



Annual Report 2023

Air Greenland A/S

1 January 2023 - 31 December 2023

The Annual Report has been presented and adopted at the company's Annual General Meeting on 13 May 2024

Thor Suhr
Chair of the Meeting



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Introduction



A greeting from our Chairwoman

"Together we lift Greenland by connecting our culture, nature and infrastructure to the rest of the world. We are ready at all times."

The above quotation is Air Greenland's mission. In other words, it is the basis of Air Greenland's existence and refers to the fact that the company has contributed to maintaining critical infrastructure in the country for a period of 63 years. It is a unique enterprise that handles flights to, from and within Greenland on a daily basis - often in difficult circumstances.

Following an extremely challenging 2022, in which both the weather and a shortage of spare parts resulted in major challenges to traffic operations - and thus problems for both travellers and employees - 2023 has seen particular focus on ensuring greater robustness in air traffic operations. Based on this, several initiatives have been launched, which has resulted in more stable operation in spite of continued extremely changeable weather.

At the same time, the aforementioned initiatives have been designed to re-establish the high level of employee satisfaction that has characterized Air Greenland in previous years. This has been highly successful, and the Board of Directors acknowledges the fact that these two areas of focus have made a positive contribution to Air Greenland's mission to lift Greenland.

In this regard, a great thanks for the satisfactory financial result should be addressed to the company's management and, not least, to all its employees for their impressive efforts in 2023.

..... **Bodil Marie Damgaard**
Chairwoman



We are entering an exciting period, with major changes being made to the country's infrastructure. For many years, Air Greenland has faced limited competition in terms of scheduled services.

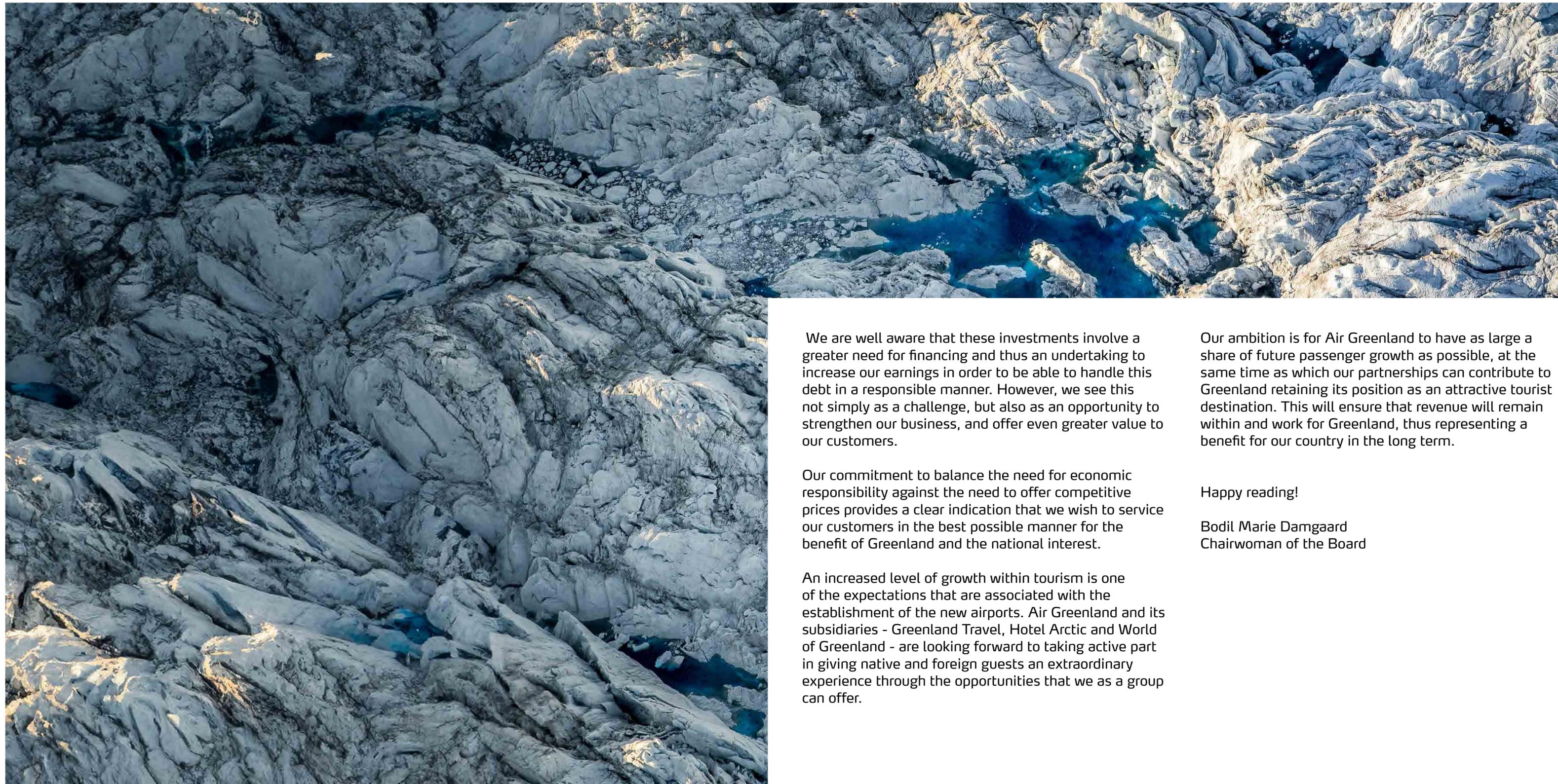
With two new international airports in Nuuk and Ilulissat on the horizon and a regional airport on the way in Qaqortoq, however, the company will almost certainly find itself in an unfamiliar competitive situation in the future. This is a theme that in recent years has not surprisingly been the subject of considerable focus from the company's management as a whole.

Competition is expected to come on a small number of particular routes in the profitable high season. Air Greenland's primary focus is - as already mentioned - on ensuring cohesive services for the whole of Greenland for our domestic customers, our charter customers and our international customers. It has been possible for Air Greenland to handle this task via a business model in which the Government of Greenland covers non-profitable routes via service contracts.

Competition on a small number of profitable routes in the high season will pose a threat to Air Greenland's economy and the company's ability to ensure cohesive services, which at the end of the day may have an impact on the current air traffic structure within the country.

The task will be to master the difficult balancing act between operating in a competitive commercial market, whilst at the same time safeguarding critical infrastructure. There should be no doubt that it will remain Air Greenland's ambition in the future to connect Greenland exactly as stated in our mission.

During the course of the past five years, we have been proud to carry out a comprehensive renewal of our fleet, which has given us a strong position for the future. This is a strategic initiative designed to be able to take advantage of the new opportunities that the new airports will present.



We are well aware that these investments involve a greater need for financing and thus an undertaking to increase our earnings in order to be able to handle this debt in a responsible manner. However, we see this not simply as a challenge, but also as an opportunity to strengthen our business, and offer even greater value to our customers.

Our commitment to balance the need for economic responsibility against the need to offer competitive prices provides a clear indication that we wish to service our customers in the best possible manner for the benefit of Greenland and the national interest.

An increased level of growth within tourism is one of the expectations that are associated with the establishment of the new airports. Air Greenland and its subsidiaries - Greenland Travel, Hotel Arctic and World of Greenland - are looking forward to taking active part in giving native and foreign guests an extraordinary experience through the opportunities that we as a group can offer.

Our ambition is for Air Greenland to have as large a share of future passenger growth as possible, at the same time as which our partnerships can contribute to Greenland retaining its position as an attractive tourist destination. This will ensure that revenue will remain within and work for Greenland, thus representing a benefit for our country in the long term.

Happy reading!

Bodil Marie Damgaard
Chairwoman of the Board



Letter from our CEO

Air Greenland bears a huge responsibility for lifting Greenland

Running a company like Air Greenland has always been a complex task. The company has a broad scope, both operationally and geographically, at the same time as which a balance has to be struck between being part of the country's critical infrastructure and a business enterprise operating in commercial conditions.

This task has not been made any easier by the huge challenges posed by the weather as a result of climate change, other challenges as a consequence of events around the world that have an impact on the supply of spare parts, for example, and finally the challenges that are derived from the new infrastructure in Greenland.

It is therefore also good to know that thanks to its many capable and dedicated employees, Air Greenland as a group is once again able to deliver a satisfactory result.

This result is not a given, but is the result of the untiring efforts of many people across different functions, stations and regions, backed up by the board and owner.

The combination of good collaboration with the board and owner, in addition to capable and dedicated employees, makes Air Greenland a strong company which in the years ahead can be expected to safeguard critical infrastructure and enjoy success in international competition for the benefit of Greenland. The management would therefore like to say a big thanks to employees, board and owner for a fruitful collaboration and great performance in 2023.

Financial results

DA stable group profit of DKK 84.5 million before tax has been returned, which is slightly less than expected for 2023, but which is still a satisfactory result. Overall, turnover has developed as planned, with particular growth in passenger revenue, whilst the remaining revenue has remained stable.

Costs have also remained under control and reflect greater levels of activity despite rising fuel prices.



The growth in passenger revenue should be seen in the light of recovery following the continued negative impact of Covid-19 in 2022, but also due to a more aggressive price policy, which has led to an increase in production. Unit costs developed in line with inflation, whilst several initiatives have improved earnings, with focus on boosting the cabin factor, as well as better exploitation of the available capacity in general, which has helped to reduce unit costs.

Cash and cash equivalents have been reduced by 48% to DKK 204.7 million, which is due to continued fleet renewal and other capital expenditure totalling DKK 349 million. In January 2024, an agreement was reached on a new line of credit of DKK 275 million, which will finance further capital expenditure in 2024.

Development in the market

The Covid-19 pandemic was challenging for airlines all over the world, but Air Greenland and the market in Greenland have recovered to pre-Covid levels more quickly than other markets. A significant reason for this development is that Air Greenland represents critical infrastructure in Greenland, which means that in the

event of no flights, many areas, organizations and public authorities would be unable to carry out their duties.

Air Greenland is very aware of its critical role in Greenland, which applies regardless of whether it involves passenger and cargo flights, flights for the health authorities, Search and Rescue operations or flights to small settlements.

In November 2024, a 2,200-metre runway will open in Nuuk, whilst in 2025 a 2,200-metre runway in Ilulissat and a 1,500-metre runway in Qaqortoq will also open. These significant capital investments represent the biggest construction works in the country's history and are designed not only to make it easier for the population to travel, but also to attract more tourists to Greenland. In order to maintain the current level of domestic flights, Air Greenland must - in addition - invest around DKK 400 million in assets that derive from the new infrastructure, and thus do not contribute to further earnings, as discussed on page 22.

The new infrastructure paves the way for access to new markets, but at the same time means increased

competition and opportunities for collaboration, which Air Greenland is looking forward to. The ambition is to increase the overall market and to compete to a lesser extent for the same passengers.

Thanks to passenger growth in 2023, in addition to an upgraded fleet of aircraft, Air Greenland is looking forward to the new opportunities that will be result from the changes in infrastructure.

Strategy

Air Greenland's vision of making the company the customers' first choice will continue in 2024. In 2023, traffic operations were significantly improved, thanks in part to renewal of the fleet and in part to an increase in capacity, which is now more or less complete.

The company's biggest investment, a A330-800 neo, has flown without any issues, whilst the seven new H155 helicopters for service contract flights are now exhibiting highly satisfactory technical regularity.

The eighth Dash 8 that was added to the fleet in 2023 has led to a more robust traffic flow on the domestic

network, which in overall terms has been hit by fewer technical challenges than in 2022.

There will continue to be focus on efficient traffic operations, and thereby a goal of lower unit costs, as well as greater focus on commercial initiatives, including extension of partnerships with other airlines and focus on improvement of existing processes, increased digitization, new business areas and, not least, focus on the needs of its customers.

It is the employees that make this possible on a daily basis, and after a difficult year in 2022 with far too many operational failures, it is positive that employee satisfaction is once again on the up. Every day, Air Greenland's employees perform an extremely difficult job in which irregularity is a constant threat, and thus help to secure Greenland's infrastructure. The management, therefore, would like to extend a huge thanks to the employees for their efforts in 2023, a year in which the company has managed to get back on track – well done!

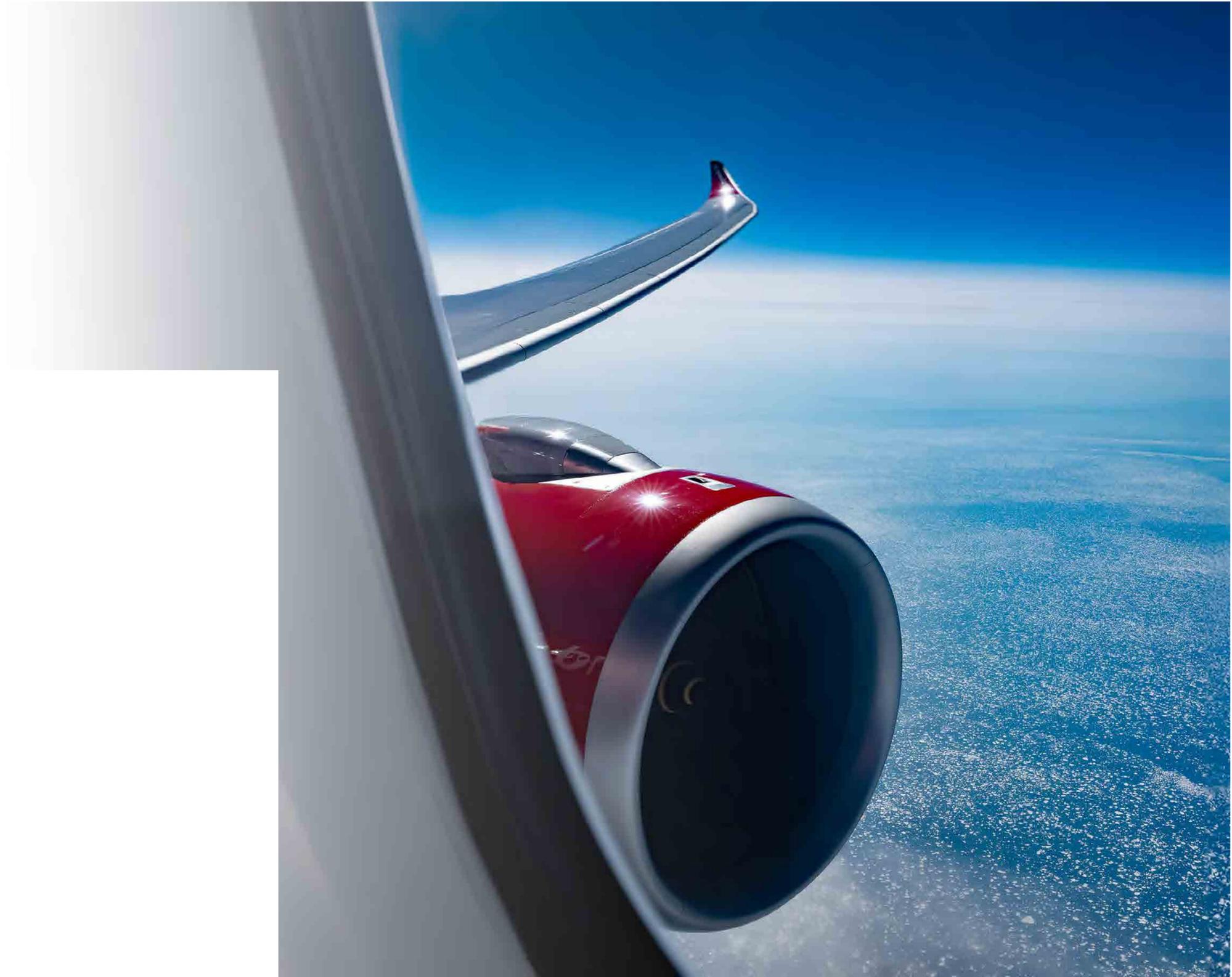
Sustainability plan

Air Greenland was the first company in Greenland to sign up to the UN Global Compact in 2010, and since then, CSR and sustainability have been important to the Group. Most recently, by purchasing SAF (sustainable aviation fuel) when flying out of Copenhagen Airport, Air Greenland ensures that it is now possible for other airlines to buy SAF in Denmark.

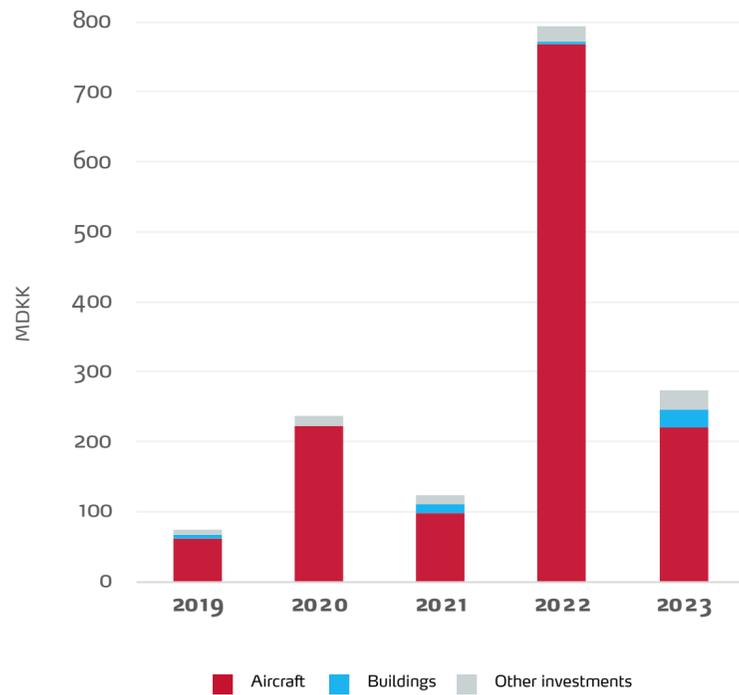
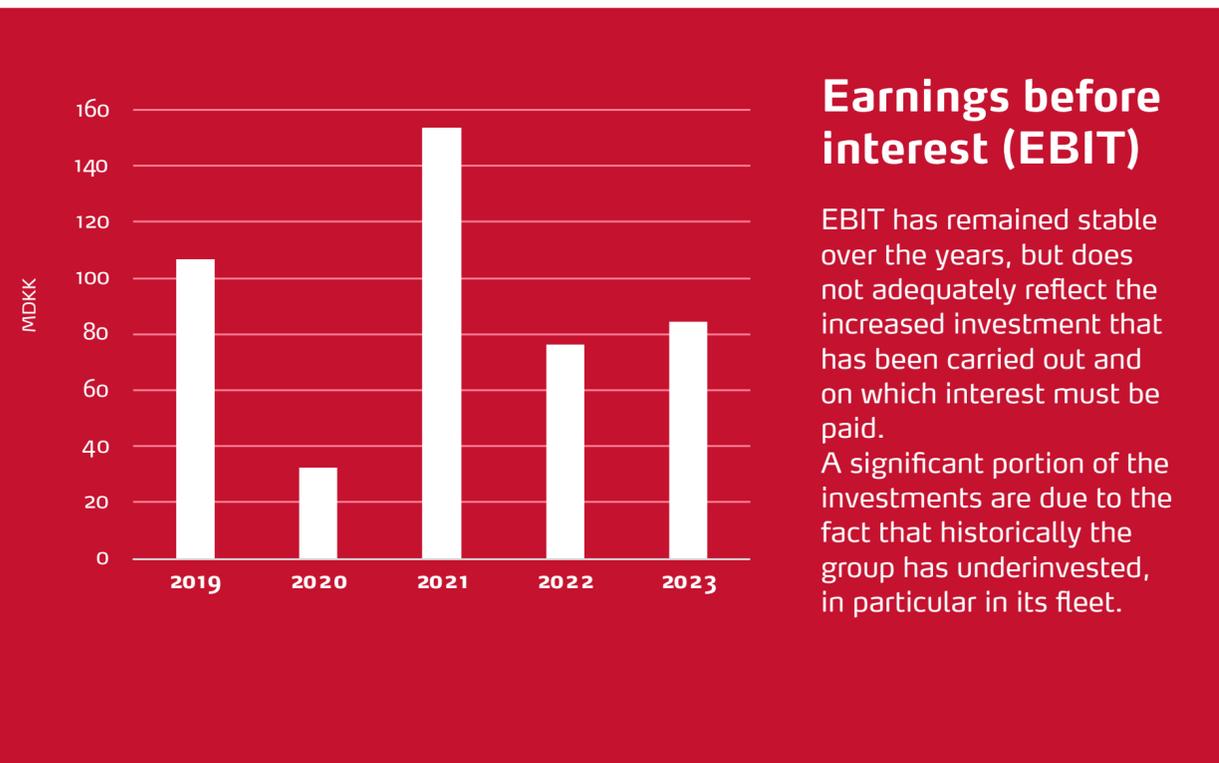
No legislation yet requires Air Greenland to provide full CSRD reporting in Greenland. However, Air Greenland has the ambition to implement this voluntarily, which has also led to appointing a new Chief Sustainability Officer, who is part of the senior management team.

Through active collaboration with other major companies in Greenland, work is being done towards reporting that will be implemented over time.

Jacob Nitter Sørensen
Group CEO



Highlights 2023

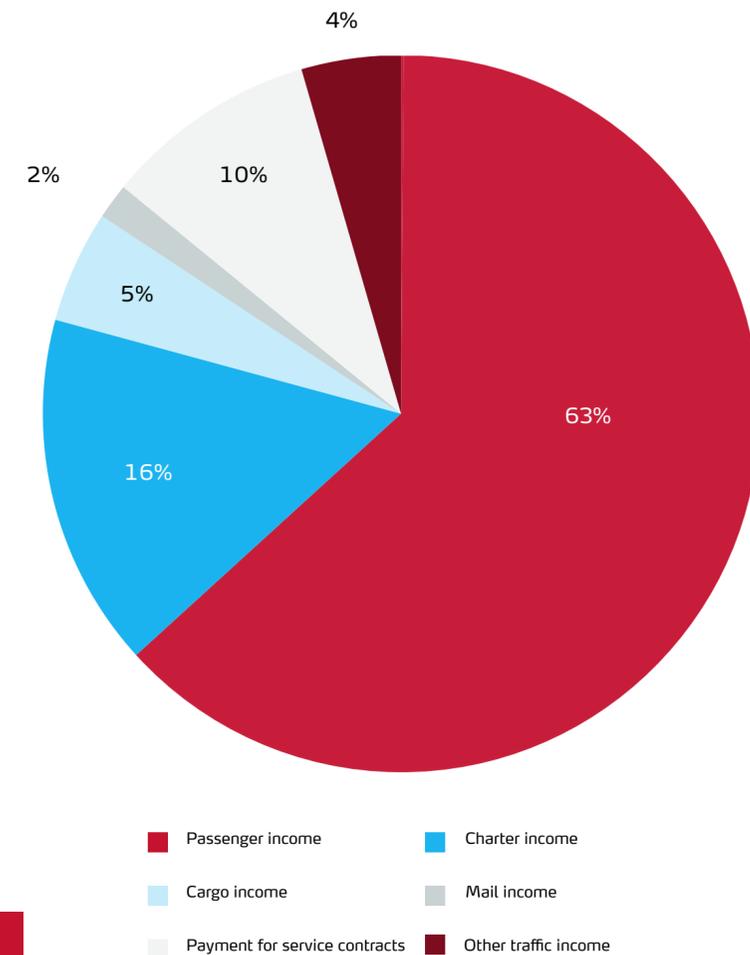


Capital investment

Due to the company's historical underinvestment, total investments of DKK 1,500.7 million were made during the period 2019-2023.

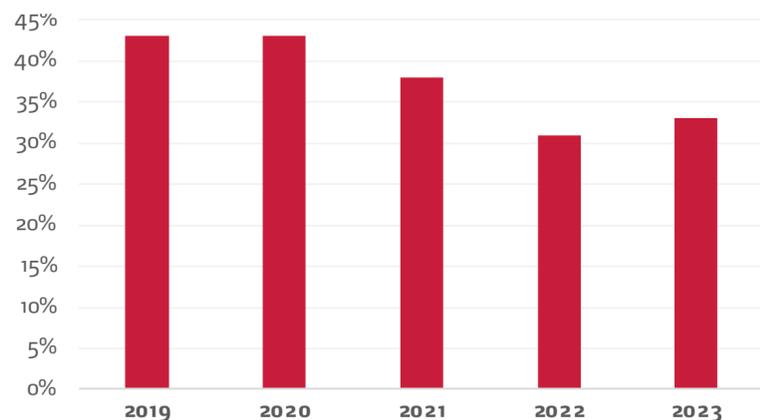
Continued investment is expected in the years ahead, due in part to the change in infrastructure related to the new runways, but also as a consequence of the fact that the group will continue to invest in the value chain and tourist development.

Net revenue 2023



Equity ratio

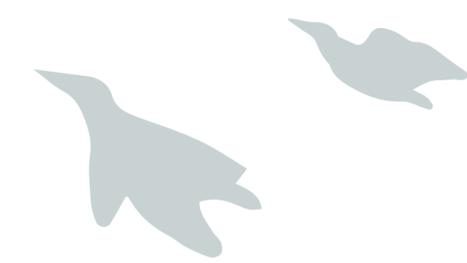
The many new investments have led to a greater need for borrowing, which has in turn reduced solvency.



+9,6%

Net revenue

Net revenue in Air Greenland increased by 9.6% in 2023, which is primarily due to passenger income. The remaining income is stable.



The Group's key figures and key performance indicators

	Unit	2023	2022	2021	2020	2019
Profit or loss.						
Turnover	MDKK	1,776.7	1,645.6	1,214.4	1,111.3	1,377.7
Profit or loss before interest and depreciation	MDKK	219.6	220.7	268.9	172.8	253.8
Profit or loss before financial entries	MDKK	90.4	89.7	156.8	45.2	112.9
Profit/loss before tax	MDKK	84.5	76.5	153.6	32.6	106.6
Net profit/loss for the year	MDKK	62.0	58.6	111.0	30.6	88.6
Balance						
Balance sum	MDKK	2,252.4	2,237.6	1,692.2	1,177.6	1,130.2
Equity	MDKK	747.0	692.5	647.6	506.8	488.8
Liquidity	MDKK	204.7	393.3	345.5	189.9	260.2
Long-term liabilities incl, short-term portion	MDKK	987.3	1,060.6	633.0	216.2	633.0
Net interest-bearing debt, adjusted*	MDKK	812.3	692.7	315.7	153.7	315.5
Cash flows						
Cash flows from operating activities	MDKK	230.2	221.1	235.8	160.9	229.3
Cash flows from investment activities	MDKK	-345.5	-600.8	-372.8	-264.4	-91.7
Investments in tangible fixed assets	MDKK	347.4	620.3	398.5	289.5	95.6
Cash flows from financial activities	MDKK	-73.3	427.6	287.0	33.2	-210.0
Key performance indicators						
Operating margin, adjusted*	%	5.7%	6.2%	13.1%	4.2%	8.3%
Solidity	%	33%	31%	38%	43%	43%
Return on invested capital after tax (ROIC)	%	4.7%	5.8%	14.6%	4.8%	14.2%
Return on equity (ROE)	%	8.6%	8.8%	19.2%	6.1%	15.1%
Operating liquidity to net interest-bearing debt, adjusted*	%	28%	32%	75%	105%	73%
Leverage, adjusted*	x	3.6x	3.1x	1.2x	0.9x	1.2x
Traffic and environment data						
Number of flights	Number	35,413	34,614	32,999	25,250	36,195
Number of passengers	1,000	459	416	309	246	438
Offered seats-km, regular traffic	1,000	808,185	731,494	485,381	435,859	717,180
Cabin factor, regular traffic	%	78.2%	78.6%	65.7%	59.4%	80.9%
Offered tonne-km, regular traffic	1,000	95,960	87,598	61,264	54,329	88,989
Total load factor, regular traffic	%	66.5%	66.9%	57.4%	54.8%	67.2%
Flying hours in the air, total	Number	21,438	20,720	18,006	15,742	21,527
Carbon emissions, fuel	Tonnes	72,125	75,227	56,918	50,572	77,126
Employees						
Number of employees year-end	Number	664	653	578	544	637
Average number of employees	Number	690	653	574	606	677

* Adjusted according to the value of the operational lease



Strategy and financial objectives



We are Air Greenland

Together we will elevate Greenland

We are a part of Greenland, and, as our national airline, Air Greenland maintains our connection to each other and to the rest of the world.

We know our nature and our culture. We know what is required to operate safely and on time in the Arctic climate.

But we are more than that. We are also a Search & Rescue service, and we also deliver mail and essential supplies.

We are critical infrastructure and the country's lifeline – always with safety and good customer service in focus, and with respect and care for our unique and harsh natural surroundings.

As Greenland's national airline, our core business is aviation. And on this basis, we also play a key role in the development of tourism in the country. With subsidiaries Greenland Travel, Hotel Arctic and World of Greenland, we are represented throughout the value chain with flights, charter flights, overnight accommodation and, not least, adventures and experiences – culinary, cultural and in Greenland's wilderness.

Our vision is to be the natural first choice for locals and the preferred partner and provider of tourism.

In our region of the globe, air transport is a necessity - as is sustainability. With new airports acting as a catalyst, we wish to develop tourism, expand our fleet, and offer more and better routes and departures. At the same time, we will optimize fuel consumption and reduce CO2 emissions per unit transport.

From our point of view, sustainability and social responsibility are both a responsibility and a powerful driver in whatever we do. We will be pioneers when it comes to development and seeing opportunities, both when it involves apprenticeships, interns and jobs in towns and settlements, as well as tourism across the country.



Our business model

We provide transport throughout Greenland and connect people in towns and settlements.

We ensure that local people and visitors can easily get to and from Greenland, in addition to which we can provide planning of trips, accommodation and adventures in Greenland.

Our core business is aviation

Our core business is aviation, and we provide value by connecting people, ensuring supplies, special operations and transporting cargo throughout Greenland, whilst also making it easy to get to and from Greenland as an inhabitant or visitor. As a group, we are represented throughout the entire value chain. We have chosen to be involved throughout the entire value chain in order to compensate for potential losses in our core business in a new market situation, as well as actively contributing to developing a professional tourism industry that delivers all year round.

We are represented throughout the entire value chain

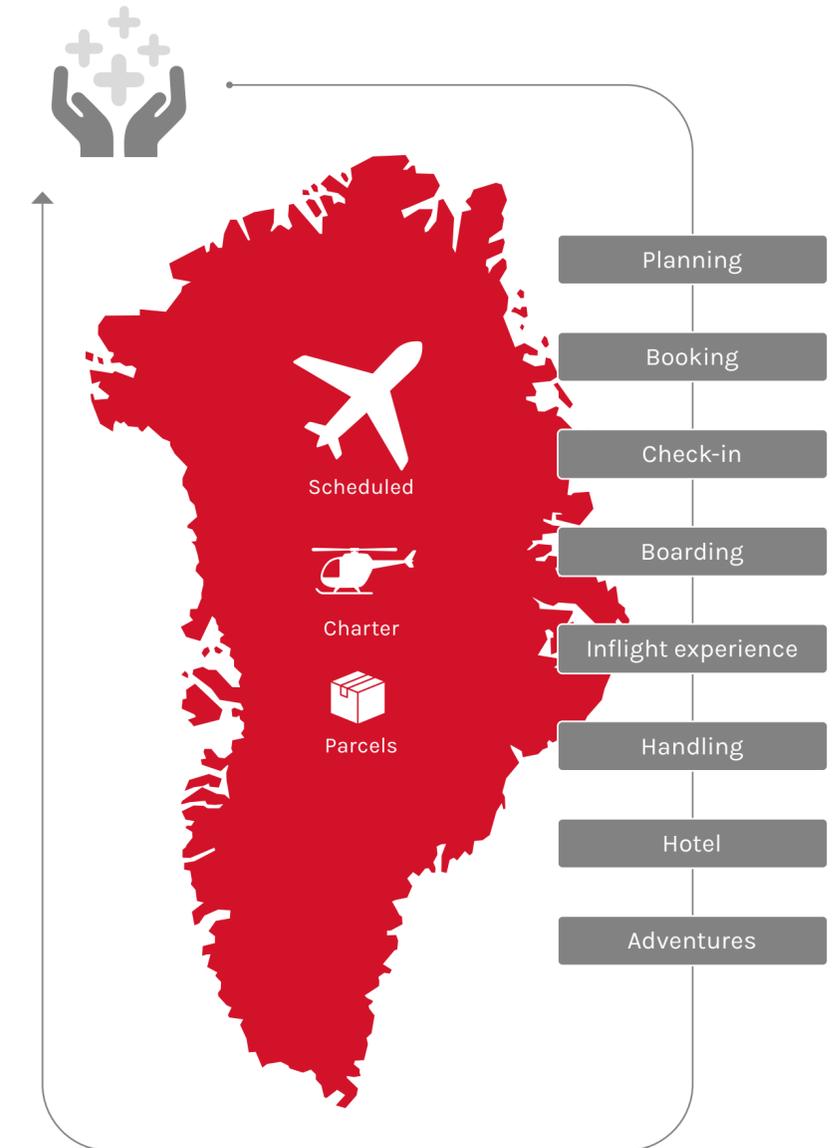
Our subsidiaries Greenland Travel, Hotel Arctic and World of Greenland plan and organize trips, accommodation and adventures in Greenland in close collaboration with local operators.

Local roots and unique experience of operating in the Arctic climate

We live and work in Greenland. We have a unique combination of local knowledge and know-how with regard to operating safely and on time in the Arctic climate.

Efficient and simple operation

Our operation is simple and efficient, and we work every day to make operation even better and more efficient. An efficient operation with the right cost base is crucial if we are to continue to provide aircraft and helicopters on time and attractive products and services to our customers.



Our strategy

Our core business is aviation, and in close collaboration with Greenlandic society we provide and develop critical infrastructure.

Through the travel value chain, we are working to develop a more sustainable tourism industry that is active all year round.

We are strengthening our position as Greenland's airline in new infrastructure

The new airports in Nuuk, Ilulissat and Qaqortoq will act as catalysts to boost development in Greenland to a new level.

The airports in Nuuk and Ilulissat will mean faster connections to the rest of the world and make it easier for visitors to get to Greenland. Both of the above will contribute to increased trade, new job opportunities and further growth in tourism – and thereby the opportunity for significant economic growth for the country as a whole.

Air Greenland is prepared for the new market situation and is ready to optimize the opportunities presented by more traffic.

The new airports also mean a comprehensive reorganization of air traffic in Greenland. During the next few years, Air Greenland will adjust its timetables

on multiple occasions. Timetables will be adapted so that critical infrastructure is maintained, whilst the new infrastructure is successively developed with the expected opening of Nuuk airport in 2024, Ilulissat in 2025 and Qaqortoq in 2026.

Renewal of the fleet and increased competitiveness and sustainability

We have invested in the renewal of our fleet and an increase in capacity. With a successful phasing in of the new Airbus 330- 800 neo, seven H155 helicopters and two H225 helicopters, in addition to the forthcoming nine H125 helicopters that will be put into service in 2024, we are well prepared for the future.

The aim of the investments in helicopters is - in addition to ensuring robust and modern operation in towns and settlements - to enhance operational capacities for SAR (Search-and-Rescue) These investments are expected to meet an expected increase in demand for charter activity in Greenland.

Furthermore, the purchase of the eighth Dash 8 in 2023 has ensured a more robust operation that can meet the need for greater capacity for both passengers and cargo.





All new acquisitions are more fuel efficient than the previous fleet, with the renewal of the fleet ensuring that we have a competitive, reliable and sustainable infrastructure for the benefit of our society.

Simple and efficient operation with Lean approach

We work every day to make our operation simpler and more efficient. During the last 4 years, systematic efforts have been made to implement Lean throughout the organization in order to create a better and more efficient operation.

Our strategy remains to reduce unit costs, and in this case the Lean approach will continue to be an integral element combined with increased digitization.

More international partnerships and new destinations

We wish to ensure permanent residents quick and easy access to other destinations in the world, whilst at the same time making it easy and attractive for visitors to come to Greenland.

A key element in this regard is to enter into partnerships, interline and codeshare agreements with other companies. At present, Air Greenland has entered into interline agreements with SAS and Icelandair, and expects to extend this collaboration.

During the years ahead, we will have focus on entering into more strategic alliances in the form of codeshare agreements or strategic collaborations. Partnerships with airlines and other transport companies can help make Greenland more accessible to visitors.

Air Greenland is applying particular focus to North America as a destination, an initiative that will improve accessibility to North America, whilst also making it easy for tourists from new regions to visit our country.

With these strategic alliances, we will use our core competences and unique local knowledge to maintain a leading position on the Greenlandic travel market and make it easier for residents to travel out into the world.

Our strategy is to create growth in the core business through reliability, efficiency and competitiveness, combined with attractive products and services to residents and visitors alike.



Development of sustainable year-round tourism

We will extend our role in the development of a professional tourism infrastructure in Greenland. This tourism infrastructure will ensure both quality and accessibility, which are prerequisites for the continued growth of the airline.

We will invest and enter into local partnerships where there is a potential for profitable growth and the development of sustainable tourism. Through commitment and investment throughout the value chain, we will ensure opportunities for growth and greater competitiveness in a new market situation.

Development of tourism infrastructure will continue to take place through the various subsidiaries. The investments will help to ensure accessibility and quality of tourism products that can boost the expected growth in the number of tourists. Moreover, the investments will contribute to developing a professional tourism industry that is active throughout the year and which safeguards the growth in tourism in a sustainable manner.

We strive to satisfy customers' needs throughout the entire customer process

We optimize and develop our products and services on an ongoing basis, thus enabling us to better meet the needs of the customers throughout the process. This means that it must be easy to find us if you wish to visit Greenland: it must be easy to book a trip or get help for booking and planning of the trip; the journey itself - check-in, boarding process - must be straightforward; and the experience in the aircraft flying to Greenland must provide a comfortable feeling that the holiday to Greenland has already begun. As a visitor to Greenland, you must feel secure, safe and properly informed about travel conditions and experience good and understanding customer service regardless of whether it concerns travel, accommodation or adventures with us.

Our strategy is to optimize the entire customer process from when the trip is planned and booked until when it actually takes place.

Industry and market trends

2023 was the year in which the aviation industry recovered to pre-pandemic levels.

Greenland experienced the highest-ever number of overnight guests and growth in the share of Arctic tourism. However, continued geopolitical unrest and continued focus on the environment and sustainability mean it is not certain that this positive development will continue.

The aviation industry is at pre-pandemic levels and is operating under new conditions

According to IATA, the growth in passenger numbers continued all over the globe throughout 2023 and had almost reached 2019 levels by the end of the year. Whether this growth will continue, and at what level, is uncertain, however.

Geopolitical unrest, including the war in Ukraine, combined with interest rate rises and ever-greater focus on the environment, generates uncertainty. A consequence of this uncertainty may once again be rising fuel costs that make a significant dent in earnings in the industry. A second consequence may be another fall in passenger volumes.

If the positive development in the aviation industry is to continue, it requires that efforts to supply Sustainable Aviation Fuel (SAF) and reduce CO2 emissions will continue in a targeted manner.



Arctic and Adventure tourism in growth



Tourism on expedition ships in growth



Use of SAF on Atlantic routes



Greenland's economy is strong



Geopolitical unrest and greater focus on the environment make for an uncertain future



Arctic tourism in growth

Greenland is the only Arctic destination where the number of tourists flying into the country is higher than pre-Covid-19. Iceland is still absolutely the most popular Arctic destination, with 1.7 million flying tourists in 2022. Together, Iceland and Alaska represent 90% of the Arctic tourists. Studies reveal that interest in Arctic tourism and adventure tourism is growing, and it is thus a question of making sure that more visitors choose Greenland as a destination.

Cruise ship tourists make up a significant portion of the tourists at the Arctic destinations; in this case, Air Greenland also needs to acquire a share of this form of tourism, and in particular the form that best takes care of the environment and is for the greatest benefit of Greenlandic society.

Greenland has a strong economy

Greenlandic society is characterized by positive economic development and historically low unemployment. GDP has grown in recent years and growth is also expected in 2023 thanks to continued high levels of activity combined with low unemployment. It is primarily Nuuk and the major towns in the north that are driving this growth.

Structural challenges can be a barrier to growth

The combination of low unemployment and a high level of activity may actually represent a barrier to exploiting the growth potential inherent in the opening of the new Atlantic airports. Greater activity will further increase demand for manpower and put even more pressure on the need for qualified labour, which is already limited. Furthermore, the number of people currently of working age leaving the labour market will outstrip the number of young people, which will reduce the overall workforce and can be expected to put increased pressure on expenses in the public sector.

Business conditions make Greenland vulnerable, and the tourist industry needs to be developed

The current business conditions, in which fishery makes up a large proportion of the growth in value, make Greenland vulnerable. 45% of the workforce is employed in the public sector. Fishery and related activities make up more than 30% of the economy, whilst the tourist industry does not play a clear value role today. The country's income basis is thus dependent on proceeds from the export of fish and shellfish and price development in this sector. It is a situation that makes Greenland vulnerable.

If the tourist industry is to be developed, it will require more labour and more investment. The development of a professional tourist industry requires more investment in overnight capacity, adventures and qualified labour. The latter, in particular, may well prove to be one of the major challenges.

Expectations for 2024

We will enhance production and exploitation of capacity

For 2024 there is an expectation of an increasing level of activity in which Greenland continues its positive development as an attractive tourist destination, and that activities in Greenland will further increase, including mineral exploration.

Inflation in the countries around Greenland appears to be receding, but the risk of recession remains in these markets due to rising interest rates that have a negative effect on demand. In Greenland, in particular, there is an expectation of rising fuel prices, which will put a damper on demand, in addition to which the continued increase in frequency of more extreme weather is cause for concern, as it increases costs in connection with accommodation and food, and reduces efficiency.

With expectations of stable operation and with the initiatives that have already been put in place, a group result for 2024 of DKK 90-105 million before tax is expected.



Northern Lights huts, Hotel Arctic

Focus in 2024 is expected on the following:

- Better delivery of production, which will improve regularity and reduce costs, irregularity costs in particular.
- Expansion of product portfolio and revision of ticket terms and conditions
- Exploitation of charter capacity
- Partnerships with local operators within tourism
- Relocation of hub from Kangerlussuaq to Nuuk
- Opening of route to Iqaluit from Nuuk
- Phasing-in of H155 helicopters was concluded in 2023, and 2024 will continue to see great focus on ensuring the correct levels of stock in Greenland, including optimisation of the use of the helicopters in order to ensure the best possible operation with least possible unplanned maintenance.
- The route between Billund and Kangerlussuaq will be retained, and seat availability will be increased with focus on enhancing connections and exploitation of capacity.
- Extension work at Hotel Arctic has been completed with both Northern Lights huts and hotel apartments, and focus is now turning to exploiting capacity in the best possible manner, especially in the season outside the high season.
- Continuation of work on IOSA certification with ambition of certification in 2024.
- Greater revenue on helicopter charters. The fleet has been expanded with new H125s, whilst two AS350 helicopters are expected to be sold. It is expected that Air Greenland will have thirteen H125/AS350 helicopters at its disposal.
- Upgrading of partnerships with external operators.

Capital structure and dividend policy

An attractive borrower with a transparent dividend policy

Capital structure

The Air Greenland group has an ambition of sufficient economic flexibility to achieve its strategic objectives. This includes ensuring competitive and modern flight services and developing tourism through the value chain.

The new runways in Nuuk, Ilulissat and Qaqortoq require direct capital investment in hangars, cargo terminal, dwellings and equipment of approx. DKK 400 million during the period 2023-2026. These investments are necessary to be able to operate at the airports, and unless earnings increase, these capital investments will reduce the return on the total invested capital in the future.

The net interest-bearing debt has increased during the period due to renewal of the fleet. The current debt was taken out in 2021 as corporate bonds and paid out in 2021 and 2022 with a fixed rate of interest in DKK and a term of up to 15 years. The new debt in 2021 paid off other interest-bearing debt in the group, including debt secured in connection with dividend payments in 2019 of DKK 461 million in connection with the transfer of ownership in which the Government of Greenland became the sole shareholder.

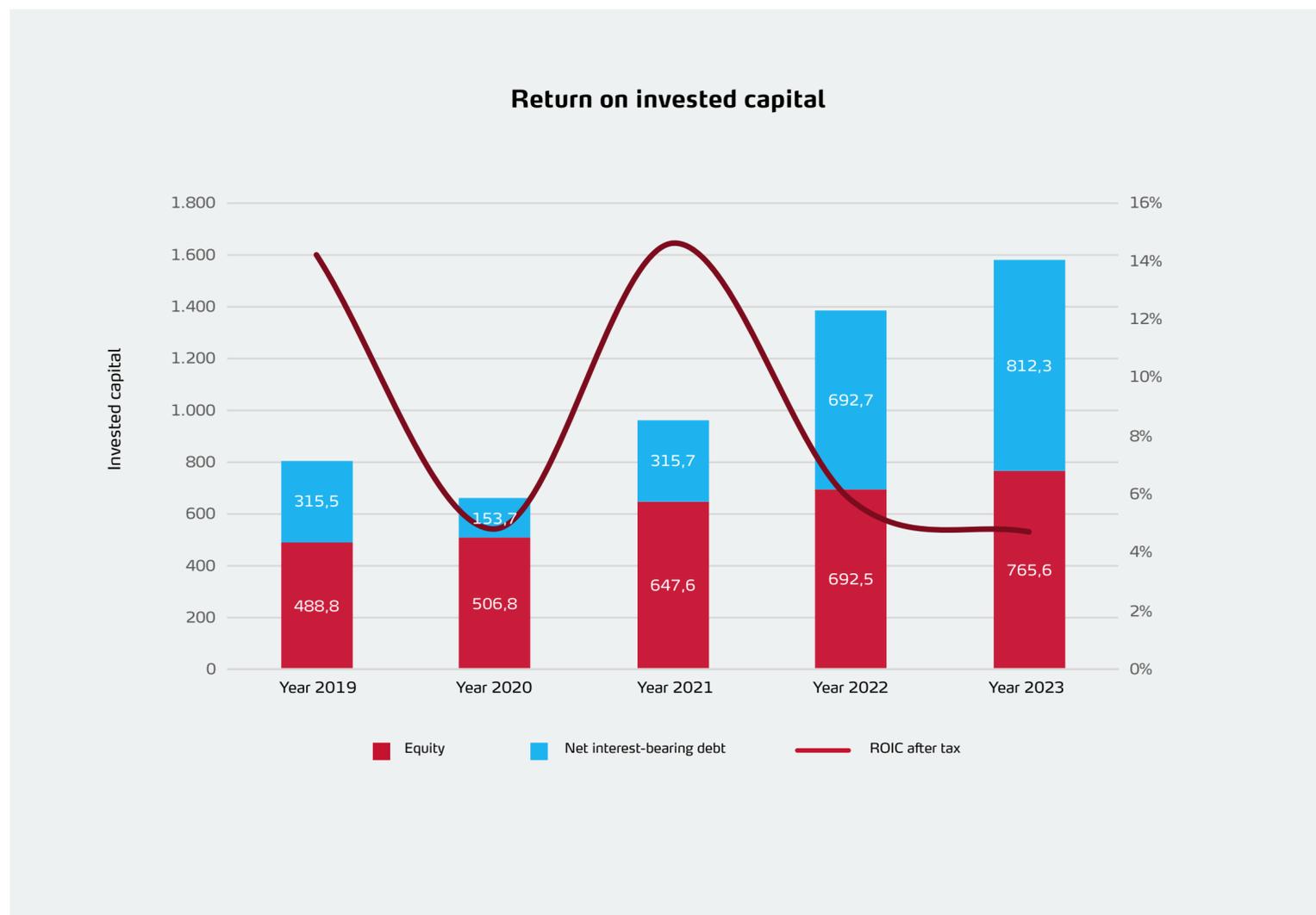
Capital investments in the group are financed by parent company Air Greenland A/S, which secures the external debt. In connection with forthcoming capital investments, new bank debt of DKK 275 million was secured in January 2024. The credit agreement is expected to be increased as and when further investments are commenced.

Dividend policy

Air Greenland has adopted a dividend policy that is inspired by the guidelines for international credit rating bureau Standard & Poor's and with a moderate risk profile. With regard to the dividend policy, up to 33% of last year's profit after tax can be paid out, provided that 3 key figures are adhered to after payment of dividends:

1. The company's interest-bearing net debt in relation to income must be no greater than 2.5x after payment of dividends.
2. Cash and cash equivalents from operations in relation to interest-bearing net debt must be at least 35%.
3. There must be sufficient liquidity, cf. current financial policy plus 20% buffer, for the coming period for use for forthcoming investments and repayments.

The dividend policy is designed to ensure that Air Greenland is sufficiently transparent to external financing sources, thereby remaining an attractive borrower.





Financial and non-financial results

Financial review

A satisfactory year with DKK 349 million in capital investments

The Air Greenland group has delivered a satisfactory result for 2023 with passenger growth and higher revenue in a market with rising costs. Pre-tax profits of DKK 84.5 million are DKK 8.0 million higher than in 2022, but lower than the expected DKK 95-110 million for 2023.

Income statement in MDKK.	2023	2022	Growth
Revenue	1,828.9	1,692.1	8.1%
Costs	-1,609.3	-1,471.4	9.4%
Earnings before interest and depreciation	219.6	220.7	-0.5%
Depreciation and amortization	-129.1	-131.0	-1.4%
Earnings before Interest	90.4	89.7	0.9%
Interest	-5.9	-13.2	-54.9%
Profit before tax	84.5	76.5	10.5%



The level of activity has generally been satisfactory, and with better regularity and punctuality, operation has generally been improved. Operating in Greenland demands a high degree of flexibility, which can in turn reduce efficiency, but after a year in 2022 with major operational challenges, the company has managed to improve both operation and employee satisfaction, which has now returned to a satisfactory level.

The level of investment remains high, and with capital investments of DKK 349.3 million, liquidity, which stands at DKK 204.7 million at the end of the year, has been under pressure. At the beginning of 2024, a new credit agreement of DKK 275 million was secured to cover forthcoming investments primarily related to buildings.

The balance sheet total continues to rise, but the equity ratio is 33%, which is better than in previous years. Equity of DKK 747.0 million is now back at the same level as prior to the change of ownership in 2019, when DKK 461 million was paid out in dividends.

The development for each of the companies appears in the following.

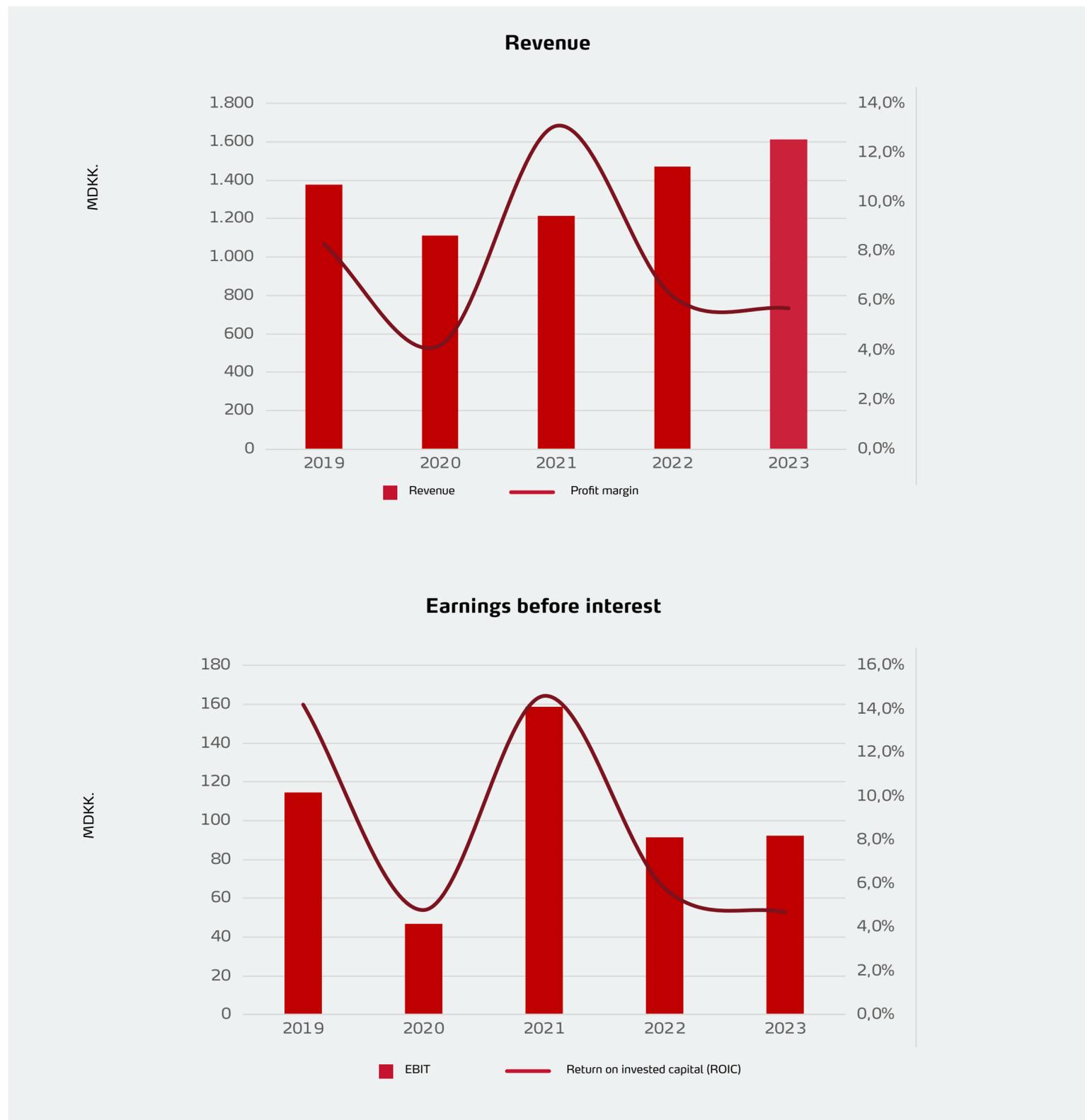
Results

Revenue

Total revenue has increased by 8.1%, with Air Greenland seeing a growth of 9.6% in comparison with previous years.

The growth in revenue for **Air Greenland** is satisfactory and is primarily due to higher passenger income, whilst other income is at the same level as 2022.

Greenland Travel realized a fall of 12.0% in gross profit, which in 2022 could be traced to particularly positive conditions, and when assessing 2023 in relation to 2021 an overall growth of 30% has been achieved, which has taken place through growth in both the leisure and business segment. Greenland Travel is the biggest agent for Air Greenland.



Hotel Arctic has seen a fall in gross profit, which can primarily be attributed to many conferences in 2023 being held in Nuuk, too many late cancellations on bookings and reduced capacity due to refurbishment of the hotel, which has also resulted in extra costs. Several aspects have been adjusted for 2024, which should lead to an overall increase in activity at the hotel.

World of Greenland has also had a reduction in gross profit, which is primarily due to a high level of activity in 2022 resulting from the repercussions of Covid-19. The company's unique lodges continue to attract many tourists to Disko Bay, whilst there is greater competition on adventure tours, which is seen as positive as it encourages a greater range of products, which in turn attracts more tourists to the region.

Earnings before interest

For the group as a whole there is a slight improvement of 0.9% on earnings before interest, which is primarily due to special circumstances in 2022 at Greenland Travel.

The development in **Air Greenland** reflects rising costs, which are primarily a consequence of higher purchase prices and more stable traffic operations than in 2022. For 2024 there is a focus on reducing costs and maintaining satisfactory production.

The development in **Greenland Travel** is satisfactory and on a par with 2022 when corrected for special items. In general, focus is on maintaining current income and increasing the number of passengers transported by Air Greenland. In 2023, this growth has been 10% compared with 2022.

The result for **Hotel Arctic** is not satisfactory and is due to a fall in revenue. A better result is expected in 2024 thanks to several initiatives focusing on improving revenue.

Earnings before interest (EBIT) (MDKK.)	2023	2022	Growth
Air Greenland	82	82	-0.3%
Greenland Travel	6	15	-58.3%
Hotel Arctic	2	6	-73.0%
World of Greenland	1	2	-48.4%
Eliminations	0	-14	
Total	90	90	0.9%



The result for **World of Greenland** has also seen a fall, which is a consequence of lower activity. Through an increase in lodge capacity, higher activity and greater use of local businesses, it is expected that earnings will improve in 2024.

Cash flow

Cash flow from operations has increased by 4.1%, and is at a satisfactory level.

The Air Greenland group continues to have a high level of investment. This is due to the ongoing renewal of the fleet, investments resulting from the forthcoming changes to the country's infrastructure and continued investment in the value chain to boost "reason-to-go" for future tourists.

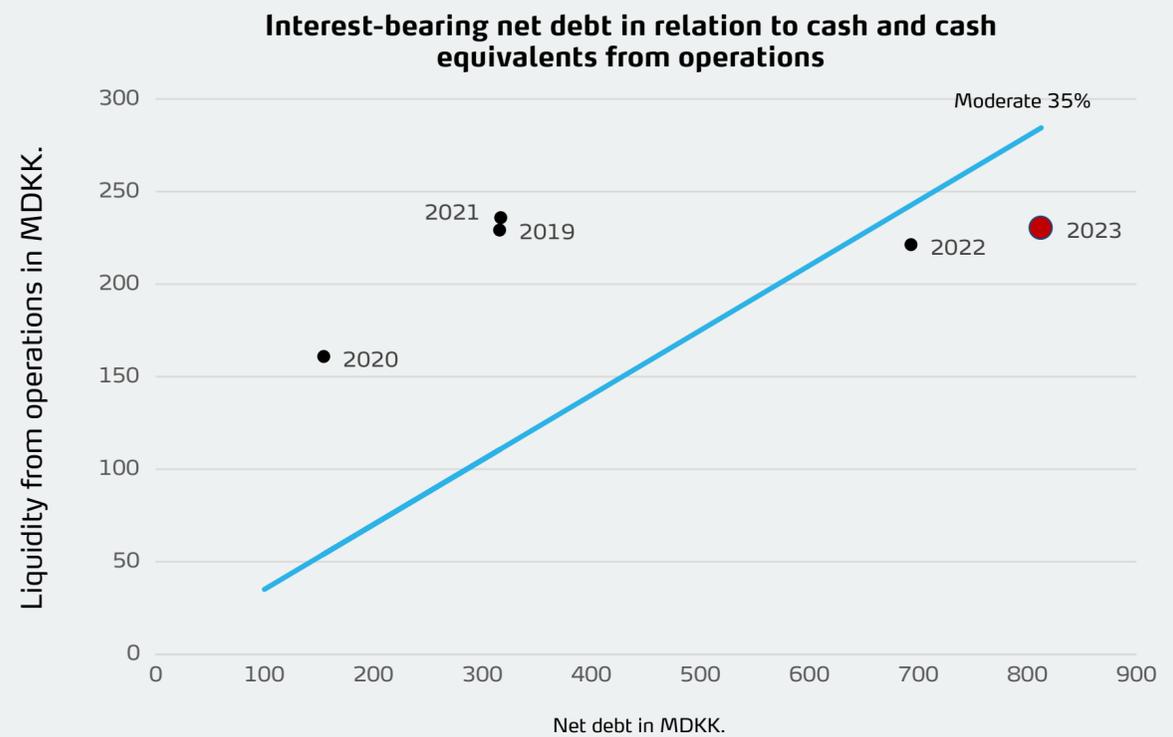
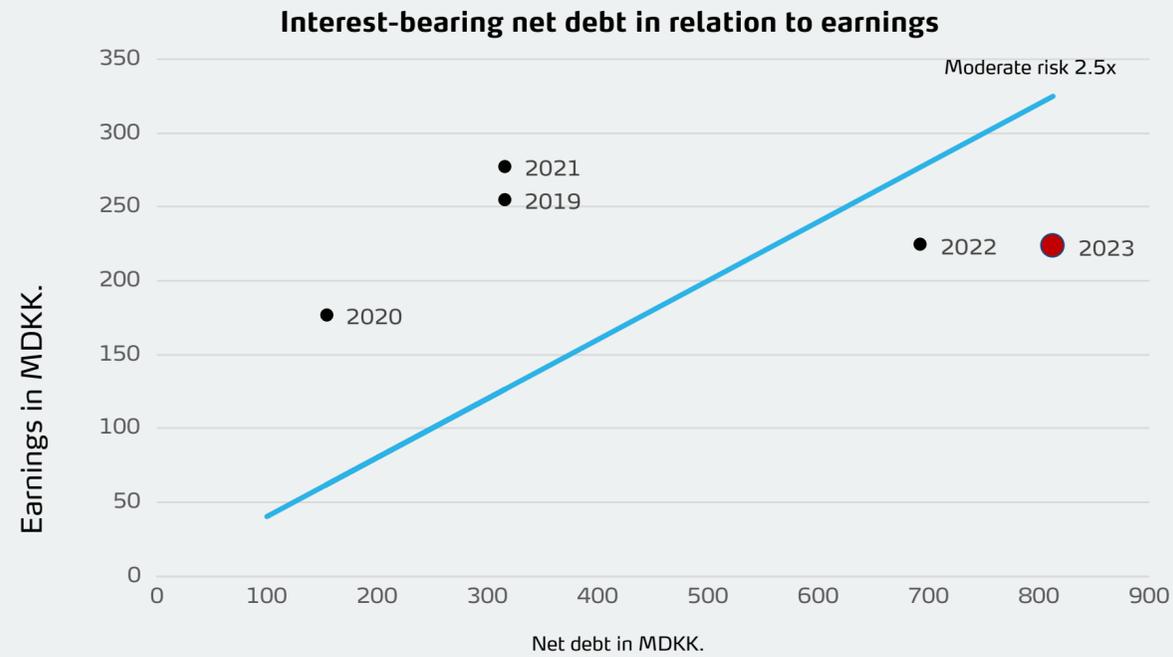
Cash flow (MDKK.)	2023	2022
From operating activities	230.2	221.1
From investments	-345.5	-600.8
Obtaining new debt	-	485.0
Repayment on debt	-73.3	-57.4
Changes in cash and cash equivalents	-188.6	47.8
Cash and cash equivalents	204.7	393.3

Capital structure and dividends

In line with increased investments, the net debt in the group is planned to be increased to DKK 812.3 million, incl. the value of leasing agreements without earnings being increased. Air Greenland's dividend policy is defined on the basis of moderate risk, whereby one of the key figures is earnings in relation to net debt. Earnings in 2023 should have risen by DKK 101 million if this key figure was to have been met.

Cash and cash equivalents stemming from operations is calculated at DKK 230.2, which is DKK 54.1 million less than the level needed to maintain a risk that is better than the target of 35% of the interest-bearing debt.

The increased risk has been accepted by the board for a temporary period and is a consequence of an earlier lack of investment in the fleet, in particular. With an outlook of continued significant investments due to the new infrastructure, there is an ambition of increased earnings which in the longer term will ensure a moderate risk.



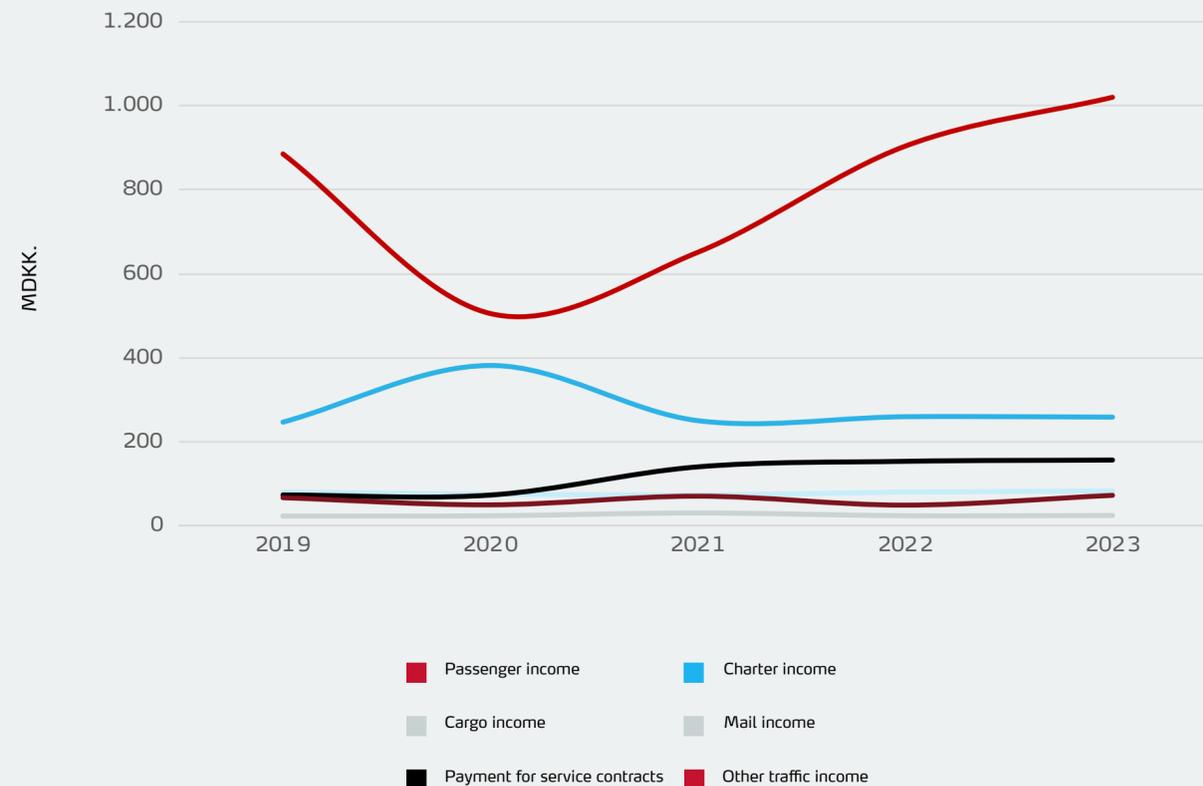


Air Greenland

Activity and revenue

The total revenue in Air Greenland has increased by 9.6%, which is primarily due to increased passenger income, which has risen by 12.9%. The number of passengers (leg passengers) has risen by 10.3%, which is an increase of 2.6% per passenger route, including an increase in taxes and fuel supplement.

Net revenue



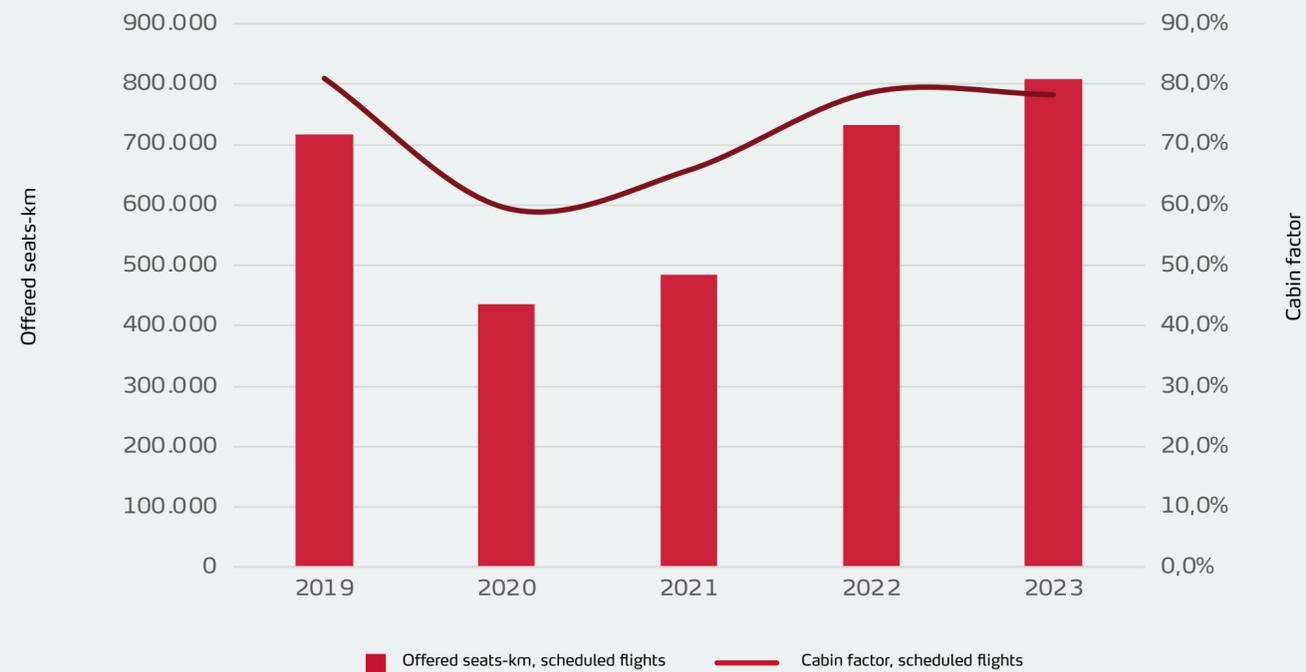
The production of offered seats-kilometre has increased by 10.5%, which is more than the increase in the number of passengers, which means that the cabin factor has been reduced from 78.6% to 78.2%. 2023 has seen "Fly and Sleep" tickets on offer, the purpose of which has been to exploit flight departures without direct connection to international flights, and therefore the exploitation of capacity should have been better.



Passenger growth has been borne by both domestic and international flights.

Charter activity has been on a par with previous years, as have cargo and mail income. The level of activity is satisfactory, and further potential for increasing activity is also being looked at.

Development in scheduled flights



Payment for service contracts is based on agreements entered into with the Government of Greenland concerning services to areas where there is not sufficient commercial basis for such flights. The agreements were entered into in 2021 and are 10-year contracts with options of a 2-year extension. These contracts have been a prerequisite for the replacement of the fleet of Bell 212 helicopters with H155 helicopters. When the runway at Qaqortoq is complete, the service contract in South Greenland will be renegotiated.



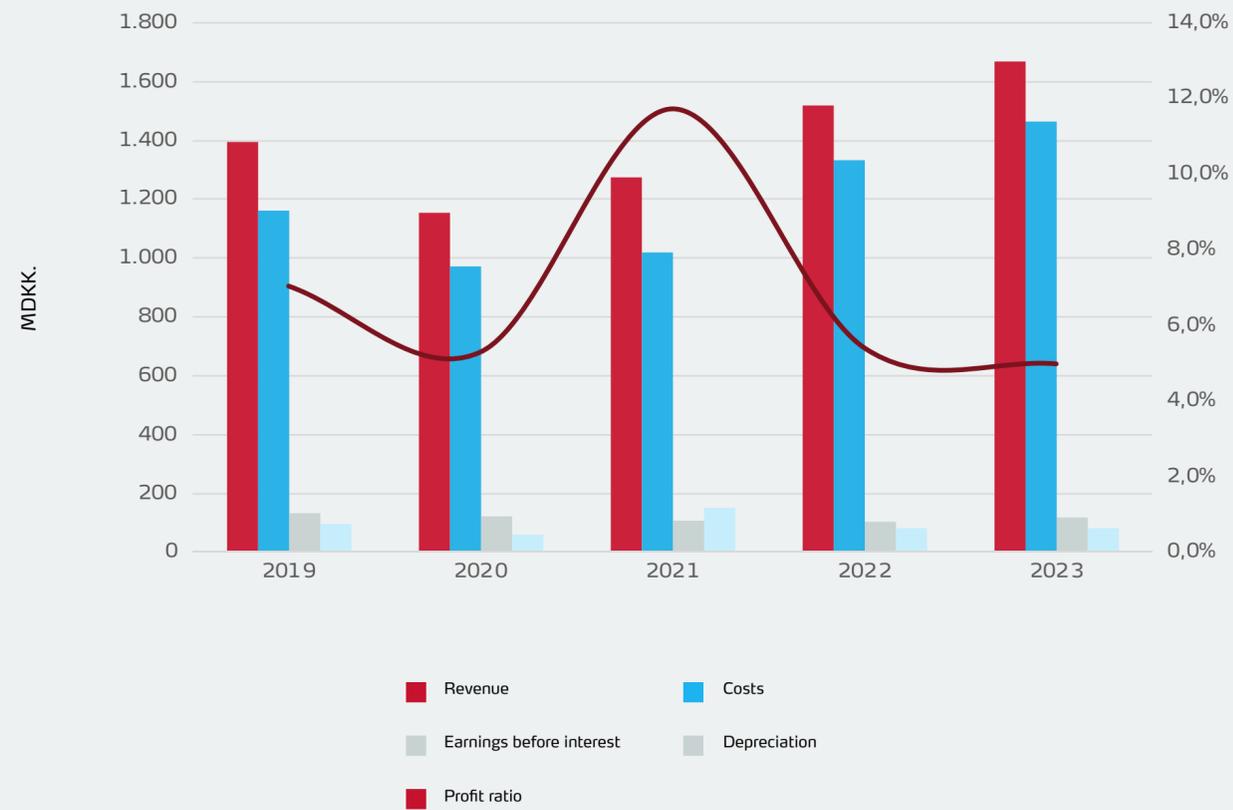
Stable operation and costs

Air Greenland had an operationally challenging year in 2022, in which the weather was often bad and there were many technical challenges that caused a lot of irregularity. 2023 has seen a conscious decision to prioritize efforts to ensure more stable operation.

This prioritization has in many instances required more and better backup-capacity, whilst in spring 2023 another Dash 8-200 was added to the fleet in order to ensure sufficient capacity for operation and thereby reduce delays caused by technical issues.

More stable operation has been the result, which is better able to deal with the continued challenges posed by the weather that make operation difficult. The initiative has reduced direct irregularity costs by 17% to DKK 83 million, which now make up 8.2% of the overall external costs.

Development in earnings before interest



On the other hand, costs associated with fuel, in particular, and technical maintenance are increasing as a result of increased production and rising prices, which has led to external costs increasing by 9.5%.

Activity levels for scheduled services, in particular, have been high, in addition to which more stable operation has been delivered than in 2022, when both poor weather and a shortage of spare parts had a great impact. The weather has continued to lead to a lot of irregularity in 2023, see above.

Greenland Travel

Greenland Travel is Air Greenland's biggest agent, whose primary activity is within the business traveller and tourist segment, and contributes by offering tourist products for smaller operators through Arctic Excursions <https://arcticexcursions.com/>

The company has offices in Ilulissat, Sisimiut, Nuuk and Copenhagen. It has a total of 50 employees who have specialized in travel to, from and in Greenland, as well as the production of adventure holidays for the tourist segment.

The business segment is supported through direct contact with the customer via telephone and mail, but to an increasing extent also through the company's online portal NAIA, where a growth in turnover of 25% has been seen.

The business segment consists of the sale of services to public and private institutions and companies primarily in Greenland and Denmark, and the overall activity for business has increased by 4.8% during the year.

The tourist segment continues to have a high level of activity. After Covid-19, there has been a pent-up desire to travel in both 2022 and 2023, which made 2022 the best tourist year and 2023 the next best, despite a reduction of 10% during the year. In spite of the fall in 2023, the level of activity remains 30% above pre-Covid-19 levels.

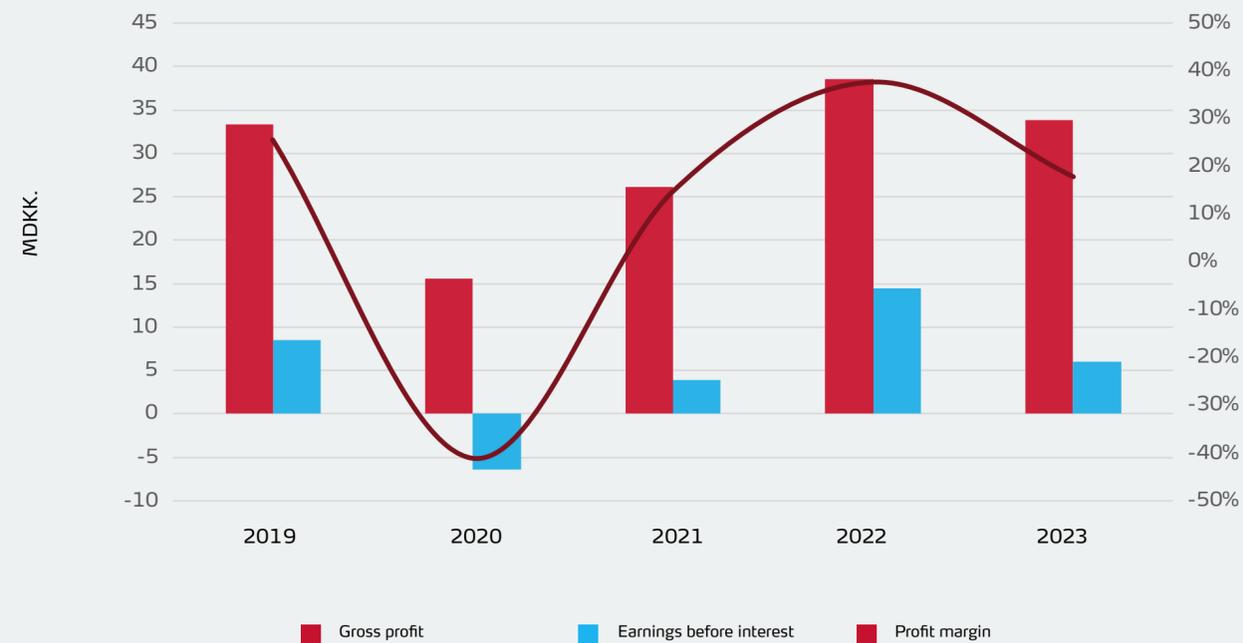




Over the years, the company has directed efforts to spread tourism across the different seasons, and in recent years it has managed to have tourists all year round, of which 58% travelled outside the high season (1 July until 31 August).

The approach has been a conscious choice to enable more tourist operators in Greenland to have work throughout the year, and thereby also to realize better utilization of capacity with regard to flights, hotels and adventures. Whereas after Covid-19 it was primarily the Danish market that experienced growth, in 2023 it has been other foreign markets that have seen most growth.

Development in earnings before interest
(Greenland Travel)



The Air Greenland group wishes to contribute to developing tourist experiences in Greenland. It can be difficult for smaller and newly started operators to draw attention to themselves, a situation Greenland Travel is trying to help through a new sales portal, Arctic Excursions.

In collaboration with each operator, Greenland Travel is hoping to make the operator's product accessible, in addition to which Greenland Travel follows up on the quality of the experience; both these initiatives aim to develop the market. The portal is expected to be made more accessible in the future via the group's sales channels and through customer contact for the benefit of the customer and operator alike.



Hotel Arctic

Hotel Arctic consists of a four-star hotel with five-star conference facilities located in Ilulissat, which is the town with the highest number of tourists in Greenland. The hotel had 97 rooms and 60 full-time employees in 2023. 38% of the guests come from Greenland, 31% from Denmark and the remaining 31% from other countries.

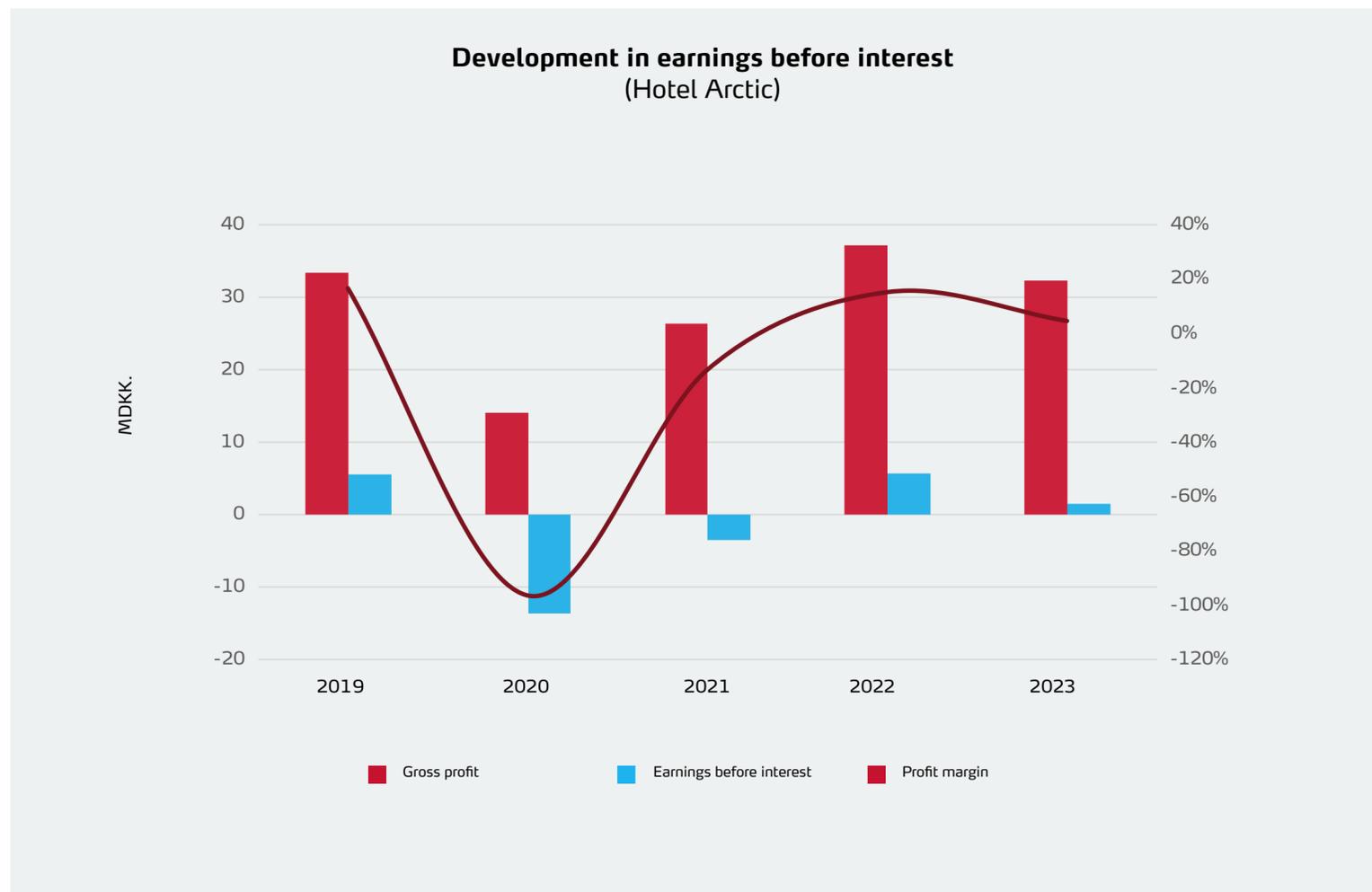
Thanks to its high standard, location and good service, the hotel has managed to maintain its position as one of Greenland's leading hotels. The hotel is constantly striving to improve its service level and standard, with one of its objectives to live up to international standards.

Hotel Arctic prioritizes employment of local labour, including education of said labour, and the 2023 level is satisfactory.

The company has not delivered a satisfactory result in 2023, which is primarily due to too many late cancellations on bookings, as well as the fact that only a very limited number of conferences were held outside Nuuk. Furthermore, there have been periods in which rooms could not be booked due to major refurbishment, which has also increased costs and reduced capacity.

In order to reduce the risk of late cancellations in the future, a wider agent network and more restrictive booking terms and conditions are now being used. An improvement in booking access can already be seen in 2024.

In addition, a clear increase in bookings can be seen through the company's direct sales via its own website, but also via booking.com and expedia.com. In 2023, only a few conferences were held in Ilulissat, whilst the majority were held in Nuuk. Several initiatives have been implemented in an effort to change this.



In 2023, a comprehensive refurbishment of 24 rooms was completed, at the same time as seven so-called Northern Lights huts were built. These huts are produced in Finland, primarily of glass and steel. The huts are particularly attractive during the winter in the Aurora Borealis "season", but can also offer a unique experience in the summer months, and are yet another example of increasing guests' "reason-to-go". By creating more activity outside the high season, other tourist operators can enjoy the chance of work all year round within tourism.

In spring 2024, a further 10 apartments will be opened at the hotel, thus giving Hotel Arctic a total capacity of 107 rooms and 220 beds. The apartments were originally meant to be added in autumn 2022, but owing to the general shortage of housing in Ilulissat, this has not been possible until now.

Conference equipment will also be upgraded in 2024, such that the hotel will continue to be able to fulfil the qualification requirements for a five-star conference hotel. Furthermore, a new restaurant, ULU, and a cocktail-bar will open on the hotel's first floor in the same year. The restaurant will seat around 30 guests, and the concept will be fine dining consisting exclusively of Greenlandic products.

In connection with the establishment of the forthcoming airport, Hotel Arctic has applied to the local authority for a site to build a new three-star hotel with around 160 rooms. If permission is granted, the hotel is expected to be ready to open when the new airport in Ilulissat opens.

It is expected that Hotel Arctic A/S will merge with sister company World of Greenland A/S in 2024, primarily to ensure that it will be able to service customers in a better manner. The names of both companies will be retained as own brands.





World of Greenland

World of Greenland is the primary company whose purpose is to deliver the customer's "reason-to-go". The company is located in Ilulissat and focuses primarily on the sale of adventures around Ilulissat, as well as the company's lodges: Glacier Lodge Eqi, Ilimanaq Lodge and Igloo Lodge.

Igloo Lodge opened in 2019 and is another product that increases "reason-to-go" outside the high season. The product gets good feedback from customers, and has once again experienced growth in 2023.

Ilimanaq Lodge entered into a collaboration with the Faroese two-star Michelin restaurant KOKS in 2023. The lodge is situated in the settlement of Ilimanaq, which lies south of Ilulissat. The unique culinary experience at restaurant KOKS is based on local ingredients and complements the unique experience that the huts give to the visitor. The restaurant engenders plenty of international awareness of Greenland, and it is therefore extremely positive that this collaboration will continue in 2024.

Glacier Lodge Eqi, which is located 1 ½ hours by boat north of Ilulissat, continues to be the most popular lodge to visit. 2023 saw the commencement of an extension with a further nine accommodation units and upgrading of existing units.

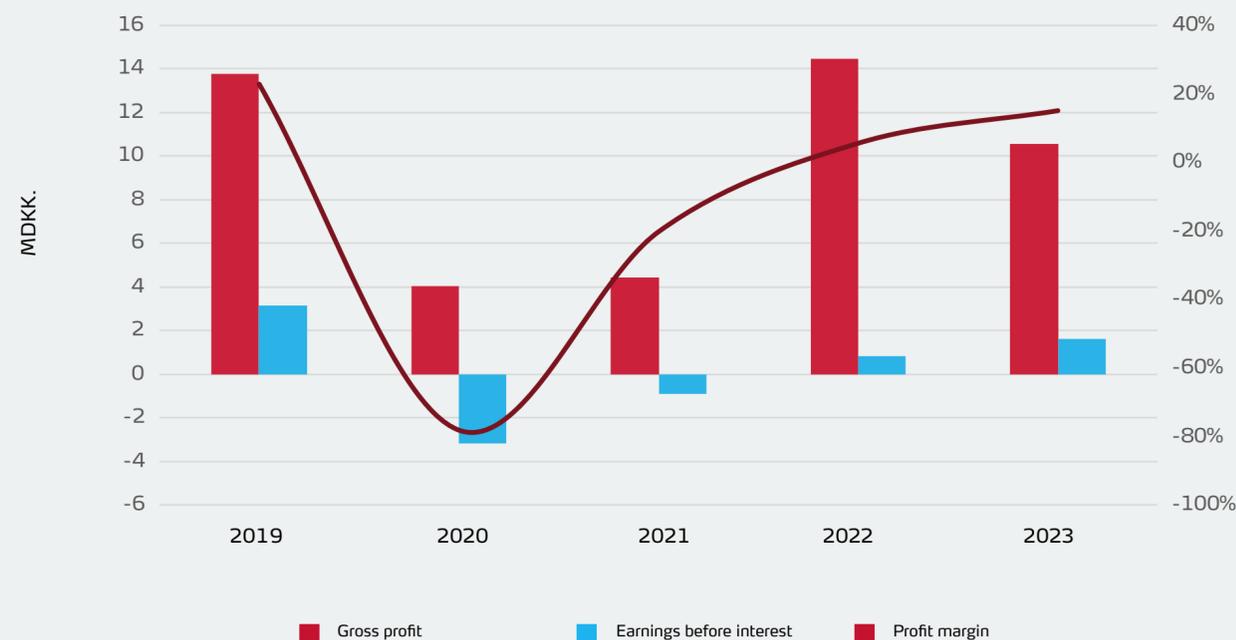
The company has continued to develop collaboration with a large number of local operators in 2023, as well as commencing partnerships with even more. This collaboration helps to ensure satisfied guests and strengthens the business locally.

In 2023, there were 11 permanent employees and 35 seasonal staff. The company has its focus on local roots, also with regard to personnel. World of Greenland is striving to increase the number of local guides, and is working with educational institutions in Greenland to achieve this.

The company has returned a lower gross profit in 2023 than in 2022, which can be attributed to the fact that the pent-up need to travel after Covid-19 was extraordinary in 2022.

The profit after tax was DKK 0.2 million, against DKK 0.9 million in 2022, and the result is regarded as satisfactory based on the conditions in the market in 2023.

Development in earnings before interest
(World of Greenland)



Norlandair

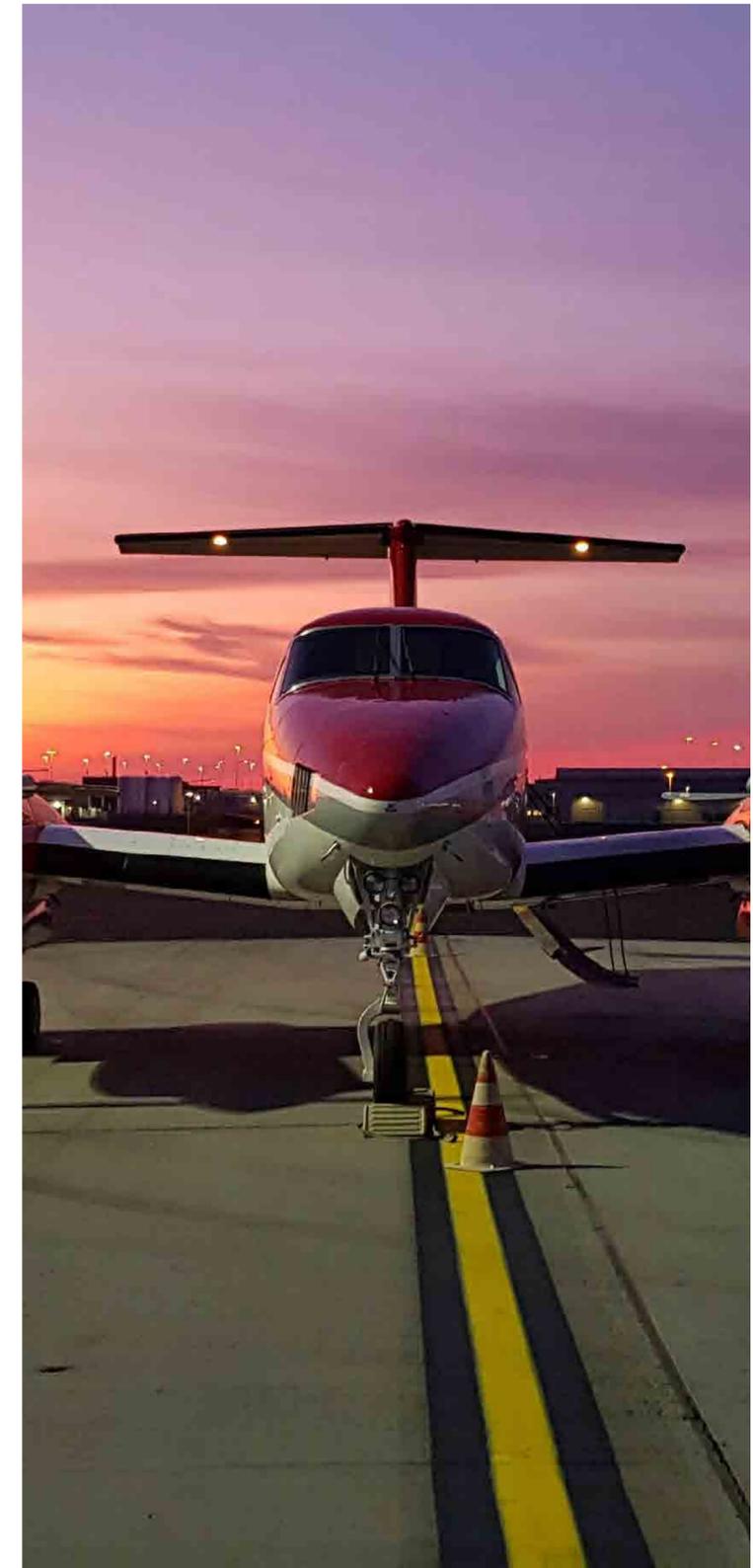
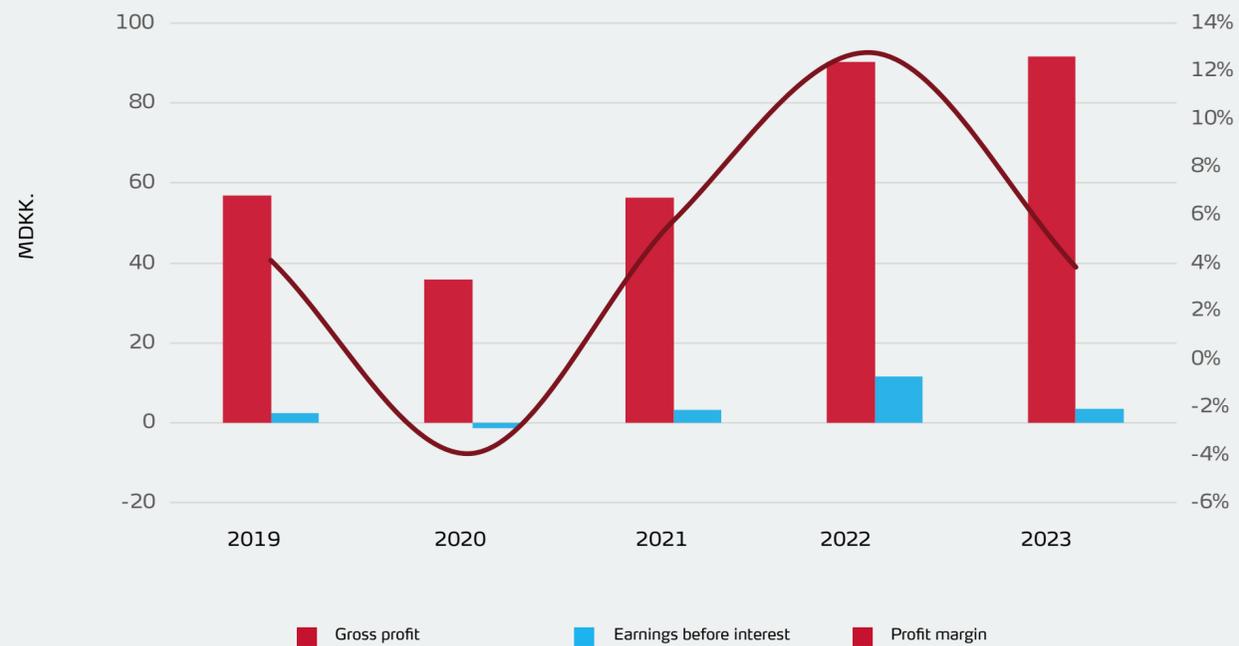
Norlandair is an Icelandic associated company, of which Air Greenland owns a 25.8% share.

The company has its headquarters in Akureyri on Iceland, from where it has charter operations in both East and West Greenland, service contracts between Akureyri and Nerlerit Inat for the Government of Greenland, service contracts and air ambulance flights on Iceland, and other charter flights on Iceland. Flights are operated by Twin Otter and King Air aircraft.

The company has around 25 full-time employees and collaborates with Air Greenland when there are special charter operations in Greenland that require close coordination.

The company has delivered a satisfactory result in spite of falling earnings, due in large part to the after-effects of Covid-19. The company remains a market leader in northern Iceland, but also within its segment, which requires Twin Otter aircraft.

Development in earnings before interest
(Norlandair)





Sustainability Report

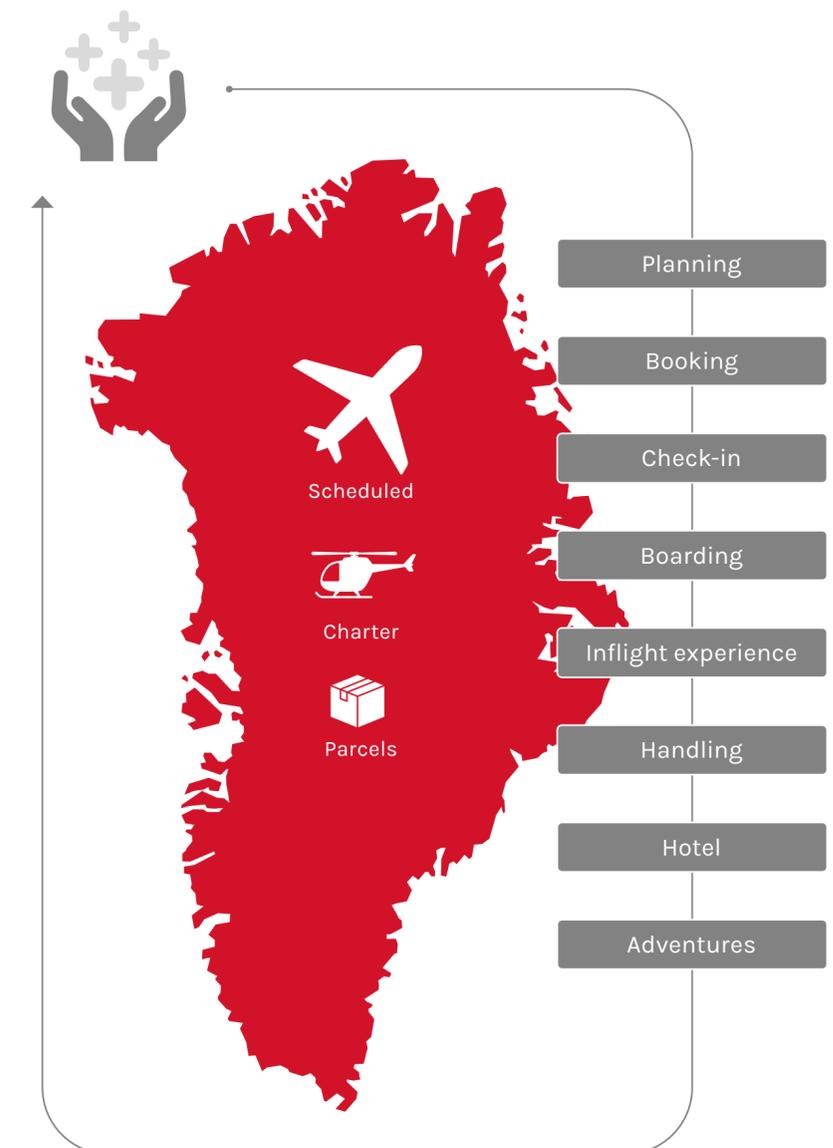
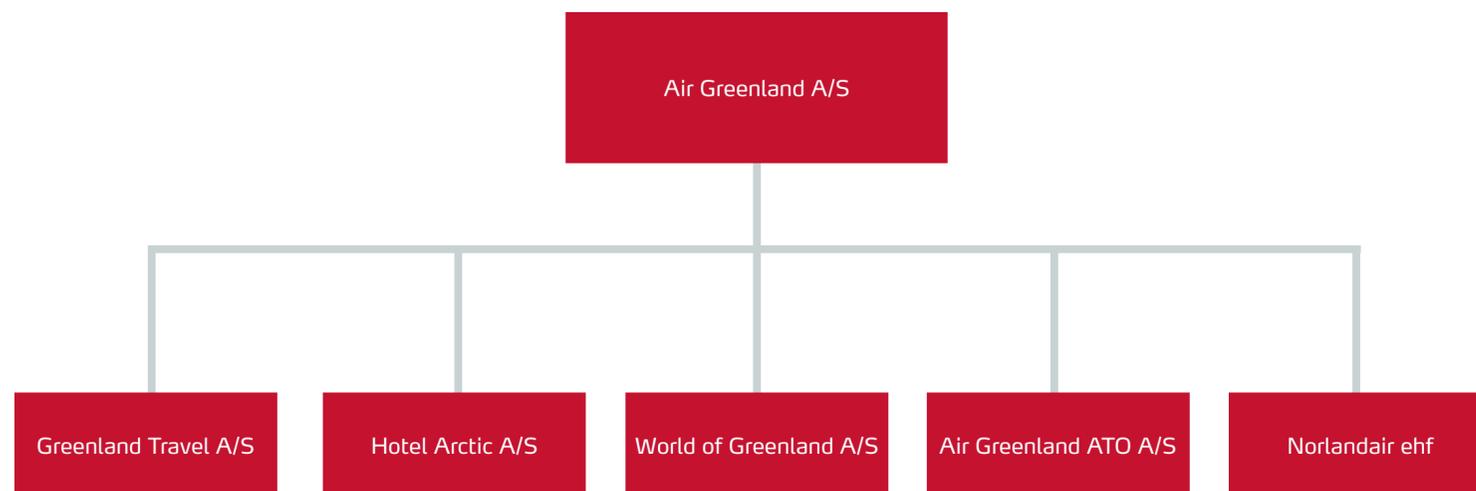
Air Greenland's sustainability journey

The Air Greenland group is present in every aspect of the journey. Our involvement in the value chain contributes to a development in tourism which also creates local jobs.

We are 100-percent owned by the Government of Greenland and are proud to support the needs of society. We therefore constantly strive to ensure a reliable infrastructure for the benefit of society.

Air Greenland is an airline, but carries out associated activities and contributes to development and growth in the tourism sector through its subsidiaries Greenland Travel, World of Greenland og Hotel Arctic.

The Air Greenland group's business model is described in the Annual Report in the section on "Strategy and financial objectives".



UN Global Compact

The work with UN Global Compact provided a framework to identify which initiatives should form the basis for the strategic work on sustainability. It was identified which impact Air Greenland had on the employees, society and the environment, and what was required to achieve the desired objectives.

In addition to the wish to make a positive difference in these areas, the CSR strategy led to the implementation of policies that ensure compliance with human and employee rights and the fight against corruption, as well as the introduction of procedures for promoting responsible supplier management. Air Greenland reports progress on these initiatives to UN Global Compact every year.

In summer 2023, Air Greenland made the decision to commence preparations for a new sustainability strategy and reporting of said strategy. The decision is based on a paradigm shift with regard to the global sustainability agenda.

Air Greenland's reporting on its sustainability initiatives began after 2010 when it endorsed the UN's sustainability initiative, UN Global Compact. Air Greenland thereby undertook to work with corporate social responsibility, CSR, which involves adhering to the principles of taking responsibility for the company's impact on people and the environment in an ethically, legally and economically sound manner. The principles are still applicable in the sustainability agenda today. However, the increased pressure for more action is a result of greater recognition of the challenges that the world faces with regard to climate change, social inequality and the decline of biodiversity. The world community demands that governments, organizations, businesses and citizens raise their sustainability efforts. This is also evident when the world's leaders and NGOs meet at the annual COP meeting in endeavours to reach agreement as to how the Paris agreement's targets concerning net-zero emissions and sustainable development can be met.

WE SUPPORT



UN Global Compact - The Ten Principles

By taking a holistic approach to sustainability and integrating the Ten Principles into the company's business activities, this prevents the company from focusing exclusively on positive contributions through innovation, philanthropy or protection of interests. This ensures that members of Global Compact also consider their negative impact on other areas and thereby strengthen their sustainability efforts.

Human right

Principle 1: Companies should support and respect the protection of internationally proclaimed human rights within the company's field of interest; and

Principle 2: ensure that they do not contribute to violation of human rights

Employee rights

Principle 3: Companies should uphold the freedom to be organised in unions and acknowledge employees' right to collective bargaining agreements; and

Principle 4: support the eradication of all forms of forced labour; and

Principle 5: support the abolition of child labour; and

Principle 6: eliminate discrimination in working conditions and employment

Climate & environment

Principle 7: Companies should support a prudent approach to environmental challenges; and

Principle 8: take initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and propagation of environmentally friendly technologies

Anti-corruption

Principle 10: Companies should work to combat all forms of corruption, including blackmail and bribery

Sustainable Development Goals

In 2015, the 17 UN Global Goals for sustainable development through to 2030 were adopted. The goals breathed life into the global sustainability agenda, with the goals making up a good reference framework to clarify what is required to achieve a more sustainable, fair and inclusive future.

Dialogue also took place in Air Greenland. In 2016, the employees were invited to take part in an assessment of where they think that Air Greenland has the greatest positive and negative impact, as well as choosing which of the global goals they want Air Greenland to focus its efforts on.

For each of the global goals, a vision has been defined to point Air Greenland in a sustainable direction. This initiative was christened "From Global Goals to Everyday Goals", as a reminder that setting a goal is in itself not sufficient - action also needs to be taken.

Sustainability is integrated into Air Greenland's overall business strategy 2020-2023 in the group's overall vision: "We lift Greenland – We do it sustainably".



Global Goal 4 · Quality education

Our foundation for delivering good experiences

Air Greenland's education and training strategy takes its point of departure in the group and individual employee. The strategy demands commitment and also has an effect on the way we think about education and training. We have a vision to lift Greenland, so our educational initiatives therefore have a wide scope and are carefully targeted at the individual employee, the customer experience and the needs of society. We wish to continue to be an attractive choice for young people who choose to embark on programme of education, and we invest in the long term when developing skills.



Global Goal 9 · Industry, innovation and infrastructure

We wish to have a sustainable and modern fleet

Air Greenland supports innovation and has committed itself to delivering a reliable, robust and sustainable infrastructure of high quality. We are renewing our fleet and striving to increase accessibility in order to support economic development and people's welfare. We will be part of the technological development and introduce digitization where it provides value.



Global Goal 12 · Responsible consumption and production

We contribute to the development of sustainable tourism

The Air Greenland group will enter into partnerships with local operators and contribute to promoting new tourism initiatives that can benefit the local community and the development of sustainable tourism. We also choose to utilize local raw materials to the greatest possible extent and wish to contribute to responsible production.



Global Goal 13 · Climate action

We think and act in an environmentally friendly manner

Air Greenland wishes to contribute to drive environmentally and economically sustainable development. We are well aware that as an airline Air Greenland is responsible for significant emissions of CO₂. We therefore prioritize the areas in which we can reduce CO₂ emission and will continue to raise our level of expertise within projects that improve the environment.



Global Goal 17 · Partnerships for action

We take active responsibility for development of society

The Air Greenland group is a significant player in the development of the country. We have the opportunity to take active responsibility for the positive development of society in close collaboration and partnerships with local entities such as the business community, public authorities and voluntary organizations. We wish to contribute to the creation of more jobs and better opportunities for education and training.

From CSR to ESG

During the period 2016-2021, Air Greenland has published its CSR reports separately, whilst the report on sustainability performance for 2022 was presented in continuation of the financial Annual Report for 2022. This will also be the case for 2023, although with the difference that sustainability performance is presented as in the ESG report structure.

ESG stands for Environment, Social, Governance, and the categories encompass the company's impact on the climate and environmental factors (E), social factors (S) and good business practice and governance factors (G).

Reporting is still based on performance for the non-financial data, which is described earlier under the global goals. It is broken down as follows:

Environment

Comprises the impact on the climate and environment, which is described earlier under Global Goal 9 concerning Industry, Innovation and Infrastructure, Global Goal 12 Responsible Consumption and Production, and Global Goal 13 on Climate Action.

Social

Comprises the impact on society such as sponsorships and partnerships, matters that include employees and rights, Global Goal 4 concerning Quality Education and Global Goal 17 on Partnerships for action, etc.

Governance

Comprises the impact of good governance, policies, risk management, certificates, etc.

Sustainability reporting 2023 is not ESG reporting. For Air Greenland, however, it is a question of following the principles, and to voluntarily develop reporting over time to follow ESG reporting.



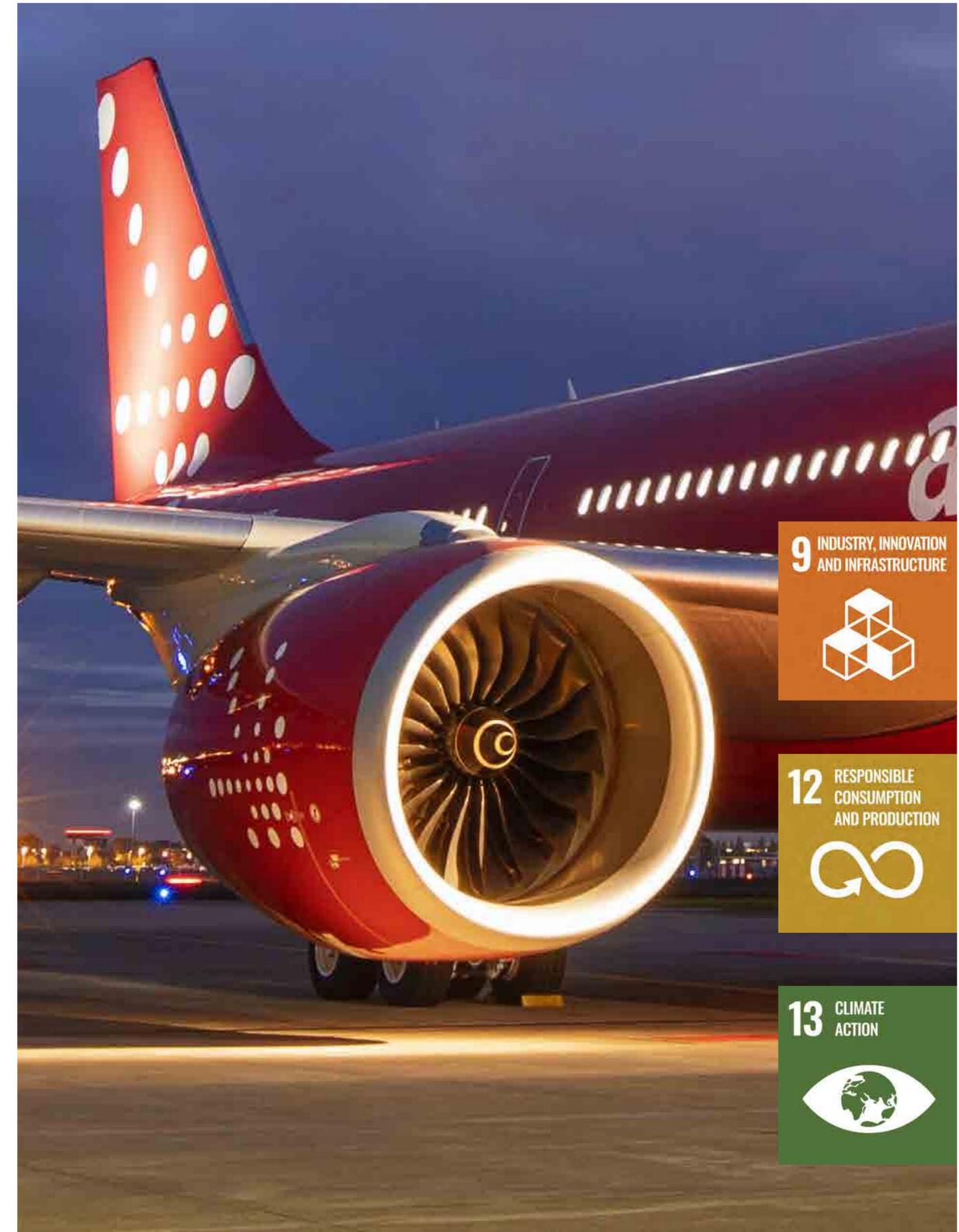
E – Environment

Modernization of the aircraft fleet and focus on aviation fuel will reduce CO2 emissions

The aviation industry has a negative impact on the climate due to the emission of greenhouse gas, CO₂, resulting from the combustion of fossil-based jet fuel. In order to reduce the impact on the climate, the industry has to comply with statutory requirements that will contribute to achieving the UN's climate objective of net-zero emission in 2050.

Air Greenland only has a duty to report its emission of CO₂ on flights within the EU in accordance with the directive relating to the trade of CO₂ quotas, "EU ETS", but has chosen to report Air Greenland's total CO₂ emission and the initiatives that have been put into place to reduce CO₂ emission in its annual sustainability report on page 48.

To the greatest possible extent, Air Greenland will develop and comply with the ESG reporting requirements under European Sustainability Reporting Standards, ESRS, over the coming years. This requires resources and greater efforts to identify (Scope 3) other indirect emissions from the group's entire value chain from 2024 and in the years ahead.



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



Modernization of the fleet

When in 2019 Air Greenland commenced its strategic plan to replace the fleet, it was of great importance that the choice of potential fixed-wing aircraft and helicopters also reflected the environmental performance of the aircraft concerned.

In 2020, a decision was made to replace the 24-year-old Atlantic airliner A330-200, Norsaq, with a brand-new Atlantic airliner, A330-800 neo, Tuukkaq. Two years later, on 19 December 2022, Tuukkaq flew its first commercial flight and took over the Atlantic route Kangerlussuaq – Copenhagen from Norsaq, which flew its final commercial flight on 16 February 2023.

Comparison of the fuel consumption per seat of the two aircraft reveals that Tuukkaq is 22% more fuel efficient than Norsaq. This is due in part to the fact that Tuukkaq has 305 seats, as opposed to 276 seats on Norsaq, but is also because Tuukkaq is fitted with fuel-efficient 7000 Trent Rolls Royce engines.



Greenland is an island community with just under 57,000 inhabitants living in towns and settlements spread across a distance corresponding to the distance from Copenhagen in Denmark to Malta in the southern Mediterranean. There are no roads or railways connecting these settlements. Greenland's infrastructure is two-stringed, divided between maritime and aviation. Both sectors, maritime and aviation, need to undergo a green transition if they are to achieve climate neutrality.



Sustainable Aviation Fuel

In the aviation industry, work is being carried out to develop innovative technologies that will contribute to the green transition. One of the initiatives that the aviation industry and the EU regard as an important element in the transition process is the alternative aviation fuel, Sustainable Aviation Fuel, SAF.

The designation SAF comes from the fact that its raw materials stem from biowaste, such as recycled cooking oil and waste products from wood to animals, and that it must be manufactured in a sustainable manner. This is called biobased SAF.

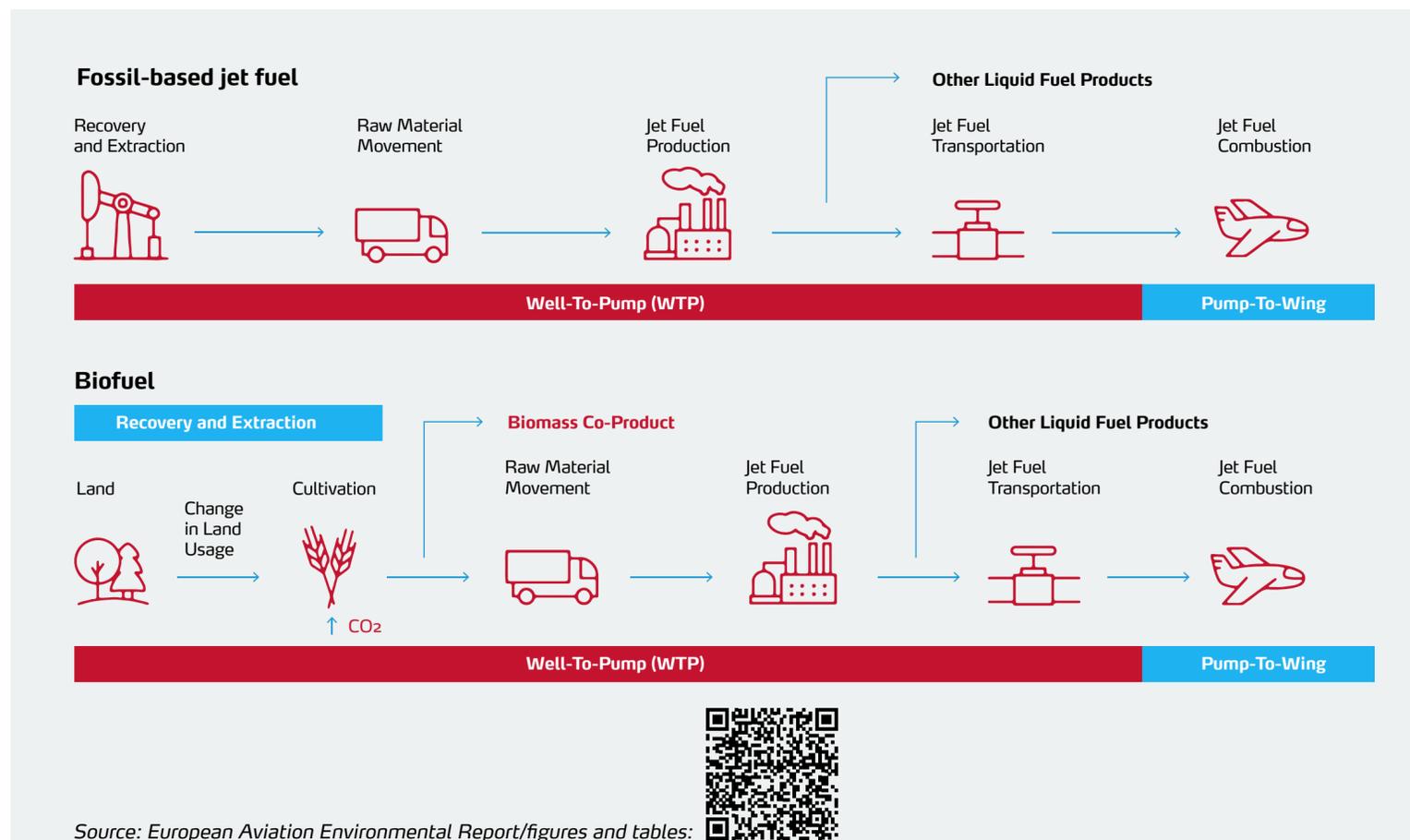
It is regarded as a transitional fuel until another type of synthetic SAF, also called e-fuel or Power-to-X, PtX, can be produced via renewable energy, water and "captured" CO₂. It is expected to be able to be manufactured in large quantities, and thereby meet increasing demand.

It is expected that the establishment of SAF production facilities will increase after the EU Parliament reached a decision on 13 September 2023 that will force European airports and fuel suppliers to ensure that conventional aviation fuel is blended with 2% SAF from 2025.

Hereinafter, the proportion of SAF will increase every five years to 6% in 2030, 20% in 2035, 34% in 2040, 42% in 2045 and 70% in 2050.

The EU regulation also implements a labelling scheme from 2025, whereby an aircraft's environmental performance must state the expected carbon footprint per passenger and expected carbon efficiency per flown kilometre.

The labelling scheme is designed to increase passenger awareness of the carbon footprint that the flight leaves in the atmosphere.



Historic agreement

As a means of going a step further to reduce its carbon footprint, Air Greenland decided to purchase 5% SAF blend of the total fuel consumption on the company's new A330-800 neo on the route between Copenhagen and Greenland.

This has proved to be a visionary decision, as the conclusion of a single year agreement with fuel supplier DCC & Shell Aviation was historic. No other airlines in Europe had committed themselves to purchasing such a high SAF blend of 5% as early as in 2023.

The agreement was the overriding reason why Copenhagen Airport introduced SAF into its fuel infrastructure, which was formally celebrated on Thursday 16th March 2023. Air Greenland's initiative was duly noted, not only in the aviation industry in Denmark, but also in the rest of the world at large. Tuukkaq was fuelled and took off from Copenhagen Airport with 5% SAF in its tanks.

However, it was not the only aircraft that was fuelled with SAF in its tanks. When an airline buys SAF, it is mixed with conventional jet fuel, Jet A1, and is pumped into the airport's fuel tanks.

Other aircraft thus also receive a share of the SAF blend when being refuelled in Copenhagen, thereby reducing CO2 emission. Air Greenland can then claim the CO2 reduction when reporting for 2023.

SAF must live up to international sustainability criteria specified by UN agency ICAO - the International Civil Aviation Organization – and must be certified in accordance with "CORSIA Approved Sustainability Certification Schemes" or CORSIA SAF before an airline can claim a reduction in the emission of CO2 in its report.



TV2 News provided live coverage of the event at Copenhagen Airport, where Tuukkaq was also fuelled with a blend of SAF.

New approach to SAF

Whilst work is being carried out on the technological development that will enable the aviation industry to embrace the green transition in earnest, many years may go by before Air Greenland's remaining aircraft and helicopter fleet can be fuelled with SAF in Greenland: the fuel infrastructure is not ready, and the price of SAF is too high. Production cannot keep up with demand.

The high price is also an important factor which Air Greenland considered when evaluating its SAF initiative for 2023. Although the table clearly shows that 5% SAF has reduced CO2 emissions, the price and the commercial value of the initiative must reflect the economic investment.

The message concerning the excellent properties of SAF has also proved to be more difficult to communicate to the wider public than expected. The production process is complicated and varies depending on whether biobased SAF is used, and which raw materials are involved in the process. Or whether it involves the production of synthetic SAF. It is not only Air Greenland that has found that it has been difficult to get the message across concerning SAF's excellent properties.

The MissionGreenFuels initiative, which is funded by Innovation Denmark, supports projects that are designed to develop fuels that can be used in the green transition, including a project involving SAF aviation fuel. The project, in which Air Greenland is a partner, will investigate the attitudes that Danish and Greenlandic stakeholders, airlines at Copenhagen airport and passengers have towards SAF.

The project is run by the Department of Technology, Management and Economics at the Technical University of Denmark, DTU, with the project period running from 1 January 2024 until 31 December 2025.

Air Greenland expects that participation in the project will give a detailed insight into what can support the decision-making process concerning SAF and help to boost communication with regard to its sustainability to passengers and the value chain alike.

In the meantime, Air Greenland has decided to change its approach to SAF by purchasing 1.5 % SAF in 2024 on the basis of Air Greenland's total consumption of jet fuel, which is 0.5 % more than that which is purchased by the major airlines. From 2025, Air Greenland will comply with the industry standard requirement of minimum 2% SAF in relation to the EU's ReFUEL initiative.



Air Greenland CEO, Jacob Nitter Sørensen, and Managing Director at DCC & Shell Aviation Denmark, Ulrik V. Brendstrup, shook hands on the historic deal.

The remainder of the fleet

With regard to domestic operations, work is ongoing with respect to a long-term plan to reduce CO2 emissions through to 2050.

The fixed-wing aircraft, Dash-8, which is used domestically, in particular, is not expected to be replaced in the near future.

The runways, which have a length of 799 metres, define the parameters for alternative aircraft types, and today it is only the Dash-8 type that can service all airports on a profitable basis.

The aircraft are, in spite of their age, still functional, but require a greater degree of maintenance. In order to reduce the fuel consumption of fixed-wing aircraft in the domestic network, the flights department launched a project in October 2023 designed to give pilots an insight into how they can enhance the performance of their aircraft such that fuel can be saved.

This takes place through an app. This initiative looks promising, as the data can be used for more detailed reporting and lead to lower fuel consumption on the same parts of the route.

Since 2019, modernization of the fleet has also included the helicopters. An assessment of performance in terms of fuel consumption, range and speed has also been a key factor, along with the economic framework, in relation to the ambition of a more sustainable fleet. In 2023, all seven H155 helicopters were fully implemented and the next type of helicopter, H125, is expected to be put into full operation in 2024.



Tasiilaq, Saturday 22 April 2023, marked the replacement by H155 of the last B212 helicopter in Air Greenland's fleet.



Air Greenland - CO2 emissions	2023	2022	2021	2020	2019
- Aircraft (Scope 1)	72,125	75,227	56,918	50,572	77,126
- Vehicles and ground equipment (Scope 1)	370	380	262	236	320
- Buildings (Scope 2)	2,034	2,037	1,921	2,205	2,226
- Hotel Arctic (Scope 2)	99	92	95	234	212
- Greenland Travel (Scope 2)	34	66	28	33	52
Total parent company	74,529	77,643	53,781	53,013	82,179

Tonnes

Although the number of flying hours of A330-800-neo is higher than for A330-200 in relation to previous years due to increased production, CO2 emission resulting from the combustion of fossil-based aviation fuel has fallen by 3,102 tonnes compared to the previous year.

CO2 emission on vehicles and ground equipment has fallen by 10 tonnes in relation to last year, even though vehicles and ground equipment have driven more in relation to previous years due to higher levels of production.

For Air Greenland's buildings, emissions have fallen by 3 tonnes. CO2 emission for buildings comprises hangars, stations and residential dwellings in Greenland, and comes from electrical heating, oil heating and energy for lighting and ventilation.

Although energy consumption of oil heating has increased at the settlements at which electrical heating is not available from hydropower sources, energy consumption for electrical heating has fallen in relation to previous years.

CO2 emission from Hotel Arctic rose by 7 tonnes in relation to 2022. The reason for this increase should be seen in the number of overnight stays, guests and employees, whilst CO2 emission for energy and heat have risen by a corresponding amount.

CO2 emission for Greenland Travel has been halved in relation to 2022. The reason for this is that business trips for courses and similar, which otherwise should have been held in 2021, were postponed until 2022 due to Covid-19.

The group's emission of CO2 has fallen by 3,114 tonnes in relation to previous years.

CSR indicators

In this year's report, the point of departure is in previous years' overall reporting overview, CSR indicators - environmentally-conscious operation that describes both direct and indirect emission of greenhouse gases (Scope 1 and Scope 2).

Scope 1 – Direct emission

Comprises sources that are owned or controlled by Air Greenland itself. These are emissions that take place through the combustion of fossil fuels.

Scope 2 – Indirect emission

Indirect emission comprises emissions that stem from the consumption of public utility supplies of energy – district heating, electricity, etc., purchased and used by the group and thereby part of the overall impact on the climate. In reporting for 2024 and future years, it is expected that Scope 2 will be specified so that concrete initiatives will be able to be measured.

The acquisition of CO2 emission data in the Air Greenland group 2023 is based on costs from the economy system converted to CO2 emission via use of the Greenhouse Gases Protocol (GHG) and use of local production costs and local CO2 accounts for the production of electricity and heat from Nukissiofiit Annual Report in 2022.

S – Social

Rights, competence development and social responsibility all contribute to sustainable development

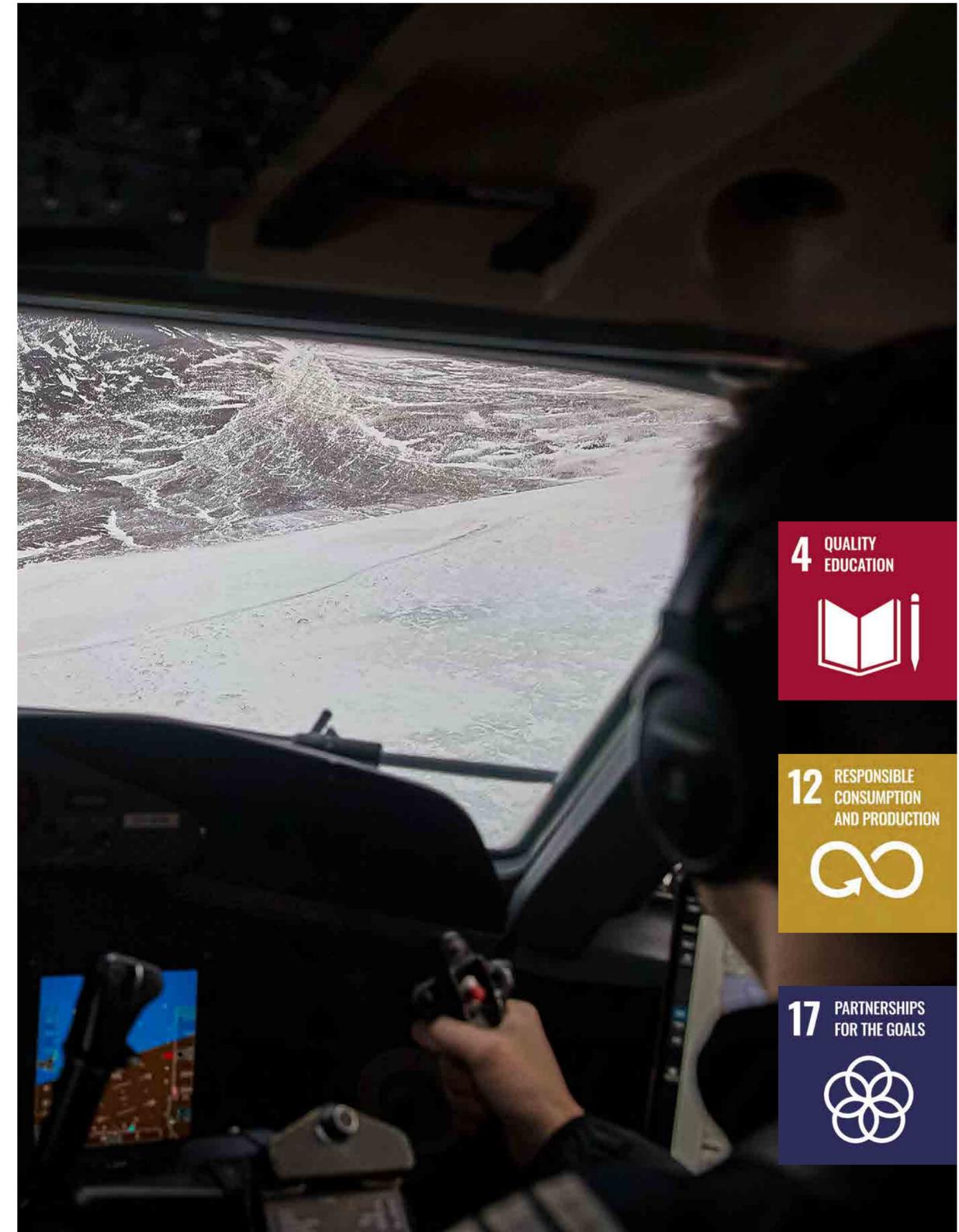
In connection with the drawing up of Air Greenland's first CSR strategy in 2009, the company's impact on social conditions was identified. The employees and other stakeholders were consulted in an effort to map out the risk factors in the different areas, as a result of which objectives were laid out that evolved into action plans and concrete actions.

Policies were drawn up that were aimed at safeguarding the employees' rights, a good working environment and improved safety.

Own workforce

Air Greenland's greatest asset is its employees, whose knowledge, experience and commitment make up the foundation for lifting Greenland by connecting the country internally and with the outside world. Running flying operations requires specialists to perform the necessary functions in an efficient and safe manner.

Some employees undergo competence development, also after completing a programme of education, whilst others have to maintain certificates in order to carry out their job. It is very important to Air Greenland that the employees are satisfied at work, as this will contribute to the goal of being an attractive place of work, which will in turn aid the recruitment of new employees.



4 QUALITY EDUCATION



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



17 PARTNERSHIPS FOR THE GOALS





Employee satisfaction

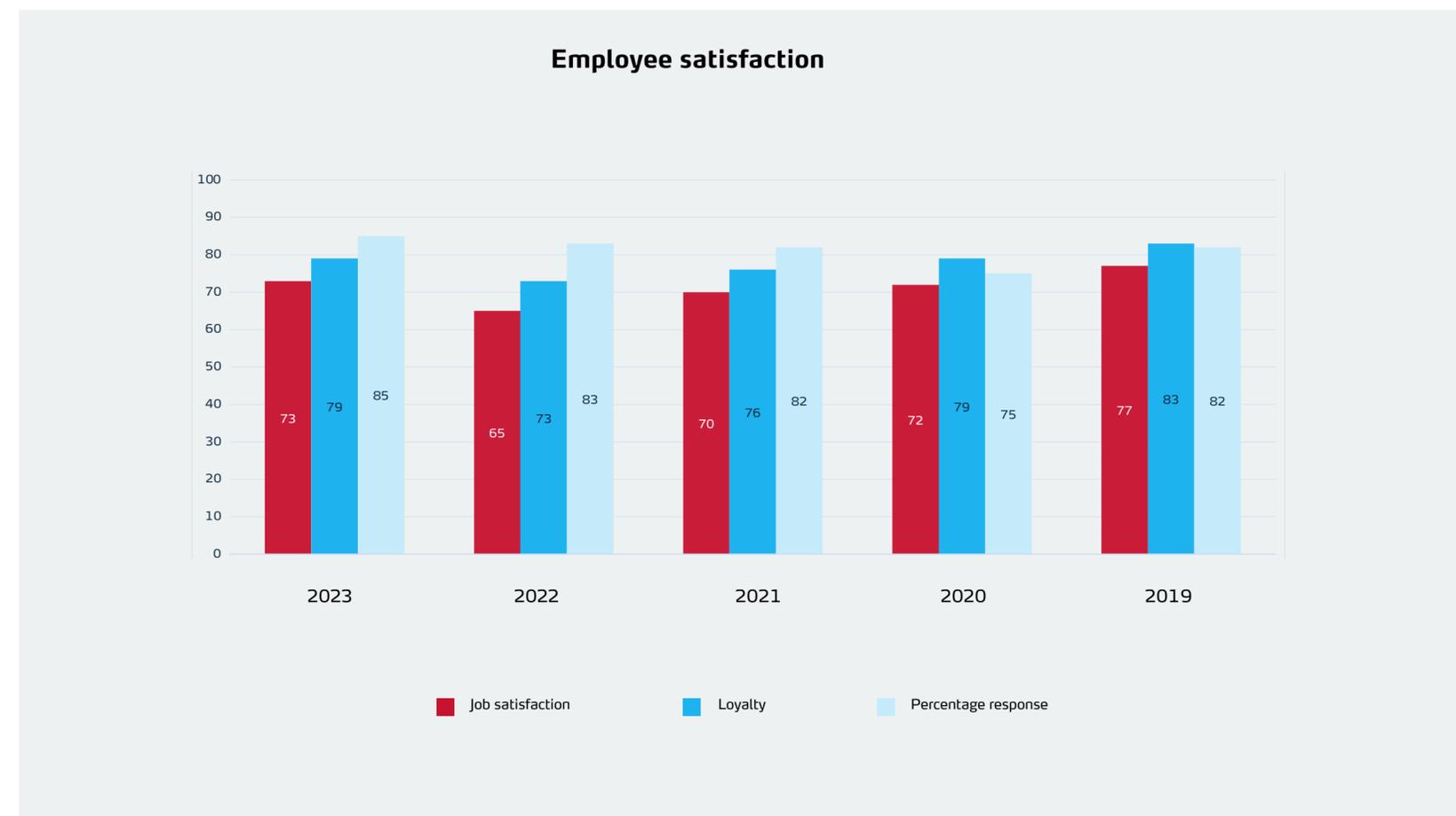
Each year, a job satisfaction survey is carried out, which provides an indication of the employees' job satisfaction and loyalty. In 2023, 460 responded to the survey, which corresponds to a record-high 85 %. The result showed a marked increase in job satisfaction, with a score of 73, as opposed to a score of 64 the previous year.

Loyalty to the workplace has returned to the 2020 level, with a score of 79, having dropped to 73 in 2022.

The improvement of the job satisfaction result can be attributed to several initiatives, including the objective of creating stable operation by adding greater aircraft capacity and more employees. Another measure that was implemented was to ensure special focus on action plans in those departments where job satisfaction had declined.

Job satisfaction declined during the period 2020-2022, particularly after Covid-19. One of the reasons for this is that flying operations in 2020 and 2021 were limited to maintaining critical infrastructure, whereby Air Greenland had to adapt its capacity in 2020 and cut 60 jobs. In 2023, the number of full-time employees was 561, whereas the figure was just 511 in 2020.

Furthermore, the results of the job satisfaction survey in 2023 indicated an improvement in relation to questions on "collaboration" and "job content", which is a positive sign that the job culture and commitment amongst employees has been strengthened. Another indication of a positive development amongst the employees is the fall in absence due to illness by almost 1.4 percentage points from 5.6% in 2022 to 4.2 % in 2023.



Fewer industrial accidents

There has also been a fall in the number of industrial accidents seen in relation to 2022, where accidents and near-misses are registered centrally in the HR department.

The topic is a fixed item on the agenda in meetings held by the working environment organization and in the Works Council, where employees are encouraged to register absenteeism resulting from either accidents or near-misses. In the latter case, there have not been any significant incidents.

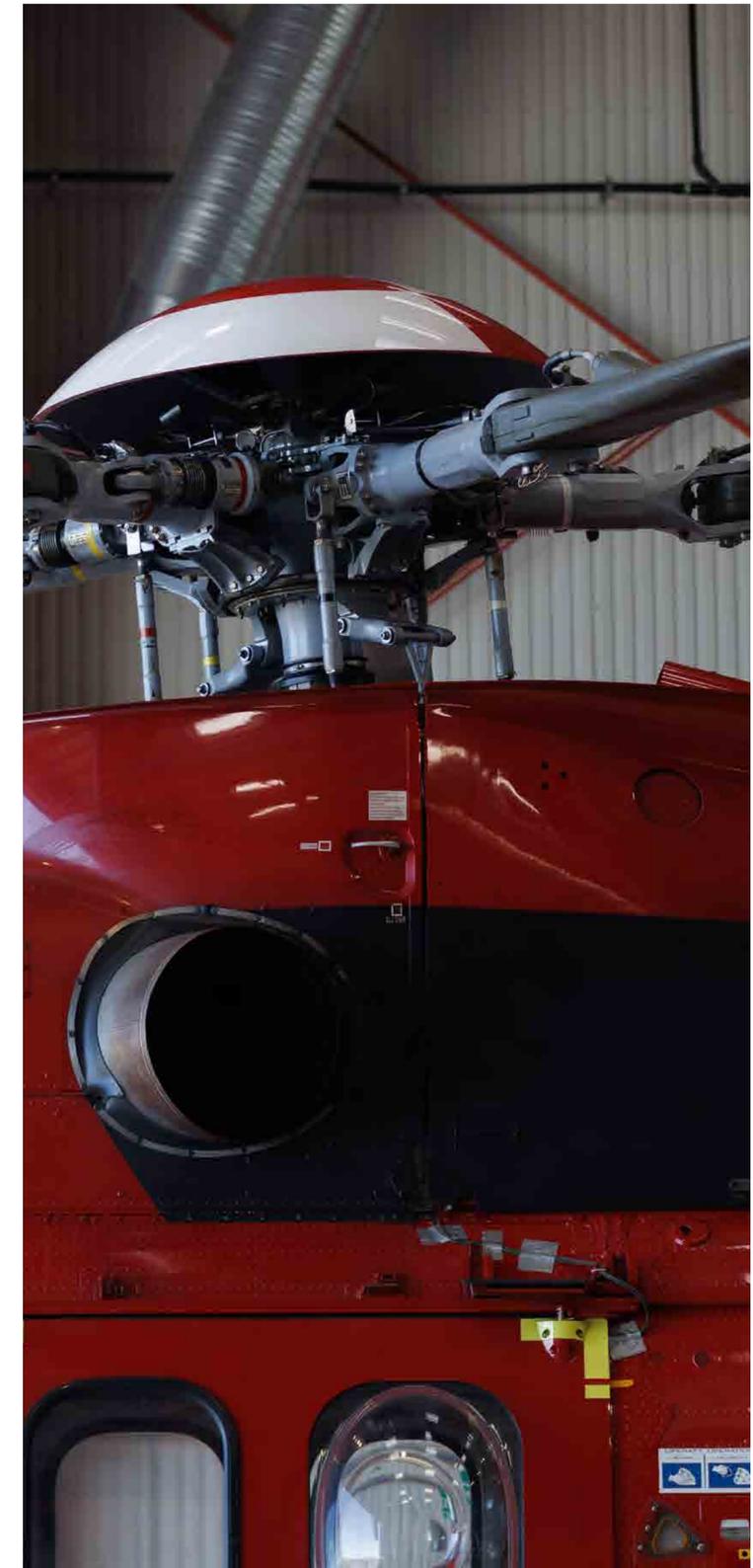
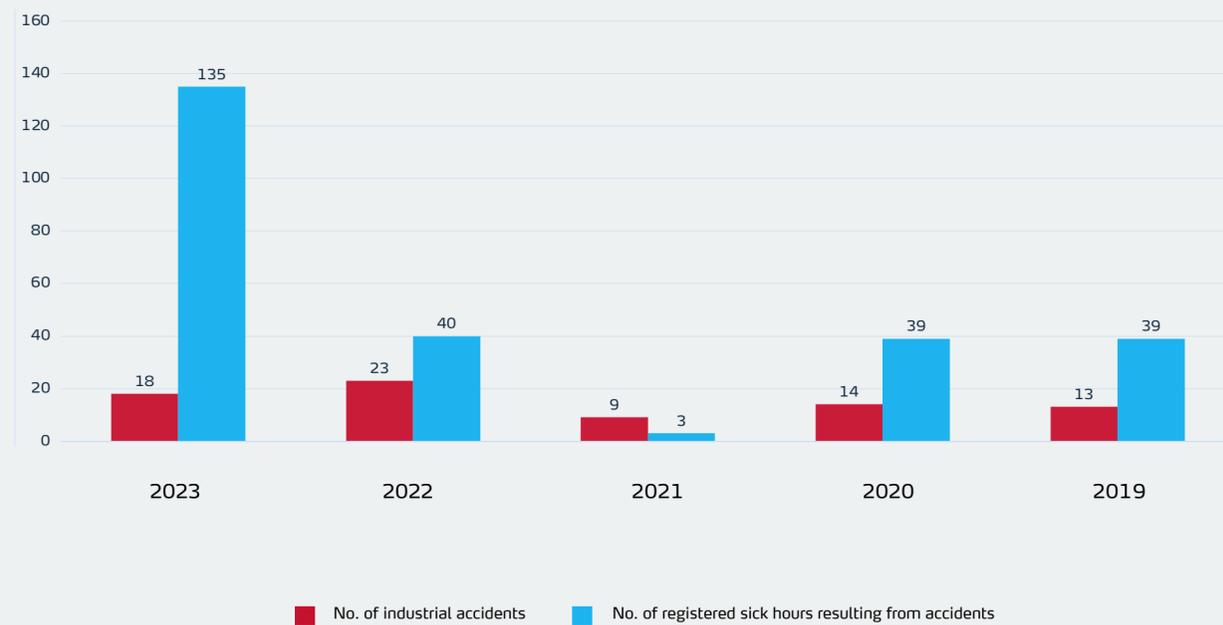
In 2023, there was, however, a significant increase in the number of days of absenteeism as a result of accidents, where two incidents in particular stood out. The first was when a pilot had to be treated after a helicopter was shot at in Narsaq heliport, whilst the other incident involved an employee who suffered a serious injury to his leg and was off work for a prolonged period.

The last time a workplace assessment took place was in 2021. Pursuant to applicable legislation, such workplace assessments must be carried out at least once every three years, unless significant changes take place in production. In 2023, a workplace assessment was carried out on A330neo, Tuukkaq, which was put into service at the end of December 2022, and a follow-up assessment on Tuukkaq will take place in spring 2024.

These smaller local workplace assessments will be carried out in a manner that matches needs.

The management has decided that the workplace assessment will be included in the annual employee satisfaction survey held in October 2024, after which the workplace assessment will be included in the job satisfaction survey every three years, unless significant changes take place in production.

Industrial accidents



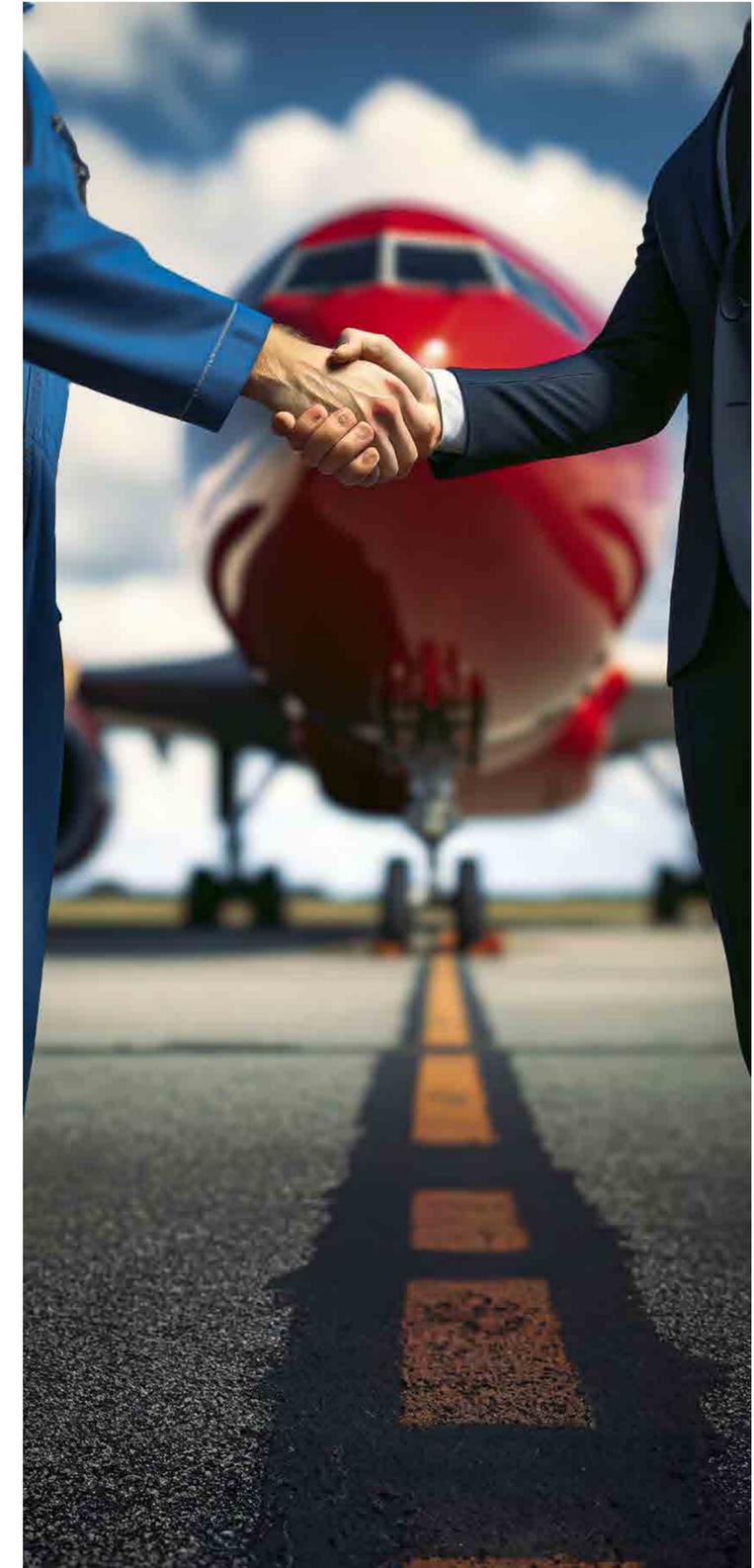
Collective agreements reached

In June 2023, Air Greenland and the flight technicians' union, FIG, entered into a two-year collective agreement under the auspices of the Danish Metal Workers' Union. Agreement was reached after prolonged negotiations that ended in arbitration, after which a potential strike between the parties was called off.

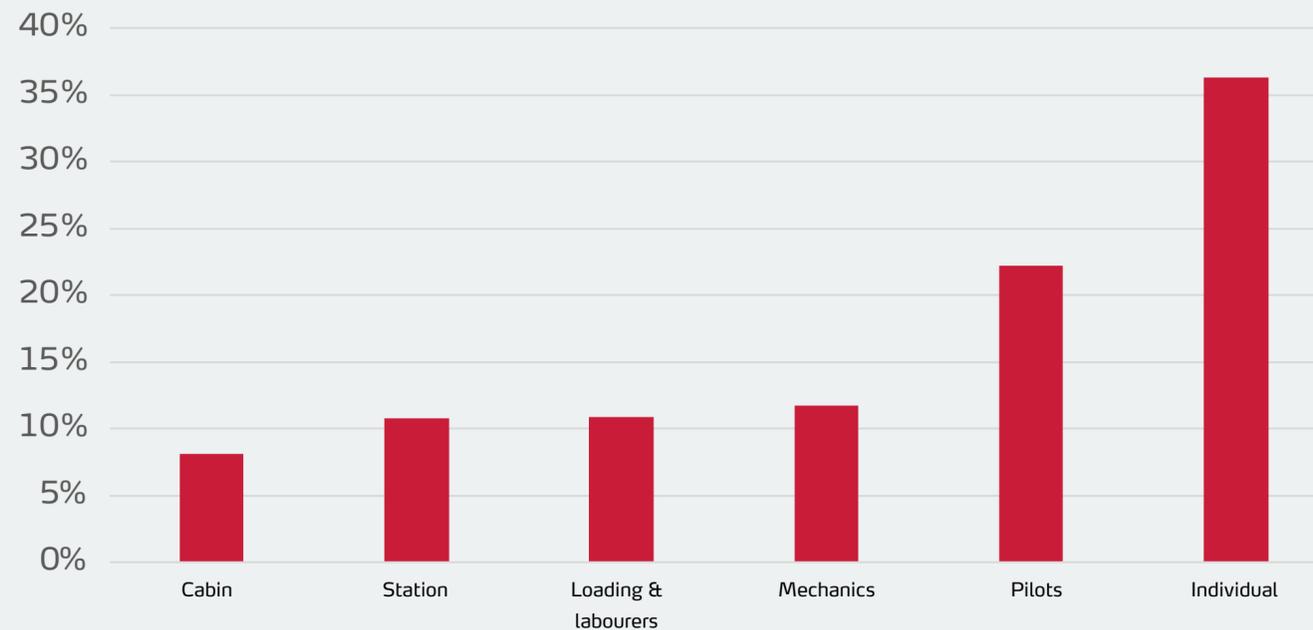
This meant that there was peace and quiet on the collective bargaining front, as Air Greenland had reached agreements with the other five unions in 2022.

Air Greenland negotiates with all union groups, whereas individual employees follow the provisions of the Danish Salaried Employees Act, whilst their interests are looked after by IGIA, an interest group for individual employees in Greenland.

In the Works Council, in which management and employee representatives from the unions meet a couple of times a year, issues concerning collaboration and development possibilities are discussed on a regular basis. There is consensus that the council should also look at how Air Greenland can best approach the future with the prospect of greater competition.



Employees per collective agreement group 2023



Diversity

In recent years, flexible schemes have been introduced whereby the employees have the right to five family days, where they can choose whether to spend the time on their own welfare or on their child/children. Greater flexibility leads to happier employees.

In 2023, the working group on diversity and inclusion that had been set up proposed that parents of the same sex should have the same rights as parents of male and female gender have with regard to maternity/paternity leave and adoption. The group was tasked with looking at current policies. Air Greenland's management approved the proposal, and as such the company's gender equality policy leads the way with openness with regard to diversity.

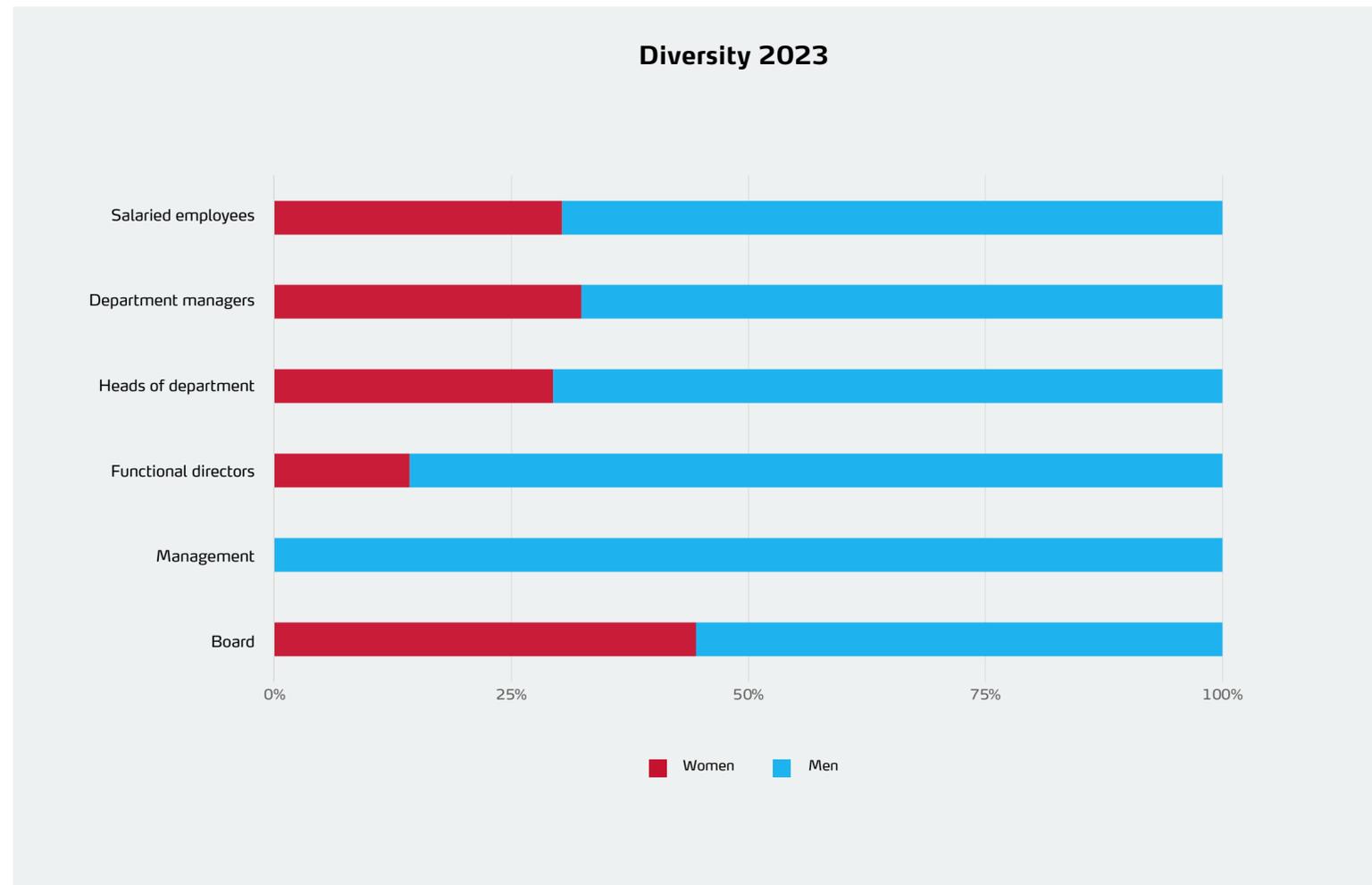
More initiatives, which include gender-neutrality, are expected to be implemented, such as the chance to choose a gender-neutral uniform or where passengers can choose between more preferences when buying flight tickets. At the same time, efforts are also being increased to promote gender diversity in the aviation industry, particularly in management positions.

With a general overrepresentation of men in the aviation industry, the international aviation organization, IATA, is encouraging the industry to promote a diverse and inclusive workforce with the "25-in-25" initiative. Air Greenland already lives up to the ambition of having 25% women in the overall workforce by 2025.

In 2023, the distribution of employees according to gender was 68.8 % men and 31.2 % women, where the percentage of women was greatest amongst salaried positions.

The goal remains, however, to recruit more women for other functions such as pilots, technicians and ground handling. Similarly, there is an ambition for the gender distribution of the underrepresented sex in senior management to be - as a minimum - 60/40 by 2030.

In October 2023, a woman once again gained a place in senior management, with the last time being in 2019. The number of men and women on the board are more or less equal, which thus complies with the shareholder's gender equality policy.





Competence development

Increased focus was applied to competence development of local labour and greater involvement in the community through voluntary work and granting sponsorship to local initiatives throughout the country. This is surveyed at intervals of just a few years in order to ensure continuous momentum for these sustainable efforts.

The most recent survey took place in 2019, which laid the groundwork for sustainability strategy 2020-2023. In this, the global goals from 2015 were further sharpened in the new strategy, which was christened "From Global Goals to Everyday Goals".

The strategy supports Air Greenland's vision for the strategy period:

*We wish to be the natural choice that lifts Greenland.
We will ensure everyday life and create adventures.
We will do this in a sustainable manner.*

In the reporting of 2023, the initiatives are covered by three global goals that can be categorized under S, the social conditions in the ESG reporting structure:

Global Goal 4, Quality education, which focuses on education and competence development.

Global Goal 12, Responsible consumption and production, which focuses on the development of sustainable tourism.

Global Goal 17, Partnership for action, which focuses on innovation and entrepreneurship.

In addition, the CSR initiatives are reported which are aimed at the local communities and Air Greenland's impact on its own workforce, which also belongs under the influence of the social conditions.

Greenland operates with one of Europe's most complicated operating licences (AOC) with an aircraft and helicopter fleet that flies scheduled commercial flights, charter operations, search and rescue actions, air ambulances and maintains critical infrastructure in an area in which weather and infrastructure are often challenging in relation to operations.

It requires highly skilled professionals and a safety culture in the organization to ensure that Air Greenland complies with the international standards and procedures that are regularly audited by the aviation authorities. A great deal of responsibility rests with appointed persons whose role is to ensure that the employees in their respective departments have the necessary and updated skills.

Air Greenland's educational initiatives are therefore highly diverse, depending on the functions concerned. For pilots, there are educational plans and training both in Air Greenland's own helicopter simulators in Nuuk and for pilots in fixed-wing aircraft in Europe. Pilots must pass health checks and have their certificates renewed.

Air Greenland also trains Cabin Crew that follow international standards and are certified by the aviation authorities. Another internal education programme which is exclusively aimed at aviation is the traffic clerk education, which also opens doors to career opportunities in other departments.

In Operations Control Centre, which handles the running of the traffic programme and drawing up of new itineraries in the event of irregularity, special IT systems are used that require great understanding of the correlation between systems.

In the travel bureau, call centre or Network Revenue Management, work takes place in international booking systems that also require ongoing competence development.

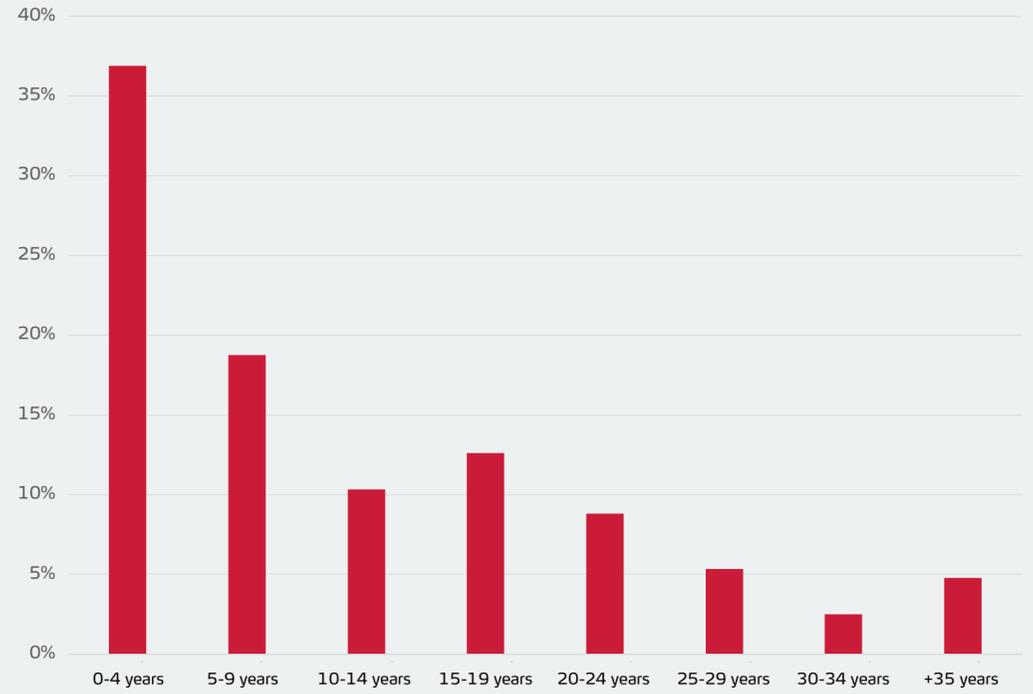
Length of service

The Air Greenland group's education strategy also involves recruiting employees with local roots and qualifying educations. These efforts begin by making the aviation industry exciting for children and youngsters, thus ensuring that the next generation of employees are on their way.

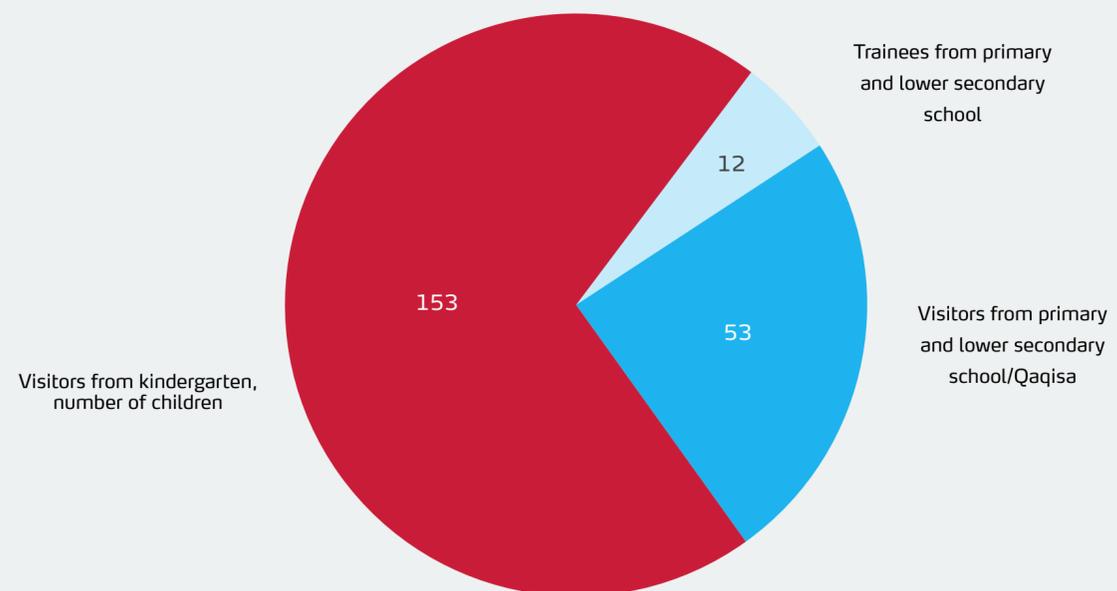
When considering length of service in Air Greenland, it is worth noting that the proportion of employees that have more than 15 years' length of service is high, whilst 5% have more than 35 years of service. We see the same picture at Greenland Travel.



Length of service



Number of visitors



Recruitment via education programmes

With thoughts of the challenge posed by the lack of qualified labour in Greenland, which will also apply in the years ahead, getting young people to begin a course of education is vital. As a result, Air Greenland invites children and young people to visit Air Greenland, and tells them about operations. In 2023, 153 nursery children from eight different kindergartens came to visit. In connection with collaboration between primary and lower secondary school and the business community under the heading of "Qaqisa", 53 schoolchildren visited Air Greenland in Nuuk, whilst 12 lower secondary students embarked on a traineeship.

Every year, Air Greenland throws open its doors on Culture Night, with the enthusiastic involvement of the employees very much laying the foundations for the success of the event. In addition to the many children and young people who visited Air Greenland in 2023, 3,636 people dropped by on Culture Night.

Education

Efforts aimed at the young are designed to ensure that more choose Air Greenland as their place of education, either as a trainee or as an apprentice.

As a means to reaching out to the young locally, Air Greenland participates alongside other businesses in the education "caravan" which visits the biggest towns along the coast.

The other target segment of young people that Air Greenland would also like to reach out to are those who are already in education abroad. Every year, Air Greenland is present at a stand at the Jobs and Careers Fair which is held in Copenhagen and Aarhus in a bid to meet students from Greenland.

These initiatives are designed to help develop the skills of the local workforce. The competition for capable young people is fierce, but the Air Greenland group is also aware that overall it is mainly a question of encouraging more youngsters to embark on a programme of study. When they have qualified and have built up job experience, the opportunities to get a job at Air Greenland are also open.



Air Greenland's chief pilot,
Ove Grødem, and Minister of
Education Aqqaluaq B. Egede

For Air Greenland, it is a question of planning and investing in education and competence development in the long term. It was therefore positive to see that efforts to ensure the addition of more places for commercial pilot candidates have paid off.

In December 2023, Air Greenland and the Government of Greenland reached an agreement to enable two more candidates a year to embark on an education as a commercial pilot. This means that from 2024, six candidates a year will be taken in until 2030 - or 36 pilots in total. The ambition here is for the intake of candidates to have a balanced composition of women and men.

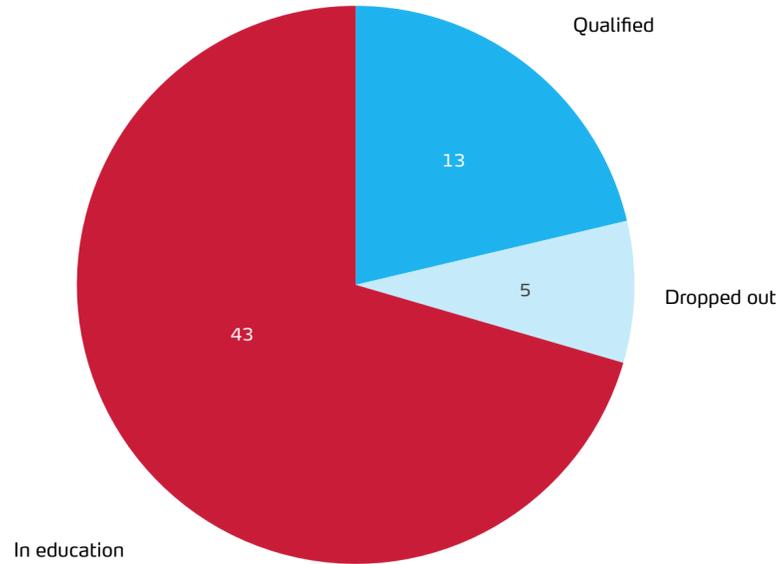
Air Greenland is also aiming to have a higher intake of aircraft technicians to meet the need for technicians in the future. In 2023, all applicants that applied and had the necessary qualifications to begin as an apprentice aircraft technician were awarded a place, thereby increasing the number for this year group from four to six apprentices.

4 QUALITY
EDUCATION

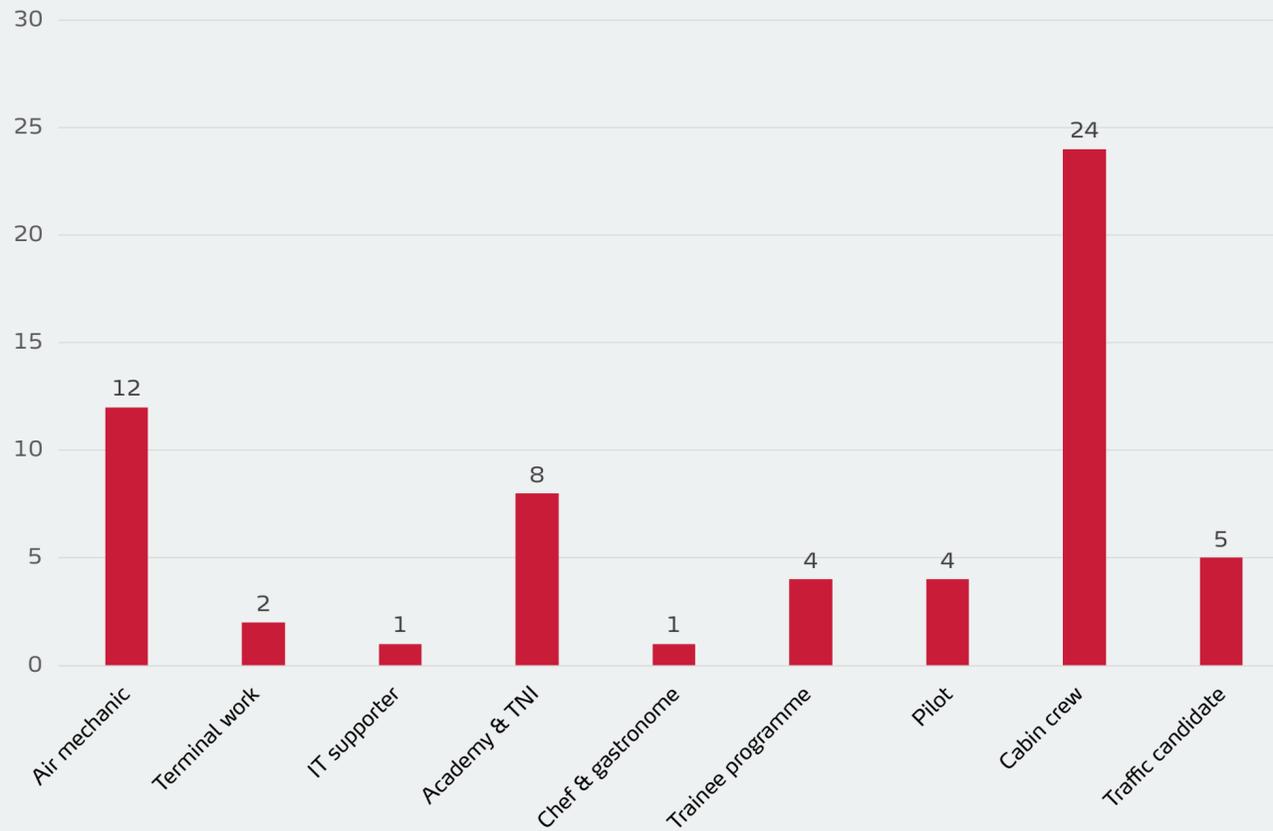


In 2023, there were 61 students following a course of further education, 12 of whom completed their programme of study, whilst 5 dropped out early.

Number of students during the course of 2023



Number of students broken down by education in 2023



Technician Minou Steenholdt-Broberg qualified as an air mechanic in August 2023 and is pictured here with Michael Poulsen, Maintenance Manager Rotor Wing

Together we lift Greenland

As a company with 459,000 travellers a year and occasionally difficult operating conditions, the probability of a trip being delayed or cancelled due to poor weather conditions is relatively high.

When it happens, travellers will find that Air Greenland looks after them by offering meals and accommodation to the extent that this can be done in the vicinity. This is not a standard that other airlines in the world operate with, but with knowledge of the operating conditions in Greenland, it is crucial for the customer to know that this aspect is properly covered prior to departure.

As a traveller, you will find that the employees are used to dealing with sometimes chaotic situations seen from the traveller's perspective. Air Greenland's employees make it a point of honour to find solutions when irregularity occurs.

It is therefore important to acknowledge that employees throughout the organization have busy periods in conjunction with delays.

Costs related to irregularities amounted to DKK 83 million in 2023, against DKK 100 million the previous year, which reflects the fact that a high number of travellers have been stranded for a shorter or longer period due to weather conditions, in particular.

From 28 November 2024, Greenland's infrastructure will change with the opening of the 2,200-metre-long runway in Nuuk International Airport. Nuuk will become the new point of entry to Greenland, and is planned to be supplemented by the opening of the international airports in Ilulissat in 2025 and the regional airport in Qaqortoq in 2026.

These airports will contribute to better accessibility to Greenland and connections to the rest of the world, and thereby also the development of tourism as a key business pillar in the future.

The Air Greenland group's value chain with the airline as its core business therefore has the important task of transporting tourists to different destinations.

In order to support local tourism development, Greenland Travel, which sells trips and adventures to both the domestic market and tourists, has developed a digital sales portal which combines local tour operators' products at a single location.



The initiative is in line with the sustainability strategy "We lift Greenland – We do it sustainably" under the objective of entering into partnerships with local operators and contributing to the promotion of new tourism initiatives.

The Arctic Excursions platform, www.arcticexcursions.com, was published in November 2022 with a limited number of tours, but has been expanded during the course of 2023 with many different products.

These operators are spread all over the country and sell products in the following categories:

1. Boat trips
2. Dogsleds
3. Cultural experiences, such as storytelling or kaffemik
4. Flightseeing
5. Snowmobile trips, ATV, UTV
6. Qajaq trips
7. Guided city walks
8. Hiking in the town or short hikes
9. Extreme hiking
10. Overnight accommodation in the form of huts, camps, tents





In 2023, 70 agreements were entered into with tour operators where there is a focus on ensuring that the tour operator complies with national legislation, regional regulations and a code of conduct. Requirements are stipulated with regard to observing compulsory minimum standards in terms of employment of personnel, hygiene, fire-protection and safety, and that the tour operator must be in possession of all necessary maritime certificates, fire certificates, operating licences, etc.

In addition to having a product insurance, the tour operator is obliged to have the insurances stipulated by law, including third-party insurance, product liability insurance and safety certificates.

It is important to stipulate requirements with respect to the tour operator for reasons of safety and customer rights, which can also be regarded as a stamp of quality of the tour products. Furthermore, it is important to mention that Arctic Excursions facilitates the process with the tour operator and gives advice and guidance, which has also proved to be an important element in terms of product development.

Arctic Excursions contributes to the development of capacity and competence in the tourism industry.

Sponsorships and partnerships

In the overall strategy 2020-2023, Air Greenland's mission, in a metaphorical sense, is to lift Greenland along with others in order to connect each other, culture and nature through the infrastructure and with the rest of the world. The vision is to secure everyday life and create adventures on a sustainable basis

Air Greenland is conscious of its role as a catalyst in the participation of competitors from the world of sport and personalities from the world of culture in both national and international events.

One of the prerequisites for participation in such events is often that those competing have to be flown to and from the locations where the event is held. It is therefore natural that it is in this area that the Air Greenland group's social responsibility comes into its own.

By coordinating flight departures and offering discount schemes to this group of travellers, the group supports the efforts of the volunteers to create healthy and meaningful activities for the benefit of the participants and local communities throughout the country.

Ilik

Air Greenland has a product aimed at clubs and associations where the participants are taking part in sporting and cultural events. The product is called Ilik-travel and discounts of up to 75% can be granted, depending on the time of the trip and how far in advance the event is planned in collaboration with Air Greenland and Greenland Travel.

The earlier the event organizer contacts Air Greenland with a view to organizing the event, the easier it is to plan flights to and from the location where the event is taking place, whilst Ilik-travel is booked through Greenland Travel.

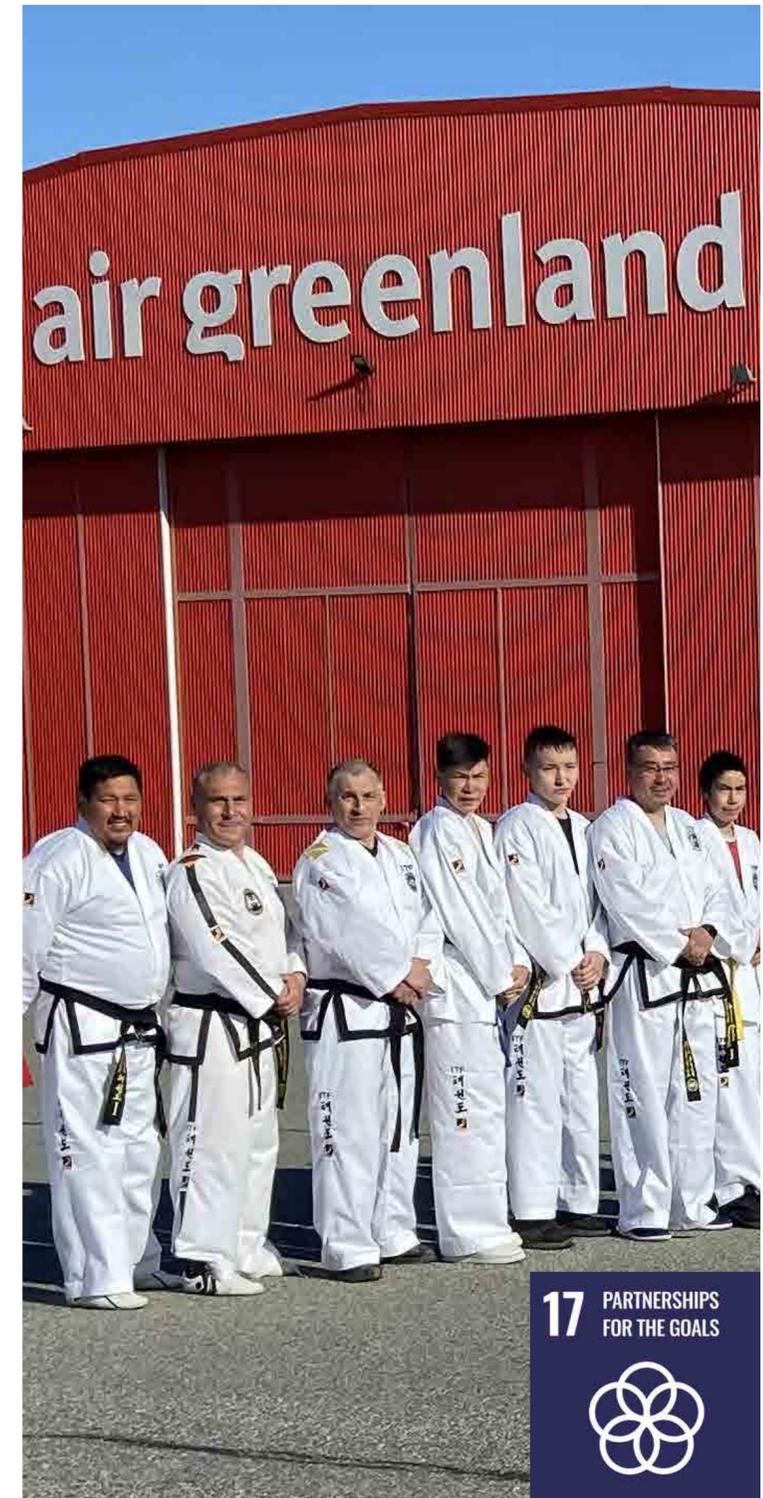
Passengers	2023	2022	2019
ILIK	12,096	7,037	2,577

The clubs and associations that use both Ilik-travel and the chance to get a better discount are often members of sports federations under the auspices of The Sports Federation of Greenland.

In 2023, the number of travellers on an Ilik product increased markedly from previous years. A significant proportion of these travellers are also schoolchildren on study trips.

In 2022, Air Greenland took part in a sports seminar on a "New tournament structure" organized by The Sports Federation of Greenland, in which the airline promoted the Ilik product and the opportunity for a better price and service by coordinating events in good time. One of the sports federations that took advantage of Ilik and planning in good time was the Taekwondo federation, which gathered 169 participants from all along the coast to the championships in Paamiut in October 2023.

A flight programme was set up that took in scheduled flights to and from the different destinations well in advance, so that the participants experienced as little wait between flights as possible. This example can be used by more federations and clubs in the future. Another example could be two federations that work together to host championships in two towns, whereby the flight capacity can be utilized to a greater degree between the two locations, thus enabling a bigger discount to be granted.



Air Greenland's social responsibility also includes covering major sponsorships, such as flying sports competitors to and from the Arctic Winter Games, which was the case in 2023, when Air Greenland flew 113 participants to Wood Buffalo in the state of Alberta in Canada. This was the last time that "Norsaq", Air Greenland's A330-200, carried out the task of flying competitors to the Arctic Winter Games before it was taken out of service in February 2023.

Its successor, A330neo, Tuukkaq, took over its duties, and was given a special task in December 2023, when it flew fans to Stavanger in Norway to cheer on the Greenlandic women's handball team, which was playing in the handball world championships.

The team qualified from the qualification tournament in Nuuk, which Air Greenland also supported as one of the main sponsors of the event in which the women's national teams from the USA, Canada, Cuba, Mexico and Greenland took part. This event showed not just Greenland, but the world at large, that it was possible for a small nation to get to an international final round.



On 11 June 2023, Greenland's women's national team qualified for the world championships in handball.

The women's national team was a great ambassador for Greenland, and their fighting spirit and joy was noticed by the rest of the world.

Participation in the world championships was the ultimate experience that brought the nation together and shows that handball can help to fly the flag at international sporting events, which was also the reason that Air Greenland signed a sponsorship deal with the handball federation, Timersoqatigiit Assammik Arsartartut Kattuffiat, TAAK, for the period 2023 – 2025.

Other sporting events that Air Greenland has contributed to include a chess tournament in East Greenland and a handball school for children, as well as Greenland's Strongest 2023, where the country's strongest man was found.



Air Greenland signed a sponsorship deal with the handball federation, Timersoqatigiit Assammik Arsartartut Kattuffiat, TAAK, for the period 2023 – 2025.



Support for culture and other projects

Air Greenland's sponsorship strategy also involves upholding traditions and creating cohesion in society.

For many years, Air Greenland has been the proud title sponsor of annual dogsled race Avannaata Qimussersua, by flying dogs and dogsled drivers to the competition to be the fastest dog team in North Greenland.

It is a big task to perform and coordinate flights, but Air Greenland's charter division has accumulated a great deal of experience of this particular task over the years.

The motivation for supporting this annual event is to ensure that the knowledge and experience of keeping a dog team made up of the Greenland Dog are maintained and thereby that the number of dogs is maintained.

It is an important tradition that has been handed down for many thousands of years.

The support for cultural events is provided primarily in the form of flight tickets to participants in events, such as the Arctic Sounds music festival in Sisimiut or for participants at the Oscar award ceremony in Hollywood, where the Greenlandic short film "Ivalu" was nominated for an Oscar.

Support for culture also includes flight tickets to the national theatre, Nunatta Isiginnaartitsivia, which also puts on performances out on the coast.

In addition to support for the two major categories - Sport and Culture - there is a third category called Other. This covers smaller sponsorships, which are just as important, as they also help to give a sense of joy and cohesion.

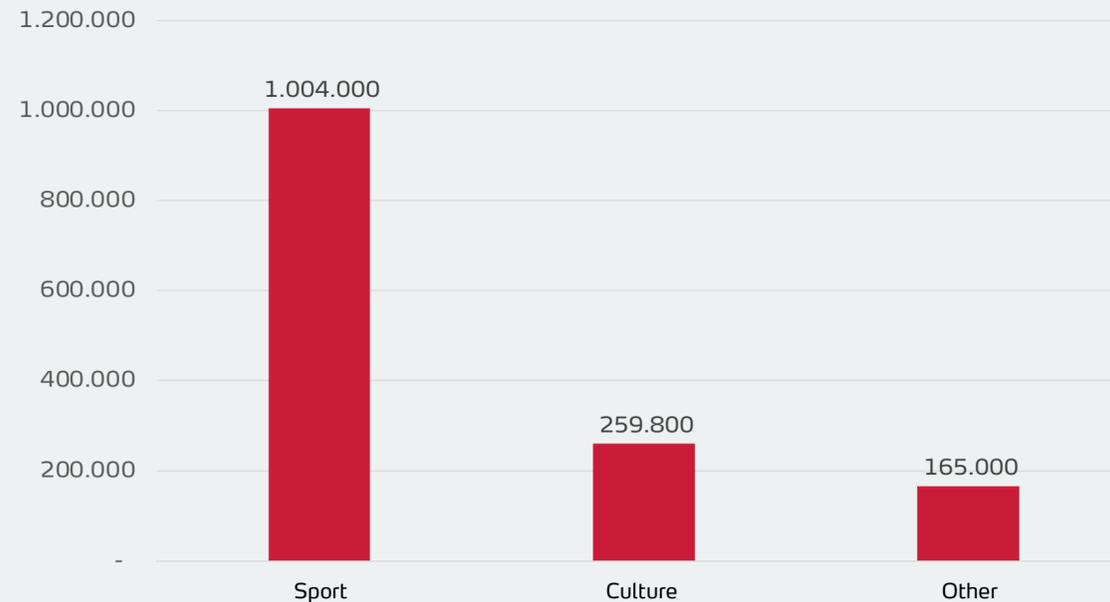


Every year, Air Greenland donates a travel gift voucher to different causes, such as Neriuffik's annual national appeal in the fight against cancer, whilst other travel gift vouchers go to Rotary's Christmas lottery, or financial support to Viska Horses, so that disabled children have the chance to learn to ride on Icelandic horses in Nuuk. This category is very broad, and applications are assessed by the sponsorship committee on an individual basis.

Not including discounts granted in the Ilik product, sponsorships in 2023 had a total value of DKK 1,428,000 and are broken down as follows:



Sponsorships in DKK



Partnerships for action

In addition to the above sponsorships, Air Greenland has entered into a partnership agreement with the Danish Foundation for Entrepreneurship – Young Enterprise, which runs out in 2023. The purpose of the foundation is to develop the skills of schoolchildren within innovation and entrepreneurship through teaching and special courses.

The pupils who come up with the best idea participate in the annual competition, Arsarnerit Inuusuttai, where the pupils compete to qualify for the competition in Denmark.

Through its partnership, Air Greenland is hoping to promote entrepreneurship in young people by enabling them to learn about the process from coming up with the original idea until it is turned into reality.

In 2022, Air Greenland extended its partnership agreement with the national tourist council, Visit Greenland. The agreement aims to support sustainable tourism development by awarding an annual tourism prize to an operator which creates sustainable products with focus on safety, quality, environment, innovation and social responsibility.

The 2023 "Greenland Tourism Award" was presented to Sisimiut Private Boat Safari, which for the last 35 years has sailed and built up a knowledge of the sea and surroundings around Sisimiut. The operator hosts the UNESCO World Heritage Tour in Sisimiut, shows the surrounding settlements and wildlife, and describes the different types of fishing that are practised.

In addition, the operator has carried out voluntary work by clearing up waste in the local environment, both on shore and at sea, prior to the high season. The award is accompanied by a travel gift voucher worth DKK 10,000 from Air Greenland.

The Air Greenland group wishes to carry out these tasks together with others, thus supporting a good cause which spreads like rings on the water to the many places where voluntary forces work to create healthy and meaningful activities for citizens wherever they are.

This support can also act as a catalyst to help create products and jobs, thus creating sustainable societal development in Greenland and thereby a sustainable tourist destination.



Some of the schoolchildren who took part in the annual competition, Arsarnerit Inuusuttai, in Ilulissat in 2023. Here the pupils compete to gain entry to the entrepreneurship competition in Denmark.





G – Governance

We believe in integrity in business

We believe that doing business with integrity, which we base on a general approach to behaving in a proper manner, fulfilling our agreements and being a trustworthy partner in all aspects of what we do.

When we do business with others, there is also an expectation that our suppliers will do the same. In future, our ambition is to ensure this in a more structured manner, including auditing of external suppliers.

We believe that having a clear and honest management structure develops trust on the part of our customers, suppliers, employees and other stakeholders, which in turn contributes to an effective, long-term business. This approach is in our DNA, and it was therefore entirely natural that as the first company in Greenland, Air Greenland became a member of UN Global Compact in 2010.

Responsible business through certificates

Air Greenland, in particular, is subject to several external requirements and certifications, some of which are imposed by the authorities, whilst others are voluntary, driven by a wish to strengthen the business and the existing management structure. Air Greenland's AOC (Air Operator's Certificate) is

one of the most complicated in Europe, due in part to the different operations that are carried out, but also the 6 different types of aircraft that are operated. The Danish Civil Aviation and Railway Authority audits Air Greenland's AOC.

Air Greenland chose to be BARS certified in 2021. The Basic Aviation Risk Standard (BARS) programme is a joint initiative between the Flight Safety Foundation and the mining industry to standardize auditing practice amongst its member organizations, and complies with ISO 9001.

Certification demonstrates the organization's commitment to safety and adds value to the services on offer and is particularly relevant within the mining industry. Air Greenland has maintained its gold certification in 2023.

Air Greenland has been working towards ISO 27001 certification in 2023. Certification covers information security, and this is a conscious prioritization in order to raise the company's IT security, as well as ensuring the security of the customers' data. Air Greenland received its ISO 27001 certificate in April 2024.



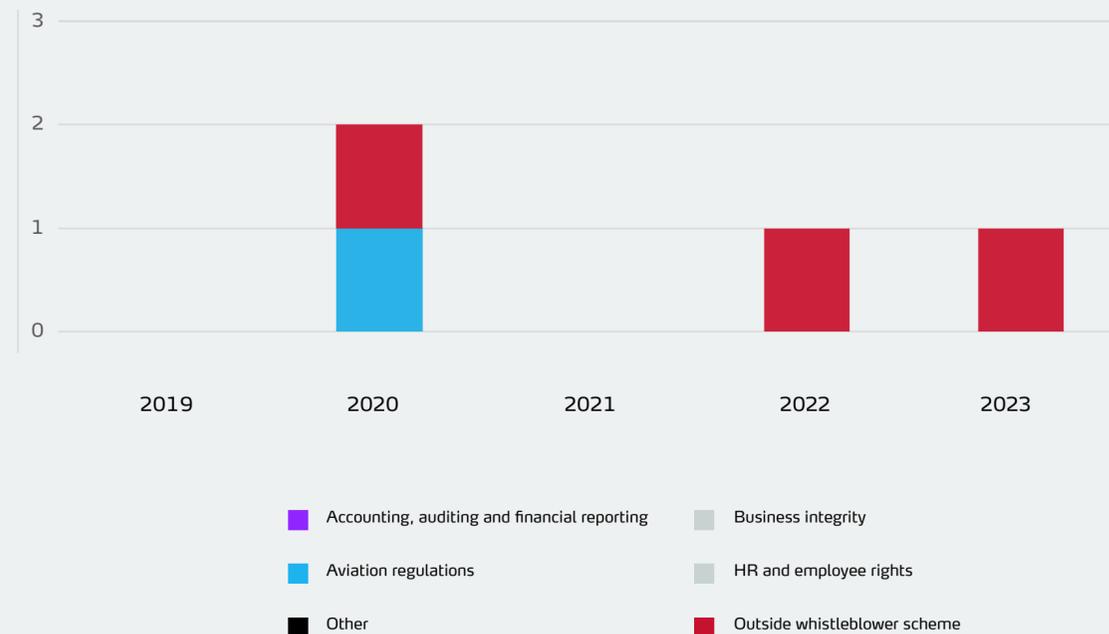
Air Greenland wishes to be IOSA certified, which has been an area of intense focus in 2023. IOSA (IATA Operational Safety Audit) is expected to be achieved in 2024, and is a comprehensive certification which is crucial in terms of being able to increase collaboration with other airlines.

Whistleblower scheme

In 2018, Air Greenland became the first company in Greenland to implement a whistleblower scheme covering the entire group. The programme is available at <https://airgreenland.dk/om-os/whistleblower/> and reports are initially assessed by an external solicitor, who decides whom in the group has to become involved, although it will often be Air Greenland's CHRO, or alternatively Air Greenland's Chairwoman of the Board, who is informed.

Over the years, there have been very few reports, which is deemed to be due to the fact that the group is in general highly accessible to stakeholders, both internal and external.

Whistleblower reports per category



Air Greenland supports and respects compliance with internationally accepted human rights in the company's activities.

The company's set of values, FAKIR, which deals with integrity, responsibility, a fact-based approach and good tone at the workplace, as well as the company's employee policies with focus on equality, safety, education and diversity, is designed to ensure that human rights are observed.

Both the whistleblower scheme and an online safety reporting system give employees access to and the opportunity to express themselves in the event of breaches of rules and policies. Similarly, employees are encouraged to report on any issues to their union or working group for individual employees.

The employee satisfaction survey also gives employees the chance to express attitudes to and opinions on working conditions and job satisfaction.



The company deems that the most significant risk of violating international human rights is outside the Air Greenland group.

In 2024 and the years ahead, Air Greenland will conduct a materiality analysis in accordance with CSRD and ESRS standards, which will cover human rights and corruption both within and outside the group and value chain.

Statement on gender distribution 99b

On the balance sheet in 2023, Air Greenland has equal gender distribution in the senior management body, thus living up to the shareholder's equality policy.

The table reveals that it is in the executive management layer that women are in a minority. In October 2023, a woman once more took up a position in executive management; the last time this occurred was in 2019.

Our ambition is that the gender distribution of the underrepresented sex at the executive management level will as a minimum be 60/40 by 2030.

Gender distribution		2023
Senior management body (board)		
Total number of board members		9
Under-represented sex in percent		44%
Target figure in percent		40%
Other management level (executive management)		
Total number of directors		8
Under-represented sex in percent		13%
Target figure in percent		40%
Target year for fulfilment of target figure		2030

Responsible business through policies

Air Greenland is in the process of rolling out an updated purchasing policy and sanctions policy, in addition to a new code of conduct. The aim for 2024 is to ensure that all relevant employees in the group receive training in the above, and that all new suppliers in 2024 endorse the code of conduct. Furthermore, there will be focus on existing suppliers also endorsing this code of conduct.

Statement on data ethics 99d

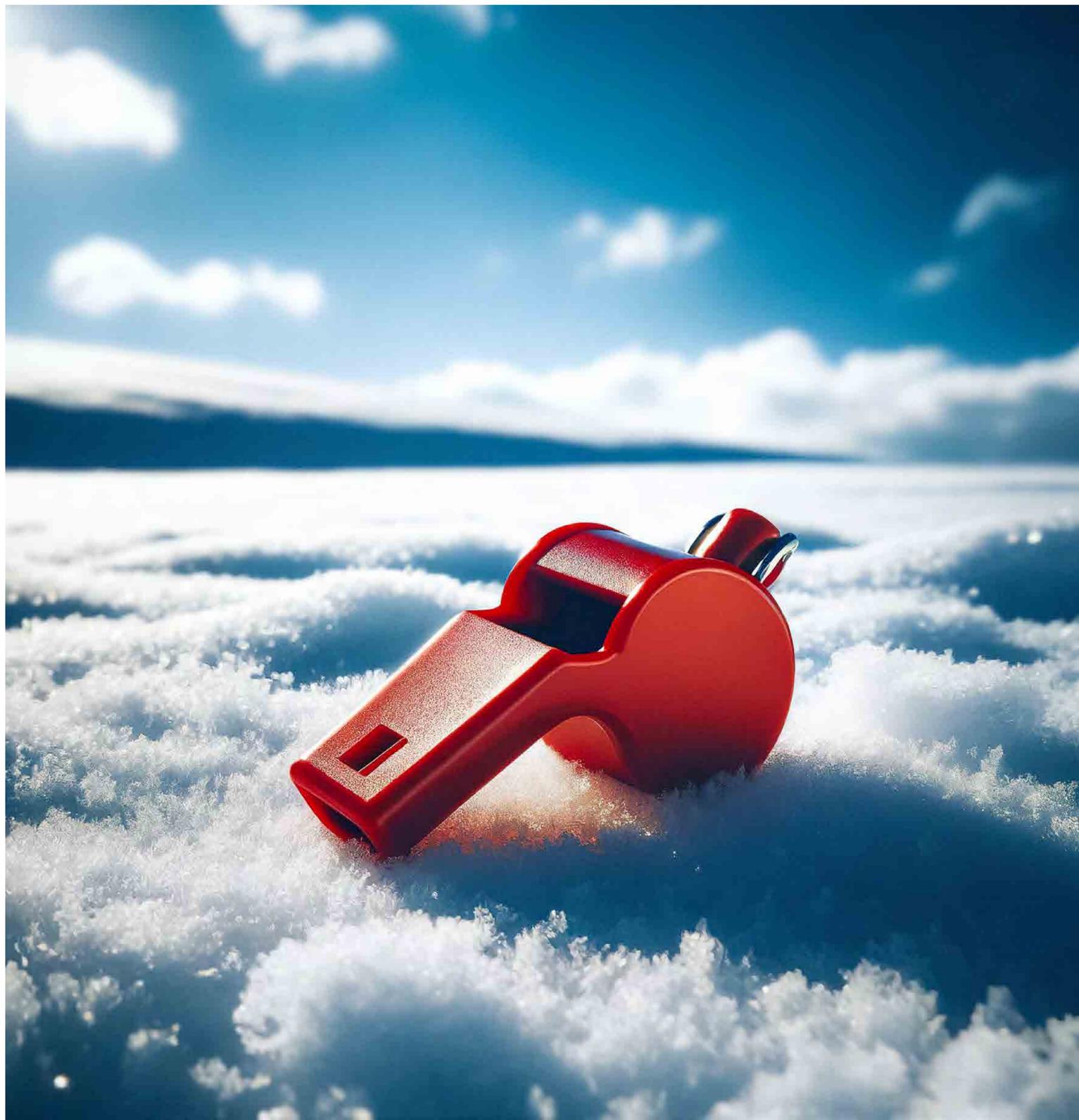
Air Greenland's policies on data ethical questions are included in policies that concern data and privacy protection, such as its policy concerning GDPR.

There is a strong reporting culture at Air Greenland. The employees have online access to a safety management system due to the strict requirements to safety and quality data in the aviation industry. The system is also used for reporting in the event of general breaches of regulations and policies, which is followed up by the functional director concerned.

In 2023, Air Greenland has been working on becoming ISO 27001 certified, which concerns information security, and which is also designed to safeguard our customers' data.

No risks have been identified for violations of a data-ethical nature in the financial year 2023.

In 2024, a risk assessment will be carried out of policies and associated systems in connection with a wish to as far as possible report in accordance with CSRD and ESRS standards for the year 2024.



Internal auditing

Air Greenland places a high priority on safety and supports this focus with a dedicated internal department for Safety and Compliance, which employs 9 members of staff.

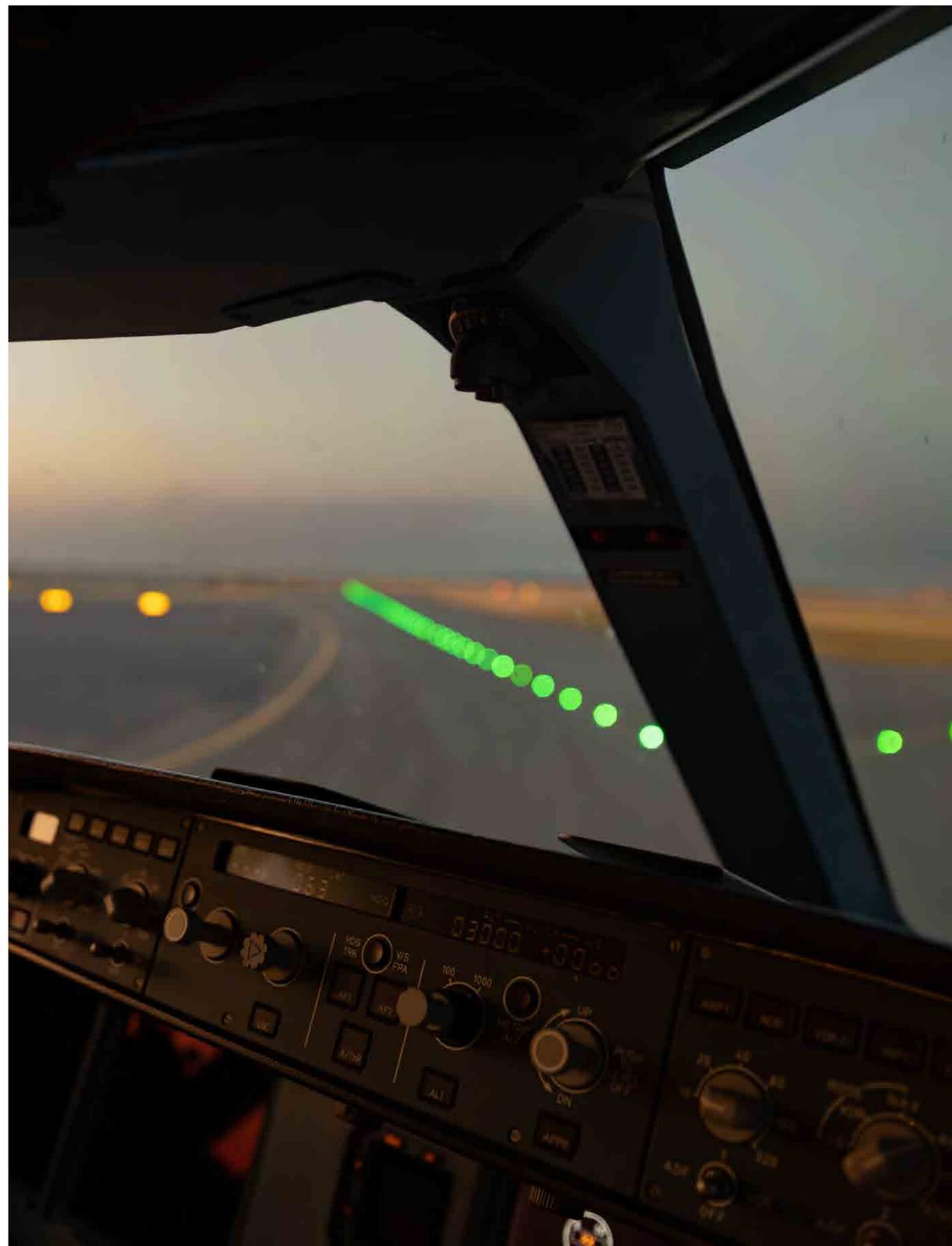
The department's primary task is to ensure compliance with authority requirements concerning aircraft safety, which includes conducting internal and external audits, as well as continuous involvement in the implementation of new safety standards and requirements.

This includes, for example, preparations for fulfilment of the forthcoming IOSA requirements and efforts to raise the internal quality of reporting through learning and focus on quality.

During the course of 2023, a total of almost 190 audits were conducted, of which 35 were external supplier audits within the area of aircraft safety.

This marks a rise in the number of external audits from 25 in 2022. In line with a continued sharp focus on safety and compliance, it is also expected that the number of audits, including external audits, will remain unchanged in 2024.

These continued efforts reflect Air Greenland's unstinted commitment to promoting the standard of safety in all parts of the organization, and thus further boosting confidence amongst passengers, employees and business partners.



ESG reporting in the future

Reporting of sustainability initiatives in 2023 under development

On 1 January 2023, EU legislation relating to the Corporate Sustainability Reporting Directive (CSRD) came into force and thereby the demand for new sustainability reporting for listed companies in Europe.

Companies in Denmark with more than 500 employees that are listed on the stock exchange must report in accordance with the legislation on CSRD from 1 January 2024. The sustainability report must comply with the selected ESG item-specific standards that are described in the European Sustainability Reporting Directive (ESRS).

Greenlandic companies are not subject to this EU legislation, but Air Greenland's sole shareholder, the Government of Greenland, expects that its public limited companies will work to "implement and report on ESG, which covers material non-financial data within environment and climate, social/societal impact and general management of the company."

With reference to the Air Greenland group's size and crucial delivery to critical infrastructure, operations have both positive and negative impacts on environmental, social and societal conditions, whilst the conduct of the company also has significance. It is important to be able to access this data.

Today companies in Air Greenland's value chain are already asking for documentation which will be incorporated into a materiality assessment or reporting in accordance with CSRD legislation. This can be a wish to have an overall calculation of the company in question's carbon footprint on journeys or a wish to have information about how Air Greenland is planning to reduce its CO2 emissions.



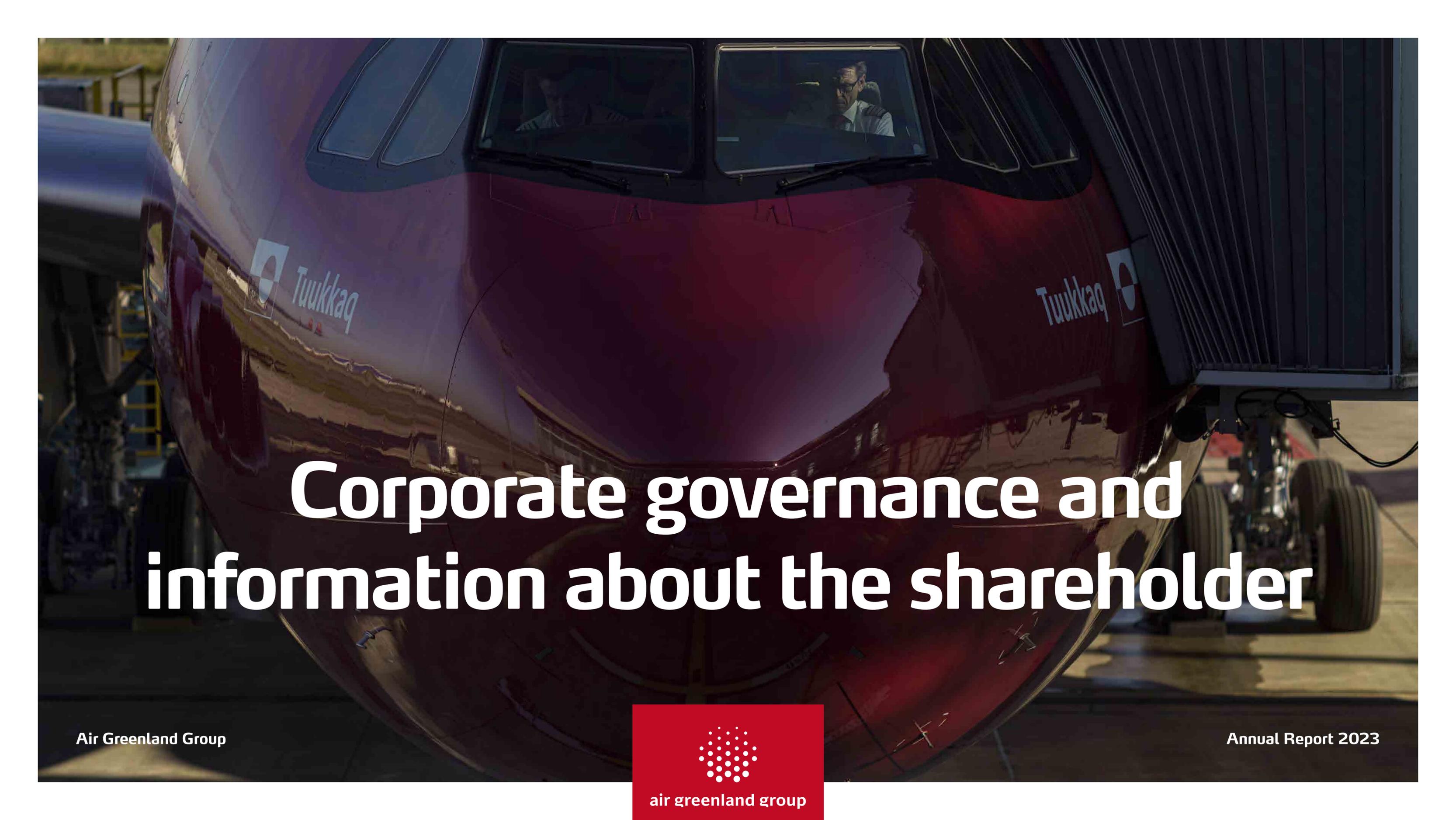
In short, Air Greenland has an interest in developing reporting according to the CSRD standard, which will both identify which areas have a significant impact and also to remain transparent regarding legislation and other frameworks. It is just as important for Air Greenland to produce a sustainability report according to the ESG principles to provide a basis for comparing with other aviation companies, for example.

Air Greenland is therefore gradually aiming to report fully according to the standard and participate in a CSRD programme put together by the consultancy firm Rambøll. In addition to Air Greenland, there are five other Greenlandic companies in the programme, which began in November 2023 and ends in May 2024. The

process with double materiality analysis is underway and will also include Scope 3 across the supply chain.

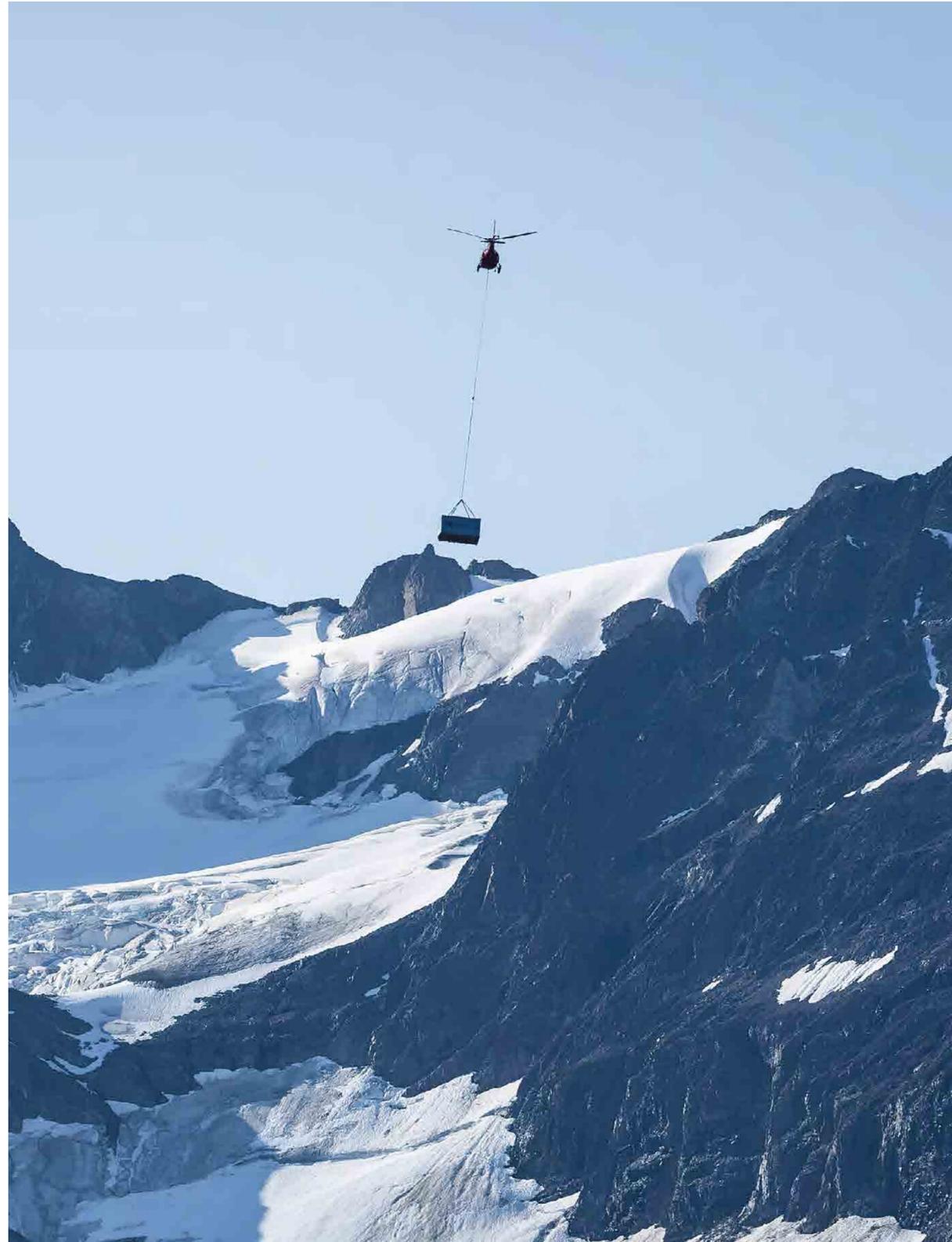
The analysis will form the basis for Air Greenland's sustainability journey and strategy for 2025-2028.

To implement and follow up on the sustainability agenda, Air Greenland's management was expanded with a Chief Sustainability Officer (CSO) from 1 October 2023, who will have a dedicated focus in the area together with a sustainability consultant from 1 January 2024.



Corporate governance and information about the shareholder





Risk management

Air Greenland's risk management strategy is an essential element in the management of the company, and ensures maximizing the return on strategic objectives and priorities.

Risk management is divided into two primary areas:

- flight-safety related risks, dealt with through our approved Safety Management System (SMS) with an Accountable Manager who has ultimate responsibility
- business risks that are incumbent on the board and are dealt with on a day-to-day basis by senior management in consultation with the board's auditing and strategy committee.

Business risks comprise strategic, operational and financial risks.

Risk management process

Our risk management process is dynamic, whereby senior management evaluates business risks every three weeks by reviewing and prioritizing the risk list based on consequence and probability. This process follows internationally acknowledged standards for risk management that include identification, evaluation, processing and reporting of risks.

Material risks in 202

Strategic Risks

New Airports: The forthcoming establishment of new airports in Nuuk, Ilulissat and Qaqortoq represents a significant risk which requires extensive investment and planning in order to adapt our operations to the new circumstances. This change carries with it an investment of around DKK 400 million and leads to new risks, including greater competition and personnel challenges.

Furthermore, Air Greenland's mission is to lift Greenland, which means that the infrastructural tasks dealt with by the company also need to be dealt with in the new infrastructure. This requires thorough preparation and planning, which a number of activities in 2023 contributed to.

Greater competition: The expectation of greater competition, especially on the route between Nuuk and Copenhagen, represents a considerable risk for our income basis, which may have a direct impact on the way in which the domestic network is priced and operated. In order to avoid this, Air Greenland is working proactively on growth strategies and strengthening of our position through attractive timetables, products and greater collaboration with international partners backed up by IOSA certification which is expected to be achieved at the end of 2024.

Operational Risks

Retention of skills in Kangerlussuaq: With the forthcoming changes in relation to Kangerlussuaq's role as a traffic hub, it has been critical to retain key employees in order to ensure stable operation until the transition to the new airport facilities.

Stable operation: Challenges such as a lack of resources, delivery issues and climate change have represented significant operational risks. Initiatives launched in 2023 have to a certain extent alleviated these challenges and improved employee satisfaction.

Financial Risks

Fuel prices: Strategies for hedging against fluctuations in fuel prices have been implemented in accordance with our economic policy, including the use of fuel surcharges.

Liquidity: Considerable investments required by the strategic risks have made careful planning of the company's liquidity needs a necessity, which has resulted in a new loan agreement being entered into at the beginning of 2024.

Currency exposure: With considerable costs in USD, Air Greenland has strategies for currency hedging, drawn up in consultation with our financial advisers.

This comprehensive approach to risk management supports our mission to ensure safe, stable and economically responsible operations, while also navigating in an industry characterized by considerable dynamism and change.



Company management

Management structure

The board defines and oversees the overall vision, strategy and objectives for the group's business activities.

The executive management is responsible for the performance of these activities and for the day-to-day management of the group. It also provides input to and supports the work carried out by the board.

The senior management group in Air Greenland and the managements in the subsidiaries are responsible for management of operational activities, supported by central group functions.

Board of Directors

Composition of the board

The board must consist of three to six members plus three members elected by the employees. The board is elected for a period of one year at a time, whilst the employee-elected members are elected for a period of four years.

At the ordinary general meeting in May 2023, Malene Lynge stepped down from her position after 2 years on the board. Charlotte Pedersen, who took her place, has considerable management experience within strategy, business development, ESG, risk and crisis management.

All board members are regarded as being independent in accordance with the recommendations for corporate governance.

Competences of the board

The board is put together such that the skills of its members are diverse and business-relevant, thus enabling the board to perform its tasks as intended.

The board is put together such that its overall competences as far as possible ensure sufficient knowledge of: Operative and commercial aviation, international commercial experience, strategy, accounting, economy and financing, communication and sustainability, as well as experience of M&A, risk management, IT and HR.

Skills and experience

For a description of the skills and experience of each member, please refer to the following section for the board.

Self-evaluation by the board

Once a year the board evaluates its composition, its competences and how it has performed during the year. Diversity, internal management collaboration, succession planning and strategic focus areas for the year ahead are some of the themes that are evaluated.

The Chairwoman of the Board is responsible for commencing and conducting the evaluation process, which is made up of a mix of questionnaires and interviews. The final result is presented and discussed by the board.

At least once every three years, external advisers are brought in to help conduct the annual self-evaluation. The last time external advisers were used was in 2022. The involvement of external advisers helps to provide an independent perspective on the board's performance and composition.

The board can then use their input to support self-evaluation during the following years.

The 2023 self-evaluation looked at a number of themes - including the board members' composition of competences and insight into areas such as digitization and ESG regulation. The summary report had no reservations with regard to these themes and confirmed that the current composition of the board is adequate.

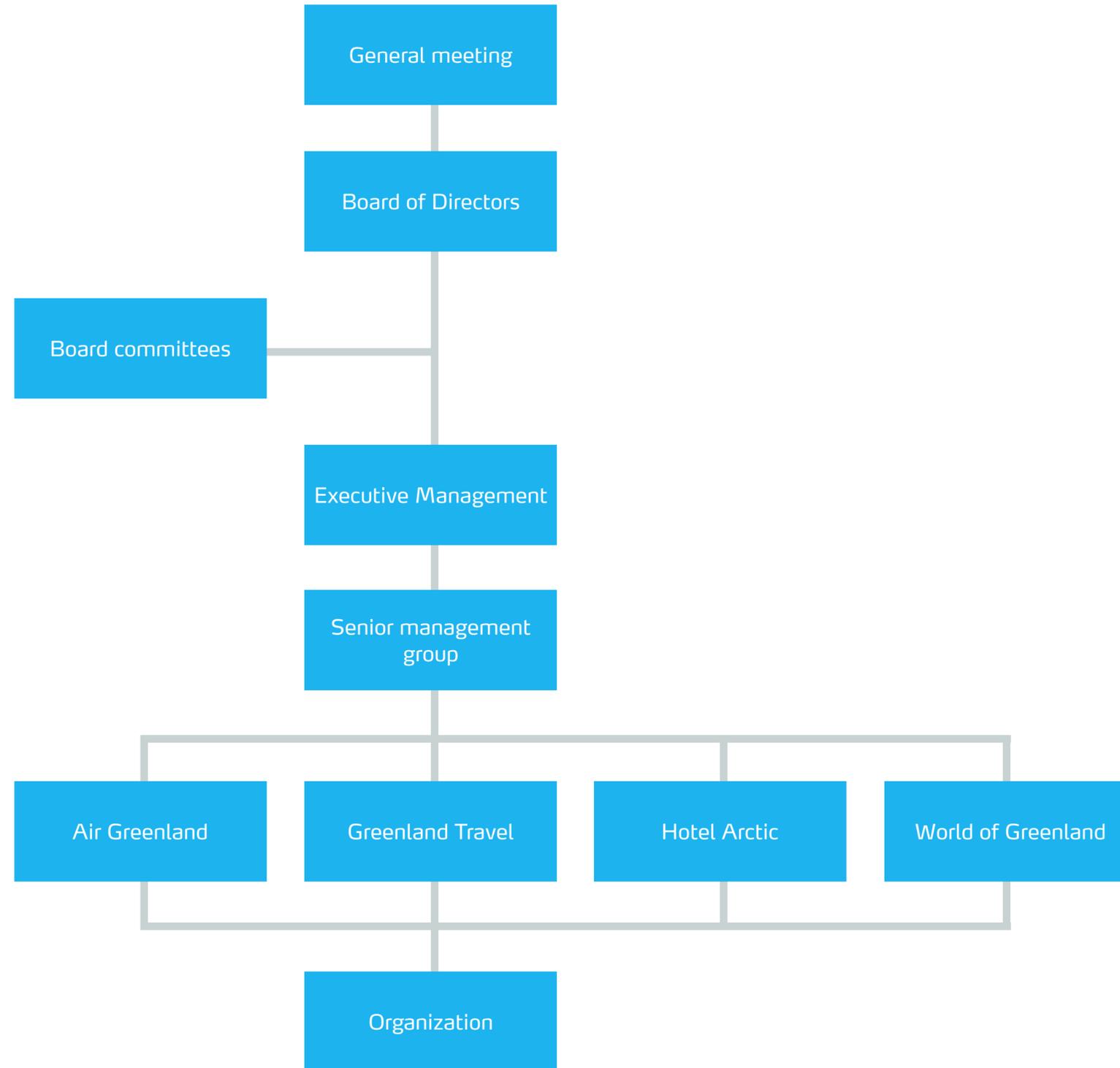
Board committees

The board has appointed an auditing committee and a strategy committee. They are each responsible for carrying out different preparatory tasks within the board's most important areas of responsibility.

The committees also assist the board by preparing and evaluating all management and strategic proposals that are presented to the board in order to ensure a solid and informed basis for making decisions.

Board meetings

The board held six ordinary meetings in 2023. The agenda for each meeting is defined in accordance with the board's annual cycle in order to ensure that the group's strategic and operational framework for the group is always kept up to date and in accordance with the board's priorities..



In addition to the tasks outlined in the annual wheel, the board has primarily focused this year on preparation of the new market situation as a consequence of the new airports through growth and competition strategies, the group's sustainability work, investment strategy and focus on financing.

The board has also applied a great deal of focus to work concerning employee satisfaction in 2023.

The board also discussed different strategic considerations and business adaptations in light of the initial signs of economic recession in a number of the biggest global economies and other macroeconomic effects as a result of current geopolitical conflicts.

Board



Bodil Marie Damgaard (Chairwoman)

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

Profession and board positions:

EVP HR & Communication, Royal Greenland (2023)

Educational background:

Master of Arts in Communication Studies from Roskilde University
Bachelor of Arts in Business Studies

Skills and experience:

Communication, marketing, HR, management and strategy



Steen Jensen (Vice Chairman)

Member of the board since 2019, appointed by the Government of Greenland. Vice Chairman since 2020. Chairman of the auditing committee since 2021.

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

Educational background: LLM, University of London, Cand. jur., University of Copenhagen

Skills and experience:

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



Malik Hegelund Olsen

Member of the board since 2019, appointed by the Government of Greenland. Member of the strategy committee in 2023.

Profession and board positions:

Corporate Sustainability Manager, Royal Greenland A/S. Ice Trawl Greenland, board member

Educational background:

Graduate Diploma in Business Administration - Organization, University of Greenland
Production engineer, Copenhagen University College of Engineering

Skills and experience:

Strategy, sales, sustainability, personnel management, project management



Charlotte Pedersen

Member of the board since 2021, appointed by the Government of Greenland. Chairwoman of the strategy committee in 2023.

Profession and board positions:

Business owner, Pegasus Consilium SarL.
Board member and Committee Chairwoman Wizz Air Holdings Plc.
Board member AlphaTrains Group SarL.

Educational background:

Certified International Director, INSEAD and ILA.
Master of Business Administration MBA.
Officer and Pilot in the Air Force.

Skills and experience:

Company management, strategy, international business development, ESG, risk and crisis management and hospitality.



Johannes Groth

Member of the board since 2022, appointed by the Government of Greenland.

Profession and board positions:

Wholesale manager, KNI A/S
Board member, Nuummi Illorsuit Timersortarfiit (NIT)

Educational background:

Certified coach
Sportigan Silkeborg/Odder business school.
Trainee shop assistant, specializing in sport and leisure
Silkeborg Business College
HG Ikast business school

Skills and experience:

Sales, negotiating, strategic purchasing



Anette Grønkjær Lings

Member of the board since 2021, appointed by the Government of Greenland. Member of the auditing committee since 2021.

Profession and board positions:

Business owner and manager, Hotel Sisimiut ApS
Chairwoman, Visit Greenland A/S
Board member, Arctic Circle Business

Educational background:

Diploma in Business Administration

Skills and experience:

Company management, strategy, destination development, marketing and hospitality.



Tina Chemnitz

Employee-elected since 2021. Member of the strategy committee in 2023.

Profession and board positions:

Procurement Manager, Air Greenland (2023)
Charter Sales Manager, Air Greenland (2022)
Logistics Manager, Air Greenland (2008)
Purchasing dept., Air Greenland (1998)

Educational background:

Diploma management education
Project Management IPMA D certified

Skills and experience:

Management, aviation, LEAN, economics, negotiating, transport and logistics.



Claus Motzfeldt

Employee-elected since 2017. Member of the auditing committee in 2023. (Employee-elected 2005-2014)

Profession and board positions:

Chief mechanic (1996)

Educational background:

Air mechanic, Civil Aviation School in Dragør

Skills and experience:

Engineering, aviation, management and charter



Henrik Maule Steinbacher

Employee-elected since 2013. Member of the strategy committee in 2023.

Profession and board positions:

First pilot, Dash 8 (1997)
Flying instructor (2004)

Educational background:

Pilot (1997)

Skills and experience:

Management and strategy, aviation, engineering

Information about the shareholder

Air Greenland was founded in 1960, and during the period from 1990 until 2019 was owned by the Government of Greenland (37.5%), SAS (37.5%) and the Danish Government (25%).

In 2019, Air Greenland A/S was taken over 100% by the Government of Greenland, which took place at the same time as an extraordinary dividend payout of DKK 461 million, which helped to finance the transfer of ownership.

The purpose of the change of ownership for the Government of Greenland is that Air Greenland ensures cohesive transport in Greenland via air. The Government of Greenland regards Air Greenland as being critical for cohesive air transport within, as well as to and from, Greenland, which was underlined during the corona pandemic.

(Source: Formandens Departement; Aktieselskaber / Air Greenland) https://naalakkersuisut.gl/Departementer/Formandens_Departement/Bestyrelsessekretariatet/Aktieselskaber?sc_lang=da)

For Air Greenland to be able to deliver as part of the critical infrastructure, particular focus has been on the following since the change of ownership:

Fleet renewal and secure infrastructure:
The fleet at the time was aging, which led to uncertainty with regard to ensuring a reliable infrastructure in Greenland. Since 2019, the following replacements have been carried out:

2019	1 x King Air 200	>	1 x King Air 250
2020	2 x Sikorsky S61	>	2 x H225
2021-23	7 x Bell 212	>	7 x H155
2022	1 x Airbus 330-200	>	1 x Airbus 330-800
2023-24	9 x AS350	>	9 x Airbus H125

The overall fleet has thus been renewed since the change of ownership, which has been crucial to being able to maintain a robust infrastructure in Greenland, and where all locations could be serviced by relevant and modern equipment. Operations in Greenland are regarded by the traffic authorities as an operation in a "hostile environment", which places particular demands on equipment, but also on adequate maintenance that ensures that passengers, cargo and mail get to their destination as quickly as possible - even when the weather does not allow.



The value chain and development of tourism

The fishing industry is by far the biggest activity in Greenland, but the Government of Greenland has an ambition to boost tourism, which means investing in new 2,200-metre runways in Nuuk and Ilulissat, as well as a 1,500-metre runway in Qaqortoq.

Air Greenland supports this ambition by having a value chain strategy. The value chain strategy means that the group is represented in several links of the chain, which are all designed to increase the tourist's "reason-to-go". In addition to supporting the process by delivering attractive value offers to the customer, the strategy is also intended to ensure that quality will generally be improved on the part of all operators.

Education

Greenland has a population of around 56,600 inhabitants, and this requires that all inhabitants have the best possible education. The Air Greenland group has 60-70 people in education every year, and over the years has educated a great number of employees who are still employed in the group or are making a valuable contribution at other companies.

The Air Greenland group finds it particularly relevant that everyone that operates in Greenland takes responsibility for ensuring that the level of education is raised over time, but also that there is less use of foreign labour for the more specialized positions.





Financial reporting

Group and parent company financial statements



Income statement for 1 January to December 31

(in 1,000 DKK)

	The Group		Note	Parent company	
	2023	2022		2023	2022
Net revenue	1,776,738	1,645,633	1	1,615,146	1,473,384
Other operating revenue	52,127	46,452	2	51,831	47,270
Other external expenses	(1,096,271)	(992,698)		(1,011,085)	(907,578)
Staff costs	(513,010)	(478,688)	3	(454,032)	(425,939)
Depreciation and devaluation	(129,138)	(131,036)	4	(119,827)	(104,853)
Profit or loss before financial entries	90,446	89,661		82,033	82,284
Income from equity holdings in affiliated companies	-	-	10	6,050	1,535
Income from equity holdings in associated companies	317	2,284	10	317	2,284
Other financial income	8,356	977	5	8,437	1,762
Financial expenses	(14,613)	(16,432)	6	(14,204)	(15,650)
Profit/loss before tax	84,506	76,490		82,634	72,215
Tax on profit for the year	(22,487)	(17,849)	7	(20,615)	(13,573)
Net profit/loss for the year	62,019	58,642		62,019	58,642
Proposal for profit allocation:			25		
Assigned to reserve for net revaluation according to the book value method				6,383	2,864
Transferred to next year				55,635	55,778
				62,019	58,642

Balance sheet as of 31 December

(in 1,000 DKK)

	The Group		Note	Parent company	
	2023	2022		2023	2022
Software	4,591	3,811		4,567	3,752
Goodwill	-	-		-	-
Intangible fixed assets	4,591	3,811	8	4,567	3,752
Buildings	241,293	201,361		113,582	99,478
Aircraft equipment incl. essential aircraft components	1,295,982	1,181,089		1,295,981	1,181,089
Other aircraft components	61,404	51,476		61,402	51,476
Other equipment, vehicles and inventory	59,305	35,389		42,679	20,657
Prepayments and current intangible fixed assets	167,406	142,789		130,160	122,611
Tangible fixed assets	1,825,390	1,612,104	9	1,643,804	1,475,311
Equity holdings in affiliated companies	-	-	10	106,822	100,772
Equity holdings in associated companies	13,757	13,488	10	13,757	13,488
Receivables from affiliated companies	-	-	10	92,375	53,475
Other securities and equity holdings	41	39	10	-	-
Other receivables	4,076	1,646	10	3,599	1,243
Deferred tax assets	1,655	375	15	-	-
Financial fixed assets	19,529	15,548		216,553	168,978
Fixed assets	1,849,510	1,631,463		1,864,924	1,648,041
Inventories	60,350	47,972	11	55,682	42,652
Trade receivables	116,139	133,217		90,826	106,149
Receivables from group undertakings	-	-		702	284
Receivables with associated companies	-	-		-	-
Other receivables	15,647	25,703	12	11,308	21,849
Accrual items	6,033	5,943	13	4,834	4,972
Receivables	137,819	164,863		107,670	133,254
Cash at bank and in hand	204,725	393,304		164,615	349,055
Current assets	402,894	606,139		327,967	524,961
Assets	2,252,404	2,237,602		2,192,891	2,173,002

Balance sheet as of 31 December

(in 1,000 DKK)

	The Group		Note	Parent company	
	2023	2022		2023	2022
Shareholders' funds	24,000	24,000	14	24,000	24,000
Reserve for net revaluation of equity holdings using the book value method	4,937	4,310		43,645	36,952
Reserve for hedging transactions	(1,970)	5,819		(1,970)	5,819
Retained profit	720,072	658,370		681,363	625,728
Equity	747,038	692,499		747,038	692,499
Deferred tax liabilities	136,764	118,685	15	124,796	106,968
Accrued obligations	136,764	118,685		124,796	106,968
Debt credit institutions	-	-		-	-
Debt contracted through bond issues	912,044	991,577		912,044	991,577
Bank debt	-	-		-	-
Long-term debt obligations	912,044	991,577	16	912,044	991,577
Short-term share of long-term debt obligations	75,232	68,986	16	75,232	68,986
Supplier debts	99,079	69,656		76,190	46,021
Debts to group undertakings	-	-		1,897	3,092
Debts to associated companies	556	386		556	386
Corporation tax	-	1,402		-	-
Other debts	132,430	129,527	17	125,901	122,400
Accrual items	149,260	164,884	18	129,237	141,073
Short-term debt obligations	456,557	434,840		409,013	381,958
Debt obligations	1,368,601	1,426,417		1,321,057	1,373,535
Liabilities	2,252,404	2,237,602		2,192,891	2,173,002
Mortgages and contingent liabilities, etc.			19-20		
Other notes			21-26		

Statement of changes in equity as of 31 December 2023

Parent company

(in 1,000 DKK)

	Shareholders' funds	Reserve for net revaluation of equity holdings to the book value method	Retained profit	Reserve for hedging transactions	In total
Equity 01.01.2022	24,000	78,624	526,190	18,760	647,574
Appreciation derivative financial instruments				(17,766)	(17,766)
Net profit/loss for the year		2,864	55,778		58,642
Exchange rate adjustment of foreign associated company		(776)			(776)
Tax on equity				4,825	4,825
Other adjustments		(43,760)	43,760		-
Equity 31.12.2022	24,000	36,952	625,728	5,819	692,499
Appreciation derivative financial instruments				(10,386)	(10,386)
Net profit/loss for the year		6,383	55,635		62,019
Exchange rate adjustment of foreign associated company		118			118
Deferred tax on dividends for the year					-
Tax on equity		(16)		2,597	2,581
Other adjustments		207			207
Equity 31.12.2023	24,000	43,645	681,363	(1,970)	747,038

The Group

Equity 01.01.2022	24,000	4,238	600,576	18,760	647,574
Appreciation derivative financial instruments				(17,766)	(17,766)
Net profit/loss for the year		1,713	56,929		58,642
Exchange rate adjustment of foreign associated company		(776)			(776)
Tax on equity		-		4,825	4,825
Other adjustments		(865)	865		-
Equity 31.12.2022	24,000	4,310	658,370	5,819	692,499
Appreciation derivative financial instruments				(10,386)	(10,386)
Net profit/loss for the year		317	61,701		62,019
Exchange rate adjustment of foreign associated company		118			118
Deferred tax on dividends for the year					-
Tax on equity		(16)		2,597	2,581
Other adjustments		207			207
Equity 31.12.2023	24,000	4,937	720,072	(1,970)	747,038

Cash flow statement

(in 1,000 DKK)

	The Group		Parent company	
	2023	2022	2023	2022
Profit or loss before financial entries	90,446	89,662	82,033	82,284
Depreciation and devaluation	129,138	131,036	119,827	104,853
Sale of fixed assets	(29,017)	(16,111)	(28,722)	(16,929)
Change in working capital	20,653	35,233	22,978	48,586
	211,220	239,820	196,116	218,794
Received financial income	8,356	977	8,437	1,762
Paid financial expenses	(14,613)	(16,432)	(14,204)	(15,650)
Tax paid	(3,806)	(3,294)	-	(1,104)
Cash flows regarding operation	201,156	221,071	190,349	203,802
Addition of intangible fixed assets	(1,914)	(2,204)	(1,914)	(2,227)
Addition of tangible fixed assets	(347,351)	(620,334)	(287,221)	(592,804)
Sale of tangible fixed assets	35,080	21,760	28,722	18,665
Addition of fixed asset investments	(2,430)	(43)	(44,356)	(12,521)
Removed financial fixed assets	-	-	3,100	3,000
Dividend received	167	-	167	14,000
Cash flows regarding investments	(316,449)	(600,820)	(301,502)	(571,887)
Taking on long-term debt obligations	-	485,000	-	485,000
Release of the credit facility on the overdraft facility	(73,287)	(57,447)	(73,287)	(57,447)
Cash flows regarding financing	(73,287)	427,553	(73,287)	427,553
Change in cash and cash equivalents	(188,580)	47,804	(184,440)	59,468
Cash and cash equivalents 1 January	393,304	345,501	349,055	289,587
Cash and cash equivalents 31 December	204,725	393,304	164,615	349,055

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Notes to the Annual Report

(in 1,000 DKK)

	The Group		Parent company	
	2023	2022	2023	2022
1. Net revenue				
Passenger income	1,020,751	904,295	1,020,751	904,295
Charter income	258,368	259,349	258,368	259,349
Cargo income	81,993	81,765	81,993	81,765
Mail income	25,791	25,255	25,791	25,255
Payment for service contracts	155,719	152,705	155,719	152,705
Other traffic income	72,524	50,015	72,524	50,015
Other operating income	161,592	172,249	-	-
	1,776,738	1,645,633	1,615,146	1,473,384
2. Other revenue				
Other operating income	23,101	19,683	23,100	19,683
Other income	9	10,658	9	10,658
Gain on sale of fixed assets	29,017	16,111	28,722	16,929
	52,127	46,452	51,831	47,270

Notes to the Annual Report

(in 1,000 DKK)

	The Group		Parent company	
	2023	2022	2023	2022
3. Staff costs				
Wages and salaries	445,425	417,486	393,210	368,116
Pension costs	21,142	18,993	17,755	16,027
Other social security costs	46,443	42,209	43,067	41,796
	513,010	478,688	454,032	425,939
Of this total remuneration to the parent company:				
Management			3,784	3,784
Board of Directors			1,583	1,561
			5,367	5,345
Average number of employees	690	653	561	526

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

The company's CEO can be terminated with 18 months notice, just as the CEO can terminate his position with 12 months notice.

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

	2023	2022	2023	2022
Fixed salary	3,584	3,384	3,584	3,384
Bonus	200	400	200	400
	3,784	3,784	3,784	3,784

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

Notes to the Annual Report

(in 1,000 DKK)

	The Group		Parent company	
	2023	2022	2023	2022
4. Depreciation and devaluation				
Goodwill	-	1,958	-	-
Software	1,134	2,151	1,098	1,071
Buildings	11,994	24,186	7,494	7,429
Aircraft equipment incl. essential aircraft components	101,131	89,757	101,131	89,757
Other aircraft components	5,534	3,284	5,534	3,284
Other equipment, vehicles and inventory	9,345	9,700	4,570	3,312
	129,138	131,036	119,827	104,853
5. Other financial income				
Interest on bank deposits	8,210	792	6,919	792
Interest from affiliated companies	-	-	1,499	957
Currency gains	38	151	-	-
Interest in general	108	34	19	13
	8,356	977	8,437	1,762
6. Financial expenses				
Interest on bank debt	1	2,182	1	1,487
Interest and amortisation of long-term debt	13,976	14,026	13,976	14,009
Exchange rate losses	162	96	159	69
Interest in general	474	128	68	85
	14,613	16,432	14,204	15,650
7. Tax on profit for the year				
Current tax	1,538	1,402	-	-
Adjustment of tax pertaining to previous years	4	725	-	724
Deferred tax on the year's profit	20,945	22,672	20,615	19,137
Effect of the reduction of the corporation tax rate from 26.5% to 25%	-	(6,950)	-	(6,288)
	22,487	17,849	20,615	13,573

Notes to the Annual Report

(in 1,000 DKK)

	The Group			Parent company	
	Software	Goodwill	In total	Software	In total
8. Intangible fixed assets					
Cost price 01.01.2023	43,799	2,098	45,898	39,401	39,401
Added	1,914	-	1,914	1,914	1,914
Removed	-	-	-	-	-
Cost price 31.12.2023	45,713	2,098	47,812	41,315	41,315
Depreciation and devaluation 01.01.2023	39,988	2,098	42,087	35,650	35,650
Depreciation for the year	1,134	-	1,134	1,098	1,098
Reversed depreciation at year end	-	-	-	-	-
Depreciation and devaluation 31.12.2023	41,122	2,098	43,221	36,748	36,748
Accounting value 31.12.2023	4,591	-	4,591	4,567	4,567

Notes to the Annual Report

Parent company

(in 1,000 DKK)

	Buildings	Aircraft equipment and aircraft components	Other aircraft components	Other plant, operating equipment and fixtures and fittings	Advance payments for tangible fixed assets	In total
9. Tangible fixed assets						
Cost price 01.01.2023	361,358	2,026,219	103,013	125,357	122,611	2,738,558
Added	2,947	126,321	15,437	19,892	130,160	294,757
Removed	(3,617)	(441,209)	(8,213)	(2,451)		(455,490)
Transferred to other entries	21,212	94,699		6,700	(122,611)	-
Cost price 31.12.2023	381,900	1,806,030	110,237	149,498	130,160	2,577,825
Depreciation and devaluation 01.01.2023	261,880	845,131	51,539	104,700	-	1,263,250
Devaluation and depreciation for the year	7,494	101,131	5,534	4,570		118,729
Reversed depreciation at year end	(1,056)	(436,213)	(8,238)	(2,451)		(447,958)
Depreciation and devaluation 31.12.2023	268,318	510,049	48,835	106,819	-	934,021
Accounting value 31.12.2023	113,582	1,295,981	61,402	42,679	130,160	1,643,804

Notes to the Annual Report

The Group

(in 1,000 DKK)

	Buildings	Aircraft equipment and aircraft components	Other aircraft components	Other plant, operating equipment and fixtures and fittings	Advance payments for tangible fixed assets	In total
9. Tangible fixed assets (continued)						
Cost price 01.01.2023	535,251	2,026,218	103,014	178,688	144,627	2,987,798
Added	31,271	126,321	15,437	24,233	155,154	352,416
Correction beginning of year	(399)	-	-	(1,068)	-	(1,467)
Removed	(3,617)	(441,209)	(8,213)	(2,774)	(3,592)	(459,405)
Transferred to other entries	24,132	94,699	-	9,030	(127,861)	-
Cost price 31.12.2023	586,638	1,806,029	110,238	208,109	168,328	2,879,342
Depreciation and devaluation 01.01.2023	333,891	845,129	51,538	143,302	1,838	1,375,698
Devaluation and depreciation for the year	11,994	101,131	5,534	9,345	-	128,004
Correction beginning of year	(400)	-	-	-	-	(400)
Transferred to other entries	916	-	-	-	(916)	-
Reversed depreciation at year end	(1,056)	(436,213)	(8,238)	(3,843)	-	(449,350)
Depreciation and devaluation 31.12.2023	345,345	510,047	48,834	148,804	922	1,053,952
Accounting value 31.12.2023	241,293	1,295,982	61,404	59,305	167,406	1,825,390

Notes to the Annual Report

Parent company

(in 1,000 DKK)

	Equity holdings in affiliated companies	Equity holdings in associated companies	Receivables from affiliated companies	Other receivables	In total
10. Financial fixed assets					
Cost price 01.01.2023	57,249	7,742	57,475	1,243	124,157
Added			42,000	2,356	44,356
Removed			(3,100)		(3,100)
Cost price 31.12.2023	57,249	7,742	96,375	3,599	165,413
Net revaluation 01.01.2023	43,523	5,746	(4,000)	-	44,821
Exchange rate adjustment		118			118
Share of the year's profit	6,050	317			6,367
Devaluation at book value					-
Dividend paid to parent		(167)			(167)
Net revaluation 31.12.2023	49,573	6,015	(4,000)	-	51,140
Accounting value 31.12.2023	106,822	13,757	92,375	3,599	216,553

	percent,	Nominal value	Equity
Affiliated and associated companies (parent + group):			
A/S Hotel Arctic, Ilulissat	100 %	30,000	69,631
Greenland Travel A/S, Copenhagen	100 %	1,500	26,208
Air Greenland ATO A/S, Copenhagen	100 %	500	471
World of Greenland A/S, Ilulissat	100 %	2,000	10,512
Norlandair ehf., Akureyri	25 %	8,092	54,907

Result of affiliated companies is made up as follows:

	2023	2022
Profit before tax Air Greenland ATO A/S	(17)	8
Profit before tax Hotel Arctic A/S	754	5,157
Profit before tax Greenland Travel A/S	6,938	8,901
Profit before tax World of Greenland A/S	247	(9,004)
Result of associated companies before tax	7,922	5,062
Tax in subsidiaries	(1,872)	(3,527)
Result of associated companies after tax	6,050	1,535

Notes to the Annual Report

The Group

(in 1,000 DKK)

	Equity holdings in affiliated companies	Equity holdings in associated companies	Other receivables	In total
10. Financial fixed assets (continued)				
Cost price 01.01.2023	7,742	9	1,646	9,397
Added	-	-	2,430	2,430
Removed	-	-	-	-
Cost price 31.12.2023	7,742	9	4,076	11,827
Net revaluation 01.01.2023	5,746	30	-	5,776
Exchange rate adjustment	118	-	-	118
Share of the year's profit	317	-	-	317
Write-ups and write-downs	-	2	-	2
Dividends distributed	(167)	-	-	(167)
Net revaluation 31.12.2023	6,015	32	-	6,047
Accounting value 31.12.2023	13,757	41	4,076	17,874

Notes to the Annual Report

(in 1,000 DKK)

	The Group		Parent company	
	2023	2022	2023	2022
11. Inventories				
Spare parts stock	55,620	42,530	55,620	42,530
Other stocks	4,730	5,442	62	122
	60,350	47,972	55,682	42,652
12. Other receivables				
Positive fair value hedging instruments	-	7,937	-	7,937
Deposit item purchases	-	5,200	-	5,200
Other receivables	15,647	12,566	11,308	8,712
	15,647	25,703	11,308	21,849

13. Accrual items

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

14. Shareholders' funds

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

The shares are not divided into classes with special rights. Each share of DKK 1,000 has 1 vote.

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

Notes to the Annual Report

(in 1,000 DKK)

	The Group		Parent company	
	2023	2022	2023	2022
15. Deferred tax				
Provision for deferred tax is based on the following items:				
Intangible fixed assets	1,148	953	1,142	938
Tangible fixed assets	126,913	100,117	115,740	89,206
Financial fixed assets	13,926	12,736	13,926	12,731
Current assets	(619)	(626)	(1,702)	(1,351)
Short-term debt	-	-	-	-
Other receivables	(662)	1,940	(657)	1,940
Tax losses carried forward	(12,199)	(5,022)	(11,865)	(4,708)
Dividends not further distributed	-	8,212	8,212	8,212
	128,507	118,310	124,796	106,968
Net asset value is recognised in the balance sheet:				
Deferred tax assets	(45)	(375)	-	-
Deferred tax liabilities	136,764	118,685	124,796	106,968
	136,719	118,310	124,796	106,968
This year's movement can be specified as follows:				
Deferred tax 1 January	118,310	106,687	106,968	98,219
Adjusted deferred tax 1 January	(206)	-	(206)	-
Adjusted deferred tax 1 January	118,104	106,687	106,762	98,219
Deferred tax on the year's profit	21,196	23,397	20,615	19,862
Effect of the reduction of the corporation tax rate from 26.5% to 25%	-	(6,950)	-	(6,288)
Tax on equity	(2,581)	(4,825)	(2,581)	(4,825)
Deferred tax 31 December	136,719	118,310	124,796	106,968

Notes to the Annual Report

16. Long-term debt obligations

(in 1,000 DKK)

	Due within 1 year	Due in 2 - 5 years	Due after 5 years	Nominal liabilities, total
Parent company				
Debt to credit institutions	75,232	502,049	409,995	987,276
Long-term debt obligations 31.12.2023	75,232	502,049	409,995	987,276
The Group				
Debt to credit institutions	75,232	502,049	409,995	987,276
Long-term debt obligations 31.12.2023	75,232	502,049	409,995	987,276

Notes to the Annual Report

(in 1,000 DKK)

	The Group		Parent company	
	2023	2022	2023	2022
17. Other debts				
Provisions for deferred tax are based on the following items:				
Salaries due, social security contributions, etc.	19,320	13,647	17,261	11,694
Holiday payment obligations	38,481	35,174	34,462	31,810
Other expenses due	72,001	80,527	71,550	78,717
Negative fair value hedging instruments	2,628	179	2,628	179
	132,430	129,527	125,901	122,400
18. Accrual items				
Deferred income consisting of outstanding costs concerning tickets sold, which have not yet been recognised as revenue.				
19. Mortgaging				
Cash and cash equivalents deposited in favour of the Travel Guarantee Fund and other supplier credits	3,050	3,136	1,200	1,200

Notes to the Annual Report

(in 1,000 DKK)

	The Group		Parent company	
	2023	2022	2023	2022
20. Lease obligations				
For 2022 - 2023, operating lease agreements have been entered into for aircraft	-	3,510	-	3,510
Of this due within 1 year	-	3,510	-	3,510
Other operational leasing agreements	1,411	1,129	-	-
Of this due within 1 year	1,164	1,129	-	-
21. Changes in working capital				
Changes in inventories	(12,378)	(13,495)	(13,030)	(12,371)
Changes in receivables	18,606	(16,235)	17,647	(10,682)
Change in supplier debt, etc.	14,424	64,963	18,361	71,639
Total change in working capital	20,653	35,233	22,978	48,586
22. Remuneration of the auditor elected at the annual general meeting				
Fees paid to the parent company's auditor PricewaterhouseCoopers for the financial year:				
Statutory audit	624	624	472	472
Other declarations of security	153	238	145	145
Tax and VAT advice	170	348	152	320
Other services	244	431	212	341
	1,191	1,641	981	1,278
Fees to the parent company's auditor appointed by the General Meeting Grønlands Revision A/S for the financial year:				
Statutory audit	318	317	168	168
Other declarations of security	29	27	29	27
Tax advice	28	55	20	47
Other services	39	97	22	3
	414	496	239	245

Notes to the Annual Report

23. Related parties

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

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

Transactions with the Executive Board and the Board of Directors consist of remuneration as described in note 3.

All transactions with closely related parties are conducted on a market-related basis.

24. Shareholder relations

The following shareholders own more than 5% of the company's share capital:
- The Government of Greenland (100%)

Parent company	2023	2022
25. Distribution of net profit		
<i>(in 1,000 DKK)</i>		
Proposal for profit allocation:		
Assigned to reserve for net revaluation according to the book value method	6,383	2,864
Transferred to next year	55,635	55,778
	62,019	58,642

26. Subsequent events

No events have occurred after the balance sheet date that have a significant impact on the assessment of the annual report.

Accounting policies

The Annual Report is presented in accordance with Reporting Class D in the Danish Financial Statements Act, as implemented in Greenland. The accounting policies are unchanged in relation to 2022, apart from the fact that passenger taxes charged are now included under revenue and not under external expenses as earlier.

Similarly, profits on the sale of fixed assets are now entered under other income, instead of under depreciation as previously.

Comparative figures are adjusted in relation to the new accounting policies, although the changes have no effect on the company's profit or any effect on the balance sheet and cash flow statement.

Recognition and measurement

Assets are recognized 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 recognized 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.

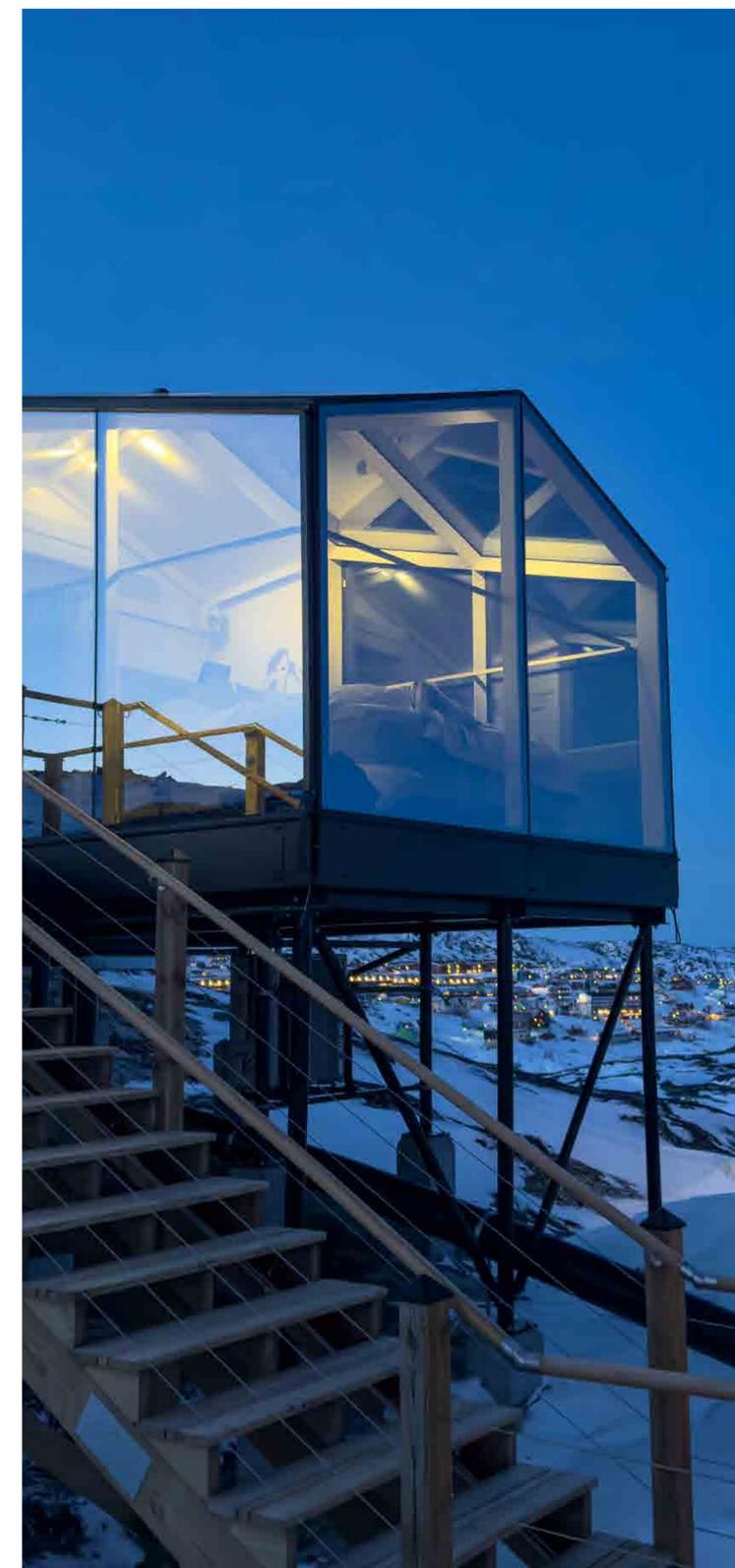
Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognized in the income statement when earned, whereas costs are recognized by the amounts attributable to this financial year, including depreciation, amortization, impairment losses and provisions, as well as reversals due to changed accounting estimates of amounts that have previously been recognized 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 recognized in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up subsidiaries are recognized 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 recognized 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 recognized directly in equity.

When recognizing 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 recognized 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 recognized under other receivables and other debt.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognized asset or a recognized 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 realized, the accumulated changes are recognized 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 recognized 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 recognized in the income statement when transport has taken place.

Passenger taxes charged are included in the revenue.

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

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

The company's service contracts 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

Other operating income comprises income of a secondary nature viewed in relation to the group's primary activities, including fees, rental of business premises, income from hotel operation, ticket and incoming sales and handling income.

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.

Personnel costs

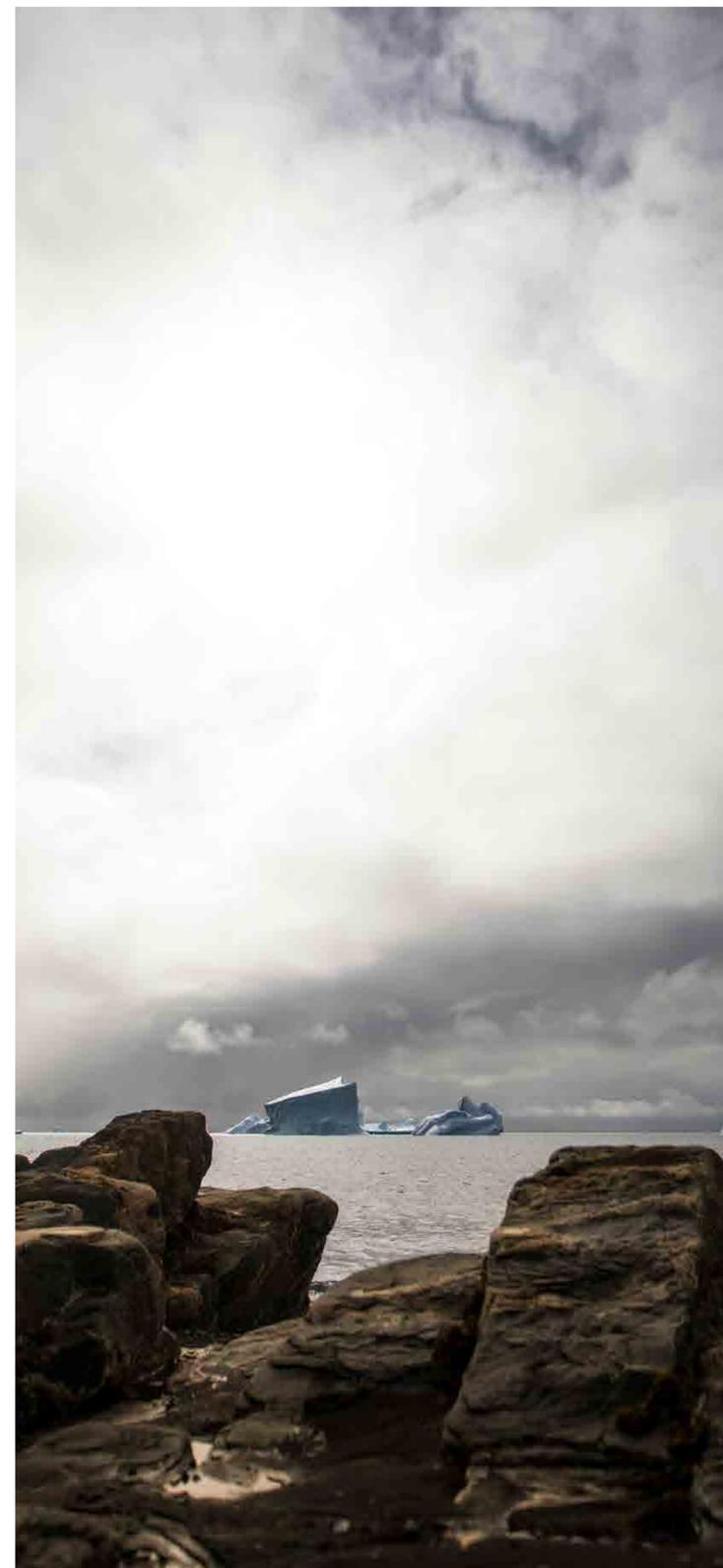
Personnel costs include costs for salaries and wages and social contributions, pensions, etc., for the company's employees.

Financial items

Financial items include interest income and expenses, the interest portion of financial lease instalments, exchange rate gains and losses, amortization 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 recognized in the income statement by the portion attributable to the profit for the year and recognized 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 recognized in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Deferred tax is recognized 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 recognized in the income statement.

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



Balance sheet

Intangible fixed assets

Acquired goodwill and software are measured at cost price less a deduction for accumulated amortization. Goodwill is amortized on a straight-line basis over its economic life, which is deemed to be 5 years. Software is amortized over 3-5 years.

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 at 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 capitalized and amortized 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 recognized 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.

Company mergers

The purchase of subsidiaries are dealt with in accordance with the acquisition method, after which the acquired company's identified assets and liabilities are measured at fair value at the time of acquisition. Contingent liabilities are recognized in the consolidated accounts at fair value to the extent that the value can be measured reliably.

The time of acquisition is the time at which the group assumes control of the company concerned.



The cost price of the purchased company is made up of the current value of the agreed consideration, including consideration that is contingent on future events. Transaction costs that can be directly attributed to the purchase of subsidiaries are recognized in the income statement as and when they are defrayed.

The positive difference between the cost price of the acquired company and the identified assets and liabilities is recognized in the balance sheet under intangible fixed assets as goodwill, which is amortized on a straight-line basis over its expected useful life. Amortization of goodwill is allocated in the consolidated accounts to those functions that the goodwill is related to. If the difference is negative, this is recognized in the income statement straight away.

If the purchase price allocation is not final, positive and negative differences in the amount from purchased subsidiaries can be regulated during a period of up to 12 months from the time of acquisition in the event of changes in recognition and measurement of the identified net assets. At the same time, these adjustments are reflected in the value of the goodwill or negative goodwill, including in depreciation that has already been made.

If the cost price contains contingent considerations, these are measured at current value at the time of acquisition. Contingent considerations are subsequently remeasured at current value. Value adjustments are recognized in the income statement.

In the case of multi-stage acquisitions, the value of the hitherto possession of equity holdings in the acquired company is remeasured at current value at the time of acquisition. The difference between the hitherto equity and the current value is recognized in the income statement.

	Period of depreciation	Scrap value
Buildings	10-50 years	0-50%
Aircraft equipment/helicopters	10-20 years	0-40%
Other components	6-20 years	0-20%
Other plant, operating equipment and inventory	3-10 years	0%
Software	3-5 years	0%
Goodwill	5 years	0%

Equity holdings in subsidiaries and associated companies

Equity holdings 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 unamortized positive, or negative, goodwill plus or less unrealized intra-group profits or losses.

The parent company's share of the enterprises' profits or losses after elimination of unrealized intra-group profits and losses and less or plus amortization of positive or negative goodwill is recognized in the income statement.

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 amortized cost, usually equalling nominal value less provisions for bad debts.

Prepayments and accrued income (assets)

Prepayments recognized under assets comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Equity

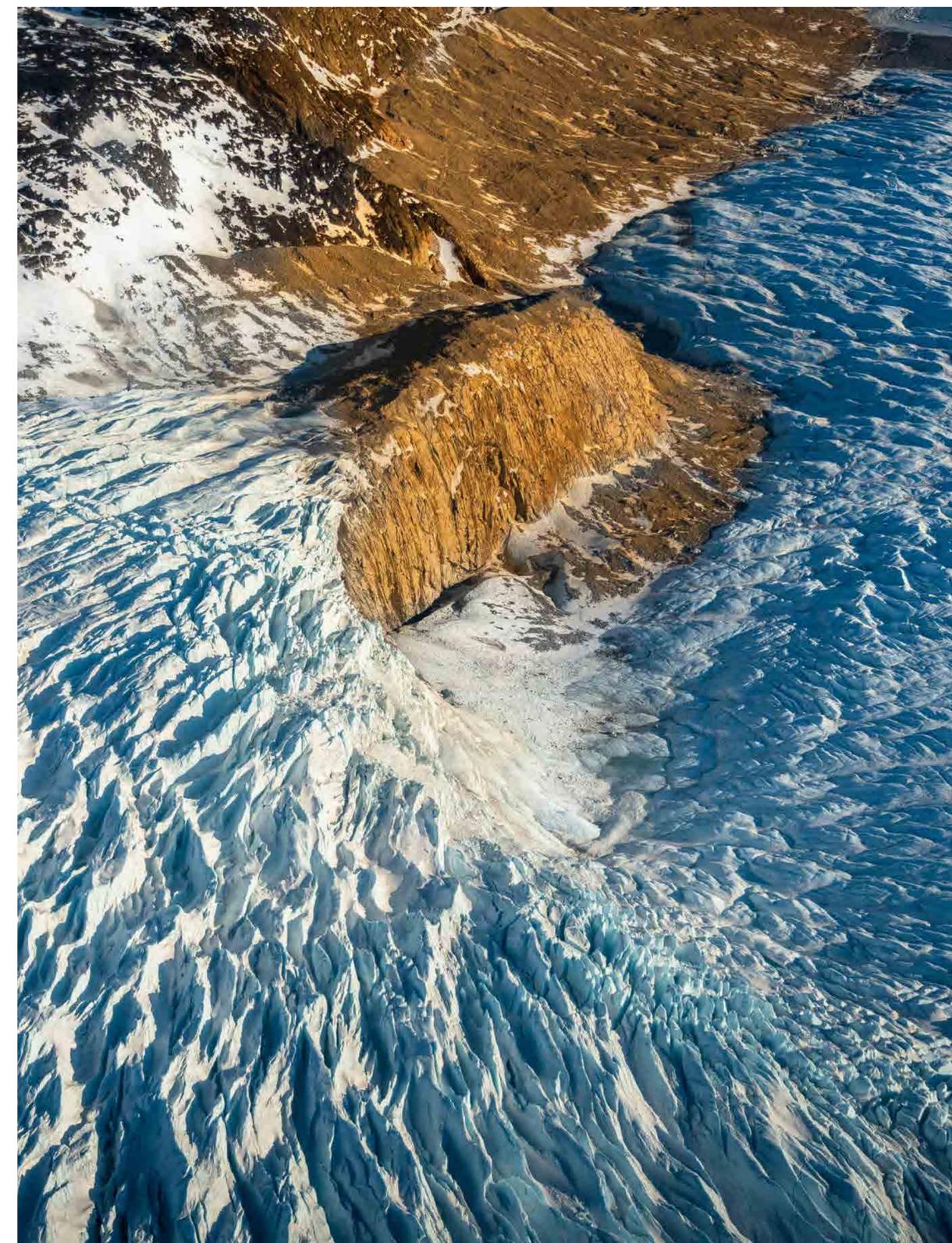
The Company has presented value adjustment for hedging of future cash flow under a separate reserve in the Statement of changes in equity: "Reserve for hedging transactions". The reserve is not tied-up.

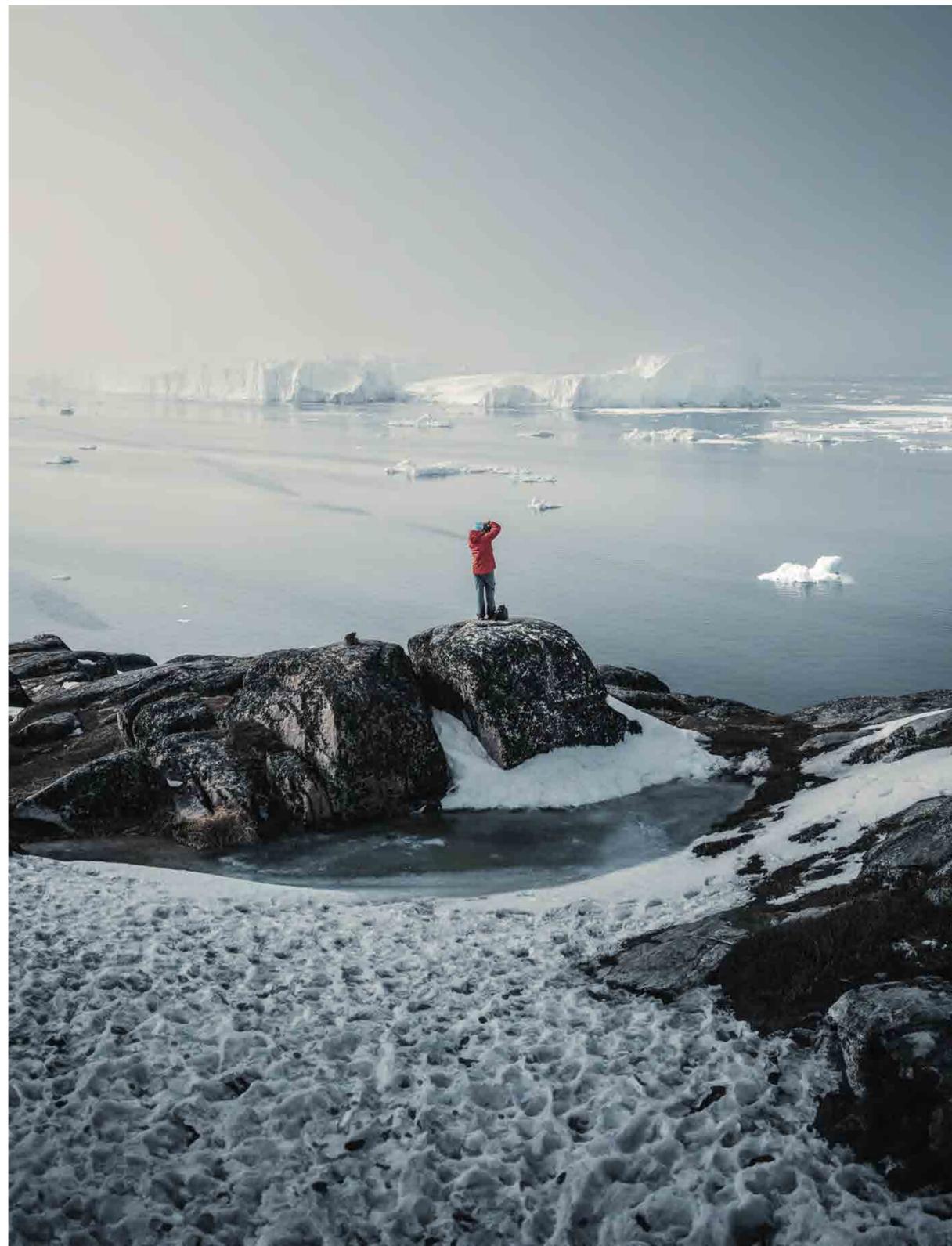
Dividend

Dividend is recognized 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 amortized cost. This means that the difference between the proceeds at the time of borrowing and the nominal value that has to be repaid is recognized in the income statement as a financial expense over the term of the loan.





Leasing

Leasing commitments relating to assets held under finance leases are recognized 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 amortized cost. The difference between the present value and the nominal value of the lease payments is recognized in the profit and loss statement over the term of the contract as a financial cost.

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

Other financial liabilities

Other financial liabilities are recognized at amortized 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 recognized from the date of acquisition, and cash flows from divested companies are recognized 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.

Definition of key figures

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

Key figures that are stated as adjusted are corrected for the value of operational leasing costs, where the effect on the result is divided between a calculated interest and amortization. The value of the annual operational leasing cost is recognized by a factor 7 under fixed assets and interest-bearing debt on the balance sheet.

NOPLAT (Net Operating Profit Less Adjusted Taxes) is defined as earnings before interest (EBIT) adjusted for

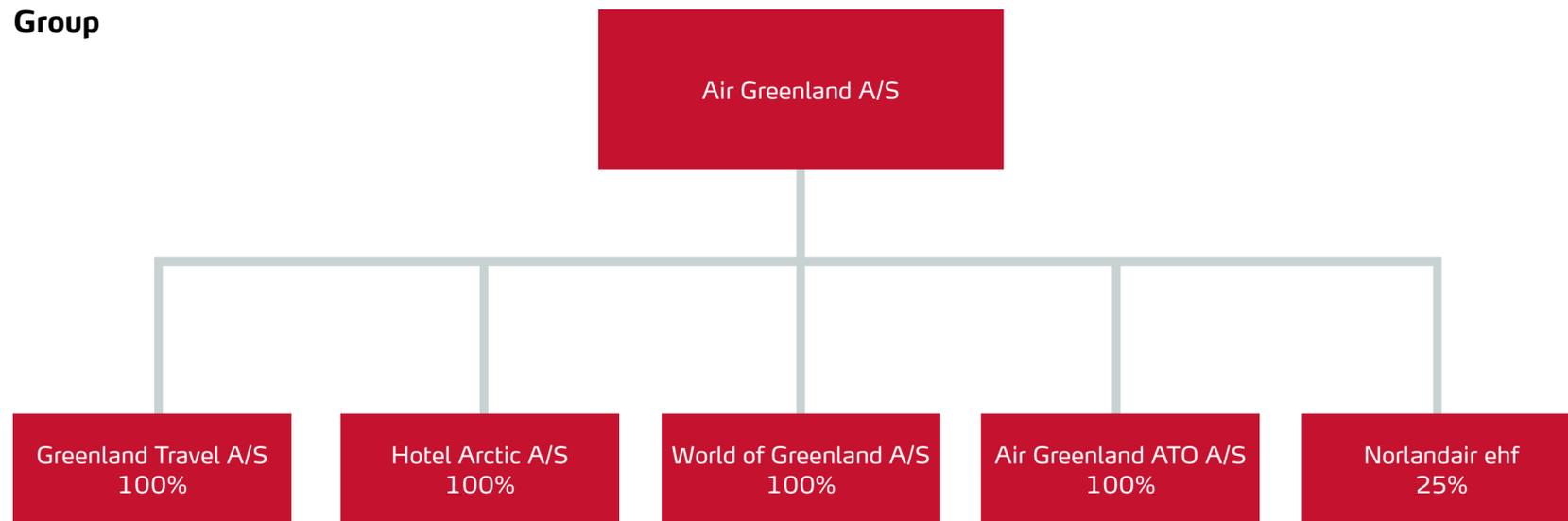
operational leasing costs, less calculated depreciation on operational leased aircraft and less calculated tax of 25 % tax.

Net interest-bearing debt is defined as interest-bearing liabilities, less cash and cash equivalents.

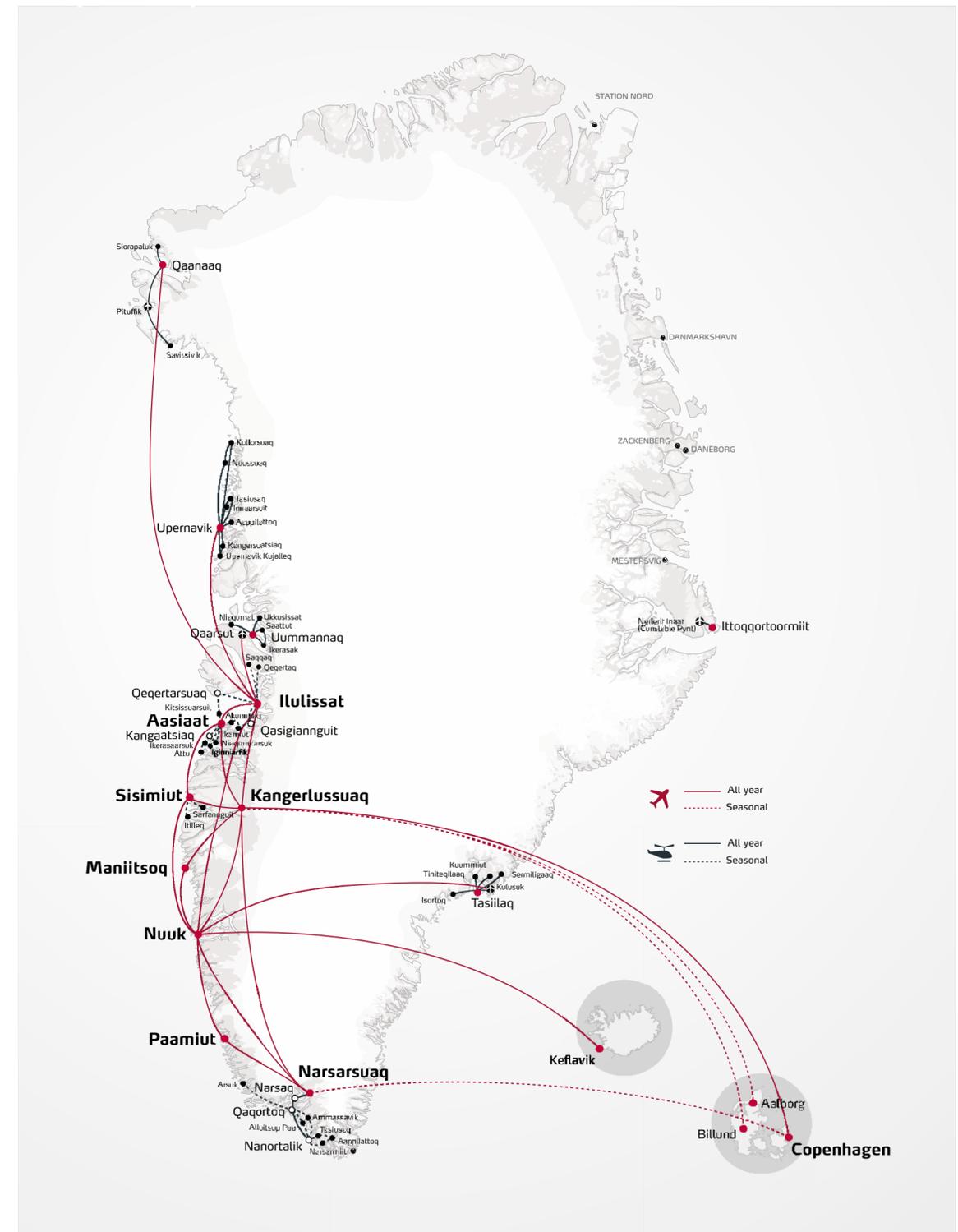
Invested capital including goodwill is defined as equity plus net interest-bearing debt.

Financial highlights	Calculation formula	Key figures express
Profit margin (EBIT-margin) (%)	$\frac{\text{Operating result (EBIT)}}{\text{Revenue}}$	The company's operational profitability
Equity ratio	$\frac{\text{Equity}}{\text{Total assets}}$	The company's financial strength
Return on invested capital after tax incl. goodwill (%)	$\frac{\text{NOPLAT}}{\text{Average invested capital}}$	The return the company generates from investors' funds
Return on equity (%)	$\frac{\text{Profit or loss for the year}}{\text{Average equity}}$	The company's rate of return on capital the owners have invested in the company
Operating cash funds	$\frac{\text{Cash flow from operations}}{\text{Net interest-bearing debt}}$	The company's ability to repay instalments on debt by using cash funds from operations.
Gearing	$\frac{\text{Net interest-bearing debt}}{\text{EBITDA}}$	The company's financial risk

Overview of group and route network



Route network



Own fleet

Airbus A330-800

International destinations



Quantity: 1
 Maks. no. of seats: 305
 Average speed in km/h: 870
 Max. flying altitude in m: 13,666

Dash 8-200

Domestic destinations



Quantity: 8
 Max. no. of seats: 37
 Average speed in km/h: 537
 Max flying altitude in m: 7,620

Airbus H155

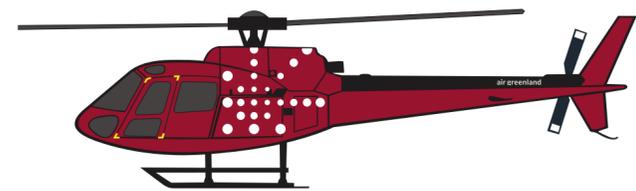
Domestic destinations



Quantity: 7
 Max. no. of seats: 13
 Average speed in km/h: 277
 Max. flying altitude in m: 4,570

Airbus H125

Charter



Quantity: 4
 Max. no. of seats: 5
 Average speed in km/h: 252
 Max. flying altitude in m: 7,000

Airbus AS350

Charter



Quantity: 7
 Max. no. of seats: 5
 Average speed in km/h: 234
 Max. flying altitude in m: 7,000

Kingair

Medical evacuation



Quantity: 1
 Max. no. of seats: Medevac (8)
 Average speed in km/h: 480
 Max. flying altitude in m: 10,670

Airbus H225

Search and Rescue



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



Statements

Statement of the Board of Directors and Executive Management

The Board of Directors and Executive Management have on this day reviewed and approved the Annual Report for the financial year 1 January – 31 December 2023 for Air Greenland A/S.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act as it applies in Greenland.

We consider that the consolidated accounts and financial statements provide a true and fair view of the group and parent company's assets, liabilities and financial position as of 31 December 2023, as well as the result of the group and parent company's activities and cash flow for 2023.

In our opinion, the Management's Report contains a true and fair assessment of the development in the company's activities and financial matters, the profit for the year and of the company's financial position, as well as a description of the material risks and uncertainties faced by the company.

The Annual Report is recommended for adoption at the Annual General Meeting.

Nuuk, 9 April 2024

EXECUTIVE MANAGEMENT

Jacob Nitter Sørensen
CEO

BOARD OF DIRECTORS

Bodil Marie Damgaard
Chairwoman of the Board

Malik Hegelund Olsen

Claus Motzfeldt

Steen Jensen
Vice Chairman

Charlotte Pedersen

Henrik Maule Steinbacher

Anette Grønkjær Lings

Johannes Groth

Tina Chemnitz

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 parent company's assets, liabilities and financial position as of 31 December 2023, as well as the result of the group and the parent company's activities and cash flow for the financial year 1 January – 31 December 2023, in accordance with the Danish Financial Statements Act as implemented in Greenland.

We have audited the consolidated accounts and financial statements of Air Greenland A/S for the financial year 1 January - 31 December 2023, 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 parent 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 Ethics Standards Board for Accountant's international guidelines for auditors' ethical behaviour (IESBA Code) and the additional requirements that are applicable in Greenland, just as we have fulfilled our other ethical obligations in compliance with these requirements and IESBA Code. 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

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 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 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 Financial Statements Act as implemented in Greenland. 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 parent 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 parent 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 international 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 parent 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.





Copenhagen, 9 April 2024

PricewaterhouseCoopers
Partnership of State-Authorized Public Accountants
CVR no. 33 77 12 31

Thomas Wraae Holm
State-Authorized Public Accountant mne30141

Grønlands Revision A/S
State-Authorized Public Accountants
CVR no. 41 76 26 67

Per Jansen
State-Authorized Public Accountant
mne21323