for auditing the financial statements. We are independent of the Group pursuant to the international ethical rules for auditors (IESBA Code of Ethics) and the additional requirements that are applicable in Greenland, just as we have fulfilled our other ethical obligations in compliance with these standards and requirements. It is our opinion that the audit evidence obtained is sufficient and suitable as a basis for our opinion.

Statement on the Management's Report
Management is responsible for the Management's Report.

Our opinion regarding the financial statements does not include the Management's Report and we express no form of definitive opinion on the Management's Report.

In connection with our audit of the financial statements, it is our responsibility to read the Management's Report and in that regard consider whether the Management's Report is substantially inconsistent with the financial statements or in any other way seems to contain significant misinformation.

In addition, it is our responsibility to consider whether the Management's Report contains the required information in accordance with the Greenlandic Financial Statements Act.

Based on our audit work, it is our opinion that the Management's Report is consistent with the consolidated accounts and financial statements and has been prepared in accordance with the requirements of the Greenlandic Financial Statements Act. We have not found any significant errors or misinformation in the Management's Report.

Management's responsibility for the financial statements
Management is responsible for the preparation of the consolidated accounts and financial statements that provide a true and fair view in accordance with the Greenlandic Financial Statements Act. Furthermore, Management is responsible for those internal controls that it considers necessary to prepare financial statements that are free from material misstatement, whether due to fraud or error.

With the preparation of the financial statements, Management is responsible for evaluating the Group and the Company's ability to continue operating, to provide information concerning continued operations, where relevant, and to prepare financial statements on the basis of the accounting principle of continued operation, unless Management either intends to liquidate the Group or the Company, cease operations or does not have any realistic alternative other than to do this.

Auditor's responsibility for auditing the financial statements
Our aim is to achieve a high degree of certainty as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to submit an audit report with an opinion. A high degree of certainty is a high level of certainty, but it is not a guarantee that an audit that is conducted in accordance with international standards for audits and the additional requirements that apply to Greenland will always reveal material misstatements when such are present. Material misstatements can occur due to fraud or error and may be considered to be significant if they can reasonably be expected to have an influence, individually or collectively, on the financial decisions that are made by the users based on the financial statements.

As part of an audit conducted in accordance with internation-

al standards for audits and the additional requirements that apply to Greenland, we undertake professional evaluations and maintain professional scepticism during the audit. In addition:

- We identify and evaluate the risk for material misstatements in the financial statements, regardless of whether this is due to fraud or error, plan and conduct audit procedures as a consequence of these risks and obtain sufficient and suitable evidence upon which to base our opinion. The risk of not discovering material misstatement resulting from fraud is higher than with material misstatement resulting from error, since fraud may involve conspiracy, falsification, deliberate omissions, deception or breach of internal controls.

- We gain an understanding of the internal controls relevant to the audit to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Group and Company's internal controls.

- We consider whether the accounting principles adopted by Management are suitable and whether the accounting estimates and related information prepared by Management are reasonable.

- We evaluate whether Management's preparation of the financial statements based on the accounting principle for continued operation is appropriate and whether, on the basis of the audit evidence acquired, there is significant uncertainty associated with events or circumstances that could cause considerable doubt with regard to the Group and the Company's ability to continue operations. If we conclude that there is significant uncertainty, in our Auditor's Report we will draw attention to information about this in the financial statements or, if this information is not sufficient, we will modify our opinion. Our opinion is based on the audit evidence that is obtained up to the date of our Auditor's Report. Future events or circumstances, however, may result in the Group or the Company being unable to continue operations

- We evaluate the total presentation, structure and content of the financial statements, including information in the notes, and whether the financial statements reflect the underlying transactions and events in such a way that they present a true and fair view.

- We achieve sufficient and appropriate audit evidence regarding the financial information for the companies or business activities in the Group in order to express an opinion with regard to the consolidated accounts. It is our responsibility to lead, supervise and conduct an audit of the Group. We are solely responsible for our audit opinion.

We communicate with Senior Management regarding, among other things, the planned scope and date of the audit, as well as significant audit observations, including any significant deficiencies in internal controls which we identify during our audit.

Hellerup, 23 March 2021

Pricewaterhouse Coopers
Partnership of State-Authorised Public Accountants
CVR-nr. 33 77 12 31
Thomas Wraae Holm
State-Authorised Public Accountant
mne30141

Grønlands Revision A/S
State-Authorised Public Accountants
CVR-nr. 41 76 26 67
Per Jansen
State-Authorised Public Accountant
mne21323

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OY-HJB

Bodil Marie Damgaard (Chairman of the Board)

Profession and board positions
CAO (Chief Administration Officer), Greenland Holding (2020)

Educational background
Master of Arts in Communication Studies from Roskilde University
Bachelor degree in Business Studies

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

Steen Jensen (Vice chair)

Profession and board positions
Lawyer and partner, Bech-Bruun
Board member, Ikano Property FE A/S

Educational background
LLM, University of London
Cand.jur., Københavns Universitet

Skills and experience
Stock exchange and capital market, financing, regulatory matters, company law, strategy and good corporate governance

Jette Larsen

Profession and board positions
Board member

Educational background
Board Leadership, Masterclass, CBS
Advanced Business Leadership, CfL
HK Ikast and Mommark Business College

Skills and experience
Management, transport, aviation

Annette Pia Brøndholt Sørensen

Profession and board positions
Professional board member and investor (2014)
Chairman of the Board, Syncorder
Chairman of the Board, MapDiet
Chairman of the Board, Offspring A/S (Wheat)
Board member, Scandinavian Cosmetics Group
Board member, SOS Children's Villages DK

Educational background
MBA, Business Administration, CBS (2011)
Graduate Diploma in Business Administration – International Business, CBS (1988)

Skills and experience
Management, strategy, economy, aviation

Peter Grønvold Samuelsen

Profession and board positions
CEO KNI A/S (2013)

Educational background
eMBA, Business Institute Denmark (2019)
Cand.scient.adm, University of Greenland (2010)

Skills and experience
Operational- and organisational management, strategy

Malik Hegelund Olsen

Profession and board positions
Head of Sales, Royal Greenland A/S (2014)
Board member, University of Greenland
Employee-elected member of the board, Royal Greenland A/S

Educational background
Graduate Diploma in Business Administration
– Organisation, University of Greenland
Production engineer, Copenhagen University College of Engineering

Skills and experience
Economic exploitation, personnel management, project management

Claus Motzfeldt (employee-elected)

Profession and board positions
Chief Mechanic (1996)

Educational background
Flight mechanic, Civil Aviation School in Dragør

Skills and experience
Engineering, aviation, management and charter

Henrik Maule Steinbacher (employee-elected)

Profession and board positions
Pilot, Dash 8 (1997)
Flight instructor (2004)

Educational background
Pilot (1997)

Skills and experience
Management and strategy, aviation, engineering

Sam Grønvold (employee-elected)

Profession and board positions
Traffic Assistant (2009)
Souvenir shop Kangerlussuaq
Chairman of the Board, SILAGIK
(Air Greenland personnel association Kangerlussuaq)
Chairman of the Board, KALIF (Kangerlussuaq sports club)

Educational background
Traffic assistant
Plumber (pipe fitter)

Skills and experience
Aviation and management

Management's report

Group profile

Preface

Whichever way you look at it, 2020 will be remembered as the year in which the global Covid-19 pandemic gained a foothold, spread extensively and had a huge impact on individuals and their families, as well as governments and authorities, civil society and business and industry – and thus also Air Greenland.

Travel plummeted, with government authorities both within and outside Greenland regularly advising against all non-essential travel. Whereas ordinary ticket sales remained under severe pressure, the pandemic was also the catalyst for an intensive, cross-sector collaboration between Air Greenland and the country's authorities, including the health service, the police and of course the Government of Greenland.

In collaboration with the Government of Greenland, the Company established a system of emergency preparedness. An air bridge between Greenland and Denmark was implemented, transport of critical healthcare personnel was assured, whilst the maintenance of domestic air traffic ensured delivery of Covid-19 tests and other types of cargo. A more detailed description of this emergency preparedness can be found in the section on Operations and development.

It became even more apparent that Air Greenland is an essential part of Greenland's infrastructure, and we have demonstrated that the Company – both internally within the organisation and in society as a whole – can collaborate on emergency preparedness. Not least has the intense collaboration with the Company's owner, the Government of Greenland, been constructive, with the identification of the most beneficial solutions to society as a whole always taken as the point of departure.

In addition to the major challenges posed by Covid-19, the Company has persevered with the work that had been commenced aimed at modernising and adapting its fleet to the needs of the coming years and the agreements that have been signed.

First and foremost, the Board of Directors has decided to carry out the biggest single investment in the Company's history with the order of a brand new Airbus 330-800neo, which is being built in Toulouse, France, and is expected to be put into service in Greenland at the end of 2022.

For the first time, the new service contract with the Government of Greenland is a 10-year agreement, which makes it possible to replace the seven B212 helicopters, which have an average age in excess of 40 years, with six modern H155 helicopters, which will take over the service contract routes in south, north and central Greenland, as well as providing assistance in SAR operations.

The Search-And-Rescue (SAR) contract was entered into for a period of four years, with the option of an extension for up to a total of 12 years. This means that the Company has replaced its aging S61 helicopters with modern, well-equipped H225 helicopters. The new SAR helicopters have more efficient engines and a modern autopilot system, which will make a significant contribution to overall safety during difficult rescue missions. They have a large fuel capacity with increased range and de-icing functions, which will enable them to be flown in areas where the formation of ice constitutes a risk.

The above agreements and investments mean that Air Greenland can now carry out the necessary replacement of its fleet. This has taken place at the same time as the Company has faced significant challenges in terms of its activities due to the Covid-19 pandemic. Despite this, a good financial result is presented, which is due not least to the adaptability and flexibility of the employees, responsible Management that has exhibited a timely response to the new challenges, including an adjustment of capacity at an early stage, a loyal customer base in spite of falling demand, as well as the continued focus on LEAN organisational culture, which has resulted in lower costs and higher efficiency.

The Group's value chain has been even more closely interlinked in 2020. As a result of the Covid-19 pandemic and the related restrictions and recommendations from government authorities concerning travel to and from Greenland, special "staycation" packages and other attractive products for domestic customers have been developed. This has had a positive effect on traffic in the domestic market and, not least, benefitted local communities and large and small businesses throughout the country.

Highlights 2020

- Decision on the biggest investment in the company's history: replacement of the Atlantic aircraft Airbus 330-200 with a brand new Airbus 330-800neo
- Long-term contracts for SAR and service contracts provide economic robustness and lead to the replacement of aging helicopter models with more modern and well-equipped models
- Two H225 AWSAR helicopters were purchased and introduced in a timely fashion
- Decision on the purchase of six H155 helicopters for replacement of the Company's aging Bell 212 helicopters
- The Company has proved its determination and ability to play a decisive role in Greenland's infrastructure with its close collaboration with the authorities during the Covid-19 pandemic, which has included an air bridge between Denmark and Greenland in order to assure the transport of individuals in critical functions, Covid-19 tests, mail, cargo, etc.
- A sustainability strategy has been drawn up that is based on the UN's 17 Sustainable Development Goals and the ten principles of Global Compact. The strategy ensures that Air Greenland is dedicated to take into account balanced economic growth, corporate social responsibility and consideration of the environment in all of the companies within the Group
- Project Governance, which is a LEAN based approach to project management, is implemented for the Company's strategic projects, which has boosted the Company's ability to handle a large number of major projects simultaneously
- The employees throughout the Group have exhibited great willingness to protect the business when uncertainty during lockdown was at its height, by, among other things, agreeing to take voluntary holiday, freezing of salary and the temporary waiving of employee benefits
- 2020 was the year in which Air Greenland celebrated its 60th anniversary. As a result of Covid-19, the anniversary celebrations were somewhat more digital than physical, with a large-scale anniversary programme on KNR, Greenland's national TV channel, a special edition of in-flight magazine Suluk, as well as a Facebook competition which provided a forum for its customers' best memories of the last 60 years.

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Economic development

Pre-tax profits for the year are DKK 32.6 million, which proved to be lower than expectations for the year – and some DKK 74.0 million lower than in 2019. The negative development in the result is related to the Covid-19 pandemic, which has had a negative impact on the Company as a consequence of lower demand, restrictions and considerable uncertainties in the market.
In relation to previous years, the total net revenue is DKK 268.6 million lower, with savings on other external costs of DKK 155.0 million and personnel costs of DKK 32.6 million having been achieved.

The cost savings have been made possible through a significant reduction of the timetable, less helicopter activity and downsizing of the organisation, which resulted in 93 fewer full-time employees as 2020 drew to a close.

Net revenue

The Group's net revenue has fallen by DKK 268.6 million, with passenger revenue falling by DKK 328.0 million and charter revenue increasing by DKK 130.7 million, primarily as a result of the emergency preparedness agreements entered into with the Government of Greenland.

Cargo and mail revenue is DKK 6.3 million lower, with this relatively small decrease due to the fact that it has been possible to maintain a minimum timetable in which essential cargo was able to be delivered.

Income from hotel and ticket sales has seen a drop of DKK 80.8 million as a result of shortfalls in activity, including in Greenland Travel and Hotel Arctic.

Other income has increased by DKK 6.8 million, which can also be attributed to a number of the agreements entered into with the Government of Greenland.

Personnel and other external costs

Lower activity has led to 27 % fewer produced flying hours, which has resulted in a corresponding reduction in costs.

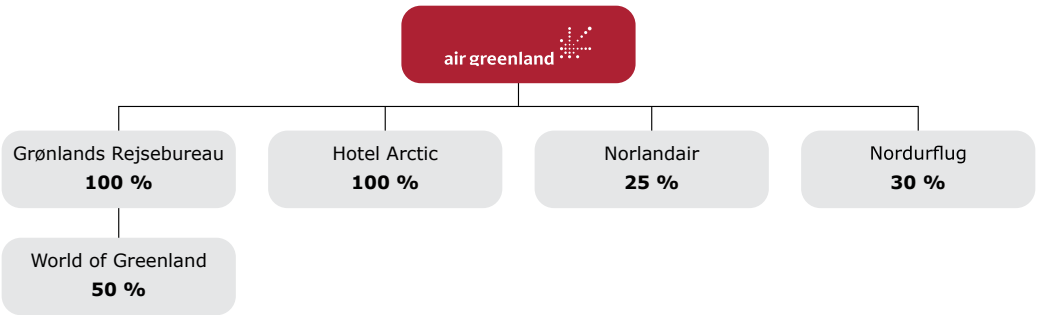
Personnel costs in the Group have been reduced by DKK 32.6 million. Air Greenland saw 95 positions being axed in May 2020, of which 35 positions were vacant. At the end of 2020 there were 93 fewer full-time employees in the Group, corresponding to 15 % fewer employees than at the end of 2019. The reduction in the number of employees has been adapted to be able to handle the expected demand in 2021, which will also be affected by restrictions and lower demand.

Other external costs in the Group fell by DKK 155.0 million. A considerable portion of the decrease in costs is related to lower activity, as well as through other cost reductions that have managed to reduce costs by 23 % overall.

The high season normally relies on many employees on short-term contracts, and with production that lies outside the airport's opening hours and requires more overtime and wage variables. In 2020, the high season saw a reduced timetable and no employees on short-term contracts. This led to cheaper production and, in turn, to the cost savings referred to earlier.

Subsidiaries and associated companies

The many restrictions and lockdowns have had a negative impact on the earnings of the Group's subsidiaries, with these subsidiaries having been affected to a greater extent by the lack of tourists travelling to and within Greenland.



Greenland Travel posted a loss for the year of DKK 6.5 million before tax and DKK 5.5 million after tax. In normal circumstances, the result for 2020 would not be satisfactory, but seen in the light of Covid-19, which throughout most of 2020 has had an extremely negative impact on operations, the result is regarded as satisfactory. Enormous credit must go to the employees, who have exhibited great flexibility, with everyone contributing to the company getting through 2020 in a reasonable manner and, not least, ensuring that they are ready to get back up to speed when the market recovers.

Overall activity has fallen by 40 % compared to 2019, and in addition to handling the high number of rebookings, refunds and information to customers, there has been a focus on development projects. The latter have included work getting underway on the implementation of a new booking portal that enables flights and hotels to be combined online, whereby initially it will be Air Greenland's flights and selected hotels in Ilulissat, Nuuk and Copenhagen that can be combined.

Hotel Arctic ended the year with a loss of DKK 12.5 million before tax and DKK 9.2 million after tax. The result for 2020 has suffered considerably from the effects of Covid-19. Hotel Arctic has chosen to keep the hotel open throughout the entire period, in part to meet local demand, but also to ensure that local manpower is available when activity levels increase once more. The period has seen a major focus on cost savings, which has led to a reduction of 13 full-time positions. At the same time, the hotel has carried out complete renovation of 37 rooms in a bid to ensure that the hotel retains its ambition of being Greenland's leading hotel.

2020 has seen an occupancy rate of 48 %, which in the given market during the pandemic is satisfactory.

Air Greenland has had a good working relationship with our associated companies: **Nordurflug**, of which we own 30 %, and **Norlandair**, where our ownership is 25 %. Both companies have also been negatively affected by the lack of activity as a result of the pandemic, with the overall share of the result amounting to a loss of DKK 1.3 million.

Risk management

Risk identification, and the management hereof, is a key management tool that assures Air Greenland, our owners and the society around us the greatest possible return on the strategic priorities and objectives that the Company works with. The Management in Air Greenland identifies on an ongoing basis specific and more general risks that can affect the Company to both a positive and negative extent. Identified risks are discussed and followed up by the Company's senior management, such that the most significant risks are tackled through policies and investments.

Overall
strategic risk management is carried out on an ongoing basis by the day-to-day Management in Air Greenland. The strategic risks should not be confused with the Company's risk management of operational safety, which is dealt with separately through the Company's Safety Management System.

The identified risks are evaluated on a quarterly basis. The Management has identified just over 50 strategic risks which are classified at 9 levels, where 9 represents the highest risk. In the most recent review (December 2020), 12 risks at level 6 or higher were identified:

	Area	Risk	Level	Measures
1	Operational	Covid-19 (pandemic)	9	Adaptation of capacity for 2021, securing of liquidity, as well as commercial and operational restart plans when travel restrictions are lifted.
2	Operational	Fleet implementation	6	Controlled via project governance, which is operated by the Company's LEAN office. Regular reporting to each project's steering committee.
3	Operational	Handling accidents/near misses	6	Annual business continuity exercise. Full description of roles and actions in management system manual.
4	Operational	Project management	6	Project governance at management level was completed in 2020. Continue rollout in the rest of the organisation in 2021.
5	Operational	Age of aircraft fleet	6	Risk reduced as a result of the phased replacement of S61 with H225. Reduced further with replacement of B212 with H155.
6	Operational	Reliability technical equipment	6	Shop Floor Management implementation via LEAN, competence boost in order to operate new technological equipment, external consultants.
7	Commercial	Changes in infrastructure	6	Continued focus on optimum mix between price, product and timetable.
8	Commercial	Capacity control	6	Cross-organisational KPIs and day-to-day working group to evaluate capacity needs in the short and medium term.
9	Commercial	Image	6	Stakeholder strategy and communication strategy for both customers and stakeholders.
10	Commercial	Customer service	6	Through LEAN to identify the customer journey and "Voice of the customer" throughout the entire organisation.
11	Financial	Financing fleet replacement	6	Financing via known financing forms and in close collaboration with the Company's existing financial advisers with expertise in raising of loans on international markets.
12	Financial	Liquidity	6	Ensure a structured plan – and alternative plan – for financing of fleet replacement, which constitutes the greatest risk to the Company's liquidity in the short and medium term.

The above risks are divided into three primary areas: operational, commercial and financial risks

Operational risks

The huge negative consequences of the pandemic for the entire airline and travel industry have resulted in Air Greenland cutting every sixth job across the Group in 2020. This reduction came as a direct consequence of the massive fall in demand, and thereby production. Fewer hands, for example amongst flight personnel, will mean that an internal outbreak of infection would be fatal for operations and security of supply to the majority of communities in Greenland. The Company has therefore drawn up detailed action plans in order to safeguard operations in the event of such an outbreak. Furthermore, clear routines have been established for quarantine and behaviour amongst critical personnel, whereby the risk of infection can be minimised.

In 2020, the Company began the necessary replacement of its fleet in earnest, with two H225 SAR helicopters being put into service just as the year drew to a close. The implementation of a completely new type and generation of helicopter has necessitated adaptations throughout the SAR operation, i.e. everything from authority approvals, certifications and spare parts stock to retraining of pilots and technicians. This comprehensive process and that related to other replacements in the fleet require a high level of project management, which the implementation of Project Governance has made possible. Project Governance is Air Greenland's project management and is coordinated by the LEAN office, which will also roll out the concept to the rest of the organisation over the next 12 months.

Commercial risks

In December 2020, the Management signed a purchase agreement for the replacement of its current Atlantic aircraft. The new Airbus A330neo will both increase capacity (number of seats and cargo volume) and enhance the product for the customer in the form of better comfort and entertainment. Furthermore, the Atlantic operation's CO_2 footprint will be considerably reduced thanks to more fuel-efficient engines and improved aerodynamic design of the aircraft. The neo is expected to be taken into service in Q4 2022, which provides plenty of opportunity to optimise the product prior to the opening of Nuuk Atlantic airport in Q4 2023. The expectation is that the new aircraft, along with the other commercial initiatives such as customer club, an attractive timetable and competitive prices, will give the company the best basis on which to respond to competition on the Atlantic routes to Greenland in the new infrastructure.

The Company has begun work on identifying the customer journey for all types of customers in the Company, thereby being able to service the needs of each segment in the best

possible manner. "Customer in focus" is a cornerstone of the rollout of LEAN in all the Company's functions, which will ultimately benefit the end-user. Another cornerstone in LEAN is continuous improvement, and, as such, the commercial department is continuing to identify focus areas that can enhance the customer journey.

Financial risks

The drastic fall in the number of travellers as a consequence of total and partial lockdowns in 2020 led to direct pressure on the Company's liquidity, which is to a great extent dependent on bookings from customers. These bookings were severely lacking, as the uncertainty with regard to travel restrictions meant that customers hesitated to book flights. As a consequence hereof, partial withholding of salary was carried out for three months of 2020, in addition to an adjustment of capacity in May, in which one in six jobs were cut.

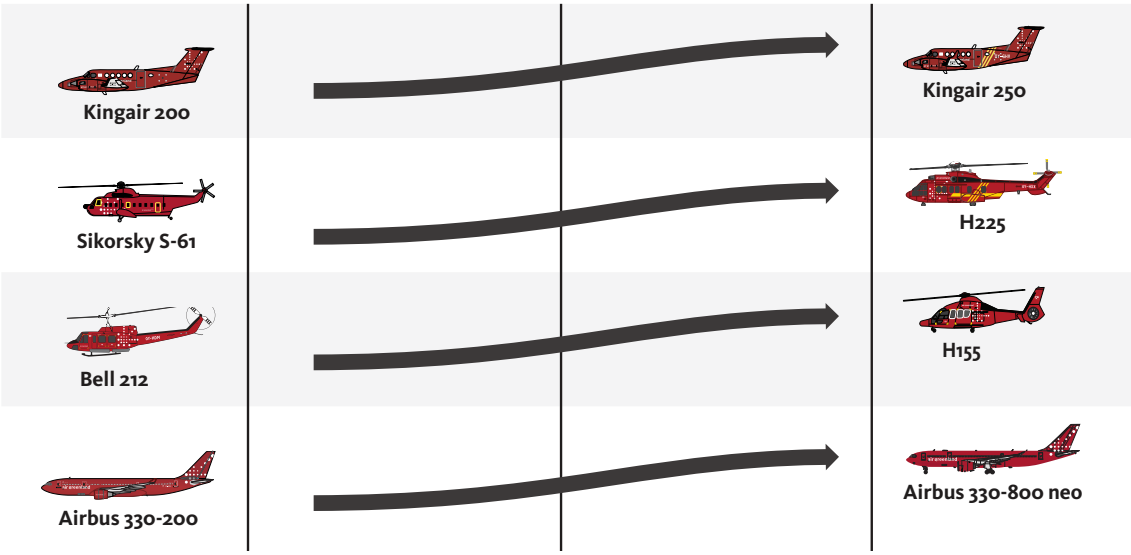
Furthermore, Air Greenland concluded an agreement with the Government of Greenland on flights for the authorities during the periods in which commercial traffic was closed, whether in whole or in part. Capacity adaptation and authority flight services helped to safeguard the Company's liquidity during the course of the year.

The effects of the adaptation of capacity and reduced costs are expected to also secure the position of the Company in 2021. However, the ambitious fleet replacement programme will require external loan financing to be secured during the first half of 2021. Work is being undertaken on various solutions, in part to spread the risk of exposure to particular loan markets and/or investors, and in part to ensure the most favourable financing of these loans. The Company expects to secure loans for the fleet replacement programme before summer 2021.

Fleet strategy and contracts

Air Greenland has commenced a major and necessary renewal of the fleet, which in the next few years is expected to result in the following:

- The Company's current Atlantic aircraft – an Airbus 330-200 – will be replaced in 2022 by an Airbus 330neo. An agreement was reached with Airbus in 2020.
- Owing to forthcoming alterations to the airports in Nuuk and Ilulissat in particular, the DASH8 fleet will be reduced to an expected five aircraft. This is due to the fact that with the new runways more travellers will land directly at the airport of their final destination.
- The Company's two S61 helicopters have been in operation from new since 1965. As of the end of 2020, these helicopters have now been replaced by two AWSAR H225 helicopters (used), which will operate the new Search-And-Rescue agreement.
- The Company's seven Bell 212 helicopters, which primarily cover the service contract areas, will be replaced in 2021 by six H155 B1 helicopters.



The Company has three long-term contracts, two of which were renewed in 2020:

Service contracts until 2030

The Government of Greenland has chosen to extend current service contracts, with the contract in South Greenland and Disko Bay (half-yearly) now again being operated by Air Greenland and with the possibility of through travel to the rest of the network.

The new contracts have been a prerequisite for the replacement of the Company's Bell 212 helicopters, with H155 helicopters expected to be phased in during 2021 and 2022.

Air Greenland is looking forward to continuing to deliver a good, cohesive product where passengers, cargo and mail all arrive at their destination as planned.

Search-And-Rescue (SAR) contract

2020 was also the year in which the Danish Ministry of Defence reached an agreement with Air Greenland on the delivery of SAR with two AWSAR H225 helicopters and a Bell 212/H155 helicopter in South Greenland.

It is a four-year agreement that can be extended for another eight years.

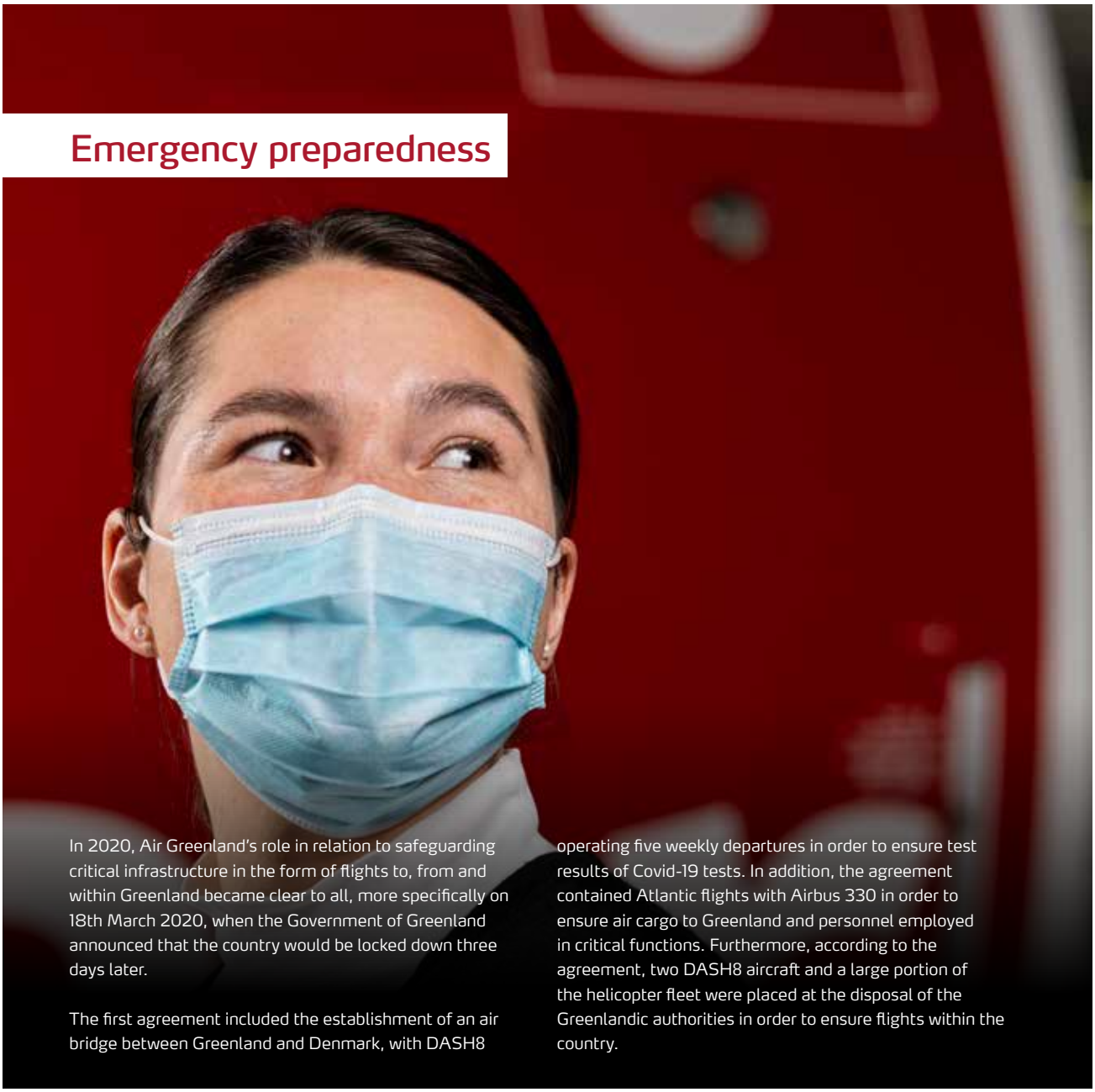
Air Greenland is also looking forward to continuing to deliver a comprehensive SAR service, where the new H225 helicopters will ensure better preparedness that to a greater extent lives up to current expectations.

Flight services to Thule Air Base

Since 2003, Air Greenland has provided services to Thule Air Base for the US Air Force with the Company's A330-200 from Copenhagen and DASH8 from Kangerlussuaq.

Air Greenland values the excellent long-term collaboration with the US Air Force, Thule Air Base and the US Embassy in Denmark, and looks forward to being able to offer the Company's new A330-800neo in 2022.

Emergency preparedness



In 2020, Air Greenland's role in relation to safeguarding critical infrastructure in the form of flights to, from and within Greenland became clear to all, more specifically on 18th March 2020, when the Government of Greenland announced that the country would be locked down three days later.

The first agreement included the establishment of an air bridge between Greenland and Denmark, with DASH8 operating five weekly departures in order to ensure test results of Covid-19 tests. In addition, the agreement contained Atlantic flights with Airbus 330 in order to ensure air cargo to Greenland and personnel employed in critical functions. Furthermore, according to the agreement, two DASH8 aircraft and a large portion of the helicopter fleet were placed at the disposal of the Greenlandic authorities in order to ensure flights within the country.

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March

All commercial flights from 21st March until 14th June had to be refunded or rebooked to another date, a task which Air Greenland performed a lot faster than the majority of other major airlines.

April

The adoption of seating on DASH8 became a reality in April in order to help the authorities with tracing of any infections. In addition, Air Greenland carried out checks of whether travellers from Copenhagen had a so-called Sumut form and documentation of a negative Covid-19 test, as required by the authorities.

May

Corona crisis meeting, March 2020

Employee focus

When the full reality of Covid-19 hit Air Greenland, plans for emergency preparedness were drawn up to ensure continued operations. The plans revolved around employees' activities and movements at the workplace and relations with their colleagues. From the very beginning, the Company's strategy was to follow authority recommendations. The annual management assembly for all managers and other events that required physical gatherings were cancelled, and all employees that were able to work from home were sent home from mid-March for the next month. All non-business-critical education and training activities were suspended, with the exception of management training, statutory training courses and internal training such as LEAN certification.

The planned implementation of a new communication platform (Microsoft Teams) was brought forward and implemented within a short space of time. At the same time, the CEO's weekly briefing to all employees was transferred to Teams, in addition to which the majority of the Company's meeting activity took place on the same platform.

When the authorities shut down all commercial flights, agreements were reached with the unions to ensure liquidity and essential operations. At the end of April, it became clear that the effects of Covid-19 would be prolonged, and thus an adjustment of capacity would be necessary. In this regard, further agreements were reached with the unions. The agreements were adapted to each area and included, for example, cancellation of overtime payment and a pay freeze until the end of 2021. Two planned rounds of collective bargaining were also postponed until the end of 2021.

On 15th June, the Government of Greenland once again granted permission for commercial flights with a maximum of 600 commercial passengers per week arriving from Denmark, while all restrictions were lifted from 21st July.

June

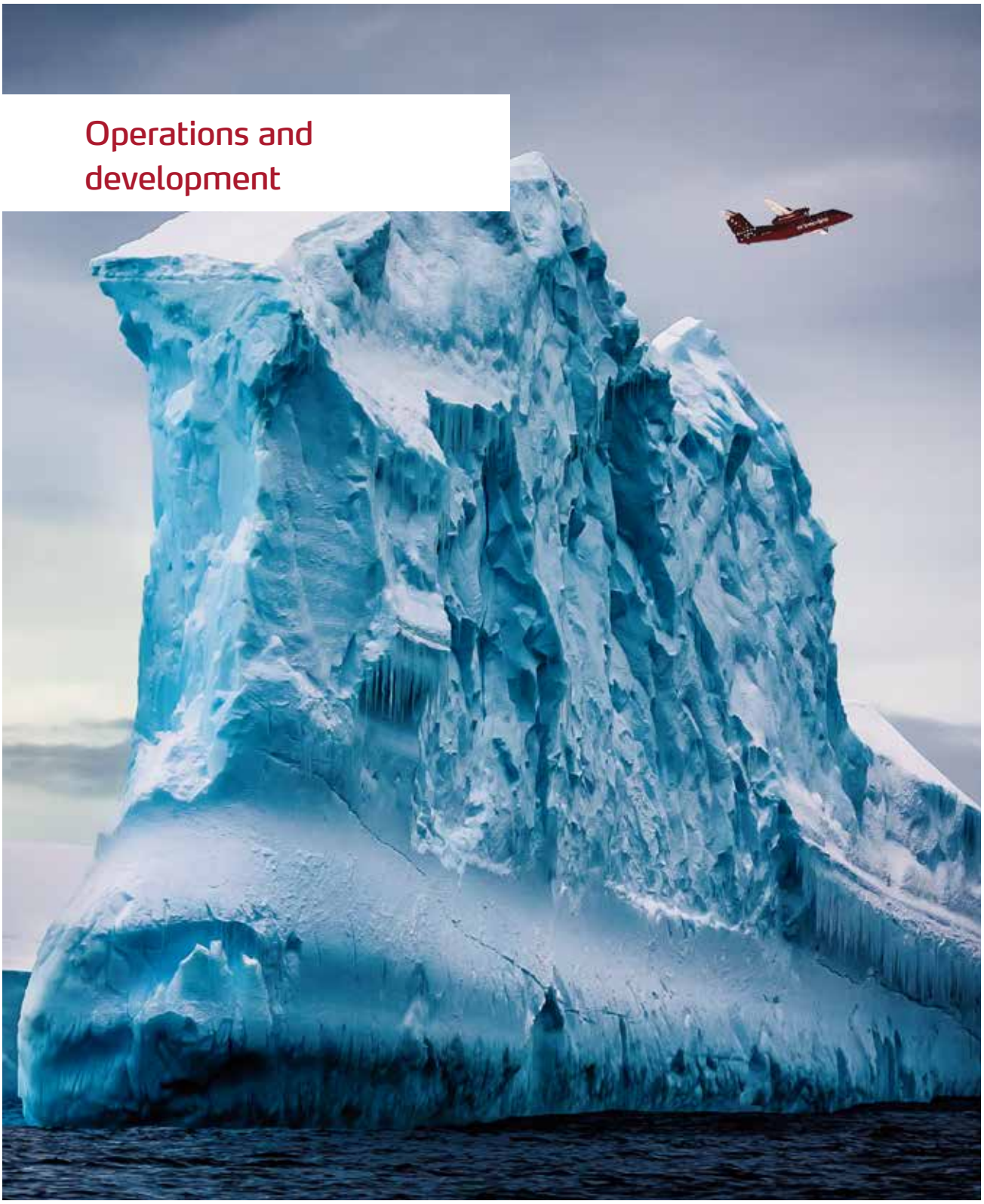
During the autumn, the reproduction rate of the virus increased in Denmark, which resulted in a general announcement on avoiding non-essential travel, in particular during the Christmas period, whereby all passengers travelling to Greenland had to be tested prior to Christmas Eve, which resulted in flights leading up to Christmas being cancelled.

September

On 30th December the Government of Greenland announced that from 1st of January until 12th of January, commercial flights to Greenland were suspended. Instead temporary authority regulated flights from Denmark to Greenland were introduced.

December

Operations and development



Safety

The safety department faced – in line with the rest of the organisation – challenges due to Covid-19 in 2020. One of the department's primary areas of responsibility is audits, which ensure that the organisation's processes and procedures are followed, both internally and by external suppliers. Travel restrictions have made performance of statutory audit plans more difficult, although we have succeeded in carrying out all of these online, such that the organisation and our customers have not noticed a difference during the pandemic. The passengers can therefore – as always – expect the same high standards of safety that characterise Air Greenland.

LEAN transformation at Air Greenland

LEAN

The implementation of LEAN in Air Greenland continued in 2020, with the primary focus on developing collaboration across the organisation, holding internal courses for employees across different levels and units, as well as increasing customer focus.

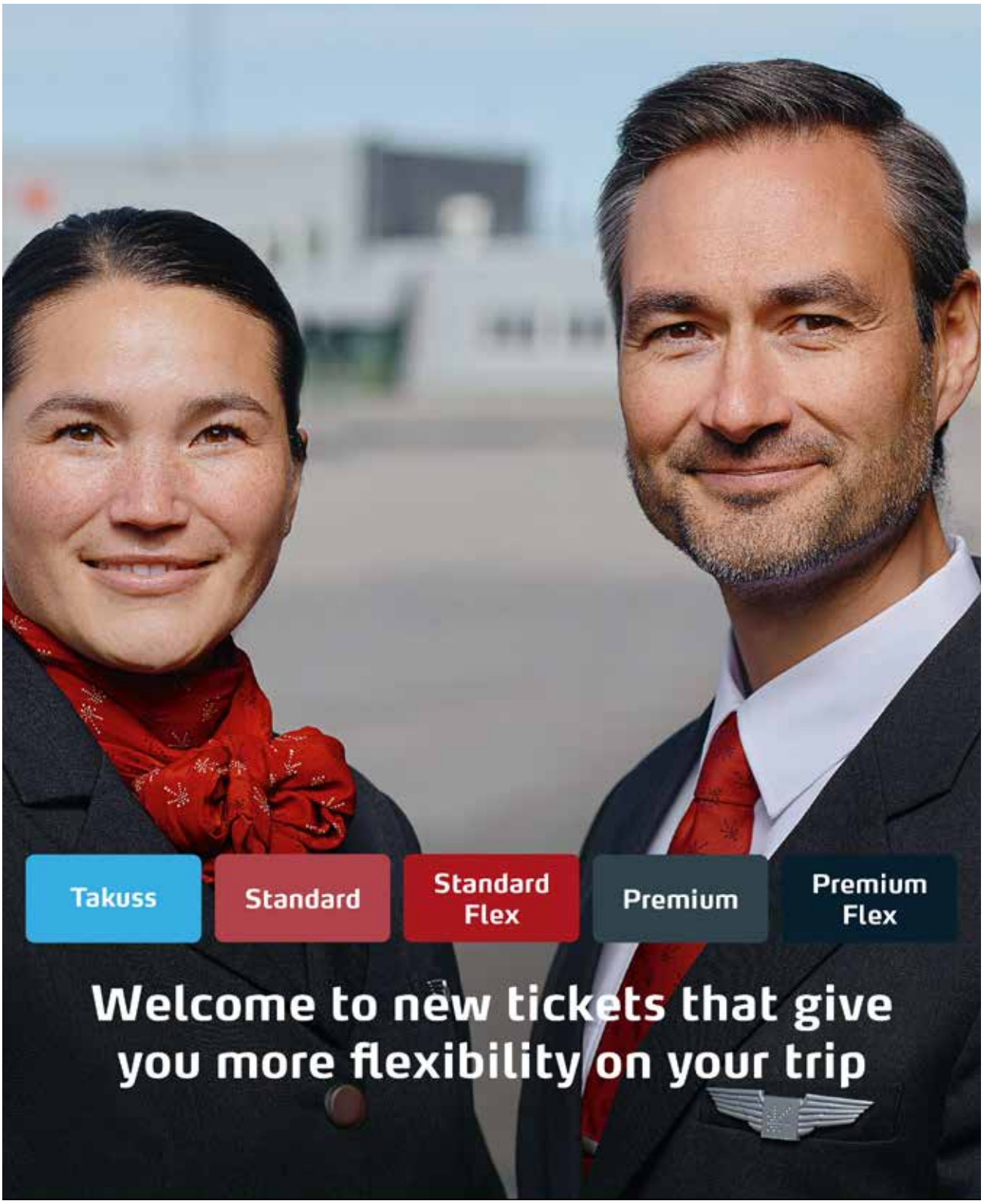
The most important focus points in the LEAN work have been:

- LEAN certifications – 69 employees have been on a course and several of these have received certification, which is awarded when the employee has completed a project using one or more LEAN tools.
- Project governance – project management structure established for strategic projects.
- Sustain and implementation – Operational management and optimisation of capacity for personnel, aircraft and stock.

The main plan for the LEAN transformation at Air Greenland has continued unabated in 2020. As of the close of 2020, all organisational units in Air Greenland have thus begun to work actively with LEAN. The goal at the end of the current strategy period (2020-2023) of realising and maintaining LEAN as a working method cutting across boundaries in the Company is retained.

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

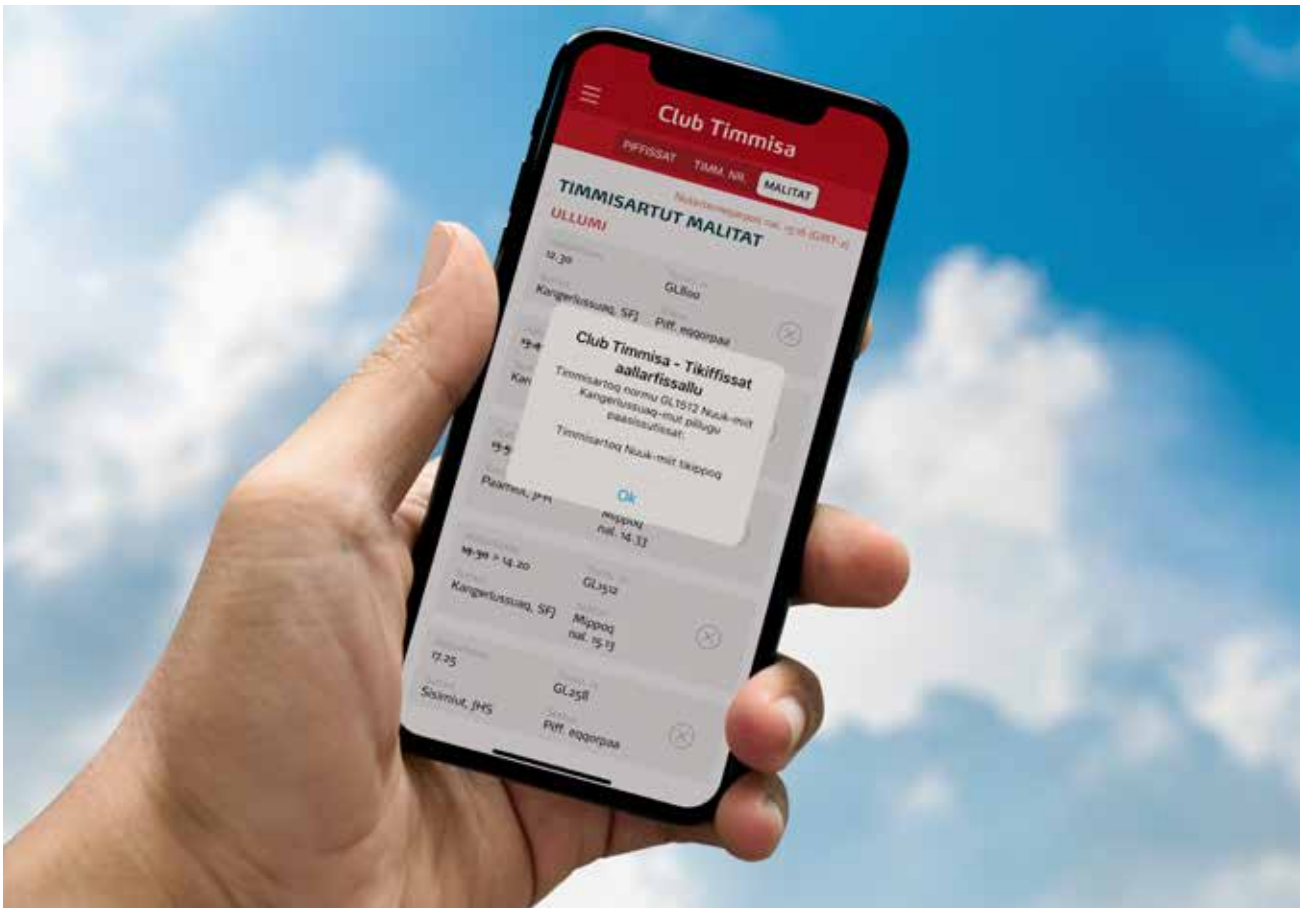
LEAN transformation at Air Greenland



Ticket concept

In April 2020, the Company launched a new and more flexible ticket concept.
The former restrictive red tickets were changed to Standard and Premium tickets, which are semi-flexible and can be changed for a fee.

The new configuration is a step in the direction of greater product differentiation in the future with more options for purchase of services and greater flexibility. The structure is similar to that found in other major national airlines.



Customer loyalty

In June, the Club Timmisa app was upgraded such that the customer could now receive instant notifications concerning changes to 'my journey' in the app. In addition, all members can subscribe to one or more departures and receive messages if changes are made to the departure. This option has meant that Air Greenland can communicate more directly and specifically with its customers, and that all information is updated almost instantaneously, whereas previously there could be a delay of up to 24 hours. Air Greenland is thus closing in on its vision of the Club Timmisa app as a digital travel companion that – in terms of communication – will help to ensure a smooth journey from beginning to end.

In addition to the above, the benefits programme has also been extended, and passengers can now download a greater selection of magazines and newspapers in Greenlandic, Danish and English prior to departure. The initiative is also an element in the sustainability strategy, as all physical newspapers have been removed from the aircraft and can now only be downloaded electronically via the app.

Passenger volumes

The first two months of 2020 were promising. Revenue and volumes both outperformed budget figures from previous years, and forecasts for the spring and summer were positive, and ahead of the same period in 2019.

This optimism was brought to an abrupt halt in the middle of March when the country went into lockdown, with the introduction of emergency flights on Atlantic and domestic routes, followed by restrictions on entry imposed by the authorities.

On the Atlantic routes, passenger volumes ended with a fall of 59 % compared to 2019. Production was reduced by 45 % in relation to 2019 in order to be able to maintain adequate connections between Greenland and Denmark.

Domestic traffic was reduced by 25 % in relation to 2019, whilst passenger volumes fell by 38 %. In spite of lower exploitation of the available capacity, it has been necessary to maintain a sufficient network that was able to ensure connections between the towns. The agreements with the Government of Greenland meant that this was possible.

With the prospect of limited tourism in Greenland, several initiatives were put in place to make it attractive to spend holidays at home in Greenland. This took place by means of public subsidies and marketing campaigns to hotels and tour operators, etc., whilst several "staycation" package products were made available. The various initiatives had a positive effect, but could not compensate for the shortfall in foreign tourists.

Charter, mail and cargo

Charter has had a very challenging year due to Covid-19, in which activity levels neither lived up to budget expectations nor last year's revenue if the capacity for emergency preparedness, which was purchased by the Government of Greenland, is disregarded. In terms of charter, mail and cargo, 2020 has been characterised by:

- Good cooperation with Greenland's healthcare service with regard to medical flights, where the new Super King Air has boosted service levels.
- There is renewed hope with respect to mineral exploration, with several exploration companies having received exploitation licences.
- The Flightseeing booking portal has been upgraded, so that in addition to flights at Nuuk, flights at Ilulissat and in South Greenland are also available.
- A new agreement has been reached with the Geological Survey of Denmark and Greenland that covers flights in large parts of the country until 2024.
- The TELE Greenland agreement on servicing and upgrading of telecommunications sites has been successful, and Air Greenland is looking forward to continued good collaboration.
- Overall mail and cargo turnover is similar to 2019, despite a reduction in the Atlantic traffic.
- The first shipments/exports of fresh fish from Nuuk in collaboration with Greenland Seaharvest A/S have been carried out.

Other initiatives

- Automatic check-in of all passengers is ready to be rolled out, but has been put on hold due to Covid-19. Customers will be able to download their boarding pass and only have to drop their baggage in the airport.
- In order to free up more time for customers at the airport, Air Greenland made it possible for customers to pre-pay and purchase excess and overweight baggage online.
- Boarding on domestic flights is now 15 minutes before departure, as opposed to the previous time of 20 minutes. At the same time, there is a general high degree of focus on ensuring on-time departure and improved punctuality in 2020.
- Implementation of a new boarding system has commenced. The system is designed to ensure a more straightforward check-in and boarding process for both passengers and personnel throughout the country.
- A new communication system in the event of changes to flights is being implemented which aims to give customers more comprehensive information more quickly.
- An online customer contact form has been partially implemented that is designed to supplement Customer Service's mail and telephone service, thus ensuring faster and more uniform handling of customer matters.

The Air Greenland Group has always had considerable focus on sustainability, and in 2020 its work resulted in a tangible sustainability strategy, which is based on UN Global Compact's ten principles and the UN's 17 Sustainable Development Goals, which inspire and guide us in our work involving sustainability. Demands are made on all our strategic initiatives to ensure that they are economically, socially and environmentally sustainable, such that the following vision can be realised:

We will be the natural choice that boosts Greenland. We will secure everyday life and create adventures. We will do this sustainably.

The following Sustainable Development Goals are therefore specifically chosen as areas of focus in the strategy:

Sustainability

A number of concrete initiatives in 2020 were driven based on the sustainability strategy.

- Purchase agreement for a brand new Airbus 330-800neo, which sets new standards for fuel consumption and will significantly reduce the CO_2 footprint per passenger.
- Driving a sustainable agenda in the tourism industry in Greenland, where an important milestone has been approval of an upcoming hut project at Kapisillit.
- Contribution to more jobs and better educational opportunities in Greenlandic society – in particular with the development of a targeted talent programme and a 3-year trainee course, in addition to continued focus on apprenticeship programmes and internal courses throughout the Group.
- Extension of the two-year collaboration with Fonden for Entreprenørskab, which works to promote innovation and entrepreneurship in Greenland (FFE KN). Air Greenland's CEO Jacob Nitter Sørensen is still the Chairman of the Board in the foundation.
- Close collaboration and partnerships with local operators throughout Greenland, the business community, public authorities and voluntary organisations became particularly apparent during the Covid-19 pandemic, where Air Greenland has demonstrated its willingness and ability to play a crucial role in Greenland's infrastructure.

Our sustainability report is found on our homepage here:
www.airgreenland.dk/om-os/organisation/csr

Education in society

The Air Greenland Group is a major player in the development of Greenlandic society and has a strong desire to take active responsibility for positive societal development in close collaboration and partnerships with local operators in Greenland. In continuation hereof, Air Greenland wishes to contribute to more jobs and better educational opportunities in Greenlandic society.

Type of education	In education at beginning of 2020	Fully-qualified 2020	In education at end of 2020
Pilot	3	3	0
Aircraft mechanic	11	2	9
Gate manager	6	6	0
Cargo assistant	2	1	1
Terminal employee	4	1	3
IT supporter	1	0	1
Data technician	1	0	1
Academy profession programme International commerce	2	2	2
Academy profession programme Finance and resource management	3	3	4
Canteen and catering assistant	1	0	
Other types of education trainees	4	1	3
Total	38	19	24

Types of education

In addition to the Company's more traditional educational opportunities such as pilot, aircraft mechanic, IT supporter, canteen assistant, cabin crew and gate manager, 2020 has seen the introduction of a 3-year trainee course and a targeted talent programme, which are designed to secure, develop and retain specialists and managers at Air Greenland – among other things, through a mentoring scheme, area-specific in-service training and performance testing.

Capacity adjustments as a consequence of Covid-19 have resulted in choices in terms of education in 2020 being reduced. This has had a significant influence on the admission of trainees and apprentices, primarily in sector-specific programmes of education, which normally make up half of our admissions. As a result, no trainees or apprentices have been admitted onto the following programmes of education: Pilot, Cabin Crew, cargo aspirant and traffic aspirant.

Diversity

Air Greenland has a diverse group of employees that represent 13 different nationalities – and thus a range of different languages are spoken. The corporate language, however, continues to be Greenlandic, Danish and English – in that order. The majority of the Company's written material is thus produced in all three languages – and in Greenlandic and Danish as a minimum.

In terms of recruitment, local roots carry great weight, and the work to expand trainee and education programmes continues on an ongoing basis in order to ensure that as many local candidates as possible can be engaged in Air Greenland at an early stage. In spite of the Covid-19 pandemic, we have chosen to maintain focus on apprentices and trainees, and have maintained the same numbers as before the pandemic, with the exception of the traffic and cabin areas. In 2021, work will continue to find more, suitable trainees, and in this regard particular weight is placed on – in addition to professional skills – local roots and ensuring a balance between the number of male and female interns, apprentices and trainees.

On Air Greenland's Board of Directors, the distribution of the owner-elected members in relation to gender is 50 % women and 50 % men. The employee-elected members of the board are all men. The position of Chairperson has been held by a woman in 2020 – and indeed she has local roots. In the overall management forum for Air Greenland, the distribution is 30 % female and 70 % male managers. This is a good reflection of the total representation in the Company, which is made up of 27 % women and 73 % men. The airline industry is generally characterised by an overrepresentation of men. At Air Greenland, we are constantly aware of, and work strategically with, this inequality. The following initiatives are planned for 2020 and 2021:

- Talent programme
- Gender as an integrated parameter in recruitment policy
- Identification of opportunities to make Air Greenland more attractive for newly qualified young people with focus on maternity and paternity leave, pension plans and flexibility in terms of the organisation of work (working from home, child sick days, etc.).
- Continuous work for the entire enterprise with respect to FAKIR (Air Greenland's set of values) in order to ensure a balance in terms of values that is constant and is not negatively affected by the unequal gender distribution.

Expectations for 2021

Through a reduction of the number of employees in 2020, the capacity ceiling for 2021 has been determined, and by optimising this capacity along with the cost savings that have already been implemented, group profits of DKK 30-40 million before tax are expected to be returned in 2021.

In addition to particular focus on the effects of the Covid-19 pandemic, 2021 will also see focus on the following:

- Implementation of the H225 helicopters will continue, including making sure that the required number of pilots and mechanics are available and that they acquire the necessary experience. Good collaboration with Joint Arctic Command will be maintained, such that all new equipment is utilised in the optimum manner.

- The phasing-in of the H155 helicopters will have a significant effect on the operational departments, which, in addition to ensuring preparation of the helicopters, must also ensure the necessary retraining and training of employees, whilst at same time maintaining current operations with Bell 212.

- The new service contracts in South Greenland, Central Greenland and Disko Bay are to be fully integrated such that passengers, cargo and mail can expect optimum transport times.

- The current investments entail a higher level of borrowing, with the necessary loan agreements expected to be in place by summer 2021.

- Continued work with LEAN, in particular in Commercial, HR and Finance. Implementation of Project Governance in all departments will enhance cohesion and to an even greater extent underpin the fact that LEAN will be solidly rooted as part of our permanent business culture.

- Identification of the possibility of offering local CO_2 offset to customers.

- The Company's existing cargo system will be replaced in 2021 in order to be able to meet Company and customer requirements to a greater extent with regard to increased functionality and efficiency. The system is expected to be implemented at the beginning of 2022.

- In order to improve self-service check-in in Copenhagen, negotiations were successfully completed on a new agreement with our handling agent in 2020 and will be realised in 2021.

- The implementation of a new intranet designed to strengthen communication in all parts of the enterprise.

The Covid-19 global pandemic is expected to continue to have a negative impact on demand in 2021 and create uncertainty for customers, which may exacerbate the negative effect on demand. A great deal thus depends on how and when Greenland will open up again, both for passengers, but also for companies carrying out mineral exploration.

Particular focus will be on ensuring that the timetable is adapted to reflect demand. Uncertainty with regard to the Covid-19 pandemic may entail that customers purchase their tickets later than they normally would, and there may therefore be periods in which flights are sold out – in addition to the fact that cancellations may be more frequent in the event of a shortfall in terms of sales. The objective in this respect is to fix the timetable in good time, and thus avoid too many changes for customers.

Corporate Governance

In 2012, the Government of Greenland published Guidelines for Corporate Governance in government-owned limited liability companies. In addition, Air Greenland has drawn up a detailed report, which can be found on the Company's website, www.airgreenland.com

The Company's Board of Directors holds six ordinary meetings a year, which are evenly distributed throughout the year and agreed for one year at a time. This procedure ensures attendance at the meetings and ongoing dialogue between the Board of Directors and the Executive Board. In the event that it is deemed necessary, extraordinary meetings can also be held.

The Board of Directors and Executive Board review the Company's capital structure, which, along with a number of other factors such as fiscal policy, insurance issues and strategies, is discussed at least once a year.

Air Greenland and its stakeholders

Air Greenland plays an active role in terms of its social responsibility, which is reflected in the Company's mission statement: "We are aware of our social responsibility and take it seriously". The Company's stakeholder policy supports this focus on developing and maintaining the Company's relationships.

Openness and transparency

Air Greenland attaches importance to openness and transparency, whilst through its website and other relevant channels, including annual reports, newsletters, press releases, social media, etc., it works to ensure public access to relevant information about the Company, including information about the competences of the Executive Board and the Board of Directors.

In 2018, the Company's whistleblower scheme came into effect, which ensures that customers, business partners and employees are able to report any irregularities in the Group to an impartial and independent party.

The Board's duties, responsibilities and work

The Board of Directors constitutes itself with a Chairperson, cf. the Company's Articles of Association, at the constituent meeting.

Furthermore, according to the Board's rules of procedure, a Vice Chairperson is also appointed.

The duties and responsibilities of the Board appear in the Company's rules of procedure. In addition to the issues which have to be dealt with, the Board works on a range of established themes that are dealt with each year, including:

- Laying down and/or revising strategies.
- Evaluating collaboration frameworks and competences, and taking possible corrective measures, including a review of the rules of procedure, the Articles of Association and Management instructions, evaluation of the Board of Directors and Executive Board.
- Determining and evaluating financial frameworks and results, including budget, financial statements, auditing, long-term budget, fiscal policy, risk assessment and insurance policy.

The Board works on the premise that all relevant matters and areas are dealt with by the entire Board.

Composition and organisation of the Board

Air Greenland is wholly owned by the Government of Greenland, which appoints the Chair of the Board and five members of the Board. The employees at Air Greenland also elect three employees to the Board. The election of employees to the Board was held in 2017 for a four-year term.

In accordance with the rules of procedure for Air Greenland's Board, the Board meets at least six times per year. The rules of procedure ensure that the Board acts independently of any private interests.

The Board conducts self-regulation on a regular basis. This involves elements such as the Board's overall competences, any educational needs, mutual cooperation and collaboration with the Executive Board. The results are reviewed with the owner.

Presentation of the financial statements (financial reporting)

In accordance with its rules of procedure, the Board holds an annual meeting in which the annual report with the auditor's draft report is presented to the Board for approval. The Board is also presented with monthly reports, interim financial statements and forecasts, in addition to approving the budget. Budgets and budget follow-up on major investments are also presented to the Board.

Risk management, internal control and audit

The Executive Board regularly reports to the Board on developments within key areas of risk and ensures that the Board is kept informed of any business-related risks and any corrective measures which are underway. Furthermore, regular dialogue and exchange of information is maintained between the auditor and the Board, in part through minutes from the audit and in part through the auditor's annual participation at the board meeting in March.

Accounting policies

This year the Company has changed reporting class from Reporting class C (large) to Reporting class D, pursuant to the rules on Government-owned limited liability companies. The change has occurred as a result of the Government of Greenland's acquisition of 100 % of the share capital in the Company. The annual report is thus presented in accordance with the rules governing Reporting class D, c.f. the rules in the latest Consolidated Act on the Greenlandic Financial Statements Act no. 806 of 19 June 2018.

The change of reporting class has not led to changes to recognition and measurement in the annual report, but has solely had an effect in relation to increased information requirements.

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 economic 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 subsequent to initial recognition is effected as described below for each item in the financial statements.

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, amortisation, impairment losses and provisions, as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Consolidated financial statements

The consolidated financial statements comprise Air Greenland A/S (Parent Company) and the enterprises (subsidiaries) that are controlled by the Parent Company. Control is achieved by the Parent Company, 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 a controlling, influence are regarded as associated companies.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of Air Greenland A/S and its subsidiaries. The consolidated financial statements 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 financial statements used for consolidation have been prepared by applying 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 financial statements 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) are 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, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange rate 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 items. 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 in 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 the cost of the relevant financial statement 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 items.

Segment information on net revenue

The Group has divided its income 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 transport has taken place.

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

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

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

The Company's service contracts and emergency preparedness service flown on contract with the Government of Greenland are regarded as part of the Group's primary activities and are therefore regarded as part of the Group's net revenue.

Other operating income and expenses

Other operating income comprises income of a secondary nature viewed in relation to the Group's primary activities, including rental of business premises, handling income and income that falls outside ordinary operations in 2020 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 income and expenses

Financial items 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.

Taxation

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 dividends paid during the year. The tax value of allocated dividends in the annual report is therefore recorded directly in equity, in accordance with the above.

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

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

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

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

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

Balance sheet

Tangible fixed assets

Buildings, aircraft, including essential components, other aircraft components, as well as other plant, operating equipment and inventory are measured at cost price less accumulated depreciation and impairment losses.

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 own-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, cf. below for essential aircraft components based on the following estimate of the assets' expected useful lives and scrap values, however.

Air Greenland's aircraft equipment can be separated in part into the aircraft/helicopter itself and in part into essential components. Aircraft/helicopters are depreciated on a straight-line basis according to the principles mentioned above.

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 capitalised 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 to depreciation and impairment losses, or under other operating income if the selling price exceeds the original cost.

Investments in subsidiaries and associated companies

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

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

	Depreciation period	Scrap value
Buildings	10-50 years	0-25 %
Aircraft/helicopters	6-12 years	0-25 %
Other components	6-12 years	20 %
Other plant, operating equipment and inventory	3-10 years	0 %

Balance sheet

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

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 the 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 the sale.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less provisions for bad debts.

Prepayments and accrued income (assets) Prepayments recognised under assets comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Equity
The Company has presented value adjustment for hedging of future cash flow under a separate reserve in the Statement of changes in equity: "Reserve for hedging transactions". The reserve is not tied-up. Comparative figures in the Statement of changes in equity are adapted to reflect this practice.

Dividend
Dividend is 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.

Mortgage debt
At the time of borrowing, mortgage debt is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal value that has to be repaid is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Leasing
Leasing 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 is recognised in the profit and loss statement over the term of the contract as a financial cost.

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 the nominal value.

Accruals and 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 divested 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 comprises changes in the size or composition of the Parent Company's share capital and related costs, as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of own shares and payment of dividend.

Cash and cash equivalents comprise cash at bank and in hand.

Balance sheet

Financial highlights

Key figures are drawn up on the basis of CFA Society Denmark's recommendations and guidelines.

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 31.8 % 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 corporation tax receivable. Operational leasing is included in net interest-bearing debts by a factor 7 times the year's operational leasing costs.

Financial highlights	Calculation formula	Key figures express
Profit margin (EBIT-margin) (%)	Operating result (EBIT) / Revenue	The Company's operational profitability
Return on invested capital after tax including goodwill (%)	NOPLAT / Average invested capital including goodwill	The return the Company generates from investors' funds
Financial gearing	Net interest-bearing debt / Egenkapital	The Company's financial leverage
Operational gearing	Net interest-bearing debt / EBITDA	The Company's operational gearing
Return on equity (%)	Profit or loss for the year / Average equity	The Company's rate of return on the capital the owners have invested in the Company
Equity ratio (%)	Equity / Total assets	The Company's financial strength

Årsregnskab

Income statement for 1 January to 31 December

(in DKK '000)	Parent company 2020	Parent company 2019	Note	Group 2020	Group 2019
Net revenue	1.070.139	1.265.686	1	1.129.493	1.397.686
Other external expenses	(494.246)	(613.305)		(526.127)	(680.701)
Staff costs	(393.125)	(418.665)	2	(430.611)	(463.224)
Depreciation, amortisation and impairment losses	(121.542)	(135.551)	3	(127.572)	(140.902)
Profit or loss before financial items	61.226	98.165		45.184	112.859
Income from equity holdings in subsidiaries	(14.710)	12.977	9	-	-
Income from equity holdings in associated companies	(1.273)	848	9	(2.774)	1.874
Other financial income	126	1.579	4	218	1.921
Financial expenses	(8.525)	(8.453)	5	(10.054)	(10.053)
Profit or loss before tax	36.844	105.116		32.573	106.601
Tax on the year's profit	(6.237)	(16.536)	6	(1.966)	(18.021)
Profit or loss for the year	30.607	88.580		30.607	88.580

Proposal for distribution of profit:			24
Dividends for the financial year	-	-	
Transferred to net revaluation reserve according to the equity method	(16.592)	13.213	
Extraordinary dividends paid out during financial year	-	461.044	
Retained earnings	47.199	(385.677)	
	30.607	88.580	

Balance pr. 31. december

(in DKK '000)	Parent company 2020	Parent company 2019	Note	Group 2020	Group 2019
Software	1.738	-		1.738	-
Intangible fixed assets	1.738	-	7	1.738	-
Buildings	105.823	133.693		186.470	218.429
Aircraft equipment, incl. essential aircraft components	536.700	404.083		536.700	404.083
Other aircraft components	20.609	20.879		20.609	20.879
Other plant, operating equipment and inventory	7.564	13.636		22.242	21.307
Prepayments and tangible fixed assets under construction	58.704	19.999		58.704	23.677
Tangible fixed assets	729.400	592.290	8	824.725	688.375
Equity holdings in subsidiaries	101.750	116.460	9	-	-
Equity holdings in associated companies	13.641	17.211	9	18.797	23.868
Receivables in associated companies	-	-	9	-	1.181
Other securities and equity holdings	-	-	9	39	36
Other receivables	1.119	1.218	9	1.490	1.610
Deferred tax assets	-	-	14	1.898	140
Financial fixed assets	116.510	134.889		22.224	26.835
Fixed assets	847.648	727.179		848.687	715.210
Inventories	29.887	30.317	10	32.333	34.356
Receivables from sales and services	82.799	73.200		94.583	92.169
Receivables from subsidiaries	4.119	366		-	-
Receivables from associated companies	33	8		33	8
Other receivables	7.817	13.613	11	8.016	14.627
Prepayments and accrued income	3.689	11.324	12	4.001	13.652
Receivables	98.457	98.511		106.633	120.456
Cash and cash equivalents	126.546	197.099		189.917	260.175
Total current assets	254.890	325.927		328.883	414.987
Assets	1.102.538	1.053.106		1.177.571	1.130.197

Balance sheet at 31 December

(in DKK '000)	Parent company 2020	Parent company 2019	Note	Group 2020	Group 2019
Share capital	24.000	24.000	13	24.000	24.000
Reserve for net revaluation of equity holdings according to the equity method	63.656	81.936		5.741	10.203
Reserve for hedging transactions	(10.290)	694		(10.290)	694
Retained earnings	429.392	382.193		487.307	453.926
Equity	506.758	488.823		506.758	488.823
Deferred tax liabilities	47.957	46.289	14	58.247	59.884
Provisions for liabilities and charges	47.957	46.289		58.247	59.884
Mortgage debt	130.000	195.000		130.567	195.567
Other debt	-	1.531		-	1.973
Bank debt	-	-		18.197	20.089
Long-term debt	130.000	196.531	15	148.764	217.629
Short-term share of long-term debt	65.678	64.369	15	67.478	66.039
Other bank debt	100.000	-		100.000	-
Supplier debts	45.405	50.713		74.440	74.151
Debts to subsidiaries	7	338		-	-
Debts to associated companies	-	455		44	489
Corporation tax	-	-		698	1.075
Other debt	131.364	107.884	16	139.531	114.994
Accruals and deferred income	75.369	97.704	17	81.611	107.113
Short-term debt	417.823	321.463		463.802	363.861
Total debt	547.823	517.994		612.566	581.490
Liabilities	1.102.538	1.053.106		1.177.571	1.130.197

Mortgages and contingent liabilities, etc.	18-20
Other notes	20-25

Statement of changes in equity as of 31 December 2020

Parent company (in DKK '000)	Share capital	Reserve for net revaluation of equity holdings according to equity method	Revaluation reserve	Retained earnings	Reserve for hedging transactions	Proposed dividends for the financial year	Total
Equity 01.01.2019	24.000	69.197		636.247	(11.592)		717.852
Extraordinary dividend paid to shareholders				(461.044)			(461.044)
Revaluation of derivative financial instruments					12.536		12.536
Profit or loss for the year		13.213		75.367			88.580
Exchange rate adjustment of foreign associated company		(694)					(694)
Tax on equity movements		221		131.623	(250)		131.594
Equity 31.12.2019	24.000	81.936	-	382.193	694	-	488.823
Dividend paid to shareholders							-
Revaluation of derivative financial instruments					(14.694)		(14.694)
Profit or loss for the year		(16.592)		47.199			30.607
Exchange rate adjustment of foreign associated company		(2.297)					(2.297)
Tax on equity movements		609		-	3.710		4.319
Equity 31.12.2020	24.000	63.656	-	429.392	(10.290)	-	506.758

Group (i 1.000 DKK)	Share capital	Reserve for net revaluation of equity holdings according to equity method	Revaluation reserve	Retained earnings	Reserve for hedging transactions	Proposed dividends for the financial year	Total
Equity 01.01.2019	24.000	9.223		696.221	(11.592)		717.852
Extraordinary dividend paid to shareholders				(461.044)			(461.044)
Revaluation of derivative financial instruments					12.536		12.536
Profit or loss for the year		1.454		87.126			88.580
Exchange rate adjustment offoreign associated company		(694)					(694)
Tax on equity movements		220		131.623	(250)		131.593
Equity 31.12.2019	24.000	10.203	-	453.926	694	-	488.823
Dividend paid to shareholders							-
Revaluation of 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)
Tax on equity movements		609		-	3.710		4.319
Equity 31.12.2020	24.000	5.741	-	487.307	(10.290)	-	506.758

Cash flow statement

(in DKK '000)	Parent company 2020	Parent company 2019	Note	Group 2020	Group 2019
Profit or loss before financial items	61.226	98.165		45.184	112.859
Depreciation, amortisation and impairment losses	121.542	135.551		127.572	140.902
Change in working capital	(19.631)	(11.686)	20	(887)	(12.387)
	163.137	220.030		171.869	241.374
Received financial income	126	1.579		218	1.921
Paid financial expenses	(8.525)	(8.453)		(10.054)	(10.053)
Tax paid	-	-		(1.169)	(3.952)
Cash flow from operations	154.738	215.156		160.863	229.290
Addition of intangible fixed assets	(1.763)	-		(1.763)	-
Addition of tangible fixed assets	(263.140)	(88.317)		(289.453)	(95.558)
Disposal of tangible fixed assets	4.513	3.440		25.556	3.514
Addition of financial fixed assets	-	(39)		-	(42)
Disposal of financial fixed assets	99	-		1.301	394
Cash flow from investments	(260.291)	(84.916)		(264.359)	(91.692)
Raising of long-term debt	-	260.000		-	260.000
Utilisation of credit facility	100.000	-		100.000	-
Repayment and instalments on long-term debt	(65.000)	(6.951)		(66.762)	(9.319)
Received dividends from associated companies	-	392		-	392
Dividend paid	-	(461.044)		-	(461.044)
Cash flow from financing	35.000	(207.603)		33.238	(209.971)
Change in cash and cash equivalents	(70.553)	77.363		(70.258)	(72.373)
Cash at 1 January	197.099	274.462		260.175	332.548
Cash at 31 December	126.546	197.099		189.917	260.175

Notes to the Annual Report

0.Financial resources and liquidity

The Group's activities have been affected by the Covid-19 situation in 2020, which has resulted in lower activity than in the previous year. For significant periods during the financial year, the Company has flown an emergency preparedness service on behalf of the Government of Greenland, as the Company's routes are regarded as critical infrastructure. This state of emergency preparedness is expected to continue until Greenland, including the Atlantic route, is reopened.

There is continued uncertainty with regard to expected levels of activity in 2021, but based on experience from 2020, the Company expects to be able to retain a profit and positive cash flow from operations in 2021.

During 2020, Air Greenland continued its major investment programme involving the renewal of the Company's fleet, including investments in 2 new H225 helicopters for operations covered by the SAR contract and an agreement for the delivery of 6 new H155 helicopters for flights covered by service contracts. Furthermore, the Company has signed an agreement for a new Airbus 330-800NEO, with delivery expected at the end of 2022.

Financing of the current investment programme has been carried out in 2020 via the Company's existing financial resources, whilst the remaining financing is expected to be raised during the course of 2021.

At the time at which the financial statements were presented, this refinancing had yet to be raised, but the Company's Management has received loan undertakings, based on which refinancing is expected to be completed during the first half of 2021. On the basis of the above, the Company's Management presents the financial statements for the Company as a going concern.

	Parent company		Group	
(in DKK '000)	**2020**	**2019**	**2020**	**2019**
1. Net revenue				
Passenger income	440.754	768.704	440.754	768.704
Charter income	372.469	241.698	372.469	241.698
Cargo income	74.506	81.443	74.506	81.443
Mail income	25.156	24.497	25.156	24.497
Payment for service contracts	72.361	72.565	72.361	72.565
Income from hotel operations	-	-	25.576	51.015
Income from ticket sales	4.817	3.697	32.103	84.130
Other traffic income	45.869	63.369	45.869	63.369
Other operational income	5.726	9.713	10.533	10.265
Other income	24.014	-	24.014	-
Covid-19 compensation	4.467	-	6.152	-
	1.070.139	1.265.686	1.129.493	1.397.686

Notes to the Annual Report

(in DKK '000)	Parent company 2020	Parent company 2019	Group 2020	Group 2019
2. Staff costs				
Wages and salaries	337.752	362.700	373.078	405.477
Pension costs	13.852	14.363	15.762	15.842
Other social security costs	41.521	41.602	41.771	41.905
	393.125	418.665	430.611	463.224
Of this, total remuneration to the Parent Company's:				
- Executive Board	3.760	3.760		
- Board of Directors	1.399	1.400		
	5.159	5.160		
Average number of employees	511	568	606	677

The Executive Board is remunerated pursuant to a contract with a fixed monthly salary incl. pension, as well as accommodation and company car in accordance with applicable rules.

Employment may be terminated by either party with 12 months' notice.

If the Company terminates the Executive Board without citing breach as cause, an agreement has been entered into with the Executive Board of severance pay of 12 months' salary.

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

	2020	2019
Fixed salary	2.820	2.820
Retention scheme	940	940
	3.760	3.760

No incentive schemes have been set up for the Company's Board of Directors

Notes to the Annual Report

(in DKK '000)	Parent company 2020	Parent company 2019	Group 2020	Group 2019
3. Depreciation, amortisation and impairment losses				
Software	25	-	25	-
Buildings	27.870	8.480	31.425	12.042
Aircraft equipment, incl. essential aircraft components	84.210	112.546	84.210	112.546
Other aircraft components	2.444	4.010	2.444	4.010
Other plant, operating equipment and inventory	7.339	7.947	9.826	9.771
Profit from the sale of tangible fixed assets	(346)	2.568	(358)	2.533
	121.542	135.551	127.572	140.902
4. Other financial income				
Interest on bank deposits	-	-	65	285
Interest from subsidiaries	56	-	-	-
Interest from associated companies	-	-	44	57
Currency gains	-	1.551	19	1.551
Other interest	70	28	90	28
	126	1.579	218	1.921
5. Financial expenses				
Interest on bank debt	849	1.381	1.269	1.730
Interest and amortisation of mortgage debt	7.631	7.012	8.729	8.204
Exchange rate losses	1	1	2	55
Other interest	44	59	54	64
	8.525	8.453	10.054	10.053
6. Tax on the year's profit				
Current tax	-	-	792	2.590
Regulation of tax previous years	(3.526)	-	(3.526)	-
Deferred tax on the year's profit	9.763	16.536	4.700	15.431
	6.237	16.536	1.966	18.021

(continued)

(in DKK '000)	Parent company Software	Parent company I alt	Group Software	Group I alt
7. Intangible fixed assets				
Cost 01.01.2020	37.973	37.973	37.973	37.973
Additions	1.763	1.763	1.763	1.763
Disposals	(973)	(973)	(973)	(973)
Cost 31.12.2020	38.763	38.763	38.763	38.763
Depreciation and amortisation 01.01.2020	37.973	37.973	37.973	37.973
Depreciation for the year	25	25	25	25
Depreciation at year-end, reversed	(973)	(973)	(973)	(973)
Depreciation and amortisation 31.12.2020	37.025	37.025	37.025	37.025
Book value 31.12.2020	1.738	1.738	1.738	1.738

(continued)

(in DKK '000)	Buildings	Aircraft equipment and essential components	Other aircraft components	Other plant, operating equipment & inventory	Prepayments for tangible fixed assets	Total
				Parent company		
8. Tangible fixed assets						
Cost 01.01.2020	354.933	1.146.072	95.693	115.203	19.999	1.731.900
Additions	-	220.993	2.174	1.268	58.704	283.139
Disposals	-	(26.580)	-	(3.279)	(19.999)	(49.858)
Cost 31.12.2020	354.933	1.340.485	97.867	113.192	58.704	1.965.181
Af- og nedskrivninger 01.01.2020	221.240	741.989	74.814	101.567	-	1.139.610
Årets af- og nedskrivninger	27.870	84.210	2.444	7.339	-	121.863
Tilbageførte afskrivninger vedr. årets afgang	-	(22.414)	-	(3.278)	-	(25.692)
Af- og nedskrivninger 31.12.2020	249.110	803.785	77.258	105.628	-	1.235.781
Regnskabsmæssig værdi 31.12.2020	105.823	536.700	20.609	7.564	58.704	729.400

(in DKK '000)	Buildings	Aircraft equipment and essential components	Other aircraft components	Other plant, operating equipment & inventory	Prepayments for tangible fixed assets	Total
				Group		
8.Tangible fixed assets (continued)						
Cost 01.01.2020	493.875	1.146.072	95.693	168.405	23.677	1.927.722
Additions	-	220.993	2.174	7.582	58.704	289.453
Disposals	(1.360)	(26.580)	-	(5.124)	(19.999)	(53.063)
Transferred	-			3.678	(3.678)	-
Cost 31.12.2020	492.515	1.340.485	97.867	174.541	58.704	2.164.112
Depreciation and amortisation 01.01.2020	275.446	741.989	74.814	147.098	-	1.239.347
Depreciation for the year	31.425	84.210	2.444	9.826	-	127.905
Depreciation at year-end, reversed	(826)	(22.414)	-	(4.625)	-	(27.865)
Depreciation and amortisation 31.12.2020	306.045	803.785	77.258	152.299	-	1.339.387
Book value 31.12.2020	186.470	536.700	20.609	22.242	58.704	824.725

(continued)

(in DKK '000)	Parent company Equity holdings in subsidiaries	Equity holdings in associated companies	Other receivables	Total
9. Financial fixed assets				
Cost 01.01.2020	38.851	12.884	1.218	52.953
Additions	-	-	-	-
Disposals	-	-	(99)	(99)
Cost 31.12.2020	38.851	12.884	1.119	52.854
Net revaluation 01.01.2020	77.609	4.327	-	81.936
Exchange rate adjustment	-	(2.297)	-	(2.297)
Share of the year's profit	(14.710)	(1.273)	-	(15.983)
Net revaluation 31.12.2020	62.899	757	-	63.656
Book value 31.12.2020	101.750	13.641	1.119	116.510

Subsidiaries and associated companies (Parent + Group):	percent	Nominal value	Equity
Hotel Arctic A/S, Ilulissat	100%	30.000	64.524
Greenland Travel A/S, Copenhagen	100%	1.500	36.754
Air Greenland ATO A/S, Copenhagen	100%	500	472
Nordurflug ehf., Reykjavik	30%	4.549	11.039
Norlandair ehf., Akureyri	25%	7.788	41.314
World of Greenland A/S	50%	2.000	10.615

	2020	**2019**
Result of subsidiaries is made u as follows:		
Profit before tax Air Greenland ATO A/S, Copenhagen	0	(7)
Profit before tax Hotel Arctic A/S, Ilulissat	(12.474)	4.964
Profit before tax Greenland Travel A/S	(6.507)	9.507
Profit before tax of subsidiaries	(18.981)	14.464
Tax in subsidiaries	4.271	(1.487)
Profit of subsidiaries after tax	(14.710)	12.977

(continued)

(in DKK '000)	Group				
	Equity holdings in associated companies	Receivables in associated companies	Other securities and equity holdings	Other receivables	Total
9. Financial fixed assets (continued)					
Cost 01.01.2020	13.884	1.181	9	1.610	16.684
Additions	-	-	-	-	-
Disposals	-	(1.181)	-	(120)	(1.301)
Cost 31.12.2020	13.884	-	9	1.490	15.383
Net revaluation 01.01.2020	9.984	-	27	-	10.011
Exchange rate adjustment	(2.297)	-	-	-	(2.297)
Share of the year's profit	(2.787)	-	3	-	(2.784)
Other adjustments	13	-	-	-	13
Net revaluation 31.12.2020	4.913	-	30	-	4.943
Book value 31.12.2020	18.797	-	39	1.490	20.326

	Parent company		Group	
	2020	**2019**	**2020**	**2019**
10. Inventories				
Spare parts stock	29.803	30.192	29.803	30.192
Other stock	84	125	2.530	4.164
	29.887	30.317	32.333	34.356
11. Other receivables				
Positive fair value of hedging instruments	-	1.589	-	1.589
Other receivables	7.817	12.024	8.016	13.038
	7.817	13.613	8.016	14.627

12. Prepayments and accrued income
Prepayments and accrued income consist of prepaid costs concerning 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 one vote.

There has been no change in the share capital during the past 5 years.

(continued)

(in DKK '000)	Parent company 2020	Parent company 2019	Group 2020	Group 2019
14. Deferred tax				
Provision for deferred tax is based on the following items:				
Tangible fixed assets	77.257	81.965	89.236	95.667
Financial fixed assets	16.260	21.713	16.265	21.713
Current assets	(1.195)	(1.121)	(1.197)	(1.204)
Short-term debt	(3.960)	-	(4.114)	(150)
Other receivables	-	3.322	-	3.322
Tax losses carried forward	(40.405)	(59.590)	(43.834)	(59.604)
	47.957	46.289	56.356	59.744
Net value is recognised in the balance sheet:				
Deferred tax assets	-	-	(1.898)	(140)
Deferred tax liabilities	47.957	46.289	58.247	59.884
	47.957	46.289	56.349	59.744
The year's movements can be specified as follows:				
Deferred tax 1 January	46.289	132.438	59.751	147.005
Tax value of extraordinary dividend	-	(146.612)	-	(146.612)
Deductible dividend 2018	-	28.909	-	28.909
Corrected deferred tax 1 January	46.289	14.735	59.751	29.302
Deferred tax on year's profit	6.237	(12.767)	1.174	(13.879)
Tax on movements in equity	(4.569)	3.765	(4.569)	3.765
Deductible dividend concerning 2018, utilised in 2019	-	46.195	-	46.195
Effect of reduced corporation tax rate, effect on profit	-	(16.892)	-	(16.892)
Effect of reduced corporation tax rate, equity movements	-	11.253	-	11.253
Deferred tax 31 December	47.957	46.289	56.356	59.744

(continued)

(in DKK '000)	Parent company			
	Due within 1 year	Due 2 - 5 years	Due after 5 years	Nominal debt, total
15. Long-term debt				
Mortgage debt	65.678	130.000	-	195.678
Long-term debt 31.12.2020	65.678	130.000	-	195.678

	Group			
	Due within 1 year	Due 2 - 5 years	Due after 5 years	Nominal debt, total
Mortgage debt	65.678	130.567	-	196.245
Bank debt	1.800	5.400	12.797	19.997
Long-term debt 31.12.2020	67.478	135.967	12.797	216.242

	Parent company		Group	
	2020	**2019**	**2020**	**2019**
16. Other debt				
Salaries payable, social security contributions, etc.	20.502	12.380	23.509	14.044
Holiday payment obligations	29.310	32.448	33.548	37.422
Other expenses payable	67.552	62.411	68.474	62.883
Negative fair value hedging instruments	14.000	645	14.000	645
	131.364	107.884	139.531	114.994

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. Mortgages

Mortgage loans are secured by mortgages on real estate.				
As security for bank debt and mortgage debt, there are deposited mortgage deeds in properties for nominal book value of mortgaged real estate.	86.250	86.250	108.067	116.467
Book value of mortgaged real estate	60.983	64.307	141.628	148.769
Cash and cash equivalents deposited for the benefit of the Travel Guarantee Fund and supplier credits in general	1.200	1.200	2.789	2.788

(continued)

(in DKK '000)	Parent company 2020	Parent company 2019	Group 2020	Group 2019
19. Leasing obligations				
For the years 2020 - 2023, operational leasing agreements have been entered into for aircraft	6.953	7.511	6.953	7.511
Of which, due within 1 year	3.620	3.730	3.620	3.730
Other operational leasing agreements	-	-	1.100	-
Of which, due within 1 year	-	-	896	959
20. Change in working capital				
Change in inventories	430	1.667	2.023	1.258
Change in receivables	1.643	(6.616)	15.412	(8.468)
Change in supplier debt, etc.	(21.704)	(6.737)	(18.322)	(5.177)
Change in working capital, total	(19.631)	(11.686)	(887)	(12.387)

(continued)

(in DKK '000)	Parent company 2020	Parent company 2019	Group 2020	Group 2019
21. Fee to auditor elected at the Annual General Meeting				
Fee to parent company's auditor, PwC, elected at the Annual General Meeting for the financial year:				
Statutory audit	501	501	673	650
Other declarations of security	-	118	123	125
Tax consultancy	-	-	5	-
Other services	360	54	421	96
	861	673	1.222	871
Fee to parent company's auditor, GRK, elected at the Annual General Meeting for the financial year:				
Statutory audit	215	215	291	291
Other declarations of security	-	18	-	55
Tax consultancy	-	108	-	108
Other services	77	26	119	65
	292	367	410	519

Noter til årsrapport

22. Related parties

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

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

Transactions executed with the Board of Directors and Executive Board consist of remuneration, cf. note 2. All transactions with related parties are executed on market terms and conditions.

The Company has also flown an emergency preparedness service on behalf of the Government of Greenland in 2020.

23. Shareholders

The following shareholder owns more than 5% of the Company's share capital:

- Government of Greenland (100%)

	Parent company	
(in DKK '000)	**2020**	**2019**

24. Distribution of profit

Proposed distribution of profit		
Dividend for the financial year	-	-
Transferred to net revaluation reserve according to the equity method	(16.592)	13.213
Extraordinary dividend paid out during the year	-	461.044
Retained earnings	47.199	(385.677)
	30.607	88.580

25. Subsequent events

As of the beginning of 2021, the Parent Company and Group continue to be affected by Covid-19 and the derived effects that the pandemic has on the Group's activities. For further details. please refer to the Management's Report.

A 27-09

STATION NORD
DANMARKSHAVN
ZACKENBERG
DANEBORG
MESTERSVIG
Nerlerit Inaat
(Constable Pynt)
Ittoqqortoormiit
Siorapaluk
Qaanaaq
Pituffik
Savissivik
Kullorsuaq
Nuussuaq
Tasiusaq
Innarsuit
Aappilattoq
Upernavik
Kangersuatsiaq
Upernavik Kujalleq
Niaqornat
Ukkusissat
Saatut
Qaarsut
Uummannaq
Ikerasak
Saqqaq
Qeqertaq
Qeqertarsuaq
Kitsissuarsuit
Ilulissat
Akunnaaq
Aasiaat
Qasigiannguit
Kangaatsiaq
Ikamiut
Ikerasaarsuk
Niaqornaarsuk
Attu
Iginniarfik
Sisimiut
Sarfannguit
Itilleq
Kangerlussuaq
Maniitsoq
Kuummiut
Tiniteqilaaq
Sermiligaaq
Kulusuk
Isortoq
Tasiilaq
Nuuk
Paamiut
Keflavik
Narsarsuaq
Arsuk
Narsaq
Qaqortoq
Ammassavik
Alluitsup Paa
Tasiusaq
Aappilattoq
Nanortalik
Narsarmiit
Copenhagen
All year
Seasonal
All year
Seasonal

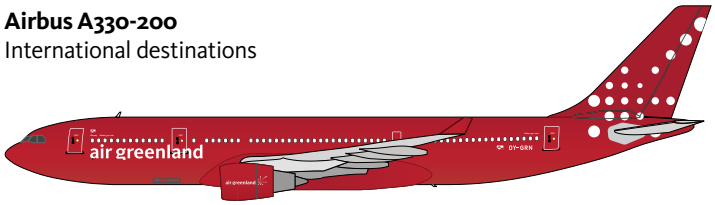
Our Fleet

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

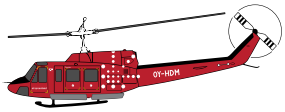


Number: 1
Max. no of seats: 278
Average speed km/t: 870
Max. altitude m: 13,666

Dash 8-200
Domestic destinations

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

Bell 212
Domestic destinations



Number: 7
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: SAR (8)
Average speed km/t: 480
Max. altitude m: 10,670

Airbus H225
Search and rescue

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

air greenland

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