



Annual report

2019



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Company information

TELE Greenland A/S

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CVR nr.: 1751 6345

Home municipality:
Kommuneqarfik Sermersooq

Telephone: +299 34 12 55
Telefax: +299 32 22 55
Internet: www.telepost.gl
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Ownership

The company is 100%
owned by the Government
of Greenland

Board

Stine Bosse
Chairman of the Board

Inaluk Brandt
Vice-chairman of the Board

Ulrik Blidorf
Chairman of the Audit
Committee

Kim Søgaaard Kristensen

Aviaaja Karlshøj Knudsen

Emil Kleemann
Employee elected

Jørgen Rosbach
Employee elected

Ole Zeeb Andersen
Employee elected

The executive management

Kristian Reinert Davidsen
Chief Executive Officer

Associated company

Property company Suliffik A/S
(39.4 %)

Home municipality

Kommuneqarfik Sermersooq

Audit

PWC, State-authorized audit
partner company

Approved at the company's
general assembly May
12th 2020.

Chairman of the meeting
Peter Schriver, Nuna Law

Financial highlights and key figures

Mio. kr. (unless otherwise stated)		2019	2018	2017	2016	2015
Net revenue		814.2	816.7	846.1	885.8	843.4
Operating costs		(577.4)	(544.8)	(554.3)	(555.1)	(584.0)
EBITDA		256.0	294.1	314.5	344.0	293.4
Depreciations		(134.0)	(153.5)	(163.2)	(200.5)	(195.7)
Result of primary operations (EBIT)		122.0	140.7	151.2	148.3	92.9
Financial items, net		(1.8)	(2.0)	(4.2)	(25.0)	(18.0)
Result of the term before taxes		120.1	138.7	147.2	122.2	75.0
Result of the term after taxes		121.7	93.3	99.3	82.9	50.7
Free cash flow						
Cash flow from operational activity (FCF)		219.9	285.0	314.9	314.8	252.0
Cash flow from investment activity		(92.9)	(147.2)	(325.5)	(36.9)	(85.5)
Cash flow from financing activities		(99.8)	(55.9)	(115.9)	(255.9)	(113.7)
Key figures						
Gross margin	%	55.2	60.5	88.3	89.0	89.4
EBITDA-margin	%	31.4	36.0	37.2	38.8	34.8
EBIT-margin	%	15.0	17.2	17.9	16.7	11.0
Return on equity (ROE)	%	10.5	8.1	8.9	7.9	5.2
ROIC	%	9.4	7.0	7.4	7.1	3.8
Interest-bearing debt, netto		(41.1)	(51.7)	(51.2)	(143.8)	102.1
Financial gearing	%	(3.5)	(4.5)	(4.4)	(13.2)	10.2
Interest-bearing debt, net/EBITDA	x	(0.2)	(0.2)	(0.2)	(0.4)	0.3
Solvency ratio	%	71.7	72.2	76.0	72.8	60.6
Average number of employees	Amount ¹	380	407	427	457	478
EBITDA/Average number of employees	tkr.	673.7	723.0	736.4	752.7	613.9
Payroll for the full year	tkr.	177,615	182,952	194,610	211,994	211,807
Paryroll per employee	tkr.	467	450	456	464	443
Balance						
Fixed assets		1,288.5	1,330.1	1,336.9	1,175.1	1,335.2
Total assets		1,613.1	1,592.3	1,513.1	1,497.0	1,647.9
Equity		1,157.4	1,149.5	1,150.6	1,090.1	998.4
Dividend		87.6	137.6	137.3	82.0	32.0
Recievables		119.8	84.2	75.8	93.4	110.1
Current assets		324.6	262.2	176.2	321.9	312.7
Short-term liabilities		259.4	218.0	136.2	169.0	221.9
Net working capital		65.2	44.2	40.0	152.9	90.8
Production data						
Packages	Pieces.	307,000	299,000	264,000	238,000	244,000
Mail	kg	84,100	93,000	99,000	111,000	127,000
Mobilt broad band	Amount	1,982	1,912	2,424	2,536	3,061
Broad band via landline (ADSL)	Amount	14,452	13,220	11,625	11,662	12,036
Phone lines	Amount	6,337	8,064	8,834	9,930	11,307
Mobil phone subscriptions (GSM and Tusass)	Amount	64,700	62,599	61,794	61,693	61,653

1. Average number of employees is excluding trainees.

2. 2018 and previous years show group figures.

Greeting from the Chairman of the Board

TELE-POST in summary

2019 is a year that will be remembered for the three sea cable tears that hit TELE-POST and thus all of Greenland in December 2018 and in January 2019. When accidents like these happen, you really feel the digital evolution in society and how dependent, we all have become on a well-functioning telecommunications infrastructure.

In spite of the work with repairing the sea cables, we have managed to strengthen our network and develop our Tusass universe further in 2019 and delivered both improvements to the private customers as well as a completely new product portfolio to our smaller corporate customers.

Completing infrastructure expansions

2019 became the year when we reached the objective of high-speed internet to more than 92% of the population. After the expansion of the sea cable northwards in 2017, the expansion of the radio chain to Upernavik in 2019 and comprehensive investment in the 4G-network in all villages in Greenland in 2019, we can now with pride say that we can offer flat rate internet products to 92.6% of the population in Greenland.

Sea cable tears have affected the customers

Alongside of completing the network expansions, a large part of the organi-

zation has been closely involved in the repair of the sea cable tears. The employees have put a great effort into that the tears and the subsequent repairs have affected the customers as little as possible, and for that I would like to thank them.

That being said, I am very conscious of the challenges the tears have caused to our clients, and I would like to acknowledge the understanding and patience that large corporate customers as well as private customers have shown throughout the repair period.

Tusass for village customers

One of the results of the large 3-year tele infrastructure expansion we see is that in 2019 we have been able to offer Tusass Flat rate internet in the villages. The customers have received the products incredibly well, and we have experienced a massive 48% increase in internet customers in the villages. TELE-POSTs contribution to giving a larger part of society the opportunity to participate in the digital evolution is squarely in the center of the basis of our existence, and it affirms to me that the course we set in 2017, is the right one.

Security

2019 was also the year, when Greenland in truth were highlighted on the world map, and that form of attention obliges. In the fall, TELE-POST had written a risk and vulnerability assessment of the cybersecurity of the entire company and the telecommunications sector in Greenland. From this foundation, we have received a good guideline for our efforts on the security area in the coming years.

Sustainability

CSR and sustainability are no longer just fancy word, but gradually something that can determine whether a company is successful or not. TELE-POST is conscious of its responsibility – both with regard to environmental issues such as renewable energy sources on our sites, but also with regard to digital evolution and education. In 2019, we laid the foundation for our work precisely within education with a cooperation agreement with Kommuneqarfik Sermersooq on Coding Classes in the elementary school, as you can read more about in our sustainability report.

Satellite

In 2020, we will focus in particular on the 8% of citizens that still do not have the same digital opportunities as the rest of Greenland. We are setting in motion a comprehensive satellite program that will give the customers in Tasiilaq, Ittoqortormiit and Qaanaaq internet connections that also secure their continued participation in the digital evolution.

The board regards the 2019 result as very satisfying – particularly with the considerable sea cable repairs in mind – and look forward to a 2020, when focus again are fully on the customers and the business.

Stine Bosse

Chairman of the Board

Highlights from 2019

81.9

Result after tax in mDKK
Drop of 13% compared to 2018

(result after tax is 121.7, when the effect of change tax percentage on postponed tax is included)

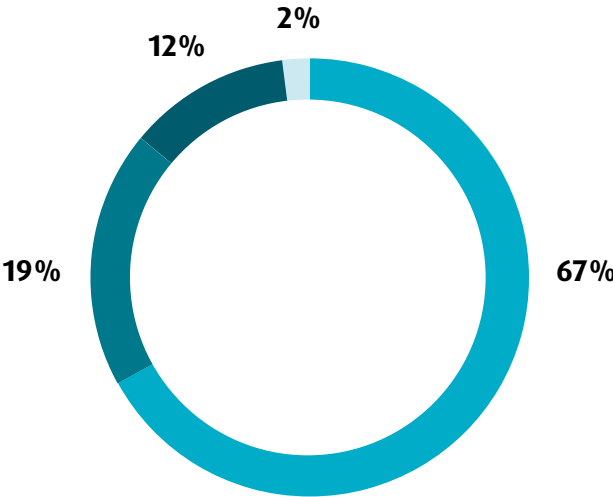


255.5

EBITDA mDKK
Drop of 13% compared to 2018



Distribution of revenue on business areas in %



Growth in revenue

- Phone and internet, 0 %
- IT services, -1 %
- Mail, 0 %
- Wholesale, 17 %

27

Reduction in FTE
Reduction in personel costs of 4% in 2019



92.8

Investments in mDKK
Investments compared to revenue 11% in 2019



The TELE Business

+85 %

Increase in mobile data amount



+32 %

Increase in data amount broad band



The MAIL business

-10 %

84,000 kg in total in 2019



3 %

307,000 packages in total in 2019



Costumer and employee satisfaction

64 ↑

Customer satisfaction business

66 →

Customer satisfaction private



72 ↓

Customer satisfaction mail

82 ↑

Employee satisfaction

BUSINESS MODEL



Core ressources

Employees

Our employees make sure that services are provided across business areas, and we strive to offer the right competency and development opportunities for everyone.

Financial ressources

We finance our investments if possible through the flow of our operations and secondarily through lending.

Customers and owners

Our customers and owners are the foundation for our business and we take our relations with both seriously.

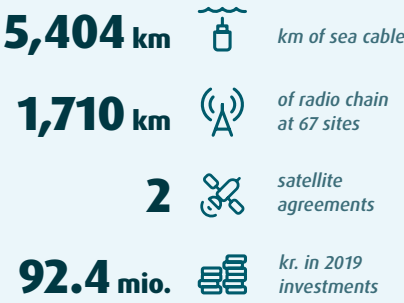
Community engagement

We invest in solutions that secure the digital development in parts of the country where the commercial basis is limited too..

Investments

Infrastructure

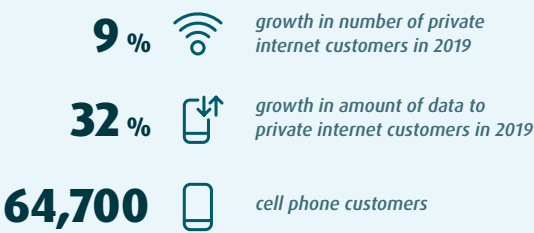
- The area ensures phone and internet connections to all of Greenland and has supply security as its main focus.
- Infrastructure is continuously being build and expanded that ensures connections that can provide current and up-to-date products for the customers.



Revenue

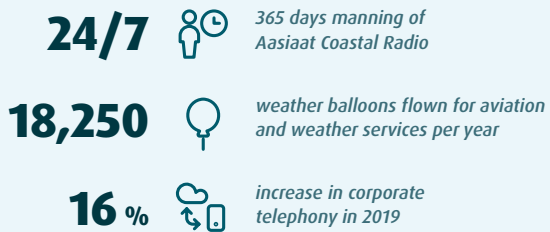
Phone and internet 67 % of revenue

- The area supplies phone and internet products for both private and corporate customers.
- New products are continually developed that ensure the customers opportunity to be a part of the digital evolution in Greenland and in the rest of the world.



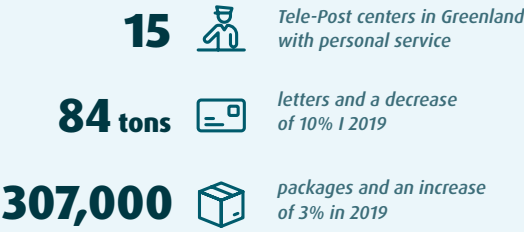
IT services and other services 19 % of revenue

- The coporate business offers up-to-date IT-solutions to customers all over Greenland, which gives the companies the opportunity to focus on their core business.
- As supplier of emergency and safety contingency in Greenland, TELE-POST contributes to securing safety at sea.
- Delivery of services to aviation and weather services contribute to a solid traffic infrastructure in Greenland.



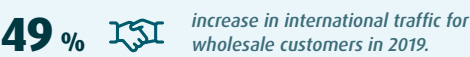
Mail 12 % of revenue

- With sole concession on letters in Greenland, the postal business ensures a secure delivery of mail to the entire country.
- Delivery stabile package solutions are offered to all of Greenland, which makes international trade for both private and corporate customers possible.erhvervskunder.



Wholesale 2 % of revenue

- Wholesale gives the citizens of Greenland the opportunity to chose competitors for the delivery of internet products.
- The area develops products for internet providers so that they too can offer up-to-date products for their customers.



TELE-POSTs Strategy og performance

Strategy

The mission for TELE-POST is to create national cohesion as a reliable supplier of tele communication and mail services to all of Greenland. TELE-POST must be run responsibly and with a focus on quality, security and development. Through simplification products are made more transparent, easier to supply and not least cheaper to the customers.

The best customer experiences

In 2019, the work on giving the customers the best experiences continued. During the year, the Tusass Flat rate internet products were offered to most villages in the country, so our customers here too can get up-to-date internet connections at a fixed known price.

Additionally, we saw the full effect of the radio chain upgrade to Upernavik that was inaugurated in November 2018. The customers have experienced a reduction in the price they have to pay TELE-POST for well-functioning internet, while the company has maintained an EBITDA on par with the goal even in spite of comprehensive costs for sea cable repairs.

Combined that has resulted in almost 1200 more private broadband customers. TELE-POST is proud to have given even more citizens in Greenland the opportunity to participate in the digital evolution.

All of these customers has joined our prepaid Tusass-universe. The Tusass products have the advantage – beyond the fixed price – to the customers that they can not build debt, as the products are prepaid. This ensures responsible consumption with the customers that no longer risk indebting themselves with TELE-POST, as a result of large roaming-, data or call consumptions as seen previously. Furthermore it has a positive effect on the company's provisions for losses, receivables and liquidity and thus the company's financial position.

The improved internet and mobile products for private customers as well as an increased focus on servicing the large corporate customers has resulted in an increased customer satisfaction, which can be seen in the annual customer satisfaction survey. This is an area on which TELE-POST will continue to focus.

Strong networks

In 2017 and 2018, the sea cable to Aasiaat and the radio chain in Upernavik was completed. In 2019, the work has focused on the company's national 4G-program, which now means that more than 92% of the customers now can be offered fast flat rate internet. This was one of the overall objectives, when the strategy for 2017-2020 was drawn up, and now is completed.

The spread of 4G-networks to the villages has both meant more customers and much higher data amounts in 2019.

The objective of minimum speeds of 50 Mbit/s is still not realized for the private customers, though, as locally upgrading of city networks are still upcoming. TELE-POST works intensively at a standardized solution that will be applicable nationally and at the same time be able to ensure future speed increases.

An efficient company

TELE-POST has been working on simplifying the system landscape and optimizing processes in 2019 too, amongst other things to gain the full effect of the new ERP system that was implemented in October of 2018.

On the mail area the use of SMS's in connections to package pick-ups, the use of self-service package boxes etc. is part of keeping costs down and reducing delivery times for customers.

On the internet and mobile area, work on optimizing the system landscape and transitioning from the old bill based phone and internet products to prepaid simple high speed based products has led to both simpler procedures and system landscape.

51% 

Share of all revenue on mobile and data via tusass.gl

The share was 43% in 2018

This focus is – amongst other things – part of ensuring that TELE-POST can continue to distribute neat dividends to the owner in spite of lower prices for both private and corporate customers.

An asset for society

Through the latter years, TELE-POST has engaged in sustainability work and continually sets more and more ambitious goals. The company has hired an employee for the area that – as a catalyst – will ensure that all levels of the organization will incorporate a sustainability perspective in operating and developing the Company.

Once a year, TELE-POST must report on its sustainability effort and progress to the UN Global Compact. TELE-POST has chosen to publish its report according to the annual report law article 99a and 99b in a supplemental report to the annual report that can be downloaded on our website here:

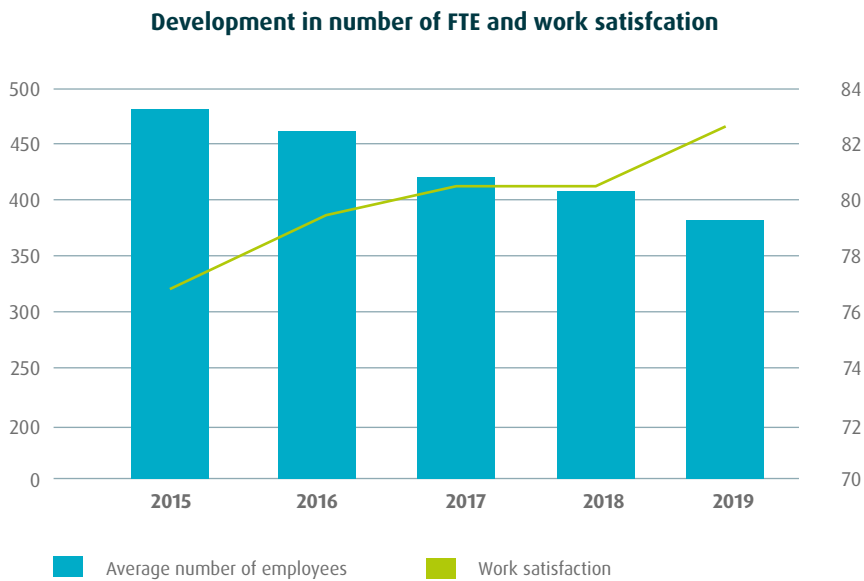
telepost.gl/da/om-tele-post/baggrund/tal/aarsrapporter

TELE-POSTs Strategy og performance

Employees

In 2019 too, the employees have been working determined at realizing TELE-POSTs strategy and completing a number of comprehensive projects. Our strategic objective of increasing company process efficiency through simplification of work processes is mirrored in a continued reduction in staff. On average in 2019, there were 380 full time employees (FTE) employed, which is a reduction of 27 FTE compared to 2018, and in the month of December there were 368 FTE.

Since 2015, the number of FTE has been reduced from 478 to 380 equivalent to a drop of 21%. This has mainly been through natural departures in connection with simplified processes and a reduction in the complexity of the system landscape, so filling the positions have not been necessary. At the same time increasing job satisfaction has been successful continuously over the period.



Realizing objectives

In TELE-POSTs strategy for 2017-2020, a number of overall objectives have been established for the company's development. Below the strategy objectives and objective completion for 2019, will be seen.

Combined, the work with the company's strategy has resulted in TELE-POST being able to tick off almost all of the strategic objectives in 2019, too.

Measure	Unit of measure	Objective 2019	Achievement	Commentary
EBITDA	Mio. kr.	272	(✓)	EBITDA realized with 255.5 mio. kr. Sea cable cost subtracted EBITDA is 309.4
FTE	Number of employees converted into full time employees (at year end)	405	✓	There were an average of 380 FTEs in 2019. At the end of 2019, there were 368 FTEs at TELE-POST, while there were 403 at the end of 2018.
Receivables	Mio. kr. (max at year end)	80	✓	Receivables from sales was 69.7 mio. kr. at the end of 2019.
Borrowing	Mio. kr. (max at year end)	Max. 350	✓	There was 150.7 mio. kr. in interest-bearing debt at the end of 2019.
Liquidity	Mio. kr. (current)	Min. 50 mio. kr.	✓	There was 191.8 mio. kr. in liquids at the end of 2019.
Dividend	Mio. kr.	82 mio. kr.	✓	137.6 mio. kr. was paid in 2019.
Customer satisfaction	Percentage point	+1 compared to 2018 74	(✓) x	KTU development from 2018-2019: TELE Private: 66 -> 66 (0) TELE Corporate: 61 -> 64 (+3) Mail: 73 -> 72 (-1) In spite of progress on corporate, the objective has not yet been reached.
Minimum speed in the sea cable area	Mbit/s	50	x	For private customers speed increases have not been introduced.
Work satisfaction	Percentage point	78	✓	MTU in January 2020 showed a result of 82.

The economic development in 2019

Profit development

This year's result after taxes were 121.7 mio. kr.

The result is affected by a reduction of 39.7 mio. kr. in the company's postponed taxes, due to changed tax levels.

If this reduction is discounted, this year's result after taxes is 81.9 mio. kr. and thus 12.1 mio. kr. lower than in 2018, when the result after taxes was 93.3 mio. kr.

Revenue development

The net revenue in 2019 is increased by 2.0 mio. kr. to 814.2 mio. kr.

The net revenue development from 2018 to 2019 has been in the following areas:

- Refunding internet customers as a result of sea cable repairs has a negative revenue impact of 5.1 mio.
- The mobile revenue has dropped by 5.1 mio. kr. as a result of more customers choosing the tusass subscriptions without volume pricing and with more data included in the price.
- A continually weakening filatelia market means a revenue drop in the area of 2.0 mio. kr. compared to 2018.
- Sale of sea cable capacity as a result of the sea cable tear has dropped by 3.5 mio. kr.

- Supplying Denmarkshavn for ICAO, which happens every other year, affect the net revenue positively with 6.3 mio. kr.
- Internet for corporate clients diverge positively with 8.9 mio. kr. as a result of an increased focus on the larger customers and dedicated account managers that take care of their needs.

Cost development

In 2019, the operating costs has increased by 33.1 mio. kr. The cost level is amongst other things determined by the following factors:

- The 3 sea cable tears has led to unexpected external costs for around 45.3 mio. kr. See the following chapter for further details.
- The write offs have dropped by 24.3 mio. kr., where amongst other things, the IT-system investments have been written fully off.
- The adaptation in the number of employees has continued in 2019, where the average number of employees has dropped by 27 full time employees. This follows the described path on simplification, and in 2019 there was an average of 380 full time employees in the company. The costs for personal has subsequently dropped by 8.7 mio. kr. compared to 2019.



Balance development

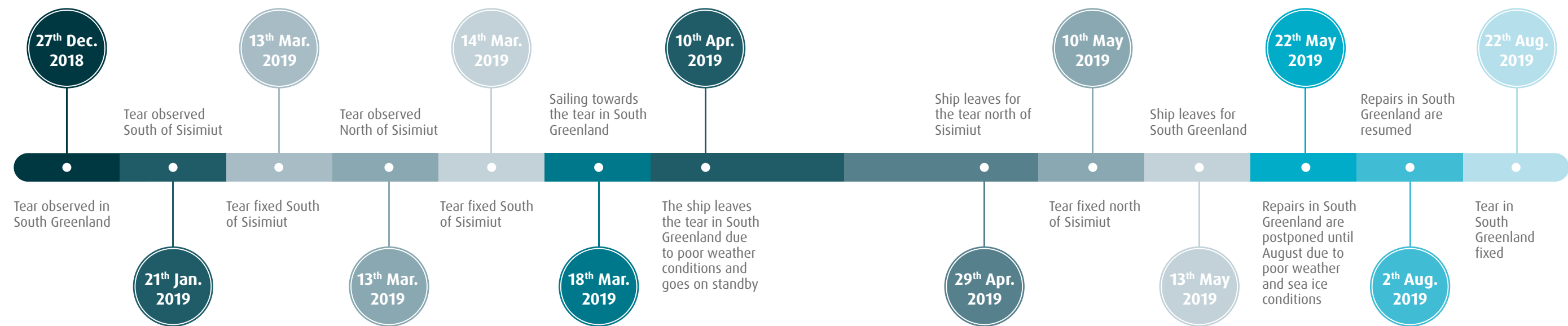
Per December 31st 2019, the equity has been tallied at 1,157.4 mio. kr. In 2019, 137.6 mio. kr. has been paid out in dividend to the Government of Greenland for the fiscal year 2018. The solvency ratio has dropped from 72.2% in 2018 to 71.7% in 2019. Discounting the tax regulation of postponed tax, the solvency ratio in 2019 would have been 70.5%.

At 92.8 mio. kr., investments are almost halved compared to 2019, due to the technical resources in the company being focused on sea cable repairs.

The interest-bearing net debt is at -41.1 mio. kr. at par with 2018, which means that cash flow from operations and a reduction in liquidity has financed investments. The long-term debt (including short-term share) has likewise dropped from 16.0 mio. kr. in 2018 to 15.2 mio. kr. at year end.

However, there has been a withdrawal of 137.2 mio. kr. on TELE-POSTs credit facility of a total of 350 mio. kr., which must be paid off within 1 year.

Sea cable damages



From the beginning of the year, 2019 was intensely influenced by no less than 3 sea cable tears. At the same time, 2019 was a year with very unstable weather, which meant that the damages was not finally repaired until September 2019, when all customers could resume using the internet as expected.

The northern tears

In the beginning of January, first a sea cable tear occurred just south of Sisimiut followed by a tear just north of Sisimiut.

The tears have caused large challenges to our customers, and in the period from January to March, all cities and villages north of Sisimiut had to be serviced by the radio chain along the west coast.

Even though the sea cable from Nuuk and northwards was not established

until November 2017, the amounts of data have increased so intensely that when the traffic was moved back to the radio chain, the customers experienced speeds that gave the impression that the chain was not working, in spite of unchanged capacity.

TELE-POST is aware of the large challenges the accidents have meant to not just the corporate but also the private customers. As a result of priority being given to corporate traffic in the radio chain, the private

customers have been reimbursed for the part of their internet costs that exceeded the slowest connection during repairs.

The tear in South Greenland

South Greenland has likewise been affected by a tear in the sea cable that has meant that private customers at times have not had access to broadband connections – again due to radio chain capacity being prioritized for critical public services as well as corporate connections.

In South Greenland too, the private customers have had their internet costs refunded in the aforementioned repair period. In contrast to the tears in North Greenland, the repairs here meant that the internet

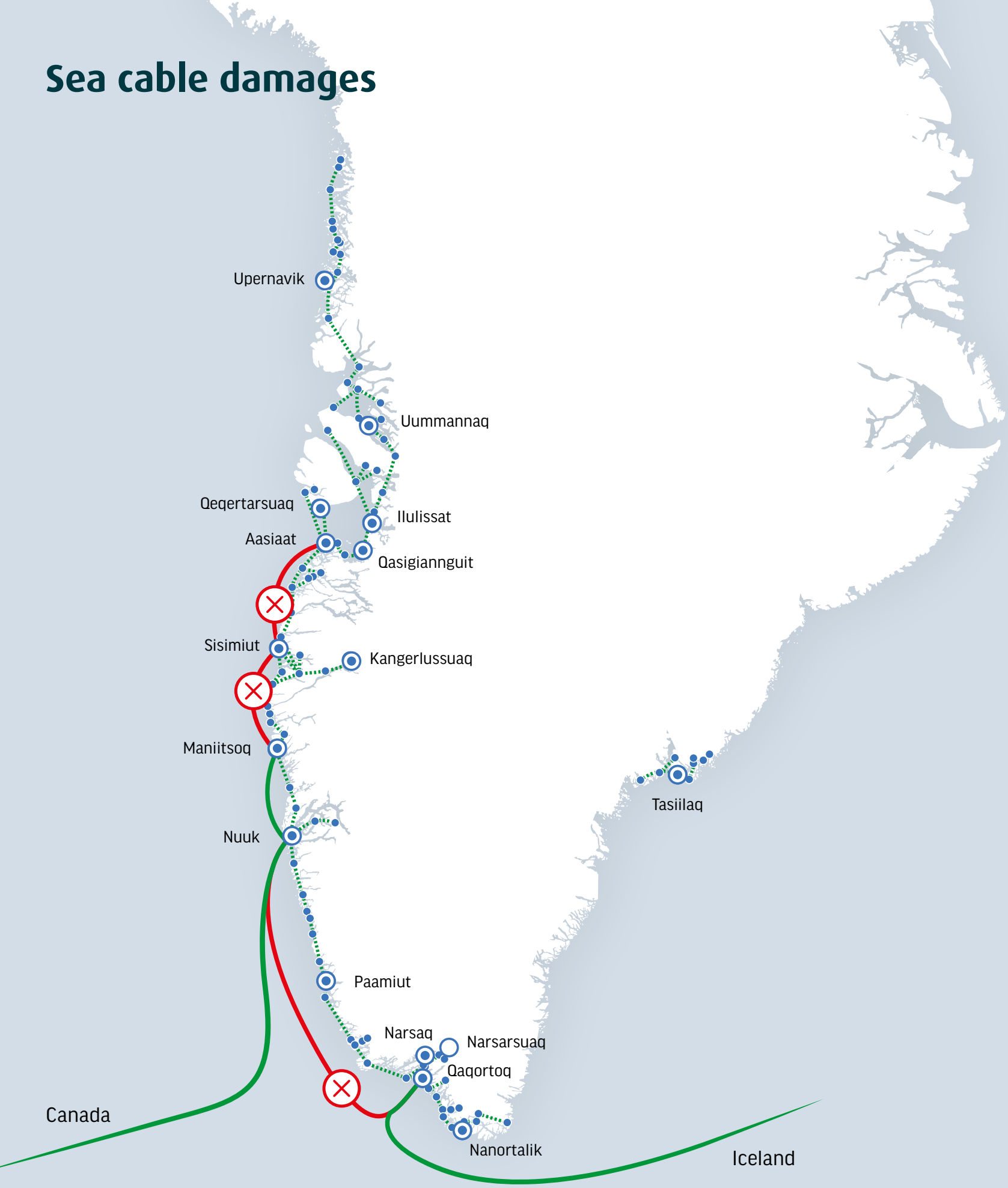
in the period had to be cut entirely, and the customers have had full reimbursements of costs.

Financial consequences

As a result of the accidents and the work on repairs, many other construction projects have had to be postponed. This means that investment activity in 2019 is the lowest in many years. In addition the repair costs for the three tears negatively impact the 2019 result with 53.9 mio. kr. The postponed investments will be completed in 2020 and 2021.

Including the costs reported on the annual report for 2018 of 17.7 mio. kr., the total liquidity effect in 2019 from repairs of the sea cable tears is 71.6 mio. kr.

Sea cable damages



In mio. kr.	Tear in South Greenland	Tear south of Sisimiut	Tear north of Sisimiut	Total
External repair costs	15.6	15.2	14.5	45.3
Customer refunds	1.3	3.8		5.1
Lost revenue on sales of sea cable capacity for international customers	3.5			3.5
Total effect on 2019 operating profits	20.4	33.5		53.9

Our business areas

TELE-POST is a company that offers many and differentiated services. With 66% of the revenue, the phone and internet business is the largest share of the companies work, followed by IT-services and other services that total 19%. Additionally, the mail business make up 13% of the revenue, and finally the wholesale area with wholesale of internet that make up 2% of the company's revenue.

Phone and internet

Phone and internet is TELE-POSTs most important core products. At the same time, they are the business areas with the most notable changes of the recent years. In December of 2016, Tusass cell phone plans including unlimited calling and texting were introduced, and in December of 2017 Tusass flatrate internet plans followed. These products are an implementation of TELE-POSTs strategy for 2017-2020, where phone and internet products must be simple and based on online self-service. In 2019, the work on implementing this product strategy has continued, at it has led to significant development in several areas.

Customers and customer satisfaction

TELE-POST is aware of its position in the market and constantly tries to act, as if the company is in a reel competition on all business areas. That is why annual customer satisfaction surveys are conducted, so that the company is always conscious of the customer's perception of the offered products and services.

Customer satisfaction is measured after international standards by an

external consultancy. In November of 2019, the latest customer satisfaction survey was completed. The private customer satisfaction was on the overall parameters either unchanged or increasing by 2 to 3 points. The progress in satisfaction was in particular driven by village locations that got access to Tusass internet and mobile data through the 4G-network.



66 private customer satisfaction

Unchanged compared to 2018



64 corporate customer satisfaction

Increase of 3 compared to 2018

Corporate customer satisfaction increased on the overall parameters by 3 to 4 points. The increase among corporate customers is amongst other things due to good contact and communication with TELE-POST and the account managers that handle servicing of larger corporate customers, as well as a perception of the products being fundamentally

stable and reliable. In 2019 in spite of challenges with sea cable tears in the beginning of the year, private and corporate customer satisfaction was successfully maintained at a satisfactory level. Customer satisfaction is an essential benchmark for the current strategy period of 2017-2020, and the objective is that customer satisfaction must continue to increase over the entire period. The latest results meet this objective.

Internet

Tusass internet was first launched in December 2017, with expansions in both 2018 and most recently in June 2019, when the overwhelming majority of the villages on the west coast also had the opportunity for fast flat rate internet, when Tusass internet from June was made available in 45 villages. Thus, more than 92% of the population now has access to Tusass internet.

Tusass internet and the improved opportunities the product gives – particularly for customers in villages – has meant a marked increase in the number of private internet connections in the country that during 2019 has increased by 9%, and in the villages alone by 48%.

Tusass flat rate internet at the same time comprises 81% of all internet connections. This positive development with more flat rate customers has also had a substantial

effect on private data consumption that in 2019 increased by 31% in Greenland in total compared to 2018.

A general increase in the internet consumption was expected, as the internet – to a larger degree than previously – is used for data demanding streaming of TV and video. The consumption is expected to increase in the future, but not at the same rate, as most of the clients now are on flat rate internet products. Converting older internet products to Tusass flat rate internet has continued through 2019, and particularly in the villages has this tendency been substantial, where more locations now exclusively have Tusass flat rate internet.



48 %

Increase in number of internet customers in villages.

9% increase in number of internet customers in Greenland in total



927 %

Increase in data amounts in villages. 31% increase in data amount in Greenland in total

customers at these locations have gone from a premium product containing 100 GB data with a download speed at 4 Mbit/s for 1,149 kr., to now having Tusass flatrate internet with 2 Mbit/s for 499 kr., or

Our business areas

10 Mbit/s for 1,099 kr. This has led to an increase in data consumption of a whopping 927 % in villages, and thus it must be concluded that they truly have joined the digital age in Greenland.

In spite of the customer increase – particularly driven by the introduction of Tusass flat rate internet in the villages – revenue on the internet area has dropped by 3.3 % compared to 2018. This is due to customer pricing now being fixed instead of volume based, and thus the customer receive significantly more data for less money.

Mobile

The number of mobile subscribers have been increasing through 2019. Thus over the year, just shy of 1,900 more mobile subscribers have joined, so there now is more than 64,700 active SIM cards.

Converting from Tusass prepaid and postpaid products to Tusass subscriptions have continued through the year. The number of Tusass mobile subscribers has increased by more than 25 %. From making up 29 % of mobile customers, they now make up more than 36 %.

The mobile area similarly experience a continued massive growth in data consumption that is a natural extension of the migration pattern towards Tusass mobile subscriptions and their lower data prices. This has recently been strengthened significantly as a result of the data content

of Tusass mobile subscription from 499 kr. and upwards being doubled in November of 2019. Thus, the mobile data consumption has increased by 85 % in 2019 compared to 2018.



85 %

Increase in mobile data
Compared to an increase in
2018 of 17 %

With a continued migration towards Tusass mobile subscriptions and planned improvements, data consumption is expected to continue to increase significantly through 2020.

In 2019, the “Tusass abroad” service added significantly more countries so the customers now can use their mobile package, when they travel to 23 countries without extra charge. The customers can also call to these countries, when they are in Greenland without extra charge.

The starter package fee for Tusass was removed in 2019, and this has with great likelihood contributed to the increase in the number of mobile customers. In spite of the large growth in mobile data consumption – and the limited growth in the number of mobile customers – the revenue from the mobile area has dropped by 1.8 % compared to 2018, which is due to the customer transition to subscriptions with far cheaper mobile data.

Landlines

In 2019, the number of landline subscribers dropped again by more than 20 %.

This downward trend is expected to continue in 2020, when more and more traffic transitions to mobile phone, particularly due to the option of unlimited phone plans. If this trend continues, it will not be unthinkable that the product over a small number of years, in truth loses its raison d’être.

The corporate area

In 2018, TELE-POST introduced large customer plans for the company’s largest corporate customers. The concept consists of corporate customers being offered a high degree of priority and security on all their internet- and network connections at a fixed monthly price.

The large customer plans are particularly directed to the truly largest customers that often are responsible for different tasks of particular importance to society. The concept has proven to be a success, as an overwhelming number of the largest corporate customers today have chosen to enter into a large customer plan. The largest customer increase was during 2018, in the time immediately after the concept was launched.

In 2019, an equivalent revenue and customer number was successfully maintained, which must be referred to as being positive. Revenue wise, the large customer plans has a lot

of volume, and in 2019 they made up 64 % of revenue in internet- and network connections for corporate customers.

2019 was also the year, when the corporate area became a part of the Tusass universe, when Tusass Corporate was launched June 3rd and a number of new and improved mobile, internet and mobile internet products were made accessible to corporate customers all over Greenland. In addition to new products, the purpose of the Tusass Corporate launch was to create new sales channels for the corporate products. As something new, sale of corporate products were made available in TELE-POST Centers, particularly to give the smaller corporate customers a better and more intimate service.

In addition, an extra effort was made to move corporate customers from older subscription types to the new and improved Tusass Corporate mobile. Many customers have received this well, and as a result the number of corporate customers that have Tusass Corporate mobile subscriptions – instead of to an older subscription type – have grown from 23 % in 2018 to 47 % in 2019.



47 %

share of Tusass Corporate
subscription of all corporate
subscriptions
in 2018 the share was 23 %

Our business areas

Mail and packages

The mail area too felt the increased digitalization in 2019 in the shape of decreased mail amounts. However, the growth in the package market increases, though at a lower speed then previously seen. TELE-POST is aware of the challenges the customers can experience with the option of having packages shipped to Greenland – particularly on Danish web shops – and continually try to reduce the barrier for internet trade in and to Greenland.

Customers and customer satisfaction

The customer satisfaction on the mail area has dropped by 1 compared to 2018, but is still at a reasonable level of 72, though. The drop is concentrated in South Greenland, while the other regions either maintain or even experience an increase in customer satisfaction. The drop in South Greenland is in particular related to deliveries and communication around delays. This can in part be a result of the new supply pattern in the region. TELE-POST is working at improving the communication in particular for the customers, but also deliveries in cooperation with our suppliers.

Business development

The amount of self-service post offices continues, which is seen in the development of delivery from package dispensers. In 2019, the amount of packages delivered through dispensers has increased by 2.4%.

In the same way, the use of electronic notification of customers via SMS has become standard in relation to the collection of packages as opposed to previously, when the notification was as paper notifi-

cations in a post box or mail box. This has the advantage to the customers that they instantly see when their package has arrived and can pick it up immediately after.

The filatelia area

In 2019, TELE-POST entered into a cooperation agreement with Danish company Nordfrim LC on operating the company’s Filatelia area. In reality it means that Nordfrim handle all sales and customer service for TELE-POST, while production and shipping is handled from Tasiilaq as usual.

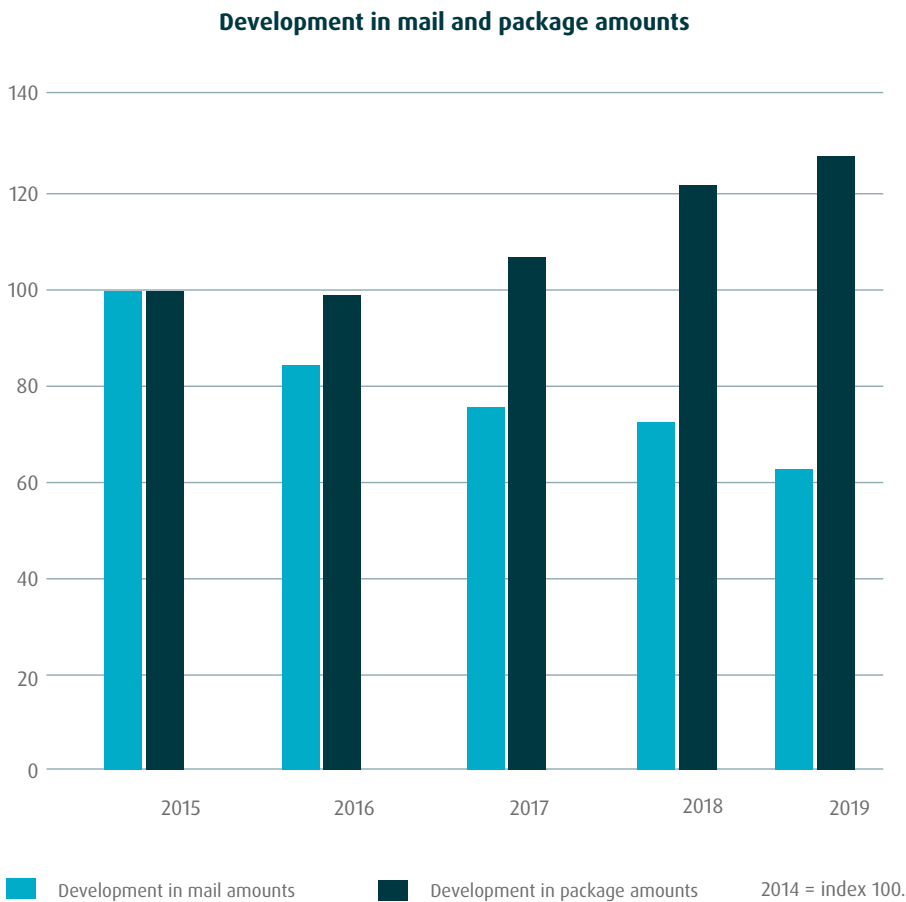
The cooperation is of strategic significance to TELE-POST, as Nordfrims placement in the market can mitigate the drop TELE-POST – just like most other stamp producers – through recent years have experienced on the stamp area. Filatelia is world wide a receding business area, which is why TELE-POST sees great advantages to having access to Nordfrim’s network and expertise through the cooperation.

Mail products

Mail amounts continue to drop and in 2019, the drop was at 10%. This is predominantly due to the continued digitalization of society, where the global development has a spillover effect on Greenland. The mail amounts are expected to drop even further in 2020, when authorities are introducing digital public mail for all citizens in Greenland.

Conversely, the amount of packages rose by 3% in 2019 compared to

2018. It continues to be packages from countries such as China, England and the US that increases, which could also be observed last year. The package area is sharply increasing overall in the world due to e-commerce. That is why TELE-POST in 2020 too, will focus on having greater growth in this area and contribute to reducing barriers for net trading for customers.



Our business areas

IT services and other services

TELE-POST has a wide business that covers more than phone, internet and postal services. Combined this area make up 19% of the company's total revenue.

IT services

Aside from phone and internet, TELE-POST offers other IT-services for the large corporate customers in Greenland. The corporate business focuses in particular on three main areas that – with phone and internet connections – give the customers a solid foundation for being able to be a part of digitalization in Greenland:

- 1. Corporate phone delivered through the company's Iserfik platform.
- 2. Network solutions
- 3. Hosting

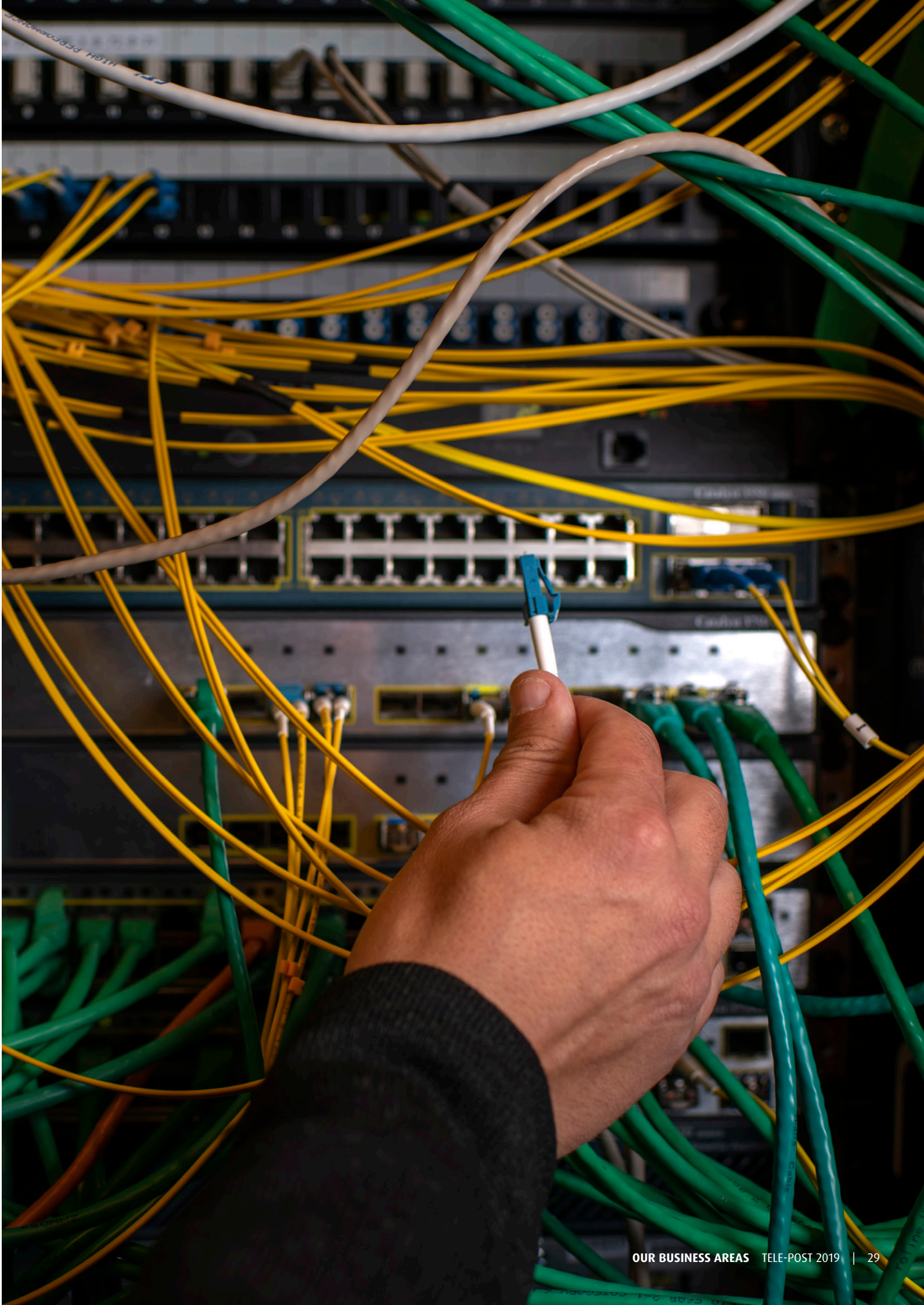
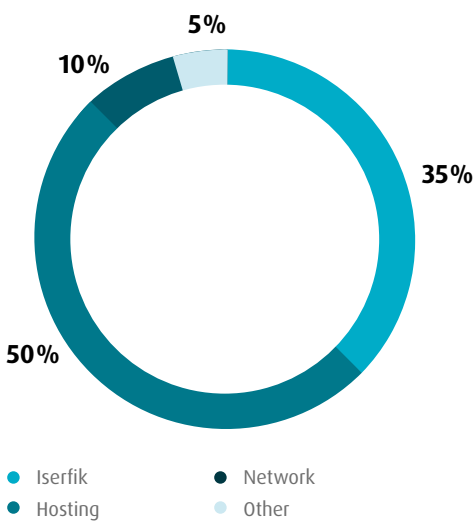
In addition a couple of minor products such as video- and phone conferences, which is a service with a significant raison d'être in a vast country like Greenland.

The area has undergone a larger transformation during the last 2-3 years, where the product portfolio has been streamlined and more focused. This means that some products have been discontinued, while other new business areas have been added.

In 2019, the business area print was finally discontinued – partly as a

result of the digital development, where ever fewer companies use physical prints. In contrast, 2019 was the year when hosting became one of the largest business areas in the corporate business. This is similarly an expression of digitalization and the companies' realization that IT as a service can ease and simplify their internal network setup and thus reduce their complexity.

Solid and well-functioning IT-solutions are prerequisites to companies being able to function, and the corporate business will continue to work based on the objective of becoming the customers secure choice with regard to IT in 2020.



Our business areas

International customers and services

TELE-POST has a department that delivers tailored telecommunication services to both large domestic and foreign customers, where the tasks among others are:

- Emergency and safety service for the Danish Government
- Weather service for DMI and ICAO
- Telecommunication for Naviair
- Distribution of radio and TV for the Greenlandic Government

Focus in 2019 has been on upgrading the technical systems that supports the emergency and safety service – a task that will continue in the coming years.

In 2019, TELE-POST chose to cooperate with the Greenlandic Government on extending the deal on distribution of radio and TV in Greenland, so this now expires at the end of 2020. There is an option of further extending the existing contract for a year, after which a new deal must be negotiated.

TELE-POST handles supplying Danmarkshavn under the service deal with DMI. The station is supplied by ship every other year, and 2019 was one of the supply years, which is reflected in the revenue from the area.

Wholesale

TELE-POST is not the only supplier of internet connections for private customers and companies in Greenland. There are a number of internet suppliers that buy wholesale connections at TELE-POST and forward this in the form of their own private and corporate products.

The wholesale sells three overall types of connections for corporate customers that combined gives the opportunity to deliver internet products to their customers.

- Global IP, which is capacity on the sea cables between Greenland and the world.
- National IP, which is the capacity on TELE-POSTs network in Greenland
- BSA connection, which is the connection from the network to the individual customer.

The private actors demand for capacity in 2019, has followed roughly the same growth rate as seen at TELE-POSTs own retail customers. There has been minor price changes on TELE-POSTs BSA prices in September 2019, where prices have been reduced.



TELE-POSTs comprehensive activities are related to a long list of risks that the company faces. Whether of a business, operational or financial character. The significance of risks are estimated from a combination of the risks possible effect and likelihood. The Board of Directors and the subcommittees reporting to the Board of Directors are continuously responding to risks that are pointed out through reporting from the Executive Group, accounting or other relevant sources.

Technical systems

The technical systems have undergone a larger modernization in the years 2017, 2018 and 2019. Building Greenland Connect North at the end of 2017, finishing the radio chain to Upernavik, the upgrade of the radio chains in South Greenland as well as the roll out of 4G have lifted the technological level in most of Greenland.

Even though the condition under which tele communication is supplied are amongst the most challenging in the world, it has been possible to complete these development projects, while maintaining operational stability – and in some area operational improvement. However, the sea cable tears are disregarded as occurrences that are hard to risk mitigate.

The coming year will focus on acquiring further capacity for growth in data – including capacity for the satellite areas – and increasing operational stability.

The company has a comprehensive emergency and contingency plan to ensure a fast, professional and adapted reaction to incidences that

have led to break down of critical systems, or when there is a imminent threat that it will happen. The emergency and contingency plan is revised and updated annually.

IT-security

As national telecommunications company, TELE-POST is the spine of all telecommunications in Greenland. The company is in this regard aware of the increased need for solid security measures. The company has been working over a number of years to continue strengthening IT-security, and in the strategy towards 2020, a number of measures have been defined to contribute to continue to increase the security level. In 2019, the following measures have been initiated to counter a continually increasing and complex threat scenario.

- The internal forum that has the primary responsibility for the company’s IT-security – including updating the IT-security policy – and reacting to concrete recommendations has organizationally been moved from the operative IT department to the financial department.

- In 2019, an update risks and vulnerability evaluation has been conducted in cooperation with external advisors that show that Greenland is exposed to a threat scenario more serious than that of for example Denmark.
- Furthermore, a maturity analysis on the information security area has been conducted in 2019, which show that TELE-POST has moved on all parameters, since the last maturity survey in 2015. The threat scenario keeps moving though, which is why TELE-POST also in the coming years will sharpen and intensify the work with IT security.

Annually, the company conducts a comprehensive IT-revision, and the derived plans of action are defined and treated in the company’s IT security forum, and the progress is reported to the Board of Directors. Furthermore, hacker attacks are continuously being simulated to test the networks resistance to unauthorized access.

Finally, TELE-POST is cooperating with the relevant authorities with regard to strengthening the security level.

Interest rate and currency risk

The interest rate and currency policy is being updated annually to ensure that the profit is robust against the often unpredictable changes in

currencies and interest rates. At least 50% of the loan portfolio must be at fixed rates (i.e. with an interest rate of more than a year).

TELE-POSTs loan deals have built in financial key figures that – if surpassed – can be terminated from the banks. TELE-POST adhere to the key figures agreed with company’s creditors with a responsible margin.

Larger, long-lasting deals in foreign currency (except for euro), are hedged. However, with a maximum of two years. This is relevant to for instance satellite deals that are typically in USD.

Strategic suppliers

TELE-POST has small and large suppliers and produces an analysis of the vulnerability of with regard to the choice of strategic suppliers with the intent of ensuring an efficient and stabile operation of particularly critical tele-systems.

Liquidity contingency

The company’s total liquid assets at the end of 2019 are 191.8 mio. kr. Based on the company’s budgets and credit facilities it is estimated that the total liquidity contingency is sufficient to support running costs as well as realizing the investment plans and dividend demands for 2020.

Other company conditions

The Board of Directors

In 2019, there has been no change on the Board of Directors that still consist of eight members of which three members are chosen by the company’s employees.

Further information on the individual members of the board – including their special competencies – appears in note 21 as well as on the company’s website. All five general assembly elected members of the board are seen as independent.

In 2019, the board has held five ordinary board meetings.

In 2019, the boards auditing subcommittee has held four meetings, while three meetings were held in the nominations and remunerations committee.

The Board of Directors continually refer to the recommendations in ‘Guidelines for good corporate governance in the Greenlandic Government owned companies’. In a special table on the company’s website (www.telepost.gl/da/om-tele-post/baggrund/om-tele-post/organisation) the company’s status for 2019 is explained according to the set guidelines.

Internal auditing

Annually, the Board of Directors – after recommendation from the auditing committee – consider the need to establish internal auditing. Currently,

it is considered unnecessary to create such a committee.

Regulatory conditions

Since July 2015, other operators have been able to legally offer data and internet services via TELE-POSTs network. There are three private operators that have a deal with TELE-POST Wholesale on purchasing capacity for retail sales.

Financial conditions

Capital structure and dividend

TELE-POSTs capital structure continues to be conservatively capitalized, as there is a solvency ratio of 70.5% by the end of 2019. At the same time the net interest-bearing debt remain negative.

In 2019, the company has paid 137.6 mio. kr. in dividend to the Greenlandic Government, which has been a part of an agreed dividend policy with the owner.

At the end of 2019, the long-term debt is 15.2 mio. kr. (including the short term share). In the fall of 2016, a borrowing limit of 400 mio. kr. was established at a bank consortium comprised of SEB, Nykredit and GrønlandsBANKEN. In 2019, 137.2 mio. kr. of this borrowing limit has been used.

The company’s borrowing agreements contain demands on compliance with financial key figures – including solvency ratios – which has been



observed with a sound margin all through 2019.

Tax conditions

TELE-POST does not calculate paying corporate tax in 2019. The reason for this are the large infrastructural investments in mobile networks, transmission capacity etc. made in 2019. These investments gives the company tax deductions that surpass the taxable income. Besides, the high dividend declaration gives a substantial deduction in the taxable

income. In 2019, the company has paid 61.4 mio. kr. in Greenland A-tax.

Events after the end of the fiscal year

After the end of the fiscal year, no events that affect the estimation of the company’s financial position have occurred.

For estimations of the COVID-19 consequences, please see note 19.

2019 was the third year of the four-year strategy running to and including 2020. The strategy continues to focus on measures that ensure that the ambitious objectives are realized in the end, to benefit the customers and contribute to lifting the digital development in Greenland.

2020 will be the last year of the current strategy period and will focus on the four areas that has been in focus until now.

The best customer experiences

In 2020, focus will continue to be on the Tusass portfolio that now covers both private and corporate customer phone and internet needs. The completion of the 4G project in 2019 means that more customers in villages can benefit from buying the Tusass internet products, which are now offered to more than 92% of the population.

2020 will also be the year, when Tasiilaq will experience large improvements on the internet area. New satellite deals and investments in the local networks mean that at the end of the strategy period, we expect to be able to offer flat rate like products in Tasiilaq, as the first of the 3 satellite covered cities.

Mail amounts are expected to drop further in 2020, partly a result of the introduction of public digital mail in Greenland. It is an unavoidable development that TELE-POST applaud, and focus will instead be on the package market, where large resources are committed to develop the area and reduce barriers to internet trade.

Customer satisfaction was maintained

in 2019 both at private and corporate customers. In 2020 too, there will be great focus on customers experiencing TELE-POST as a company that focuses on their needs. Private customers must be able to self-service easily and simply in the Tusass universe, and corporate clients must be ensured efficient, secure and easily accessible products – both in the shape of phone and internet, but also hosting and network solutions.

Strong networks

When the first years of the strategy period focused on expanding the infrastructure along the west coast in the shape of the sea cable northwards and radio chain expansions, in 2020 TELE-POST focuses on the satellite covered cities. Investments in the local infrastructure as well as new and improved satellite solutions will ensure that the last 8% of the Greenlandic population too gains access to up-to-date internet products, which makes participating in the digital development possible.

An efficient company

In 2020 the work with the internal processes and simplification of the system landscape will continue. In 2019, we already reached the

milestone that half the mobile and broad band revenue comes from the Tusass universe, where the customer creates and changes their products themselves. This leads to a faster delivery time for the customer and fewer manual touches in the organization. The objective is that the share will keep increasing, and that only happens through a continued focus on simplifying work processes and ensuring that our customer oriented platforms and systems are so simple and attractive that our customers choose them.

An asset to society

Through its role in Greenland, TELE-POST has a great responsibility for contributing to the development of society.

In 2020, initiatives will be taken on the CSR area to contribute particularly to the competency development in the country. Coding classes, where elementary school students are introduced to technical and IT professional subjects will contribute to an increased interest in education within the technical subjects. At the same time, TELE-POST will seek partnerships that will contribute to increased digital competencies with children as well as adults in Greenland.

Lastly, the work on making the supply of the many tele-sites more sustainable continues in the shape of solar panels and wind energy, where this makes sense.

IT security

IT security is an area that TELE-POST focuses on in 2020. With the increased geopolitical interest in Greenland comes an increased threat scenario on the IT-area. As the owner of the telecommunications infrastructure in Greenland, TELE-POST has a particular responsibility to ensure that vital telecommunication is not subject to malicious attacks.

In 2020 work with the initiatives identified in the 2019 risk and vulnerability analysis will continue.

Expected company result in 2020

A result before taxes of 100-120 mio. kr. is expected, which is lower than in 2019. See note 19 for an estimate of the COVID-19 consequences. The following factors has an influence on the result:

- Price adjustments on the Tusass product portfolio giving clients better and cheaper products.
- Entering into an agreement with ASN on the sea cable, which brings faster response times in the case of damages.
- Strong drop in landline phone and mail demand as a result of the increased digitalization in society.
- Increased focus on – and costs of – security work both within physical safety and information security.

Management statement

The Board of Directors and the Executive Group has processed and approved the annual report on this day for the fiscal year January 1st – December 31st 2019 for TELE Greenland LC.

The annual report is submitted in accordance with the annual report law.

It is our perception that the annual report gives a true and fair presentation of the company and the company’s assets, liabilities and financial position per December 31st 2019 as well as of the result of the company’s activities and cash flow for the fiscal year January 1st – December 31st 2019.

The annual report is submitted for the general assembly’s approval.

Nuuk, April 1st 2020

The Executive Group



Kristian Reinert Davidsen
Chief Executive Officer

The Board of Directors

Stine Bosse
Chairman of the Board

Inaluk Brandt
Vice President

Ulrik Blidorf

Aviaaja Karlshøj Knudsen

Emil Kleemann

Jørgen Rosbach

Kim Søgaard Kristensen

Ole Zeeb Andersen

The independent auditor’s statement

To the capital owners of Tele Greenland LC

Conclusion

It is our perception that the annual report gives a true and fair presentation of the company and the company’s assets, liabilities and financial position per December 31st 2019 as well as of the result of the company’s activities and cash flow for the fiscal year January 1st – December 31st 2019.

We have audited the annual report for Tele Greenland LC for the fiscal year January 1st – December 31st 2019 that includes result statement, balance, cash flow statement, equity statement and notes – including applied accounting policies (“Financial accounting”).

Basis of conclusion

We have conducted our audit in compliance with international standards on auditing and the additional requirements in effect in Greenland. Our responsibility according to these standards and requirements are described in the audit report’s section Auditors responsibility for auditing the financial accounting. We are independent in accordance with international ethical rules for auditors (IESBA’s Ethical rules) and the additional requirements in effect in Greenland, just as we have met our other ethical obligations in accordance with these rules and requirements. It is our perception

that the achieved proof of audit is sufficient and suitable ad the basis for our conclusion.

Statement on the management statement

The management is responsible for the management statement.

Our conclusion on the financial accounting does not include the management statement, and we in no way express any form of conclusion on the certainty of the management statement.

In addition to our audit of the financial account, it is our responsibility to read the management statement and in that regard consider, if the management statement is significantly inconsistent with the financial accounting or our knowledge gained through the audit or in any other way seems to contain significant misinformation.

Our responsibility is furthermore to consider, if the management statement contain the required information according to the annual report law.

Based on the conducted work, it is our perception that the management statement is in compliance with the annual report and has been produced in accordance with the requirements in the annual report law. We have not

found significant misinformation in the management statement.

The management’s responsibility for the financial accounting

The management is responsible for producing an annual report that gives a true and fair presentation in accordance with the annual report law. Management also has the responsibility for the internal control that the management regard as necessary to producing a financial accounting without significant misinformation, regardless of this is a result of fraud or errors.

By producing the financial accounting, the management is responsible for estimating the company’s ability to continue operations; to inform on measures regarding continued operations when relevant; as well as produce the financial account on the bases of the financial account principle of continued operations, unless the management either intends to liquidate the company, cease operations or do not have another realistic alternative than to do so.

Auditor’s responsibility for auditing the financial account

Our objective is to achieve a high degree of certainty that the financial account in it’s entirety is without significant misinformation, regardless of this is a result of fraud or errors, and to give an auditors statement with a conclusion. High degree of certainty is a high level of security –

but not a guarantee – that the audit is being conducted in accordance with international standards on auditing and the additional requirements in effect in Greenland, always will uncover significant misinformation, when such exists. Misinformation can arise as a result of fraud or mistakes and can be perceived as significant, if it is reasonable to expect that they individually or combined has an influence on the financial decision that the users make on the basis of the financial accounting.

As part of an audit being conducted in compliance with international standards on auditing and the additional requirements in effect in Greenland, we conduct professional estimation and maintain professional skepticism during the audit.

Additionally:

- We identify and estimate the risk of serious misinformation in the financial accounting, regardless of this is a result of fraud or errors, create and carry out auditing procedures as a reaction to these risks as achieve proof of audit that is sufficient and suitable as a basis for our conclusion. The risk of not noticing significant misinformation as a result of fraud is higher than by significant misinformation as a result of errors, as fraud can include collusion, forgery, conscious omissions, deception or disregard of internal control.

The independent auditor’s statement

- We achieve understanding of the internal control with relevance to the audit to be able to create auditing procedures that are suitable under the circumstances, but not the be able to express a conclusion on the efficiency of the company’s internal control
 - We evaluate if the applied accounting practice – that is used by the management – is suitable as well as if the accounting estimations and related information that management has produced are reasonable.
 - We conclude if the managements production of the financial accounting is suitable based on the accounting principle of continued operation, as well as if there on the bases of the achieved proof of audit is significant uncertainty related to events or conditions that can
- create reasonable doubt on the company’s ability to continue operations. If we conclude that there is significant uncertainty, we have to bring attention in our auditors statement to these information in the financial account or – if such information are insufficient – to modify our conclusion. Our conclusions are based on the proof of audit achieved to the date of our auditors statement. However, future events or conditions can lead to company no longer being able continue operations.
- We take into account the combined presentation, structure and content of the financial accounting – including note information – and if the financial accounting reflect the underlying transactions and events in such a way that a true and fair description is being given

We communicate with the top management on amongst other things the planned extent and the timing of the audit as well as significant auditory observations – including any significant shortcomings in internal control that we identify during the audit.

Hellerup, April 1st 2020

PricewaterhouseCoopers
Statsautoriseret
Chartered auditing partner company

CVR-nr. 33 77 12 31

Tue Stensgård Sørensen
Chartered auditor
mne32200

Jess Kjær Mogensen
Chartered auditor
mne21360

Generally

The annual report for TELE Greenland LC is submitted in accordance with the Greenlandic annual report law's provisions for accounting class D.

No group accounting is done, as the subsidiary Tele Greenland International has ceased in 2019.

Aside from that, the applied accounting practice is unchanged from last year.

Generally on recognition and measurement

Assets are recognized in the balance, when it is likely that future economic advantages will flow to the company, and the assets value can be reliably measured.

Liabilities are recognized in the balance, when the company – as a result of earlier events – has a legal or actual liability, and it is likely that future economic advantages will flow out of the company, and the liability's value can be reliably measured.

At first recognition, assets and liabilities are measured at cost. Measurements after first recognition happens as described for each accounting item below.

At recognition and measurement, regards are being taken towards predictable risks and losses that arise prior to the submission of the annual report, and the confirm or refute conditions that existed on the day of balance.

In the result overview income and costs are recognized with the amounts that concerns the fiscal year. Value regulations of financial assets and liabilities are recognized in the result overview as financial income or financial costs.

Profits or losses at disposal of capital shares

Profits or losses at the disposal of or liquidation of subsidiaries are tallied as the difference between the sales sum or the liquidation sum and the accounting value of the net assets at the time of either the disposal or liquidation, including non-depreciated goodwill as well as expected costs of sales or liquidation.

Conversion of foreign currency

Transactions in foreign currency are being converted at first recognition at the exchange rate of the transaction day. Receivables, liabilities and other monetary items in foreign currency that is not recognized at the day of balance are converted to the exchange rate of the day of balance.

Exchange rate differences arising between the day of transaction and the exchange rate at the day of payment vis-à-vis the day of balance, are recognized in the result survey as financial items. Fixed assets purchased in foreign currency are converted to historical exchange rates.

being treated as security instruments, fair value changes are recognized continually as financial items.

Derived financial instruments

Derived financial instruments are measured at first recognition in the balance at cost and subsequently at fair value. Derived financial instruments are recognized under other receivables and other debt respectively.

Changes in the fair value of financial instruments that are classified as – and meet the conditions of – securing fair value of a recognized asset, are recognized in the result summary along with the changes in value of the secured asset or the secured liability.

Changes in fair value of derived financial instruments that are classified as – and meet the conditions of – securing future transactions, are recognized directly on the equity. When the secured transactions are realized, the accumulated changes are recognized as part of the cost for the accounting items in question.

For the derived financial instruments that do not meet the conditions for

The income statement

Net revenue

The revenue includes the value of the years supplied services and goods with the subtraction of discounts that are directly related to sales. Services includes income from traffic, subscriptions, co-traffic and roaming, leasing of fixed circuits, online services, TV-distribution and setup and installation income. Goods include customer-placed equipment, cell phones etc.

The most important sources of income are recognized in the income statement as follows:

- income from calls is recognized on the time the call is being made
- sales of prepaid products, such as prepaid cards, is postponed and listed as income in line with the consumption
- income from leasing of fixed circuits is recognized during the lease period
- income from subscribers and consumption independent services at a fixed price is recognized over the course of the subscription
- income from the sale of equipment are recognized on the time of delivery. Income from maintenance of equipment is recognized over the course of the contract

- income from mail activities is recognized on the time of sale

Ongoing works on foreign billing are recognized in the net revenue as the production is being done, so the net revenue corresponds to the sales value of the in the fiscal year completed work (production method).

Construction production

The production of facilities for own purposes corresponds to the costs incurred that are expensed under the respective cost items.

The value of the construction production is tallied and consists of the direct incurred costs of wages including IPO-bonus, whereas services supplied by subcontractors are not recognized but activated directly.

Other operational income and operational expenses

Other operational income and operational expenses includes income and costs of a secondary character with regard to the company's main activities – including profit and loss by disposal of immaterial assets as well as material assets that are tallied as the difference between the sales price with the subtraction of costs of sale and the accounting value at the time of sales

Other external costs

Other external costs include costs of sale, advertising, administration, housing, loss on debtors etc.

Under other external costs, costs relating to development projects – that does not adhere to the criteria for recognition in the balance – are recognized. Furthermore, provisions for losses on ongoing work for foreign billing is recognized.

Financial items

Financial items include interest rate profit and interest rate losses, realized and unrealized exchange rate gains and losses relating to receivables, liabilities and transactions in foreign currency etc.

Tax

The annual tax that consist of the actual tax of the year and changes in postponed taxes are recognized in the income statement with the share that can be attributable to the years result and directly to the equity with the share that can be attributable to items directly on the equity.

In Greenland, dividends are tax deductible. The tax value of the in the annual report devoted dividend is thus itemized in accordance with the above directly on the equity.

Actual tax liabilities are recognized in the balance tallied as calculated tax of the year's taxable income.

Postponed tax is recognized and measured by the balance oriented liability method of all temporary differences between the accounting and taxable values of assets and liabilities. The taxable value of the assets are tallied based on the planned use of each asset.

Postponed tax assets – including the tax value of deferrable tax deficits – are recognized in the balance with the value in which the asset is expected to be realizable, either by offsetting of postponed tax liabilities or as net tax assets.

Immaterial fixed assets

Immaterial fixed assets are measured at purchasing price / cost price subtracting accumulated depreciations and impairments.

Cost price includes the purchase price, costs directly related to the purchase as well as costs for provisioning the asset until the time, when the asset is ready for deployment. For self-produced assets, the cost price includes direct and indirect costs of materials, components, sub-contractors and wages.

IT-software is depreciated linearly over a lifetime of 2-5 years.

Immaterial fixed assets are depreciated to recoverable amount, if this is lower than the accounting value.

Material fixed assets

Plots and buildings, production facilities and machines as well as other facilities, operational equipment and fixtures are measured at cost subtracting the accumulated depreciation and impairments. Plots are not depreciated.

Cost price includes the purchase price, costs directly related to the purchase as well as costs for provisioning the asset until the time, when the asset is ready for deployment. For self-produced assets, the cost price includes direct and indirect costs of

materials, components, sub-contractors and wages.

The depreciation basis is cost with the subtraction of the expected end-life residual value. Linear depreciation based on the following estimation of the assets expected life is being done:

Buildings	10-50 years
Telecommunications facilities and machines	3-10 years
Sea cable	25 years
Other facilities, operational material and fixtures	3-7 years

For residential buildings, an estimated scrap value is inserted.

Software integrated with central equipment and the likes are activated and depreciated over the same period as the underlying assets.

Stocks of material for construction production are being valued at the lowest value of the weighted average of the purchase price and net realization value.

Assets with a cost of less than 50 thousand kr. per unit are being expensed in the year of acquisition.

Material fixed assets are being depreciated at recoverable amount, if it is lower than the accounting value.

Scrap values are being revalued annually.



Capital share of subsidiary and associated company

Capital shares of subsidiary and associated company are recognized and measured after the internal value method (equity-method), which means that capital shares are measured at the proportionate share of the companies’ tallied accountable internal value, as per addition or subtraction of non-depreciated positive vis-à-vis negative goodwill and with subtraction or addition of unrealized group-internal profits and losses.

The parent company’s share of the companies result after elimination of unrealized group-internal profits and losses is recognized in the income statement

Net revaluation of capital shares in subsidiary and associated company is transferred to reserve for net revaluation of capital shares to the extent that the accounting value exceeds costs.

Other securities and capital shares

Other securities include unlisted stock measured at cost.

Inventories

The item consists of inventory of goods and is measured at the weighted average of the purchase price or net realization value, if this is lower. Depreciation on obsolete goods – including slowly tradable goods – is being done.

Purchasing price for goods include invoice price.

Net realization value for inventory is tallied as expected sales price with a subtraction of completion costs and costs needed to realize the sale.

Receivables

Receivables are measured at amortized cost that usually corresponds to nominal value with the subtraction of addressed expected losses.

Accruals, asset

Accruals recognized under assets include costs incurred that relates to the following fiscal year. Accruals are measured at amortized cost that usually equates to nominal value.

Equity

Dividend is recognized as a liability on the time of general assembly approval. The proposed dividend for the fiscal year is shown as a separate item under the equity.

Other provisions

Other provisions include expected costs of reestablishing natural areas, losses on current works etc.

When it is likely that the total costs will surpass the total income on an ongoing work for future billing, provisions are made for covering the total loss expected to be incurred from the work in question.

Other financial provisions

Other financial provisions are recognized at amortized cost that usually equity to nominal value.

Accruals, liability

Accruals are recognized under liabilities include received income for the income statement of the following fiscal year. Accrual items are measured at amortized cost that usually corresponds to nominal value.

Cash flow statement

The cash flow statement for the company is presented after the indirect method and shows cash flows related to operations, investments and financing as well as the company’s liquids at the beginning and end of the year.

Cash flows related to operational activities are tallied as operational result regulated for non-constant operational items, changes in operational capital as well as paid corporate tax.

Cash flow relating to investment activities include payments related to the purchase and sale of companies and assets as well as purchase and sales of immaterial, material and financial fixed assets.

Cash flow relating to financing activities include changes in the size or composition of the company’s stock capital and related costs, as well as borrowing, payments on

interest-incurring debt as well as dividend payment for shareholders.

Liquids include cash and cash equivalents and short-term securities with insignificant price risk subtracting short-term bank debt.

The balance

Key figures

Key figures is produced in accordance with The Danish Financial Analysts Organization's "Recommendations & Key Figures 2015".

EBITDA	Result before depreciations, interest and taxes
EBIT	Result before interest and taxes (result of primary taxes)
Gross margin	Gross result x 100/Net revenue
EBITDA-margin	EBITDA x 100/Net revenue
EBIT-margin	EBIT x 100/Net revenue
Return on equity (ROE)	The year's result x 100/Average equity
ROIC	The year's result x 100/Invested capital
Financial gearing	Interest-bearing net debt x 100/Equity
Interest-bearing net debt	Interest-bearing debt - liquids
Solvency ration	Equity x 100/Balance
Net working capital	Current assets - short-term debt
Average number of employees	Average number of full time employees (FTEs) is calculated by norm hours. (The ATP method can not be used in Greenland.
Payroll	A-income and pension contributions for employees (excluding trainees)



Income statement 2019

(tkr.)	2019	2018	Note
Net revenue	814,155	812,154	1
Construction production	9,872	11,424	
Other operating income	9,332	11,171	
Costs of goods and foreign services	(103,669)	(112,312)	2
Other external costs	(280,611)	(231,229)	3
Gross profit	449,079	491,208	
Employee costs	(190,014)	(198,736)	4
Depreciations	(134,011)	(158,336)	5
Other operating costs	(3,057)	(2,241)	
Result of primary operation	121,997	131,895	
Result after tax in affiliated company	0	6,802	
Result after tax in associated company	(29)	95	
Operational result	121,968	138,792	
Financial income	1,870	1,838	6
Financial costs	(3,693)	(3,885)	7
Result before tax	120,145	136,745	
Tax of the year's result	1,526	(43,485)	8
The year's result	121,671	93,260	
Proposal for result disposition:			
Dividend for the fiscal year	87,600	137,600	
Transferred surplus or deficit	44,024	(51,237)	
Regulation of reserve for net revaluation	(9,953)	6,897	
Disposition total	121,671	93,260	

Balance per December 31st 2019 – Assets

(tkr.)	2019	2018	Note
IT-software	16,300	24,377	
Immaterial fixed assets under development	4,622	1,738	
Immaterial fixed assets	20,922	26,115	9
Buildings	333,998	347,134	
Telecommunications facilities	818,837	850,628	
Other facilities, operational material and fixtures	25,166	35,744	
Material fixed assets under construction	83,493	64,429	
Material fixed assets	1,261,494	1,297,935	10
Capital shares in affiliated company	0	20,923	
Capital shares in associated company	5,747	5,777	
Other securities and capital shares	320	320	
Other receivables	0	0	
Financial fixed assets	6,067	27,020	11
Total fixed assets	1,288,483	1,351,070	
Inventories	13,003	13,379	
Receivables from sales	69,733	68,339	
Other receivables	10,087	8,797	
Accruals	39,986	7,041	12
Receivables	119,806	84,177	
Liquids	191,763	160,851	
Total current assets	324,572	258,407	
Total assets	1,613,055	1,609,477	

Balance per December 31st 2019 – Liabilities

(tkr.)	2019	2018	Note
Share capital	150,000	150,000	13
Premium fund	180,357	180,357	
Reserve for net revaluation	655	10,607	
Transferred surplus	738,761	670,953	
Proposed dividend for the fiscal year	87,600	137,600	
Total equity	1,157,373	1,149,517	
Postponed tax	180,805	206,626	14
Other provisions	1,000	3,000	
Total provisions	181,805	209,626	
Public loans	1,701	1,701	15
Debt, Mortgage institutes	12,824	13,540	
Long-term liabilities	14,525	15,241	
Short-term share of long-term debt	717	717	15
Debt, Bank	137,172	98,689	
Debt, affiliated company	0	18,934	
Received prepayments from customers	5,031	3,131	
Suppliers of goods and services	54,184	33,747	
Corporate tax	0	0	
Other debt	60,419	78,036	
Derived financial instruments	1,839	1,839	
Short-term liabilities	259,362	235,093	16
Total debt obligations	273,887	250,334	
Total liabilities	1,613,055	1,609,477	

Mortgaging and eventuality liabilities etc.

Other notes

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Equity statement per December 31st 2019

(tkr.)	Share capital	Premium fund	Net revaluation of capital shares	Transferred result	Proposed dividend for the fiscal year	Total
Equity 01.01.2018	150,000	180,357	3,710	679,241	137,300	1,150,608
Distributed dividend relating to 2017	0	0	0	0	(137,300)	(137,300)
Tax value of allocated dividend for 2018	0	0	0	43,757	0	43,757
The year's result	0	0	6,897	(51,237)	137,600	93,260
Net regulation of financial instruments	0	0	0	(808)	0	(808)
Equity per 12.31.2018	150,000	180,357	10,607	670,953	137,600	1,149,517
Equity 01.01.2019	150,000	180,357	10,607	670,953	137,600	1,149,517
Distributed dividend relating to 2018	0	0	0	0	(137,600)	(137,600)
Tax value of allocated dividend for 2019	0	0	0	23,784		23,784
The year's result	0	0	(9,953)	44,024	87,600	121,671
Net regulation of financial instruments	0	0	0	0	0	0
Equity per 12.31.2019	150,000	180,357	655	738,761	87,600	1,157,373

Cash flow statement for 2019

(tkr.)	2019	2018	Note
Result of primary operations	121,997	140,656	
Depreciations	134,011	153,463	
Changes in operating capital	(32,533)	(6,305)	17
Cash flow from operations before financial items	223,475	287,814	
Interest rate income and similar income	1,870	1,838	
Interest rate payments and similar payments	(3,693)	(3,885)	
Cash flow from ordinary operations	221,652	285,767	
Paid corporate tax	(1,795)	(768)	
Cash flow from operational activity	219,857	284,999	
Purchases of immaterial and material fixed assets	(93,233)	(165,703)	
Sale of material fixed assets	337	18,518	
Cash flow from investment activities	(92,896)	(147,185)	
Installments on liabilities	(12,233)	(18,586)	
Bank loan	50,000	100,000	
Paid dividend	(137,600)	(137,300)	
Cash flow from financial activities	(99,833)	(55,886)	
Changes in liquids	27,128	81,928	
Liquid funds 01.01.2019	164,635	82,707	
Liquid funds 31.12.2019	191,763	164,635	



(tkr.)	2019	2018
1 Net revenue		
Landline phones	31,495	27,492
Internet private	140,840	146,369
Mobile phones and mobile internet	265,908	271,029
Internet business	106,715	97,813
IT services and other services	155,201	157,176
Stamp sales and postage income	95,405	95,283
Other mail activities	6,291	6,474
Wholesale	12,300	10,518
	814,155	812,154
2 Cost of consumption of goods and foreign services		
Settlement other telecommunication companies	16,969	21,093
Other consumption of goods	58,570	61,946
Mail activities	28,130	29,273
	103,669	112,312
3 Other external costs		
Chartering costs, transportation operations	20,705	18,347
Operating and maintenance, technical facilities	97,207	51,501
Development costs	7,666	8,089
Consumables	7,121	7,297
Transponder leasing	39,515	34,899
Building costs	40,168	43,701
Administration and sales costs	68,229	67,395
	280,611	231,229
4 Employee costs		
Wages and salaries	165,843	170,481
Pension contribution	11,772	12,224
Educational expenses	3,798	6,493
Other employee dependent expenses	8,601	9,538
	190,014	198,736

(tkr.)	2019	2018
4 Employee costs, continued		
Of which total remuneration for the parent company's:		
Executive Group:		
Kristian Reinert Davidsen	3,956	3,908
Board of Directors	1,351	1,232
Average number of employees	380	407
Specified		
Kristian Reinert Davidsen		
Fixed wage	2,850	2,818
Pension	168	136
Bonus	755	739
Other	183	215
	3,956	3,908

In other is recognized value of free car, internet, phone and travel. In addition comes housing of which rent is paid per applicable rules

Kristian R. Davidsen
The CEO is remunerated with a fixes yearly wage incl. pension as well as a number of benefits – including among other things company car. The CEO can achieve a bonus payment that yearly can reach up to 25% of the fixed yearly wage.

The CEO has termination and severance provisions that – by termination from the company – gives the CEO wages etc. during the termination period (12 months) and a severance package of 12 months wages. The CEO has a termination notice to the company of 6 months.

The Board of Directors
The work in the board and subcommittees is remunerated according to the remuneration policy for the boards of the fully or partially Greenlandic government owned LCs adopted by the Greenlandic Government in January 2014. Remuneration of the board amount to 350,000 kr. to the Chairman of the Board, 175,000 to the Vice Chairman of the Board vis-à-vis the president of the audit committee as well as 125,000 to the other members of the board.

The company covers members’ expenses for transportation, stay, etc. in relation to the board work. Board material is distributed electronically and the company pay grants to members’ office maintenance, communication and use of own IT-equipment etc. Aside from the aforementioned, no members have received further remunerations from the company.

(tkr.)	2019	2018
5 Depreciations		
IT-software	9,212	18,580
Buildings	19,794	14,047
Telecommunications facilities	90,233	112,754
Other facilities, operational material and fixtures	14,772	12,816
Loss/profit from sales and retirement of material fixed assets	0	139
	134,011	158,336
6 Financial income		
Interest rates of bank deposit	0	1,020
Other financial income	1,424	0
Late fees, discounts etc.	446	818
	1,870	1,838
7 Financial costs		
Interest rates of bank debt etc.	1,293	1,133
Interest rate costs, long-term debt	2,400	2,133
Other financial costs	0	619
	3,693	3,885
8 Tax of the year's result		
Actual tax	0	0
Postponed tax of the years result, liabilities	38,197	43,693
Regulation of postponed tax, changes in tax percentage	(40,244)	0
Regulation of postponed tax regarding previous years	521	(208)
	(1,526)	43,485
Tax rate reconciliation:		
Greenlandic tax percentage	31.8%	31.8%
Regulation regarding previous years	0,4%	0.0%
Regulation of postponed tax, changes in tax percentage	-33.5%	0.0%
	-1.3%	31.8%

(tkr.)	2019	2018
9 Immaterial fixed assets		
IT-software		
Cost at beginning of the year	193,899	172,687
Additions during the year	1,135	21,212
Cost at year end	195,034	193,899
Depreciations and write-downs at beginning	(169,522)	(150,942)
The year's depreciations and write-downs	(9,212)	(18,580)
Depreciations and write-downs at year end	(178,734)	(169,522)
Accountable value at year end	16,300	24,377
Fixed assets under development		
Cost at begininig of the year	1,738	13,569
Transfer from current	(1,135)	(21,212)
Additions during the year	4,019	9,381
Cost at end of the year	4,622	1,738
Accountable value at year end	4,622	1,738
10 Material fixed assets		
Buildings		
Cost at beginning of the year	584,866	518,890
Transferred from current	6,989	70,241
Disposals during the year	(330)	(4,265)
Cost at year end	591,525	584,866
Depreciations and write-downs at beginning of the year	(237,732)	(224,154)
Depreciations and write-downs on divested assets	0	469
The year's depreciations and write-downs	(19,795)	(14,047)
Depreciations and write-downs at year end	(257,527)	(237,732)
Accountable value at year end	333,998	347,134

(tkr.)	2019	2018
10 Material fixed assets (continued)		
Telecommunications facilities		
Costs at beginning of the year	3,017,776	2,970,688
Transferred from current	58,443	98,058
Disposals during the year	(251,834)	(28,367)
Transfer between fixed asset groups	0	(22,603)
Cost at year end	2,824,385	3,017,776
Depreciations and write-downs at beginning of the year	(2,167,148)	(2,093,644)
Depreciations and write-downs on divested assets	251,833	26,689
The year's depreciations and write-downs	(90,233)	(112,754)
Transfer between fixed asset groups	0	12,561
Depreciations and write-downs at year end	(2,005,548)	(2,167,148)
Accountable value at year end	818,837	850,628
Other facilities		
Costs at beginning of the year	188,940	182,188
Transferred from current	4,252	20,949
Disposals during the year	(1,169)	(36,800)
Transfer between fixed asset groups	0	22,603
Cost at year end	192,023	188,940
Depreciations and write-downs at beginning of the year	(153,196)	(164,307)
Depreciations and write-downs on divested assets	1,111	36,488
The year's depreciations and write-downs	(14,772)	(12,816)
Transfer between fixed asset groups	0	(12,561)
Depreciations and write-downs at year end	(166,857)	(153,196)
Accountable value at year end	25,166	35,744
Assets under construction		
Costs at beginning of the year	64,429	97,356
Transferred from current	(69,682)	(189,247)
Additions during the year	88,746	156,320
Cost at year end	83,493	64,429
Accountable value at year end	83,493	64,429

(tkr.)	2019	2018
11 Financial fixed assets		
Capital shares in TELE Greenland International Ltd.		
Cost January 1 st	11,000	11,000
Disposal	(11,000)	0
Cost December 31 st	0	11,000
Net revaluations January 1 st	9,923	3,122
Share of the year's result	0	6,802
Return of net revaluation	(9,923)	0
Net revaluation December 31 st	0	9,923
Accountable value December 31st	0	20,923
The company is dissolved by solvent liquidation in 2019		
Capital shares of Ejendomsselskabet Suliffik LC		
Cost January 1 st	5,092	5,092
Cost December 31 st	5,092	5,092
Net revaluations January 1 st	685	590
Share of the year's result	(30)	95
Net revaluations December 31 st	655	685
Accountable value December 31st	5,747	5,777
Capital share of Ejendomsselskabet Posthuset LC		
Cost January 1 st	320	320
Additions during the year	0	0
Cost December 31 st	320	320
Accountable value December 31st	320	320
12 Prepaid costs		
Prepaid costs consists of the costs incurred that relate to the following periods. Included in the year's prepaid costs is prepaid lease of Satellite capacity for around DKK 26.7 mio.		

(tkr.)	2019	2018
13 Share capital		
The share capital consists of 1 share of 150,000 t.kr. There has been no changes in the company's share capital in the last 5 years.		
14 Postponed tax		
Postponed tax rest on the following items:		
Material fixed assets	200,784	235,770
Investment in associated company	748	3,373
Current assets etc.	174	(10,560)
Tax value of applied dividend deduction	(20,415)	(21,373)
Tax value of derived financial instruments	-487	(584)
	180,805	206,626
Balance January 1 st	206,626	207,274
Regulation of tax percentage, result statement	(40,244)	0
Regulation of tax percentage, equity	4,083	0
Postponed tax of the year's result	38,197	43,693
Tax value of allocated dividend	(27,857)	(43,757)
Regulation of postponed tax regarding derived financial instruments	0	(584)
Postponed tax December 31st	180,805	206,626
14 Other provisions		
Provisions for regulatory accounting	1,000	3,000

(tkr.)	2019	2018
15 Long-term liabilities		
Public loans		
Installments that are due after 5 years	1,701	1,701
Long-term share	1,701	1,701
Short-term share	0	0
	1,701	1,701
Mortgage institutes		
Installments that are due after 5 years	9,944	10,660
Installments that are due after 1 to 5 years	2,880	2,880
Long-term share	12,824	13,540
Short-term share	717	717
	13,541	14,257
16 Derived financial instruments		
Currency and interest rate hedging	(1,829)	(1,839)
	(1,829)	(1,839)
17 Changes in operational capital		
Changes in inventory	376	4,351
Changes in receivables	(35,629)	(8,056)
Changes in supplier debt etc.	4,720	(2,600)
Changes in provisions	(2,000)	0
	(32,533)	(6,305)

18 Mortgageing and collateral	
<p>The following mortgageing relates to the parent company. Priority debt is secured through mortgage in buildings. Accountable value of mortgaged buildings totals 39,844 t.kr.</p>	
<p>Lease liabilities</p> <p>TELE Greenland LC has agreed to the following lease liabilities: Intelsat, Transponder, annual lease 5.2 mio. USD. The current contract duration on transponder lease is until 2021 with 2.0 mio. USD vis-a-vis 2023 with 3.2 mio. USD.</p> <p>Hispasat, transponder lease for the period 2023-2038 with a total of 11.6 mio. USD.</p> <p>Contracts on the future supply of Transmission and receiving equipment for the emergency and safety contingency has been signed for a total of 1.4 mio. kr. EUR.</p> <p>Additionally a number of leases of residences with short notice have been signed with the intent to lease them to employees, where the lease in the termination period is 0.6 mio. kr.</p>	
<p>Eventual liabilities</p> <p>Nuuk Sky Net LC has filed litigation against TELE Greenland LC, demanding compensation totaling 19.7 mio. kr. Nuuk Sky Net LC claims partly that TELE Greenland LC over a period of time has refused to state price offers on co-traffic, partly that the offer that TELE Greenland LC stated after the Competition Commissions injunction thereof was discriminatory. Additionally, Nuuk Sky Net LC demands that TELE Greenland LC must offer co-traffic on a different basis than the by the Telecommunications Commission decided method.</p> <p>The Telecommunications Commission has subsequently been named co-defendant and based on</p>	
<p>this principle ruling in June 2015 by the Court of Greenland, where the Telecommunications Commission was acquitted. In 2017, Nuuk Sky Net LC has rescinded the case against the Telecommunications Commission, but maintain the case against Tele Greenland LC. There has been no new developments in the case in 2019.</p> <p>TELE Greenland LC has on the basis of a combined estimation chosen not to make accountable provisions related to the litigation.</p> <p>At the end of 2018, Inu:It LC has filed litigation against Tele Greenland LC, demanding compensation of a total of 4.5 mio. kr. Inu:It LC claims that Tele Greenland LC has violated the Competition Act, and that Inu:It LC as a result has incurred a loss that Tele Greenland is liable for. In January of 2020, this claim has increased to 10.3 mio. kr. TELE Greenland LC has on the basis of a combined and preliminary estimation of the litigation decided not to make accountable provisions related to the litigation.</p>	
<p>Mortgageing and collateral</p> <p>After order from the Greenlandic Government, TELE Greenland LC operates activities on locations, where there is a risk that buildings and facilities has to be closed in the future in accordance with the Greenlandic Governments decision thereof. According to the Greenlandic area use law, the rights holder is responsible for cleaning and reestablishing the area at the cessation of rights. However, as the Greenlandic Government holds the service obligation and decision power related to which cities and villages TELE Greenland LC should service, currently it is not possible for TELE Greenland LC to reliable tally the extent of the liability, both with regard to the actual need for cleaning and reestablishment, the cost or the time of actualization.</p>	

19 Subsequent events		
<p>The consequences of Covid-19, where many governments around the world have decided to “close down the countries”, will have significant impact on the world economy. The Executive Group regard the consequences of Covid-19 as an event occurred after the balance day December 31st 2019, and thus it constitutes a non-regulating event for the company. The company’s revenue is expected to be just slightly affected by it, but the company can be affected by the resulting implications such as further losses on receivables. In addition, the company is negatively impacted by the management having to send several employees home as a result of the Greenland Governments call. Almost all employees have had the opportunity to work from home but in total, the company is negatively impacted by it.</p>		
(tkr.)	Parent company	
	2019	2018
<p>20 Remuneration for general assembly elected auditors</p> <p>Remuneration for the parent company general assembly elected auditors:</p> <p>PWC</p> <p>Legally required audit</p> <p>Other services</p>		
	795	795
	792	73
	1,587	868

21 Subsequent events:

Closely related parties with controlling influence on TELE Greenland LC

The company’s majority shareholder the Greenlandic Government, Nuuk.

Other closely related parties that TELE Greenland LC have had transactions with in 2019

The company’s executive group and Board of Directors as well as family members related to these persons. Companies where in the majority shareholder has controlling influence.

Closely related parties over which TELE Greenland LC exercises controlling or significant influence

The associated company Suliffik LC, Nuuk.

Transactions between closely related parties and TELE-Greenland LC

n 2019, a dividend of 137.6 mio. kr. has been paid to the company’s owner, the Government of Greenland. There is an ongoing agreement with the Government of Greenland on distribution of digital TV and radio (DVB-T). The original 10-year deal began per January 1st 2010. In 2014 an addendum agreement has been made that means that broadcast of KNR on mid-wave frequency has been reestablished in 2014/2015. The addendum agreement also means that the original agreement has been extended with one year, so it now expires on December 31st 2020.

In 2014 a deal was made with the Government of Greenland on the operation of the educational network “Attat”. The deal is approved by the Telecommunications Agency. In 2013, the company has made a deal with the Government of Greenland, where queuing in the phone lock at the Doctors Clinic at Queen Ingrid’s Hospital is free of charge to customers.

Other trade with units where in the Government of Greenland has controlling influence has had the character of normal trade.

No other significant transactions has been completed – aside from group internal transactions that are eliminated at the production of the group annual report – as well as normal management remuneration for executives and Board of Directors, as individually reported in relation to note 5, Employee costs.

In addition, the company has supplied data communication and mail services on market terms to the company’s executive group and Board of Directors in an insignificant extent. The supply of these services has been on the same terms as the company’s other customers.

Shareholder relations

The company’s share capital is owned 100% by the Government of Greenland, Nuuk.

22 Information on members of the Board of Directors other directorships, special competencies etc.



Stine Bosse, chairman of the board

Born 1960.

Independent board member. President of the nominations- and remunerations committee. Member of the audit committee.

Special competencies: Extensive experience with top-level management and board work. A total of 7 years’ experience from board work at Telecom (TDC). Board chairman experience from several boards in Greenland, Denmark and outside Denmark.

Education: Cand. jur., Strategic Agility program, Harvard Business School, USA, LinkS, Wharton University of Pennsylvania, USA and INSEAD, France.

First elected by the general assembly in May of 2015 as the board chairman for 1 year. Most recently elected as chairman in May 2019 for 1 year.

Other directorships: Member of the board in Allianz Group, Germany and Assistancebolaget AB, Sweden. Chairman of the Board for Bank-Nordik Group and Nunaoil A/S. President of PLANBørnefonden and Europabevægelsen.



Inaluk Brandt, vice chairman of the board

Born 1977.

Independent board member. Member of the nominations- and remunerations committee.

Special competencies: Organizational development, business development, capacity development and capacity building. Additionally very experienced within strategy work, analysis and project management, HR and CSR.

Education: Cand.scient. in biology og religion

from the University of Southern Denmark, Odense

Current job: Founder and partner of Visiobox Consulting Ltd.

First elected by the general assembly in June 2017 for 1 year. Most recently reelected in May 2019 for 1 year.

Other directorships: Board member of Nuuk City Development – Siorarsiorfik.



Ulrik Blidorf, member of the board.

Born 1974.

Independent board member. President of the audit committee.

Speciel competencies: Corporate law, property law, family law, criminal law, employment and labor law, corporate advisory, tort law, administrative law, insurance law, international agreements, contract law, lease law, public law, oil- gas- and mineral exploration, reconstructions, court and arbitration proceedings and maritime and transportation law.

Education: Lawyer and attorney.

Current job: Self-employed, owner of Eqqar-tuussissuserisoqarfik Inuit Law.

First elected by the general assembly in May 2015 for 1 year. Most recently reelected in May 2019 for 1 year.

Other directorships: Chairman of the Board of Royal Arctic Line.

Notes, continued



Kim Søgård Kristensen,
member of the board

Born 1971.

Independent member of the board. Member of the nominations and remunerations committee.

Special competencies: Telecommunication including strategy, sales, product development, technology development, business development, financial management, outsourcing.

Education: Cand. Oecon., Aarhus University, Università di Pavia Italy.

Current job: CEO Insero LC.

First elected at the general assembly in May 2015 for 1 year. Most recent reelection in May 2019 for 1 year.

Other directorships: Member of the board of Tagarno LC, Insero Air Traffic Solutions LC, Best Green LC, Green Tech Group LC, Tadaa! LC, Trusted LC, Hydrive LC, OpenTeleHealth Ltd.



Jørgen Rosbach,
member of the board

Born 1985.

Special competencies: Has different experiences within TELE-POST.

Private Customer Service, Corporate IT Technician, IT&Technic IT consultant, Sassarit ambassador and service-course instructor, member of the committee for fitness and TELE-POST, kammak.

Education: IT-administrator Niunermik Ilinniarfik Nuuk, 2008.

Current job: Service consultant, TELE-POST.

First elected as a member of the board by the employees in May 2018 for 4 years.



Aviaja Karlshøj Knudsen,
member of the board

Born 1980.

Independent member of the board.

Special competencies: project planning, building consultancy, overall construction management, contracting and HR-management.

Education: Arcitict at Aarhus Arcitect School.

Current job: Deputy project director, Kalaallit Airports Holding LC

First elected at the extraordinary general assembly in October 2018 for 1 year. Most recently reelected in May of 2019 for 1 year.



Emil Kleemann,
member of the board

Born 1968.

Special competencies: Extensive experience within technology – particularly in the IT business – and within telecommunications. Extensive experience in advisory and consultancy company within the IT business and telecommunications. Extensive knowledge of Greenland conditions.

Education: IT education from the Trade School, 1992.

Current job: Head of IT, TELE-POST.

First elected as a member of the board by the employees in May 2014 for 4 years. Most recently reelected by the employees in May 2018 for 4 years.



Ole Zeeb Andersen,
member of the board

Born 1956.

Special competencies: Extensive experience within telecommunications. Has managed the Phone School in Aasiaat as a technician instructor. Has also contributed to establishing the former ErrorServiceCenter at TELE-POST, and managed it from 1998 to 2003, when the unit was made part of Customercenter.

Education: Danish journeyman paper as an auto mechanic and began as a Tele technician trainee in 1981, and was trained as a Tele technician in 1983. Trained as an instructor at TELE 1987.

Current job: Quality function in Field Service for all technicians at TELE-POST.

First elected as a member of the board by the employees in May 2018 for 4 years.



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