Annual Report

ROYAL ARCTIC

2025

CVR. NO. 16545538

Content

Company information

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

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
CVR. number	16545538
Registered	Nuuk, Greenland
Share capital	DKK 120 million
Ownership	Wholly owned by the Government of Greenland, Nuuk, Greenland.
Board of Directors	Inooraq Brandt, Chair Jóhanna á Bergi, Vice Chair Barbara Agersnap Flemming Drechsel Minannguaq Hilda Zeeb Tommy Ege Kristensen Eydun Simonsen* Laust Lindskov Vestergaard* Tina Lange Olsen* ** Elected by employees in 2022 for a four-year term*
Management Group	Niels Clemensen, CEO Aviâja Lyberth Lennert, Deputy CEO Jørgen Aqe Møller, CFO
Auditors	Grønlands Revision 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	2025	2024	2023	2022	2021
Net revenue	1.205	1.229	1.190	1.166	1.054
Total revenue	1.243	1.247	1.225	1.181	1.076
Operating profit	35	25	24	(73)	28
Net financials	(20)	(19)	(20)	(23)	(24)
Profit for the year before tax	15	6	4	(96)	4
Profit/loss for the year	11	7	3	(74)	2
Dividend	0	0	0	0	3
Balance sheet					
Balance sheet total	1.347	1.403	1.483	1.590	1.580
Investment in intangible fixed assets and property, plant and equipment	94	56	70	272	433
Net working capital	14	30	44	41	68
Long-term liabilities	438	507	576	641	615
Equity	648	638	632	638	686
Cash flow statement					
Cash flow from operating activities	130	92	71	46	47
Cash flows from investing activities	(88)	(47)	(6)	(68)	(105)
Cash flow from financing activities	(66)	(66)	(64)	(7)	(24)
Changes in cash and cash equivalents	(24)	(21)	1	(29)	(82)
Cash at year-end	104	128	148	148	176
Key ratios *					
Profit margin (%)	2,9 %	2,1 %	2,1 %	(6,3) %	2,7 %
Return on capital (%)	2,6 %	1,8 %	1,7 %	(4,6) %	1,8 %
Return on equity (ROE)	1,7 %	1,1 %	0,5 %	(11,1) %	0,3 %
Solvency ratio (%)	48,1 %	45,5 %	42,5 %	40,1 %	43,4 %
Return on invested capital (ROIC)	3,1 %	2,2 %	2,0 %	(5,7) %	2,2 %
Leverage of operating assets	1,7	1,8	1,9	2,0	1,9
Average number of full-time employees	753	735	742	787	900
Pre-tax profit per employee (DKK 1,000)	20	8	6	(122)	5
Net revenue per employee	1,60	1,67	1,60	1,48	1,17

** Key figures have been prepared in accordance with the definitions below.*

Definitions of key ratios

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

A changing world calls for action

A rapidly changing world makes significant demands for action. The year 2025 has once again made it clear that Royal Arctic Line operates in an environment characterised by significant economic, geopolitical and climate changes. The period has demonstrated that the ability to take action is crucial in order to continue to maintain the economically critical task of ensuring a stable and efficient supply to Greenland.

Cooperation as a strategic strength
Collaboration with external partners has been a key aspect of the company's transformation since 2019 and continues to be one of the most effective tools for facing change.

The partnerships with Eimskip and external terminal operators in several countries have contributed to building up a flexible and robust logistics structure that makes it possible to mitigate fluctuations in demand and handle operational challenges.

The cooperation has been continuously adjusted – this means, among other things, that in 2026, partners at refrigeration and freezing facilities in Denmark will be replaced, in order further to optimise the logistics chain. This approach increases both efficiency and the ability to respond to new demands, changing market conditions and increasing complexity.

Operations adapted to economic activity
The economic slowdown in Greenland in 2025 led to a significant drop in freight volumes. A decline in the concession cargo volumes led to continuous adjustment of the sailing schedule, reductions in fuel consumption, in operational optimisations and in the utilisation of available capacity for commercial activities.

These measures have helped to mitigate the effect of the decline and also improved customer value through reduced bunker adjustment/currency adjustment factors, as well as more efficient operations.

Climate requirements as a driving force for innovation
The EU's implementation of climate taxes and of FuelEU Maritime has imposed significant financial and operational requirements on the company. Rather than simply complying with the regulations, the company has taken a strategic approach to operational optimisation, the phased introduction of biodiesel and the improvement of sailing schedules in order to reduce emissions. In 2025, emissions from ships were reduced by 15 %, through such measures as route optimisations and the use of software solutions to ensure more energy-efficient operation of the ships.

The increasing climate demands affect future investment needs, and close cooperation with authorities and other parties is in place to develop solutions that both ensure supply to Greenland and support common climate ambitions.

Geopolitics and contingency planning as operating conditions
Global uncertainty affects the financing of the company's activities. Changing international relations and security policy conditions require a proactive approach to risk management. Through stronger Enterprise Risk Management and close dialogue with financial institutions and authorities, a solid preparedness has been established that supports both operational reliability and supply capacity in a complex geopolitical environment.

The company also actively contributes to the national emergency response, where capacities are included in the management of crisis situations of social significance, as an ad hoc member of *Grønlands Beredskabsstab* (the Greenland Emergency Coordination Staff).

Future-proofing through new constructions and investments
2025 marked the start of a new investment programme, including analyses of the future fleet and the start of the construction of five new barges. The future feeder ships must be designed for the Arctic's climatic and operational challenges, while also meeting future environmental requirements and capacity needs.

The fleet renewal represents one of the most extensive investments in the company's history and is a direct response to technological, regulatory and climate developments.

Arctic Umiaq Line – turnaround through targeted efforts
Arctic Umiaq Line (AUL) turned a profit of DKK 2 million – a significant improvement from the previous year.

The result reflects a consistent turnaround strategy, adjustment of the sailing schedule and increased passenger activity.

In 2026, significant decisions will have to be made on the future of coastal passenger shipping.

The aim is to ensure a sustainable and long-term basis for AUL's continued role in the infrastructure of Greenland.

New regulatory frameworks are changing the landscape

2025 brought regulatory changes, including new environmental and climate taxes, more stringent governance requirements and a change in European sustainability reporting regulations. In response, the company's structures, policies and risk management have been strengthened, including a matured Enterprise Risk Management framework and improved internal control mechanisms, contributing to a more robust organisational and financial future.

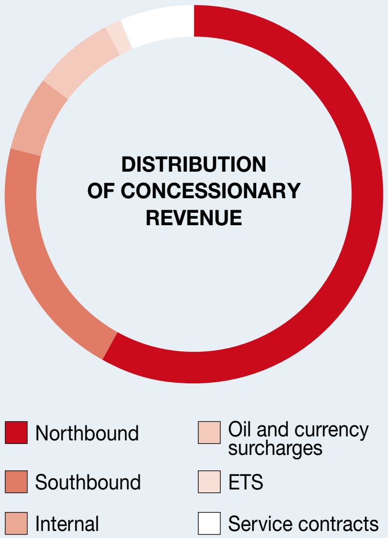
Adjustment through targeted action

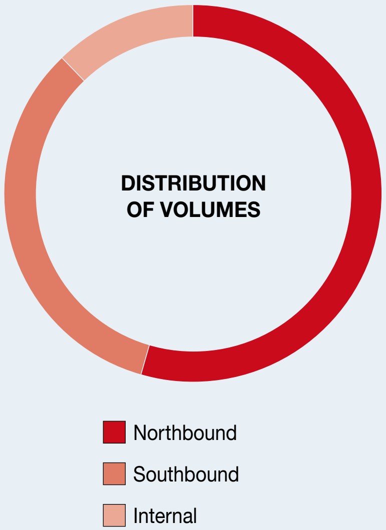
Royal Arctic Line begins 2026 with a clear ambition to strengthen its finances, secure its supply and develop a fleet and operations that are equipped for the demands of the future. The challenges expected to characterise the period require not only strategic plans, but also concrete action, and 2025 has demonstrated the company's ability to translate change into sound and sustainable decisions.

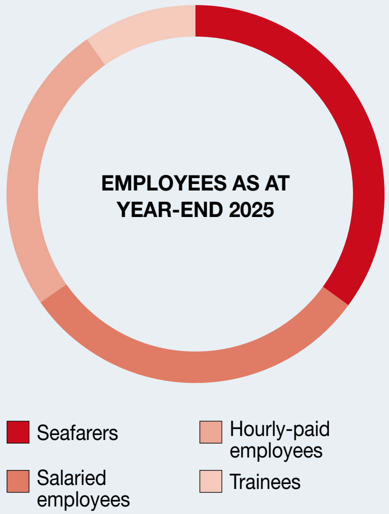
Employees, partners and customers play a key role in this work, and their commitment and trust form the basis for fulfilling this responsibility and function, for the benefit of all of Greenland.

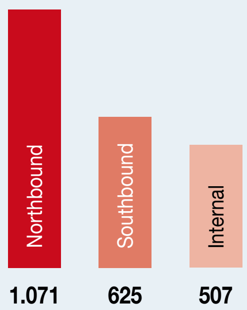
Niels Clemensen, **CEO**
Inooraq Brandt, **Chairman**

Highlights from 2025

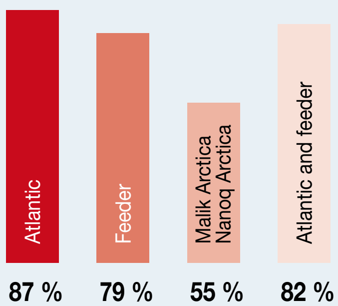








AVG PRICE DKK PER M3



CALLS ON TIME

FINANCE

149 million
EBITDA

508 million
Debt

648 million
Equity

1.347 million
Balance sheet

48 %
Solvency

20 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

753
Employees

71
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

Has
65
ports of call

Port terminals we operate

Cities we visit

Head office

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 wholly-owned subsidiary of Royal Arctic Line A/S.

2025 Highlights

The strategy period, which runs from 2025 to 2030, has a social ambition to work for a strong Greenland with a focus on people and nature. It contains four main strategic themes:

- Customers and business
- Operational excellence
- Corporate culture
- Framework conditions

There is also an investment objective to future-proof the company's fleet so that supplies to the population and businesses throughout Greenland can be maintained.

Customers and business

Customer satisfaction is a key theme in the strategy. With the concession, the company has a monopoly on freight to, from and within Greenland. This creates a special obligation to ensure that customers have a good experience.

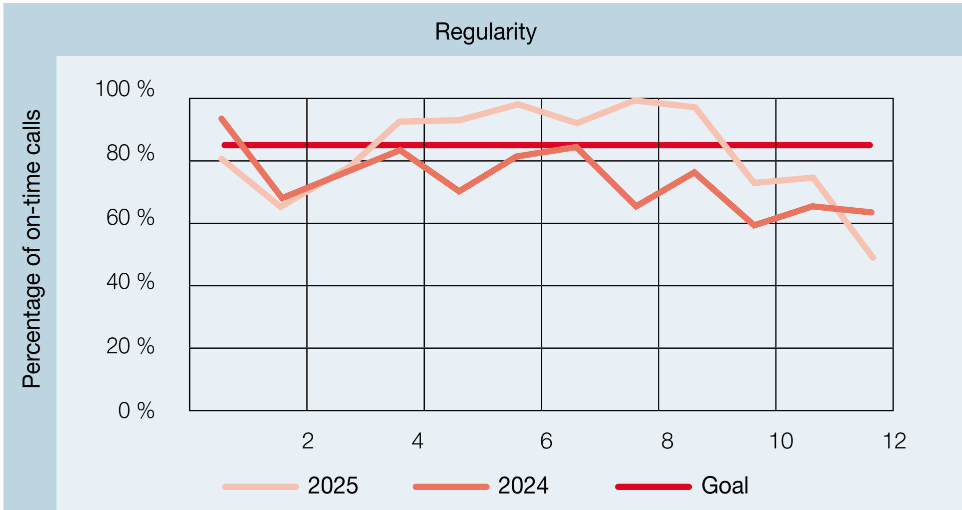
Regularity

Regularity is a factor that is of great importance to both customers and the company's finances. Royal Arctic Line is a liner shipping company with a fixed schedule. This means that both customers and employees plan accordingly. Since deviations from the sailing schedule can have negative consequences, there is sustained focus on complying with the agreed sailing schedule.

Weather and ice conditions are an important element, and ships and operations stay constantly updated on these conditions, and plan accordingly, to minimise the effect on customers. Technical conditions that may also affect arrival times and contribute to delays receive close attention to ensure that schedule reliability is impacted as little as possible.

Timely notification of affected customers takes high priority, so that customers can take mitigating measures in the event of delays.

In 2025, regularity improved and 82 % of ships arrived on time compared to 79 % in 2024[1]. In 2025, the company raised its regularity target from 80 % to 85 %. This ambitious target was not achieved in 2025, but it is positive that an improvement of 3 percentage points was achieved compared to 2024. One contributing reason for not achieving the target was technical challenges on *Dettifoss* and *Siuana Arctica*.



[1] *Regularity is measured as the proportion of arrivals for which customers do not experience delays in the delivery of their cargo compared to the planned schedule.*

New customer-oriented IT platform

In 2025, the implementation of a new IT system for handling goods, sailing plans, containers, etc. commenced. The system is based on a more modern platform that incorporates a greater self-service element. In addition, the platform enables the use of AI (artificial intelligence) agents that can interact and thereby assist customers and help improve the customer experience. The system enables increased use of IT robots, which can automate heavy workflows and free up internal resources for customer-facing tasks.

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 2026.

New website

The company's new website was launched in the autumn. The website has been developed to make the most frequently used pages easily accessible. It is also far more mobile-friendly than the previous version.

The aim of the new website is to put customers at the centre, for example by making it more intuitive and mobile-friendly, and improving technological and security features compared to the previous website.

As the new IT platform is deployed, the website will be expanded with more self-service options.

Operational excellence

Following a period of high investment levels and strong earnings in the fisheries sector, Greenland's economy slowed down in 2025. Economic activity in society is directly reflected in freight volumes.

The slowdown in the economy is the main reason that revenue in 2025 was around DKK 40-50 million below the expected level.

The downturn was clear from the start of the year, and during 2025 a number of measures were therefore taken to limit the effect.

There has been a focus on finding alternative revenue opportunities to utilise the existing capacity, and the sailing schedule has been adapted to reduce fuel consumption. There is also continuous reassessment of the organisation's structure and composition, with special focus on opportunities for optimisation.

The above measures have mitigated, but not eliminated, the overall effect of the slowdown.

Commercial freight

One focus area in 2025 was to utilise the capacity created by the decline in freight volumes. The decline has resulted in increased capacity for goods that do not affect Greenland, i.e. business areas that are not part of the concession. Here, the company operates in a commercial market in competition with other shipping companies.

In 2025, commercial volumes increased by 38 % compared to 2024, thus helping to mitigate the decline in concession-based freight volumes. The increase is the result of targeted efforts over several years and close dialogue with the company's agents, whereby a product is now offered that the market trusts and knows.

Adjusting the sailing plan

At the same time, the company continuously works to optimise its shipping operations, both for economic and environmental reasons. In 2025, the declining freight volumes led to a number of optimisations of the sailing schedule, which could be implemented without inconveniencing customers. The measures reduced the fleet's fuel consumption by 13 % in 2025 compared to 2024. This resulted in a lower bunker adjustment factor/currency adjustment factor, for the benefit of customers, and had a positive effect of DKK 11 million on the profit for the year.

Corporate culture – employees

Conditions at own terminals

Well-functioning terminals are a prerequisite for delivering goods without damage and on time. Good physical conditions contribute to employees becoming more efficient.

During the strategy period, the physical working conditions for employees will be improved. This work started in 2025 and will be intensified during 2026.

Students and training positions

There is a great demand for skilled manpower in Greenland's labour market. Royal Arctic Line therefore has high ambitions in the area of trainees and education.

In 2025, the company had 71 trainees, interns and student assistants. The initiative makes it possible to offer training targeted at the company's needs while actively contributing to solving Greenland's structural problems in the education area.

Framework conditions

Arctic Umiaq Line

In 2025, the subsidiary Arctic Umiaq Line focused on re-establishing sustainable operations. The company achieved a turnaround in 2025, reversing a pre-tax loss of DKK 13 million in 2024 into a pre-tax profit of DKK 2 million in 2025.

This was achieved by optimising operations and adapting the sailing schedule to the needs of local passengers, with a weekly frequency. The initiative has been effective, with an increase in the number of passengers.

In the Finance Act for 2025, *Naalakkersuisut* (the Greenland Government) had allocated DKK 15 million to cover a possible deficit. It will therefore not be necessary to use this appropriation.

Arctic Umiaq Line is dependent on the public subsidies that the company receives through a service contract and the loss guarantee. The new airports – and thus the changed infrastructure – will be completed in 2026 and are expected to affect the traffic pattern. This will have an impact on the company.

The annual public subsidy for Arctic Umiaq Line's passenger services, which will continue in 2026 and 2027, amounts to DKK 7.8 million and DKK 8.8 million, respectively. There is also a loss guarantee for a maximum annual amount of DKK 10 million.

The company assesses that the positive result in 2025 does not change the overall uncertainty about the long-term economic sustainability of passenger operations, but should be deemed to reflect improved operational performance in a challenging market and under given framework conditions.

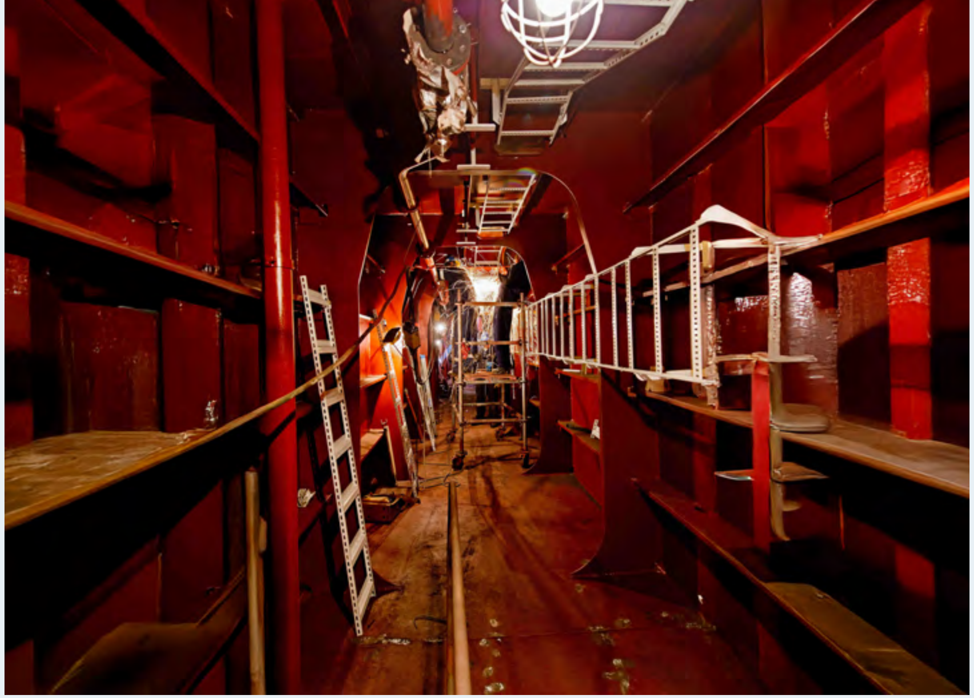
Depreciation on the company'sship *Sarfaq Ittuk* is very limited due to the vessel's advanced age. This has a positive financial impact, and at the current level of the service contract there is no operational basis for investment in a new ship. On the basis of a technical assessment, continued operation of *Sarfaq Ittuk* after 2027 cannot be justified. By no later than the final quarter of 2026, it must be determined whether there is overall political support to enable continued coastal passenger services through investment in a new vessel to replace the *Sarfaq Ittuk*.

Climate and environmental taxes

In 2025, there was increasing focus on environmental and climate considerations within the maritime sector. During the year, new environmental taxes entered into force, while further taxes were discussed and prepared. These taxes have not yet been implemented, but it is assessed that they can affect the future of maritime transport.

In this context, Royal Arctic Line is in ongoing dialogue with the Government of Greenland, the Danish Maritime Authority and other relevant authorities on the design and application of these taxes. The dialogue focuses on ensuring that the regulation supports the overall environmental objectives, while taking account of the company's economically critical supply task in the Arctic.

The company actively contributes professional input and operational experience in order to promote transparency, predictability and balanced regulation that supports both sustainability and operational reliability.



Sustainability and future-proofing

Fleet renewal

During 2025, the construction of the first of five barges began. It is expected to be delivered during 2026. At the same time, the analysis of the upcoming fleet renewals has begun. The analysis includes assessments of future capacity requirements, and environmental and climate taxes. The fleet renewal is expected to amount to around DKK 750 million, and the lifespan of the vessels will be 20-30 years.

Corporate Social Responsibility

The company's sustainability reporting is incorporated in the Group's Annual Report for 2025 and constitutes an integral element of the work with social responsibility. For the company, social responsibility means running a sound business through responsible management, and taking due account of climate and environmental issues, as well as social conditions, including the development and training of our own and the country's workforce. The company strives to ensure that the sustainability measures contribute to solving structural challenges in society, including through targeted efforts in the area of education and within climate and environment. The company reports annually on sustainability initiatives in the Annual Report, and the Board of Directors has approved Royal Arctic Line's Policy for Corporate Social Responsibility.

Reduced environmental and climate impact

The International Maritime Organisation (IMO) has adopted a ban on the use of heavy fuel oil (HFO) in the Arctic. Royal Arctic Line has been granted an exemption until 2029, but for the sake of the local environment has chosen to phase out HFO on its own ships in 2025.

There are also a number of measures to reduce the ships' carbon emissions. During 2025, the Atlantic vessel *Tukuma Arctica* received anti-fouling paint to reduce fuel consumption, and several other vessels had software installed to optimise navigation, reducing both fuel use and carbon emissions Finally, during 2025, the company increased its consumption of biofuels.

The measures affected the direct carbon emissions from the ships, which in 2025 were 15 % below the emissions in 2024.

Participation in emergency preparedness for Greenland

Royal Arctic Line is an ad hoc member of the Greenland Emergency Coordination Staff. In addition to its own emergency preparedness, which is a prerequisite for operating a shipping company and port terminals, the company focuses on risk management, emergency preparedness and crisis management in a broader societal context, as the company's operations are part of Greenland's critical infrastructure.

Parent company, freight performance

Development in freight volumes in 2025

The first half of 2025 was characterised by a significant drop in total freight volumes, which showed a decline of 7 %. However, this was followed by positive performance during the autumn, when volumes began to normalise. The total effect for the full year was a decline of 6 % from the previous year.

The concessioned northbound cargo volumes remained largely unchanged in 2025 compared to 2024. There are certain shifts, however, including that “general cargo” fell by almost 7 tonnes per cubic metre, of which just over 5 tonnes per cubic metre in 2025 is categorised “other cargo".

The development in northbound freight volumes reflects the slowdown in the economy in 2025, but also that construction activity, excluding large-scale projects, appears to be at the same level as in 2024.

Northbound freight volumes

Northbound freight volumes (in cubic metres)	Realised 2024	Realised 2025	Development	Index linking
Ordinary freight	352.479	345.711	- 6.768	98
Car, boat, construction machinery	20.907	21.708	802	104
Hazardous goods	6.320	7.576	1.257	120
Hazardous temperature controlled	117	291	174	248
Flat track goods	10.090	10.075	- 14	100
Oversized goods	6.513	6.360	- 153	98
Tank containers	-	90	90	N/A
Temperature-controlled	121.243	120.189	- 1.054	99
Transport equipment	7.350	7.203	- 147	98
Other	1.926	7.239	5.313	376
Total northbound contracted freight	**526.944**	**526.442**	**- 503**	**100**

Southbound freight volumes

Southbound freight volumes (in cubic metres)	Realised 2024	Realised 2025	Development	Index linking
Ordinary freight	18.355	19.961	1.605	109
Car, boat, construction machinery	4.060	4.402	342	108
Hazardous goods	3.819	3.335	- 483	87
Hazardous temperature controlled	0	1	1	
Flat track goods	448	355	-93	79
Environmental goods	18.000	15.207	- 2.793	84
Oversized goods	623	992	369	159
Tank containers	0	66	66	
Temperature-controlled	280.314	261.128	- 19.186	93
Transport equipment	18.199	17.665	- 534	97
Other	371	700	329	189
Total southbound contracted freight	**344.188**	**323.813**	**- 20.376**	**94**

The licensed southbound freight volumes decreased by 6 % from 2024. Temperature-controlled cargo, which fell by 19 tonnes per cubic metre, accounted for most of the decrease. This is due to a decline in the catches landed in Greenland in 2025.

Internal freight volumes

Internal freight volumes	Realised 2024	Realised 2025	Development	Index linking
Ordinary freight	52.736	38.915	- 13.821	74
Car, boat, construction machinery	17.713	18.799	1.085	106
Hazardous goods	1.570	1.295	- 275	83
Hazardous temperature controlled	0	5	5	
Flat track goods	2.710	2.516	- 194	93
Environmental goods	7.420	9.607	2.186	129
Oversized goods	1.698	1.352	-346	80
Temperature-controlled	46.912	33.552	- 13.360	72
Transport equipment	5.260	7.651	2.391	145
Other	314	24	- 290	8
Total internal	**136.334**	**113.716**	**- 22.618**	**83**

Internal cargo volumes within Greenland decreased in volume terms in 2025 compared with the previous year. The shortfall was 23 tonnes per cubic metre, corresponding to a decrease of 17 %.

The decline is due to general cargo, which fell by 14 tonnes per cubic metre (26 %) from 2024, and a similar decline for temperature-controlled cargo. The decline in temperature-controlled cargo is due to the residual effect following the decommissioning of *Nuuk Imeq*, which resulted in large cargo volumes in the first months of 2024, and also transport of fewer raw materials between production facilities within Greenland, as a result of the declining fisheries.

Project cargo

	Amount			Cubic metres		
	2024	**2025**	**Development**	**2024**	**2025**	**Development**
Northbound	32.234.620	12.215.772	- 62 %	30.822	14.067	- 54 %
Southbound	6.744.288	4.403.983	- 35 %	12.392	6.752	- 46 %
Internal	2.403.496	5.773.022	140 %	3.509	7.199	105 %
Commercial	48.903	0	- 100 %	59	0	- 100 %
Total	**41.431.308**	**22.392.777**	**- 46 %**	**46.782**	**28.018**	**- 40 %**

In 2025, there was an overall decrease by 40 % in project cargo volumes compared to 2024.

This is primarily due to a 54 % decline in northbound project cargo volumes.

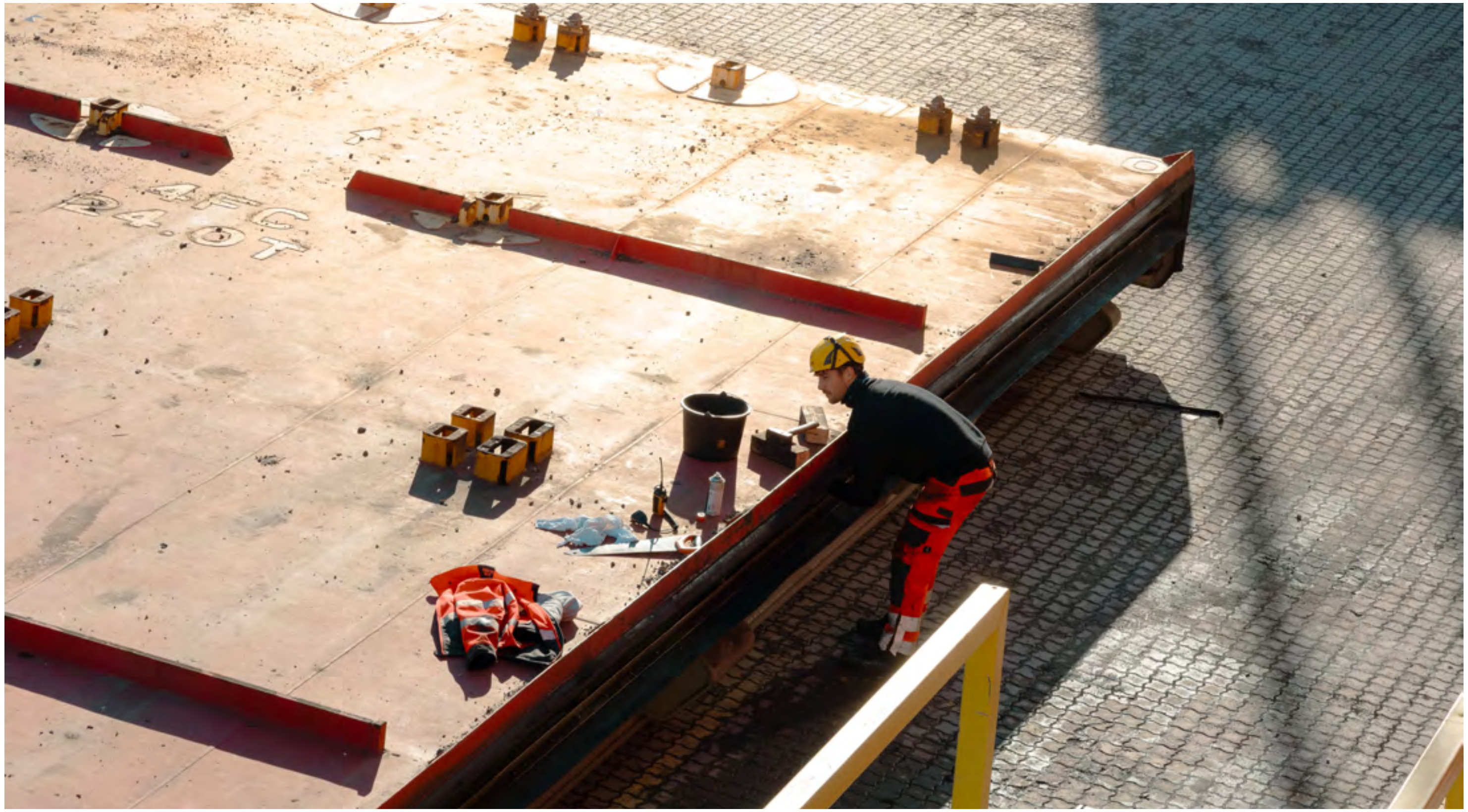
This decline is due to several large-scale projects approaching completion, including the new airports in Nuuk, Ilulissat and Qaqortoq.

In contrast, internal cargo volumes for large-scale projects increased by 105 %. This increase is due to machinery and other equipment from earlier projects being relocated within Greenland, entailing final project activities or sale of equipment to local operators. These are small goods volumes compared to northbound volumes.

Commercial freight

	Amount			Cubic metres		
	2024	2025	Development	2024	2025	Development
Northbound	17.152.336	19.524.007	14 %	78.260	108.717	39 %
Southbound	715.080	741.073	4 %	2.716	2.849	5 %
Total	**17.867.416**	**20.265.080**	**13 %**	**80.975**	**111.566**	**38 %**

Commercial freight shows a significant improvement from 2024, having increased by 38 % in cubic metre terms.



Environmental and climate taxes and regulation

Emissions Trading System

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 quotas (EU allowances) must be purchased as payment for fuel 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.

Like the bunker adjustment factor/currency adjustment factor, the cost of carbon allowances is passed on to customers. This appears as a separate line on the invoices for freight that is affected by the scheme.

By 2026, the programme will be fully implemented and allowances must be purchased for the total emissions, whereas in 2025 only 70 % of the emissions were settled. The estimated costs of ETS are DKK 18 million for 2026, with an estimated ETS rate of EUR 85.

FuelEU

Parallel to this, the FuelEU Maritime Regulation entered into force in 2025. This regulation sets binding requirements to reduce the greenhouse gas intensity of fuels for ships calling at EU ports. The regulation entails a carbon reduction via a complete or gradual transition to more sustainable fuel types. The company meets the requirements through the supply of biodiesel, which reduces greenhouse gas emissions from the ships.

The requirements will become progressively stricter towards 2050, by which time an 80 % reduction must be achieved. This imposes both financial and operational incentives to invest in more sustainable fuels and energy-efficient technologies.

Costs of not reducing emissions

Year	DKK 1,000
2025	1.104
2030	3.930
2035	9.929
2040	21.572
2045	43.448
2050	56.152
Total	**456.080**

If the company fails to reduce its emissions, the accumulated costs will be DKK 456 million by 2050. The annual fee increases as the requirements for the shipping company become stricter.

Additional biodiesel costs to comply with emissions reduction requirements

Yaer	DKK 1,000
2025	299
2030	1.066
2035	2.695
2040	5.855
2045	11.792
2050	15.240
Total	**149.548**

Based on current biodiesel prices, the accumulated additional costs are estimated at DKK 150 million by 2050, as biodiesel is more expensive than the company's current fuel type.

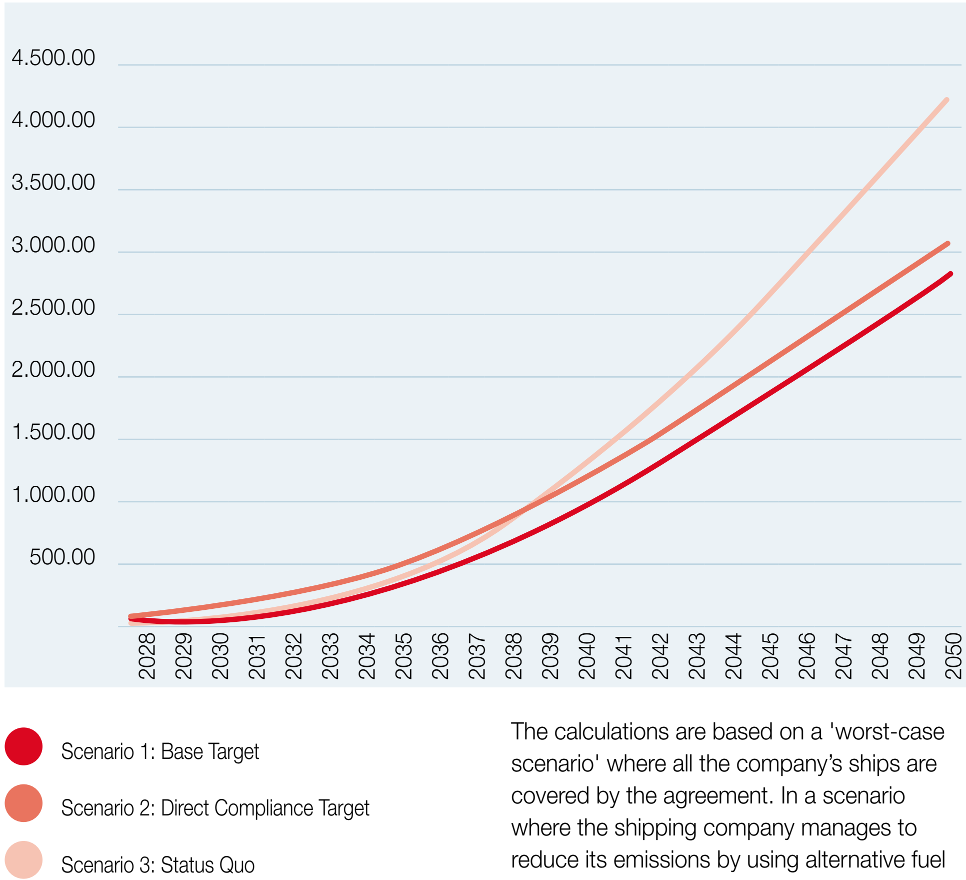
Net-zero framework under the IMO

Globally, negotiations on market-based climate action are still underway, under the International Maritime Organisation (IMO). A proposal for a global tax on maritime greenhouse gas emissions has been discussed, but has not yet been adopted. If implemented, the tax will supplement the existing regional schemes and potentially create more uniform terms of competition across international waters. There is an expectation that FuelEU will be phased out, but this is far from certain.

The shipping company monitors these negotiations closely and incorporates potential cost scenarios into the long-term strategic planning. The company is also working closely with *Naalakkersuisut* to ensure that the taxes support the environmental objectives and also take account of the framework conditions for the performance of an economically-critical supply function in the Arctic.

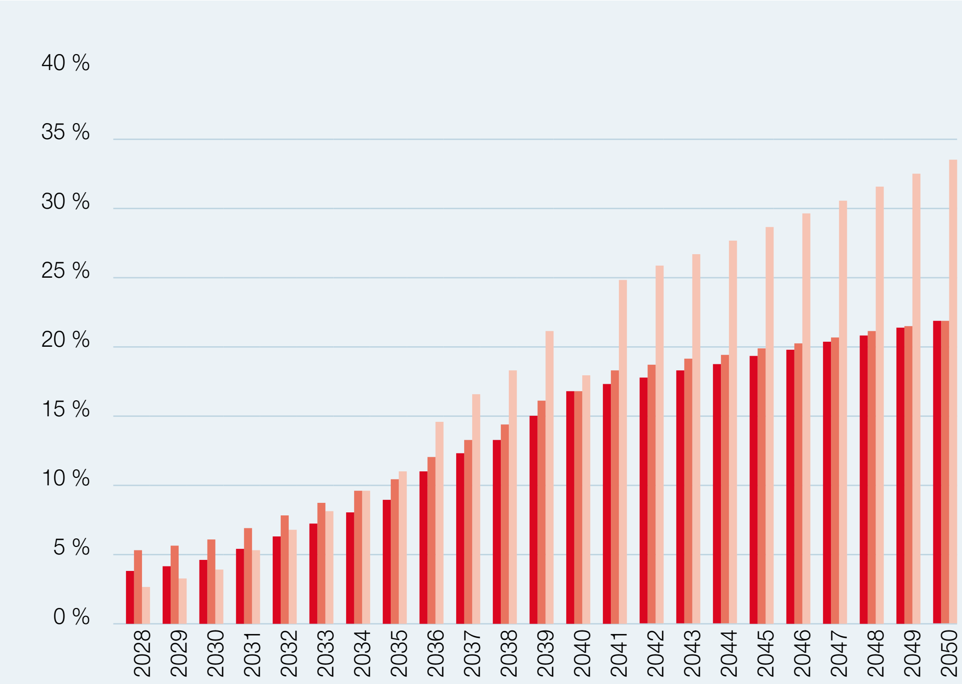
Accumulated costs

DKK 1,000



The calculations are based on a 'worst-case scenario' where all the company's ships are covered by the agreement. In a scenario where the shipping company manages to reduce its emissions by using alternative fuel types, this will cost DKK 2.8 billion up to 2050, with gradually higher annual additional fuel costs and a smaller climate tax. On the other hand, if the shipping company fails to reduce its emissions, higher climate taxes, equivalent to DKK 4.1 billion, will be paid by 2050.

Freight price changes



Scenario 1: Base Target
Scenario 2: Direct Compliance Target
Scenario 3: Status Quo

Total effect of environmental taxes

Greenland is completely dependent on freight being transported by sea and the limited size of the population means that there are currently no plans to establish tankers offering non-fossil fuels.

The company's own calculations show that if the climate tax is added to the IMO company's bunker adjustment factor/currency adjustment factor, there will be additional freight costs of between 24 and 35 % in 2050, depending on whether the company manages to reduce its emissions, cf. the reduction requirements.

Pressure on future-proofing the supply of goods

Increased pressure on savings

In 2023, a rate agreement was entered into between the Government of Greenland and the company. The agreement includes an investment element that aims to build up savings to support future investments in the fleet and thereby ensure a long-term and robust supply to Greenland.

The falling volumes in 2025 had a negative impact on the savings component, while the cost structure is under pressure, including as a result of climate and environmental taxes, which affect both the company and its partner, Eimskip.

Royal Arctic Line has plans to replace two feeder ships by 2030. The feeder ships handle the distribution of goods from Nuuk, which serves as a logistics hub for the other large towns in Greenland. The rising costs of non-compliance with future environmental requirements are a key aspect of the deliberations made when the new ships are ordered.

These matters are part of the company's ongoing work to establish an updated fleet strategy and an associated investment plan.

Finances 2025

Royal Arctic Line's consolidated result for the 2025 financial year is a profit before tax (EBT) of DKK 15 million, corresponding to DKK 11 million after tax. This is an improvement of DKK 9 million before tax compared to the 2024 financial year.

In accordance with the rate increase agreement with the owner from 2023, a profit before tax of DKK 26 million was budgeted for 2025. The profit was intended to ensure savings for the future strategic investments. This means that the profit is lower than planned.

Revenue development

Concession revenue, which covers the transport of goods to, from and within Greenland, increased by DKK 6 million, net of bunker adjustment factor/currency adjustment factor. This is an increase of 0.7 %. If the bunker adjustment factor/currency adjustment factor is included, revenue fell by DKK 12 million. Total concession-based freight volumes decreased by 4 % in 2025 compared to 2024. The increase in the concession-based revenue is due to the rate increase of 5.6 %.

Total northbound volumes fell by 3 %, primarily as a result of a decline in project cargo, while the decline in internal and southbound freight volumes was 16 % and 6 %, respectively. The decline in southbound volumes is due to a decline in fisheries. The rates for northbound freight are higher, so that the change in total revenue is less than the corresponding drop in volumes.

Non-concession-based income decreased by DKK 12 million from the previous year, corresponding to a decrease of 5 %. The decline is due to services that are affected by fisheries activities, such as container and pallet rental and trawler services. In addition, the completion of several large-scale projects in Nuuk, such as the airport, brought a decline by DKK 19 million in freight shipped for large-scale projects, compared to 2024. The parent company's non-concession-based income decreased by a total of DKK 26 million in 2025. The favourable passenger development in the Arctic Umiaq Line subsidiary led to increased ticket revenues of DKK 14 million and has the opposite effect.

For the Group, this means that net revenue DKK 24 million lower than in 2024, ending at DKK 1,205 million in 2025.

Other operating income – excluding an extraordinary agreement of DKK 20 million in connection with the renovation of the port in Maniitsoq – amounts to DKK 18 million in 2025, which is the same level as in 2024. Other operating income covers, among other things, accounting gains on the sale of fixed assets, payments for the port authority role, and various personnel-related income, such as refunds, rents and canteen turnover.

Variable costs, i.e. freight-related costs, fell from DKK 163 million in 2024 to DKK 158 million in 2025. The costs mainly concern costs paid to external business partners related to handling freight outside Greenland. The decline is related the drop in freight volumes.

Cost development

Total external costs amounted to DKK 561 million in 2025. Excluding the costs related to the agreement concerning the renovation of the Port of Maniitsoq of DKK 20 million, this represents a decrease of 6 %, or DKK 34 million, compared to 2024. Most of the decline relates to fuel costs (bunkers), which were DKK 32 million lower in 2025 than in 2024. The cost reduction is a combination of the development in bunker prices and the dollar exchange rate, and a targeted effort to optimise the sailing schedule. The falling bunker costs benefit customers via the bunker adjustment factor/currency adjustment factor, where DKK 21 million less was charged in 2025 than in the previous year.

Staff costs decreased by DKK 6 million, corresponding to 1.6 %. The decline in costs relates to the personnel groups comprising maritime employees and salaried employees.

Income statement

Profit before depreciation and financial expenses (EBITDA) amounted to DKK 149 million in 2025 This is an improvement of DKK 20 million compared to 2024.

Depreciation in 2025 is DKK 11 million higher than in 2024. The increase reflects a higher investment level in 2025 and the fact that at the end of 2024 and during 2025 part of the fleet underwent five-year class inspections.

This results in a profit before financial expenses (EBIT) of DKK 35 million. Financial expenses in 2025 amount to DKK 20 million and are at the same level as in 2024.

In total, this results in a consolidated profit of DKK 15 million before tax (EBT).

The expected profit for the year was DKK 15-25 million before tax (EBT) for the Group. The profit for the year is thus at the lower end of the target range. The management considers the financial result to be satisfactory, as the company has to a great extent mitigated the decline in cargo volumes resulting from general economic conditions through targeted commercial and operational measures.

Balance sheet development

The Group's total assets amount to DKK 1,347 million. This is DKK 56 million lower than in 2024. The decline is due to scheduled depreciation of assets and settlement of debt.

Total interest-bearing debt fell to DKK 508 million at the end of 2025, from DKK 578 million in 2024. The company's debt is being repaid as expected.

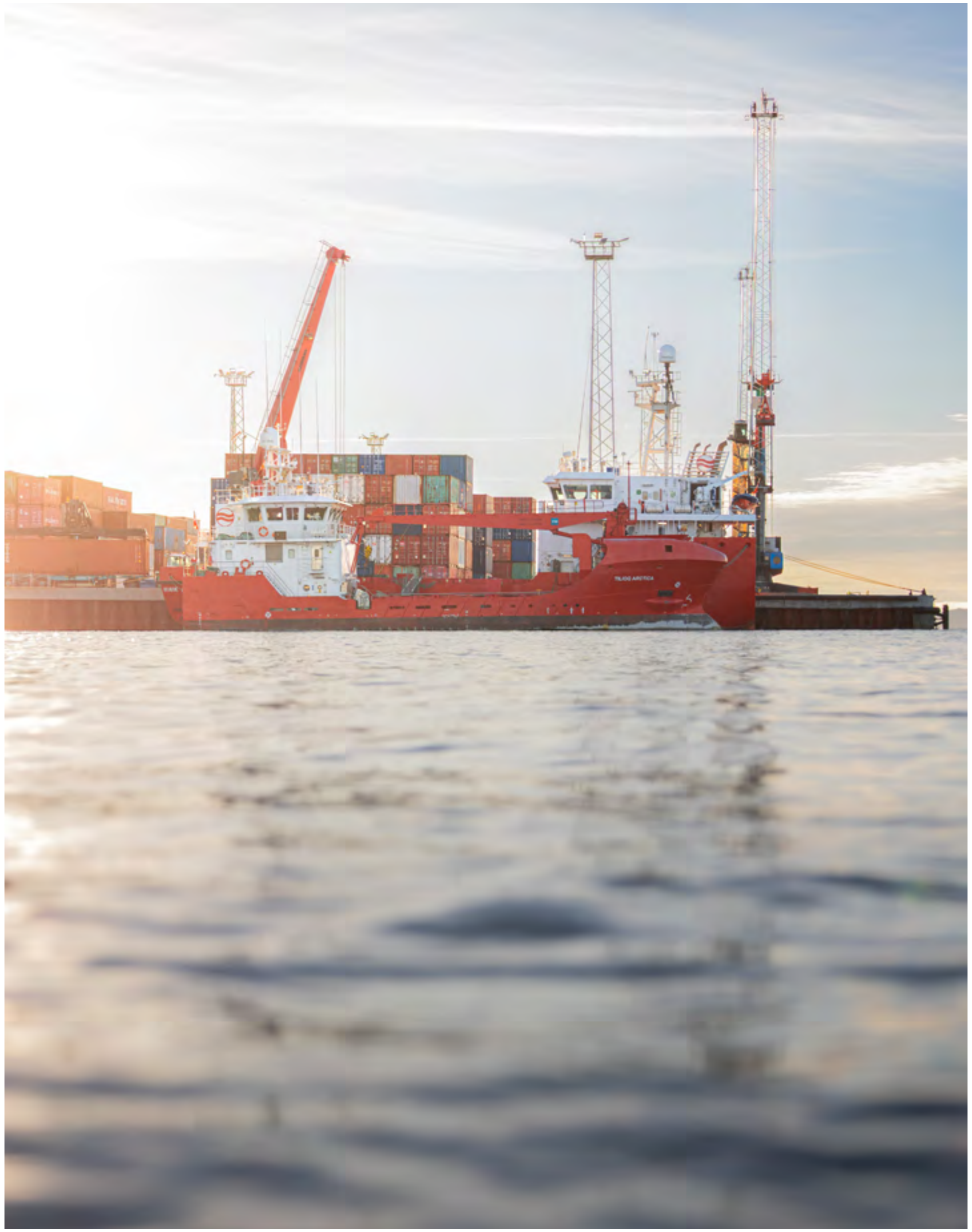
Equity at the end of 2025 was DKK 648 million. This represents an increase of DKK 10 million from the end of 2024. This results in an equity ratio of 48 %.

The equity ratio is thereby developing in line with the company's objective.

Total liquidity at the end of 2025 was DKK 104 million. At the end of 2024, it was DKK 128 million. This is a decrease of DKK 24 million and can be attributed to the fact that the investments initiated in 2025 were started without increased borrowing. In addition, Royal Arctic Line has unused credit facilities of DKK 180 million.

Appropriation of earnings

At the Annual General Meeting on 21 May 2026, the Board of Directors will propose that Royal Arctic Line does not distribute dividends, as the profit for the year is below the planned level required to finance upcoming investments.



Changes in the Board of Directors and Executive Board

In 2025, Paviâraq Heilmann resigned from the company's Board of Directors.

Tommy Ege Kristensen joined the Board of Directors in 2025 as a new member.

Inooraq Brandt was elected as new Chair of the Board in 2025, and Jóhanna á Bergi as Vice Chair of the Board.

The Board of Directors Inooraq Brandt (Chair), Jóhanna á Bergi (Vice Chair), Barbara Agersnap, Minannguaq Hilda Zeeb, Flemming Drechsel and Tommy Ege Kristensen, and the members elected by the employees: Eydun Simonsen, Laust Lindskov Vestergaard and Tina Lange Olsen.

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

The Board's educational background and specialised competences can be found on page 55, 56 og 57.

Events after the end of the financial year

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

Outlook for 2026

The airports in Nuuk, Ilulissat and Qaqortoq will all be completed in 2026. For a number of years, the construction work has generated high economic activity in Greenland, which has also been reflected in freight volumes. A slowdown was already apparent in 2025, resulting in a halving of project cargo volumes.

The decline in project cargo is expected to be partly offset by the increase in private consumption of 1 % predicted by the Greenland Economic Council in its forecast for 2026, as well as the expected start of a number of construction projects – including hotels, a new trawler quay in Nuuk and the hydropower plant in Nuuk. Overall, the company therefore expects northbound volumes to be at the same level as in 2025.

Southbound and internal freight volumes are expected to be at the same level in 2026 as in 2025.

Overall, this means that the concession-based revenue is only expected to increase by the agreed rate increase. The rate increase consists of an investment component of 2.2 % and an inflation component of 2.5 %, totalling 4.7 %.

Income from non-concession-based activities is expected to remain at 2025 levels.

Total costs are expected to increase less than revenue. Profit before depreciation and financial expenses (EBITDA) is expected to end up at DKK 145-165 million. This will be an improvement of up to DKK 20 million compared to 2025 and is in line with the expectations for the company's operating result announced to the owner in 2024.

Cash flows generated from operating activities in 2026 are expected to adequately cover the company's debt obligations. The company is deemed to have a sound financial position for 2026.

In 2026, Arctic Umiaq Line is covered by a guarantee to cover losses of up to DKK 10 million and expects a loss of DKK 6 million in 2026. As a consequence of the guarantee, it will contribute a break-even result to the Group.

Overall, earnings before tax (EBT) for the Group of DKK 15-25 million are expected for 2026.

Enterprise Risk Management at Royal Arctic Line

In 2025, Royal Arctic Line further developed the Enterprise Risk Management (ERM) framework introduced in 2024. The purpose is to ensure clear, transparent and straightforward management of risks that may affect the security of supply, the strategy or the company's licence to operate.

The framework is based on *Naalakkersuisut*'s governance document in accordance with the Ownership Policy dated 28 March 2023.

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 financial instruments. 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. In the same way, the ETS surcharge is collected from customers and used to purchase EU allowances (EUA). The EUAs are traded on an exchange, so that the price may vary.

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.

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 increase 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 Cyber Security, under the Danish Resilience Agency (SAMSIK), provides the company with an independent advisory partner to continuously inform it about the risk level.

Unsystematic risks

The unsystematic risks resulting from the decisions taken by the company's management will increase in the coming years. The investment in a new freight handling system was initiated in 2025. 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.

In parallel, planning will begin for the replacement of feeder ships and up to five barges.

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 whose primary task is portfolio management of the company's strategic projects, and 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).

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 1 % drop in freight volumes means a decrease in revenue of approximately DKK 10 million. The course of the economy will therefore be monitored vigilantly, and corrective measures will be implemented if freight volumes decline.

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

Geopolitics and regulatory issues

Increased global awareness and new requirements for safety and the environment can affect the company's costs. The company closely monitors developments and cooperates with relevant authorities.

Business outside the concession

The collaboration with Eimskip 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 performs services such as unloading of trawlers and pre- and post-transport of containers 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. The sailing schedule determines how often ports are visited, and is important for the company's operations. A higher service level increases costs, but does not necessarily generate more revenue.

In the autumn of 2023, the company entered into an agreement with the Government of Greenland to adjust freight prices. This agreement grants Royal Arctic Line the authority to increase rates by 2.5 %, as from 2025, without requiring prior approval from *Naalakkersuisut*. This element covers the ongoing price and wage development.

In addition, *Naalakkersuisut* approved an additional investment element of 2.2 % in 2026. As a consequence, the company will increase rates by 4.7 % in 2026.

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.

Royal Arctic Line Group

The company's most important activities

Arctic Umiaq Line (AUL) primarily operates shipping and transport operations with a focus on passenger transport.

Development in activities and financial conditions

Profit for the year before tax amounts to DKK 2 million compared to a loss of DKK 13 million in 2024. The positive result is primarily due to additional revenue from tickets and sales on board.

The number of passengers increased from 16,780 in 2024 to 22,947 in 2025, corresponding to an increase of 6,167 passengers. This is mainly due to the fact that the *Sarfaq Ittuk* schedule has returned to a weekly frequency between Qaqortoq and Ilulissat, as well as fixed ticket prices.

The change did not have a negative effect on the number of tourists (non-residents), where the number of passengers increased from 3,807 in 2024 to 4,295 in 2025.

The increase in passenger numbers was the primary reason for the increase in net sales to DKK 52 million in 2025, compared with DKK 38 million in 2024.

The management considers the result for the year to be very satisfactory.

Organisation

The company has four employees: One executive director, one administrative manager and two operational employees.

This has been made possible through an agreement with Royal Arctic Line on the hiring of crew and the provision of back-office services within IT, HR, ship operations and finance.

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 selvstyreejede aktieselskaber") from December 2012.

Shareholder's role and 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 Chair 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.

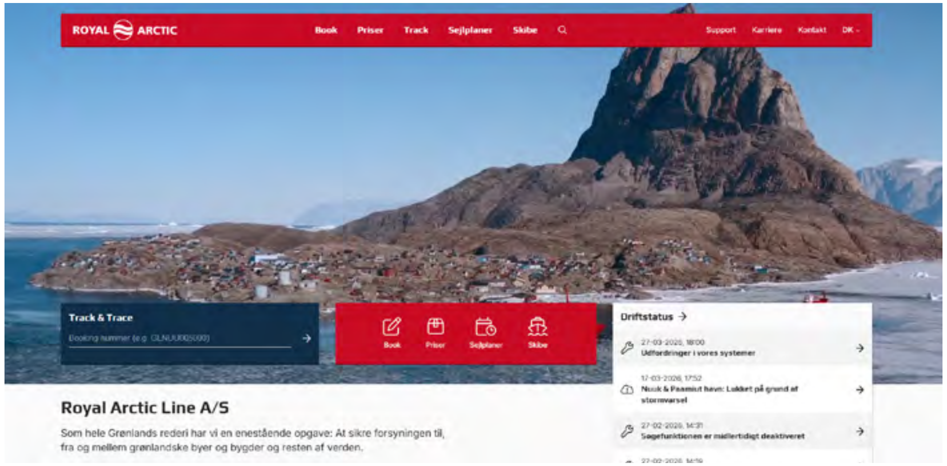
The role of stakeholders and their importance to the company

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.



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 limited liability companies owned by the Government of Greenland 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 limited liability companies owned by the Government of Greenland.

The composition and organisation of the Board of Directors

Royal Arctic Line is wholly owned by the Government of Greenland, which appoints the Chair 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. In April 2026, employees will be elected to the Board of Directors for a four-year period.

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.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NEPTUNE II

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 Chair of the Board is paid DKK 387,000 per year, the Vice Chair and the Chair of the Audit Committee are paid DKK 192,000 each, and the other Board members are paid DKK 138,000 each.

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. In 2025, 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, which is shared with the owner.

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.

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 2025

Foreword

The company is committed to contributing to a sustainable future for Greenland. The strategy forms the framework for actions that support a stronger Greenland and a stronger society.

To create long-term growth, Royal Arctic Line is conscious of managing environmental and social footprints with care. The company's strategy focuses on sustainable development by reducing its climate footprint, focusing on employee conditions and creating value for society.

A stronger Greenland
The company pays close attention to its environment. Royal Arctic Line depends on Greenland's coast and natural environment, and changes in the environment create unintended and negative impacts for both the company and its customers. This affects the entire population, and the company therefore takes responsibility for protecting the Arctic environment and commits to reducing its carbon emissions. A sustainable solution is one in which Royal Arctic Line takes care of the environment as well as the population – the company is therefore working on a balanced approach.

A stronger society
The company contributes to Greenland's society by ensuring a stable and secure supply while promoting responsible business practices and good working conditions. Royal Arctic Line works to empower employees, partners and the communities it serves through fairness, transparency and cooperation.

The company is in ongoing dialogue with the Government of Greenland (*Naalakkersuisut*) on how it can contribute to reducing Greenland's overall carbon emissions. A key aspect is active participation in the national dialogue on establishing access to non-fossil fuels.

Basis for sustainability reporting

Basis for reporting
Royal Arctic Line's Sustainability Report is aligned with the reporting principles of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Directive, but it does not constitute full reporting under these frameworks. The report has been prepared on an individual basis and does not include the subsidiary Arctic Umiaq Line. Royal Arctic Line's sustainability report is based on regular monthly and quarterly procedures. Internal processes and controls have been established to ensure data security. For Scope 3 emissions (indirect emissions), a limited level of data assurance is obtained.

Reporting company and value chain
The report is intended for the company's owner, employees, customer relations, business partners, supply chain, financing institutions, and local communities. The Sustainability Report includes assessments of materiality, policies, targets, and measures covering the company's operations and, where relevant, parts of the upstream and downstream value chain.

Royal Arctic Line's materiality assessment includes impacts, risks and opportunities in relation to the supply chain, and the social impacts of our supply responsibility (downstream). The company's policies and measures primarily relate to its own operations and set expectations for business partners and suppliers.

Classified and sensitive information
Royal Arctic Line has not made use of the opportunity to omit information relating to intellectual property rights, know-how or innovation results.

Exemption from disclosure of forthcoming developments
Royal Arctic Line has not made use of the possibility of exemption relating to the publication of pending developments or issues under negotiation pursuant to Article 19 a(3) or Article 29 a(3) of Directive 2013/34/EU.

Special conditions for sustainability reporting

During the reporting period, no specific circumstances have affected the preparation of Royal Arctic Line's sustainability reporting. In 2025, the company thus did not have any extraordinary changes in the business model, data basis or scope of consolidation, and there were no circumstances that restricted the company's ability to collect or report the required information. Should such circumstances arise in the future, they will be described and explained in accordance with ESRS requirements.

Royal Arctic Line is not obliged to comply with the European Sustainability Reporting Standards (ESRS) in accordance with the Corporate Sustainability Reporting Directive (CSRD).

Following *Naalakkersuisut*'s wish for limited liability companies owned by the Government of Greenland to lean on the reporting structure from CSRD, the company carried out its first double materiality assessment in 2024.

UPSTREAM

Raw materials

Ships, spare parts and materials for renovation and maintenance, office equipment, packaging, fuel and raw materials for production, etc.

Service providers

Transport, repair and construction.

CORE SERVICES

Terminals

Freight and freight handling.

Marine transport

Sea transport of goods and freight.

Warehouses

Receipt, storage and dispatch of freight.

Administration

Communication, Human Resources, Fleet and Technical Department, Customer Support and Sales, Finance, IT.

DOWNSTREAM

Customers

Commercial, private and public customers.

Disposal

Scrapping of ships, and waste management in offices, terminals and at sea.

Our business model

Business model, sustainability and stakeholder relations
Royal Arctic Line is one of Greenland's largest workplaces with around 750 employees and serves thousands of customers every year across private, commercial and public institutions. The company generates revenue of DKK 1.1 billion and plays a central role in ensuring stable and reliable supply to all of Greenland.

The core of the business is sea transport of containers and goods to and from Greenland, as well as between towns and settlements, supplemented by port operations and logistics services. The services support the delivery of economically critical goods and contribute to Greenland's overall development through safe and responsible operations.

The primary market is Greenland, where the company serves a broad customer base. The majority of the company's employees are based in Greenland, while 39 employees in Denmark support international logistics. The revenue is generated primarily in the transport and logistics sector.

As an operator in the Arctic, the company works purposefully on reducing carbon emissions and on social initiatives, including well-being, safety and competence development. Achieving the climate targets depends on access to less climate-impacting fuel types, while ensuring a stable supply.

The Executive Board and the Board of Directors receive ongoing reporting on developments, and the company is in dialogue with key stakeholders, including owners, customers, employees, suppliers, authorities and financing institutions.

Double materiality assessment

Based on the company's double materiality assessment, the significant impacts, risks and opportunities have been identified in relation to strategy, business model and value chain. The assessment covers the entire value chain and shows that the most significant issues relate to climate change, pollution, the workforce, workers at suppliers, affected communities, end-users and responsible business conduct.

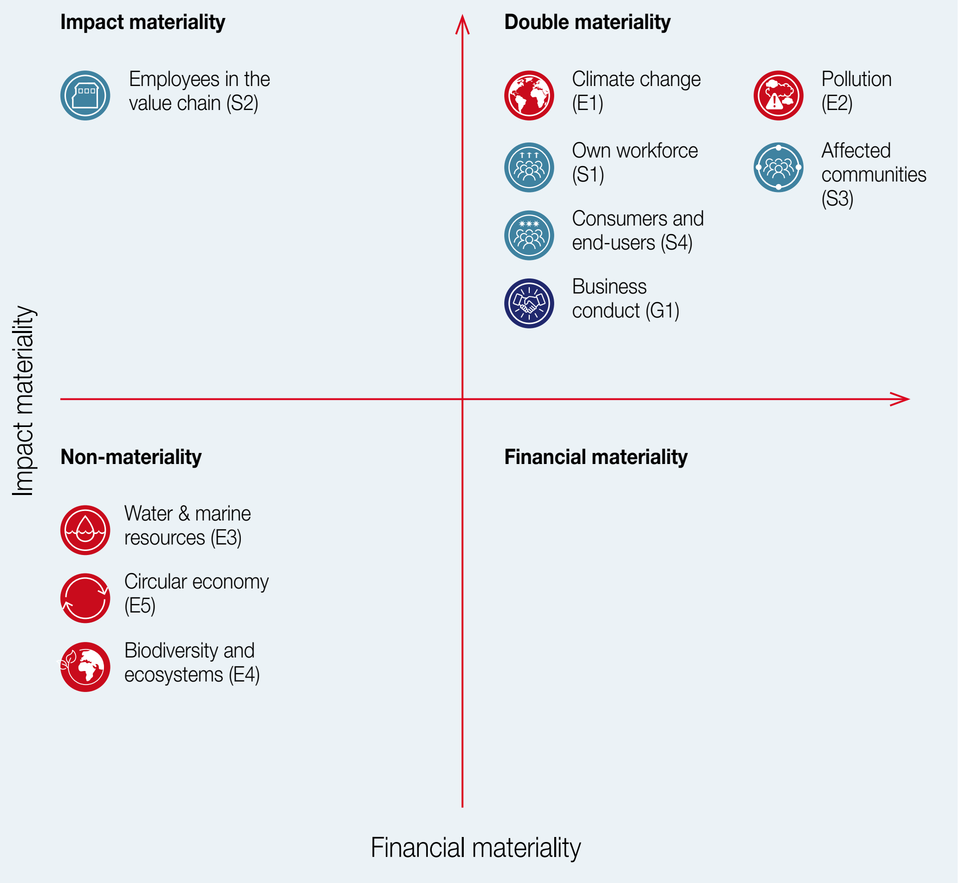
These conditions are particularly related to the use of fuels, operations in the Arctic environment and the role in ensuring supply to all of Greenland.

The company's material impacts, risks and opportunities (IROs) are set out on next page. Social impacts occur primarily in the short term, environmental impacts in the medium term and climate risks in the long term.

The significant conditions already have financial consequences, as operating costs, fuel consumption and investments in the green transition affect the financial result. At all time horizons, an increased level of investment is expected, as well as a corresponding need for external financing, including for fleet renewal and technological improvements.

The company considers its business model resilient, but dependent on access to green fuels, political frameworks and technological development. Since the last reporting period, the materiality assessment has strengthened the focus on social issues and supply chain management, while the climate area has gained greater strategic importance.

Matrix format of Royal Arctic Line's DMA Result



Identification and assessment of significant impacts, risks and opportunities

As part of the double materiality assessment, the company has mapped significant impacts, risks and opportunities through a combination of data collection, analysis, expert assessments and dialogue with relevant stakeholders.

The process covers the entire value chain and focuses on activities with increased risk, as well as impacts that the company itself creates or is connected to through suppliers and business partners. Affected stakeholders and external experts are involved to create a nuanced understanding of the impacts, which are then prioritised according to severity, extent and probability.

Financial risks are assessed on the basis of their probability, size and dependency on operations and the market, and are prioritised through the company's established risk management tools.

The Executive Board and the Board of Directors review and approve the process, while internal controls are used to ensure data quality. The process was established in 2024 and is updated annually or in the event of material changes.

Standard	Sub-topic	Effects	Type	Value chain	Primary financial impact
E1 Climate change	Climate change mitigation	Carbon emissions from own activities	Current negative impact	Own operations	
	Climate change mitigation	Carbon emissions in the value chain	Current negative impact	Upstream	
	Energy	Consumption of fossil fuels	Current negative impact	Own operations	
	Adaptation to climate change		Climate-related transition risk	Own operations	Capital expenditures
	Adaptation to climate change		Climate-related physical risk	Own operations	Increased expenses
	Climate change mitigation		Climate-related transition risk	Own operations	Increased expenses
	Energy		Climate-related transition risk	Own operations	Increased expenses
E2 Pollution	Air pollution	SOx and NOx emissions	Current negative impact	Own operations	
	Air pollution		Climate-related transition risk	Own operations	Increased expenses
S1 Own workforce	Working conditions	Working with heavy machinery	Potential adverse effects	Own operations	
	Working conditions	Accidents and safety risks at sea	Potential adverse effects	Own operations	
	Working conditions	Accidents and safety risks on land	Potential adverse effects	Own operations	
	Other work-related conditions	Housing offered by employer	Potential adverse effects	Own operations	
	Other work-related conditions	GDPR Compliance	Potential adverse effects	Own operations	
	Equal treatment and opportunities for all	Gender diversity and work culture challenges	Potential adverse effects	Own operations	
	Equal treatment and opportunities for all	Inequality in training opportunities for employees	Potential adverse effects	Own operations	
G1	Corporate culture		Risk factors	Own operations	Lost opportunity

ESRS

Royal Arctic Line's sustainability reporting has been prepared on the basis of ESRS's structure and contains all disclosure requirements that have been assessed as material on the basis of the company's double materiality assessment. The company uses a two-year phase-in of ESRS S3 and ESRS S4.

ENVIRONMENT

Royal Arctic Line is aware that shipping affects the environment and that the transition to more sustainable solutions requires time, innovation and collaboration. Therefore, the company takes active responsibility for reducing its climate and environmental impact and driving a gradual and targeted transition.

In 2025, the company made a significant change in fuel type across the fleet – from Heavy Fuel Oil (HFO) to Marine Gas Oil (MGO). This change has significantly reduced air pollution from the company and made it possible to phase out the use of scrubber systems, which has also reduced our emissions into the marine environment.

The transition toward more sustainable solutions is a complex and time-consuming process. Going forward, the company will investigate and invest in technologies and solutions that can strengthen our operational efficiency while reducing our negative impacts on the climate and environment.

The company participates actively in the national dialogue on the establishment of infrastructure to enable the use of non-fossil fuels and support the green transition in Greenland. Through collaborations and partnerships, the company works to create joint solutions that can accelerate development.

We are determined to contribute to a more sustainable future – on a step-by-step basis.

Climate change

Climate change mitigation

Carbon emissions from own operations
Royal Arctic Line has a direct negative impact on the climate through the company's own carbon emissions. The emissions come primarily from the operation of the ships, where the combustion of fuel constitutes the single largest source of climate impact. As a shipping company with its primary activity in the Arctic, the company's total climate impact is closely linked to the operational requirements associated with sailing in the region, including long distances, varying weather conditions and high energy requirements.

Royal Arctic Line works systematically to reduce carbon emissions from its own operations. The efforts focus on operations, fuel efficiency and planning. The key measures include:

Optimisation of sailing plans and route selection
Improved sailing planning reduces unnecessary nautical miles and fuel consumption and creates better capacity utilisation. This includes, among other things, better coordination of loads, waiting time and calls.

Slow steaming and optimised sailing speeds
Adjusting speed to conditions and load patterns reduces fuel consumption without compromising operational safety. The company increased its focus on this during 2025.

Investment in energy-efficient operations: Ongoing maintenance and optimisation of engines and auxiliary machinery ensures more efficient combustion and lower carbon emissions per unit sailed. The company has previously installed software on the *Malik Arctica* ship to help optimise fuel consumption and reduce CO_2e. In 2025, this will also be added to the *Tukuma Arctica* ship. It will be investigated whether similar software can be installed on more of the company's ships in 2026.

Data-assisted energy management
Increased use of monitoring data and performance analyses enables further reduction opportunities to be identified and operations to be optimised on an ongoing basis. This was intensified in 2025.

CO_2 emissions in the value chain
Royal Arctic Line's activities across the entire value chain result in greenhouse gas emissions that contribute to climate change. A large part of the impact comes from the extraction, production and processing of materials and fuels, as well as the transport required to supply them to the company.

Overall, these parts of the value chain are key sources of Royal Arctic Line's indirect climate footprint and represent important focus areas in the work to reduce emissions.

Reducing carbon emissions in the value chain remains a significant task, as the impact comes from activities over which Royal Arctic Line has only limited direct control. A large part of the work therefore consists of strengthening the quality of the data received from suppliers and partners.

Better and more reliable data is necessary to understand from where the largest emissions originate and to enable more targeted future initiatives. Data quality assurance was therefore a focus area in 2025 and will continue to be so in 2026.

Energy

Consumption of fossil fuels

Royal Arctic Line relies on MGO as a fuel. The combustion of MGO emits black carbon, which consists of fine soot particles from fossil fuels. These particles contribute to global warming, especially in the Arctic, where they can be deposiedt on ice and snow and increase heat absorption.

Financial risks

Standard	Sub-topic	Risk	Description	Economic implications	Probability	Time horizon	Category	Preventive measures
E1 **Climate change**	Combating climate change	Risk of higher taxes and requirements for fuel and CO_2 emissions	Increasing taxes on fossil fuels and stricter requirements for CO_2 emissions can increase Royal Arctic Line's operating costs and require significant investments in alternative fuels and new technology. This entails both financial and liquidity risks.	High	Almost certain	Between:	Transition risk	We are continually reducing our CO_2 footprint. This is achieved through fuel-saving measures and the addition of more environmentally friendly fuel types.
	Adaptation to climate change	Accumulation of algae on ships due to warmer temperatures	Rising sea temperatures can increase the growth of algae on ship hulls, causing higher fuel consumption and operating costs. In addition, the need for more frequent maintenance can further increase costs and affect Royal Arctic Line's financial performance.	Low	Very likely	Long-term	Physical risks	We have used hard antifouling to limit biofouling, optimise fuel consumption and reduce the need for additional maintenance.
		Reduced and more expensive access to loans due to lack of green transition	Physical climate effects and transition risks are expected to have a greater impact on the banks' credit ratings in the future. If Royal Arctic Line does not adapt its business to resist climate-related impacts, this can potentially weaken the company's creditworthiness and thereby limit access to capital.	Medium	Very likely	Between:	Transition risk	The company is in discussions with stakeholders and banks regarding expectations. We continually adapt to requirements and expectations.
	Energy	Economic consequences of switching to greener fuels	Increased taxes on fossil fuels are raising Royal Arctic Line's fuel costs and accelerating the need to switch to more expensive, green fuels. The transition requires significant investments in equipment and adaptations to the ships' systems, as well as increased operating and maintenance costs. Overall, this puts pressure on the company's operating economy and liquidity.	High	Likely	Long-term	Transition risk	The company is monitoring developments closely. The development of green fuels is a major decision-making factor in fleet renewal. We collect data and analyse the market for trends.

Policies on climate change mitigation and adaptation

The company has a Climate and Environmental Policy that is based on significant impacts and risks resulting from climate change. The policy covers both efforts to reduce emissions and environmental adjustments.

The policy has been prepared in accordance with ESRS 2. The policy has particular focus on climate change mitigation, climate change adaptation, energy efficiency and the deployment of renewable energy.

The policy is reviewed on an ongoing basis as part of risk management and the follow-up of the double materiality assessment. The policy is available on the company's website.

Greenhouse gas emissions

The company's strategy for the 2025-2029 period sets a target to reduce carbon emissions by 1 % annually over the next five years, with 2024 as the baseline.

Annual carbon emission reduction targets:

-1 %	-2 %	-3 %	-4 %	-5 %
2025	2026	2027	2028	2029

Scope 1 – Direct greenhouse gas emissions
In 2025, the company implemented targeted measures to reduce emissions from its own activities. The largest climate impact comes from the operation of ships, which account for around 50 % of total emissions. Therefore, the company has focused particularly on optimising the fleet's operation, sailing patterns and fuel consumption.

Total Scope 1 emissions amounted to 71,476 tonnes of CO_2e in 2025, corresponding to a reduction of 14.5 % compared with 2024. The progress has primarily been achieved through route optimisation and adjustment of the sailing plan.

Efforts to identify further reduction opportunities will continue through improved planning, technology and fuel efficiency, to support our long-term climate goals.

Scope 2 – Indirect emissions from energy
The company's indirect emissions from purchased energy account for less than 1 % of the total climate impact. In 2025, emissions amounted to 664 tonnes of CO_2e, which corresponds to a reduction of 6 % compared to 2024.

As the company purchases electricity and heat exclusively on a national level, the company's location-based and market-based statements are identical. A significant part of electricity consumption is in Nuuk, where the supply is to a great extent based on green electricity from hydropower.

Scope 3 – Indirect emissions in the value chain
Scope 3 emissions account for 49 % of the total climate impact and include activities outside the company's own operations. In 2025, the focus was on improving data quality and creating a more precise overview of the largest sources of indirect emissions.

In the longer term, the aim is to integrate Scope 3 into our overall climate target, so that both direct and indirect reductions contribute to a more holistic transition in collaboration with our stakeholders.

Concrete initiatives in 2025

1. In 2025, Royal Arctic Line conducted an optimisation of the sailing schedule for the ship *Malik Arctica*. The measure resulted in a documented reduction of 1,500 tonnes of CO_2e solely by streamlining the route. The initiative demonstrates the significant potential of data-assisted route optimisation and equivalent optimisation measures are planned for 2026.

2. In 2025, the company phased in biodiesel as a partial replacement for MGO in parts of the fleet. The use of bio-based fuel has resulted in an estimated reduction in CO_2e emissions of 398 tonnes. The initiative marks an important step in the fleet's gradual transition to alternative fuels and supports Royal Arctic Line's long-term goal of reducing greenhouse gas emissions in accordance with international climate requirements.

Total Scope 1, Scope 2 and Scope 3 emissions and total greenhouse gas emissions

Royal Arctic Line's GHG emissions in 2025	2025	2024	2023	2022	2021
Scope 1					
Gross greenhouse gas emissions, Scope 1 (tCO_2eq)	71.476	83.625	92.182	N/A	N/A
% of Scope 1 greenhouse gas emissions from regulated emissions trading schemes	39 %	34 %	31 %	N/A	N/A
Scope 2					
Location-based gross greenhouse gas emissions, Scope 2 (tCO_2eq)	664	708	946	1.241	N/A
Market-based gross greenhouse gas emissions, Scope 2 (tCO_2eq)	664	708	946	1.241	N/A
Scope 3					
Total indirect gross greenhouse gas emissions (Scope 3) (tCO_2eq)	73.029	62.421	N/A	N/A	N/A
1. Purchased goods and services	18.012	15.993	N/A	N/A	N/A
2. Capital goods	87	79	N/A	N/A	N/A
3. Waste generated from operations	78	46	N/A	N/A	N/A
4. Processing of sold products	16	10	N/A	N/A	N/A
5. Downstream transport	-	9	N/A	N/A	N/A
6. Upstream leased assets	360	786	N/A	N/A	N/A
7. Upstream transport and distribution	52.505	43.961	N/A	N/A	N/A
8. Business travel	1.825	1.537	N/A	N/A	N/A
9. Commuting for employees	145	N/A	N/A	N/A	N/A
Total GHG emissions					
Total greenhouse gas emissions (location-based) (tCO_2eq)	145.169	146.755	N/A	N/A	N/A
Total greenhouse gas emissions (market-based) (tCO_2eq)	145.169	146.755	N/A	N/A	N/A
Greenhouse gas intensity by net revenue					
Total greenhouse gas emissions (location-based) by net revenue (tCO_2eq/monetary unit)	0,1202	0,1301	N/A	N/A	N/A
Total greenhouse gas emissions (market-based) by net revenue (tCO_2eq/monetary unit)	0,1202	0,1301	N/A	N/A	N/A

Energy consumption and mix

Royal Arctic Line's GHG emissions in 2025	2025	2024	2023	2022	2021
1. Fuel consumption from coal and coal products (MWh)	-	-	N/A	N/A	N/A
2. Fuel consumption from crude oil and oil products (MWh)	-	-	N/A	N/A	N/A
3. Fuel consumption from natural gas (MWh)	-	-	N/A	N/A	N/A
4. Fuel consumption from other fossil sources (MWh)	203.044	295.270	N/A	N/A	N/A
5. Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources (MWh)	-	-	N/A	N/A	N/A
6. Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	203.044	295.270	N/A	N/A	N/A
Fossil sources' share of the total energy consumption (%)	96 %	97 %	N/A	N/A	N/A
7. Consumption of nuclear sources (MWh)	-	-	N/A	N/A	N/A
Consumption from nuclear sources as a share of total energy consumption (%)	-	-	N/A	N/A	N/A
8. Fuel consumption for renewable energy sources, including biomass (MWh)	-	-	N/A	N/A	N/A
9. Consumption of purchased or acquired electricity, heat, steam and cooling from renewable energy sources (MWh)	8.675	8.405	N/A	N/A	N/A
10. Consumption of self-produced renewable energy other than fuel (MWh)	-	-	N/A	N/A	N/A
11. Total consumption of renewable energy (MWh) (calculated as the sum of lines 8 to 10)	8.675	8.405	N/A	N/A	N/A
Renewable sources' share of total energy consumption (%)	4 %	3 %	N/A	N/A	N/A
Total energy consumption (MWh) (calculated as the sum of lines 6 and 11)	211.719	303.675	N/A	N/A	N/A
Energy intensity by net revenue (MWh/monetary unit)	0,175	0,269	N/A	N/A	N/A

Pollution

Air pollution

SOx and NOx emissions

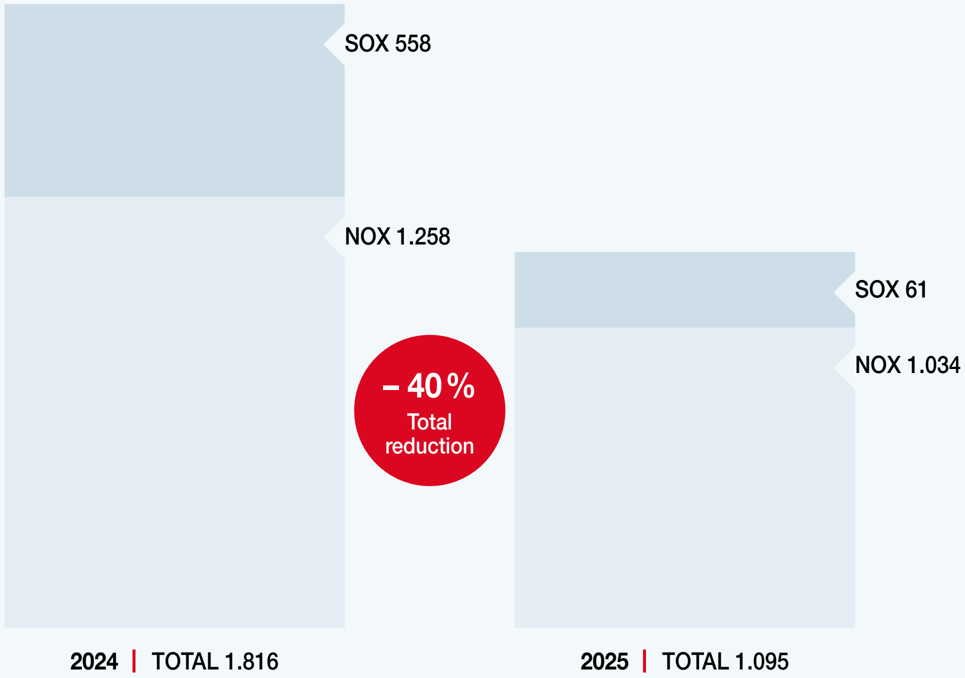
Emissions from marine engines, including SOx, NOx and particulates, contribute to both air pollution and climate change. In the Arctic, soot particles from SOx are particularly problematic.

They can settle on the ice sheet, increasing heat absorption and thereby accelerating melting. NOx can lead to the formation of ozone near the ground surface, which has a negative impact on people and nature. Overall, this can have both environmental and health consequences.

SOx and NOx emissions are an inevitable consequence of combustion engines, but Royal Arctic Line is actively working on measures to reduce the impact. This includes Slow Steaming, while optimised sailing planning helps us minimise fuel consumption and thereby SOx and NOx emissions. Our transition from HFO to MGO contributes to lower SOx and NOx emissions. Overall, these measures make it possible to reduce air pollution, and the impact is therefore assessed as reduced, but still relevant to monitor as an identified environmental risk.

The transition to MGO entails a reduction of sulphur discharge and eliminates the need to use open-loop scrubbers on *Tukuma Arctica*. With this, Royal Arctic Line removes data points associated with water pollution.

Reduction of SOx and NOx



The model illustrates the company's reduction in SOx and NOx emissions as a result of the conversion from HFO to MGO. The transition has contributed to a significant reduction in air pollution and supports more environmentally responsible operations.

Financial risks

Standard	Sub-topic	Risk	Description	Economic implications	Probability	Time horizon	Category	Preventive measures
E2 Pollution	Air pollution	Increasing costs associated with regulating air emissions	Royal Arctic Line faces a financial risk as a result of stricter requirements to reduce SOx and NOx emissions Regulations from the EU and the IMO, among others, may necessitate investments in emission control systems and the transition to more environmentally friendly fuels.	High	Very likely	Between	ransition risk	In 2025, the company phased out the use of HFO and switched to MGO. MGO is a cleaner fuel type, with lower SOx and NOx emissions.

SOCIAL CONDITIONS

Royal Arctic Line's employees form the foundation that enables the company to fulfil its critical societal responsibility for supply and transport in Greenland. The employees' efforts make it possible to combine operational stability with responsible business operations.

Social responsibility is a natural and integrated part of Royal Arctic Line's operations and culture.

The company works actively to ensure a safe, inclusive and motivating working environment where diversity is valued and where all our employees have opportunities for both professional and personal development.

This partnership between employees, organisation and society supports our ambition to be a driving force for positive change and sustainable development in Greenland.

Our social responsibility in practice

Royal Arctic Line's strategy and business model are based on an awareness that the company is Greenland's lifeline and that our operations both at sea and on land directly affect people. Royal Arctic Line connects Greenland with the outside world, thereby securing supply and supporting exports.

The shipping company's 2025-2029 strategy period has a special focus on people and culture. This means that the company prioritises well-being, safety, competence development and a strong community across the entire organisation.

Across all areas, the principle of "Always put safety first" applies, supported by specific metrics for workplace accidents and near-misses, as well as planned investments in improved office and working conditions at ports along the coast.

Our policies are based, among other things, on the UN's Universal Declaration of Human Rights and the ILO's core conventions. Royal Arctic Line supports freedom of association and the right to collective bargaining and works for fair and decent employment conditions. The company therefore minimises potential negative impacts on an ongoing basis.

Competence development and training

Royal Arctic Line has a strong tradition of promoting training and competence development in Greenland. A trainee position with us not only gives access to a career at the shipping company, but also creates a solid foundation for further development in Greenland's business community.

The company prioritises equal access to training for all employees regardless of gender, age, workplace or background.

Royal Arctic Line takes active responsibility for developing Greenland's future workforce by continually expanding our trainee and supplementary training programmes. These programmes are a key element of our business strategy, providing new and enhanced educational opportunities for unskilled young people and adults at all levels, including from primary school to adult education.

Royal Arctic Line sees education as a key driver for social development, equality and long-term economic resilience. The effect of our training efforts is continuously monitored through dialogue and evaluation, so that experience can be used in the development of new initiatives.

In 2026, the company will develop and implement a comprehensive competence development and training policy that clarifies our social goals and principles in this area.

Our ambition for 2026 is to create local training courses and expand cooperation with educational institutions in Greenland.

Trainees and apprentices

In 2025, the company worked purposefully to expand the number of trainee positions and strengthen access to competence development across the organisation. In 2025, the company had a total of 71 traineeships, including mentoring schemes.

Focus on people

Royal Arctic Line respects human rights throughout the entire value chain – from its own workforce to suppliers and business partners. Based on fundamental respect for human rights, the company works to develop employees for the benefit of the company, society and the individual. As part of the strategy for 2025-2029, the company has allocated DKK 11 million to improve office, work, break and sanitation conditions in 11 ports along the coast. Royal Arctic Line's Human Rights Policy is available on the company's website and via internal channels.

No complaints, fines or sanctions were received regarding the company's own workforce. In 2025, 0 serious human rights incidents were recorded at Royal Arctic Line.

Equity and diversity

Gender Equality Policy and actions
As one of the largest employers in Greenland, Royal Arctic Line recognises its special responsibility for creating a respectful and inclusive working environment. Our Equality and Diversity Policy sets the framework for preventing and addressing discrimination and offensive behaviour. The company works to ensure equal opportunities for employment, development and advancement at all organisational levels, including the company's management levels.

Royal Arctic Line has signed the Danish Shipowners' Charter for more women in shipping and has thus endorsed the industry's goal of increased diversity and equal career opportunities. The Charter serves as the company's benchmark for the development of a culture with a better gender balance, as mixed-gender working communities strengthen collaboration, well-being and results.

In 2025, women made up 50 % of the Board of Directors, exceeding the target of 40 %.

At executive management level, the proportion of women was 33 %, while the remaining management level consisted of 20 % women. There is still a need to strengthen the representation of women in the recruitment base, where 32 % of salaried employees are women.

Gender diversity of the Board of Directors
(Top management)

50 %

Target 40 %

Gender diversity of the Executive Board
(First management level)

33 %

Target 33 %

Gender diversity of other management level

20 %

Target 40 %

Gender diversity of salaried employees

32 %

Gender diversity indicates the percentage of women (underrepresented sex) at Royal Arctic Line.

The company has not yet achieved the objectives set for the remaining management level. In 2025, we worked purposefully to strengthen gender diversity in management levels, including through active and structured recruitment efforts. For new hires, we ask our headhunters to strive for an equal number of qualified female and male candidates, to ensure a broad and balanced recruitment base.

154
Employees under 30 years of age

358
Employees aged 30-50

221
Employees over 50 years of age

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.

Safe and Secure

Royal Arctic Line works under very different risk conditions at sea and on land, but a safe and secure workplace is crucial, regardless of function. The company therefore continuously adapts its health and safety procedures to the specific operational areas.

Significant human rights risks
The company has a special focus on employees working with heavy goods and machinery in harsh Arctic weather conditions. These working conditions entail an inherent risk, which the company continually works to minimise through training, education, daily briefings and safety meetings.

Labour rights and working conditions in the value chain can be under pressure, and without a targeted effort, there may be a risk of health consequences and breaches of human rights It is therefore essential to ensure responsible and decent working conditions through systematic ongoing due diligence processes.

The company undertakes to comply with international human rights standards and will in future strengthen insight into and follow-up on working conditions at suppliers and partners further along the value chain. This applies in particular to ship purchases and scrapping, where the risks are particularly high.

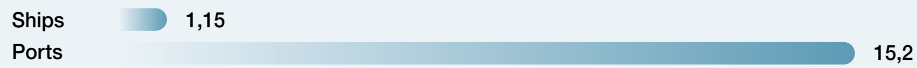
Accident prevention and safety culture
Prevention is central to our health and safety work. Our safety organisations onboard and onshore conduct ongoing inspections, safety inspection rounds and risk assessments. Lessons learned from incidents and near misses are actively used to improve procedures, equipment and workflows. Prevention and learning are central to our safety culture.

All seafarers undergo regular safety drills and mandatory refresher courses to ensure preparedness under extreme conditions. In addition, annual seminars are held with ship management teams to review safety, well-being, and lessons learned from the year.

To protect young people, Royal Arctic Line has clear rules that no one under the age of 18 may work or be present in risky areas, including the ports. Trainees under the age of 18 may therefore not participate in work tasks or stays where the safety risks are increased. The company's Safety and Environmental Protection Policy can be found on our website.

LTAF

The Lost-Time Accidents Frequency (LTAF) is calculated as a frequency of occupational accidents that have resulted in absence for more than one working day. Our LTAF is the number of lost-time accidents per 200,000 hours of exposure. Although working in the Arctic always involves special risks, our ambition in 2026 is to continue to reduce the number of incidents through prevention, training and a



Lost-Time Accident Frequency
Royal Arctic Line takes all accidents seriously, regardless of their extent and development. We work to improve our working environment and strengthen the safety culture across the organisation. The aim is to create safe working conditions where well-being and safety are always a high priority. With this focus, Royal Arctic Line works purposefully to reduce the number of work-related accidents resulting in absence in the coming years, and has an ambition of zero work-related accidents.

Near-misses on ships and in ports
During 2025, 104 near-misses were recorded on our fleet and 17 near-misses at our ports. The number of near-miss reports for ships in 2025 is satisfactory, while the level in ports shows that there is still a need for increased attention to reporting and learning from incidents across the entire organisation.

In 2025, the company also strengthened the reporting process so that all near-miss incidents are now reported directly to management on a quarterly basis. This means that observations are acted on faster and learning from incidents is shared across the organisation, to respond to incidents more quickly, before they develop into actual accidents.

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. Royal Arctic Line's central safety committee meets at least four times a year to discuss incidents, preventive measures and promote learning across the organisation.

RESPONSIBLE GOVERNANCE

At Royal Arctic Line, responsible management is a prerequisite for taking on the role of a community-owned company with responsibility for critical infrastructure. The company's way of doing business is important far beyond the company itself and affects citizens, business and society. Royal Arctic Line therefore operates with consideration for the environment, the people affected by our activities, our financial management, and the special societal responsibility that comes with our ownership.

As a community-owned company, transparency, accountability and integrity are key to maintaining public trust. The company has therefore established schemes and frameworks to protect employees, business partners and society from irregularities and inappropriate behaviour.

The company works purposefully with corporate governance, data ethics and compliance to ensure that decisions are made on a responsible basis and that sensitive information is handled with respect. This is particularly important in a publicly owned company where the requirements for proper governance, legal compliance and ethical conduct are high.

Our policies and procedures help us see risks before they develop and act quickly if necessary. This makes us more resilient to face future challenges.

Corporate Governance

The composition and organisation of the Board of Directors

The composition and diversity of the Board of Directors	Unit	2025
Number of members of the Executive Board	Number	0
Number of Board members elected by the Annual General Meeting	Number	6
Percentage of women on the Board	%	50
Percentage of men on the Board	%	50
Number of men	Number	3
Number of women	Number	3

The composition and organisation of the Board of Directors
The Board's audit committee is continuously informed about the work with compliance, data protection, cyber security and the whistleblower scheme. They typically receive presentations at each ordinary Board meeting, and separate thematic discussions are held as required. The information is based on data from our risk management, operating systems and stakeholder feedback.

The Board of Directors oversees our strategy and approves goals, policies and major decisions on climate, environment, social issues and good corporate governance.

The work includes assessments of possible trade-offs, such as the balance between environmental impact and security of supply, or between investments and economic sustainability.

The Executive Board is responsible for implementing decisions in day-to-day operations and reports on progress, challenges and need for adjustments.

Royal Arctic Line held five Board meetings in 2025.

Rate of attendance of Board meetings in 2025: 100 %

There is an equal gender distribution for the top management body (Board of Directors) in 2025.

Royal Arctic Line's board of Directors

Inooraq Brandt, Chair

Member of the Nomination and Remuneration Committee.
Joined in 2024.

Education
Arctic Engineer, Civil Engineer, Technical University of Denmark

Current Job
Managing Director, Rambøll Grønland A/S

Other management levels
Board Member of CSR Greenland

Specialist skills
Many years of experience in managing infrastructure projects in Greenland, including port facilities, airports and utility facilities. In particular, with a focus on socio-economic conditions, regulatory requirements, procurement strategies and processes, contract and risk management, as well as strategic management and organisation.

Jóhanna á Bergi, Deputy Chair

Joined in 2024.

Education
- MSc in Management
- EE – The Danish Export School

Current Job
Managing Director at Atlantic Airways

Other management levels
- Chairman of the European Regions Airline Association
- Board Member of Føroyagrunnurin
- Board Member of Visit Faroe Islands

Specialist skills
Sales and marketing – within the fisheries industry with a focus on international markets as Sales Director at JFK Seafood (1998-2006), and Sales Manager in Faroe Seafood France (1994-2006).
- Logistics and shipping – solid management industry experience as director of Faroe Ship (2006-2015)
- Aviation – management and operational skills as CEO and AM of Atlantic Airways (2015-now) with knowledge of commercial management, operations and regulations
- Board work – extensive experience from various boards, with a focus on strategy and value creation
- Emergency Response Manager

Barbara Agersnap, Member of the Board

Joined in 2023.

Education
MBA. HD (U) Shipping trained at Maersk.

Current Job
Managing Director Copenhagen Malmö Port

Other management levels
Board member, Danish Ports Board member, Ports of Sweden
Board member, ØK Fonden/Asia House

Specialist skills
30 years of experience in maritime trades; shipping and ports.
Developed and implemented a number of strategies
Stakeholder management. +10 years of board experience.

Flemming Drechsel, Member of the Board

Chairman of the Audit Committee.
Joined in 2024.

Education
Bach.mag.

Current Job
Independent consultant

Other management levels
- Chairman of the Board of Kalaallit Forsikring Agentur A/S
- Director of Illugiaq ApS

Specialist skills
Business strategy and management, financial analysis, government relations, business development, telecommunications, program and project management.

Minannguaq Zeeb, Member of the Board

Member of the Audit Committee.
Joined in 2018.

Education
- Strategic leadership
- Leadership training
- Mastercoach training
- Customer Service Instructor
- Board training

Current Job
Development consultant at INI A/S

Special skills
Many years of professional experience.
Many years of management experience.

Tommy Ege Kristensen, Member of the Board

Member of the Audit Committee.
Joined in 2025.

Education
- Lawyer/Cand.jur.
- Diploma in Management
- Diploma in International Governance, Risk & Compliance
- Certified Data Privacy, Protection & Regulation
- Mini-MBA in ESG & Sustainability

Current Job
Legal Counsel / Senior Legal Manager

Other management levels
- Director of Cadvi ApS
- Director of TREM ApS
- Director and Board member of GTG Invest ApS
- Chairman of the Board of Betoncentralen af 15/7-1976 ApS
- Chairman of the Board, Donnas Dyreklinik
- Member of the Board of Guide to Greenland ApS

Specialist skills
Law/commercial law, board work, management – Human Resources/organisational development, corporate governance, compliance, risk management, labour law, ESG/Sustainability, investor, advisory/consultancy firm.

Eyðun Simonsen, Employee-elected Board Member

Joined in 2018.

Education
Shipmaster

Current Job
Shipmaster in Royal Arctic Line

Særlige kompetencer
More than 30 years of experience in sailing to, from and internally in Greenland, as well as sailing in other parts of the world.

Laust L. Vestergaard, Employee-elected Board Member

Joined in 2018.

Education
Shipmaster

Current Job
Captain of Irena Arctica

Særlige kompetencer
A total of 17 years' experience at the shipping company:
For four years, lent to DMI as ice observer and head of the Ice Centre in Narsarsuaq. 13 years as a ship officer on the shipping company's ships.

Tina Lange Olsen, Employee-elected Board Member

Joined in 2022.

Education
Construction machinery mechanic

Current Job
Works Foreman

Due diligence report

Royal Arctic Line works continually with due diligence as part of our work with sustainability and responsible business operations. The key elements of due diligence, including the identification, assessment and management of material impacts, risks and opportunities, are reflected across our Sustainability Report.

Our due diligence practices are set out in the sections on human rights, working environment and safety, supply chain management and prevention of corruption. Here, the company describes how negative impacts are assessed, how relevant measures are implemented and how the impact of the efforts is monitored. This mapping enables us to understand how due diligence is part of our day-to-day decision-making and reporting processes, and how the work develops in step with upcoming statutory requirements, including CSRD and the EU's due diligence regulation

Risk management process and internal control systems

The Board of Directors, the Audit Committee and the Executive Board continually monitor material risks and internal control mechanisms, including those related to sustainability reporting. Internal controls are monitored by the company's Audit Committee. The company's Board of Directors and Executive Board regularly discuss sustainability-related objectives, including for employees and the environment.

In 2025, the company strengthened and matured its control mechanisms through a new delivery management tool. This tool is used to collect data and will help to strengthen our governance and data collection processes, thereby ensuring their quality. The company's ESG data is collected via this delivery management tool and controls are in place to ensure due diligence.

Risk assessment method and prioritisation

Risks related to ESG reporting have been identified through our double materiality analysis. Significant effects, risks and opportunities have been identified and are reassessed on an ongoing basis. Risk owners have been added for these risks, for the purpose of continuous follow-up and collection of knowledge regarding mitigating actions.

Risk assessment and mitigation

The company's strategic and operational risks are assessed and mitigated through our Enterprise Risk Management function and through our ESG reporting. The company's ESG reporting addresses sustainability-related risks, which are reassessed at least once a year. Non-ESG risks are managed internally in our Enterprise Risk Management function, which continuously reports to the company's management. Management assesses operational risks on an ongoing basis and reports are submitted to the Board of Directors and the Audit Committee. As part of this process, the company prepares an annual Fraud Management report in collaboration with advisers, which is shared with our owner.

Control activities

Specific control activities are defined and implemented across business areas, including internal controls related to ESG KPIs performed by relevant functions. Key data is automated to the greatest possible extent to ensure data quality, and random checks are carried out on an ongoing basis, where the data collection process is tested through the company's ESG function. Selected ESG key figures are reported on a monthly basis to management and the Board of Directors, helping to increase awareness and ensure focus on the development of the area.

Monitoring

The monitoring of risk management and control systems for integrated reporting takes place through ongoing assessments at several levels of the organisation. Significant weaknesses, deficiencies and violations are reported to the Executive Board. The Board of Directors and the Audit Committee receive regular updates from the Executive Board on compliance with guidelines, including ESG reporting.

Uncertainties and estimates

The company prioritises the use of directly collected data. However, in some cases it may be necessary to use estimates or technical assumptions, depending on the context. These methods are clearly described in the accounting policies applied. The company is aware of risks associated with data integrity and completeness, especially in connection with data collection further along the value chain.

Ethical business practices

Mechanism for complaints and concerns

Royal Arctic Line works continuously to ensure that all employees can safely express concerns or experiences without fear of retaliation. Offering clear, accessible and confidential channels for complaints and dialogue is a central part of our social responsibility.

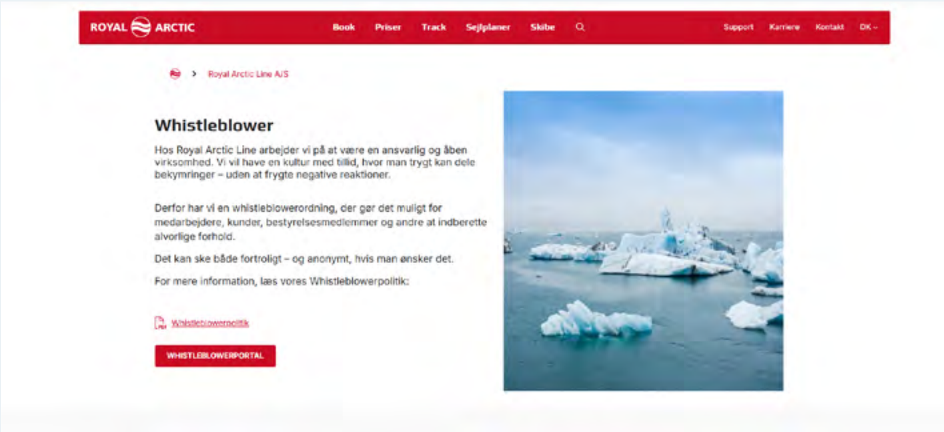
Complaints procedure
For maritime personnel, the company has established several grievance mechanisms that make it possible to report grievances and complaints both verbally and in writing, and with the option of anonymous handling. Complaints can be submitted to the immediate manager or ship's master, who will ensure correct registration and follow-up. If the employee does not feel comfortable about lodging the grievance on board, the crew manager can be contacted directly for guidance.

Onshore employees can submit complaints to the HR department or discuss them with their immediate manager. Both seafarers and employees on land can also use Royal Arctic Line's whistleblower scheme to report serious matters.

Development of new complaints mechanism
In 2025, Royal Arctic Line initiated work to develop an internal complaints mechanism for employees onshore, to strengthen the handling of employee inquiries and ensure a high level of confidentiality and security. The aim is for the mechanism to be completed in 2025 and implemented during 2026.

The new mechanism will give employees access to a uniform, independent and confidential channel to report concerns, experiences or policy violations. It should promote transparency and support a culture of trust and openness across the organisation.

Until the implementation has been completed, employees can continue to file complaints through their immediate manager, the HR department or via the whistleblower scheme.



Whistleblower scheme

Our whistleblower scheme is a central part of the work with responsible management and ethics at Royal Arctic Line. The scheme allows employees, external business partners, suppliers, customers and other stakeholders to safely and anonymously report concerns about unlawful or seriously unethical behaviour.

The scheme is administered by an external law firm, which independently of the company receives, screens and handles reports. This structure will ensure confidentiality, independence and protection of whistleblowers.

A contact group has been set up within the Executive Board to follow up on cases and assess any measures. If a case concerns members of the Executive Board, the processing is transferred to a corresponding contact group in the Board of Directors, to ensure full independence.

The scheme supports our commitment to the UN Convention against Corruption and is an integral part of our governance structure. The whistleblower scheme is available via our website and internal platforms, where there is information on how to file reports and how anonymity is protected.

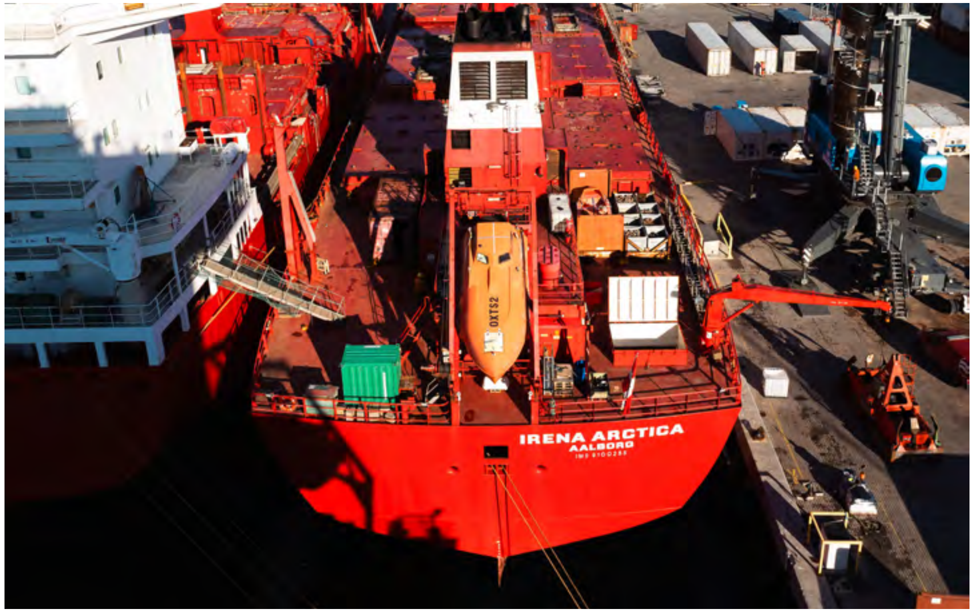
In 2025, Royal Arctic Line received two whistleblower reports. After review, neither of the cases was referred for further action.

Supply disruptions due to non-compliance

In the event that Royal Arctic Line does not comply with applicable legislation and requirements for responsible business management, this can lead to operational disruptions and supply problems, which increase costs and affect consumers' access to necessary goods. This can have negative consequences for society and the economy in Greenland.

In order to mitigate the potential negative impact this may have on our operations and security of supply, the company has established a comprehensive compliance and risk management system to ensure compliance with applicable legislation, international standards and internal policies.

Continual controls, audits and management reporting are carried out to ensure timely risk management and the prevention of operational disruptions. In addition, regular updating of processes and employee training is carried out to ensure that requirements for responsible business management are complied with throughout the organisation.



Financial risks

Standard	Sub-topic	Risk	Description	Economic implications	Probability	Time horizon	Category	Preventive measures
G1 Business conduct	Corporate culture	Mistrust due to lack of focus on responsible management	Non-compliance with legislation and requirements for responsible business management can have serious financial consequences for Royal Arctic Line. Breaches of expectations of good corporate governance can weaken the confidence of owners and society and ultimately affect the Government of Greenland's decision to renew the company's exclusive concession.	High	Unlikely to occur	Between	Transition risk	We have established clear governance structures, ongoing compliance controls and clear policies for responsible business management to ensure compliance with legislation, and maintain the trust of owners and society.

GDPR

Our GDPR policies follow the EU's General Data Protection Regulation, as well as current legislation in both Greenland and Denmark.

The company conducts GDPR training each year for employees who work with personal data.

Prevention and detection of corruption and bribery

Royal Arctic Line does not accept any form of corruption or bribery. Therefore, Royal Arctic Line has introduced an Anti-Corruption Policy and a Whistleblower Policy to ensure an open, responsible and trusting culture throughout the organisation and to support our compliance with Greenland's legislation and international standards.

The policy is available to all employees and stakeholders on our website and is continuously shared through our internal channels. Employees in specially selected functions undergo annual anti-corruption training. The purpose is to increase awareness of risks and provide concrete tools to avoid errors and handle situations where doubts may arise.

If an employee experiences or suspects corruption, bribery, fraud, or other unlawful activities, they are encouraged to report this immediately to their line manager, HR, or the Executive Board.

The company also provides a whistleblower scheme, as an opportunity to report concerns anonymously.

The company's operations across multiple locations and units with separate areas of responsibility may increase the risk of unethical conduct, including conflicts of interest, fraud and undue influence. The physical distance between activities and central management can make it more difficult to ensure full transparency and consistent practices across the organisation.

To prevent and manage these risks, we work purposefully with clear guidelines for good business practice and integrity. We support this through internal controls, continuous competence development and an independent whistleblower scheme that allows for confidential reporting and follow-up of potential violations.

Stronger internal control

As a publicly owned company, Royal Arctic Line has a special responsibility to maintain a high level of integrity and trust in all parts of the business. In accordance with requirements from the Government of Greenland, the company established a Fraud Management programme in 2023 to strengthen our efforts to prevent, detect and handle any cases of fraud or errors.

The programme is closely integrated with our internal control framework. Through the company's delivery management platform, central controls are monitored across process areas to ensure transparency and reduce the risk of errors and misuse.

Royal Arctic Line works continuously with risk assessments, employee training and awareness initiatives to strengthen a culture where ethical behaviour and responsibility are in focus. Suspicions of irregularities can be reported via our whistleblower scheme, and all cases are handled in accordance with established

Initiatives in 2025:

- Strengthened Risk Management function, with more systematic evaluation of the company's risks and risk-mitigating measures.
- A new compliance awareness platform has been implemented with improved courses targeted at employees. The courses are now also available in Greenlandic, to ensure broader organisational participation and increase the completion rate.

Data ethics

The company has prepared and implemented a Data Ethics Policy in accordance with Section 99 d of the Danish Financial Statements Act. The purpose of the policy is to emphasise the importance of data being handled ethically and in accordance with applicable legislation. The Data Ethics Policy was implemented in the first quarter of 2025.

Relevant training in data ethics has been completed to strengthen understanding of correct data handling and ensure compliance with applicable regulations and guidelines.

The Data Ethics Policy is available on the company's website.

Supplier Code of Conduct

As part of the work on ethical business conduct, the company has introduced a Supplier Code of Conduct, which clarifies the expectations of suppliers' conduct. The Company does not accept unethical practices such as bribery, corruption or violations of human rights.

In addition to complying with local and national laws, the company requires suppliers to respect international principles, including the UN Declaration of Human Rights, the European Convention on Human Rights and the ILO's fundamental labour rights.

These standards set requirements for workers' conditions, safety and rights.

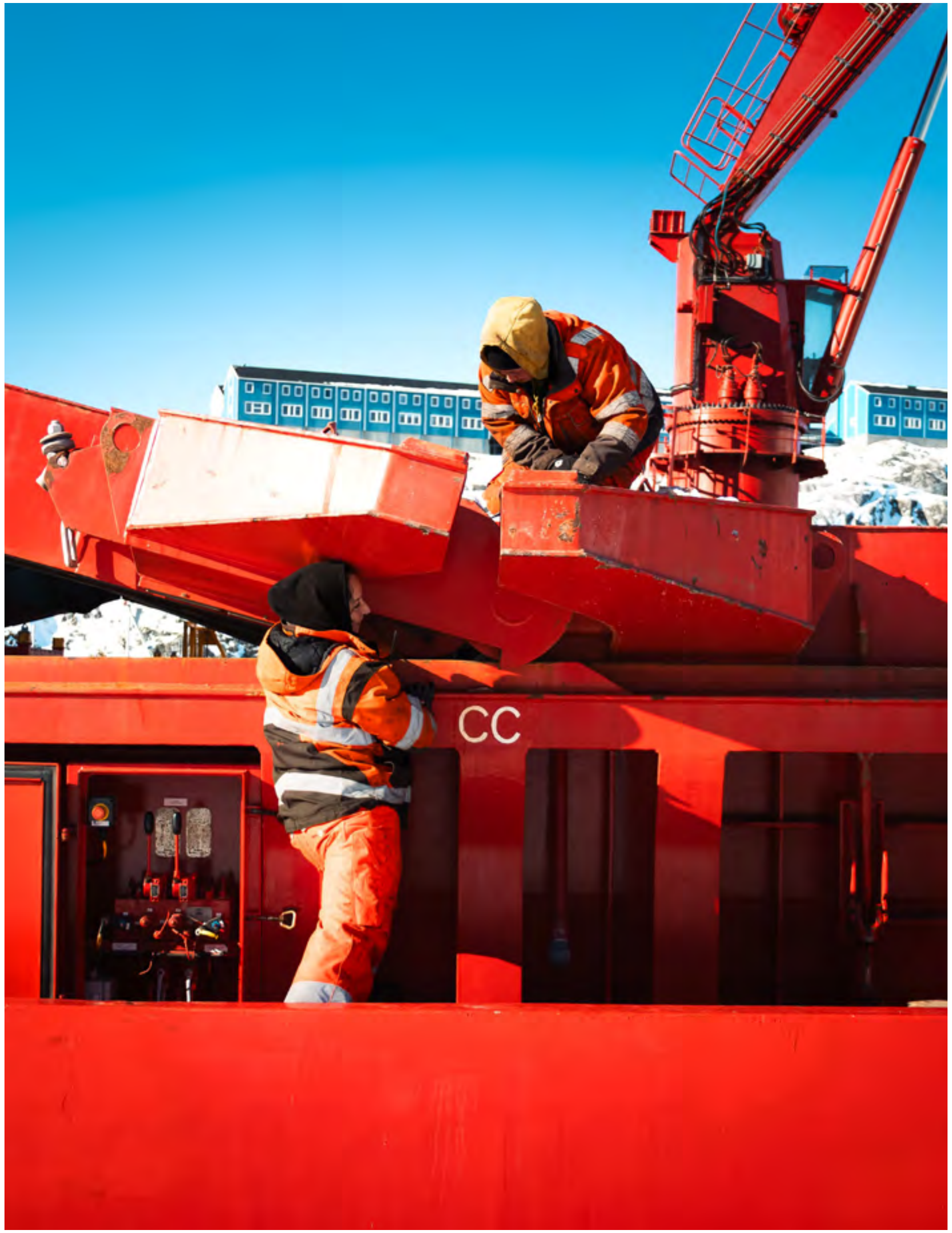
Royal Arctic Line expects suppliers to continuously improve their practices in line with the company's Code of Conduct, in order to support a responsible and sustainable value chain.

Payment practice

Royal Arctic Line manages its supplier relationships with a focus on timely payment, uniform treatment and transparency throughout the procurement process.

The company always seeks to pay invoices on time, provided that they have been correctly submitted and meet the agreed conditions.

These practices support stable business relationships and mitigate risks in our supply chain. In 2025, there have been no legal proceedings for late payments.



Turnover

DKK 1,000

				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) turnover, year N-1 (18)	Category (enabling activity) (19)	Category (transitional activity) (21)
		DKK	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Acquisition and ownership of buldings	CCM 7.7	0	0 %	N	N	N/EL	N/EL	N/EL	N/EL	N	N	%	%	%	%	Y	%		
Sea and Coastal Freight Water Transport, Vessels for Port Operations, and Auxiliary Activities	CCM 6.10	0	0 %	N	N	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	Y	%		T
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0 %	0 %	0 %	0 %	0 %	0 %	0 %	N	N	N	N	N	N	Y	0 %		
Of which enabling		0	0 %	0 %	0 %	0 %	0 %	0 %	0 %	-	-	-	-	-	-	-	%		
Of which transitional		0	0 %	0 %	0 %	0 %	0 %	0 %	0 %	-	-	-	-	-	-	-	%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*								*%*		
Acquisition and ownership of buldings	CCM 7.7	11.068	1 %	EL	EL	N/EL	N/EL	N/EL	N/EL								%		
Sea and Coastal Freight Water Transport, Vessels for Port Operations, and Auxiliary Activities	CCM 6.10	1.135.816	94 %	EL	EL	N/EL	N/EL	N/EL	N/EL								%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)			95 %																
Turnover of Taxonomy-eligible activities (A.1+A.2)		1.146.884	95 %																
B. Taxonomy-non-eligible activities																			
Turnover of Taxonomy-non-eligible activities		60.904	5 %																
Total		1.207.788	100 %																

Investment in fixed assets

DKK 1,000				Substantial Contribution Criteria						DNSH criteria (Does Not Significantly Harm)									
Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) turnover, year N-1 (18)	Category (enabling activity) (19)	Category (transitional activity) (21)
		DKK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities			47 %																
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Acquisition and ownership of buldings	CCM 7.7	0	0 %	N	N	N/EL	N/EL	N/EL	N/EL	N	N	%	%	%	%	Y	%		
Sea and Coastal Freight Water Transport, Vessels for Port Operations, and Auxiliary Activities	CCM 6.10	0	0 %	N	N	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	Y	%		T
Retrofitting of sea and coastal freight and passager water transport	CCM 6.12	0	0 %	N	N	N/L	N/L	N/L	N/L	N	N	N	N	N	N	Y	%		T
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0 %	0 %	0 %	0 %	0 %	0 %	0 %	N	N	N	N	N	N	Y	0 %		
Of which enabling		0	0 %	0 %	0 %	0 %	0 %	0 %	0 %	-	-	-	-	-	-	-	%		
Of which transitional		0	0 %	0 %	0 %	0 %	0 %	0 %	0 %	-	-	-	-	-	-	-	%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL								%		
Acquisition and ownership of buldings	CCM 7.7	4.034	4 %	EL	EL	N/EL	N/EL	N/EL	N/EL								%		
Sea and Coastal Freight Water Transport, Vessels for Port Operations, and Auxiliary Activities	CCM 6.10	0	0 %	EL	EL	N/EL	N/EL	N/EL	N/EL								%		
Retrofitting of sea and coastal freight and passager water transport	CCM 6.12	39.163	42 %	EL	EL	N/EL	N/EL	N/EL	N/EL								%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		43.197	47 %																
CapEx of Taxonomy-eligible activities (A.1+A.2)		43.197	47 %																
B. Taxonomy-non-eligible activities																			
CapEx of Taxonomy-non-eligible activities		49.180	53 %																
Total		92.377	100 %																

EU Taxonomy

Royal Arctic Line works to document and make visible the company's contribution to the green transition in accordance with the EU Taxonomy rules. The Taxonomy establishes common European criteria for when economic activities can be considered environmentally sustainable, thereby creating a uniform basis for reporting and comparability across companies and sectors.

As a central player in maritime transport and logistics in the North Atlantic, Royal Arctic Line has activities that fall under several of the Taxonomy's categories. In 2025, the company carried out assessments of which parts of the business are covered by the rules and to what extent the activities meet the requirements to be classified as sustainable.

The reporting shows that a significant part of the company's revenue and investments relates to activities covered by the Taxonomy. The proportion that fully meets the requirements to be Taxonomy-aligned continues to be developed. This reflects that the transition of the fleet, operations and value chain is a multi-year process in which investments in new solutions and technologies are gradually implemented.

Five-year table

Royal Arctic Line's GHG emissions in 2025	2025	2024	2023	2022	2021
Scope 1					
Gross greenhouse gas emissions, Scope 1 (tCO_2eq)	71.476	83.625	92.182	N/A	N/A
% of Scope 1 greenhouse gas emissions from regulated emissions trading schemes	39 %	34 %	31 %	N/A	N/A
Scope 2					
Location-based gross greenhouse gas emissions, Scope 2 (tCO_2eq)	664	708	946	1.241	N/A
Market-based gross greenhouse gas emissions, Scope 2 (tCO_2eq)	664	708	946	1.241	N/A
Scope 3					
Total indirect gross greenhouse gas emissions (Scope 3) (tCO_2eq)	73.029	62.421	N/A	N/A	N/A
1. Purchased goods and services	18.012	15.993	N/A	N/A	N/A
2. Capital goods	87	79	N/A	N/A	N/A
3. Waste generated from operations	78	46	N/A	N/A	N/A
4. Processing of sold products	16	10	N/A	N/A	N/A
5. Downstream transport	-	9	N/A	N/A	N/A
6. Upstream leased assets	360	786	N/A	N/A	N/A
7. Upstream transport and distribution	52.505	43.961	N/A	N/A	N/A
8. Business travel	1.825	1.537	N/A	N/A	N/A
9. Commuting for employees	145	N/A	N/A	N/A	N/A
Total GHG emissions					
Total greenhouse gas emissions (location-based) (tCO_2eq)	145.169	146.755	N/A	N/A	N/A
Total greenhouse gas emissions (market-based) (tCO_2eq)	145.169	146.755	N/A	N/A	N/A
Greenhouse gas intensity by net revenue					
Total greenhouse gas emissions (location-based) by net revenue (tCO_2eq/monetary unit)	0,1202	0,1301	N/A	N/A	N/A
Total greenhouse gas emissions (market-based) by net revenue (tCO_2eq/monetary unit)	0,1202	0,1301	N/A	N/A	N/A

Royal Arctic Line's GHG emissions in 2025	2025	2024	2023	2022	2021
1. Fuel consumption from coal and coal products (MWh)	-	-	N/A	N/A	N/A
2. Fuel consumption from crude oil and oil products (MWh)	-	-	N/A	N/A	N/A
3. Fuel consumption from natural gas (MWh)	-	-	N/A	N/A	N/A
4. Fuel consumption from other fossil sources (MWh)	203.044	295.270	N/A	N/A	N/A
5. Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources (MWh)	-	-	N/A	N/A	N/A
6. Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	203.044	295.270	N/A	N/A	N/A
Fossil sources' share of the total energy consumption (%)	96 %	97 %	N/A	N/A	N/A
7. Consumption of nuclear sources (MWh)	-	-	N/A	N/A	N/A
Consumption from nuclear sources as a share of total energy consumption (%)	-	-	N/A	N/A	N/A
8. Fuel consumption for renewable energy sources, including biomass (MWh)	-	-	N/A	N/A	N/A
9. Consumption of purchased or acquired electricity, heat, steam and cooling from renewable energy sources (MWh)	8.675	8.405	N/A	N/A	N/A
10. Consumption of self-produced renewable energy other than fuel (MWh)	-	-	N/A	N/A	N/A
11. Total consumption of renewable energy (MWh) (calculated as the sum of lines 8 to 10)	8.675	8.405	N/A	N/A	N/A
Renewable sources' share of total energy consumption (%)	4 %	3 %	N/A	N/A	N/A
Total energy consumption (MWh) (calculated as the sum of lines 6 and 11)	211.719	303.675	N/A	N/A	N/A
Energy intensity by net revenue (MWh/monetary unit)	0,175	0,269	N/A	N/A	N/A

Five-year table

Social Performance	Unit	2025	2024	2023	2022	2021
Workforce						
Full-time workforce	Number	753	735	742	787	900
Trainees	Number	71	60	51	42	55
Diversity						
Number of members of the Executive Board	Number	3	3	7	7	3
Gender diversity of the Executive Board	%	33	33	50	43	33
Management's gender diversity objectives	%	33	40	40	N/A	N/A
Number of employees at other management levels	Number	5	5	N/A	N/A	N/A
Gender diversity of the other management level	%	20	20	N/A	N/A	33
Objectives for gender diversity at the other management level	%	40	N/A	N/A	N/A	N/A
Year of target achievement	Year	2027	N/A	N/A	N/A	N/A
Gender diversity of salaried employees	%	32	32	22	33	N/A
Gender pay ratio	Ratio	1,05	1,03	1	1	N/A
Employee turnover rate						
Employee turnover rate, salaried employees	%	12	18	7	14	N/A
Employee turnover rate, maritime employees	%	23	20	26	N/A	N/A
Health and safety						
Near-miss incidents on ships	Number	104	96	93	98	110
Near-miss incidents at ports	Number	17	29	26	7	10
Lost Time Accident Frequency (LTA) on ships	Frequency	1,15	1,87	1,18	N/A	N/A
Lost Time Accident Frequency (LTA) on ships	Frequency	15,2	N/A	N/A	N/A	N/A

Management	Unit	2025	2024	2023	2022	2021
Whistleblower cases	Number	0	0	1	0	0
Number of Board members elected by the Annual General Meeting	Number	6	6	6	6	6
Number of men	Number	3	3	3	3	3
Number of women	Number	3	3	3	3	3
Gender diversity of the Board of Directors	%	50	50	50	50	50
Board of Directors' gender diversity objective	%	40	40	N/A	N/A	N/A
Total number of board members (including employee elected)	Number	9	9	9	9	9
Rate of attendance of Board meetings	%	100	100	98	95	N/A

Accounting policies applied to ESG data

Environment

Gross greenhouse gas emissions Scope 1 – Direct greenhouse gas emissions
Royal Arctic Line's Scope 1 carbon emissions are calculated based on consumption of Marine Gas Oil (MGO) and Biodiesel. For MGO, a conversion factor of 3.226 CO_2e per tonne of fuel is used. For biodiesel, a conversion factor of 0.00017 CO_2e per tonne of fuel is used. Consumption is related to ships owned and operated by the company. Chartered ships are outside our direct operational control and are therefore included in the company's Scope 3 statement for indirect emissions. The company uses emission figures provided by the UK Department for Energy Security and Net Zero (DESNZ).

Gross greenhouse gas emissions Scope 2 – direct emissions from energy
Scope 2 is defined as indirect emissions from Royal Arctic Line. For Scope 2, direct emission data is used, as this information is available.

Gross greenhouse gas emissions Scope 3 – Indirect emissions in the value chain
Scope 3 includes indirect emissions from activities carried out by third parties. As no direct emissions data are available for Scope 3 is available, emissions in CO_2 equivalents are calculated using an alternative methodology based on price-related conversion factors. These factors are based on the economic value of an activity or source and indicate how many greenhouse gases are emitted per unit value. The method is particularly useful when activity data is missing, uncertain, or when the sources are complex and difficult to compare. Price-based conversion factors can be obtained from sources such as the GHG Protocol, national or regional authorities, industry associations, or life cycle assessments. It is essential that the factors used are up-to-date and reflect current market prices and emission intensities.

Social conditions

Full-time equivalents (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. The Executive Board comprises persons at one management level below the Board of Directors. The remaining management level consists of individuals 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 gap 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. Calculations are made only for salaried employees. This method gives a clear picture of the difference in basic salary between men and women in the organisation.

Employee turnover rate
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 and maritime staff. 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. The company divides its calculation into shore-based and sea-based employees, respectively, as there are major differences in the working conditions of these employee groups.

Age distribution
The age distribution of the company's employees is 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 given as an average for the year and is calculated as a headcount. There will therefore be differences between the total workforce in the calculation for age distribution and the total workforce in FtE.

Formulas
Board of Directors' attendance
((∑(Number of Board meetings attended) per Board member)/(Number of Board meetings × number of Board members)) × 100 = Attendance.

Full-time equivalents (FtE)
Number of full-time employees + Number of temporary employees = Full-time equivalents.

Gender diversity
(Number of FtE women + Number of women in temporary positions)/FtE × 100 = Gender diversity

Gender pay gap
(Median salary FtE men)/(Median salary FtE women) = Gender pay gap

MOT
((Voluntary termination of employment by salaried employees + Involuntary termination of employment of salaried employees))/(Full-time salaried employees) = MOT

Lost Time Accidents Frequency
(Number of LTAs × 200,000)/(Number of hours worked at sea) = 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 Convention on Human Rights (ECHR): European Convention on Human Rights (ECHR): An international convention protecting fundamental human rights and freedoms in Europe.

The Convention protects, among other things, the right to life, the prohibition of torture, freedom of expression and religion, and the right to a fair trial. It is binding on the acceding states and compliance with it is monitored by the European Court of Human Rights.

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.

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 Accidents: Occupational accidents resulting in absence from work beyond the day of the accident.

Lost-Time Accidents 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: Incidents without personal injury or material damage that could have resulted in an accident under other circumstances and which are used for prevention and learning.

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.

P

PULS survey: A minor well-being survey carried out at two-year intervals. The company conducts a major well-being survey every two years and a PULS survey every two years. This helps to give us a continuous insight into the well-being of our employees.

MTU (Employee satisfaction survey): A systematic survey of employees used to measure well-being, engagement, working environment and management quality. The results are used as a management tool to identify strengths and areas for improvement and to initiate targeted efforts to improve the workplace.

S

Slow Steaming: Sailing at reduced speed to reduce fuel consumption, carbon emissions and operating costs.

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 2025

Management Statement

The Board of Directors and Executive Board have, as of today's date, considered and approved the Annual Report for the financial year 1 January – 31 December 2025 for Royal Arctic Line A/S. The Annual Report has been prepared in accordance with the Danish Financial Statements Act as applicable in Greenland.

In our opinion, the Annual Accounts give a true and fair view of the company's and the Group's assets, liabilities and financial position as at 31 December 2025, as well as of the results of the company's and the Group's cash flows for 2025.

In our opinion, the management's review contains a true and fair account of the matters covered by the report.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Nuuk, 10 March 2026

Royal Arctic Line's Executive Board

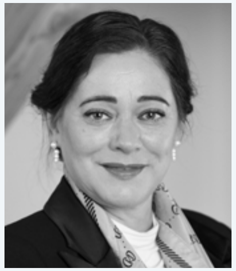
Niels Clemensen
CEO

Aviâja Lyberth Lennert
Deputy CEO

Jørgen Aqe Møller
CFO

Royal Arctic Line's Board of Directors

Inooraq Brandt
Chair



Jóhanna á Bergi
Deputy chair

Barbara Agersnap

Flemming Drechsel

Minannguaq
Hilda Zeeb

Tommy Ege Kristensen

Royal Arctic Line's employee-elected members

Eydun Simonsen

Laust Lindskov
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 2025, and of the results of operations and cash flows for the financial year spanning from 1 January to 31 December 2025. 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 2025, 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, 10 March 2026
PricewaterhouseCoopers
State-authorised Public Accountants
CVR no. 33 77 12 31

Thomas Wraae Holm
State-authorised public accountant
Mne30141

Nuuk, 10 March 2026
Grønlands Revision
Certified Audit Partnership
CVR no. 46 20 15 15

Per Jansen
State-authorised public accountant
Mne21323

Income Statement 2025

	DKK 1,000	Royal Arctic Group		Royal Arctic Line A/S	
		2025	**2024**	**2025**	**2024**
1	Net revenue	1.204.927	1.229.263	1.146.884	1.185.497
2	Other operating income	37.862	18.019	60.904	41.223
	Total revenue	**1.242.789**	**1.247.282**	**1.207.788**	**1.226.720**
3	Cargo-related expenditure	(157.745)	(162.850)	(153.172)	(158.605)
4	Other external costs	(561.390)	(575.080)	(542.242)	(556.725)
	Gross profit	**523.654**	**509.352**	**512.374**	**511.390**
5	Staff costs	(374.211)	(380.274)	(370.824)	(374.489)
6	Amortisation, depreciation and impairment losses on fixed assets	(114.849)	(103.834)	(109.401)	(98.127)
	Operating profit	**34.594**	**25.244**	**32.149**	**38.774**
13	Income from investments in Group companies	0	0	1.835	(9.974)
13	Income from investments	250	235	250	235
7	Other financial income	12.309	17.348	12.291	17.309
8	Other financial expenditure	(32.073)	(36.775)	(32.057)	(36.972)
	Profit before tax	**15.080**	**6.052**	**14.468**	**9.372**
9	Tax on profit for the year	(4.219)	1.042	(3.607)	(2.278)
10	**Profit/loss for the year**	**10.861**	**7.094**	**10.861**	**7.094**

Assets as of 31 December

	DKK 1,000	Royal Arctic Group		Royal Arctic Line A/S	
		2025	2024	2025	2024
	Software	4.890	6.558	2.911	4.204
	Emission allowances	10.556	6.928	10.556	6.928
	Development projects	18.432	705	18.432	486
11	**Total intangible assets**	**33.878**	**14.191**	**31.899**	**11.618**
	Ships	900.772	949.261	894.479	938.899
	Buildings	40.074	45.973	40.074	45.973
	Transport equipment, harbour boats, machinery and fixtures and fittings	106.045	114.151	106.045	114.151
	Assets under construction	10.110	4.594	9.568	4.594
12	**Total tangible fixed assets**	**1.057.001**	**1.113.979**	**1.050.166**	**1.103.617**
	Investments in Group companies	0	0	19.140	17.305
	Investments in associated companies	5.536	5.286	5.536	5.286
	Other securities and investments	1.006	1.009	1.006	1.009
13	**Total financial fixed assets**	**6.542**	**6.295**	**25.682**	**23.600**
	Total fixed assets	**1.097.421**	**1.134.465**	**1.107.747**	**1.138.835**
	Total fixed assets	13.060	8.624	12.402	7.686
	Varebeholdninger i alt	**13.060**	**8.624**	**12.402**	**7.686**
	Trade receivables	102.028	107.855	100.970	106.929
	Receivables from Group companies	0	0	2.369	2.164
14	Other receivables	25.375	19.550	25.352	19.211
15	Prepayments and accrued income	4.786	4.830	4.563	3.984
	Total receivables	**132.189**	**132.235**	**133.254**	**132.288**
	Cash and cash equivalents	**104.164**	**127.826**	**82.259**	**116.953**
	Total current assets	**249.413**	**268.685**	**227.915**	**256.927**
	Total assets	**1.346.834**	**1.403.150**	**1.335.662**	**1.395.762**

Liabilities as of 31 December

	DKK 1,000	Royal Arctic Group		Royal Arctic Line A/S	
		2025	**2024**	**2025**	**2024**
16	Share capital	120.000	120.000	120.000	120.000
	Reserve for hedging transactions	10.054	10.588	10.054	10.588
	Reserve for net revaluation of investments:				
	– Affiliated companies	0	0	14.140	12.305
	– Associated companies	2.039	1.789	2.039	1.789
	Other statutory reserves:				
	Reserve for development costs, net	0	0	13.824	357
	Retained earnings	516.313	505.702	488.349	493.040
	Proposed dividend	0	0	0	0
	Total equity	**648.406**	**638.079**	**648.406**	**638.079**
9	Deferred tax	23.815	19.774	25.847	22.418
	Other provisions	1.238	552	1.238	552
	Total provisions	**25.053**	**20.326**	**27.085**	**22.970**
	Mortgage debt in ships	415.948	478.865	415.948	478.865
	Mortgage debt	567	567	567	567
	Leasing debt	20.989	27.100	20.989	27.100
17	**Total non-current liabilities**	**437.504**	**506.532**	**437.504**	**506.532**
17	Next year's instalments on non-current liabilities	70.984	71.114	70.984	71.114
	Trade accounts payable	49.185	56.236	47.649	54.099
	Debt to affiliated companies	0	0	7	19
18	Other payables	99.506	92.891	87.831	84.977
	Pre-invoiced revenue	16.196	10.453	16.196	10.453
	Prepayments and accrued income	0	7.519	0	7.519
	Total current liabilities	**235.871**	**238.213**	**222.667**	**228.181**
	Total liabilities	673.375	744.745	660.171	734.713
	Total liabilities	**1.346.834**	**1.403.150**	**1.335.662**	**1.395.762**

23 Charged assets and collateral
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, net	Proposed dividend	Retained earnings	Total equity
Royal Arctic Group							
Egenkapital 1. januar 2025	**120.000**	**10.588**	**1.789**	**0**	**0**	**505.702**	**638.079**
Profit/loss for the year			250	0	0	10.611	10.861
Adjustment of derivative instruments, net		(534)					(534)
Equity, 1 December 2025	**120.000**	**10.054**	**2.039**	**0**	**0**	**516.313**	**648.406**
Equity, 1 January 2024	**120.000**	**11.982**	**1.554**	**0**	**0**	**498.843**	**632.379**
Profit/loss for the year			235			6.859	7.094
Adjustment of derivative instruments, net							0
Transfer of adjustments from previous years		(1.394)				0	(1.394)
Equity, 1 December 2024	**120.000**	**10.588**	**1.789**	**0**	**0**	**505.702**	**638.079**
Royal Arctic Line A/S							
Equity, 1 January 2025	**120.000**	**10.588**	**14.094**	**357**	**0**	**493.040**	**638.079**
Profit/loss for the year			2.085	13.467	0	(4.691)	10.861
Adjustment of derivative instruments, net		(534)					(534)
Equity, 1 December 2025	**120.000**	**10.054**	**16.179**	**13.824**	**0**	**488.349**	**648.406**
Equity, 1 January 2024	**120.000**	**11.982**	**23.833**	**78**	**0**	**476.486**	**632.379**
Profit/loss for the year			(9.739)	279		16.554	7.094
Adjustment of derivative instruments, net							0
Transfer of adjustments from previous years		(1.394)					(1.394)
Equity, 1 December 2024	**120.000**	**10.588**	**14.094**	**357**	**0**	**493.040**	**638.079**

Cash Flow Statement

Note	DKK 1,000	Royal Arctic Group 2025	Royal Arctic Group 2024	Royal Arctic Line A/S 2025	Royal Arctic Line A/S 2024
	Cash flow from operating activities				
	Operating profit	34.594	25.244	32.149	38.774
	Adjustment of costs of leasing assets	(7.967)	(7.811)	(7.967)	(7.811)
	Amortisation, depreciation and impairment losses	114.849	103.834	109.401	98.127
	Gain/loss on sale of fixed assets	(5.922)	(7.065)	(5.922)	(7.065)
19	Change in working capital	10.168	(6.779)	5.704	(4.768)
	Cash flow from primary operating activities	**145.722**	**107.423**	**133.365**	**117.257**
	Net interest payments	(15.294)	(14.965)	(15.296)	(15.201)
9	Tax paid	0	(170)	0	67
	Cash flow from operating activities	**130.428**	**92.288**	**118.069**	**102.123**
	Cash flow from investing activities				
11,12,20	Investments	(93.704)	(56.410)	(92.377)	(44.714)
	Disposal of non-current assets	5.542	9.491	5.542	9.491
	Acquisition and disposal of financial non-current assets	3	3	3	3
	Cash flow from investing activities	**(88.159)**	**(46.916)**	**(86.832)**	**(35.220)**
	Cash flow from financing activities				
21	Loans raised for the year	0	0	0	0
22	Instalments for the year	(65.931)	(66.021)	(65.931)	(66.021)
10	Dividend paid	0	0	0	0
	Cash flow from financing activities	**(65.931)**	**(66.021)**	**(65.931)**	**(66.021)**
	Changes in cash and cash equivalents	(23.662)	(20.649)	(34.694)	882
	Cash and cash equivalents at the start of the year	127.826	148.475	116.953	116.071
	Cash and cash equivalents at year-end	**104.164**	**127.826**	**82.259**	**116.953**
	Distributed as follows:				
	Cash and cash equivalents	104.164	127.826	82.259	116.953
	Total	**104.164**	**127.826**	**82.259**	**116.953**

Notes

	DKK 1,000	Royal Arctic Group		Royal Arctic Line A/S	
		2025	2024	2025	2024
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	60.708	46.367		
	Net revenue can be specified as follows:				
	Concession cargo income	1.001.059	1.013.333	992.634	1.005.005
	Non-concession income	203.868	215.930	154.250	180.492
	Total net revenue	**1.204.927**	**1.229.263**	**1.146.884**	**1.185.497**
2	**Other operating income**				
	Other operating income can be specified as follows:				
	Service income Greenland Government – port authority	3.322	3.250	3.322	3.250
	Secondment of personnel to AUL	0	0	23.059	23.195
	Employee reimbursements and other income	7.857	6.940	7.840	6.949
	Gain on disposal of a fixed asset	6.623	7.829	6.623	7.829
	Subsidy Government of Greenland – Port of Manitsoq	20.060	0	20.060	0
	Other operating income in total	**37.862**	**18.019**	**60.904**	**41.223**
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	334.772	345.313	317.847	329.587
	Terminals	104.574	104.508	104.567	104.502
	Container operations	65.766	63.765	65.766	63.765
	Sales and administration	55.634	61.494	54.062	58.871
	Other operating costs	644	0	0	0
	Total other external expenditure	**561.390**	**575.080**	**542.242**	**556.725**

	DKK 1,000	Royal Arctic Group		Royal Arctic Line A/S	
		2025	2024	2025	2024
5	**Staff costs**				
	Staff costs can be specified as follows:				
	Wages and salaries	326.804	326.205	323.877	321.060
	Pension contributions	37.273	44.595	36.993	44.200
	Social costs	6.305	5.733	6.277	5.718
	Other staff costs	3.829	3.741	3.677	3.511
	Total staff costs	**374.211**	**380.274**	**370.824**	**374.489**
	Executive Board				
	Remuneration	6.643	8.250	6.643	8.250
	Bonus	0	1.342	0	1.342
	Board of Directors	1.590	1.536	1.590	1.536
	Total remuneration	**8.233**	**11.128**	**8.233**	**11.128**

	Remuneration 2025
Niels Clemensen	3.431
Aviâja Lyberth Lennert	1.605
Jørgen Aqe Møller	1.607
	6.643

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.
The Executive Board did not have a company car provided in 2025. 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	753	735	749	730
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			44	44

	DKK 1,000	Royal Arctic Group		Royal Arctic Line A/S	
		2025	2024	2025	2024
6	**Amortisation, depreciation and impairment losses on tangible and intangible fixed assets**				
	Ships	85.276	72.915	81.207	67.946
	Buildings	5.761	6.296	5.761	6.296
	Transport equipment, harbour boats, machinery, and fixtures and fittings	19.966	20.675	19.966	20.675
	Software	3.846	3.948	2.467	3.210
	Total amortisation, depreciation and impairment losses	**114.849**	**103.834**	**109.401**	**98.127**
7	**Financial income**				
	Unrealised currency exchange rate gains concerning long-term liabilities	479	372	479	372
	Interest income, banks	9.012	15.708	9.004	15.676
	Other financial income	2.818	1.268	2.808	1.261
	Total financial income	**12.309**	**17.348**	**12.291**	**17.309**
8	**Other financial expenditure**				
	Unrealised currency exchange rate losses concerning long-term liabilities	4.700	1.524	4.700	1.524
	Interest expenses, banks	20.835	27.620	20.835	27.620
	Other financial expenditure	6.538	7.631	6.492	7.570
	Other financial expenditure from Group companies	0	0	30	258
	Total financial expenditure	**32.073**	**36.775**	**32.057**	**36.972**
	In addition, financing costs for ship newbuildings are recognised in the balance sheet	16.395	18.686	16.395	18.686

	DKK 1,000	Royal Arctic Group		Royal Arctic Line A/S	
		2025	**2024**	**2025**	**2024**
9	**Tax on profit for the financial year**				
	Tax on profit for the financial year consists of:				
	Current tax, Greenland	0	0	0	0
	Deferred tax, Greenland	(4.229)	977	(3.617)	(2.343)
	Adjustment regarding previous years, Greenland	10	65	10	65
	Group companies				
	Current tax, Greenland	0	0	0	0
	Tax on profit for the financial year	**(4.219)**	**1.042**	**(3.607)**	**(2.278)**
	Income tax	0	(170)	0	67
	Total tax paid	**0**	**(170)**	**0**	**67**
	Provisions at beginning of year	19.774	21.224	22.418	20.548
	Adjustment regarding previous years	(10)	(8)	(10)	(8)
	Adjustment regarding equity	(178)	(465)	(178)	(465)
	Change during the year	4.229	(977)	3.617	2.343
	Provisions at year-end	**23.815**	**19.774**	**25.847**	**22.418**
	Deferred tax is based on the following items:				
	Intangible fixed assets	1.223	1.639	728	1.051
	Property, plant and equipment	28.355	26.789	30.301	28.128
	Financial fixed assets	4.045	3.527	4.045	3.527
	Current assets	160	(488)	160	(488)
	Long-term liabilities	(5.092)	(6.480)	(5.092)	(6.480)
	Current liabilities	(3.985)	(3.182)	(3.985)	(3.182)
	Deficit carried forward to subsequent income years	(581)	(1.893)	0	0
	Other	(310)	(138)	(310)	(138)
	Total	**23.815**	**19.774**	**25.847**	**22.418**
10	**Proposed distribution of profit**				
	Proposed dividend for the financial year			0	0
	Transferred to reserve for net revaluation of investments			2.085	(9.739)
	Reserve for development costs			13.467	279
	Carried forward to next year			(4.691)	16.554
	Total			**10.861**	**7.094**

11 Intangible 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	57.894	6.928	705	65.527	54.802	6.928	486	62.216
Additions during the year	785	13.017	19.120	32.922	0	13.017	19.120	32.137
Disposals during the year	(10.271)	(9.389)	0	(19.660)	(10.271)	(9.389)	0	(19.660)
Transfers	1.393	0	(1.393)	0	1.174	0	(1.174)	0
Cost price at year-end	**49.801**	**10.556**	**18.432**	**78.789**	**45.705**	**10.556**	**18.432**	**74.693**
Amortisation, depreciation and impairment losses								
Amortisation, depreciation and impairment losses at beginning of year	(51.336)	0	0	(51.336)	(50.598)	0	0	(50.598)
Depreciation for the year	(3.846)	0	0	(3.846)	(2.467)	0	0	(2.467)
Amortisation, depreciation and impairment losses on disposals for the year	10.271	0	0	10.271	10.271	0	0	10.271
Amortisation, depreciation and impairment losses at year-end	**(44.911)**	**0**	**0**	**(44.911)**	**(42.794)**	**0**	**0**	**(42.794)**
Book value at 31 December 2025	**4.890**	**10.556**	**18.432**	**33.878**	**2.911**	**10.556**	**18.432**	**31.899**
Book value at 31 December 2024	**6.558**	**6.928**	**705**	**14.191**	**4.204**	**6.928**	**486**	**11.618**

12 Property, plant and equipment

DKK 1,000	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	1.466.752	172.408	365.575	4.594	2.009.329	1.440.392	172.408	365.575	4.594	1.982.969
Additions during the year	0	0	5	60.777	60.782	0	0	5	60.235	60.240
Disposals during the year	0	(10.778)	(20.203)	0	(30.981)	0	(10.778)	(20.203)	0	(30.981)
Transfers	36.787	6.147	12.327	(55.261)	0	36.787	6.147	12.327	(55.261)	0
Cost price at year-end	**1.503.539**	**167.777**	**357.704**	**10.110**	**2.039.130**	**1.477.179**	**167.777**	**357.704**	**9.568**	**2.012.228**
Amortisation, depreciation and impairment losses										
Amortisation, depreciation and impairment losses at beginning of year	(517.491)	(126.435)	(251.424)	0	(895.350)	(501.493)	(126.435)	(251.424)	0	(879.352)
Depreciation for the year	(85.276)	(5.761)	(19.966)	0	(111.003)	(81.207)	(5.761)	(19.966)	0	(106.934)
Depreciation reversed from previous years	0	4.493	19.731	0	24.224	0	4.493	19.731	0	24.224
Amortisation, depreciation and impairment losses at year-end	**(602.767)**	**(127.703)**	**(251.659)**	**0**	**(982.129)**	**(582.700)**	**(127.703)**	**(251.659)**	**0**	**(962.062)**
Book value at 31 December 2025	**900.772**	**40.074**	**106.045**	**10.110**	**1.057.001**	**894.479**	**40.074**	**106.045**	**9.568**	**1.050.166**
Of which financial leased assets			**26.773**					**26.773**		
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 at 31 December 2024			**26.463**					**26.463**		

Pledges and collateral, see Note 23

	DKK 1,000	Royal Arctic Group		Royal Arctic Line A/S	
		2025	2024	2025	2024
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			12.305	22.279
	Disposals during the year			0	0
	Share in profit for the year			1.835	(9.974)
	Dividend paid			0	0
	Revaluations and impairment losses at year-end			**14.140**	**12.305**
	Book value at year-end			**19.140**	**17.305**

Name	Domicile	Share capital (1,000)	Share of votes and ownership
Arctic Umiaq Line A/S	Nuuk, Greenland	2.000	100 %

	DKK 1,000	Royal Arctic Group		Royal Arctic Line A/S	
		2025	2024	2025	2024
13	**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	1.789	1.554	1.789	1.554
	Share in profit for the year	250	235	250	235
	Dividend paid	0	0	0	0
	Revaluations and impairment losses at year-end	**2.039**	**1.789**	**2.039**	**1.789**
	Book value at year-end	**5.536**	**5.286**	**5.536**	**5.286**

Name	Headquarters	Share capital	Share of votes and ownership
Ejendomsselskabet Suliffik A/S	Nuuk, Greenland	11.000	30 %

	Royal Arctic Group 2025	Royal Arctic Group 2024	Royal Arctic Line A/S 2025	Royal Arctic Line A/S 2024
Securities				
Cost price				
Cost price at beginning of year	1.009	1.012	1.009	1.012
Additions during the year	0	0	0	0
Disposals during the year	(3)	(3)	(3)	(3)
Cost price at year-end	**1.006**	**1.009**	**1.006**	**1.009**
Book value at year-end	**1.006**	**1.009**	**1.006**	**1.009**
Total financial fixed assets	**6.542**	**6.295**	**25.682**	**23.600**

	DKK 1,000	Royal Arctic Group		Royal Arctic Line A/S	
		2025	**2024**	**2025**	**2024**
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 as at 31 December is DKK 13.4 million and was entered into with Jyske Bank, with maturities 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 with Jyske Bank is assessed to be at a low level.

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:

	Royal Arctic Group 2025	Royal Arctic Group 2024	Royal Arctic Line A/S 2025	Royal Arctic Line A/S 2024
Current portion of collateral debt in ships	65.592	65.542	65.592	65.542
Current portion of leasing debt	5.392	5.572	5.392	5.572
Total current portion	**70.984**	**71.114**	**70.984**	**71.114**
Total non-current portion	**437.504**	**506.532**	**437.504**	**506.532**
Total book value	**508.488**	**577.646**	**508.488**	**577.646**
Payable after more than five years (amortised cost price)				
Mortgage debt in ships	165.516	211.816	165.516	211.816
Leasing debt	1.032	1.308	1.032	1.308
Mortgage debt	567	567	567	567
Total amortised cost	**167.115**	**213.691**	**167.115**	**213.691**

	DKK 1,000	Royal Arctic Group		Royal Arctic Line A/S	
		2025	**2024**	**2025**	**2024**
18	**Other payables**				
	Payables relating to wages and rent	61.823	68.632	57.991	64.299
	Payable costs	37.683	24.259	29.840	20.678
	Total other payables	**99.506**	**92.891**	**87.831**	**84.977**
19	**Change in working capital**				
	Increase/decrease in receivables	(444)	(1.441)	(1.453)	(981)
	Increase/decrease in operating stocks	(4.436)	7.291	(4.716)	7.101
	Increase/decrease in warranty commitments	686	(630)	686	(630)
	Increase/decrease in trade payables	(7.051)	(3.671)	(6.462)	(4.580)
	Value adjustments relating to financial instruments	(712)	(1.859)	(712)	(1.859)
	Increase/decrease in other payables, etc.	22.125	(6.469)	18.361	(3.819)
	Total change in working capital	**10.168**	**(6.779)**	**5.704**	**(4.768)**
20	**Investments**				
	Investments in intangible assets	32.922	11.862	32.137	10.132
	Investments in ships	36.787	34.290	36.787	22.330
	Investments in buildings	6.147	3.131	6.147	3.131
	Investments in other fixed assets	12.332	7.365	12.332	7.365
	Change in assets under construction	5.516	(238)	4.974	1.756
	Total investments	**93.704**	**56.410**	**92.377**	**44.714**
21	**Loans raised during the year**				
	Loans raised, leasing	0	0	0	0
	Total borrowing for the year	**0**	**0**	**0**	**0**
22	**Instalments for the year**				
	Instalments for the year, collateral debt in ships	65.556	65.533	65.556	65.533
	Instalments for the year, leasing	375	488	375	488
	Total instalments for the year	**65.931**	**66.021**	**65.931**	**66.021**

	DKK 1,000	Royal Arctic Group		Royal Arctic Line A/S	
		2025	2024	2025	2024
23	**Charged assets and collateral**				
	Nominal value, collateral debt in ships:	1.312.999	1.311.569	1.312.999	1.311.569
	Carrying amount, collateral debt in ships:	869.352	903.782	869.352	903.782
	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:	18.612	13.646	18.612	13.646
24	**Leasing and rental commitments**				
	In addition to liabilities recognised in the balance sheet, the company has the following significant liabilities:				
	Lease of containers with maturities in 2028 and a total payment of USD 11.05 million, equivalent to TDKK 71,488: of which USD 4.02 million, equivalent to TDKK 26,160, falls due in 2026.	71.488	63.799	71.488	63.799
	Rental of containers expiring in 2033: of which TDKK 228 falls due in 2026.	2.290	2.507	2.290	2.507
	Obligations under rental agreements until expiry in 2026:	10.223	10.039	10.223	10.039
	Obligations under rental agreements until expiry in 2027:	1.356	1.526	1.356	1.526
	Obligations under rental agreements until expiry in 2028:	0	1.297	0	1.297
	In addition, a lease agreement concluded with Sikuki concerning the container terminal in Nuuk runs until 31 December 2042. The annual lease amounts to DKK 49.23 million for 2026, 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 2026.	18.079	23.244	18.079	23.244
	Other leasing obligations: of which EUR 2.4 million, equivalent to TDKK 17,926, and TDKK 212, falls due in 2026.	36.648	66.796	36.648	66.796

	DKK 1,000	Royal Arctic Group		Royal Arctic Line A/S	
		2025	2024	2025	2024
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				
	Statutory audit	440	439	360	359
	Additional declarations	26	28	26	28
	Tax consultancy services	0	42	0	42
	Other services	10	169	0	95
	Total	**476**	**678**	**386**	**524**
	PricewaterhouseCoopers				
	Statutory audit	840	980	840	980
	Tax consultancy services	0	6	0	6
	Other services	153	255	153	255
	Total	**993**	**1.241**	**993**	**1.241**
	Total	**1.469**	**1.919**	**1.379**	**1.765**

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 and functional execution of local port authority duties (service agreement fee amounts to TDKK 3,322)
– Cargo transport for Qaanaaq (service agreement fee of TDKK 895)
– Coastal shipping of goods in Greenland (service agreement fee amounts to TDKK 59,968)
– Freight transport for agriculture (service agreement fee amounts to TDKK 1,227)
– Extraordinary freight transport to Maniitsoq in connection with port renovation (service agreement fee amounts to TDKK 20,060)

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 posts of the Board of Directors and the Executive Board:

Inooraq Brandt
CEO of Ramboll Grønland A/S
Board Member of CSR Greenland

Flemming Drechsel
Director of Illuigaq ApS
Chairman of the Board of Kalaallit Forsikring Agentur A/S

Jóhanna á Bergi
CEO Atlantic Airways
Chair of the European Regions Airline Association
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

Tommy Ege Kristensen
CEO Director of Cadvi ApS
CEO Director of TREM ApS
Director and Board member of GTG Invest ApS
Chairman of the Board of Betoncentralen af 15/7-1976 ApS
Chairman of the Board, Donnas Dyreklinik
Member of the Board of Guide to Greenland ApS

Niels Clemensen
Chair of the Board of Arctic Umiaq Line A/S

Aviâja Lyberth Lennert
Board Member of Nuup Bussii A/S
Board Member of CSR Greenland

Jørgen Aqe Møller
Owner and director of Active ApS
Owner, Director and Chairman of the Board of Q-Planning ApS
Board Member of Ihedge A/S
Board Member of Illuut A/S
Board Member of Siu Tsiu
Member of the Board of Great Greenland

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.

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 27. 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 investments
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.

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 assets
Intangible assets include completed and acquired intangible rights in the form of software rights, emission allowances (CO_2 quotas), 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 CO_2 allowances (EUA – EU allowances) for the purpose of settling this emission obligation. The CO_2 allowances are classified as intangible assets and are measured at cost price or a lower recovery value. The CO_2 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 CO_2 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.

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.

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