

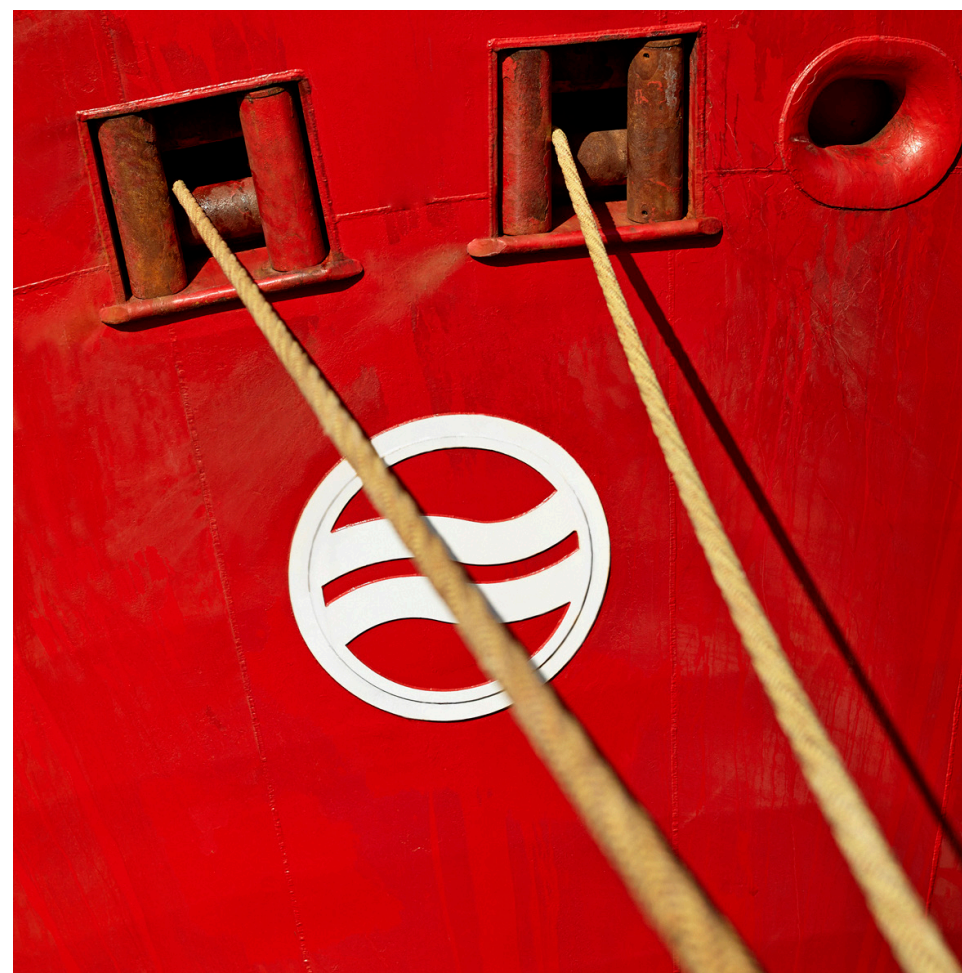
INTERIM REPORT



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



Group financial highlights

The Group's performance can be described over a three-year period with the following financial highlights for the first half-year:

Income statement	2025	2024	2023
Net revenue	497	532	502
Total revenue	513	543	530
Operating profit (EBIT)	(48)	(57)	(36)
Net financial items	(9)	(10)	(11)
Profit before tax for the period	(56)	(67)	(47)
Profit for the period	(42)	(50)	(35)

Balance sheet	2025	2024	2023
Balance sheet total	1.336	1.448	1.520
Investment in property, plant and equipment	58	24	33
Net working capital	(3)	(11)	(11)
Long-term liabilities	472	583	637
Equity	592	586	600

Cash flow statement	2025	2024	2023
Cash flows from operating activities	(16)	(20)	(41)
Cash flows from investing activities	(53)	(17)	26
Cash flow from financing activities	(33)	9	(3)
Change in cash and cash equivalents	(102)	(29)	(19)
Cash at end of period	26	120	128

Key ratios *	2025	2024	2023
Profit margin (%)	(9,6) %	(10,7) %	(7,1) %
Return on capital (%)	(3,6) %	(3,9) %	(2,4) %
Return on equity (ROE)	9,4 %	(8,4) %	(5,7) %
Solvency ratio (%)	48,3 %	40,5 %	39,5 %
Return on invested capital (ROIC)	(4,1) %	(4,8) %	(2,9) %
Leverage of operating assets	2,0	2,0	2,1

Average number of full-time employees	736	742	736
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Pre-tax profit/loss per employee (DKK 1,000)	(77)	(90)	(64)
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*Financial ratios are calculated in accordance with the CFA Society Denmark's "Recommendations and Financial Ratios"

Definitions of ratios

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

Net working capital is defined as inventories, receivables and other operational current assets, minus trade payables and other short-term operational liabilities.

Receivables and payables relating to corporate tax and cash and cash equivalents are not included in net working capital.



Management Review – First Half of 2025

Reduced freight volumes impact the result

Total freight volumes declined by almost 6 % in the first half of 2025 compared with 2024. The most significant drop was for cargo transported within Greenland, for which a 17 % decline was recorded, compared with the same period in 2024. This is primarily attributable to the discontinuation of Nuuk Imeq at the beginning of 2024.

Inbound freight to Greenland decreased by 5 % in the first half of 2025, contrary to the expected zero growth, with unchanged volumes. Oversized cargo and vehicles/boats/ construction machinery declined in particular, down by 44 % and 30 %, respectively. These categories are typically related to construction activity.

Outbound freight from Greenland – the southbound volumes – decreased by 3 %, which can be attributed to reduced catch volumes.

The downturn in freight volumes due to lower economic activity, partly as a consequence of the completion of the Nuuk airport project, also affected non-concession revenue, which in the first half of 2025 was 14 % below budget and 30 % lower than in 2024.





Arctic Umiaq Line

In 2025, Arctic Umiaq Line reinstated its sailing schedule from before 2024 to better meet the travel needs of the population. This resulted in an increase in passenger numbers and despite still operating at a loss, AUL improved its interim result by DKK 3 million before tax compared to the same period in 2024.

The result for the full year is expected to be a loss of DKK 8 million, an improvement of DKK 5 million compared to 2024.

Despite the improvement compared to 2024, ticket sales are lower than in 2023, which was the last year with a comparable sailing schedule. The company's operations are performing as expected, and the result before tax is DKK 0.3 million better than budgeted.

The company is supported by a guarantee against loss of up to DKK 15 million under the Finance Act. The expected deficit of DKK 8 million is within this limit. The guarantee supplements a service contract with the Government of Greenland totalling DKK 8 million.

A decision is expected later in the year on the long-term future of coastal passenger services. *Sarfaq Ittuk*, in its current condition, can only remain in operation until the end of 2027.



Financial overview for the first half- year

The Group's total revenue declined by DKK 30 million in the first half of 2025 compared to the same period in 2024, equivalent to a decrease of 5 %. The decline is a direct consequence of lower freight volumes.

Freight-related costs decreased by DKK 10 million, consistent with the drop in revenue. These costs are highly variable and relate particularly to the handling of cargo in ports outside Greenland. They therefore correlate closely with the decline in northbound volumes.

Total costs for the Group declined by DKK 31 million in the first six months of 2025 compared to the same period in 2024.

EBITDA for the first half of 2025 was DKK 7 million – an improvement of DKK 11 million compared to the previous year. The result before tax (EBT) stood at DKK -56 million at the end of June 2025. This represents an DKK 11 million improvement compared to 2024.

Arctic Umiag Line's improved result accounts for DKK 3 million of the improvement.

The Group's balance sheet total stood at DKK 1,336 million at mid-year, down from DKK 1,403 million at the end of 2024. The development is in line with expectations and is mainly due to ongoing depreciation of the fleet and debt repayment.

Long-term debt totals DKK 472 million after a DKK 35 million reduction of the debt since the end of 2024, reflecting ongoing debt repayment. Cash and cash equivalents stood at DKK 26 million at the end of June 2025. This represents a DKK 102 million decrease compared to the end of 2024.

The explanation lies in major overhauls of ships and cranes and the commencement of strategic investments in a new IT system, among other initiatives.

The company has undrawn credit facilities of DKK 180 million, so that capital adequacy is assessed to be sufficient. The decline in freight volumes is not critical provided that volumes pick up in step with new capital investments in the coming years. However, if economic activity, particularly capital investments, does not recover, the company will face a need for more fundamental adjustments to its activities in the coming years, to ensure continued financial stability and efficient operations.



Outlook for 2025

Expected total freight volumes in 2025 have been revised downwards by 5 % for northbound and domestic transport routes, in line with the decline recorded in the first half-year. The original forecast for southbound freight routes has been maintained, as catch volumes can vary considerably and it is expected that allocated quotas will be utilised.

Revenue adjustment

Due to the lower freight volumes, revenue from concession goods for the full year 2025 is expected to be DKK 35-40 million below the original budget. Additionally, a consequential decline of DKK 15-20 million is anticipated for non-concession revenue.

At the same time, costs are estimated to be DKK 30-35 million lower than budgeted.

Profit before tax for 2025 is therefore expected to be in the range of DKK 1 million to DKK 10 million. This represents a downward adjustment of the expected profit before tax of up to DKK 24 million from the company's original 2025 target of DKK 15-25 million. It is crucial for customers that sailing schedules are maintained, even with lower overall freight volumes. Therefore, implementing significant operational savings is not appropriate in the short term. If the downturn is expected to persist, it may become necessary to engage in dialogue with the owner and customers to achieve better utilisation of the deployed vessel capacity. Management monitors relevant macroeconomic indicators and also maintains ongoing dialogue with key customers to produce the most accurate possible forecast of future freight demand.



Strategy and investments

In December 2024, the Board of Directors approved the company's strategy for the next five years. A key objective is to maintain a consistent focus on optimising operations while safeguarding the quality and reliability of core services. A central element involves replacing the current cargo handling system with a modern platform that provides customers with greater access to their own data and improved self-service options.

The project is progressing as planned, with rollout expected in Q1 2026. Regarding the sailing fleet, a barge used in locations where port facilities are insufficient for vessel calls at quay will be replaced in the second half-year 2026. The new barge is a key asset in ensuring reliable and high-quality supply services to many smaller settlements.

Management Statement

The Board of Directors and the Executive Board have today examined and adopted the unaudited interim report for the period 1 January – 30 June 2025 for Royal Arctic Line A/S. The interim report has been presented in accordance with the Danish Financial Statements Act.

We consider the applied accounting policies appropriate for the interim report to provide a true and a fair view of the Group and the Parent Company's financial position and results, as well as their cash flows.

No significant events have occurred after the balance sheet date which would materially influence the evaluation of this interim report.

Nuuk, 13 august 2025

The Executive Board of Royal Arctic Line



Niels Clemensen
CEO



Aviãja Lyberth Lennert
Deputy CEO



Jørgen Aqe Møller
CFO

Royal Arctic Line Board of Directors



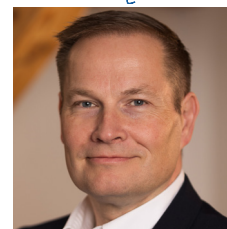
Paviaraq Heilmann
Chairman



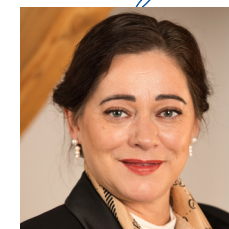
Inooraq Brandt
Deputy chairman



Barbara Agersnap



Flemming Drechsel



Jóhanna á Bergi



Minannguaq Hilda
Zeeb

Royal Arctic Line's employee-elected members



Eydun Simonsen



Laust Lijdskov
Vestergaard



Tina Lange Olsen

Income statement for the period 1 January to 30 June

DKK 1,000		Royal Arctic Group		Royal Arctic Line A/S	
		2025	2024	2025	2024
1	Net revenue	497.183	532.177	478.888	516.455
	Other operating income	15.526	10.640	26.822	21.578
	Cargo-related expenditure	(62.177)	(71.949)	(60.821)	(70.586)
	Gross profit	450.532	470.867	444.889	467.447
2	Other external costs	(260.433)	(280.614)	(251.162)	(270.795)
	Staff expenditure	(182.965)	(193.698)	(181.462)	(191.651)
	Amortisation, depreciation and impairment losses on fixed assets	(54.829)	(53.663)	(52.136)	(50.908)
	Operating profit	(47.695)	(57.107)	(39.871)	(45.907)
	Income from investments in Group companies	0	0	(5.870)	(8.399)
	Income from investments in associated companies	250	235	250	235
	Other financial income	7.616	8.863	7.596	8.838
	Other financial expenditure	(16.494)	(18.874)	(16.471)	(18.851)
	Profit before tax	(56.323)	(66.883)	(54.366)	(64.084)
	Tax on profit for the period	14.081	16.778	12.124	13.978
	Profit for the period	(42.242)	(50.106)	(42.242)	(50.106)

Assets as of 30 June

DKK 1,000	Royal Arctic Group		Royal Arctic Line A/S	
	June 30, 2025	December 31, 2024	June 30, 2025	June 30, 2024
Intangible assets				
Software	5.748	6.558	3.337	4.204
Emission allowances	13.211	6.928	13.211	6.928
Development projects	4.404	705	4.404	486
Total intangible assets	23.363	14.191	20.952	11.618
Property, plant and equipment				
Ships	931.270	949.261	923.026	938.899
Buildings	41.941	45.973	41.941	45.973
Transport equipment, harbour boats, machinery and fixtures and fittings	107.429	114.151	107.429	114.151
Assets under construction	25.903	4.594	25.573	4.594
3 Total property, plant and equipment	1.106.543	1.113.979	1.097.969	1.103.617
Financial non-current assets				
Investments in Group companies	0	0	11.435	17.305
Investments in associated companies	5.536	5.286	5.536	5.286
Other securities	1.007	1.009	1.007	1.009
Total financial fixed assets	6.543	6.295	17.978	23.600
Total fixed assets	1.136.449	1.134.465	1.136.899	1.138.835
Inventories and operating stock				
Operating stock	16.312	8.624	15.606	7.686
Total inventories and operating stock	16.312	8.624	15.606	7.686
Receivables				
Trade receivables	115.697	107.855	114.312	106.929
Receivables from Group companies	0	0	2.154	2.164
Other receivables	30.047	19.550	30.047	19.211
Accrued expenses and deferred income	11.897	4.830	11.496	3.984
Total receivables	157.641	132.235	158.009	132.288
Cash and cash equivalents	25.788	127.826	7.376	116.953
Total current assets	199.741	268.685	180.991	256.927
Total assets	1.336.190	1.403.150	1.317.890	1.395.762

Liabilities as of 30 June

DKK 1,000	Royal Arctic Group		Royal Arctic Line A/S	
	June 30, 2025	December 31, 2024	June 30, 2025	June 30, 2024
Share capital				
Reserve for hedging transactions	120.000	120.000	120.000	120.000
Reserve for net revaluation of investments:	6.289	10.588	6.289	10.588
– Affiliated companies				
– Associated companies	0	0	6.435	12.305
Reserve for development costs	2.039	1.789	2.039	1.789
Retained earnings	0	0	3.303	357
Total equity	463.210	505.702	453.472	493.040
Egenkapital i alt	591.538	638.079	591.538	638.079
Provisions				
Deferred tax	5.693	19.774	10.294	22.418
Other provisions	764	552	764	552
Total provisions	6.457	20.326	11.058	22.970
Long-term liabilities				
Mortgage debt in ships	447.494	478.865	447.494	478.865
Mortgage debt	567	567	567	567
Leasing debt	23.982	27.100	23.982	27.100
4 Total non-current liabilities	472.043	506.532	472.043	506.532
Current liabilities				
Next year's instalments on non-current liabilities	70.807	71.114	70.807	71.114
Trade accounts payable	53.149	56.236	51.872	54.099
Debt to affiliated companies	0	0	0	19
Other payables	112.366	92.891	95.082	84.977
Pre-invoiced revenue	18.189	10.453	18.189	10.453
Accrued expenses and deferred income	11.641	7.519	7.301	7.519
Total current liabilities	266.152	238.213	243.251	228.181
Total liabilities	738.195	744.745	715.294	734.713
Total liabilities	1.336.190	1.403.150	1.317.890	1.395.762

Equity Statement

DKK 1,000	Share capital	Reserve for hedging transactions	Reserve for net revaluation of investments	Reserve for development costs	Proposed dividend	Retained earnings	Total equity
Royal Arctic Group							
Equity as of 1 January 2025	120.000	10.588	1.789	0	0	505.702	638.079
Profit/loss for the year			250			(42.492)	(42.242)
Adjustment of derivative instruments, net		(4.299)					(4.299)
Equity as of 30 January 2025	120.000	6.289	2.039	0	0	463.210	591.538
Equity as of 1 January 2024	120.000	11.982	1.554	0	0	498.843	632.379
Profit/loss for the year			235		0	6.859	7.094
Adjustment of derivative instruments, net		(1.394)					(1.394)
Dividends						0	0
Equity as of 31 December 2024	120.000	10.588	1.789	0	0	505.702	638.079
Royal Arctic Line A/S							
Equity as of 1 January 2025	120.000	10.588	14.094	357	0	493.040	638.079
Profit/loss for the year			(5.620)	2.946		(39.568)	(42.242)
Adjustment of derivative instruments, net		(4.299)					(4.299)
Equity as of 30 January 2025	120.000	6.289	8.474	3.303	0	453.472	591.538
Equity as of 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		(1.394)					(1.394)
Dividends paid						0	0
Equity as of 31 December 2024	120.000	10.588	14.094	357	0	493.040	638.079

Cash flow statement for the period 1 January – 30 June

DKK 1,000	Royal Arctic Group		Royal Arctic Line A/S	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
Cash flows from operating activities				
Operating profit	(47.695)	(57.107)	(39.871)	(45.907)
Adjustments relating to lease assets	(3.984)	(3.906)	(3.984)	(3.906)
Amortisation, depreciation and impairment losses	54.829	53.663	52.136	50.908
Gain/loss on sale of fixed assets	(3.465)	(5.234)	(3.465)	(5.234)
Change in working capital	(8.783)	(151)	(22.199)	(3.953)
Cash flow from operating activities	(9.098)	(12.736)	(17.383)	(8.093)
Net interest payments	(6.828)	(7.818)	(6.825)	(7.820)
Dividend paid	0	0	0	0
Tax paid/received	0	66	0	66
Cash flow from operating activities	(15.926)	(20.487)	(24.208)	(15.846)
Cash flows from investing activities				
Investments	(57.972)	(24.366)	(57.229)	(13.624)
Disposal of non-current assets	4.873	7.453	4.873	7.453
Acquisition and disposal of financial non-current assets	2	1	2	1
Cash flow from investing activities	(53.097)	(16.912)	(52.354)	(6.170)
Cash flow from financing activities				
Loans raised for the period	0	41.725	0	41.725
Instalments for the period	(33.015)	(33.001)	(33.015)	(33.001)
Dividends paid	0	0	0	0
Cash flow from financing activities	(33.015)	8.724	(33.015)	8.724
Change in cash and cash equivalents	(102.038)	(28.676)	(109.577)	(13.292)
Cash and cash equivalents at the start of the period	127.826	148.475	116.953	116.071
Cash and cash equivalents at end of period	25.788	119.799	7.376	102.779
Distributed as follows:				
Cash and cash equivalents	25.788	119.799	7.376	102.779
Total	25.788	119.799	7.376	102.779

Notes

Unless otherwise stated, the amount is presented in DKK 1,000

Royal Arctic Group		Royal Arctic Line A/S	
30 June 2025	30 June 2024	30 June 2025	30 June 2024

1 Net revenue

The company's income is derived 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

19.274	16.672		
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Net revenue can be specified as follows:

Concession cargo income

417.962	428.284	413.818	424.185
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Non-concession income

79.221	103.892	65.070	92.270
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Total net revenue

497.183	532.177	478.888	516.455
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2 Other external expenditure

Ships

(151.912)	(166.463)	(143.531)	(158.378)
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Terminals

(51.798)	(52.123)	(51.795)	(52.120)
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Container operations

(29.171)	(28.501)	(29.171)	(28.501)
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Sales and administration

(27.553)	(33.526)	(26.665)	(31.796)
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Total other external expenditure

(260.433)	(280.614)	(251.162)	(270.795)
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Unless otherwise stated, the amount is presented in DKK 1,000

Royal Arctic Group		Royal Arctic Line A/S	
30 June 2025	31. dec. 2024	30 June 2025	31. dec. 2024

3 Property, plant and equipment

Of which, finance leased assets

23.715	26.463	23.715	26.463
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4 Borrowings from credit institutions

Of which, lease liabilities

23.081	25.918	23.081	25.918
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5 Contingent assets

The Government of Greenland has provided Arctic Umiaq Line A/S with a conditional guarantee against loss for the financial year 2025, for a maximum of DKK 15 million.

