



Annual Report

2020



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Company Information

TELE Greenland A/S

Farip Aqputaa 8
P.O. Box 1002
3900 Nuuk

Reg. No.: A/S 215.154

CVR No.: 1751 6345

Home Municipality:
Sermersooq Municipality

Telephone: +299 34 12 55

Telefax: +299 32 22 55

Internet: www.telepost.gl

E-mail: tele@telepost.gl

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

Sermersooq Municipality

Audit

PWC, State-authorized
audit partner company

Approved at the company's
general assembly May 8 2021.

Chairman of the Meeting
Peter Schriver, Nuna Law

Financial Highlights and Key Figures

Mio. kr. (unless otherwise stated)	2020	2019	2018	2017	2016
Net revenue	802,2	814,2	816,7	846,1	885,8
Operating costs	(514,0)	(577,4)	(544,8)	(554,3)	(555,1)
EBITDA	309,0	256,0	294,1	314,5	344,0
Depreciations	(137,4)	(134,0)	(153,5)	(163,2)	(200,5)
Result of primary operations (EBIT)	171,7	122,0	140,7	151,2	148,3
Financial items, net	(5,0)	(1,8)	(2,0)	(4,2)	(25,0)
Result of the term before taxes	167,0	120,1	138,7	147,2	122,2
Result of the term after taxes	122,7	121,7	93,3	99,3	82,9
Free Cash Flow					
Cash flow from operational activity (FCF)	231,1	219,9	285,0	314,9	314,8
Cash flow from investment activity	(116,7)	(92,9)	(147,2)	(325,5)	(36,9)
Cash flow from financing activities	(200,7)	(99,8)	(55,9)	(115,9)	(255,9)
Key Figures					
Gross margin	% 62,2	55,2	60,5	88,3	89,0
EBITDA-margin	% 38,5	31,4	36,0	37,2	38,8
EBIT-margin	% 21,4	15,0	17,2	17,9	16,7
Return on equity (ROE)	% 10,4	10,5	8,1	8,9	7,9
ROIC	% 13,4	9,4	7,0	7,4	7,1
Interest-bearing debt, netto	(42,8)	(41,1)	(51,7)	(51,2)	(143,8)
Financial gearing	% (3,6)	(3,5)	(4,5)	(4,4)	(13,2)
Interest-bearing debt, net/EBITDA	x (0,1)	(0,2)	(0,2)	(0,2)	(0,4)
Solvency ratio	% 77,4	71,7	72,2	76,0	72,8
Average number of employees	amt. ¹ 372	380	407	427	457
EBITDA/Average number of employees	tkr. 830,8	673,7	723,0	736,4	752,7
Payroll for the full year	tkr. 177.932	177.615	182.952	194.610	211.994
Payroll per employee	tkr. 478	467	450	456	464
Balance					
Fixed assets	1.268,6	1.288,5	1.330,1	1.336,9	1.175,1
Total assets	1.557,3	1.613,1	1.592,3	1.513,1	1.497,0
Equity	1.205,3	1.157,4	1.149,5	1.150,6	1.090,1
Dividend	112,6	87,6	137,6	137,3	82,0
Recievables from sales	39,1	69,7	68,3	50,1	71,7
Other recievables	134,0	50,1	15,8	25,7	21,8
Current assets	288,8	324,6	262,2	176,2	321,9
Short-term liabilities	147,6	259,4	218,0	136,2	169,0
Net working capital	141,1	65,2	44,2	40,0	152,9
Production data					
Packages	PC's. 288.000	307.000	299.000	264.000	238.000
Mail	kg 76.000	84.100	93.000	99.000	111.000
Mobilt broad band	amt. 1.593	1.982	1.912	2.424	2.536
Broad band via landline (ADSL)	amt. 15.700	14.452	13.220	11.625	11.662
Phone lines	amt. 5.202	6.337	8.064	8.834	9.930
Mobile subscriptions (GSM and Tusass)	amt. 65.027	64.700	62.599	61.794	61.693

1. Average number of employees is excluding trainees.

Greeting from the Chairman of the Board

TELE-POST in Summary

Entering 2020, the last year of the current strategy, no one could have expected a year in which everything would be done in the shadow of COVID-19. Suddenly every company on the planet had to find new way of working, and TELE-POST was no exception.

COVID-19

As a consequence of COVID-19, TELE-POST has taken measures to protect its employees, their families and the society. In spite of great challenges from subcontractors that had to shut down their production of essential elements for the expansion of the Greenlandic communication infrastructure, we have succeeded in both finishing essential construction projects and in securing a solid operation of our network. Despite all difficulties, the organization has finished almost all projects on time.

Online meetings have replaced travels and the employees have shown both great creativity and responsibility in solving their tasks. This has meant a decrease in cost in 2020. Working that way is fine for a while, but eventually some activities demand more physical presence than have been possible in 2020. The pandemic has given us valuable knowledge we can use in the future, but we look forward to getting back to a more normal situation.

Tusass Internet Flatrate

TELE-POST's turnover has decreased in recent years as a result of price reductions and improvements in products particularly for our tele-costumers. 2020 became the year, when TELE-POST finally ended internet prices of more than 1.000 kr for private costumers. I am immensely proud that it has been possible to decrease internet prices with more than 25% in a strategy period with large investments. Although the prices cannot be compared to Scandinavian prices – and probably never will – we are approaching a very acceptable level, which makes it possible for the vast majority of citizens to access the internet. Our ambition for the next strategy period is to get everyone who wants it online.

Security

In recent years, the entire organization has increased focus on security - particularly cyber security. This focus has been increased by COVID-19, and during 2020 we have seen serious attacks even on authorities in countries like Norway and the US. As the only provider of communications infrastructure in Greenland, it is vital that our security is in order. In 2020 we established a dedicated security department in TELE-POST to support the operational units with their security work in the years to come. I expect much of this

work which the board will follow closely. One of the ways is we do that is through the work in the risk and security committee, which the board established in May, and that immediately started working.

Expansion of Satellite Coverage

One of the primary objectives in our strategy was to offer flat rate internet to 92% of the population. We reached that target in 2019 and have since then focused on the remaining 8%, who live in the satellite-covered parts of the country. With the construction of a new ground station in Tasiilaq and satellite rental agreements, at the end of 2020 we have accomplished considerable better speed in the city. I am happy that the teaching institutions and the municipality administration in particular can benefit from these improved agreements. In 2021, we will continue to Ittoqqortoormiit and Qaanaaq in order to achieve 100% coverage of the population.

Coding Class

Although being impacted by COVID-19 restrictions too, the first coding-classes were completed during the fall. The joy of experiencing these young people eagerly diving into the subject and proudly presenting their products gives me high hopes that we will see both women and men educate themselves within IT and technical areas in the future.

We need that in order to ensure the telecommunication infrastructure in the future.

Final Year of the Strategy

2020 was the last year in our current strategy, and it is with great pride that I look back at four intense years in which we have succeeded with large infrastructure investments and an impressive product transformation. During this period we have been hit thrice by broken sea cables, we have had winter conditions in July and finally in 2020 we were hit by COVID-19. We have reached almost all of the goals set out in 2016. I realize that we owe our customers better internet speed, but I expect us to deliver that during the next strategy period.

We have made massive investments, we have delivered strong dividends to the shareholders – and by that to the Greenlandic society – and we have offered considerably better solutions at lower prices for the costumers. All of this can only be achieved with a strong organization and with very skilled and dedicated employees, which we have at TELE-POST.

The Future

In 2021, we will start our new strategy. The strategy for the coming four years is based on the completed strategy period and we continue the direction we set back in 2016, with the focus on customer experience, strong networks, efficient business operations and a strong social profile while adding security as a special area of emphasis. The main goal remains to assure that as many in Greenland as possible can safely utilize the opportunities that the Internet and digitization provides - whether you are an individual or a company.

The Board of Directors considers the result for 2020 to be very satisfactory, and we see 2020 as a great end to our four-year strategy period from 2017-2020. We are now looking forward to 2021 and the start of our future strategy, in which the goal is to provide safe and secure internet for everyone in Greenland who wants it.

Stine Bosse

Chairman of the Board



Highlights from 2020

122,7

Result after tax mDKK
Drop of 1% cf. 2019

(the increase is 50% in relation to profit after tax in 2019, if one disregards the effect of a changed tax rate in 2019.)

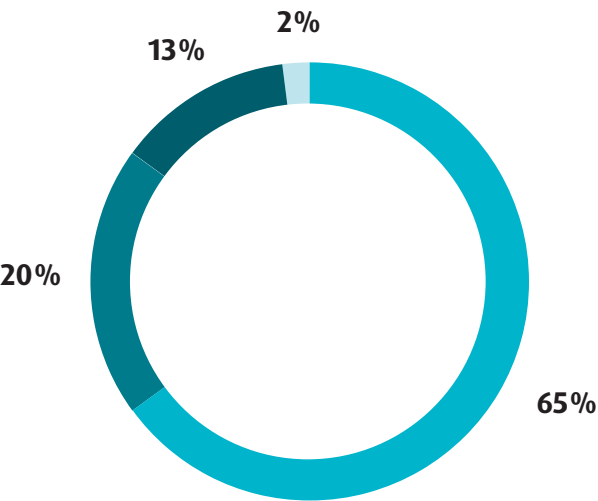


309,0

EBITDA mDKK
Drop of 20 % cf. 2019



Distribution of Revenue on Business Branches in %



Growth in Revenue

- Phone and internet, -2 %
- IT services, 1 %
- Mail, 1 %
- Wholesale, 0 %

8

Reduction in FTE
Reduction in personel costs of 2 % in 2020



116,7

Investments in mDKK
Investments compared to revenue 15 % in 2020



The TELE Business

+85 %

Increase in mobile data amount



+31 %

Increase in data amount broad band



The MAIL Business

-10 %

76.000 kg in total in 2020



-6 %

288.000 packages in total in 2020



Costumer and Employee Satisfaction

72 ↑

Customer Satisfaction Business

69 ↑

Customer Satisfaction Private



74 ↑

Customer Satisfaction Mail

84 ↑

Employee Satisfaction

Business Model



Core Ressources

Employees

Our employees make sure that services are provided across business branches, 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 branch 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.

5.404 km km of sea cabel

1.710 km of radio chain at 67 sites

2 satellite agreements

116,9 mio. kr. in 2020 investments

Revenue

Phone and Internet

65 % of Revenue

- The branch 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.

9 % growth in number of private internet customers in 2020

31 % growth in data traffic to private internet customers in 2020

65.027 cell phone customers

IT Services and Other Services

20 % 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.

24/7 365 days manning of Aasiaat Coastal Radio

18.250 weather balloons flown for aviati-on and weather services per year

86 % increase in corporate telephony in 2020

Mail

13 % of Revenue

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

15 TELE-POST centers in Greenland with personal service

76 tons letters and a decrease of 10% I 2020

288.000 packages and an increase of 6% in 2020

Wholesale

2 % of Revenue

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

63 % increase in international traffic for wholesale custo-mers in 2020.

TELE-POSTs Strategy and Performance

Strategy

The mission of TELE-POST is to create national cohesion as a reliable provider of telecommunications and postal services to all of Greenland. TELE-POST must be operated responsibly and with a focus on quality, safety and social responsibility. Through simplification products will be made more transparent, easier to deliver and last but not least cheaper for customers.

The Best Customer Experiences

After focusing on giving as many people as possible access to flat rate internet products in 2019, TELE-POST reduced the prices of Tusass internet flat rate considerably in 2020. The price reductions have made it possible for even more customers to have fast flat rate internet throughout the country, and the number of customers has increased considerably in 2020. The growth has once again taken place in our Tusass universe, and thus very few private customers are still in the old billing universe.

Our focus has not only been on providing customers with better products in the internet branch. The new Tusass-for-Kids Plan was launched in 2020 for everyone under the age of 18 at sharply reduced prices. The product has already been a great success. Following this product, TELE-POST launched a series of campaign and information films

to help both children and parents navigate the Internet in a safe and secure way.

Our largest business customers are critical to society, and we take their dependence on reliable internet and phone connections seriously. We have dedicated resources to ensure that these customers have their unique needs covered. This has been well received by customers and is also seen in the form of a large increase in satisfaction from this customer group.

Strong Networks

After having met our goal of 92% of Greenland's population having access to flat rate internet within just three years of the strategy period, work was started in 2020 to improve connections to the satellite areas. At the end of the year, as the first location the Tasiilaq-area switched to a new satellite connection, which has considerably increased the capacity for the area. In the coming years Ittoqqortoormiit and Qaanaaq will follow, which will allow us to proudly say that we offer flat rate internet to 100% off the population of Greenland.

The emergency and safety contingency is a business branch which TELE-POST takes great pride in taking care of on behalf of the Danish state. In spite of COVID-19, we managed to update the operating

platform of Aasiaat Radio, which handles the operation of the emergency response. This means that the entire coastal radio network is future-proof for many years to come and that maritime safety in Greenland from a technological perspective has the best possible conditions.

An Efficient Company

In 2020, we have specifically worked on optimizing the postal branch. New pick-up options must make it possible for our customers to pick up letters and packages, when it suits them and not when a TELE-POST center is open. In 2021, we expect the first customers in Qeqertarsuaq to be offered the new concept.

The Tusass universe continues to drive rationalizations in the telecommunications branch – and the migration to prepaid products means that we will now start to phase out some of our legacy products (products based on older technology) that requires much manual labor and a more complex system setup. That is why we expect continued efficiency capital gains in the coming years, based on all the work that is implemented during this strategy period.

An Asset to Society

TELE-POST's CSR efforts in 2020 have been strongly affected by COVID-19 restrictions. Still we succeeded in complete the first pilot course on the

Coding Class project in the autumn, which aims to increase interest for IT and technical educations among 7th grade students in primary school.



Share of all revenue on mobile and data via tusass.gl
The share was 51% in 2019

Like other CSR and sustainability activities, the project is described in the TELE-POST CSR report.

Once a year, TELE-POST must report its sustainability efforts and momentum vis-à-vis the UN Global Compact. The report can be downloaded from our website here:

telepost.gl/en/tele-post-imut-tungasut/paasissutissat/kisitsisit/annual-reports

The sustainability report contains descriptions in accordance with sections 99a and 99b of the Danish Financial Statements Act.

TELE-POSTs Strategy and Performance

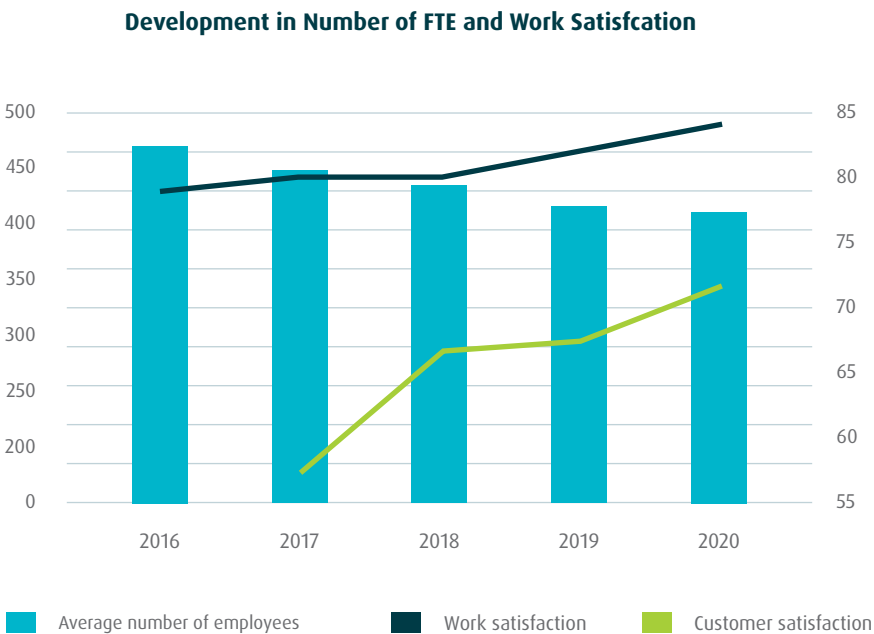
Employees

In 2020, the employees have secured that the strategy of TELE-POST has been completed and the objectives have been achieved.

Our strategic goal of streamlining the company’s processes by simplifying workflows continues to be reflected in an ongoing reduction of employees. In 2020, there were an average of 372 full-time employees (FTE) which is 8 FTE less compared to 2019 and in December 2020 the total

was 380 FTE. Since 2016, the number of FTE has been reduced from 457 to 372, a reduction of 19%.

This has mainly been achieved by natural departures as a result of simplified processes and a reduction of the complexity of system setup requiring less vacant positions to be filled. At the same time, we have managed to considerably increase job satisfaction as well as customer satisfaction during this period.



* KTU figures are only included from 2017, when TELE-POST started using the Ennova’s model for customer satisfaction surveys in 2017.

Realizing Objectives

In the strategy for TELE-POST 2017-2020 a number of general objectives have been set for the company’s development. Below are the strategy goals and achievement of targets for 2020.

Overall, the work with the company’s strategy has resulted in TELE-POST being able to fulfill virtually all of the strategic goals by 2020.

Measure	Unit of measure	Objective 2020	Achievement	Commentary
EBITDA	Mio. kr.	267	✓	EBITDA realized with 309,0 mio. kr.
FTE	Number of employees converted into full time employees (at year end)	Max. 390	✓	There were an average of 372 FTEs in 2020. At the end of 2019, there were 383 FTEs at TELE-POST, while there were 368 at the end of 2019.
Receivables	Mio. kr. (max at year end)	75	✓	Receivables from sales was 39,1 mio. kr. at the end of 2020.
Borrowing	Mio. kr. (max at year end)	Max. 300	✓	There was 62,7 mio. kr. in interest-bearing debt at the end of 2020.
Liquidity	Mio. kr. (current)	Min. 50 mio. kr.	✓	There was 105,4 mio. kr. in liquids at the end of 2020.
Dividend	Mio. kr.	32 mio. kr.	✓	112,6 mio. kr. was paid in 2020, of which 25 mio. DKK as an extraordinary dividend decided at the general meeting.
Customer Satisfaction	Percentage point	+1 cf. 2019 75	(✓) x	KTU development 2019-2020: TELE Private: 66 -> 69 (+3) TELE Corporate: 64 -> 72 (+8) Mail: 72 -> 74 (+2) In spite of progress, the objective has not yet been reached.
Minimum Speed in the Sea Cable Area	Mbit/s	60	x	For private customers speed increases have not been introduced.
Work Satisfaction	Percentage point	78	✓	MTU in January 2021 showed a result of 84.

The Financial Development in 2020

Earnings Development

The yearly earnings after tax is 1.0 million DKK higher than in 2019 and was at 122.7 million DKK compared to a result after tax of 121.7 million DKK in 2019. The result in 2019 was positively influenced by a reduction in corporate taxes. If this is discounted, the 2019 yearly earnings would have been 81.9 million DKK and the result for 2020 would thus have been improved by 40.8 million DKK. The yearly earnings before taxes in 2020 are 167.0 million DKK, which is 46.9 million DKK more than in 2019, when the yearly earnings before taxes were at 120.1 million DKK.

Development in Turnover

Net turnover in 2020 has dropped by 12.0 million DKK to 802.2 million DKK.

The development in net turnover from 2019 to 2020 has in part been due to:

- Drop in roaming income as a result of COVID-19 and travel restrictions.
- Supplying Danmarkshavn for ICAO, which happens every other year.
- Lower turnover on Tusass prepaid that has seen a drop in ARPU (average spending) since November 2019, when a number of fees on consumer goods were introduced in Greenland. In the low income groups this means prioritizing consumer goods over prepaid services.

- Increased cost of flat rate plans for the large corporate customers
- Increased whole sale

Cost Development

In 2020, costs have been reduced by 63.4 million DKK to 514.0 million DKK. In 2019, we experienced external costs of 45.3 million DKK related to sea cable tears. If they are discounted, operating costs are 18.1 million DKK lower than in 2019.

The cost level is in part affected by the following conditions:

- Administration and sales costs are 11.8 million DKK lower, particularly as a result of travel expense savings, external consultants as well as debtor loss reductions.
- Personnel costs are 3.0 million DKK lower as a result of reduced educational expenses – particularly related to travel expenses for educational purposes as well as paid vacation travels that have been postponed to 2021.

Balance Development

As per December 31st, the equity is tallied at 1,205.3 million DKK. In 2020, 112.6 million DKK was paid as dividend to the Greenlandic Government for the 2019 fiscal year, of which 25 million DKK was approved extraordinarily after the ordinary dividend was approved on the company's general assembly.



The solvency ratio has increased from 71.7% in 2019 to 77.4% in 2020.

At 116.7 million DKK, investments are approximately 25 million higher compared to 2019 that was particularly low as a result of the focus on repairing the sea cable tears.

The interest bearing net debt is -42.8 million DKK and has thus dropped by 1.6 million DKK compared to 2019, which means that the operational cash flow and the reduction of liquid assets have financed the investments.

The long term debt (including the short term share) has likewise dropped from 14.5 million DKK in 2019 to 13.8 million DKK at the end of the year.

DKK 50.0 million has been deducted from TELE-POST's credit facility totaling DKK 300 million. DKK, which must be repaid within 1 year.

Roaming

The strict travel restrictions and periods of actual shutdown of passenger traffic to Greenland in 2020 have meant that roaming revenue have fallen from DKK 15.0 million. DKK 6.1 million in 2019 to DKK 6.1 million in 2020. The retention of the DKK 6.1 million is entirely due to the fact that the agreements with roaming partners have fixed commitments which have ensured TELE-POST a turnover in the sector. However, this decreased level is expected to continue in 2021.

Travel Activity

In 2020, travel activity has been strongly affected by COVID-19 and the ordinary business travel expenses are 55% lower than in 2019. Many meeting activities have been held on-line, while travel activities related to maintenance and operation have been kept to a minimum. In the years to come, it is expected that the experience of on-line meetings will be incorporated, while the travel activity in connection with general operation and maintenance will rise to historical levels. Technical equipment can only be maintained through physically presence.

External Consultants

Other costs for external consultants have decreased by DKK 2.6 mio. DKK in 2020, as travel restrictions have made it impossible to get consultants to Greenland, resulting in some

activities being postponed, while in other cases work has been done virtually instead.

Experience shows that in the case of well-known consultants and more operational topics, online meetings and teleworking are effective, while there is a greater need for physical meetings when it comes to more development-related and risk-focused activities, for example when new technology is implemented.

Training Costs

COVID-19 has accelerated the development that has taken place in recent years, especially within IT-educations and courses, where a larger part of the courses or the entire course takes place online. This means both saved travel costs and time related to the courses, but it also means that the course fees can be reduced.

However, there are also courses in 2020 that have been canceled due to COVID-19, which contributes to the training costs being DKK 1.4 mio. DKK lower than in 2019.

General Maintenance and Operation

The spring travel restrictions in particular, which also applied to internal travel in Greenland, have led to a lower level of activity. This is especially true in the buildings department, where restrictions



have meant that the focus has been on organizing the department and on establishing better tools and processes instead, to ensure that TELE-POST's total building stock of over 1,000 B-numbers (addresses) is maintained and expanded. As safely and expediently as possible.

Construction Projects

TELE-POST annually carries out a number of construction projects, in which the telecommunications infrastructure is maintained and expanded. A number of these projects have been severely affected by the COVID-19 restrictions.

In particular, the upgrade of the operating platform in Aasiaat Radio – which handles the emergency and safety preparedness for the Danish

government – and the construction of a new satellite ground station in Tasiilaq, have been delayed and the need to dedicate resources to prepare alternative solutions arose. In the end, however, both projects were completed successfully and as originally planned, just as the remaining construction activity for 2020 has been completed largely as planned.

Our Business Branches

TELE-POST is a company that offers many and varied services. With 65% of turnover, the phone and internet branches make up the largest part of the company's operations, followed by IT-services and Other Services which together make up 20%. In addition, the postal branch makes up 13% of revenue, and finally the Wholesale branch with wholesale internet makes up 2% of the company's revenue.

Phone and Internet

Phone and internet comprise TELE-POST's core products. Unlike previous years, 2020 has not offered significant product changes, as the Tusass universe now covers both mobile and the internet branches for private customers.

On the other hand, 2020 has offered significant price changes. In May 2020, the price of Tusass Flatrate Internet for private customers was reduced by up to 27%, and for the first time in TELE-POST's history, the price of even the most expensive connection of 30/5 Mbit is now below DKK 1,000 and costs DKK 899. This is a very big step towards making the internet more commonly accessible, which ensures that all parts of society have access to the digital universe.

Customers

In May, TELE-POST significantly reduced prices on Tusass internet flat rate for private customers. The price of the most expensive product fell from DKK 1,199 to DKK 899, while the speed of the cheapest product was increased by 150% from 2 to 5 Mbit. The price reductions have made it possible for more customers to get high-speed flat rate internet, and

the number of customers has increased from 14,452 to 15,700 during the period.

However, the increase in the number of customers however has also



69 Private Customer Satisfaction

Increase of 3 Cf. 2019



72 Corporate Customer Satisfaction

Increase of 8 Cf. 2019

posed challenges in the form of lack of modems. In the beginning of 2020, TELE-POST chose a new modem provider. The choice of new modems is part of a strategy, where TELE-POST to a greater extent can remotely diagnose WIFI problems, and eventually will be giving customers more options to control the application of their connection. The delivery was unfortunately hit by production problems due to COVID-19 lockdowns, and a number of customers have experienced major deterioration in their Internet connections.

These production problems would also have occurred with the former

supplier, and what for the customer may be perceived as lack of due diligence on the part of TELE-POST, is a result of several causes.

In December 2020, the new Tusass-For-Kids subscription was launched with unlimited minutes and texts as well as 1 GB of data included at considerably reduced prices, providing that a child under the age 18 uses the product. Already in December, this product has become a great success with more than 3000 customers, and it is now possible for everyone to provide access to for their children to the digital world at reasonable prices.

Following this product, TELE-POST launched a series of marketing and informational films aimed at helping children and their parents to safely navigate the internet world. This is detailed in the company's Corporate Social Responsibility, which can be found at:

<https://telepost.gl/en/tele-post-imut-tunngasut/paasissutissat/kisitsisit/annual-reports>

Customer Satisfaction

TELE-POST is conscious of our position in the market and constantly try to act as if the company were in a real competitive situation in all branches. That is why annual customer satisfaction surveys are completed so that the company is always aware of the customers' perception of the products and services offered. In 2020, focus has been on customer satisfaction – and the input that was

seen in the 2019 survey – with good results. Customer satisfaction for private customers has increased by 3 points, partly because the customer service function has methodically registered the complaints and by focusing on problems that affect more customers.

Corporate customer satisfaction has increased by as much as 8 points, which is attributed to two factors. In part the conclusion of fixed price agreements with the largest customers, which gives the customers a desired level of predictability in their cost base, but also a continued focus on affiliate account managers for the individual customers, so that the service is uniform and the continuity ensures fast solutions to any challenges.



9 %

Increase in Number of Internet Customers

Unchanged compared to 2019



31 %

Increase in Data Amounts

The increase was 32 % in 2019

Customer satisfaction was a key target in the recently completed strategy period for 2017-2020 and will continue to be in the coming strategy period as well.

Our Business Branches

Internet

In 2020, TELE-POST lowered the price on Tusass Internet Flatrate with as much as 27%. This has meant that several new customers signed up, but also that the existing customers have selected faster products than before.

The price reductions have been instrumental to the increase in the number of Internet connections to private customers by 9% during 2020. Tusass Internet Flatrate at the same time make up 94% of all internet connections to private customers.

Even with the large price reductions, the turnover on the internet to private customers is 0.3% higher than 2019, because the proliferation of

Tusass internet flat rate is increased.

The big changes in products as well as in price in recent years, have contributed to a sharp increase in the internet penetration in Greenland. Thus the internet penetration (proportion of households with fixed internet) has increased from 45% to 68% in the strategy period. In addition a smaller proportion of private customers - between 2-5% - of households have internet connections with a competitor.

Mobile

The four-digit increase in recent years in the number of mobile subscriptions have been declining in 2020, where a little more than 300

new mobile subscriptions have been added. However, Greenland now has over 65,000 active SIM cards, and the number has probably reached a natural saturation point where the majority of all citizens have one mobile subscription.

The conversion from Tusass' prepaid and postpaid products to Tusass mobile subscriptions has continued throughout the year. The number of Tusass mobile subscriptions have grown by more than 26%. From constituting 36% of mobile customers, they now account for 46%.

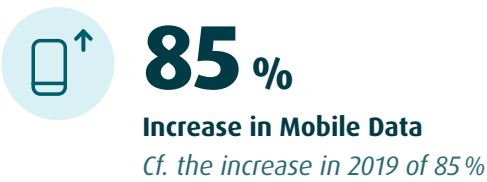
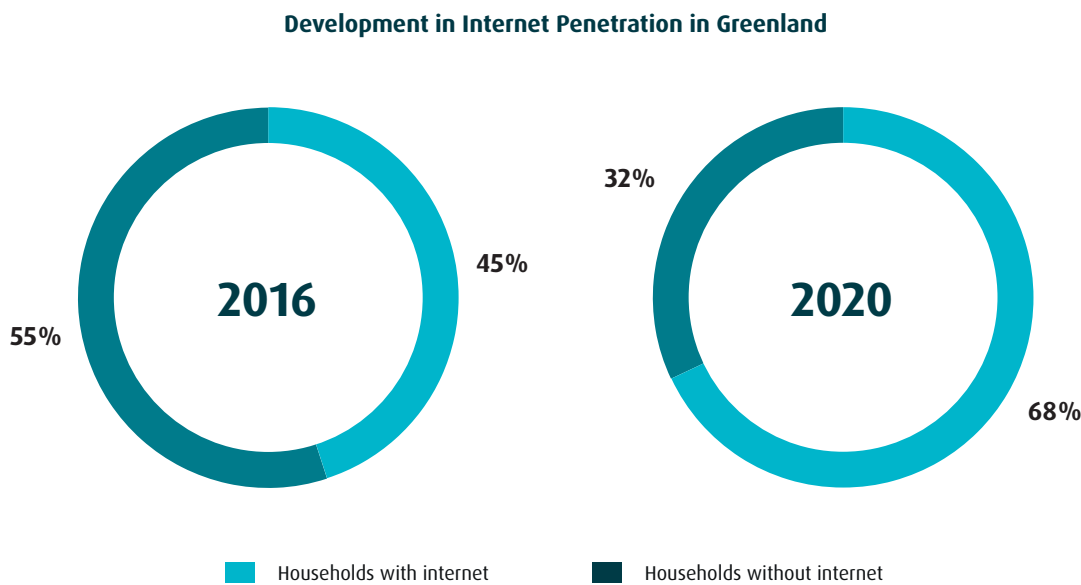
During 2020, the products have become robustly improved, and the 12 GB of data at DKK 499 is now 20 GB, which supports the continued massive growth in data used on mobiles. Consequently mobile data consumption has increased by 85% in 2020 compared to 2019.

parents subscription, and it is a prerequisite that the adult has a Tusass mobile subscription. If the child has the need, additional data can be purchased in the form of 1 GB packages.

This product was already a huge success in December with more than 3,000 subscriptions, most of which migrated from Tusass prepaid products, while approx. 160 subscriptions are brand new customers. The Tusass-for-kids subscription allows parents to give their children a mobile subscription at a low cost and without the risk of the child using data outside the parents' control, with potential high costs as a result.

With continued migration towards Tusass mobile subscriptions, the launch of the Tusass-for-kids subscription and planned improvements, data consumption is expected to continue to increase significantly through 2021.

No countries have been added to *The Tusass abroad* service by 2020, and the roaming sector as a whole is very strongly affected by COVID-19. While the cost of roaming when TELE-POST subscribers use their mobile abroad has been reduced by about 1.3 million DKK, roaming income from foreign customers' consumption in Greenland has fallen by as much as DKK 9.0 million DKK to 6.1 million in 2020.



In December 2020, a new Tusass subscription targeted at children under 18 years was launched. At DKK 89 per month, the subscription contains unlimited minutes and texts as well as 1 GB of data. To be able to buy the product, the subscription has to be linked with one of the

Our Business Branches

Landlines

In 2020, the number of landlines dropped almost 18%. This downward trend is expected to continue in 2021, as more and more traffic is shifting to mobile phones, especially due to the possibility for subscriptions with unlimited minutes. The number of customers is so low that

TELE-POST will be taking initiatives to discontinue the product completely over the coming strategy period.

The Corporate Branch

The concept of fixed price agreements for the company’s largest corporate customers has proven to be sustainable. In 2020, the concept has been developed to give customers the option of incorporating additional prioritizing and securing their connections in case of reduced capacity at an extra cost.

In 2020, the customer group has expanded with two customers, while one customer has chosen to switch to another supplier, but overall the revenue has increased by 8.6% in 2020 compared to 2019.

In terms of revenue, large customer agreements also make up the majority of revenue within internet and network connections to business customers with 55% of revenue.

Tusas business which was launched for small business customers in 2019

has had its first full year in 2020. Contrary to the concept with fixed price agreements for the very large customers, no active work has been done for customers to migrate to new products. However, there is a natural movement from old legacy products to the new and simpler Tusass business products. The movement has meant a decrease in revenue from old MPLS VPN and Lanlink products of approximately 2 million DKK.

Some large customers gained access to Tusass business mobile products as early as 2018, while the products were made available to everyone in 2019. The proportion of business customers, who have Tusass business mobile subscriptions have thus increased further from 23% of all business mobile subscriptions in 2018, to 47% in 2019 and 65% in 2020. This transformation has occurred in just two years, which is why this product must be considered a great success.



65 %

Share of Tusass Corporate Subscription of All Corporate Subscriptions

In 2019 the share was 47 %



Our Business Branches

Mail and Packages

In 2020, the postal branch also felt the increased digitalization in the shape of decreased mail amounts. However, delays in the Greenlandic Government’s project „Public Digital Mail“ meant that the decline was lower than expected. On the other hand, the implementation is expected to have an effect on mail amounts in 2021.

The package market has been challenged by COVID-19. In the first months of the pandemic, it especially affected packages from the Far East with delivery times of many months. In the last half of 2020, delays have particularly been due to a lower airmail capacity to Greenland.

TELE-POST is also aware of the challenges the customers may experience when they try to ship packages to Greenland from particularly Danish web shops and in 2020, we have worked on solutions to reduce the barriers to internet shopping to and from Greenland. It is expected that these solutions will be tested in the first half of 2021.

Customers and Customer Satisfaction

Customer satisfaction with the postal branch increased by 2 compared to 2019, and is now at 74. There are several reasons for this increase. In particular, the ability to deliver and communication about this in South Greenland has stabilized, which means that the region expresses a large increase in customer satisfaction. In addition, satisfaction with the TELE-POST centers and personal service has generally increased.

However, there are still sectors with room for improvement. Complaint handling as well as communication in case of changes or delays are significant parameters in customer satisfaction, which have and will continue to have a strong focus.

Business Development

In 2020, focus has been on making it even easier for the customer to get access to our postal services. Therefore a retrieval concept has been developed that gives the customers access to both letters and packages when it suits them - not only during the TELE-POST Center’s opening hours.

Furthermore, this concept is attached to internet purchases also at companies not familiar with shipping to Greenland. The concept is ready to be rolled out, and Qeqertarsuaq will be the first test city in the first quarter of 2021.

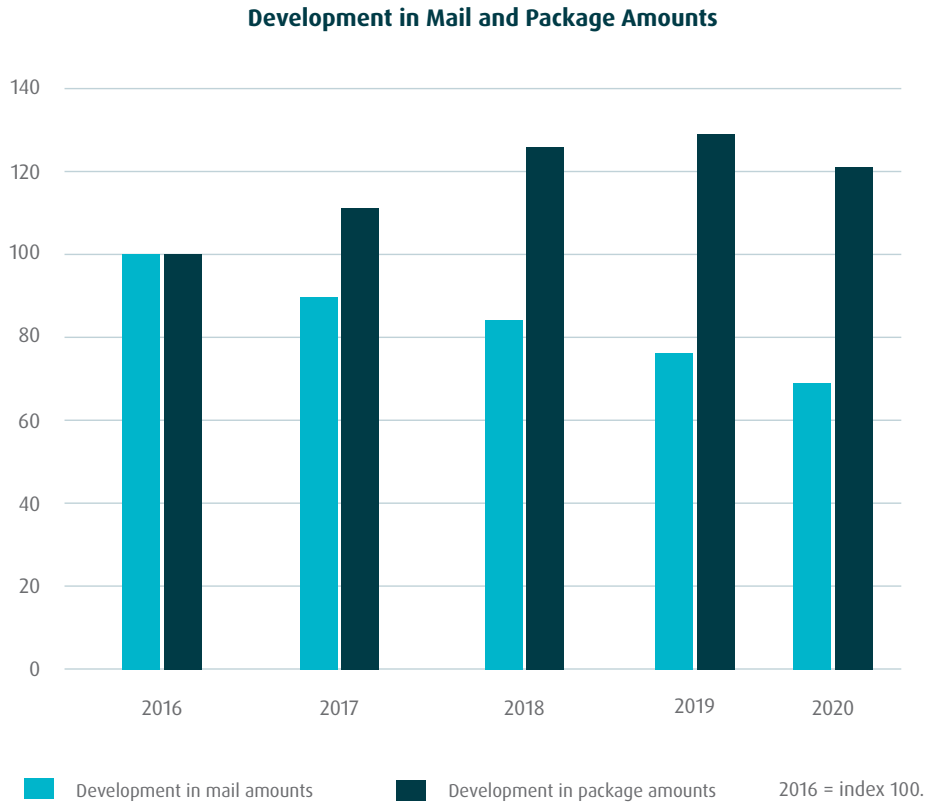
In the rest of Greenland, it is still services such as SMS notifications to customers that makes it simpler for the customer to know when to pick up packages.

Mail Products

Mail amounts continue to drop, and in 2020 the drop was 10% compared to 2019. This is predominantly due to the continued digitalization of society, and the contagious effect the global development has on Greenland. The mail amount is also expected to decrease further in 2021 as authorities introduce public digital mail to all citizens of Greenland.

Unlike previous years, the packing volumes also decreased in 2020.

This is due in part to a COVID-19 restrictions, which have complicated logistics particularly from outside the EU. However, COVID-19 cannot be entirely attributed for the drop which is 6% compared to 2019 and during 2020, TELE-POST has intensified our focus on the sector in part to stimulate the overall packaging market, but also to maintain and increase market share in a sector that is highly liberalized.



Our Business Branches

IT-Services and Other Services

TELE-POST has a wide range of branches that cover more than phone, internet and postal services. Combined the IT-services and Other Services make up 20% of the company's total revenue in 2020.

IT-Services

Aside from phone and internet, TELE-POST offers other IT-services for the large corporate customers in Greenland. The corporate business branch 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:

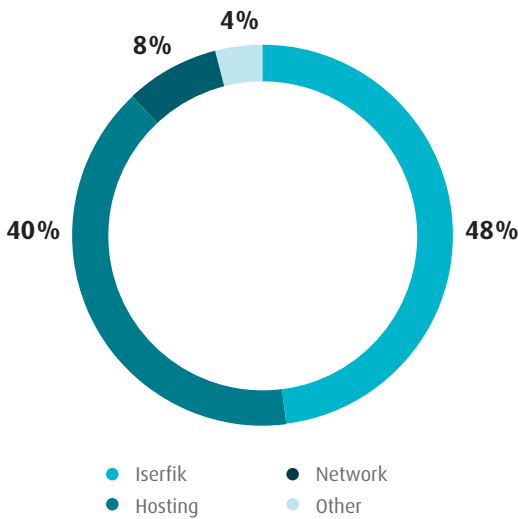
- 1. Hosting
- 2. Corporate phone delivered through the company's Iserfik platform
- 3. Network solutions

In addition, TELE-POST offers 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 and that companies particularly demanded during the spring lock-down. That is why TELE-POST over a period of three months chose to give free access for the business customers to the virtual conference platform.

While IT and digitization can simplify business, one side effect is that criminals increasingly see it

as an opportunity for easy money in the form of malicious attacks that manipulate data, steal data or the like. Therefore, security – and particularly cyber security – is one area that has been at the center of attention in 2020 in the solutions offered to the customers. In 2020, we have worked intensively to adjust and adapt processes to increase the safety on the products. Thus in 2021, TELE-POST's business department expect to be able to offer the same external audit-certified security assessment of the business in the form of ISAE3402 declarations which international suppliers are increasingly offering.

All of this continues to back up the goal of becoming the business customer's professional and safe choice when it comes to IT.



Our Business Branches

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.

In 2020, the operating platform at Aasiaat Radio – which handles the Emergency and Security Service for the Danish state – has been upgraded. This is an essential part of the investment plan developed with the customer. In the coming years, it is expected that all VHF and medium wave transmitters on sites along the coast will also be updated to the latest equipment.

The agreement on the distribution of radio and TV in Greenland with the Greenlandic Government was not renegotiated in 2020, and the agreement has been extended for another year until the end of 2021. This is the last year it can be extended, and a new agreement must be entered into in 2021 with effect from January 1, 2022.

TELE-POST handles the supply of Danmarkshavn under the service agreement with DMI. The station is supplied by ship every other year. 2020 was not a supply year, which is reflected in the branch turnover.

Wholesale

There are a small number of ISPs who buy wholesale connections from TELE-POST and resell this in the form of their own private and business products.

The wholesale business sells three main types of connections to business customers, which together provide the opportunity to deliver internet products to their customers, and which in 2020 will account for approximately 2.5% of revenue, compared with 1.5% in 2019

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

The private actors demand for capacity in 2020, has followed roughly the same growth rate as seen at TELE-POSTs own retail customers. Major price changes has



been made on TELE-POSTs BSA prices in 2020, where prices are reduced while a priority surcharge on national IP was introduced.

This supplement means that the providers can offer their main customers priority in the network, if by any one or more reasons limited capacity should be available. It could be associated with sea cable tears. If the customer paid for priority, the capacity will not be reduced to the same extent as for customers, who do not pay for this priority.

This product is particularly designed for organizations and companies that are critical to society and that needs connections of a certain capacity to function.

Risks and Security

TELE-POSTs comprehensive activities are related to a long list of risks that the company faces. Whether the risks are 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.

Overall, TELE-POST’s risk universe can be divided into the following categories:

Strategic Risks	Operational Risks	Financial Risks	Compliance, IT- og Information Security
Strategic risks arise from a lack of response to changes in the organizations external financial, political and environmental context.	Operational risks that are important to ensure supply in Greenland whether in operations or construction.	Financial risks relate to any form of finances – including the risk that the organization lacks the liquidity to survive etc.	The sector covers both legislation and legislation compliance as well as risks related to cyber security and personal data protection in particular.

Risk management is a focus area for TELE-POST and during 2020, the company has worked to identify all major risks in a structured and measurable way. Each identified risk includes a number of mitigating measures, which may be investments, adjustments in processes or in the organization, establishment of insurance or other. The risk management work has been strengthened especially in the Compliance, IT and information security sector in 2020, and in the coming years we will see structured initiatives in the sector too.

The main risks and uncertainties in TELE-POST’s operation include – but are not limited to – the following:

Strategic Risks

Strategic risks relate to the business. It may be the competitive situation, changes in market conditions, financial crises, politics or economic conditions that affect TELE-POST’s financial situation and business.

Declining Amounts of Mail

Strategic Risks

Description TELE-POST has experienced a decline in mail volumes in recent years. This decline is expected to be intensified by the introduction of digital mail by the public sector – a decision TELE-POST supports. A steep decline in mail volumes mean that the business model made for the postal branch faces challenges and will need new logistics processes, partners and systems. The package sector is logistically related to the mail sector, despite minor process differences. The main difference is that mail is a concession business, while the packages market is fully liberalized and with many actors in the market.	Mitigating Measures TELE-POST is actively looking for partners within the parcel market on the international market as a replacement for the declining mail volumes. It has the positive side effect that Greenland has also opened more to international online shopping. Automation projects have been initiated to give customers the opportunity to pick up mail and packages when it suits them and not only during TELE-POST center business hours. This has benefits for both customers and in relation to entering into partnerships with international suppliers who market themselves on timely and secure delivery of packages.
Potential Consequence Inability to restructure the mail business to be a primarily package-driven business may mean loss of cooperation agreements and consequently lost revenue and market shares. This can have negative consequences for the customers in the form of scaled-down TELE-POST centers outside of Nuuk.	

Interconnect and Roaming

Strategic Risks

Description The volume of roaming activity is directly correlated with tourism, which is why telecommunication companies globally are experiencing a decline in roaming revenue during this pandemic. To make up for this lack in revenue, TELE-POST has experienced that Interconnect partners’ pricing fluctuates significantly. This is a cost that TELE-POST has not been able to transfer to the end user.	Mitigating Measures The market is scoured for potential interconnect partners, who can see benefits in long-term contracts with TELE-POST. Finally, the relationships that TELE-POST already have are nurtured to ensure long-term and risk-averse agreements for both parties.
Potential Consequence Agreements with overly volatile pricing can create opaqueness in TELE-POST’s costs for interconnect, and create fluctuations in the company’s revenue from year to year. Declining tourist volumes will have a negative impact on roaming revenue, which is only to a lesser extent offset by the equivalent of lower costs.	

Risks and Security

Operational Risks

Operational risks are of great importance for TELE-POST. Being responsible for all telecommunications infrastructure, security of supply is crucial not only for the business but for Greenland. Operational risks are related to incidents that may affect the infrastructure and the availability and quality of TELE-POST’s services. They can for example lead to inefficiency, breakdowns, low product quality, etc. Some risks are derived from internal decisions and processes, while others are dependent on external factors.

Sea Cable Tear	Operational Risks
<p>Description</p> <p>Greenland’s telecommunications infrastructure is dependent on two international sea cables from Qaqortoq and Nuuk to Iceland and Canada respectively, as well as along Greenland’s west coast from Qaqortoq in the south to Aasiaat in the north. It is vital for both TELE-POST and Greenland that these submarine cables are protected against cable tears.</p> <p>Potential Consequence</p> <p>If there is a break somewhere in these cables, it has enormous consequences for customers who cannot access the internet and for TELE-POST who cannot provide the products and services that ensure the majority of earnings.</p> <p>Additionally, there are considerable costs for repairs of sea cable tears. In 2019, the costs of repairing three tears ran in more than 70 million DKK.</p>	<p>Mitigating Measures</p> <p>TELE-POST has entered into a service agreement with a sea cable provider for improved availability of a repair ship in the event of a sea cable tear. In collaboration with the fishing industry, TELE-POST has made both campaign material and detailed nautical charts showing the location of the submarine cables and the importance of taking care of them, when fishing in Greenlandic waters.</p> <p>Furthermore, Aasiaat radio monitors ship traffic near the submarine cables.</p> <p>In the coming strategy period, TELE-POST will analyze the possibilities for creating further redundancy in the sea cable system.</p>
Access Layer Towards Customers	Operational Risks

Description

The access layer towards private customers in Greenland is based on an older technology. The technology works but will not be able to deliver the speeds that customers demand in the long run.

Potential Consequence

If TELE-POST fails to maintain the access network in a quality that adheres to customers’ expectations, it will have negative consequences for the company in the form of lost customers and consequently also lost revenue.

Furthermore, the consequence will be negative political attention, as a large part of the country’s development is based on digital opportunities for the citizens.

Mitigating Measures

Already in 2021, TELE-POST will start work on assessing which technology will be the best for the future access network. In the coming strategy, a considerable sum has been allocated precisely to implement future-proof solutions in the access network that provide customers speeds and a product quality as demanded.

Financial Risks

Financial risks may arise in connection with interest rates and currency fluctuations, changes in working capital, fraud and the like. The area is generally both well documented and controlled, and continuous checks and balancing are carried out which minimize the risk of both errors and fraud committed by internal and external actors.

Interest Rate and Currency Fluctuations	Financial Risks
<p>Description</p> <p>TELE-POST has a number of obligations in foreign currency, mainly USD and EUR. Particularly the course on USD can fluctuate, thus affecting TELE-POST’s costs.</p> <p>Fluctuations in interest rates can affect the company’s borrowing costs, if the loans are raised at variable interest rates.</p> <p>Potential Consequence</p> <p>Failure to hedge exchange rates or interest rates can expose TELE-POST to high volatility in financial costs, and in the longer term have an impact on the company’s result.</p>	<p>Mitigating Measures</p> <p>Interest rate and exchange rate policies are updated annually and must ensure that earnings are robust to the often unpredictable changes in exchange rates and interest rates. At least 50% of the loan portfolio must have a fixed interest rate (i.e. with an interest rate that runs longer than one year).</p> <p>TELE-POST’s loan agreements have built-in financial ratios, which if exceeded can be terminated by the banks. TELE-POST complies with a reasonable margin to the key figures agreed with the company’s lenders.</p> <p>Larger longer-term agreements entered in foreign currency (excluding euros) are hedged, however at most with a two-year horizon. This applies for example to satellite agreements that are typically entered into in USD.</p>

Risks Related to Compliance IT and Information Security

As the national telecommunications company, TELE-POST is the backbone of all telecommunications in Greenland. In this regard, the company is aware of the increased need for solid safety measures. Risks related to Compliance, IT and information security are increasing both in scope and consequences.

Personal Data Management

Compliance, IT and Information Security Risks

Description

As a national telecommunications and postal company, TELE-POST handles significant volumes of personal data. It is the company’s obligation to protect this data in accordance with all applicable laws.

Potential Consequence

For the customers involved in a leak of personal data as a result of poor handling or external attack it can have catastrophic consequences. In addition, it can have a negative influence on the reputation for – and customer perception of – TELE-POST with consequences for the growth in customer numbers, customers’ choice of supplier, politicians’ attitude to the company and TELE-POST’s long-term viability.

Breaches of personal data protection may also result in legal interventions against TELE-POST.

Mitigating Measures

TELE-POST has trained several employees to handle The DPO function in the company.

Projects have been launched to ensure GDPR compliance in TELE-POST, so the company can comply with this legislation if and when this is implemented in Greenland.

We continually work with internal training of all employees who handle personal data.

Cyber Attack

Compliance, IT and Information Security Risks

Description

It is essential for our customers that TELE-POSTS services and products are safe and of a high quality. Malicious cyber-attacks against TELE-POST may have catastrophic consequences for our customers - who do not have alternatives - in the case of data loss or tampering affecting their business.

Potential Consequence

In addition to the business consequences such as data loss or manipulation may have for TELE-POST that may result in considerable costs, a cyber-attack will also have devastating consequences for the company’s reputation. Additionally, this may have implications for the market share on the Greenlandic market, while international customers are expected to seek alternative solutions.

Mitigating Measures

TELE-POST has established a security department with the task of increasing the level of security in the organization in general.

TELE-POST cooperates with relevant authorities in relation to strengthening the level of security. Ongoing risk assessments and updating of business continuity plans are an essential part of the company’s annual schedule and is taken seriously by both management and the operational departments as well.



Other Company Conditions

The Board

In 2020, 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 20 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 seven ordinary board meetings.

In 2019, the boards auditing subcommittee has held four meetings, while three meetings were held in the risk- and security 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

On the recommendation of the Audit Committee, the Board of Directors annually considers, whether an internal audit should be performed. It is considered that at present it is not relevant to perform one.

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 78,9% by the end of 2020. At the same time the net interest-bearing debt remain negative.

In 2020, the company has paid 112,6 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 2020, the long-term debt is 14,3 mio. kr. (including the short term share). In the fall of 2016, a borrowing limit of 300 mio. kr. was established at a bank consortium comprised of SEB, Nykredit and GrønlandsBANKEN. In 2020, 50 mio. kr. of this borrowing limit has been used. The credit facility terminates at the end of 2021 and efforts have been started to secure credit in the upcoming strategy period.

The company’s loan agreements contain demands on compliance with financial key figures – including solvency ratios – which has been observed with a sound margin throughout 2020.



Tax Conditions

TELE-POST does not expect to be paying corporate tax in 2020. The reason for this are the large infrastructural investments in mobile networks, transmission capacity etc. made in 2020. 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 2020, the company has paid 62,7 mio. kr. in Greenlandic A-taxes.

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 significantly have occurred.

2020 was the last year in the four-year strategy. In the fall of 2020, a large part of the Board’s focus has been on the coming strategy leading up to and including 2024.

In the coming strategy period, efforts will continue to be focused on the four stated ambitions.

The new strategy period will continue to fokus on the four explicated ambitions.

- 1. The best customer experiences
- 2. Strong networks
- 3. An efficient and attractive company
- 4. An asset to society

Combined with a large focus on security, this means that in the years to come the costumers will see a continued development of the Tusass universe along with an increased proficiency in servicing the corporate customers and costumers with a need for tailored solutions.

TELE-POST’s Digital Responsibility

Starting in 2021, TELE-POST will fulfill an even larger role in the digitalization of the society. We will do that by securing that all households who wants to have internet access will be able to do that by the end of 2024

The public projects around digital mail will at the same time lead to an expected decline in the volume of mail, which places demands on the company’s way of conducting postal and parcel transactions, and to find

solutions that ensures customers’ easy access to online trade and that suppliers choose TELE-POST as a partner.

The increasing demands for access to the internet driven by the general development as well as the public focus on digitalization require TELE-

POST to intensify our work to offer the customers insight in how to secure internet activity for themselves as well as for their children

Higher Speed

TELE-POST chose not to complete the internet speed objective in the recently finished strategy period in the shape it had then. In 2021 on the other hand, we expect to start an ambitious project of increasing internet speeds signicantly in all cities serviced by sea cable to deliver much higher speed for private and business customers alike in 2024.

During the same period, we will optimize the speed to the radio chain cities if possible and evaluate new technologies that can support the best application of the limited capacity.

In 2021, this involves a thorough estimation of the choices of future technology, while at the same time ensuring an optimal use of the existing technology.

The development of the satellite serviced area that was initiated in 2021 will continue. With the introdoctory work in Ittoqorto-ormiit and North Greenland already initiated, the customers here will also get a share of the improved satellite solutions that TELE-POST has gained access to.

Security

Security is an area where focus has intensified almost exponentially these years. With the geopolitical focus on Greenland and the increase in general cybercrime where malicious criminals are trying to exploit weaknesses in especially the IT-infrastructure of companies, it is the role of TELE-POST as national telecommunications supplier – as well as IT-supplier to businesses – to work towards the highest level of security as possible.

While work was done on the organizational structure and approach to security work in 2020, in 2021 a number of initiatives will be taken in the process of strengthening all aspects of security.

As an example this will be done through the establishment of an ISAE 3402 statement which – with the audit report – will document TELE-POST’s safety standards.

Future Cost Base

A number of the initiatives that TELE-POST has chosen to implement mean that in some areas there will

be a higher cost level to ensure exactly the quality and security with which the company wants to be associated. This is for example service agreements with suppliers, to guarantee rapid response in the event of a sea cable tear, the establishment of a dedicated safety organization in order to constantly increase the safety level in the company, as well as an increased focus on the company’s extensive building portfolio.

In 2021, the work with internal processes and simplification of the system landscape will continue, so TELE-POST can maintain as low a cost level as possible also in the longer term.

Expected Company Result in 2021

While an increasing cost level has been actively recognized to ensure the right quality and safety in some sectors, there are a number of sectors where COVID-19 has taught the company to carry out activities in other ways than previously. As an example, this applies to the field of education, where a larger part of the courses can be completed digitally in the future. Fewer physical visits by consultants with expensive travel arrangements as a result and more virtual activity is another area where COVID-19 has meant new habits for TELE-POST

Expected Result for 2021

Based on the chosen focus areas and the lessons learned from the COVID-19 pandemic, the result before tax in 2021 is expected to be DKK 90-110 million, which is less than in 2020. The following factors has an influence on the result:

- Large price adjustments on the Tusass product portfolio in 2020 which supply the customers with better and cheaper products will have a full-year effect in 2021.
- A continued drop in mail volume as a consequence of the increased public digitalization.
- A massive increased focus on - and costs for - security work, both in physical security and information security.
- Declining revenue for roaming customers as a result of COVID-19, which is also expected to affect travel patterns throughout 2021.



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 2020 for TELE Greenland LC.

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

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 2020 as well as of the result of the company’s activities and cash flow for the fiscal year January 1st – December 31st 2020.

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

Nuuk, April 9th 2021

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 2020.

We have audited the annual report for Tele Greenland LC for the fiscal year January 1st – December 31st 2020 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. A 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

The Independent Auditor’s Statement

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.

- 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 9th 2021

PricewaterhouseCoopers
State Authorized
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.

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.

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

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 deprecation 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.

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 2020

(In Thousands of DKK)	2020	2019	Note
Net revenue	802.178	814.155	1
Construction production	10.990	9.872	
Other operating income	9.877	9.332	
Costs of goods and foreign services	(93.966)	(103.669)	2
Other external costs	(229.882)	(280.611)	3
Gross Profit	499.197	449.079	
Employee costs	(186.961)	(190.014)	4
Depreciations	(137.381)	(134.011)	5
Other operating costs	(3.187)	(3.057)	
Result of Primary Operation	171.668	121.997	
Result after tax in associated company	366	(29)	
Operational Result	172.034	121.968	
Financial income	314	1.870	6
Financial costs	(5.351)	(3.693)	7
Result Before Tax	166.997	120.145	
Tax of the year's result	(44.254)	1.526	8
The Year's Result	122.743	121.671	
Proposal for Result Disposition:			
Dividend for the fiscal year	112.600	87.600	
Extraordinary dividend for the year	25.000	0	
Transferred surplus or deficit	(15.223)	44.024	
Regulation of reserve for net revaluation	366	(9.953)	
Disposition Total	122.743	121.671	

Balance Per 12.31.2020 – Assets

(In Thousands of DKK)	2020	2019	Note
IT-software	10.823	16.300	
Immaterial fixed assets under development	2.200	4.622	
Immaterial Fixed Assets	13.023	20.922	9
Buildings	323.206	333.998	
Telecommunications facilities	821.240	818.837	
Other facilities, operational material and fixtures	25.942	25.166	
Material fixed assets under construction	78.713	83.493	
Material Fixed Assets	1.249.101	1.261.494	10
Capital shares in affiliated company	6.114	5.747	
Other securities and capital shares	320	320	
Financial Fixed Assets	6.434	6.067	11
Total Fixed Assets	1.268.558	1.288.483	
Inventories	10.221	13.003	
Receivables from sales	39.081	69.733	
Other receivables	14.568	10.087	
Accruals	119.438	39.986	12
Receivables	173.087	119.806	
Liquids	105.453	191.763	
Total Current Assets	288.761	324.572	
Total Assets	1.557.319	1.613.055	

Balance Per 12.31.2020 – Liabilities

(In Thousands of DKK)	2020	2020	Note
Share capital	150.000	150.000	13
Premium fund	180.357	180.357	
Reserve for net revaluation	1.021	655	
Transferred surplus	761.345	738.761	
Proposed dividend for the fiscal year	112.600	87.600	
Total Equity	1.205.323	1.157.373	
Postponed tax	189.082	180.805	14
Other provisions	1.500	1.000	
Total Provisions	190.582	181.805	
Public loans	1.701	1.701	15
Debt, Mortgage institutes	12.098	12.824	
Long-Term Liabilities	13.799	14.525	
Short-term share of long-term debt	726	717	
Debt, Bank	49.825	137.172	
Received prepayments from customers	1.667	5.031	16
Suppliers of goods and services	50.221	54.184	
Other debt	45.176	60.419	
Derived financial instruments	0	1.829	
Short-Term Liabilities	147.615	259.352	
Total Debt Obligations	161.414	273.877	
Total Liabilities	1.557.319	1.613.055	

Mortgaging and eventuality liabilities etc.

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Other notes

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Equity Statement Per 12.31.2020

(In Thousands of DKK)	Share Capital	Premium Fund	Net Revaluation of Capital Shares	Transferred Result	Proposed Dividend for the Fiscal Year	Proposed Dividend for the Fiscal Year	Total
Equity 01.01.2019	150.000	180.357	10.607	670.953	137.600	0	1.149.517
Distributed dividend relating to 2018	0	0	0	0	(137.600)	0	(137.600)
Tax value of allocated dividend for2019	0	0	0	23.784	0	0	23.784
The year’s result	0	0	(9.953)	44.024	87.600	0	121.671
Net regulation of financial instruments	0	0	0	0	0	0	0
Equity Per 31.12.2019	150.000	180.357	655	738.761	87.600	0	1.157.372
Equity 01.01.2020	150.000	180.357	655	738.761	87.600	0	1.157.372
Distributed dividend relating to 2019	0	0	0	0	(87.600)	0	(87.600)
Extraordinary dividend regarding 2019	0	0	0	0	0	(25.000)	(25.000)
Tax value of allocated dividend for 2020	0	0	0	36.464	0	0	36.464
The year’s result	0	0	366	(15.223)	112.600	25.000	122.743
Net regulation of financial instruments	0	0	0	0	0	0	0
Equity Per 31.12.2020	150.000	180.357	1.021	761.345	112.600	0	1.205.323

Cash Flow Statement for 2020

(In Thousands of DKK)	2020	2019	Note
Result of primary operations	171.668	121.997	
Depreciations	137.381	134.011	
Changes in operating capital	(72.786)	(32.533)	16
Cash Flow from Operations Before Financial Items	236.263	223.475	
Interest rate income and similar income	314	1.870	
Interest rate payments and similar payments	(5.351)	(3.693)	
Cash Flow from Ordinary Operations	231.226	221.652	
Paid corporate tax	0	(1.795)	
Cash Flow from Operational Activity	231.226	219.857	
Purchases of immaterial and material fixed assets	(117.313)	(93.233)	
Sale of material fixed assets	591	337	
Cash Flow from Investment Activities	(116.722)	(92.896)	
Installments on liabilities	(717)	(12.233)	
Bank loan	0	50.000	
Installments on bank loans	(87.347)	0	
Paid dividend	(87.600)	(137.300)	
Extraordinary dividend	(25.000)	0	
Cash Flow from Financial Activities	(200.664)	(99.833)	
Changes in Liquids	(86.610)	27.128	
Liquid funds 01.01.2019	191.763	164.635	
Liquid funds 31.12.2019	105.453	191.763	



(In Thousands of DKK)	2020	2019
1 Net Revenue		
Landline phones	23.399	31.495
Internet private	141.316	140.840
Mobile phones and mobile internet	251.629	265.908
Internet business	108.391	106.715
IT services and other services	157.119	155.201
Stamp sales and postage income	94.485	95.405
Other mail activities	6.590	6.291
Wholesale	12.249	12.300
	802.178	814.155
2 Cost of Consumption of Goods and Foreign Services		
Settlement other telecommunication companies	14.164	16.969
Other consumption of goods	50.324	58.570
Mail activities	29.478	28.130
	93.966	103.669
3 Other External Costs		
Chartering costs, transportation operations	20.736	20.705
Operating and maintenance, technical facilities	51.794	97.207
Development costs	6.742	7.666
Consumables	5.741	7.121
Transponder leasing	41.055	39.515
Building costs	47.374	40.168
Administration and sales costs	56.440	68.229
	229.882	280.611
4 Employee Costs		
Wages and salaries	166.285	165.843
Pension contribution	11.647	11.772
Educational expenses	2.392	3.798
Other employee dependent expenses	6.637	8.601
	186.961	190.014

(In Thousands of DKK)	2020	2019
4 Employee Costs, Continued		
Of which total remuneration for the parent company's:		
Executive Group:		
Kristian Reinert Davidsen	4.001	3.956
Board of Directors	1.361	1.351
Average Number of Employees	372	380
Specified		
Kristian Reinert Davidsen		
Fixed wage	2.914	2.850
Pension	173	168
Bonus	771	755
Other	143	183
	4.001	3.956

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.

(in Thousands of DKK)	2020	2019
5 Depreciations		
IT-software	8.294	9.212
Buildings	20.438	19.794
Telecommunications facilities	96.616	90.233
Other facilities, operational material and fixtures	12.033	14.772
	137.381	134.011
6 Financial Income		
Other financial income	0	1.424
Late fees, discounts etc.	314	446
	314	1.870
7 Financial Costs		
Interest rates of bank debt etc.	1.195	1.293
Interest rate costs, long-term debt	3.668	2.400
Other financial costs	488	0
	5.351	3.693
8 Tax of the Year's Result		
Actual tax	0	0
Postponed tax of the years result, liabilities	44.214	38.197
Regulation of postponed tax, changes in tax percentage	0	(40.244)
Regulation of postponed tax regarding previous years	0	521
	44.214	(1.526)
Tax rate reconciliation:		
Greenlandic tax percentage	26,5%	31.8%
Regulation regarding previous years	0,0%	0.4%
Regulation of postponed tax, changes in tax percentage	0,0%	-33.5%
	26,5%	-1,3%

(In Thousands of DKK)	2020	2019
9 Immaterial Fixed Assets		
IT-Software		
Cost at beginning of the year	195.034	193.899
Additions during the year	2.817	1.135
Cost at year end	197.851	195.034
Depreciations and write-downs at beginning	(178.734)	(169.522)
The year's depreciations and write-downs	(8.294)	(9.212)
Depreciations and write-downs at year end	(178.028)	(178.734)
Accountable Value at Year End	10.823	16.300
Construction Under Development		
Cost at beginning of the year	4.622	1.738
Transferred from active	(2.817)	(1.135)
Additions during the year	395	4.019
Cost at year end	2.200	4.622
Accountable Value at Year End	2.200	4.622
10 Material Fixed Assets		
Buildings		
Cost at beginning of the year	591.525	584.866
Transferred from current	9.646	6.989
Disposals during the year	0	(330)
Cost at year end	601.171	591.525
Depreciations and write-downs at beginning of the year	(257.527)	(237.732)
The year's depreciations and write-downs	(20.438)	(19.795)
Depreciations and write-downs at year end	(277.965)	(257.527)
Accountable Value at Year End	323.206	333.998

(In Thousands of DKK)	2020	2019
10 Material Fixed Assets (Continued)		
Telecommunications Facilities		
Costs at beginning of the year	2.824.385	3.017.776
Transferred from current	99.392	58.443
Disposals during the year	(3.839)	(251.834)
Cost at year end	2.919.938	2.824.385
Depreciations and write-downs at beginning of the year	(2.005.548)	(2.167.148)
The year's depreciations and write-downs	3.466	251.833
Transfer between fixed asset groups	(96.616)	(90.233)
Depreciations and write-downs at year end	(2.098.698)	(2.005.548)
Accountable Value at Year End	821.240	818.837
Other Facilities		
Costs at beginning of the year	192.023	188.940
Transferred from current	12.810	4.252
Disposals during the year	(1.681)	(1.169)
Cost at year end	203.152	192.023
Depreciations and write-downs at beginning of the year	(166.857)	(153.196)
The year's depreciations and write-downs	1.681	1.111
Transfer between fixed asset groups	(12.034)	(14.772)
Depreciations and write-downs at year end	(177.210)	(166.857)
Accountable Value at Year End	25.942	25.166
Assets Under Construction		
Costs at beginning of the year	83.493	64.429
Transferred from current	(121.847)	(69.682)
Additions during the year	117.067	88.746
Cost at year end	78.713	83.493
Accountable Value at Year End	78.713	83.493

(In Thousands of DKK)	2020	2019
11 Financial Fixed Assets		
Capital Shares in TELE Greenland International Ltd.		
Cost January 1 st	0	11.000
Disposal	0	(11.000)
Cost December 31 st	0	0
Net revaluations January 1 st	0	9.923
Return of net revaluation	0	(9.923)
Net revaluation December 31 st	0	0
Accountable Value December 31st	0	0
Selskabet er opløst ved solventlikvidation i 2019		
Capital Shares of Ejendomsselskabet Suliffik LC		
Cost January 1st	5.092	5.092
Cost December 31st	5.092	5.092
Net revaluations January 1st	655	685
Share of the year's result	366	(30)
Net revaluations December 31st	1.021	655
Accountable Value December 31st 5,747 5,777	6.113	5.747
Capital Share of Ejendomsselskabet Posthuset LC		
Cost January 1 st	320	320
Cost December 31 st	320	320
Accountable Value December 31st	320	320
12 Accruals		
Prepaid satellite	99.542	26.704
Other accruals	19.896	13.192
	119.438	39.896

(In Thousands of DKK)	2020	2019
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	201.812	200.784
Investment in associated company 748 3,373	217	748
Current assets etc.	(4.365)	174
Tax value of applied dividend deduction	(8.636)	(20.415)
Tax value of derived financial instruments	0	(487)
	189.082	180.805
Balance January 1 st	180.805	206.626
Regulation of tax percentage, result statement	44.254	(40.244)
Regulation of tax percentage, equity	0	4.083
Postponed tax of the year's result	0	38.197
Tax value of allocated dividend	(36.464)	(27.857)
Regulation of postponed tax regarding derived financial instruments	487	0
Postponed Tax December 31st	189.082	180.805
14 Other Provisions		
Provisions for regulatory accounting	1.500	1.000

(In Thousands of DKK)	2020	2019
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	9.218	9.944
Installments that are due after 1 to 5 years	2.880	2.880
Long-term share	12.098	12.824
Short-term share	726	717
	12.824	13.541
16 Derived Financial Instruments		
Currency and interest rate hedging	0	(1.829)
	0	(1.829)
17 Changes in Operational Capital		
Changes in inventory	2.782	376
Changes in receivables	(53.648)	(35.629)
Changes in supplier debt etc.	(22.570)	4.720
Changes in provisions	500	(2.000)
	(72.936)	(32.533)

18 Mortgaging and Collateral		
<p>The following mortgaging relates to the parent company. Priority debt is secured through mortgage in buildings. Accountable value of mortgaged buildings totals 38.859 t.kr.</p>		
<p>Lease Liabilities</p> <p>TELE Greenland A/S has entered into the following lease obligations:</p>		
<p>Intelsat, Transponder, yearly lease 5.2 million USD. The current contracts for transponder lease runs until January 2021 with 2.0 million USD yearly vis-à-vis 2023 with 3.2 million USD yearly.</p>		
<p>Hipasat, transponder yearly lease for the years 2023-2038 for a total of 11.6 million USD.</p>		
<p>Additionally, a number of short notice housing leases have been made with the intention of subletting them for personnel, where the rent due in the notice period total 0.6 million DKK.</p>		
<p>Contingent Liabilities</p> <p>Nuuk Sky Net A/S (Comby A/S) has filed a lawsuit against Tele Greenland A/S demanding a total of 19.7 million DKK. Nuuk Sky Net A/S claim in part that Tele Greenland A/S during a period from 2010-2012 has refused to provide prices for co-traffic and partly that the offer that Tele Greenland A/S provided after the The Competition Board’s injunction was discriminating.</p>		
<p>Inu:It A/S has filed a lawsuit against Tele Greenland A/S demanding a total of 10.6 million DKK. Inu:It A/S claim that Tele Greenland A/S during a period from 2013-2017 has refused to provide SIP-trunks and that Inu:It A/S as a result has incurred a loss that Tele Greenland A/S is liable for. Based on a combined evaluation of the case matter, Tele Greenland A/S has chosen not to make accounting provisions regarding the lawsuit.</p>		
<p>By order of the Greenlandic Government, Tele Greenland A/S operate activities on locations where there is a risk that buildings and installations may be shut down at a future date according to the decisions made by the Greenlandic Government. According to the Land Use Act In Greenland, It is the obligation of the right holder to handle clearing and reestablishing the area after the end of use. However, as it is the Government of Greenland that hold the supply obligation and decision making authority regarding which cities and villages Tele Greenland A/S must service, it is currently not possible for Tele Greenland A/S to tally the extent of the obligation reliably - both regarding the actual need for clearing and reestablishment, the amount or the timing of actualization.</p>		
(In Thousands of DKK)	Parent Company	
	2020	2019
19 Remuneration for General Assembly Elected Auditors		
Remuneration for the parent company general assembly elected auditors:		
PWC		
Legally required audit	795	795
Other services	714	792
	1.509	1.587

20 Related Parties	
<p>Related Parties with Controlling Influence on TELE Greenland A/S</p> <p>The company’s main shareholder, The Greenlandic Government, Nuuk.</p>	
<p>Other Related Parties That TELE Greenland A/S Has Had Transactions With in 2020</p> <p>The company’s directors and Executive board as well as these persons related family members. Companies, wherein the main shareholder has deciding influence.</p>	
<p>Related Parties Over Which TELE Greenland A/S Holds Deciding or Considerable Influence</p> <p>The associated company, Suliffik A/S, Nuuk.</p>	
<p>Transactions Between Related Parties and TELE Greenland A/S</p> <p>In 2020, a dividend of 137.6 million DKK has been paid to the company’s owner, the Government of Greenland.</p>	
<p>In 2020, a dividend of 87.6 million DKK has been paid to the company’s owner, the Government of Greenland. Additionally an extraordinary dividend of 25 million DKK was approved on the company’s general assembly. Thus a totally dividend of 112.6 million DKK was paid in 2020.</p>	
<p>There is a running deal with the Government of Greenland on distribution of digital TV and radio (DVB-T). The original 10-year deal entered into</p>	
<p>force on January 1st 2010. In 2014, an amendment was made that entails that the medium wave transmission of KNR was reestablished in 2014/2015. The amendment also mean that the original deal is extended until December 31st 2021.</p>	
<p>In 2013, a deal was made with the Government of Greenland on operating the educational network „Attat“. The deal was approved by the National Telecom Agency. In 2013, the company has signed a deal with the Government of Greenland that allow customers to wait in line for phone consultations at the Doctors Clinic at Dronning Ingrid’s Hospital free of charge. Other trading with units wherein the Government of Greenland holds controlling influence has been through normal trade interactions.</p>	
<p>There has not been made any significant transactions aside from the normal remuneration for the directors and board that is particularly detailed in note 5, Personnel costs. Additionally, the company has supplied insignificant data communication and postal services on a market basis for the company’s management and board. The supply of these services has been on the same terms as for the company’s other customers.</p>	
<p>Shareholder Relations</p> <p>The company’s shares are owned 100% by the Government of Greenland, Nuuk.</p>	

21 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.



**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.



**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.



**Aviaja Karlshøj Knudsen,
Member of the Board**

Born 1980.

Independent member of the board. Member of the Audit Committee.

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 A/S

First elected at the extraordinary general assembly in October 2018 for 1 year. Most recently reelected in May of 2020 for 1 year.



**Ulrik Blidorf,
Member of the Board**

Born 1974.

Independent board member. Chairman of the Audit Committee.

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 directorship: Chairman of the Board of Royal Arctic Line, Chairman of the Health Commission, Chairman of the Board of Young Guns Futsal Club.



**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.

Elected as a board member for the first time by the employees in the period of 1995-1998.

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

Notes, Continued



**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 telepost.

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.



**Emil Kleemann,
Member of the Board**

Born 1968.

Member of the Risk and Safety Committee.

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.



TELE Greenland A/S

Farip Aqqutaa 8
P.O. box 1002
3900 Nuuk
Greenland

+299 34 12 55
www.telepost.gl
tele@telepost.gl