



ANNUAL REPORT



ROYAL  ARCTIC

2024

(CVR. NO. 16545538)

Cover photo Klaus Holsting

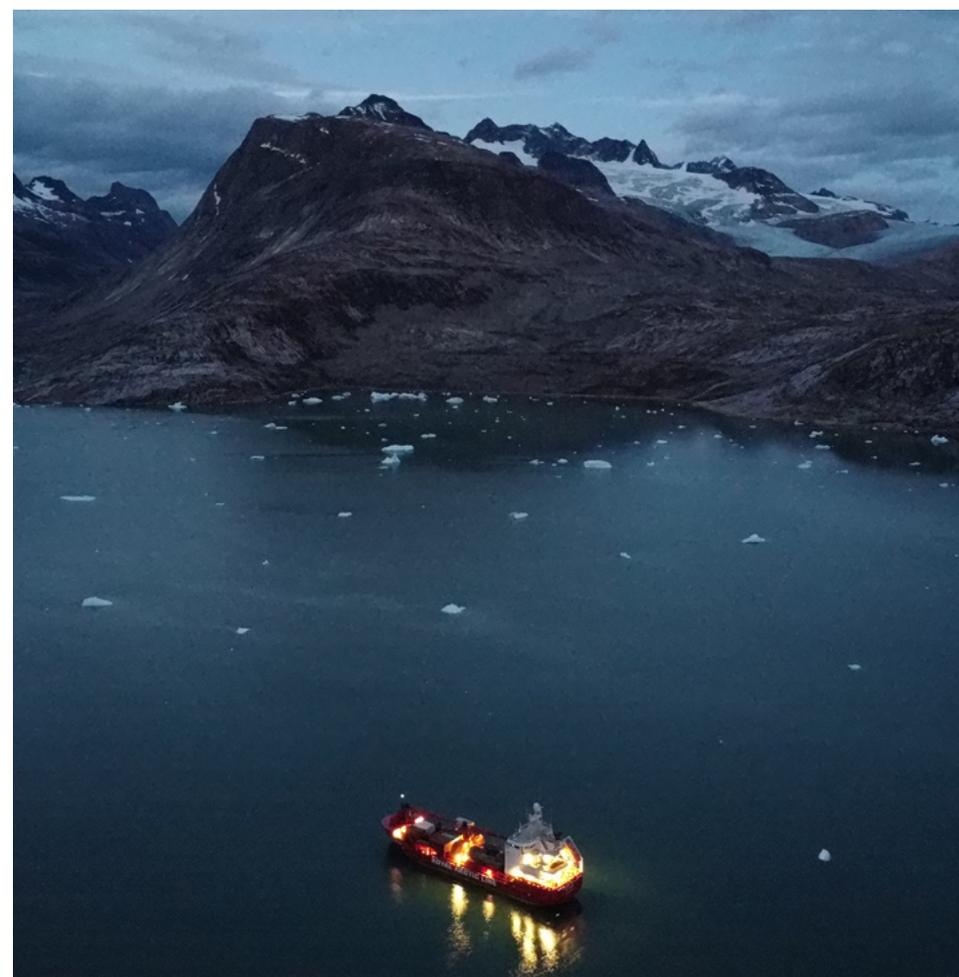
Content

*This document is an unofficial translation of the Danish original.
In the event of any inconsistencies the Danish version shall apply.*

3	Company information	16	Finances 2024	25	Sustainability 2024	58	Management Statement
4	Financial highlights	18	Changes in the Board of Directors and Executive Board	26	Foreword	59	Independent Auditor's Report
5	We want to future-proof the supply of goods	19	Outlook for 2025	29	Double materiality assessment	61	Income Statement 2024
7	Highlights 2024	20	Risk	32	Sustainability-related risks	62	Assets
9	Review of 2024	23	Good corporate governance at Royal Arctic Line	33	Double materiality assessment	63	Liabilities
11	Parent company, freight development			40	Sustainability-related risks	64	Equity Statement
				48	Environment, Social conditions, Management	65	Cash Flow Statement
				53	5-year table	66	Notes
				56	Glossary of terms	79	Accounting Policies
				57	Financial Statements		

Company information

The Company	Royal Arctic Line A/S, Aqqusinersuaq 52, P.O. Box 1580, 3900 Nuuk, Telephone +299 34 91 00, E-mail: ral@ral.gl, Homepage: www.ral.gl
Registration number	A/S 209.527
CVR. number	16545538
Registered	Nuuk, Greenland
Share capital	DKK 120 million
Ownership	Wholly owned by the Government of Greenland, Nuuk, Greenland.
Board of Directors	Pâviâraq Heilmann, Chairman Inooraq Brandt, Vice Chairman Barbara Agersnap Flemming Drechsel Jóhanna á Bergi Minannguaq Hilda Zeeb Eydun Simonsen* Laust Lindskov Vestergaard* Tina Lange Olsen* <i>* Elected by employees in 2022 for a four-year term</i>
Management Group	Niels Clemensen, CEO Aviâja Lyberth Lennert, CEO Jørgen Aqe Møller, CFO
Auditors	Grønlands Revision A/S and PricewaterhouseCoopers



Group financial highlights

The development in the Group can be described over a five-year period with the following financial highlights: DKK million

Income statement	2024	2023	2022	2021	2020
Net revenue	1.229	1.190	1.166	1.054	979
Total revenue	1.247	1.225	1.181	1.076	992
Operating profit	25	24	(73)	28	14
Net financials	(19)	(20)	(23)	(24)	(11)
Profit for the year before tax	6	4	(96)	4	2
Profit/loss for the year	7	3	(74)	2	2
Dividend	0	0	0	3	3
Balance sheet					
Balance sheet total	1.403	1.483	1.590	1.580	1.647
Investment in intangible fixed assets and property, plant and equipment	56	70	272	433	413
Net working capital	30	44	41	68	111
Long-term liabilities	507	576	641	615	663
Equity	638	632	638	686	682
Cash flow statement					
Cash flow from operating activities	92	71	46	47	108
Cash flow from investing activities	(47)	(6)	(68)	(105)	(405)
Cash flow from financing activities	(66)	(64)	(7)	(24)	337
Changes in cash and cash equivalents	(21)	1	(29)	(81)	40
Cash at year-end	128	148	148	176	258
Key ratios *					
Profit margin (%)	2,1%	2,1 %	(6,3) %	2,7 %	1,4 %
Return on capital (%)	1,8 %	1,7 %	(4,6) %	1,8 %	0,8 %
Return on equity (ROE)	1,1 %	0,5 %	(11,1) %	0,3 %	0,2 %
Solvency ratio (%)	45,5 %	42,5 %	40,1 %	43,4 %	41,4 %
Return on invested capital (ROIC)	2,2 %	2,0 %	(5,7) %	2,2 %	1,2 %
Leverage of operating assets	1,8	1,9	2,0	1,9	1,9
Average number of full-time employees	735	742	787	900	794
Pre-tax profit per employee (DKK 1,000)	8	6	(122)	5	3
Net revenue per employee	1,67	1,60	1,48	1,17	1,23

* Financial ratios are calculated in accordance with the CFA Society Denmark's "Recommendations and Financial Ratios" In the average number of full-time employees, trainees are included as from 2021.

Definitions of key ratios

Net working capital	=	Current assets – short-term debt
Profit margin (%)	=	$\frac{\text{Profit/loss before financial items} \times 100}{\text{Net revenue}}$
Return on capital (%)	=	$\frac{\text{Profit/loss before financial items} \times 100}{\text{Total assets}}$
Return on equity (ROE)	=	$\frac{\text{Profit for the financial year} \times 100}{\text{Average equity}}$
Solvency ratio (%)	=	$\frac{\text{Equity at year-end} \times 100}{\text{Total assets}}$
Return on invested capital (ROIC)	=	$\frac{\text{Profit/loss before financial items} \times 100}{\text{Average capital invested incl. goodwill}}$
Leverage of operating assets	=	$\frac{\text{Capital invested incl. goodwill}}{\text{Equity at year-end}}$

We want to future-proof the supply of goods

At the end of 2024, the Board of Directors approved Royal Arctic Line's strategy for the next five years. The strategy sets the direction for the ambition for development, customer satisfaction and financial robustness. We believe that this is the key to future-proofing the supply of goods in Greenland.

Customers must have a good experience when they trade with us. The use of new technology and adaptation of our operating processes must benefit the cooperation with our customers. In addition, we will ensure an optimised sailing schedule that utilises our capacity for the greatest possible benefit of our customers.

A stable economy will ensure that Royal Arctic Line can finance its future investments. Consistent focus on costs will ensure that freight rates do not increase more than absolutely necessary.

A strong shared culture will strengthen and develop employees for their own, as well as the company's and society's, benefit. We will achieve this by creating a safe working environment and good conditions for professional development and growth. Skilled, committed employees will ensure that we can provide a competent service to customers. This will affect customer satisfaction positively and strengthen the company's reputation.

In our day-to-day management, we place great emphasis on competence and community, to ensure that we deliver on our mission. Almost 10 % of our employees are trainees and apprentices. We are proud of this, as it benefits society, the company and the individual.

Overall, Royal Arctic Line will create value for Greenland.

” With an awareness of our importance for people and nature, we will work for a strong Greenland.

Royal Arctic Line's purpose is to supply Greenland's population and create strong connections within the country and to the rest of the world. This responsibility requires commitment. We must safeguard the supply of goods through responsible management and a sound economy.

To finance future investments, including the replacement of *Irena Arctica* and *Silver Mary*, rates were adjusted in 2023. The rate changes are spread over three years, and the second phase entered into force on 1 January 2025.

However, the rate increases cannot stand alone and we have a clear goal of reducing the costs per unit shipped. We will also analyse and optimise internal processes, to make operations more efficient. A new freight handling system can improve opportunities to embrace new technology and adapt our operating processes, for the benefit of customers.

High rates affect the population, while rates that are too low can weaken our ability to future-proof the supply of goods. Our mission is to serve Greenland, and therefore we need to find the right balance.

The strategy is based on the structure and collaborations built up by the company, of which one result is more port calls outside Greenland, lower costs and reduced carbon emissions across the Atlantic.

We know that our industry affects climate change and the environment, as we use fossil fuels. This is why we work purposefully to optimise operations and reduce fuel consumption. We look forward to supporting and contributing to the climate ambitions that *Naalakkersuisut* (the Government of Greenland) is expected to present in the upcoming climate strategy for Greenland.

In 2025, we will analyse the impact of our collaboration. We will assess whether the current structure supports growth. The analysis will also consider Greenland's geopolitical position. Owners, business partners and customers will be involved, and the results will form the basis for conclusions about our future investments and opportunities for optimisation.

Results for 2024

Unfortunately, Arctic Umiaq Line's strategy of attracting high-wealth tourists was not successful. In spring 2024, it became clear that the changes could not accommodate both tourists and the local population. At the end of the six-month period, it became clear that without action, the company would end up with a loss of DKK 15-20 million before tax.

The expected deficit in Arctic Umiaq Line would also have a negative impact on the Group's overall result. The Board of Directors and Executive Board therefore took a number of joint measures to counteract the negative performance. These measures resulted in a total Group profit of DKK 6 million before tax in 2024 – higher than the budgeted profit of DKK 1 million. However, Arctic Umiaq Line ended the year with a loss of DKK 13.3 million before tax.

Arctic Umiaq Line is for the people of Greenland. In 2025, we will therefore return to a sailing schedule that reflects this. However, there is a risk that the trial in 2024, together with the opening of Nuuk Airport, has changed passengers' preferences. This could entail a lower passenger base than previously.

The owner, *Naalakkersuisut*, has provided a loss guarantee so that freight payers will not be negatively affected by Arctic Umiaq Line's finances in 2025. The current service contract expires at the end of the year, and it has been agreed that the framework for continued operation must be in place in the first half of 2025.

With this support, the necessary framework for Royal Arctic Line is secured. In the coming strategy period, we are ready to future-proof the supply of goods, so that together we can create good conditions for development and growth in Greenland.



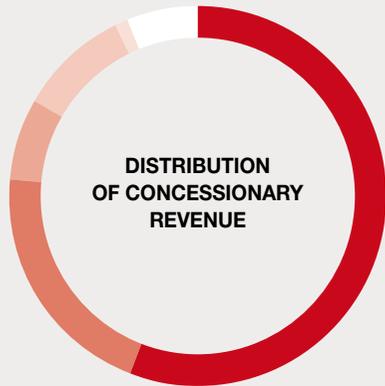
Pâviâraq Heilmann
Chairman



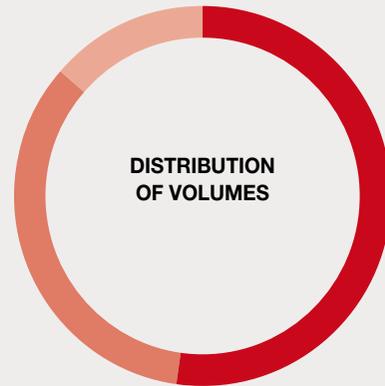
Niels Clemensen
CEO



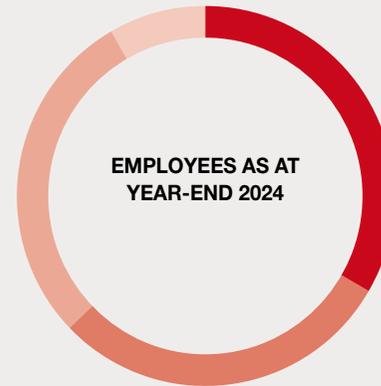
Highlights from 2024



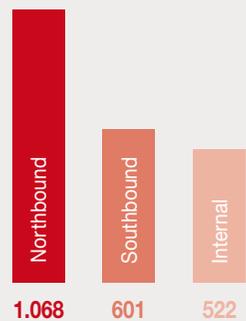
- Northbound
- Southbound
- Internal
- Oil and currency surcharges
- ETS
- Service contracts



- Northbound
- Southbound
- Internal



- Seafarers
- Salaried employees
- Hourly-paid employees
- Trainees



25 %

INCREASE IN NUMBER OF TRAINEES

FINANCE

129
million

EBITDA

577
million

Debt

638
million

Equity

1.403
million

Balance sheet

45 %

Solvency

19
million

Net interest payments



10
Own ships

1
Chartered-in

2
Vessel sharing

1
Passenger ship



Ports of call outside Greenland

- Aarhus
- Helsingborg
- Tórshavn
- Reykjavík
- Reyðarfjörður
- Bremerhaven



735
Employees

64
Students



The concession applies to cargo such as

- Food products
- Export products
- Consumer goods
- Materials for the construction and civil engineering industry
- Other goods, including transport equipment and tank containers



Operates
13
port terminals



Port terminals we operate

Cities we visit

Has
65
ports of call

Administrative office

The company is wholly owned by the Government of Greenland and is thereby owned by the people of Greenland. The shipping company is a lifeline for Greenland's society.

The Government of Greenland has granted Royal Arctic Line A/S an exclusive concession for all sea transport of freight to and from Greenland, and within Greenland. This exclusive right entails an obligation to ensure the supply of goods to Greenland.

Terms and conditions concerning the frequency of port calls, capacity and security of supply are stipulated in the concession.

The company's ships and ports comply with the International Ship and Port Facility Security Code (ISPS).

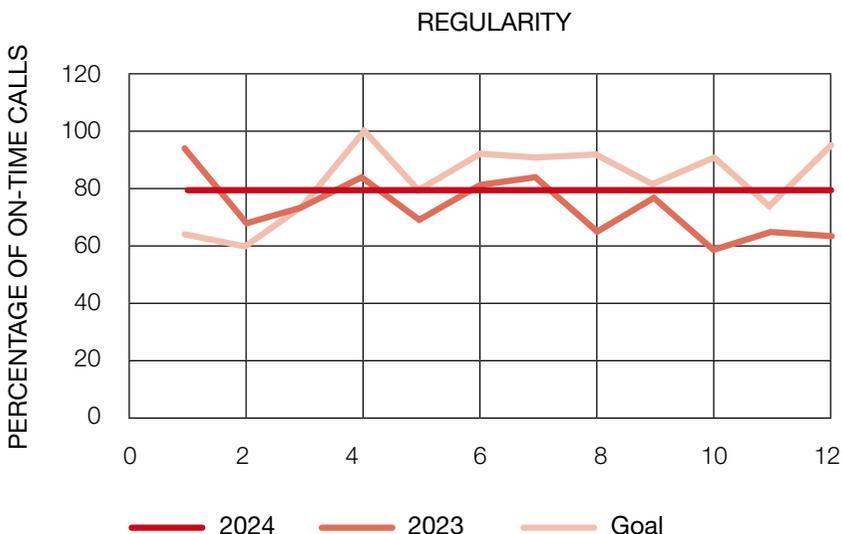
The passenger ship *Sarfaq Ittuk* is owned by Arctic Umiaq Line A/S, which is a subsidiary wholly owned by Royal Arctic Line A/S.

Review of 2024

Changing the sailing schedule

To meet customer requirements and improve regularity, the sailing schedule was changed in 2024. The Atlantic ship's arrival in Nuuk was deferred until Thursday, and a call was made at Bremerhaven in Germany. At the same time, one northbound call at Thorshavn was discontinued, and one of the two calls at the Port of Aarhus was also discontinued.

The change has resulted in improved regularity, with punctuality exceeding the target of 80 % for the Atlantic ship's rotation. Disregarding January 2024, when the old sailing schedule still applied, the improvement is even more significant.



Concession

At the end of 2023, the company underwent an owner survey with the aim of mapping significant events and milestones in Royal Arctic Line during the 2013-2023 period. The analysis was prepared by a major firm of accountants and made available to *Naalakkersuisut*, as the basis for an investigation of the company's concession. Based on the investigation, *Naalakkersuisut* has requested further analyses of possible economic impacts from changing certain aspects of the concession.

The preliminary results show that the Atlantic Route contributes to ensuring uniform freight rates across Greenland, and that full or partial commercialisation of freight transport to/from and within Greenland would require a review of how freight rates are structured. The global security policy unrest also underlines the importance of focusing on critical infrastructure.

Ban on heavy fuel oil in the Arctic

As a government-owned company, social responsibility is expected to be included as an aspect of every decision. During 2024, a number of decisions were made that reflect this responsibility.

The ban on the use of heavy fuel oil (HFO) entered into force in the Arctic during the summer. Although some of the company's ships are exempt until 2029, the company has chosen to phase out the use of HFO for all of its ships during 2025. The decision was taken in view of Greenland's main activities of fishing and tourism, which both use Greenland's clean environment as part of their marketing strategy.

Corporate Social Responsibility

In 2024, the company conducted a double materiality assessment (DMA). The process ensures that the company identifies and prioritises its significant impacts, opportunities and risks from both an 'inside-out' and an 'outside-in' perspective that are related to the company's operations within the three areas of Environment (E), Social (S) and Governance (G) – ESG.

The analysis results were included as background material in the strategy work. Social responsibility is therefore a key element of the strategy. One clear indicator of this is that in 2024, for the first time, the company's sustainability reporting has been incorporated into the Group's Annual Report.

Dialogue and close cooperation with the owner

Close, solution-oriented dialogue during 2024 ensured that the upcoming modernisation of the port in Maniitsoq can take place without impairing supplies to the town.

The company has chartered an extra ship that can call at Maniitsoq's temporary port, to ensure a stable supply of goods.

Royal Arctic Line has continuously contributed data for the analysis of key figures prepared for *Naalakkersuisut*, and for the analysis of benefits and drawbacks of the concession.

There was also close and constructive dialogue on resolving the crisis faced by the subsidiary, Arctic Umiaq Line, during 2024. This resulted in Arctic Umiaq Line receiving a guarantee against losses of DKK 15 million in 2025.

New CEO

In March 2024, Niels Clemensen was appointed new CEO of Royal Arctic Line . Niels Clemensen held the interim CEO role from September 2023 to March 2024. Further to this appointment, the Executive Board was adjusted to consist of Deputy CEO Aviåja Lyberth Lennert and CFO Jørgen Aqe Møller.

Naalakkersuisut's governance document

On 7 October 2024, *Naalakkersuisut's* governance document was published in accordance with the Ownership Policy of 28 March 2023 – the limited liability companies owned by the Government of Greenland. The governance document clearly sets out *Naalakkersuisut's* expectations of the self-governing limited liability companies. Management assesses that the company fulfils the owner's expectations.



Parent company, freight performance

In overall terms, the first half of the year saw a slight decrease of 0.7 % in total freight volumes. During the autumn, volumes increased, resulting in a modest increase of 0.2 % for the whole of 2024. This is in line with the expectations on which the company based its budget for 2024.

Considering the concession-based freight volumes in isolation, there was a slight increase of 0.2 %. This is primarily due to an increase of 22,627 cubic metres, equivalent to 4 %, in northbound freight volumes. Southbound freight volumes, which showed a decline of 8,809 cubic metres in the first half of the year, recovered to reach the same level as in 2023. Internal freight volumes decreased in 2024 compared to 2023, when they fell by 21,952 cubic metres, equivalent to 14 %.

The freight volumes related to project cargo, i.e. freight that is not subject to the concession, such as large-scale cargo, showed a decrease of 8,870 cubic metres, corresponding to 34 %, at the end of the year.

Northbound freight volumes

Northbound freight volumes (in cubic metres)	Realised 2023	Realised 2024	Development	Index linking	Percentage share of total development
Ordinary freight	334.845	352.752	17.908	105	79 %
Car, boat, entry per mask	23.345	20.907	- 2.439	90	- 11 %
Hazardous goods	7.570	6.370	- 1.200	84	- 5 %
Hazardous temperature	96	117	21	122	0 %
Flat track goods	10.180	10.099	- 81	99	0 %
Environmental goods	N/A	N/A	N/A	N/A	0 %
Oversized goods	6.788	6.513	- 275	96	- 1 %
Tank containers	2.858	N/A	- 2.858	0	- 13 %
Temperature-controlled	108.885	121.305	12.420	111	55 %
Transport equipment	9.687	7.040	- 2.647	73	- 12 %
Other	148	1.926	1.778	N/A	8 %
Total northbound	504.402	527.028	22.627	104	100 %

The concession-based northbound freight volumes increased by 22,627 cubic metres. This represents an increase of 4 %. This increase in volumes is due to ordinary freight, which showed an increase of 17,908 cubic metres. (5 %). This is among other things a consequence of the closure of Nuuk lmeq, which had an impact, since beer and water products are now transported across the Atlantic as ordinary freight during the summer period and early autumn.

For the rest of the year, beer and water products are transported as temperature-controlled goods. This is also apparent from the freight volumes for this type of freight, which increased significantly by 12,420 cubic metres. (11 %). The freight types affected by activity in the building and construction sector (cars, boats, construction machinery, oversized goods and flat track goods) all show a decline compared to 2023.

Southbound freight volumes

Southbound freight volumes (in cubic metres)	Realised 2023	Realised 2024	Development	Index linking	Percentage share of total development
Ordinary freight	17.472	18.383	911	105	94 %
Car, boat, entry per mask	2.232	4.060	1.828	182	189 %
Hazardous goods	3.484	3.953	469	113	48 %
Hazardous temperature	N/A	N/A	N/A		0 %
Flat track goods	253	448	195	177	20 %
Environmental goods	7.704	18.000	10.296	234	1.063 %
Oversized goods	479	623	144	130	15 %
Tank containers	N/A	N/A	N/A		0 %
Temperature-controlled	294.955	280.315	- 14.640	95	- 1.511 %
Transport equipment	16.207	18.201	1.994	112	206 %
Other	599	371	- 228	62	- 24 %
Total southbound	343.383	344.353	969	100	100 %

The concession-based southbound freight volumes are generally unchanged from 2023. This reflects considerable fluctuation, however, so that temperature-controlled goods declined by 14,640 cubic metres. This corresponds to a percentage drop of 5 %. This is an effect of the decline in exports of products from the fisheries industry.

Equivalent growth can be seen for environmental freight, which increased by 10,296 cubic metres. This mainly concerns returned packaging, which is now shipped to environmental facilities in Europe. This is a consequence of the closure of Nuuk Imeq. The rate for environmental freight is lower than the rate for temperature-controlled freight.



Internal freight volumes

Internal freight volumes	Realised 2023	Realised 2024	Development	Index linking	Percentage share of total development
Ordinary freight	77.037	53.271	- 23.766	69	108 %
Car, boat, entry per mask	16.614	17.689	1.075	106	- 5 %
Hazardous goods	1.808	1.618	- 190	89	1 %
Hazardous temperature	0	N/A	N/A	0	0 %
Flat track goods	1.809	2.712	903	150	- 4 %
Environmental goods	2.183	7.400	5.217	339	- 24 %
Oversized goods	1.399	1.707	309	122	- 1 %
Tank containers	N/A	N/A	N/A		0 %
Temperature-controlled	52.941	46.423	- 6.518	88	30 %
Transport equipment	4.451	5.260	808	118	- 4 %
Other	137	347	211	254	- 1 %
Total internal	158.377	136.425	- 21.952	86	100 %

In 2024, freight volumes internally in Greenland showed a decline in volume terms compared to the previous year. The decline was by 21,952 cubic metres, corresponding to a 14 % decrease. The decline is primarily due to ordinary freight, which showed a decline of 23,766 cubic metres. (31 %) compared to 2023. In addition, temperature-controlled freight decreased by 6,518 cubic metres, corresponding to 12 %. The closure of Nuuk lmeq had a great impact on the decline. The effect on total freight volumes is modest, however, as the decline is offset by the increase in freight volumes related to northbound beer and water products.

Project cargo

	Amount			CUBIC METRES		
	2023	2024	Development	2023	2024	Development
Northbound	19.466.736	14.020.819	- 28 %	22.230	12.877	- 42 %
Southbound	1.077.581	1.700.276	58 %	2.048	2.952	44 %
Internal	324.542	1.186.878	266 %	632	1.752	177 %
Commercial	335.787	0	- 100 %	1.542	0	- 100 %
Total	21.204.647	16.907.974	- 20 %	26.452	17.582	- 34 %

In 2024, there was an overall decrease by 34 % in project cargo volumes compared to 2023. This is primarily due to a decline of 9,353 kbm, equivalent to 42 %, in northbound project cargo volumes. This decline is due to several large-scale projects approaching completion. On the other hand, internal freight volumes for large-scale projects increased by 1,120 cubic metres, corresponding to 177 %. This increase is due to machinery, etc. from previous projects being moved internally within Greenland. This concerns small freight volumes.

Commercial freight

	Amount			CUBIC METRES		
	2023	2024	Development	2023	2024	Development
Northbound	18.322.194	16.839.971	- 8 %	90.657	78.260	- 14 %
Southbound	1.537.705	696.464	- 55 %	6.800	2.716	- 60 %
Total	19.859.899	17.536.434	- 12 %	97.457	80.975	- 17 %

Commercial freight is below the 2023 level. After the change in the sailing schedule, the Faroe Islands market has stopped. In 2024, a project won in Iceland kept up the northbound volumes, so that the decline in volumes is limited to 12,398 cubic metres, equivalent to 14 %, compared to 2023. For the southbound commercial routes, no new market shares were won in 2024. Volumes in 2023 were buoyed up by a single project, however, so that a total decrease of 4,084 cubic metres was seen for 2024, corresponding to 60 % compared to the previous year.



Bunker adjustment factor/currency adjustment factor

Royal Arctic Line uses the bunker adjustment factor/currency adjustment factor to hedge the risk of fluctuations on world markets and there is no profit margin for Royal Arctic Line in this area. There is no other product and currency hedging of the development in oil prices.

The oil price was relatively stable during 2024, while the dollar price was up 8 % at the end of 2024, from a low point in September 2024. As a consequence, the bunker adjustment factor/currency adjustment factor fluctuated between 8 % and 13 % in the course of the year.

ETS

As from January 2024, the EU has introduced a requirement for the registration of carbon emissions from shipping to/from EU/EEA ports. To create an incentive to reduce emissions, carbon emission allowances must be purchased as payment for consumption. In other words, the higher the emissions (= consumption of bunkers), the greater the need to purchase carbon emission allowances.

This takes place through the EU Emissions Trading System (ETS), which was established in 2005, and facilitates the trading of carbon emission allowances.

This is the first tax of its nature to be levied on the company, and that is directly tied to its carbon emissions. The cost of purchasing carbon emission allowances is transferred to customers in the same way as the bunker adjustment factor/currency adjustment factor. This will appear as a separate line on the invoices for freight that is affected by the scheme. At the end of 2024, the ETS supplement was relatively low at around 1.6 %. This is because in 2024 alone, carbon emission allowances equivalent to 40 % of emissions will have to be purchased. By 2025 this will increase to 70 %, and by 2026 the programme will be fully implemented (100 %). This means that the ETS supplement is expected to increase to approximately double in 2025.



Finances 2024

Royal Arctic Line's consolidated financial result for 2024 is a profit before tax of DKK 6.1 million (EBT), corresponding to DKK 7.1 million after tax. This is an improvement of DKK 2 million before tax compared to the 2023 financial year. In accordance with the rate increase agreement with the owner from 2023, a profit of DKK 1 million was budgeted.

In the interim report, the expectation was adjusted downwards to a loss of DKK 15-20 million, due to negative development in the subsidiary Arctic Umiaq Line. The result is thereby a significant improvement compared to the expectations in the interim report. The improvement is due to the parent company Royal Arctic Line taking a number of measures, which, together with positive development in the concession-based turnover, contributed to the parent company's operating profit before tax being around DKK 20 million better than announced in the interim report. In addition, Arctic Umiaq Line managed to reduce the loss to DKK 13 million before tax.

Revenue development

Concession-based revenue increased by DKK 66 million, net of the bunker adjustment factor/currency adjustment factor. This is an increase of 9 %. The total freight volumes in 2024 were virtually unchanged compared to 2023 (increase of 0.2 %). The increase in the concession-based revenue is due to the rate increase of 6.4 % implemented on 1 January 2024, as well as a changed product mix, where northbound volumes increased by 4 % overall, while internal freight volumes fell by 14 % and southbound volumes remained unchanged. Northbound rates are significantly higher, so that the changed product mix had a positive effect on the total concession-based revenue.

There is a shift in the unchanged southbound volumes, where the decline in fisheries resulted in a 12 % decrease in export-related freight. This decline was offset by increased freight of returned packaging from Greenland to Denmark. For southbound freight, the changed product mix had a negative effect, and revenue therefore increased less than the rate increase, despite the unchanged volumes.

Non-concession-based income decreased by DKK 41 million from the previous year, corresponding to a decrease of 16 %. Half of the decline is due to services that are affected by fishing activities, such as container and pallet rental, trawler services, etc. In addition, the completion of several large-scale projects in Nuuk, such as the airport, brought a decline by DKK 10 million in freight shipped for large-scale projects, compared to 2023.

Overall, this means that net revenue increased by DKK 39 million to DKK 1,229 million in 2024.

Other operating income was affected positively in 2023 by the divestment of the feeder ship Silver Mary. No major sale of the company's assets was completed in 2024, so that other income fell by DKK 17 million in 2024 compared to 2023.

Variable costs, i.e. freight-related costs, fell from DKK 164 million in 2023 to DKK 163 million in 2024. The costs mainly concern costs to external business partners related to handling freight outside Greenland.

Cost development

Total external costs in 2024 amounted to DKK 575 million. This is an increase of 3 % or DKK 16 million compared to 2023. Most of the increase relates to bunker costs, which were DKK 13 million higher in 2024. This is driven by development in bunker prices and the dollar exchange rate, as well as increasing environmental requirements. For example, the ban on the use of heavy fuel oil (HFO) in the Arctic, which entered into force in July 2024. In addition, international requirements for the use of non-fossil fuels have led to an increase in consumption of more expensive bunker types. The rising bunker costs affect customers through the bunker adjustment factor/currency adjustment factor.

Container operation costs increased by DKK 4 million compared to 2023. The increase is primarily due to capacity adjustments and increased repair costs due to an ageing container fleet. In addition, Royal Arctic Line has many rotations for a container compared to other shipping companies.

Staff costs increased by DKK 8 million due, among other things, to post-adjustment of civil servant pensions, which the company took over when it was established in 1992. Excluding the latter, staff costs remained unchanged compared to 2023. Including the salary development, costs have decreased. This is due, among other things, to the divestment of Silver Mary and the freight forwarding business, which resulted in the average number of employees in the Group falling from 742 in 2023 to 735 in 2024.

Profit before depreciation and financial expenses (EBITDA) ended at DKK 129 million in 2024, which is at the 2023 level.

Depreciation in 2024 is DKK 2 million lower than in 2023. The decline is due to divestment of assets in 2023 and a low investment level in 2024. In the coming strategy period, a significant investment programme has been implemented, so that depreciation is expected to increase.

This results in a profit before financial expenses (EBIT) of DKK 25 million.

Financial expenses for the Group decreased by DKK 1 million compared to 2023, as a result of repayment of the debt on an ongoing basis.

In total, this results in a consolidated profit of DKK 6.1 million before tax (EBT).

The management considers the financial result to be satisfactory – viewed in the light of the challenges in the Arctic Umiaq Line subsidiary.

Balance sheet development

The Group's total assets amount to DKK 1,403 million. This is a decrease of DKK 79 million compared to 2023. The decline is driven by the ongoing depreciation of the company's assets and the low investment level in 2024.

Total interest-bearing debt fell to DKK 578 million at the end of 2024, from DKK 647 million in 2023. The company's debt is repaid as expected.

Equity at the end of 2024 was DKK 638 million. This is an increase of DKK 6 million compared to the end of 2023. This results in an equity ratio of 45 %. The equity ratio is thereby developing in line with the company's objective.

Total liquidity at the end of 2024 was DKK 128 million. Royal Arctic Line also has unused credit facilities of DKK 180 million.

Appropriation of earnings

At the Annual General Meeting in 2025, the Board of Directors will propose that Royal Arctic Line does not distribute dividends.



Changes in the Board of Directors and Executive Board

In 2024, Julia Knudsen Olsen, Erik Østergaard and Erik Sivertsen resigned from the company's Board of Directors and were replaced by Jóhanna á Bergi, Inooraq Brandt and Flemming Drechsel.

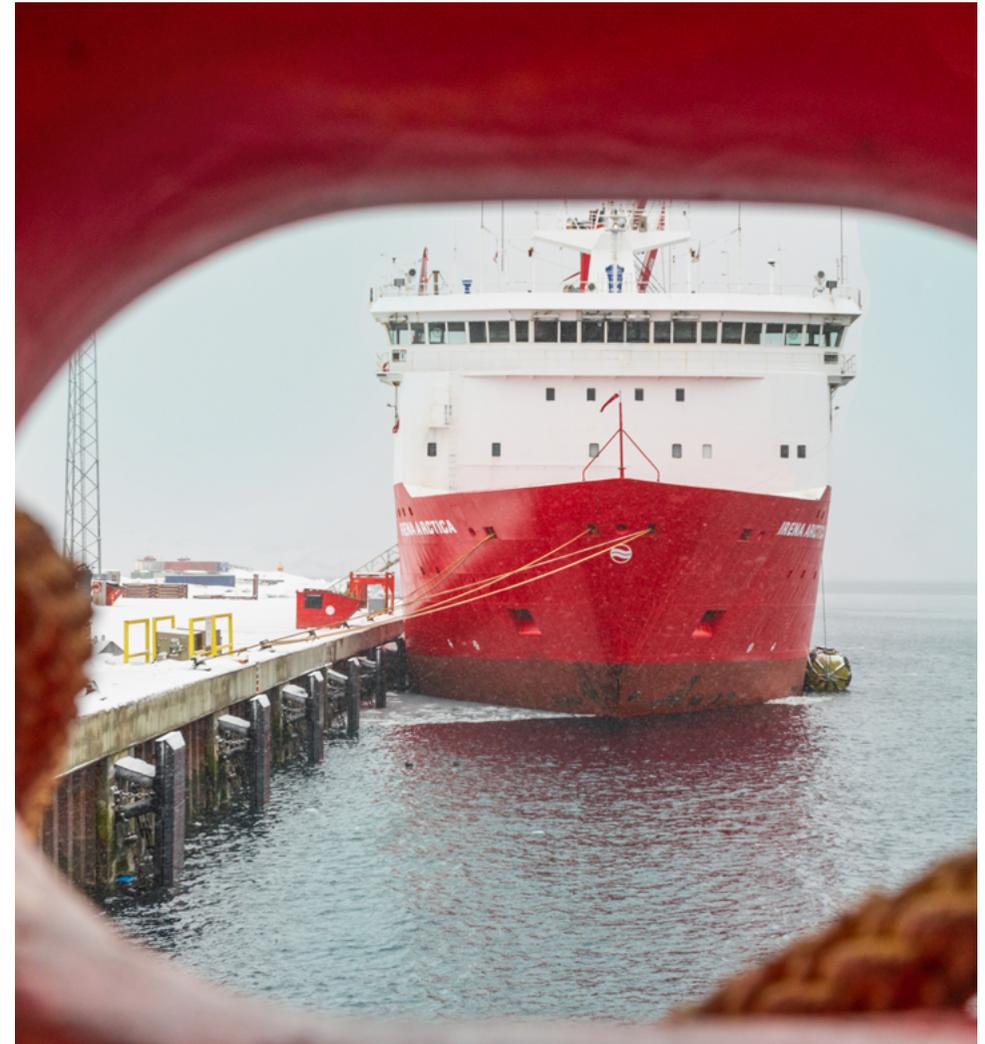
Jóhanna á Bergi is CEO of the Faroese airline Atlantic Airways and has previously been CEO of the Faroese/Icelandic company Faroe Ship. Inooraq Brandt is CEO of Ramböll Grønland A/S. Flemming Drechsel is an independent consultant and has a long history at Tusass A/S. The other Board members were re-elected.

The Board of Directors comprises Paviâraq Heilmann (Chairman), Erik Østergaard (Vice Chairman), Barbara Agersnap, Minannguaq Hilda Zeeb, Flemming Drechsel and Jóhanna á Bergi, and the members elected by the employees: Eydun Simonsen, Laust Lindskov Vestergaard and Tina Lange Olsen. The educational background and specialised competences of the Board of Directors and Executive Board are listed on the company's website.

The Executive Board consists of Niels Clemensen (CEO), Aviâja Lyberth Lennert (Deputy CEO) and Jørgen Aqe Møller (CFO).

Events after the end of the financial year

No events have occurred after the balance sheet date up to this date to change the assessment of the Annual Report.



Outlook for 2025

The construction of Nuuk's new Atlantic airport, which opened in November 2024, resulted in high economic activity in Nuuk during the 2019-2024 period. The completion of the construction work was clearly reflected in the freight volumes to Nuuk, which fell by 5 % in 2024. This major investment is expected to form the basis for growth in tourism and thereby diversification of Greenland's economy.

The framework conditions for tourism were adopted at the autumn session of Inatsisartut (the Greenland Parliament) in 2024, in the form of a new Tourism Act. Although increased investments in the industry are expected in the long term, in the form of hotels, etc., the short-term effect on investment activities is uncertain (2025). The company has therefore not incorporated this in the freight volume forecast for 2025. The company is closely aligned with the Greenlandic Economic Council's forecast, in which a decline in investments and an increase in private consumption are expected. The total effect is expected to result in another year with unchanged freight volumes.

This means that the concession-based turnover is only expected to increase by the agreed rate increase. The rate increase consists of an investment element of 3.1 % and an inflation element of 2.5 % – a total of 5.6 %.

The non-concession-based revenue is expected to decrease compared to 2024. This is due to a decline in the company's time-charter revenue, which was high in 2024 as a consequence of an agreement with the German research institute, Alfred-Wegener-Institut (AWI), on navigation of the South Pole in low season.

Total costs are expected to increase less than revenue. The profit before depreciation and financial expenses (EBITDA) is therefore expected to end up at DKK 145-155 million. This will be an improvement of up to DKK 25 million compared to 2024 and is in line with the expectations for the company's capital structure announced to the owner in 2024, which is the basis for the rate agreement entered into with the owner in 2023.

The general economic activity determines freight volumes, and thereby the company's earnings. A decline in economic activity will affect the company severely and even small fluctuations will have a financial impact on the company. A decrease of 1 % in freight volumes means a drop in turnover of around DKK 10 million. Economic performance will therefore be monitored closely and corrective action will be taken if freight volumes recede.

Cash flows generated from operating activities in 2025 are expected to adequately cover the company's debt obligations. The company is assessed to have adequate financial resources for operations in 2025.

As in 2024, once again in 2025 the company will diversify its efforts to bolster its cash reserves. Properties and other assets that do not contribute to the company's mission of supplying the people of Greenland will be sold.

In 2025, Arctic Umiaq Line is covered by a guarantee to cover losses of up to DKK 15 million and is therefore expected to deliver an overall zero result in 2025. Arctic Umiaq Line expects to deliver a result for 2025 that will be an improvement on the result for 2024 (DKK -13.3 million before tax)

Overall, earnings before tax (EBT) for the Group of DKK 15-25 million are expected for 2025.

Future-proofing the supply of goods

The positive result will support the future security of Greenland's supply and corresponds to the investment element of the rate increase.

The strategy includes a number of investments to ensure a fleet that is capable of supplying the country. It is expected that two new feeder ships will be built to serve the main towns along Greenland's west coast, as well as five new barges to ensure supplies to smaller settlements and less accessible ports.

Work on future-proofing the company's central freight handling system is expected to commence in 2025. A more up-to-date IT system, using new technologies such as artificial intelligence and robots, will help to improve customers' self-service opportunities. The aim is to increase overall customer satisfaction and provide better support for the underlying processes in the company. The system is expected to be rolled out in the 2026/2027 season.

Risk

Financial risks

Most of the company's loans are either fixed-interest-rate loans, or loans for which financial instruments are used to hedge currency- and interest rate-related fluctuations.

As part of the budgeting process, known fixed payments in USD, such as container leasing and time charter agreements, are hedged using forward foreign exchange contracts. This reduces budgetary uncertainty.

Hedging against fluctuations in bunker prices only takes place when vessels are chartered out, and if the company assumes the bunker risk in the agreement. The inclusion of a bunker adjustment factor/currency adjustment factor in freight charges ensures that the company is not exposed to price and exchange rate fluctuations in connection with bunker purchases.

The company maintains a strong, ongoing dialogue with its financial partners. The concrete return on the good cooperation is that the company has access to liquidity. The company has robust loan agreements in place and the associated loan covenants (financial claims from lenders) are monitored continuously to promptly detect any risk of breach and implement the necessary measures.

Cash flows generated from operating activities in 2025 are expected to adequately cover the company's debt obligations. The company is assessed to have adequate financial resources for operations in 2025.

Operational risks

The company's primary purpose is to ensure supplies of goods to Greenland. Any failure in its operations could have significant consequences for the people of Greenland. The cooperation with Eimskip on the Atlantic sailing route helps to minimise the consequences for supply in periods when the company's Atlantic vessel *Tukuma Arctica* is out of service.

Termination of own operations outside Greenland and calls at more ports also ensure greater flexibility in relation to terminal operations outside Greenland. This means that freight can still be transported to Greenland even if a terminal outside Greenland is affected by disruption.

On the other hand, the use of external business partners for shipping and terminal operations increases the supplier risk, and turmoil and economic instability in other countries can thereby affect the company. However, it is currently assessed that Denmark and Iceland are low-risk countries.

Cyber risk

Royal Arctic Line allocates significant resources to continuously increasing IT security in the company. This includes mandatory internal training courses, drills and regular reviews of the company's resilience to cyber attacks. Close cooperation with the Centre for Cybersecurity provides the company with an impartial sparring partner to provide ongoing information on the risk level.

Unsystematic risks

Unsystematic risks, i.e. risks taken as a result of the decisions taken by the company's management, will increase in the coming years as a consequence of the implementation of the strategy for the next five years. Initially as a result of the investment in a new freight handling system. This is a central system in the company's operations that affects key processes and will have an impact on the service that customers experience. Premature deployment or inadequate implementation could have a negative impact on customers.

The planning of two newbuildings and the purchase of five barges is also starting up.

These are major investments involving many stakeholders, such as suppliers and lenders. Inadequate management of the projects, shipyard delays, etc. can have major financial consequences and, at worst, negatively affect supply.

The company has therefore increased its focus on risk management in relation to the strategic projects by establishing a new function. The department's task is the monitoring and risk management of the projects.

Market risks

Royal Arctic Line works in accordance with a concession agreement. The concession is both a right and an obligation to provide Greenland with security of supply. Having the necessary capacity to fulfil its obligations leaves the shipping company vulnerable to even small fluctuations in cargo volumes. Direct financial risks as a consequence of these obligations are covered by the concession, but since changes in prices and service levels have a great influence on Greenland's economy, any changes must be approved by *Naalakkersuisut* (the Government of Greenland).

Market risks are identified in monthly financial reports and risk models, combined with a number of corporate governance tools.

Business outside the concession

In autumn 2023, an agreement was reached with *Naalakkersuisut* (the owner) allowing the company to increase rates by up to 2.5 % annually without prior approval. This is to accommodate price and salary developments. The adjustment mitigates the company's exposure to the development in inflation and wages.

It is difficult to hedge the company against fluctuations in economic activity. However, the switch to external suppliers outside Greenland has meant that costs outside Greenland match the freight volumes.

The development in freight volumes follows the economic activity in Greenland. The shipping company is therefore vulnerable to even small fluctuations. Consequently, Royal Arctic Line has initiated the development of business areas outside the concession as a tool to reduce the impact of this.

One of these areas concerns the delivery of supplies to research stations in the Antarctic. In 2023/24, Royal Arctic Line finalised an agreement with the Alfred Wegener Institute (AWI) for a supply voyage scheduled from November to February. The agreement ensures earnings during the low season. This is an example of how the company uses capacity that is otherwise available due to the winter conditions in Greenland. This strengthens the company's earnings from external sources.

Since the transition to the new sailing schedule, the company has had a Vessel Sharing Agreement (VSA) collaboration with the Icelandic shipping company Eimskip.

The VSA collaboration has given Royal Arctic Line access to serve new markets outside Greenland on a weekly basis throughout the year. This creates new business opportunities between Iceland, Germany, the Faroe Islands, Sweden and Denmark. Earnings outside Greenland will help to dampen the effect of fluctuations in the Greenlandic market.

In Greenland, Royal Arctic Line provides services in connection with fisheries export activities.

Sailing schedules, tariffs and contributions

Naalakkersuisut must annually consider and approve Royal Arctic Line's sailing schedule. It has been decided politically that freight rates (excluding port handling) must be uniform across Greenland.

In the autumn of 2023, the company entered into an agreement to adjust freight prices. This agreement grants Royal Arctic Line the authority to increase rates by 2.5 %, starting from 2025, without requiring prior approval from *Naalakkersuisut*. In addition, *Naalakkersuisut* approved rate increases of 3.1 % and 2.2 % in 2025 and 2026, respectively. The company thus has the option to increase rates by up to 5.6 % in 2025 and 4.7 % in 2026.

Royal Arctic Line Group

Arctic Umiaq Line A/S

The company was founded in 2006 to acquire and operate the passenger vessel *Sarfaq Ittuk*. *Sarfaq Ittuk* provides scheduled services along the west coast of Greenland and focuses primarily on transporting local travellers, but also offers tourists a unique experience.

Profit for the year before tax amounted to DKK -13 million. In 2023, the result was DKK -307 thousand. The result was affected negatively by a decline in revenue due to fewer local passengers and lower demand for suite berths. In the course of the year, *Sarfaq Ittuk* underwent a dock stay at the Hirtshals Shipyard, where new igloo suites and premium couchettes were established. This reduced bed capacity from 246 to 203 berths.

The number of passengers fell significantly from 21,780 in 2023 to 16,780 in 2024, corresponding to a decrease of 5,000 passengers or 23 %. The reason for the decline is assessed to be that local customers have opted out of sailing due to the company's higher ticket prices and lower sailing frequency during high season, and have instead used other alternative forms of passenger transport in Greenland. In addition, landings in Uummannaq and Nanortalik, as well as "mini-cruises" in southern Greenland and the Disko Bay, were not sufficiently utilised.

In the autumn, the company closed loss-making additional services such as trips to Evighedsfjorden and mini-cruises. In December, the company achieved approval to resume the weekly sailing frequency between Qaqortoq and Ilulissat in 2025. This product meets both local and travel agency demands. The Financial Act for 2025 grants a guarantee for losses of up to DKK 15 million and early payment of the service contract contribution for 2025, in order to strengthen the company's liquidity. The company's ambition is to minimise the drawing on the loss guarantee.



Good corporate governance at Royal Arctic Line

On 7 October 2024, *Naalakkersuisut's* governance document was published in accordance with the Ownership Policy of 28 March 2023 – the limited liability companies owned by the Government of Greenland. This document replaces *Naalakkersuisut's* Guidelines on Corporate Governance for Public Limited Liability Companies Owned by the Government of Greenland (“Retningslinjer for god selskabsledelse i de selvstyrejede aktieselskaber”) from December 2012.

The role of the shareholder and its interaction with the company's management

The Board of Directors and the Executive Board of Royal Arctic Line support active ownership and therefore engage in close dialogue with the owner's representatives – *Naalakkersuisut* (the Government of Greenland) and the Ministry of Housing and Infrastructure. Shareholder meetings are convened at which the Chairman of the Board of Directors shares updates regarding noteworthy developments or shifts in financial performance, and on matters of significant economic or socioeconomic importance. Freight rates and the master sailing schedule are approved by the owner's representatives, while major decisions are submitted to the owner's representatives for comment before implementation.

The role of stakeholders and their importance to the company

Royal Arctic Line's stakeholders play a central role in the company's development. Dialogue and collaboration create a solid basis for well-functioning operations.

Openness and transparency are essential to support the relationship with stakeholders. Clear and accessible communication about the company's operations, financial situation and future opportunities contribute to a better understanding of the company and its role in society.

In line with the owner's expectations, ongoing work is carried out to ensure that relevant information about the company's business and management is published to the greatest possible extent, without compromising the operating conditions. Open and trusting communication supports a transparent decision-making basis for stakeholders and counteracts unnecessary myths.

Corporate Social Responsibility

For us, social responsibility means that we must run a healthy business through responsible management. We must take account of climate change and the environment, and social conditions, including the development and training of our own and the country's workforce. We will fulfil our social responsibility ambition by leveraging CSRD and applying the ESG framework to guide our work, including due diligence and Enterprise Risk Management.

We report annually on our sustainability initiatives in the company's Annual Report.

The Board of Directors has approved Royal Arctic Line's Policy for Corporate Social Responsibility.

Openness and transparency

On Royal Arctic Line's website there is information that, in accordance with *Naalakkersuisut's* governance document according to the Ownership Policy of 28 March 2023, the self-governing limited liability companies must make publicly available, as well as other information that might be received by the Danish Business Authority.

Duties and responsibilities of the Board of Directors

The duties and responsibilities of the Board of Directors are specified in the Board of Directors' rules of procedure, and are in accordance with *Naalakkersuisut's* governance document according to the Ownership Policy of 28 March 2023 – the self-governing limited liability companies.

The composition and organisation of the Board of Directors

Royal Arctic Line is wholly owned by the Government of Greenland, which appoints the Chairman and five members of the Board of Directors. The employees of Royal Arctic Line elect a further three employee members to the Board of Directors. An election of employee representatives on the Board of Directors for a four-year period took place in April 2022.

In accordance with the Rules of Procedure for the Board of Directors of Royal Arctic Line, the Board convenes at least four times a year. The rules of procedure ensure that the Board of Directors acts independently of any special interests.

The Board of Directors completes a regular evaluation relating to its overall expertise, potential training requirements, cooperation between the members of the Board of Directors and cooperation with the Executive Board. The evaluation is conducted by the owner and the results are reviewed with the owner.

Management remuneration

The Board of Directors of Royal Arctic Line has approved a Remuneration Policy.

Remuneration of the Executive Board takes place in accordance with this policy. The remuneration including pension contributions is set out in the Annual Report and is considered to be consistent with market conditions. The contracts of the Executive Board do not include agreements on severance pay.

The remuneration of the Board of Directors complies with the Remuneration Policy defined by the Government of Greenland. The Chairman of the company's Board of Directors is paid DKK 365,000 a year, the Vice Chairman and the Chairman of the Audit Committee are paid DKK 182,000 a year and the other members of the Board of Directors are paid DKK 130,000 a year.

Financial reporting

In accordance with the Rules of Procedure for the Board of Directors, the Board holds an annual meeting to discuss the accounts, where the Annual Report with the auditor's draft report is submitted to the Board for approval.

The Board of Directors is also presented with monthly reports, and interim accounts and forecasts, and approves the budget. The budget and budgetary follow-up on major investments are also presented to the Board of Directors.

Risk management and internal control

The management evaluates the operational risks on an ongoing basis, and presents a monthly financial statement to the Board of Directors. Strategic risks are covered in an annual review. The concession serves to minimise market risks associated with the core business. At the end of 2024, the company increased its focus on Enterprise Risk Management, recognising that external risks have increased in recent years.

The Board of Directors considers annually whether an internal audit function should be established. It is currently not considered relevant to establish this, among other things because the company publishes an annual Fraud Management Report in collaboration with the advisor, which is shared with the owner.

Audit

The Board of Directors evaluates the independence and competence of the auditors for the Annual General Meeting's consideration when electing an auditor. The terms of the auditor's assignments and remuneration are addressed at least once a year at a Board meeting.

Remuneration and engagements are negotiated by the Executive Board, but are submitted to the Board of Directors for approval or rejection.

SUSTAINABILITY 2024



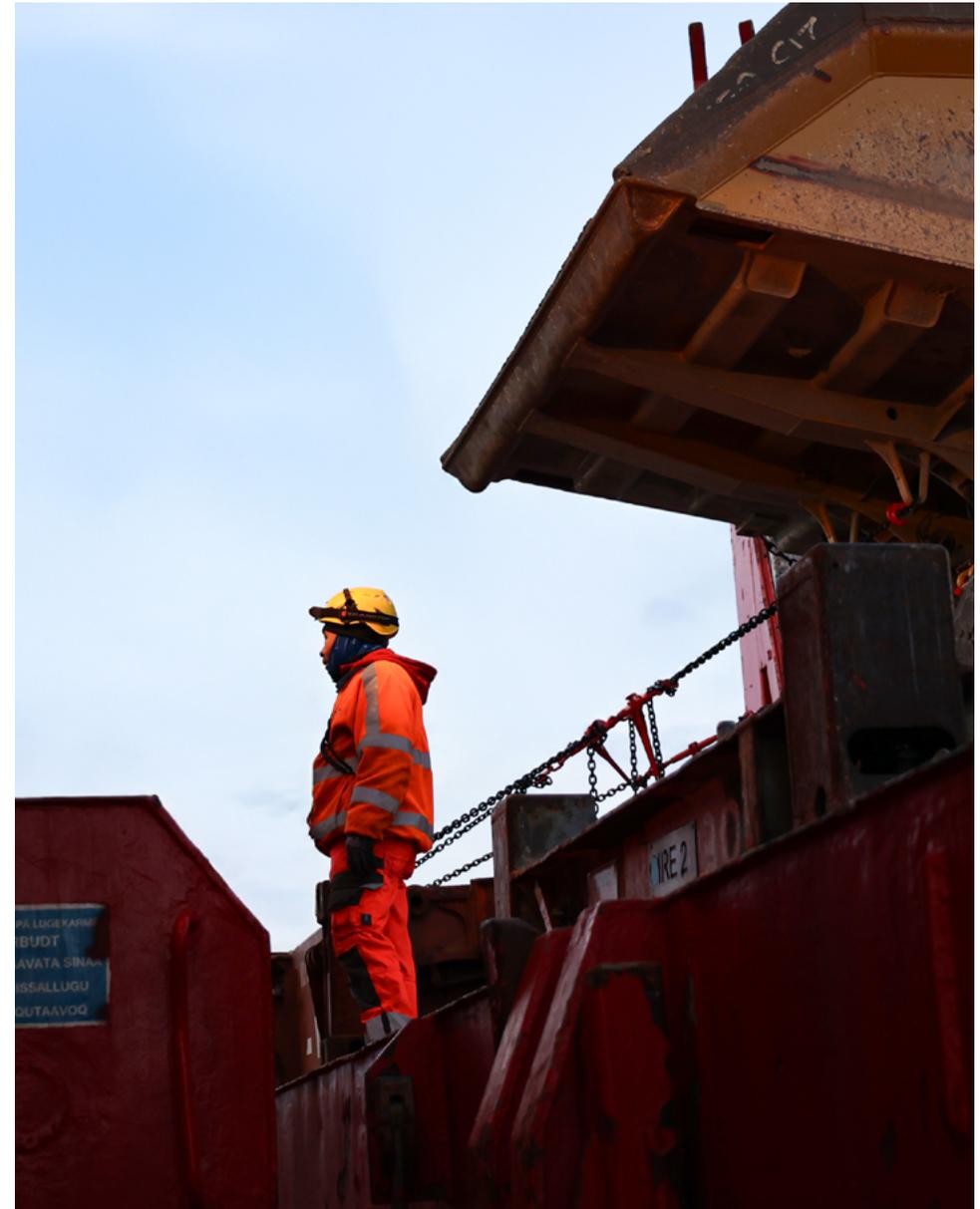
Foreword

2024 was a year of significant progress in the company's ESG work. The company has started work to comply with the EU's Corporate Sustainability Reporting Directive (CSRD). As part of this effort, in spring 2024 the company undertook its first double materiality assessment.

Concrete actions and results

The company has set targets for reducing carbon emissions from the fleet. In addition, in 2024, the company initiated dialogue with *Naalakkersuisut* on how the company can contribute to reducing the country's total carbon emissions. It is important for the company to participate actively in the national dialogue on the establishment of infrastructure that can ensure the availability of non-fossil fuels. Royal Arctic Line is dependent on this availability being established in order to be able to sufficiently reduce its carbon emissions from the ships.

The company is also working on new initiatives to improve the conditions for the company's employees and strengthen the company's social responsibility efforts. The measures must ensure responsible business operations and the company's work towards CSRD-compliant reporting. This marks an important step towards integrating sustainability into the company's entire business.



Basis for sustainability reporting

This report is for our owners, employees, customer relations, business partners, supply chain, banks and the local community.

The Sustainability Report for Royal Arctic Line A/S is presented in accordance with the Danish Financial Statements Act governing reporting class D enterprises.

The report has been prepared in accordance with the Danish Financial Statements Act, as applicable in Greenland (hereinafter the Danish Financial Statements Act), Section 99a:

Corporate Social Responsibility Report, Section 99b: Report on the management's gender composition, Section 107d: Statement on Diversity Policy, and Section 99d: Statement on Data Ethics Policy.



Corporate Social Responsibility Policy

In 2024, Royal Arctic Line implemented a Corporate Social Responsibility Policy.

Our social responsibility ambition entails the following commitment:

” With an awareness of our importance for people and nature, we want to work for a strong Greenland.

This means that we are committed to:

- Striving to develop skills and strengthen the community.
- Through responsible and safe transport, working to ensure that Greenland remains closely connected, both internally within the country and to the rest of the world.
- Optimising our business for the benefit of Greenland through responsible management.

We will elevate our social responsibility ambition and reporting by applying the CSRD Directive and using the ESG framework to inform about our work.

We involve employees and stakeholders in our work with social responsibility and sustainable development. We set requirements through our Supplier Code of Conduct and promote responsible practices through relevant policies.

The Corporate Social Responsibility Policy is based on Sections 99a, 99b, 107d and 99d of the Danish Financial Statements Act and includes compliance with the UN and EU human rights conventions and the ILO’s labour conventions. Royal Arctic Line supports the UN’s 17 Sustainable Development Goals.



Double materiality assessment

Royal Arctic Line reports on the company's social responsibility in accordance with Section 99a of the Danish Financial Statements Act. The company recognises that new reporting requirements will be imposed from the outside world in the future. In spring 2024, the company therefore made its first double materiality assessment.

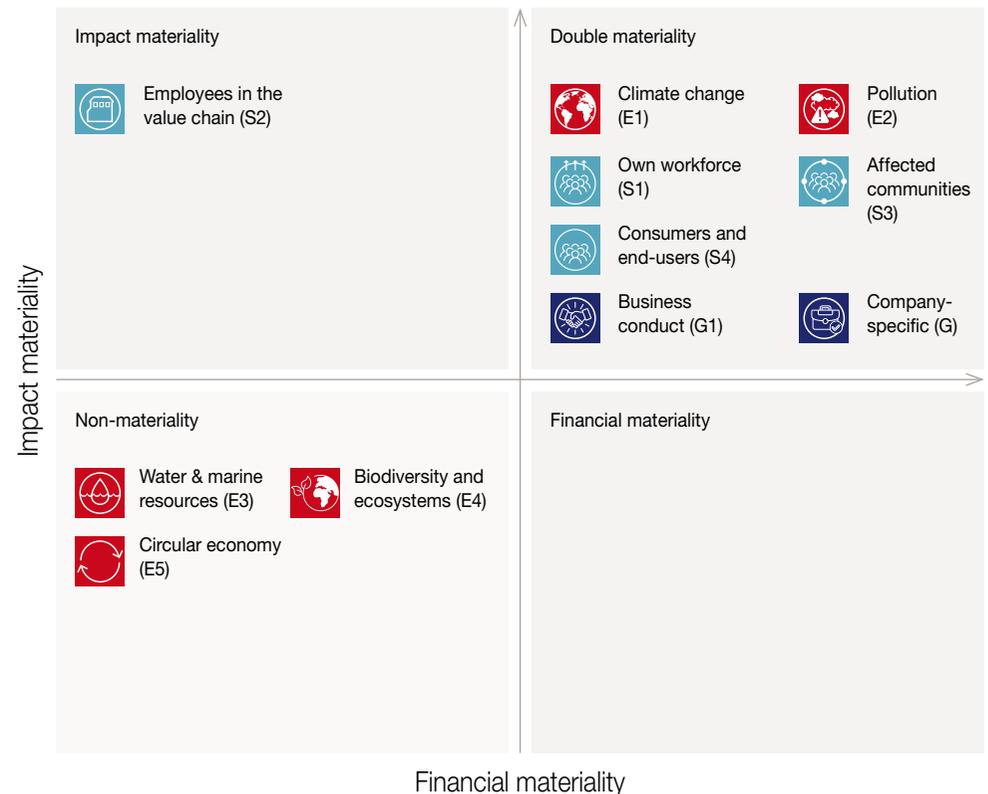
It marks the start of the work towards a declaration of compliance with the European Sustainability Reporting Standards (ESRS).

In October 2024, *Naalakkersuisut* announced that self-governing limited liability companies will in future have to apply the EU's new CSRD legislation.

CSRD requires companies to perform a double materiality assessment in accordance with ESRS. The purpose is to identify and report material impacts, opportunities and risks related to environmental, social and governance topics throughout the value chain.

This takes place from an 'inside-out' perspective, where it is examined whether the company's activities have positive or negative impacts on external factors such as the environment, climate and society. There is also an 'outside-in' perspective, where it is assessed how external factors can affect the company's finances and operations.

Matrix format of Royal Arctic Line's DMA Result



Royal Arctic Line’s significant impacts, opportunities and risks

Environmental topics

Emission- and resource-intensive industry

Royal Arctic Line contributes negatively to climate change and air and water pollution mainly through the combustion of fossil fuels from ship operations.

In the value chain, the extraction of resources for fuel and ship construction, as well as the disposal of materials after use, have environmental impacts. This can lead to future financial risks in a world with fewer resources and a focus on the green transition. A lack of focus on negative environmental impacts can potentially diminish the company’s borrowing opportunities.

Physical climate risks

The physical consequences of climate change can lead to risks such as scarcity and increased costs of resources, as well as the need for operational adjustments.

Social topics

Cornerstone of society

Royal Arctic Line has a positive impact on local communities and consumers by supporting the supply of goods to towns and settlements, and facilitating exports out of Greenland. The sole concession entails a responsibility for supplying the entire population of Greenland. Errors or external factors affecting this ability can lead to financial risks. That is why Royal Arctic Line works to ensure stable and safe operations.

Focus on employee conditions and training

Royal Arctic Line works to attract and develop talented employees in a competitive climate in which talent is a sought-after resource. It is therefore a priority to ensure good working conditions and employee engagement, as well as development and training, and equal opportunities for everyone.

Safety is a top priority

The consequences for employees of accidents on land and at sea can be severe. A constant focus on employees' safety is key to safeguarding employees' health and ensuring stable operations.

Consideration for value chain workers

Workers in the value chain can be exposed to health risks and human rights violations. It is therefore important to manage this actively through due diligence processes.

Governance topics

Centrally with a focus on responsible management

Royal Arctic Line’s activities are geographically dispersed. It can therefore be challenging to ensure and disseminate a business culture with focus on responsibility. Breaches of Royal Arctic Line’s obligations to act as a responsible company and failure to manage risks and impacts can potentially affect the ability to ensure a stable supply of goods. Ultimately, this could jeopardise the company’s existence. This makes it essential that Royal Arctic Line ensures that the company’s operations comply with applicable legislation and other rules that ensure transparent and ethical governance of the company.

Cybersecurity

The increased threat of cyber attacks in Greenland and our central location in the Arctic constitute a key inherent risk. Cyber attacks can lead to serious operational disruptions and have negative consequences for society.

Political cooperation

The Government of Greenland owns Royal Arctic Line. This provides a unique opportunity to have a positive impact on society. Royal Arctic Line can ensure good conditions for trade and supply of goods for the people of Greenland through, among other things, clear communication based on trust.

Methodology used in the double materiality assessment

The double materiality assessment is based on the European Financial Reporting Advisory Group (EFRAG)'s draft implementation guidance (IG1) from December 2023 and follows the requirements of the European Sustainability Reporting Standards (ESRS 1). The following sections review the methodology applied to identify and assess the company's impacts, opportunities and risks.

Stakeholder involvement

We have involved both internal and external stakeholders in the process, to ensure a thorough and nuanced assessment of our material sustainability issues. The internal stakeholders were people with in-depth knowledge of the business.

A number of external stakeholders, including financial partners, were also involved. Finally, a government-owned company, which is also a customer of the business, was involved.

Stakeholder involvement is an important aspect of our sustainability work and ensures that we address the most relevant impacts, risks and opportunities. The identified impacts, opportunities and risks were scored according to established scoring parameters.

Validation of the identified impacts, risks and opportunities

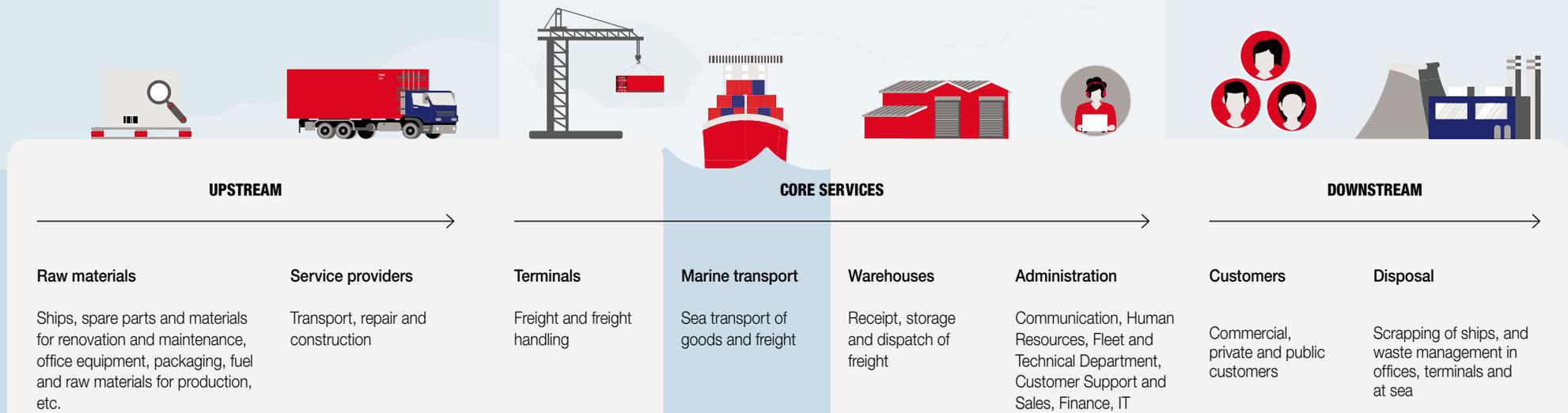
The company's management team approved the impacts, opportunities and risks identified through interviews with selected internal stakeholders.

Operationalisation

In the subsequent work, the existing data basis and policies will be mapped against ESRS. The selected topics will be prioritised in accordance with the company's strategy, after which an action plan with relevant projects will be prepared. According to ESRS, reporting must be included as an integral part of the Annual Report, and the CSRD reporting must be in accordance with the ESRS standards.

Value chain

The double materiality assessment and identification of impacts, opportunities and risks is based on a value chain mapping that includes both significant upstream and downstream activities, as well as Royal Arctic Line's own activities.



Sustainability-related risks

Royal Arctic Line identifies and monitors sustainability-related risks in accordance with Section 99a of the Danish Financial

Statements Act and actively assesses how they should be managed. This approach is maintained as the company is in a period

of transition from the Danish Financial Statements Act to CSRD.

It is assessed that there is a correlation between the risks identified through the two methods.

Topic	Risks	Actions taken
Climate and environmental impact	<ul style="list-style-type: none"> As part of an energy- and pollution-intensive industry, Royal Arctic Line contributes negatively to climate change and air and water pollution, mainly through the combustion of fossil fuels and the associated emissions from ship operations. 	<ul style="list-style-type: none"> In 2025, the company will discontinue the use of heavy fuel oil (HFO) and switch to marine gas oil (MGO). The transition to MGO entails in a significant reduction in pollution of both air and water. In the company's upcoming strategy, a target has been set to reduce CO₂ emissions by 1 % annually over the next five years, starting from 2024 as the baseline year. Royal Arctic Line is exploring alternative fuels generated via PtX technologies and working to identify sustainable solutions that support future climate goals and strategies.
Human rights	<ul style="list-style-type: none"> We have a special focus on our employees at sea and in ports, where the work takes place in harsh weather conditions and involves heavy goods and machinery. These conditions make high demands of health and safety standards to minimise the risk of work-related accidents and strain injuries. Labour rights and working conditions in the value chain can be challenged. Without active measures, there may be a risk of health problems and human rights violations. This makes it vital to ensure responsible working conditions through ongoing due diligence processes. 	<ul style="list-style-type: none"> To ensure a safe and healthy working environment for our employees, we have implemented internal guidelines, safety procedures and ongoing training programmes. We are committed to complying with international human rights standards and will work to strengthen our understanding of the working conditions of our suppliers and business partners further along the value chain.
Social conditions and employee conditions	<ul style="list-style-type: none"> The lack of grievance mechanisms can give rise to uncertainty among employees and make it difficult to report concerns about the working environment, job satisfaction or unfair treatment. Without secure reporting channels, this can reduce employee satisfaction rates and negatively affect the internal culture. 	<ul style="list-style-type: none"> We work actively to create a flexible workplace with a focus on work-life balance and psychosocial security, so that employees experience a supportive and inclusive working culture. Going forward, we will strengthen our efforts by establishing new formalised grievance mechanisms that safeguard employees' welfare, as well as transparency in the handling of any concerns.
Equity and diversity	<ul style="list-style-type: none"> An unbalanced gender distribution can negatively affect the workplace culture and limit diversity in the organisation. Lack of gender balance can also impede talent development, innovation and well-being in the working environment. 	<ul style="list-style-type: none"> In 2025, we will implement a new Equity and Diversity Policy to clarify our position on an inclusive environment. We will continue to work to prevent discrimination, harassment and unacceptable behaviour.
Anti-corruption	<ul style="list-style-type: none"> With a dispersed organisational structure that includes several ports and ships, there is an inherent risk of corruption, fraud and nepotism on a smaller scale. The decentralised decision-making competence can make it difficult to detect irregularities from a centralised basis, which requires greater attention to be paid to this area. 	<ul style="list-style-type: none"> To counteract the risk, we have implemented an Anti-Corruption Policy. We conduct ongoing training programmes for employees and have established a whistleblower scheme that facilitates anonymous and secure reporting of any irregularities.

ENVIRONMENT

At Royal Arctic Line, we are aware of the environmental challenges associated with shipping. We take responsibility for reducing our climate and environmental impact. The transition to more sustainable solutions is a complex and time-consuming process. This requires us to make determined efforts to optimise our operations, reduce carbon emissions and explore the possibility of alternative fuels. We prioritise improvements through measures and investments that support both our operations and the global climate goals. We also engage in partnerships that can promote the development of the necessary infrastructure for the green transition. We are determined to contribute to a more sustainable future – on a step by step basis.



Climate

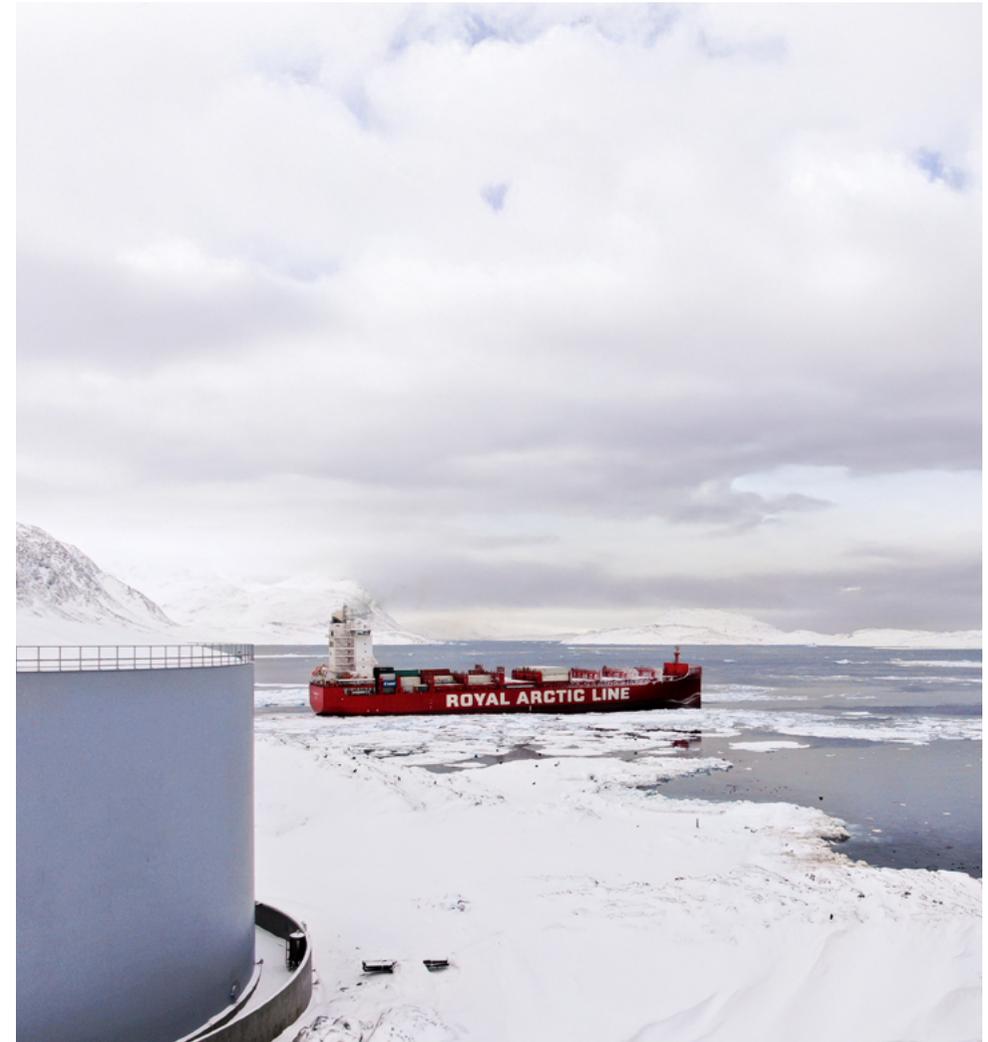
Shipping accounts for a large proportion of total greenhouse gas emissions globally.¹ As an operator, Royal Arctic Line contributes to global greenhouse gas emissions through the company's activities.

The double materiality assessment shows that Royal Arctic Line contributes to environmental impacts through carbon emissions and pollution from fossil fuels. Climate change and stricter environmental requirements entail financial and operational risks, including taxes, tighter emission requirements and increased maintenance and operational challenges.

We are aware that the existing fleet limits the opportunities for significant carbon reductions. This is why we make a targeted effort to optimise the current fleet and integrate sustainable solutions into future investments. Technological advancements, especially in fuels, are crucial and we closely monitor the opportunities suitable for operation in Arctic conditions. This work is anchored in our Climate and Environmental Policy.

A full transition from fossil fuels requires more than investments in ships with a better environmental profile. A national strategy is needed to ensure the establishment of the necessary infrastructure that can safeguard access to alternative fuels. Without this infrastructure, it would not be possible to phase out fossil fuels.

Royal Arctic Line is closely monitoring the development of alternative Power-to-X (PtX) technologies and is aware of the ongoing projects in Greenland. In this context, Royal Arctic Line has initiated a dialogue with *Naalakkersuisut* with a view to identifying and evaluating alternative solutions within PtX technologies. In spring 2025, Royal Arctic Line will attend climate workshops organised by *Naalakkersuisut*. Royal Arctic Line's focus will be to contribute actively to the discussion and also to listen to the national priorities. The aim is to ensure that the chosen solution is both financially sustainable and in line with the overall climate goals. The national strategy will form the basis for determining Royal Arctic Line's future strategy and direction in this area.



¹ <https://www.imo.org/en/OurWork/Environment/Pages/Fourth-IMO-Greenhouse-Gas-Study-2020.aspx?utm>

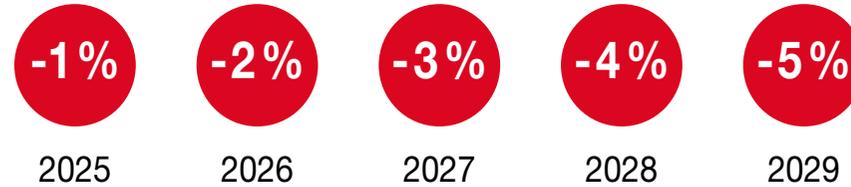
Climate action areas

It is important for Royal Arctic Line to ensure that all applicable national and international climate laws and regulations are followed. The company therefore has clear processes for adherence to these requirements, which are reflected in the company's Climate and Environmental Policy, and the Safety and Environmental Protection Policy.

We are a responsible company committed to international carbon emission reduction goals. This is why we monitor the carbon emissions from our ships. Through the company's greenhouse gas accounts, it is possible to assess whether the company is in line with the expected fuel consumption, including actions to reduce emissions.

The company's new strategy sets a target to reduce carbon emissions by 1 % annually over the next five years, with 2024 as the baseline. The new targets ensure that the company fulfils the current carbon reduction requirements imposed by FuelEU Maritime and the International Maritime Organization (IMO) in relation to the Carbon Intensity Indicator (CII).

Annual carbon emission reduction targets:



The company expects this to be achieved through specific action areas. For 2025, the company has the following action areas:

We are actively working to reduce our climate footprint by, among other things, optimising ship calls in South Greenland. We have therefore reduced the number of calls for the settlement ships, as a different route better meets our customers' needs.

We are investigating opportunities to optimise the route schedule for *Malik Arctica* in order to reduce the number of nautical miles sailed. If the changes can be implemented, we expect potential savings of up to 10,000 nautical miles by 2025. This will contribute to a reduction in our carbon emissions.

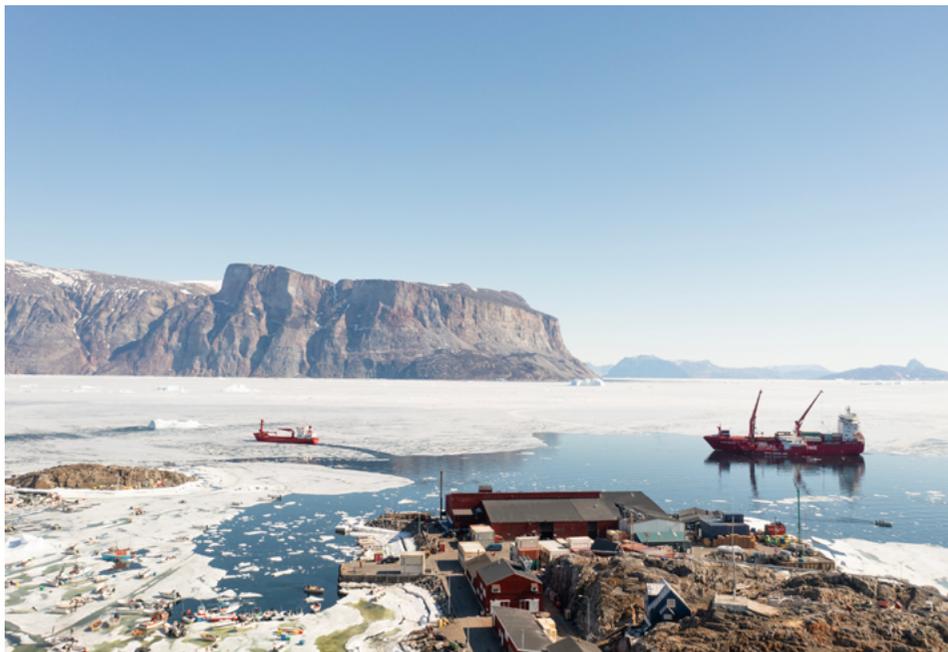
We are studying the use of silicone antifouling for *Tukuma Arctica*. This will reduce water resistance and thereby cut fuel consumption. Until the study becomes a concrete project, *Tukuma Arctica* will use a high-gloss paint that also reduces water resistance.

We are working on utilising our ships' full capacity, with a focus on increased commercial freight volumes. This can reduce carbon emissions per transported quantity.

Greenhouse gas accounts

In recent years, Royal Arctic Line has prioritised the development of accurate and credible greenhouse gas accounts. In 2024, the company implemented greenhouse gas accounts linked to the company's financial management system. This solution ensures automated data collection and processing of the company's carbon emissions. With this initiative, Royal Arctic Line is strengthening its ability to meet the requirements, cf. CSRD.

In 2023, the company set the goal of incorporating its greenhouse gas emissions into the accounting system, so that emission data is available in parallel with financial data. This goal has now been achieved. The improved data basis will enable the company to identify where to focus in order to reduce carbon emissions.



Energy consumption and mix

In 2024, Royal Arctic Line will report on the company's energy consumption and mix for the first time.

	2024
1. Fuel consumption from coal and coal products (MWh)	-
2. Fuel consumption from crude oil and oil products (MWh)	-
3. Fuel consumption from natural gas (MWh)	-
4. Fuel consumption from other fossil sources (MWh)	295.270
5. Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources (MWh)	-
6. Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	295.270
Fossil sources' share of the total energy consumption (%)	97 %
7. Consumption of nuclear sources (MWh)	-
Consumption from nuclear sources as a share of total energy consumption (%)	0 %
8. Fuel consumption for renewable energy sources, including biomass (MWh)	-
9. Consumption of purchased or acquired electricity, heat, steam and cooling from renewable energy sources (MWh)	8.405
10. Consumption of self-produced renewable energy other than fuel (MWh)	-
11. Total consumption of renewable energy (MWh) (calculated as the sum of lines 8 to 10)	8.405
Renewable sources' share of total energy consumption (%)	3 %
Total energy consumption (MWh) (calculated as the sum of lines 6 and 11)	303.675
Energy intensity by net revenue (MWh/monetary unit)	0,2693

Greenhouse gas emissions

The section on accounting policies applied to non-financial data sets out the methods, material assumptions and emission factors used to calculate or measure greenhouse gas emissions.

Scope 1

Our Scope 1 emissions have been reduced from 92,182 tonnes in 2023 to 83,625 tonnes in 2024.

In 2024, we improved regularity, with a firm focus on speed. This had a positive effect on feeder traffic. We have improved our planning and introduced time-related buffers. This has stabilised our operations and shown improved results compared to 2023.

A lower speed reduces fuel consumption and cuts carbon emissions. In 2024, the ships *Malik Arctica* and *Silver Mary* were less active than in the previous year. This contributed to a decline in Scope 1 emissions.

	Retrospective				
	2024	2023	2022	2021	2020
Scope 1					
Gross greenhouse gas emissions, scope 1 (tCO ₂ eq)	83.625	92.182	N/A	N/A	N/A
Scope 2					
Location-based gross greenhouse gas emissions, scope 2 (tCO ₂ eq)	708	946	1.241	N/A	N/A
Market-based gross greenhouse gas emissions, scope 2 (tCO ₂ eq)	708	946	1.241	N/A	N/A
Scope 3					
Total indirect gross greenhouse gas emissions (scope 3) (tCO₂eq)	62.421	N/A	N/A	N/A	N/A
1. Purchased goods and services	15.993	N/A	N/A	N/A	N/A
2. Capital goods	79	N/A	N/A	N/A	N/A
3. Upstream transport and distribution	43.961	N/A	N/A	N/A	N/A
4. Waste generated from operations	46	N/A	N/A	N/A	N/A
5. Business travel	1.537	N/A	N/A	N/A	N/A
6. Upstream leased assets	786	N/A	N/A	N/A	N/A
7. Downstream transport	9	N/A	N/A	N/A	N/A
8. Processing of sold products	10	N/A	N/A	N/A	N/A
Total greenhouse gas emissions					N/A
Total greenhouse gas emissions (location-based) (tCO ₂ eq)	146.755	N/A	N/A	N/A	N/A
Total greenhouse gas emissions (market-based) (tCO ₂ eq)	146.755	N/A	N/A	N/A	N/A
Greenhouse gas intensity by net revenue					
Total greenhouse gas emissions (location-based) by net revenue (tCO ₂ eq/monetary unit)	0,1301	N/A	N/A	N/A	N/A
Total greenhouse gas emissions (market-based) by net revenue (tCO ₂ eq/monetary unit)	0,1301	N/A	N/A	N/A	N/A

Scope 2

In 2024, we changed the way we calculate our Scope 2 emissions. We have introduced two categories: location-based gross greenhouse gas emissions and market-based gross greenhouse gas emissions. As the company purchases electricity and heat exclusively on a national level, the company's location-based and market-based Scope 2 emissions are identical. This is because the emission factors for both calculation methods reflect the same energy sources and their environmental impact within Greenland's borders.

Our Scope 2 emissions were reduced from 946 tonnes in 2023 to 708 tonnes in 2024. The decline is mainly due to corrections to reported heat consumption in Nuuk. With the correction of the emission factor for heat consumption in 2024, our Scope 2 emissions have decreased. Furthermore, a reduction in activities in Aasiaat contributes to this decline. This is due to new sailing schedules and reduced freight volumes. The relatively high emission factor in Aasiaat compared to other towns amplifies the decline in Scope 2 emissions.

Scope 3

In 2024, Royal Arctic Line reported on the company's Scope 3 emissions for the first time. This is the result of considerable efforts to record these emissions. With this reporting, we can confirm that we have met our goal of reporting Scope 3 emissions in 2024. This was a goal we set ourselves in 2023. It should be emphasised that we are continuing to improve the recording of Scope 3 emissions in significant parts of the company's work area.



Air and water pollution

” Royal Arctic Line contributes to air pollution through emissions of nitrogen oxides (NOx), sulphur oxides (SOx), particulate matter (PM) and greenhouse gases such as carbon dioxide (CO₂).

Royal Arctic Line contributes to water pollution by discharging treated water directly into the sea through an open-loop scrubber on one of the shipping company’s ships, *Tukuma Arctica*.

Royal Arctic Line recognises that SOx and NOx emissions have significant health and environmental consequences and therefore prioritises minimising these impacts.

The majority of the shipping company’s ships sail on marine gas oil (MGO) and low-sulphur oil (HFO LS). In 2024, one of the shipping company’s ships, *Tukuma Arctica*, continued to sail on high-sulphur oil (HFO HS). HFO is a viscous bunker type with a high SOx and NOx content. The main problem with HFO is the sulphur particles that can cause acid rain or “black carbon” climate effects.

To comply with current legislation on SOx emissions, a scrubber has been installed on *Tukuma Arctica*. It functions as an open-loop scrubber, which is a system for cleaning exhaust gases. The system works by injecting water into the exhaust stream, where the water absorbs SOx that is converted into sulphuric acid, which is neutralised by the alkalinity of the sea water. Unlike closed-loop scrubbers that reuse the water, open-loop scrubbers use fresh seawater and discharge treated water directly back into the sea. This means that the harmful substances are discharged into the sea, rather than the air. This has a negative impact on the aquatic environment and contributes to water pollution.



Action areas for air and water pollution

In 2025, the company will phase out the use of the HFO bunker type and switch to MGO on *Tukuma Arctica*. *Irena Arctica* and *Silver Mary* switched to MGO in 2024. The introduction of an HFO ban in the Arctic from July 2024 has been a factor in this prioritisation. The transition to MGO entails a reduction of sulphur discharge and eliminates the need to use open-loop scrubbers on *Tukuma Arctica*.

The company recognises that the switch from HFO to MGO reduces both air and water pollution, but also entails a transition to a fuel type with higher carbon emissions. Nonetheless, the greenhouse gas accounts for 2025 are expected to show a significant reduction in the company’s SOx and NOx emissions, and a slight increase in greenhouse gas emissions.

SOCIAL CONDITIONS

Our employees are the driving force behind our company. They are essential for us to fulfil our supply responsibilities and take responsibility for our climate efforts, social commitment and ethical obligations.

At Royal Arctic Line, our social responsibility is part of our operations and culture. We work to ensure safe and inspiring workplaces by promoting diversity and supporting a safe workplace culture. Among other things, we do this by focusing on competence development and the working environment.

The dedication of our employees ensures that we not only meet our commitments, but also create value and progress in the society of which we are part. This partnership between employees, organisation and society supports our ambition to be a driving force for positive change and sustainable development in Greenland.



Focus on people

The company respects human rights throughout its value chain, including its own workforce, suppliers and business partners. We are committed to complying with international human rights standards, including the United Nations Universal Declaration of Human Rights, the European Convention on Human Rights and ILO conventions. In addition to fundamental human rights, this must help to protect labour rights and social responsibility for our employees. External partners commit to our Human Rights Policy by signing our Supplier Code of Conduct.

We recognise that we do not yet have an overview of the working conditions for employees in our value chain. This is an area that we are working on strengthening, so that we can better ensure that human rights are respected throughout the value chain.

Our Human Rights Policy is available to stakeholders on the company's website and on the internal communication channel for employees. The company has also prepared a new personnel handbook that underlines our position on human rights.

In 2023, we planned measures to increase the visibility of our Human Rights Policy in 2024. As part of this effort, in 2024 the policy was actively communicated to employees through our internal channels.

In 2024, we did not receive any complaints, fines or sanctions for our own workforce.

We had 0 serious human rights incidents related to our own workforce in 2024.



Equity and diversity

” At Royal Arctic Line, diversity and inclusion are deemed to be a strength. Different perspectives, experiences and backgrounds enrich the company’s decision-making processes and lead to better results.

Royal Arctic Line values and includes all people. Our Equal Opportunities Policy helps to emphasise this, and we believe that diversity in the workforce and management levels helps to create better results.

An inclusive environment

The company works for an inclusive environment where everyone should feel welcome, respected and valued.

Maritime transport and port operations are areas where positions are mainly filled by men. In 2025, we will continue to focus on reducing this unbalanced distribution and strive to attract more women to work at sea and in the port terminals. The unbalanced gender distribution can also influence the workplace culture on board the company’s fleet and at port terminals. The company will therefore focus on avoiding discrimination, harassment and similar unacceptable behaviour on ships and in ports.

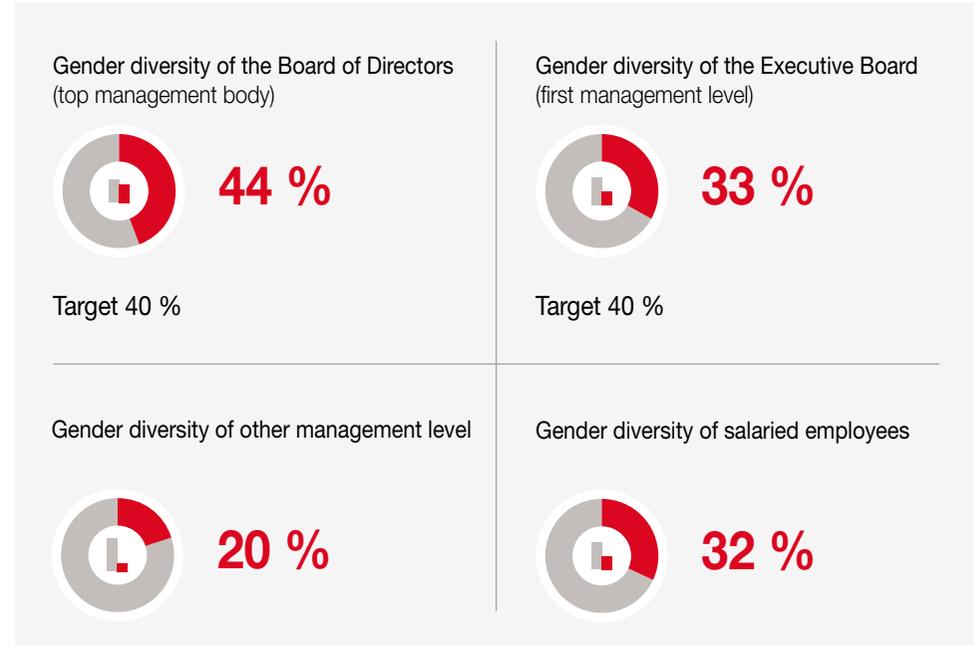
This will be reflected in our new Equal Opportunities and Diversity Policy, which we will draw up in 2025.

Equal Opportunities Policy

As one of Greenland’s largest employers, we recognise our responsibility to promote gender equality. We are committed to ensuring equal opportunities for employment, development and advancement at all levels of the organisation.

In 2024, we maintained a gender diversity of 44 % for our Board of Directors (top management body). This means that we have achieved the target of at least 40 %. Restructuring of the Executive Board (first management level), to reduce the number of members from six to three, affected gender diversity at this level. Here, the proportion of women has fallen from 50 % in 2023 to 33 % in 2024. At our other management level, which now consists of five people, the proportion of women is 20 %.

Our Equal Opportunities Policy emphasises that gender diversity at a recruitment level must reflect the gender distribution at other organisational levels. Today, 32 % of our salaried employees are women, but only 20 % of management at the other management level are women. We therefore see a need for more women in management positions.



Gender diversity indicates the number of women in per cent (underrepresented gender) at Royal Arctic Line.



The age distribution of employees in the company is calculated for salaried employees and hourly-paid employees in the Group.

The calculation is based on the number of employees and is therefore not comparable with the company’s FtE.

Focus on job satisfaction

” The company not only protects physical safety and security, but also attaches great value to psychosocial security

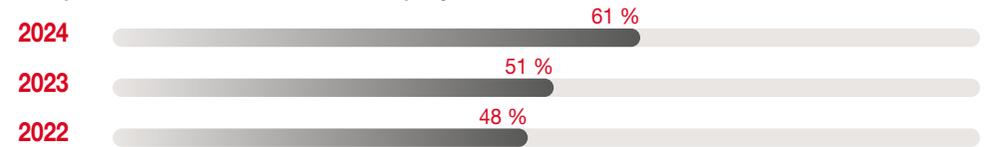
Employees who thrive are employees who are dedicated to their work. In 2024 we therefore conducted a major employee satisfaction survey (EHS) among our employees.

The survey gives insight into employee well-being, engagement and satisfaction, and is used as an important management tool to create better conditions for our employees.

Well-being is measured differently for sea-based employees, for whom it is defined as job satisfaction, compared to onshore employees, for whom it is defined as engagement. The starting points for the measurements are different from each other and therefore cannot be compared. In 2024, the company changed provider of well-being surveys, so that comparison with previous years is not possible.

We consider our results to be satisfactory, but see potential for improvement. This applies in particular to our sea-based employees. Our performance is benchmarked against the industry standard, which shows that the company is at the same level.

Response rate for sea-based employees:



Response rate for onshore employees:



72/100

Job satisfaction, sea-based employees, in 2024

82/100

Engagement, shore-based employees, in 2024

Room for grievances and concerns

The company works to create a framework within which employees can express concerns without fear of retaliation or other consequences. For maritime personnel, the company has established several grievance mechanisms that make it possible to report grievances and concerns both verbally and in writing, and with the option of anonymous grievance handling. It is possible to lodge a grievance verbally with the immediate manager, or to use a written and verbal grievance channel to the ship's master, who must ensure correct registration and further processing of the grievance. If the employee does not feel comfortable about lodging the grievance on board, the crew manager can be contacted directly for guidance.

Our employees onshore have the opportunity to raise grievances and concerns with the company's HR department. It is also possible to express concerns to a line manager at our regular well-being interviews. We recognise the need for further measures to handle grievances lodged by our onshore employees. Going forward, we will work on implementing new mechanisms to strengthen this process and ensure a high level of security and anonymity for employees.

Flexible workplace

Our ambition to ensure a safe and healthy workplace is also reflected in our guidelines for flexible working hours. Here, weight is given to employee well-being and a healthy work-life balance. Our initiative helps to ensure a good work-life balance – a solution that is used diligently and supports both well-being and efficiency.

Work-life balance for ship crews

Our ship crews are often away from home for longer periods. To accommodate this, the company offers an adapted scheme with shorter rotation cycles, to support a good work-life balance. At the same time, crew members are involved in planning, so that important anniversaries can be taken into account where possible. This flexibility contributes to a better work-life balance and is highly appreciated by our maritime personnel.

We take care of the individual employee

On 1 July 2024, we published an updated personnel handbook, which now applies to the entire organisation. It is made available via internal channels and the changes have been widely communicated through campaigns, e-mails and posts from the Executive Board.

We have also updated our Sickness Absence Policy with clear guidelines that focus on dialogue and support for employees. This update is part of a broader effort to promote employee well-being and create a healthy working environment. A key element is the introduction of a new well-being programme, of which well-being interviews are a key element. The well-being interviews are used by managers as a starting point in the management of sickness absence and ensure a constructive dialogue that strengthens both employees' health and the working environment. These measures also help to strengthen employee care and promote a modern approach to work-life balance.

Personnel Policy

Our Personnel Policy sets out values and guidelines for managing employee relations, the working environment and employee development.

The purpose of the policy is to promote well-being at the workplace and to ensure that all employees can exert influence and have the best possible conditions to deliver professionally competent and effective solutions to the shipping company's tasks.

In 2023, we set the objective of implementing an updated Personnel Policy in 2024. This was implemented in 2024.

Overtime reduction

In 2023, we set a target to reduce overtime by 10 % by 2024. This target was not achieved, but we will continue to focus on this in 2025.

Health and safety

” Business First – Safety Always

At Royal Arctic Line, we take care of our employees and work constantly to strengthen and promote our working environment and safety. Our employees are our greatest asset, and we consider health and safety to be a fundamental human right and a core value.

Security across work areas

A safe and secure workplace is important, regardless of work function and area. We operate under different risk scenarios, depending on whether employees work on land or at sea. This requires adapted health and safety procedures.

We have special focus on our employees at sea and in ports where tighter safety and health standards are necessary. Our employees in these function areas work in harsh weather conditions and with heavy goods and machinery that require special attention to safety.

On the ships, we adhere to the Danish Maritime Authority’s rules, while working conditions in ports are governed by the Danish Working Environment Authority. These rules ensure that the safety procedures are adapted to the unique risks associated with each work function.

SEA HEALTH & WELFARE

Our ships make use of SEA HEALTH & WELFARE’s welfare programme, which includes physical and psychological support, exercise facilities, film arrangements and crisis assistance. The @SEA-@SHORE programme provides digital tools and services, including chemicals handling and risk assessment.

Accident prevention and safety culture

Prevention is central to our health and safety work. Our safety committee ensures regular inspections and safety patrols, while ship operations management meetings and safety committee meetings ensure ongoing follow-up. We work to create a safety culture whereby employees can report incidents without fear of retaliation.

We therefore did not meet our target for 2024, which was to reduce the number of lost-time accidents (LTAs) to below seven. We take all accidents very seriously, regardless of their extent or development. We work to improve our working environment and strengthen the safety culture across the organisation. Our ambition is to create a working environment in which safety and well-being always take high priority. With this focus, our goal is to reduce the number of LTAs in the coming years.

Lost-time accidents

In 2024, we saw an increase in the number of work-related accidents resulting in absence for more than one working day, with an increase to 11 reported incidents, compared to 2023.



Lost-time injury frequency rate



We have changed the method used to calculate our lost-time accident frequency (LTAF) to align with the industry standard. Going forward, our LTA will be calculated as a frequency based on the total number of working hours. Previously, LTA was calculated as the number of days since the last report. We are also moving away from calculating LTAs for each ship in the company’s fleet and instead are focusing on combined reporting. This change will ensure that our data is more comparable with industry practice and provides a more accurate picture of our safety performance. Our LTAF is the number of lost-time accidents per 200,000 hours of exposure.

Near-misses on ships and in ports

The company planned a campaign for safe near-miss reporting in the ports, which was to take place in 2024. This has been initiated, but is expected to continue into 2025.

To promote near-miss reporting, our target in 2024 was to increase the number of near-miss reports by over 40 reports from the 13 largest ports in Greenland and by over 100 reports from our ships, including at least one report per month per ship. In 2024, 96 near-misses were reported on ships and 29 in ports. We assess the number of near-miss reports on the ships to be satisfactory, but will continue to work to increase reporting in the ports.

The company has health and safety organisations in 13 ports in Greenland that focus on accident prevention in accordance with the Working Environment Act and the Executive Order on the Working Environment Authority. The safety committee meets at least four times a year to discuss the prevention of near-misses.

Health promotion measures

We work with health-promoting measures on the shipping company's ships. This includes health campaigns that encourage healthy habits and physical activity. Our ships are encouraged to use local and national ingredients in their catering, with a focus on healthy and nutritious food.



Competence development and training

” An important strategic area

Education is a strategic priority for us. It is vital to ensure the future development of the company and to strengthen the competences of our employees.

We have a strong tradition of promoting educational opportunities in Greenland. For us, a training programme not only qualifies the trainee for a career in the shipping company, but also provides a solid foundation for pursuing career opportunities elsewhere in the business sector.

The company's comprehensive trainee and supplementary education programmes are a key element of our HR strategy, with particular focus on boosting educational opportunities for unskilled young people and adults. We assume active responsibility for developing Greenland's future workforce by raising our ambitions and commitment to education at all levels – from primary and lower secondary schools to adult vocational education.

Our ambition is not only to train employees for Royal Arctic Line, but also to contribute to raising the level of education in Greenland and supporting a more sustainable future.

We contribute actively to educational opportunities in Greenland and create an environment for new learning among young people. This is done, for example, by attending education fairs in Greenland, where our local representatives from the port terminals present the training and career opportunities we offer both on land and at sea.

Trainees

We offer traineeships as part of our strategic focus on education. The trainees are part of Greenland's future workforce, and Royal Arctic Line has long given high priority to offering traineeships to the greatest possible extent.

Target for trainees in 2025:
89 trainees

In 2024, we offered 64 trainees a place in the company. Despite a large increase from 51 trainees in 2023, we did not achieve our target of 89 traineeships. We are happy to be able to open the doors to more and more trainees and to contribute to their professional development.

Equal training opportunities

A large proportion of the company's employees work at sea on a day-to-day basis. Here, there may be fewer opportunities to attend training, and our ship crews will have periods in their working lives when they will not be able to attend online training.

To create equal opportunities for all the company's employees, we have upgraded our internet connectivity on the ships and implemented e-learning programmes for the crews. The improved Internet connectivity also gives better opportunities to stay in contact with friends and family. This increases employees' well-being.

MANAGEMENT

At Royal Arctic Line, we are dedicated to ensuring responsible and transparent management of our business. We always seek to manage our activities with a focus on the environment, social conditions, financial results and Greenland. This is our definition of socially responsible management. Our management practices include a whistleblower scheme, data ethics, cybersecurity and compliance. These are areas that are crucial to protecting our employees, customers and business partners. We have established policies and procedures to ensure that we can identify, prevent and manage risks.

Transparency is a key aspect of our approach, as it provides insight into our decision-making processes and values. By maintaining a high level of integrity and accountability, we strengthen trust in our business and contribute actively to a robust and ethical corporate culture.



Ethical business practices

As part of our commitment to good business practices, we continue to promote initiatives in this area. This concerns our Compliance Due Diligence Programme, which includes the whistleblower scheme, GDPR policies, data ethics, cybersecurity and anti-corruption training of our employees.

Whistleblower scheme

Our whistleblower scheme is available on our website and via links on our internal platforms. Here, our employees, external contractors, and suppliers, customers and other stakeholders, can report concerns about unlawful and particularly inappropriate behaviour that is generally contrary to our ethical principles.

Our whistleblower scheme was established in 2021 in connection with the introduction of the Act on the Protection of Whistleblowers in Denmark in 2021 following the recommendation of the Executive Board and approval of the Board of Directors, and is set up to support the UN Convention against Corruption.

Reports are received by a local law firm and screened independently of the company. This helps to protect anonymity and security. To ensure that the optimum functioning of our whistleblower scheme, we have set up a contact group in the Executive Board. If a report concerns members of the Executive Board, there is a contact group in the Board of Directors.

In 2024, our goal was to spread awareness of the Whistleblower Policy among employees and external business partners. During 2024, we spread awareness of the Whistleblower Policy among our employees through communication campaigns about the scheme and the policy via our internal communication channels. In addition, we published the Whistleblower Policy and the scheme on our website so that our external business partners can read about and use the scheme.

The company complies with relevant legislation for the processing of personal data obtained in connection with a report and the subsequent investigation under the whistleblower scheme, which will, among other things, help to ensure anonymity when using the scheme.

We do not tolerate any form of retaliation, including reprimands, reprisals or similar, against employees who make use of the scheme. For further details of how we protect our whistleblowers, see our Whistleblower Policy.

In 2024, three whistleblower reports were filed, none of which were submitted for further processing.

GDPR

Our GDPR policies are drawn up in accordance with the EU's General Data Protection Regulation, as well as Greenland's and Denmark's legislation in this area. We hold GDPR training for relevant employees in the company every year, whereby knowledge of GDPR is maintained and increased. Relevant employees are selected on the basis of a risk analysis of the various job functions in the company.

The company's in 2024 goal was to launch a programme to ensure that the company fulfils the GDPR requirements. In 2024, two full-day courses were held where key employees were instructed by a lawyer specialising in GDPR. A total of 30 employees attended these courses.

Prevention and detection of corruption and bribery

Royal Arctic Line does not accept any form of corruption or bribery. The company has therefore drawn up an Anti-Corruption Policy to help ensure that we comply with international anti-corruption conventions. Our approach is based on clear zero tolerance of any form of corruption, bribery, fraud and nepotism.

The Anti-Corruption Policy is available to all employees and stakeholders via our website. The policy is communicated to our employees through our document management system and our internal channels. Specially selected functions undergo anti-corruption training every year. This helps to increase awareness of responsible business practices.

We encourage our employees to immediately contact their immediate manager, the HR department or the Executive Board, or alternatively use our whistleblower scheme if they wish to remain anonymous, if they suspect unlawful activities.

Educational programs

” Basic anti-corruption and anti-bribery training" programmes are offered to specially selected employees. The content includes examples of corruption, how to detect suspicious behaviour and how to respond in accordance with our policies.

Actions for 2025:

- Collaboration across organisations in our value chain on corruption risk-mitigating effects.
- Anti-corruption training for relevant officers, the Executive Board and the management team.



Cybersecurity

As part of Greenland's critical infrastructure, the company relies on strong IT security to safeguard the company's supply responsibility. We know that the risk of cyber crime is still very high and this requires a sharp focus on security measures. In 2024, the company therefore increased its collaboration with the Centre for Cybersecurity (CFCS), which has assisted the organisation in protecting itself against cyber crime.

There was a wish to investigate the possibility of adding Greenlandic as a language option, which could promote employees' participation and understanding of the IT training material. Unfortunately, it has not been possible to comply with this, as the available training programmes did not meet the company's functionality requirements.

In 2023, the company had the ambition to assess employees' security level using a 'risk score' during 2024. After reviewing our awareness tool, we have adjusted this approach. We believe that it is more worthwhile to focus on measuring and documenting continuous improvement in our employees' awareness level, rather than comparing it to an industry standard.

Increased cybersecurity awareness among our employees was a focus area in 2024 and this will continue in 2025. In 2024, we implemented a new awareness tool that allows us to set individual goals and strengthen employees' competence levels within IT security.

By 2025, we plan to replace the current cybersecurity solution with a more advanced and automated solution that will further strengthen our cybersecurity against complex threats in real time and with minimal manual intervention.

Data ethics

The company has drafted a new Data Ethics Policy, see Section 99d of the Danish Financial Statements Act. The purpose of the policy is to emphasise the importance of handling data on an ethically responsible basis and in accordance with applicable legislation.

Our Data Ethics Policy was approved in Q4 2024 and will be implemented in Q1 2025. The content of the policy will be communicated to employees through internal channels, to ensure that everyone is aware of the company's principles for ethical data use. In addition, we will assess the need for data ethics training among employees, to strengthen their understanding of correct data handling and ensure compliance with relevant rules and guidelines.

Actions for 2025:

- Strengthening and testing of IT contingency plans in close cooperation with the organisation's stakeholders.
- Identifying and implementing solutions to ensure continuous and stable network connectivity.
- Enhancement of server infrastructure through advanced segmentation for increased security and isolation.
- Implementing new cybersecurity solutions to increase efficiency and resilience to future cyber threats.
- Ensuring compliance with applicable cybersecurity standards and technical requirements.

Supplier Code of Conduct

As part of our commitment to ethical business conduct, we have introduced a Supplier Code of Conduct. This policy clarifies our expectations of supplier conduct, including our zero tolerance of any form of unethical practices, such as bribery, corruption and human rights violations.

Besides complying with local and national legislation in the countries where we operate, we require our suppliers to respect and act in accordance with international principles. This includes the United Nations Universal Declaration of Human Rights, the European Convention on Human Rights and the ILO Conventions on Fundamental Labour Rights, which define basic standards for workers' conditions, safety and rights.

The ability of suppliers to comply with our ethical and legal standards is essential for us to maintain a trusting and long-term partnership. We expect suppliers to work to improve their practices in accordance with the requirements set out in our Code of Conduct, to ensure a sustainable and responsible value chain.

In 2024, our goal was to develop guidelines and process instructions to help us ensure supplier management as a fixed procedure. We will continue to work on this in 2025, with the preparation of a new Procurement Policy.

In 2024, the company's goal was for 70 % of the relevant suppliers to have signed our Supplier Code of Conduct by 2025. We acknowledge that this goal has not been achieved.

Payment practice

The company always seeks to pay invoices on time, provided that they have been correctly submitted and meet the agreed conditions. Suppliers are treated equally and fairly regardless of their size or capacity, as the value of all business partners is recognised. The company also complies with the payment terms stated on the invoices. In 2024 there were no ongoing legal proceedings related to late payments. This reflects the company's ongoing efforts to ensure that all obligations are met in accordance with agreed terms.



POLICY SUMMARY

[Anti-Corruption Policy](#)

[Data Ethics Policy](#)

[Climate and Environmental Policy](#)

[Supplier Code of Conduct](#)

[Equal Opportunities Policy](#)

[Human Rights Policy](#)

[Corporate Social](#)

[Responsibility Policy](#)

[Safety and Environmental Protection Policy](#)

[Whistleblower Policy](#)

Five-year table

Environment	Unit	2024	2023	2022	2021	2020
Energy consumption and mix						
Total energy consumption (MWh) (calculated as the sum of lines 6 and 11)	MWh	303.675	N/A	N/A	N/A	N/A
Energy intensity by net revenue (MWh/monetary unit)	MWh/monetary unit	0,2693	N/A	N/A	N/A	N/A
Gross greenhouse gas emissions						
Gross greenhouse gas emissions, scope 1 (tCO ₂ eq)	tCO ₂ eq	83.625	92.182	N/A	N/A	N/A
Location-based gross greenhouse gas emissions, scope 2 (tCO ₂ eq)	tCO ₂ eq	708	946	1.240	N/A	N/A
Market-based gross greenhouse gas emissions, scope 2 (tCO ₂ eq)	tCO ₂ eq	708	946	1.240	N/A	N/A
Total indirect gross greenhouse gas emissions (scope 3) (tCO ₂ eq)	tCO ₂ eq	62.421	N/A	N/A	N/A	N/A
Total greenhouse gas emissions (location-based) (tCO ₂ eq)	tCO ₂ eq	146.755	N/A	N/A	N/A	N/A
Total greenhouse gas emissions (market-based) (tCO ₂ eq)	tCO ₂ eq	146.755	N/A	N/A	N/A	N/A
Total greenhouse gas emissions (location-based) by net revenue (tCO ₂ eq/monetary unit)	tCO ₂ eq/monetary unit	0,1301	N/A	N/A	N/A	N/A
Total greenhouse gas emissions (market-based) by net revenue (tCO ₂ eq/monetary unit)	tCO ₂ eq/monetary unit	0,1301	N/A	N/A	N/A	N/A
Social conditions						
Workforce						
Full-time equivalents ⁽¹⁾	Number	735	742	787	900	794
Trainees ⁽²⁾	Number	64	51	42	55	57
Diversity and management						
Gender diversity of the Board of Directors (top management body)	%	44	44	44	33	33
Gender diversity of the Executive Board (First management level)	%	33	50	43	33	33
Gender diversity of the other management level	%	20	N/A	N/A	50	33
Gender diversity of salaried employees ⁽³⁾	%	32	22	33	N/A	N/A
Rate of attendance of Board meetings	%	100	98	95	N/A	N/A
Gender pay gap (salaried employees) ⁽⁴⁾	Ratio	1,03	1	1	N/A	N/A
Well-being and job satisfaction						
Response rate of sea-based employees ⁽⁵⁾	%	61	51	48	63	51
Job satisfaction of sea-based employees ⁽⁵⁾	Points	72	N/A	65	72	66
Response rate of onshore employees ⁽⁵⁾	%	84	63	84	83	81
Engagement of onshore employees ⁽⁵⁾	Points	82	N/A	79	77	77
Health and safety						
Near-miss incidents on ships	Number	96	93	98	110	80
Near-miss incidents at ports	Number	29	26	7	10	5
Lost Time Accident Frequency (LTA) on ships	Frequency	1,87	1,18	N/A	N/A	N/A
Management						
Ethical business practices						
Whistleblower cases	Number	0	1	0	0	N/A

Notes for the model:

1. Full-time equivalents are calculated in 2024 as a running average for the year and include salaried employees, hourly-paid employees and trainees. The figure was previously calculated as at year-end.
2. In 2024, trainees are calculated as an ongoing average for the year. The figure was previously calculated as at year-end.
3. Gender diversity is calculated as an ongoing average for the year. The figure was previously calculated as at year-end.
4. Hourly-paid and maritime personnel are not included in the calculation, as these employees are subject to a collective agreement.
5. Larger engagement surveys are conducted in even years, while odd years are covered by smaller pulse surveys. The company has also changed the survey provider, which impedes comparison with previous years. Nuance differences in the structure of the surveys between employees at sea and employees onshore must be taken into account.

Accounting policies applied to non-financial data

Environment	Formulas
<p>Gross greenhouse gas emissions, Scope 1 Scope 1 is defined as the direct emissions that Royal Arctic Line either owns or controls. For Scope 1, direct emissions are used, as this data is available.</p> <p>Gross greenhouse gas emissions, Scope 2 Scope 2 is defined as indirect emissions from Royal Arctic Line. For Scope 2, direct emission data is used, as this information is available.</p> <p>Gross greenhouse gas emissions, Scope 3 Scope 3 is defined as indirect emissions from third-party activities. Since direct emission data for Scope 3 is not available, an alternative method is used to calculate emissions in CO₂ equivalents. This method uses price-based conversion factors that are based on the economic value of a given source or activity. Price-based conversion factors indicate the amount of greenhouse gases emitted per unit value and are particularly useful when activity data is either unavailable or unreliable, or when sources and activities are very diverse and difficult to compare. These factors can be obtained from various sources, such as the GHG Protocol, national or regional authorities, industry associations or life cycle assessments. It is important that the price-based conversion factors used are updated and reflect the current market prices and emission intensities.</p>	<p>Energy intensity by net revenue Total energy consumption from activities in high-climate-impact sectors (MWh)/Net revenue from high-climate-impact activities (monetary unit) = Energy intensity by net revenue</p> <p>Total greenhouse gas emissions, location-based (t CO₂ eq.) Scope 1 gross greenhouse gas emissions + Scope 2 gross greenhouse gas emissions, location-based + Scope 3 total gross greenhouse gas emissions = Total greenhouse gas emissions, location-based (t CO₂ eq.)</p> <p>Total greenhouse gas emissions, market-based (t CO₂ eq.) Scope 1 gross greenhouse gas emissions + Scope 2 gross greenhouse gas emissions, market-based + Scope 3 total gross greenhouse gas emissions = Total greenhouse gas emissions, market-based (t CO₂ eq.)</p> <p>Greenhouse gas intensity by net revenue (location-based) Total greenhouse gas emissions (location-based) by net revenue/Monetary unit = Greenhouse gas intensity by net revenue (location-based)</p> <p>Greenhouse gas intensity by net revenue (market-based) Total greenhouse gas emissions (market-based) by net revenue/Monetary unit = Greenhouse gas intensity by net revenue (market-based)</p>

Social conditions

Fuldtidsækvivalenter (FTE)

FtEs are calculated in order to measure the full-time workforce required to run the business. The calculation includes the average number of full-time employees, converted hired and hourly-paid employees, and fixed-term and temporary employees. This ensures comprehensive and accurate calculation of the company's workforce.

Trainees

Trainees are compiled as the number of people and are not converted to FTE, even when they are at college. The trainees are still affiliated to Royal Arctic Line and receive a trainee salary throughout their training programme.

Gender diversity

Gender diversity indicates the proportion of women as a ratio of the total number of employees. This metric covers FTE women and women employed in temporary positions. There were changes in the company's Board of Directors in 2024. The Executive Board comprises persons at one management level below the Board of Directors. The management team comprises persons at two management levels below the Board of Directors. Our gender diversity is calculated as an average for the year.

Gender pay ratio

The gender pay ratio is calculated by dividing the median pay for men by the median pay for women. The calculation only includes the contractual basic salary and excludes pension contributions and other benefits. This method gives a clear picture of the difference in basic salary between men and women in the organisation.

Employee turnover rate for salaried employees

The employee turnover rate is calculated by dividing the total number of employees leaving the company in a given period by the total number of employees in the same period. The calculation is based on the number of salaried employees. Employee turnover rates include termination by either the employee or the company. The termination is registered in the calculation from the month in which the employee no longer receives a salary from the company. In cases where an employee is still entitled to salary payment for a period after termination, they are not included in the turnover calculation until this period has ended.

Employee turnover rate, maritime employees

The employee turnover rate is calculated by dividing the total number of employees leaving the company in a given period by the total number of employees in the same period. The calculation is based on the number of salaried employees. Employee turnover rates include termination by either the employee or the company. The termination is registered in the calculation from the month in which the employee no longer receives a salary from the company. In cases where an employee is still entitled to salary payment for a period after termination, they are not included in the turnover calculation until this period has ended. We split up our calculation into onshore and sea-based employees, respectively, as there are large differences in the figures.

Age distribution

The age distribution of the company's employees was added in 2024 as part of our diversity parameters in accordance with ESRS E1 disclosure requirement S1-9. The age distribution is stated for employees under 30 years, 30-50 years and employees over 50 years of age. The age distribution is stated as an average for the year.

Formulas

(Board of Directors' attendance

$$\left(\frac{\sum(\text{Number of Board meetings attended}) \text{ per Board member}}{\text{Number of Board meetings} \times \text{number of Board members}}\right) \times 100 = \text{Attendance}$$

Full-time equivalents (FtE)

Number of full-time employees + Number of temporary employees = Full-time equivalents

Percentage of temporary employees

$$\left(\frac{\text{Number of temporary employees}}{\text{Number of full-time employees}}\right) \times 100 = \text{Percentage of temporary employees}$$

Gender diversity

$$\left(\frac{\text{Number of FtE women} + \text{Number of women in temporary positions}}{\text{FtE}}\right) \times 100 = \text{Gender diversity}$$

Gender diversity of management

$$\left(\frac{\text{Number of women in management}}{\text{All FtE in management}}\right) \times 100 = \text{Gender diversity of management}$$

Gender diversity of the Executive Board

$$\left(\frac{\text{Number of women on the Executive Board}}{\text{All FtE on the Executive Board}}\right) \times 100 = \text{Gender diversity of the Executive Board}$$

Gender diversity of the Board of Directors

$$\left(\frac{\text{Number of women on the Board of Directors}}{\text{All FtE on the Board of Directors}}\right) \times 100 = \text{Gender diversity of the Board of Directors}$$

Gender pay gap

$$\frac{\text{Median salary FtE men}}{\text{Median salary FtE women}} = \text{Gender pay gap}$$

Salary gap CEO

$$\frac{\text{CEO salary}}{\text{Median salary FtE}} = \text{Salary gap CEO}$$

MOT salaried employees

$$\frac{\text{Voluntary termination of employment by salaried employees} + \text{Involuntary termination of employment of salaried employees}}{\text{Full-time salaried employees}} = \text{MOT}$$

MOT at sea

$$\frac{\text{Voluntary terminations at sea} + \text{Involuntary terminations at sea}}{\text{Full-time employees at sea}} = \text{MOT}$$

Sickness absence

$$\frac{\text{Number of sick leave days of full-time employees in 2024}}{\text{Full-time employees}} = \text{Sickness absence}$$

Board meeting attendance rate

$$\left(\frac{\sum(\text{Number of Board meetings attended}) \text{ per Board member}}{\text{Number of Board meetings} \times \text{number of Board members}}\right) \times 100 = \text{Attendance}$$

Lost Time Accident Frequency at sea

$$\frac{\text{Number of LTAs at sea} \times 200,000}{\text{Number of hours worked at sea}} = \text{LTA}$$

Glossary of terms

B
Black Carbon: A type of particle emission from the combustion of fossil fuels that has a climate warming effect.

C
CAPEX (Capital Expenditure): Investments in fixed assets, such as new ships, buildings or equipment.

Carbon Intensity Indicator (CII): As from 1 January 2023, the International Maritime Organization (IMO) has ruled that all ships above 5,000 GT must be classified in the Carbon Intensity Indicator (CII) category. The aim is to give each ship an energy classification based on that ship's emissions. To be able to move from one group to another, an action plan known as a Ship Operational Carbon Intensity Plan (SEMP) must be drawn up. The plan describes measures to improve each ship's emissions.

Corporate Sustainability Reporting Directive (CSRD): EU directive that tightens the requirements for companies' sustainability reporting, including Environment, Social, Governance (ESG) reporting.

D
Data Ethics: Principles and guidelines for responsible handling, use and protection of data, including personal data and business-critical information.

Double Materiality Assessment (DMA): Assessment of both how we affect the outside world and how the outside world affects us. This approach helps us identify the key sustainability risks and opportunities that should be included in strategic decisions. The method is a central aspect of CSRD reporting.

Due Diligence: The process of identifying, preventing and managing sustainability risks in the supply chain.

E
Employee Turnover Rate: An indicator of how many employees leave the company during a given period.
Engagement Survey A survey to measure employee satisfaction, motivation and engagement at the workplace, often as a basis for improvements in the working environment and management.

European Sustainability Reporting Standards (ESRS): EU standards for sustainability reporting under CSRD.

Exposure Time: The total number of working hours during which employees or crew members have been exposed to potential health and safety risks during a given period.

F
Feeder Ships: Small ships transporting cargo between large ports and small terminals.

Fuel EU Maritime: Fuel EU Maritime is the latest EU regulation aimed at the maritime sector, which entered into force on 1 January 2025. It is part of the EU's broader "Fit for 55" legislative package, which aims to reduce net greenhouse gas emissions by at least 55 % by 2030 compared to 1990 levels, and to achieve climate neutrality by 2050. Fuel EU Maritime is designed to encourage the uptake of lower-carbon alternative fuels in ships by penalising the use of most conventional fossil-based ship fuels.

Full-time Equivalents: A standardised unit of measurement that indicates how many full-time employees a company has. FTEs are used to compare the size of the workforce across companies and periods.

G
General Data Protection Regulation (GDPR): EU legislation on the protection of personal data and privacy.

Grievance Mechanism: A formal procedure whereby employees can report violations or unfair treatment.

H
Heavy Fuel: A general term for heavy fuel, typically HFO.

HFO (Heavy Fuel Oil): A heavy fuel oil used as fuel in shipping, but which has a high sulphur content.

I
ILO Conventions on Fundamental Labour Rights: International Standards of the International Labour Organization (ILO) protecting labour rights, including the right to organise, the prohibition of forced and child labour, and equal treatment.

International Maritime Organization (IMO): The International Maritime Organization (IMO) is the UN's specialised agency responsible for maritime safety and the prevention of marine and atmospheric pollution from ships. IMO's work supports the UN's SDGs.

L
Lost Time Accidents (LTA): LTA on ships is a critical safety metric that is defined as an accident that has resulted in incapacity for work for one day or more beyond the day of the injury.

Lost-Time Accident Frequency (LTAF): LTAF is a frequency of our lost-time accidents, measured per 200,000 working hours.

M
Marine Gas Oil (MGO): A lighter and cleaner type of fuel for ships, with a lower sulphur content than HFO.

N
Naalakkersuisut: Government of Greenland.

Near-misses: At port terminals, in warehouses and during ship operations, near-misses are defined as situations that could potentially result in personal injury or work-related accidents. On ships, near-misses are defined as unforeseen events that did not result in an accident, illness or injury, but had the potential to do so.

NOx (nitrogen oxides): Exhaust gases from combustion that contribute to air pollution and acid rain.

O
Open-loop Scrubber: A technology installed on ships to reduce sulphur emissions by purifying the flue gas.

Operational Expenditure (OPEX): Ongoing operating costs such as fuel, maintenance and staffing.

S
SOx (Sulphur Oxides): Polluting gases produced by the combustion of fossil fuels.

Supplier Code of Conduct: A set of ethical guidelines that suppliers are expected to follow, typically in the areas of human rights, working conditions, environmental considerations and anti-corruption.

U
UN's Universal Declaration of Human Rights: An international document establishing the fundamental rights and freedoms of all people, including equality, freedom and protection from discrimination.

FINANCIAL STATEMENTS 2024



Management Statement

The Board of Directors and the Executive Board have on this date considered and approved the Annual Report for the financial year 1 January - 31 December 2024 for Royal Arctic Line A/S. The Annual Report has been prepared in accordance with the Danish Financial Statements Act as applicable in Greenland.

We consider the accounting policies to be appropriate and, in our opinion, the Annual Report gives a true and fair view of the Group's and the parent company's assets, liabilities and financial position, as well as the results of operations and cash flows. We recommend that the Annual Report be adopted at the Annual General Meeting.

Nuuk, 12 March 2025

Executive Board



Niels Clemensen
CEO



Aviãja Lyberth Lennert
Deputy CEO



Jørgen Aqø Møller
CFO

Board of Directors



Pãviãraq Heilmann
Chairman



Inoorãq Brandt
Deputy chairman



Barbara Agersnap



Flemming Drechsøl



Jóhanna á Bergi



Minannguaq Hilda
Zeeb

Royal Arctic Line's employee-elected members



Eydun Simonsen



Laust Lijdskov
Vestergaard



Tina Lange Olsen

Independent Auditor's Report

To the shareholders of Royal Arctic Line A/S

Summary

In our opinion, the consolidated financial statements and parent company financial statements provide an accurate and comprehensive representation of the Group's and the company's financial position as of 31 December 2024, and of the results of operations and cash flows for the financial year spanning from 1 January to 31 December 2024. These statements have been prepared in accordance with the Danish Financial Statements Act as applicable in Greenland.

We have audited the consolidated financial statements and annual accounts for Royal Arctic Line A/S for the financial year 1 January - 31 December 2024, which comprise the income statement, balance sheet, statement of changes in equity and accompanying notes, including the accounting policies for both the Group and the company, as well as the consolidated cash flow statement (the "accounts").

Basis for conclusion

We have conducted our audit in accordance with international auditing standards and the additional requirements applicable in Greenland. Our responsibilities under these standards and requirements are described in more detail in the Auditor's report section, "Auditor's responsibility for the audit of the financial statements". We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Guidelines for Auditors' Ethical Conduct (IESBA Code) and the additional ethical requirements applicable in Greenland. We have also fulfilled other ethical obligations under these requirements and the IESBA Code. In our opinion, the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion on the Management's Review

The management is responsible for the management's review.

Our opinion on the financial statements does not include the management's review, and we do not express any form of opinion with any certainty concerning the management's review.

In connection with our audit of the financial statements, it is our responsibility to read the management's review and in this context consider whether the management's review is significantly inconsistent with the financial statements or our knowledge obtained through the audit, or otherwise appears to contain material misstatements.

It is also our responsibility to assess whether the management's review includes the required information in accordance with the Danish Financial Statements Act.

Based on the work performed, it is our opinion that the management's review is in accordance with the consolidated financial statements and financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We have not found any material misstatements in the management's review.

The management's responsibility for the financial statements

The management is responsible for the preparation and fair presentation of consolidated financial statements and parent company financial statements in accordance with the Danish Financial Statements Act as applicable in Greenland. The management is also responsible for the internal control it deems necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Group's and the company's ability to continue as a going concern, for disclosing matters relating to continuing operations where relevant, and for preparing the financial statements on the basis of the going concern basis of accounting unless the management either intends to liquidate the Group or the company, cease operations or has no realistic alternative but to do so.

The auditor's responsibility for the audit of the financial statements

Our goal is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report with an opinion. A high degree of certainty is a high level of certainty, but is not a guarantee that an audit conducted in accordance with international auditing standards and the additional requirements applicable in Greenland will always reveal a material misstatement when it exists. Misstatements can arise from fraud or error and can be considered material if, individually or collectively, they can be reasonably expected to influence the economic decisions made by users on the basis of the financial statements.

As part of an audit conducted in accordance with international auditing standards and the additional requirements applicable in Greenland, we carry out professional assessments and maintain professional scepticism during the audit. In addition:

- We identify and assess the risk of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to these risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement caused by fraud is higher than for material misstatement caused by error, as fraud may include conspiracy, forgery, deliberate omissions, misrepresentation or violation of internal control.
 - We achieve an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the company's internal control.
 - We evaluate the appropriateness of accounting policies applied by the management and the reasonableness of accounting estimates and related disclosures made by the management.
 - We conclude whether the management's preparation of the financial statements on the basis of the going concern accounting principle is appropriate and whether, on the basis of the audit evidence obtained, there is significant uncertainty associated with events or conditions that may cast significant doubt on the Group's and the company's ability to continue as a going concern. If we conclude that there is significant uncertainty, we must draw attention to such information in the financial statements in our auditor's report or, if such information is insufficient, modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may result in the Group and the company no longer being able to continue operations.
 - We evaluate the overall presentation, structure and content of the financial statements, including the information in the notes, and whether the financial statements reflect the underlying transactions and events in such a way as to give a true and fair presentation.
 - We plan and perform the consolidated audit in order to obtain sufficient and appropriate audit evidence concerning the financial information of the companies or business units in the Group as a basis for forming an opinion on the consolidated financial statements and the annual financial statements. We are responsible for leading, supervising and reviewing the audit work performed for the purpose of the Group audit. We are solely responsible for our audit opinion.
- We communicate with senior management about, among other things, the planned scope and timing of the audit and significant audit observations, including any significant deficiencies in internal control that we identify during the audit.

Hellerup, 22 March 2025

Nuuk, 22 March 2025

PricewaterhouseCoopers
State-authorised Public Accountants
CVR no. 33 77 12 31

Grønlands Revision A/S
State-authorised Public Accountants
CVR-nr. 41 76 26 67

Thomas Wraae Holm
State-authorised public accountant
Mne30141

Per Jansen
State-authorised public accountant
Mne21323

Income Statement 2024

DKK 1,000	Royal Arctic Group		Royal Arctic Line A/S	
	2024	2023	2024	2023
1 Net revenue	1.229.263	1.190.095	1.185.497	1.139.033
2 Other operating income	18.019	34.831	41.223	57.057
3 Cargo-related expenditure	(162.850)	(164.037)	(158.605)	(160.294)
Gross profit	1.084.432	1.060.889	1.068.115	1.035.796
4 Other external expenditure	(575.080)	(559.054)	(556.725)	(539.178)
5 Staff expenditure	(380.274)	(371.916)	(374.489)	(368.362)
6 Amortisation, depreciation and impairment losses on fixed assets	(103.834)	(105.629)	(98.127)	(102.911)
Operating profit	25.244	24.290	38.774	25.345
13 Income from investments in Group companies	0	0	(9.974)	(197)
13 Income from investments	235	231	235	231
7 Other financial income	17.348	17.046	17.309	16.536
8 Other financial expenditure	(36.775)	(37.410)	(36.972)	(37.376)
Profit before tax	6.052	4.157	9.372	4.539
9 Tax on profit for the year	1.042	(784)	(2.278)	(1.166)
10 Profit/loss for the year	7.094	3.373	7.094	3.373

Assets as of 31 December

DKK 1,000	Royal Arctic Group		Royal Arctic Line A/S	
	2024	2023	2024	2023
Software	6.558	7.234	4.204	7.234
Emission allowances	6.928	0	6.928	0
Development projects	705	1.687	486	106
11 Total intangible assets	14.191	8.921	11.618	7.340
Ships	949.261	987.886	938.899	984.515
Buildings	45.973	51.288	45.973	51.288
Transport equipment, harbour boats, machinery, and fixtures and fittings	114.151	127.737	114.151	127.737
Assets under construction	4.594	4.832	4.594	2.838
12 Total tangible fixed assets	1.113.979	1.171.743	1.103.617	1.166.378
Investments in Group companies	0	0	17.305	27.279
Investments in associated companies	5.286	5.051	5.286	5.051
Other securities and investments	1.009	1.012	1.009	1.012
13 Total financial fixed assets	6.295	6.063	23.600	33.342
Total fixed assets	1.134.465	1.186.727	1.138.835	1.207.060
Operating stock	8.624	15.915	7.686	14.787
Total inventories	8.624	15.915	7.686	14.787
Trade receivables	107.855	100.365	106.929	99.940
Receivables from Group companies	0	0	2.164	1.532
Tax receivables	0	10	0	10
14 Other receivables	19.550	25.529	19.211	25.411
15 Prepayments and accrued income	4.830	5.480	3.984	5.004
Total receivables	132.235	131.384	132.288	131.897
Cash and cash equivalents	127.826	148.475	116.953	116.071
Total current assets	268.685	295.774	256.927	262.755
Total assets	1.403.150	1.482.501	1.395.762	1.469.815

Liabilities as of 31 December

DKK 1,000		Royal Arctic Group		Royal Arctic Line A/S	
		2024	2023	2024	2023
16	Share capital	120.000	120.000	120.000	120.000
	Reserve for hedging transactions	10.588	11.982	10.588	11.982
	Reserve for net revaluation of investments:				
	– Affiliated companies	0	0	12.305	22.279
	– Associated companies	1.789	1.554	1.789	1.554
	Other statutory reserves:				
	Reserve for development costs	0	0	357	78
	Retained earnings	505.702	498.843	493.040	476.486
	Proposed dividend	0	0	0	0
	Total equity	638.079	632.379	638.079	632.379
9	Deferred tax	19.774	21.224	22.418	20.548
	Other provisions	552	1.182	552	1.182
	Total provisions	20.326	22.406	22.970	21.730
	Mortgage debt in ships	478.865	542.021	478.865	542.021
	Mortgage debt	567	567	567	567
	Leasing debt	27.100	33.005	27.100	33.005
17	Total non-current liabilities	506.532	575.593	506.532	575.593
17	Next year's instalments on non-current liabilities	71.114	71.160	71.114	71.160
	Trade accounts payable	56.236	59.907	54.099	58.698
	Debt to affiliated companies	0	0	19	0
9	Corporation tax	0	238	0	0
18	Other payables	92.891	106.893	84.977	96.330
	Pre-invoiced revenue	10.453	6.020	10.453	6.020
	Prepayments and accrued income	7.519	7.905	7.519	7.905
	Total current liabilities	238.213	252.123	228.181	240.113
	Total liabilities	744.745	827.716	734.713	815.706
	Total liabilities	1.403.150	1.482.501	1.395.762	1.469.815
23	Pledges				
24	Leasing and rental commitments				

Equity Statement

DKK 1,000	Share capital	Reserve for hedging transactions	Reserve for net revaluation of investments	Reserve for development costs	Proposed dividend	Retained earnings	Total equity
Royal Arctic Group							
Equity, 1 January 2024	120.000	11.982	1.554	0	0	498.843	632.379
Profit/loss for the year			235		0	6.859	7.094
Adjustment of derivative instruments, net		(1.394)					(1.394)
Equity, 31 December 2024	120.000	10.588	1.789	0	0	505.702	638.079
Equity, 1 January 2023							
Equity, 1 January 2023	120.000	0	1.323	0	0	516.301	637.624
Profit/loss for the year			231			3.142	3.373
Adjustment of derivative instruments, net		(8.618)					(8.618)
Transfer of adjustments from previous years		20.600				(20.600)	0
Equity, 31 December 2023	120.000	11.982	1.554	0	0	498.843	632.379
Royal Arctic Line A/S							
Equity, 1 January 2024	120.000	11.982	23.833	78	0	476.486	632.379
Profit/loss for the year			(9.739)	279	0	16.554	7.094
Adjustment of derivative instruments, net		(1.394)					(1.394)
Equity, 31 December 2024	120.000	10.588	14.094	357	0	493.040	638.079
Equity, 1 January 2023							
Equity, 1 January 2023	120.000	0	22.740	476	0	494.408	637.624
Profit/loss for the year			1.093	(398)		2.678	3.373
Adjustment of derivative instruments, net		(8.618)					(8.618)
Transfer of adjustments from previous years		20.600				(20.600)	0
Equity, 31 December 2023	120.000	11.982	23.833	78	0	476.486	632.379

Cash Flow Statement

DKK 1,000		Royal Arctic Group		Royal Arctic Line A/S	
		2024	2023	2024	2023
Cash flow from operating activities					
	Operating profit	25.244	24.290	38.774	25.345
	Adjustment of costs of leasing assets	(7.811)	(7.656)	(7.811)	(7.656)
	Amortisation, depreciation and impairment losses	103.834	105.629	98.127	102.911
	Gain/loss on sale of fixed assets	(7.065)	(24.499)	(7.065)	(24.499)
19	Change in working capital	(6.779)	(10.352)	(4.768)	(11.931)
Cash flow from primary operating activities		107.423	87.412	117.257	84.170
Cash flow from investing activities					
	Net interest payments	(14.965)	(14.810)	(15.201)	(15.286)
9	Tax paid	(170)	(1.665)	67	(66)
Cash flow from operating activities		92.288	70.937	102.123	68.818
Cash flow from investing activities					
11,12,20	Investments	(56.410)	(69.556)	(44.714)	(65.426)
	Sale of fixed assets	9.491	63.623	9.491	64.581
	Acquisition and sale of financial fixed assets	3	4	3	4
Cash flow from investing activities		(46.916)	(5.929)	(35.220)	(841)
Cash flow from financing activities					
21	Loans raised for the year	0	2.813	0	2.813
22	Instalments for the year	(66.021)	(66.941)	(66.021)	(66.941)
10	Dividend paid	0	0	0	0
Cash flow from financing activities		(66.021)	(64.128)	(66.021)	(64.128)
Changes in cash and cash equivalents		(20.649)	880	882	3.849
Cash and cash equivalents at the start of the year		148.475	147.595	116.071	112.222
Cash and cash equivalents at year-end		127.826	148.475	116.953	116.071
Distributed as follows:					
Cash and cash equivalents		127.826	148.475	116.953	116.071
Total		127.826	148.475	116.953	116.071

Notes

DKK 1,000		Royal Arctic Group		Royal Arctic Line A/S	
		2024	2023	2024	2023
1	Net revenue				
	The company's income is derived mainly from transport services between Greenland, Iceland and Denmark, between towns in Greenland, transport to and from port, and from stevedoring services and other related services. Revenue is divided into income from concession sea transport and other, non-concession income.				
	Net revenue includes income from coastal ferry services	46.367	52.566		
	Net revenue can be specified as follows:				
	Concession cargo income	1.013.333	932.988	1.005.005	924.784
	Non-concession income	215.930	257.107	180.492	214.249
	Total net revenue	1.229.263	1.190.095	1.185.497	1.139.033
2	Other operating income				
	Other operating income includes the Government of Greenland's payment for the service agreement concluded with Royal Arctic Line as port authority. In addition, rental income from staff housing, salary reimbursements and gains on sale of fixed assets are included. Hiring-out personnel to Arctic Umiaq Line is included in the parent company.				
3	Cargo-related expenditure				
	This relates to costs directly incurred in order to generate income, and primarily concern costs for transport to and from ports.				
4	Other external expenditure				
	Ships	345.313	335.614	329.587	318.086
	Terminals	104.508	105.891	104.502	105.806
	Container operations	63.765	60.120	63.765	60.120
	Sales and administration	61.494	57.429	58.871	55.166
	Total other external expenditure	575.080	559.054	556.725	539.178
5	Staff costs				
	Staff costs can be specified as follows:				
	Wages and salaries	326.205	329.746	321.060	326.571
	Pension contributions	44.595	32.444	44.200	32.271
	Social costs	5.733	5.848	5.718	5.832
	Other staff costs	3.741	3.878	3.511	3.688
	Total staff costs	380.274	371.916	374.489	368.362

DKK 1,000	Royal Arctic Group		Royal Arctic Line A/S	
	2024	2023	2024	2023
Executive Board				
Remuneration	8.250	14.133	8.250	14.133
Bonus	1.342	1.973	1.342	1.973
Board of Directors	1.536	1.509	1.536	1.509
Total remuneration	11.128	17.615	11.128	17.615

	Remuneration 2024	Bonus 2024	Total
Niels Clemensen	3.499	412	3.911
Aviåja Lyberth Lennert	1.514	186	1.700
Jørgen Aqe Møller	1.519	285	1.804
Anders Bay Larsen (5 months)	567	135	702
Bebiane Boye Hansen (5 months)	577	177	754
Ivalu Kleist (3 months)	574	147	721
	8.250	1.342	9.592

The Executive Board consists of three members after the Board of Directors decided to reduce the number of Executive Board members as at 1 June 2024. In 2024, company cars were at the disposal of the current Executive Board. Two members of the Executive Board reside in their own homes, and one member uses staff accommodation. The Executive Board has 12 months' notice of termination from the company. The notice required from the members of the Executive Board is six months.

Average number of full-time employees	735	742	730	738
Number of employees at year-end	736	713	732	708

Of whom, at the end of the year, Royal Arctic Line A/S had the following employees who were loaned out to Arctic Umiaq Line A/S

	42	42
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DKK 1,000	Royal Arctic Group		Royal Arctic Line A/S	
	2024	2023	2024	2023
6 Amortisation, depreciation and impairment losses on tangible and intangible fixed assets				
Ships	72.915	74.306	67.946	71.588
Buildings	6.296	6.301	6.296	6.301
Transport equipment, harbour boats, machinery, and fixtures and fittings	20.675	21.646	20.675	21.646
Software	3.948	3.376	3.210	3.376
Total amortisation, depreciation and impairment losses	103.834	105.629	98.127	102.911
7 Financial income				
Unrealised currency exchange rate gains concerning long-term liabilities	372	410	372	410
Interest income, banks	15.708	14.299	15.676	14.133
Other financial income	1.268	2.337	1.261	1.993
Total financial income	17.348	17.046	17.309	16.536
8 Other financial expenditure				
Unrealised currency exchange rate losses concerning long-term liabilities	1.524	1.654	1.524	1.654
Interest expenses, banks	27.620	27.841	27.620	27.841
Other financial expenditure	7.631	7.915	7.570	7.881
Other financial expenditure from Group companies	0	0	258	0
Total financial expenditure	36.775	37.410	36.972	37.376
In addition, financing costs for ship newbuildings are recognised in the balance sheet	18.686	20.729	18.686	20.729
9 Tax on profit for the financial year				
Tax on profit for the financial year consists of:				
Current tax, Greenland	0	42	0	0
Deferred tax, Greenland	977	(1.232)	(2.343)	(1.572)
Adjustment regarding previous years, Greenland	65	406	65	406
Group companies				
Current tax, Greenland	0	0	0	0
Tax on profit for the financial year	1.042	(784)	(2.278)	(1.166)
Income tax	(170)	(1.665)	67	(66)
Total tax paid	(170)	(1.665)	67	(66)

DKK 1,000

Royal Arctic Group

Royal Arctic Line A/S

2024

2023

2024

2023

The provision for deferred tax is primarily due to accelerated depreciation for tax purposes and is composed as follows:

Provisions at beginning of year	21.224	22.865	20.548	21.849
Adjustment regarding previous years	(8)	437	(8)	437
Adjustment regarding equity	(465)	(2.873)	(465)	(2.873)
Change during the year	(977)	795	2.343	1.135
Provisions at year-end	19.774	21.224	22.418	20.548

Deferred tax is based on the following items:

Intangible fixed assets	1.639	1.809	1.051	1.809
Property, plant and equipment	26.789	21.952	28.128	21.276
Financial fixed assets	3.527	5.962	3.527	5.962
Current assets	(488)	2.363	(488)	2.363
Long-term liabilities	(6.480)	(7.889)	(6.480)	(7.889)
Current liabilities	(3.182)	(2.677)	(3.182)	(2.677)
Deficit carried forward to subsequent income years	(1.893)	0	0	0
Other	(138)	(296)	(138)	(296)
Total	19.774	21.224	22.418	20.548

10 Proposed distribution of profit

Proposed dividend for the financial year		0	0
Transferred to reserve for net revaluation of investments		(9.739)	1.093
Reserve for development costs		279	(398)
Carried forward to next year		16.554	2.678
Total		7.094	3.373

11 Intangible fixed assets

DKK 1,000	Group				Parent company			
	Intangible fixed assets				Intangible fixed assets			
	Software	Emission allowances	Development projects	Total	Software	Emission allowances	Development projects	Total
Cost price								
Cost price at beginning of year	55.325	0	1.687	57.012	55.325	0	106	55.431
Additions during the year	1.511	9.572	779	11.862	0	9.572	560	10.132
Disposals during the year	(703)	(2.644)	0	(3.347)	(703)	(2.644)	0	(3.347)
Transfers	1.761	0	(1.761)	0	180	0	(180)	0
Cost price at year-end	57.894	6.928	705	65.527	54.802	6.928	486	62.216
Amortisation, depreciation and impairment losses								
Amortisation, depreciation and impairment losses at beginning of year	(48.091)	0	0	(48.091)	(48.091)	0	0	(48.091)
Depreciation for the year	(3.948)	0	0	(3.948)	(3.210)	0	0	(3.210)
Amortisation, depreciation and impairment losses on disposals for the year	703	0	0	703	703	0	0	703
Amortisation, depreciation and impairment losses at year-end	(51.336)	0	0	(51.336)	(50.598)	0	0	(50.598)
Book value at 31 December 2024	6.558	6.928	705	14.191	4.204	6.928	486	11.618
Book value at 31 December 2023	7.234	0	1.687	8.921	7.234	0	106	7.340

12 Property, plant and equipment

	Group					Parent company				
	Property, plant and equipment					Property, plant and equipment				
	Ships	Buildings	Other operating equipment	Assets under construction	Total	Ships	Buildings	Other operating equipment	Assets under construction	Total
Cost price										
Cost price at beginning of year	1.432.462	175.781	380.941	4.832	1.994.016	1.418.062	175.781	380.941	2.838	1.977.622
Additions during the year	9.966	0	349	34.233	44.548	0	0	349	34.233	34.582
Disposals during the year	0	(6.504)	(22.731)	0	(29.235)	0	(6.504)	(22.731)	0	(29.235)
Transfers	24.324	3.131	7.016	(34.471)	0	22.330	3.131	7.016	(32.477)	0
Cost price at year-end	1.466.752	172.408	365.575	4.594	2.009.329	1.440.392	172.408	365.575	4.594	1.982.969
Amortisation, depreciation and impairment losses										
Amortisation, depreciation and impairment losses at beginning of year	(444.576)	(124.493)	(253.204)	0	(822.273)	(433.547)	(124.493)	(253.204)	0	(811.244)
Depreciation for the year	(72.915)	(6.296)	(20.675)	0	(99.886)	(67.946)	(6.296)	(20.675)	0	(94.917)
Depreciation reversed from previous years	0	4.354	22.455	0	26.809	0	4.354	22.455	0	26.809
Amortisation, depreciation and impairment losses at year-end	(517.491)	(126.435)	(251.424)	0	(895.350)	(501.493)	(126.435)	(251.424)	0	(879.352)
Book value at 31 December 2024	949.261	45.973	114.151	4.594	1.113.979	938.899	45.973	114.151	4.594	1.103.617
Of which financial leased assets			26.463					26.463		
Book value at 31 December 2023	987.886	51.288	127.737	4.832	1.171.743	984.515	51.288	127.737	2.838	1.166.378
Of which financial leased assets at 31 December 2023			33.708					33.708		

Pledged assets, see Note 23

DKK 1,000		Royal Arctic Group		Royal Arctic Line A/S	
		2024	2023	2024	2023
13	Financial fixed assets				
	Investments in Group companies				
	Cost price				
	Cost price at beginning of year			5.000	5.000
	Additions during the year			0	0
	Disposals during the year			0	0
	Cost price at year-end			5.000	5.000
	Revaluations and impairment losses				
	Revaluations and impairment losses at beginning of year			22.279	21.417
	Disposals during the year			0	1.059
	Share in profit for the year			(9.974)	(197)
	Dividend paid			0	0
	Revaluations and impairment losses at year-end			12.305	22.279
	Book value at year-end			17.305	27.279
				Sharecapital	Share of votes
	Name	Domicile		(1,000)	and ownership
	Arctic Umiaq Line A/S	Nuuk, Greenland		2.000	100 %

DKK 1,000		Royal Arctic Group		Royal Arctic Line A/S	
		2024	2023	2024	2023
Investments in associated companies					
Cost price					
Cost price at beginning of year		3.497	3.497	3.497	3.497
Additions during the year		0	0	0	0
Disposals during the year		0	0	0	0
Cost price at year-end		3.497	3.497	3.497	3.497
Revaluations and impairment losses					
Revaluations and impairment losses at beginning of year		1.554	1.323	1.554	1.323
Share in profit for the year		235	231	235	231
Dividend paid		0	0	0	0
Revaluations and impairment losses at year-end		1.789	1.554	1.789	1.554
Book value at year-end		5.286	5.051	5.286	5.051
Name	Headquarters			Share capital	Share of votes and ownership
Ejendomsselskabet Suliffik A/S	Nuuk, Greenland			11.000	30 %
Securities					
Cost price					
Cost price at beginning of year		1.012	1.016	1.012	1.016
Additions during the year		0	0	0	0
Disposals during the year		(3)	(4)	(3)	(4)
Cost price at year-end		1.009	1.012	1.009	1.012
Book value at year-end		1.009	1.012	1.009	1.012
Total financial fixed assets		6.295	6.063	23.600	33.342

14 Other receivables

Financial instruments are included in Other receivables. One currency swap was entered into to hedge a EUR-denominated loan (with a principal of EUR 24 million) against DKK, and two interest-rate swaps were made to fix the interest rate on two DKK-denominated loans (with a principal of DKK 258 million). The market value of the hedging instruments at 31 December was DKK 13.2 million and they were entered into with Jyske Bank, with expiry in 2032 and 2035, respectively. The total market value is continuously adjusted to reflect the impact of the company's own credit rating on the market value.

No adjustment has been made in the current financial year, as the market value is positive in the company's favour and the counterparty risk for Jyske Bank is assessed to be at an acceptable low level.

One forward foreign exchange transaction has been entered into with the purpose of hedging the USD exchange rate. At 31 December, the market value was DKK 1 million.

DKK 1,000	Royal Arctic Group		Royal Arctic Line A/S	
	2024	2023	2024	2023
15 Prepayments and accrued income				
Prepayments comprise prepaid costs related to rent, insurance premiums, IT licences, subscriptions and interest				
16 Share capital				
The share capital is not divided into share classes.				
The share capital consists of one share of DKK 80 million and one share of DKK 40 million.				
The share capital has not changed in the last five years.				
17 Long-term liabilities				
Non-current liabilities are payable as follows:				
Current portion of collateral debt in ships	65.542	65.503	65.542	65.503
Current portion of leasing debt	5.572	5.657	5.572	5.657
Total current portion	71.114	71.160	71.114	71.160
Total non-current portion	506.532	575.593	506.532	575.593
Total book value	577.646	646.753	577.646	646.753
Payable after more than five years (amortised cost price)				
Mortgage debt in ships	211.816	368.271	211.816	368.271
Leasing debt	1.308	4.155	1.308	4.155
Mortgage debt	567	567	567	567
Total amortised cost	213.691	372.993	213.691	372.993
18 Other payables				
Payables relating to wages and rent	68.632	77.026	64.299	68.461
Payable costs	24.259	29.867	20.678	27.869
Total other payables	92.891	106.893	84.977	96.330

DKK 1,000		Royal Arctic Group		Royal Arctic Line A/S	
		2024	2023	2024	2023
19	Change in working capital				
	Increase/decrease in receivables	(1.441)	35.222	(981)	39.607
	Increase/decrease in operating stocks	7.291	368	7.101	373
	Increase/decrease in warranty commitments	(630)	(573)	(630)	(573)
	Increase/decrease in trade payables	(3.671)	(7.922)	(4.580)	(10.806)
	Value adjustments relating to financial instruments	(1.859)	(11.490)	(1.859)	(11.490)
	Increase/decrease in other payables, etc.	(6.469)	(25.957)	(3.819)	(29.042)
	Total change in working capital	(6.779)	(10.352)	(4.768)	(11.931)
20	Investments				
	Investments in intangible assets	11.862	1.931	10.132	350
	Investments in ships	9.966	1.514	0	0
	Investments in other fixed assets	349	(958)	349	0
	Change in assets under construction	34.233	67.069	34.233	65.076
	Total investments	56.410	69.556	44.714	65.426
21	Loans raised during the year				
	Loans raised, leasing	0	2.813	0	2.813
	Total borrowing for the year	0	2.813	0	2.813
22	Instalments for the year				
	Instalments for the year, collateral debt in ships	65.533	65.478	65.533	65.478
	Instalments for the year, leasing	488	1.463	488	1.463
	Total instalments for the year	66.021	66.941	66.021	66.941

DKK 1,000	Royal Arctic Group		Royal Arctic Line A/S	
	2024	2023	2024	2023
23 Charged assets and collateral				
Nominal value, collateral debt in ships:	1.311.569	1.311.788	1.311.569	1.311.788
Carrying amount, collateral debt in ships:	903.782	965.584	903.782	965.584
Mortgage debt is secured by properties as collateral				
Nominal value of the mortgages:	50.567	50.567	50.567	50.567
Carrying amount of the mortgaged properties:	13.646	15.131	13.646	15.131
24 Leasing, rental and contingent liabilities				
In addition to liabilities recognised in the balance sheet, the company has the following significant liabilities:				
Rental of containers expiring in 2027 and a total payment of USD 9.11 million, equivalent to TDKK 63,799: of which USD 3.76 million, equivalent to TDKK 26,336, falls due in 2025.				
	63.799	50.762	63.799	50.762
Rental of containers expiring in 2033: of which TDKK 217 falls due in 2025.				
	2.507	2.663	2.507	2.663
Obligations under rental agreements until expiry in 2025:				
	10.039	9.656	10.039	9.656
Obligations under rental agreements until expiry in 2026:				
	1.526	1.538	1.526	1.538
Obligations under rental agreements until expiry in 2027:				
	1.297		1.297	
In addition, a lease agreement concluded with Sikuki concerning the container terminal in Nuuk runs until 31 December 2042. The annual rent amounts to DKK 47.67 million for 2024, with an agreed increase of 2 % per year. In the event of termination of the concession, it may be agreed to terminate the contract with 12 months' notice.				
Rental of cranes from Sikuki with expiry in 2029 and a total payment of DKK 23.24 million: of which TDKK 5,165 falls due in 2025.				
	23.244	28.409	23.244	28.409
Other leasing obligations: of which EUR 2.36 million falls due in 2025, equivalent to TDKK 30.36.				
	66.796	71.124	66.796	71.124

DKK 1,000	Royal Arctic Group		Royal Arctic Line A/S	
	2024	2023	2024	2023
25 Fees to auditors appointed by the Annual General Meeting				
Fees to the auditors appointed at the AGM are recognised in the annual report as follows:				
Grønlands Revision A/S				
Statutory audit	439	399	359	330
Additional declarations	28	54	28	54
Tax consultancy services	42	15	42	7
Other services	169	178	95	173
Total	678	646	524	564
PricewaterhouseCoopers				
Statutory audit	980	770	980	770
Tax consultancy services	6	100	6	100
Other services	255	595	255	595
Total	1.241	1.465	1.241	1.465
Total	1.919	2.111	1.765	2.029

26 Related parties

Related parties are members of the company's Board of Directors and Executive Board, the company's sole shareholder, the Government of Greenland, and the Group's affiliated company Arctic Umiaq Line A/S, as well as the associated company Suliffik A/S.

Significant transactions with the company's owner, the Government of Greenland, are based on the concession agreement between the company and the Government of Greenland, which has granted Royal Arctic Line A/S an exclusive concession for all sea transport of freight to and from Greenland and between the towns and settlements of Greenland.

This exclusive concession carries a series of obligations regarding the frequency, capacity and security of supply for all towns on the West Coast and the East Coast.

Royal Arctic line A/S performs the following services under an agreement with the Government of Greenland:

- Operation of the Government of Greenland's port facilities, serving in the function of the local port authority (service agreement fee of TDKK 3,250)
- Cargo transport for Qaanaaq (service agreement fee of TDKK 895)
- Cargo service to settlements in Greenland (service agreement fee of TDKK 58,650)
- Cargo transport for agriculture (service agreement fee of TDKK 1,200)

Transactions carried out with the Executive Board and the Board of Directors consist of remuneration, cf. Note 5.

No other significant transactions have taken place besides intra-Group transactions, which are eliminated in the annual financial statements.

All transactions with related parties have been conducted on competitive market terms.

27 Events after the end of the financial year

From the balance sheet date until today, no events have occurred to change the assessment of this annual report.

28 Executive functions

The executive functions of the Board of Directors and the Executive Board:

Páviáraq Heilmann

Executive Director of Ejendomsselskabet Organisationernes Hus P/S
Member of the Board of Qeqertat A/S
Chairman of the Board of Grønlands Ski Forbund

Inooraq Brandt

CEO of Ramboll Grønland A/S
Vice Chairman of Elite Sport Greenland
Member of the Board of CSR Greenland
Owner of Little Man Burning

Flemming Drechsel

Director of Illugiaq ApS
Owner of Aarluk Rådgivning
Chairman of the Board of Kalaallit Forsikring Agentur A/S

Minannguaq Zeeb

Manager of the MTO (Meeqqat toqqissillutik ornittagaat) project

Jóhanna á Bergi

CEO Atlantic Airways
Chairman of the European Regions Airline Association
Board member of House of Industry, Faroe Islands
Board member of Visit Faroe Islands
Board member of Føroyagrunnurin

Barbara Agersnap

CEO and Branch Manager of Copenhagen Malmö Port
Board Member of Det Østasiatiske Kompagnis Almennyttige Fond
Board Member of Danske Havne
Board Member of Sveriges Hamnar

Niels Clemensen

Chair of the Board of Arctic Umiaq Line A/S

Aviája Lyberth Lennert

Owner of Active ApS
Owner, Director and Chairman of the Board of Q-Planning ApS
Co-owner and Board Member of Ihedge A/S
Board Member of Illuut A/S
Board Member of Siu Tsiu

Jørgen Aqe Møller

Ejer af Active ApS
Ejer, direktør og bestyrelsesformand i Q-Planning ApS
Medejer og bestyrelsesmedlem i Ihedge A/S
Bestyrelsesmedlem i Illuut A/S
Bestyrelsesmedlem i Siu Tsiu

Basis of Accounting

Basis of accounting

The Annual Report of Royal Arctic Line A/S is presented in accordance with the Danish Financial Statements Act in force in Greenland for reporting class D enterprises.

The accounting practices used are unchanged in relation to last year. Unless otherwise stated, the figures in the annual report are expressed in DKK 1,000.

In the income statement, accounting figures for previous years have been adjusted to ensure comparability.

Reclassification has been made between staff costs and other external costs. The amount is DKK 16.9 million for the Group and DKK 16.8 million for the parent company. The adjustment has no effect on the income statement, balance sheet total and equity.

Recognition and measurement

Assets are included in the balance sheet when it is probable that future economic benefits will flow to the Group, and the value of the asset can be measured reliably. Liabilities are recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a prior event and it is probable that future economic benefits will flow out of the Group and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

In the case of recognition and measurement, anticipated risks and losses that arise prior to the annual report are taken into consideration, and which confirm or contest matters that existed at the balance sheet date.

Income is recognised in the income statement when earned, whereas expenses are recognised by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recognised in the income statement as financial income or financial expenses.

Consolidated financial statements

The consolidated financial statements include Royal Arctic Line A/S (the parent company) and Group companies with ongoing commercial activities that are controlled by the parent company, see the Group overview on page 23. Control is achieved by the Parent Company holding, directly or indirectly, more than 50 % of the voting rights.

Companies in which the Group directly or indirectly holds between 20 % and 50 % of the voting rights and exercises significant, but not controlling, influence are regarded as associated companies.

Consolidation principles

The consolidated financial statements are prepared on the basis of the financial statements of Royal Arctic Line A/S and its Group companies.

The consolidated financial statements are prepared by combining uniform financial statement items. On consolidation, intra-Group income and expenses, intra-Group accounts and dividends, profits and losses on transactions between the consolidated enterprises as well as unrealised intra-Group profits are eliminated. The financial statements used for consolidation have been prepared in accordance with the Group's accounting practices.

The Group companies' financial statement items are recognised in full in the consolidated financial statements.

Investments in Group companies are offset at the proportionate share of such Group companies' net assets at the acquisition date, with net assets having been calculated at fair value.

Profit or loss from divestment of investmentse

Profit or loss from divestment or winding-up of Group companies is calculated as the difference between the selling price or the settlement price and the carrying amount of the net assets on the date of divestment or winding-up, including unamortised goodwill and estimated divestment or winding-up expenses.

Profit and loss are recognised in the income statement under other operating income and other operating costs, respectively.

Translation of foreign currency

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date or the rate at which the amounts have been hedged. Exchange rate differences that arise between the rate at the transaction date and the rate in effect at the payment date or the rate at the balance sheet date are recognised in the income statement as financial items. Fixed assets acquired with foreign currencies are translated using historical rates.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at their initial cost and are subsequently valued at their fair market value. Positive fair values of derivative financial instruments are categorised as "Other receivables," while negative fair values are classified as "Other payables".

Changes in the fair value of derivative financial instruments are recognised in the income statement, except when the derivative financial instrument is classified as and meets the criteria for hedge accounting, as outlined below.

Hedge accounting

Changes in the fair value of financial instruments classified as and which meet the criteria for fair value hedging of a recognised asset or liability are recognised in the income statement together with the changes in the fair value of the hedged asset or liability attributable to the risk that is hedged.

Changes in the fair value of financial instruments classified as and which fulfil the conditions for hedging of expected future transactions are recognised in equity under the hedge accounting reserve for the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction generates an asset or a liability, the deferred amount under equity is transferred from equity and recognised in the cost of the respective asset or liability.



If the hedged transaction leads to an income or expense, the deferred amount under equity is transferred from equity to the income statement for the period for which the hedged

transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Income statement

Net revenue

Basic freight income is recognised, provided that its expected arrival at the destination port (ETA) is no later than by the end of the financial year. Other income includes services invoiced during the year. Expenses are recognised in the income statement in the period in which they are incurred. The bunker adjustment factor/currency adjustment factor is recognised as the portion that is attributable to the period.

In the case of ships that are part of vessel sharing, each shipping company defrays the costs of its own ships, and there is no revenue or profit sharing between the shipping companies.

Discounts on concession goods are included in revenue. No adjustments have been made to the financial figures for previous years. The effect on revenue and freight-related costs, respectively, for 2023 amounts to DKK 2.3 million.

Other operating income

Other operating income comprises items of a secondary nature in relation to the companies' main activity, including gains and losses on the sale of intangible assets and property, plant, and equipment.

Costs

Freight-related costs are recognised as expensed at the time of recognition of freight income.

Freight-related

This item consists primarily of costs related to handling freight in own and foreign ports, as well as derived costs associated with the delivery of time charters and trawler services.

Ships

The item consists primarily of the costs of the ships' fuel consumption and the costs of maintenance of the ships.

Terminals

The item consists mainly of property costs and costs for the operation of the terminals.

Container operations

The item consists primarily of container rent and the maintenance and insurance of containers and purchase of pallets.

Sales and administration

This item consists of sales, marketing and administrative costs. The item also includes costs for IT operations and the purchase of consulting services, as well as write-downs of receivables recognised under current assets.

Staff

Staff costs include salaries and wages as well as social security contributions, pension contributions and other staff related costs for the company's employees.

Income from investments in Group companies and associated companies

The proportionate share of the individual Group companies' profits or losses after tax after elimination of unrealised intra-Group profits and losses and plus or minus amortisation of positive, or negative, goodwill on consolidation is recognised in the Parent Company's income statement. The proportionate share of associated companies' profit or loss after tax is recognised in the consolidated income statement.

Financial items

Financial items comprise interest income and expenses, realised and unrealised capital gains and losses on securities, liabilities and transactions in foreign currencies, as well as mortgage amortisation premiums relating to collateral debt and mortgage debt. Financial items subject to a period of payment other than the financial year are accrued accordingly.

Tax

Tax for the year comprising current tax and changes in deferred tax is recognised in the income statement together with any adjustments concerning previous years.

Current tax liabilities are recognised in the balance sheet stated as tax calculated on the taxable income for the year. Changes in deferred tax resulting from changed tax rates are recognised in the income statement. The tax effect of dividend is recognised as a transaction with the owner directly via equity. The rate of taxation is 25 %.

Balance sheet

Intangible fixed assets

Intangible assets comprise completed and acquired intellectual property rights in the form of software rights, etc., emission allowances and ongoing software development projects.

Development projects relating to systems, process, etc. that are clearly defined and recognisable, where the technical degree of utilisation, adequacy of resources and future financial benefits can be proven and where it is the intention to complete the project and utilise the intangible asset, are recognised as intangible assets, which are depreciated over the expected useful life.

The cost of development projects includes costs that are directly attributable to the development projects. Depreciation of the completed development projects starts when the asset is taken into use.

Intangible fixed assets are measured at cost minus depreciation and amortisation. Depreciation is applied on a straight-line basis over 3-5 years.

EU Emissions Trading System (ETS) allowances

On certain routes, the company is subject to the European ETS. The Group owns CO₂ allowances (EUA – EU allowances) for the purpose of settling this emission obligation. The CO₂ allowances are classified as intangible assets and are measured at cost price or a lower recovery value. The CO₂ allowances are not depreciated as they are traded in an active market.

A provision for the emission obligation is recognised. The provision is measured at the accounting value of CO₂ allowances owned for the corresponding emissions and at the price on the balance sheet date for any excess emissions for which no allowances have been purchased.

Property, plant and equipment

Property, plant and equipment is measured at cost minus accumulated amortisation, depreciation and impairment losses.

Cost comprises acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation and, with regard to ships, costs in connection with docking for class survey.

Ship conversion costs are also included in the cost price if this conversion relates to safety, life-extending or revenue-improving measures. Interest on capital that is used during the construction period for prepayments is included in the cost price of the asset in question.

Leasehold improvements are included under buildings.

Depreciation is calculated on the basis of cost price minus expected scrap value at the end of its useful life. Straight-line depreciation is applied, based on the following assessments of the expected useful lives of the assets:

- Ships, 10 - 20 years
- Ships – docking for class survey, 2.5 years
- Buildings, 5 - 30 years
- Transport equipment, harbour boats, machinery and fixtures and fittings, 3 - 10 years

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount, where the recoverable value represents the highest value of the assets' capital value on continued use of the assets, or the fair value of the assets at the balance sheet date.

Gains and losses arising from the disposal of intangible assets and property, plant, and equipment are recognised as the variance between the selling price, minus the costs incurred to sell, and the carrying amount of the asset. Financial leased assets are measured and recognised in accordance with the same principles as property, plant, and equipment.

Investments in Group companies and associated companies

Investments in Group companies and associated companies are recognised and measured according to the equity method. This entails that the capital shares in the balance sheet are measured at the proportionate share of the companies' intrinsic book value plus or minus unamortised positive, or negative Group goodwill on consolidation and plus or minus unrealised intra-Group profits or losses.

Group companies and associated companies with negative intrinsic book value are measured at nil and any receivables from these companies are amortised by the parent company's share of the negative equity value if it is deemed irrecoverable. If the negative intrinsic book value exceeds the amount receivable, the remaining amount is recognised under provisions if the parent company has a legal or actual obligation to cover the liabilities of the company in question.

Net revaluation of investments in Group companies and associated companies is taken to reserve for net revaluation of investments to the extent that the carrying value exceeds the cost.

The purchase method is applied to the acquisition of Group companies. See the aforementioned description under the consolidated financial statements.

Other securities

Securities recognised under fixed asset investments comprise listed bonds and investments measured at fair value (quoted price) at the balance sheet date. Unrealised gains and losses are recognised in the income statement. Securities not traded on an active market are measured at cost or at a lower recoverable amount.

Inventories

Inventories are measured at cost using the FIFO method or net realisable value, whichever is lower.

Receivables

Receivables are measured at amortised cost, usually equivalent to nominal value minus write-down for bad debts.

Prepayments

Prepayments recognised under assets comprise incurred costs relating to subsequent financial years. Prepayments are measured at amortised cost, which usually equals the nominal amount.

Dividend

Dividend is recognised as a liability at the time of adoption at the Annual General Meeting. Any dividend proposed for the financial year is disclosed as a separate item in equity.

Provisions

Deferred tax is recognised and measured in accordance with the balance sheet liability method of all temporary differences between the carrying amount and tax-based value of assets and liabilities. The tax-based value of the assets is calculated on the basis of the planned use of each asset.

Deferred tax is measured based on the tax regulations and tax rates of the relevant countries that will be in effect according to law at the balance sheet date when the deferred tax is expected to translate into current tax.

Deferred tax is calculated at 25 %.

Warranty commitments include commitments under maritime law.

Long-term debt

At the time of borrowing, debt is measured at cost, which is equivalent to the proceeds received less transaction costs. The debt is subsequently measured at amortised cost equalling the capitalised value, applying the effective interest method.

Financial leasing obligations

Leases classified as finance leases, where the Group assumes substantially all the risks and rewards of ownership, are recorded in the balance sheet at the lower of the fair value of the asset and the present value of the lease payments. This present value is determined using the lease's internal rate of return or an approximation thereof as the discount rate. Assets held under finance leases undergo depreciation and amortisation following the same practice as applied to the Group's other fixed assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest portion of the lease payment is expensed as incurred in the income statement.

All other leases are classified as operating leases. Payments under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Other financial liabilities

Other financial liabilities are recognised at amortised cost, which usually equals nominal value.

Prepayments

Prepayments recognised under liabilities comprise income received for recognition in subsequent financial years. Prepayments are measured at amortised cost, which usually equals the nominal amount.

Finally, amounts charged to cover the costs of establishing and operating border inspection posts are included.

Cash Flow Statement

The cash flow statement is prepared using the indirect method and illustrates cash flows from operating, investing and financing activities. Additionally, it discloses the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from the acquisition and divestment of companies are shown separately under cash flows from investing activities. Cash flows from acquired companies are recognised in the cash flow statement from the time of their acquisition, and cash flows concerning divested companies are recognised up to the time of sale.

Cash flows from operating activities are calculated as the operating profit or loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities consist of payments in connection with acquisition and divestment of companies and activities as well as acquisition and sale of intangible assets, fixed assets and financial fixed assets.

Cash flows from financing activities comprise changes in the amount or composition of the Group's share capital and related costs, as well as the raising of loans, repayment of interest-bearing debt and payment of dividends.

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

