ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	913 811 720
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	SILK TOPCO AS
Forretningsadresse:	Langkaia 1 0150 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2023 - 31.12.2023

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Nimerta Jossan Hegge
Dato for fastsettelse av årsregnskapet:	28.06.2024

Grunnlag for avgivelse

År 2023: Årsregnskapet er elektronisk innlevert
År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 23.08.2024

Resultatregnskap

Beløp i: EUR	Note	2023	2022
RESULTATREGNSKAP			
Kostnader			
operating costs	3	1 091 000	564 000
Net other gains/(losses)		59 000	4 000
Sum kostnader		**1 150 000**	**568 000**
Driftsresultat		**-1 150 000**	**-568 000**
Finansinntekter og finanskostnader			
Financial income	4	44 418 000	16 775 000
Net foregin exchange gains/(losses)	4	7 000	1 416 000
Sum finansinntekter		**44 425 000**	**18 191 000**
Rentekostnad til foretak i samme konsern	4	39 979 000	18 372 000
Financial expenses			
Net foregin exchange gains/(losses)			
Sum finanskostnader		**39 979 000**	**18 372 000**
Netto finans		**4 446 000**	**-181 000**
Ordinært resultat før skattekostnad		**3 296 000**	**-749 000**
Income taxes	5	0	0
Ordinært resultat etter skattekostnad		**3 296 000**	**-749 000**
Årsresultat		**3 296 000**	**-749 000**
Overføringer og disponeringer			
Transfered to equity		3 296 000	-749 000
Sum overføringer og disponeringer		**3 296 000**	**-749 000**

Balanse

Beløp i: EUR	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	6	187 016 000	187 016 000
Lån til foretak i samme konsern	6	375 586 000	180 477 000
Sum finansielle anleggsmidler		**562 602 000**	**367 493 000**
Sum anleggsmidler		**562 602 000**	**367 493 000**
Omløpsmidler			
Varer			
Fordringer			
Other receivables		31 000	0
other receivables, related parties Cash pool	7	11 000	17 000
Konsernfordringer	7	20 199 000	8 473 000
Sum fordringer		**20 241 000**	**8 490 000**
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	8	96 000	9 061 000
retsricted bank deposits	8	1 629 000	3 608 000
Sum bankinnskudd, kontanter og lignende		**1 725 000**	**12 669 000**
Sum omløpsmidler		**21 966 000**	**21 159 000**
SUM EIENDELER		**584 568 000**	**388 652 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	9	27 723 000	27 723 000
Overkurs	9	161 904 000	161 904 000

Balanse

Beløp i: EUR	Note	2023	2022
Sum innskutt egenkapital	9	**189 627 000**	**189 627 000**
Opptjent egenkapital			
Udekket tap	9	6 214 000	9 511 000
Sum opptjent egenkapital		**-6 214 000**	**-9 511 000**
Sum egenkapital		**183 413 000**	**180 116 000**
Gjeld			
Langsiktig gjeld			
Non-current provisions	10	17 500 000	
Sum avsetninger for forpliktelser		**17 500 000**	
Annen langsiktig gjeld			
Langsiktig konserngjeld	10	360 850 000	197 739 000
Sum annen langsiktig gjeld		**360 850 000**	**197 739 000**
Sum langsiktig gjeld		**378 350 000**	**197 739 000**
Kortsiktig gjeld			
Kortsiktig konserngjeld	7	6 565 000	1 653 000
Trade and other current liabilities		367 000	9 145 000
current interest-bearing liabilities		15 872 000	
Sum kortsiktig gjeld		**22 804 000**	**10 798 000**
Sum gjeld		**401 154 000**	**208 537 000**
SUM EGENKAPITAL OG GJELD		**584 567 000**	**388 653 000**

Konsernets resultatregnskap

Beløp i: EUR	Note	2023	2022
RESULTATREGNSKAP			
Inntekter			
Operating revenues	6	655 564 000	567 891 000
Other operating income	6	0	8 610 000
Sum inntekter		**655 564 000**	**576 501 000**
Kostnader			
Direct cost of goods and services	7	173 994 000	136 919 000
Salaries and personnel costs	8,9,24	191 797 000	176 816 000
Depreciation, amortisation and impairment	14,15, 16	72 558 000	71 161 000
Other operating expenses	10	289 205 000	306 246 000
Net other gains/(losses)	11	-3 154 000	-7 685 000
Sum kostnader		**724 400 000**	**683 457 000**
Driftsresultat		**-68 836 000**	**-106 956 000**
Finansinntekter og finanskostnader			
Financial income	12	11 817 000	832 000
net foreign exchange gains	12	2 005 000	724 000
Sum finansinntekter		**13 822 000**	**1 556 000**
Financial expenses	12	228 976 000	111 078 000
Share of net income from associated companies	17	-2 327 000	-650 000
Sum finanskostnader		**226 649 000**	**110 428 000**
Netto finans		**-212 827 000**	**-108 872 000**
Ordinært resultat før skattekostnad		**-281 663 000**	**-215 828 000**
Income taxes	13	14 316 000	-10 407 000
Ordinært resultat etter skattekostnad		**-295 979 000**	**-205 421 000**
Årsresultat		**-295 979 000**	**-205 421 000**
Remeasurment postemployment benefits, net of tax	25	303 000	351 000
currency translation differences, net of tax		-72 000	117 000

Konsernets resultatregnskap

Beløp i: EUR	Note	2023	2022
Sum resultatkomponenter for IFRS-foretak		231 000	468 000
Totalresultat		**-295 748 000**	**-204 953 000**
Overføringer og disponeringer			
Transfered to equity		-295 748 000	-204 953 000
Sum overføringer og disponeringer		**-295 748 000**	**-204 953 000**

Konsernets balanse

Beløp i: EUR	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Intangible assets	15	257 822 000	264 439 000
Utsatt skattefordel	13	603 000	817 000
Sum immaterielle eiendeler		**258 425 000**	**265 256 000**
Varige driftsmidler			
Property, plant and equipment	14	886 274 000	873 938 000
Sum varige driftsmidler		**886 274 000**	**873 938 000**
Finansielle anleggsmidler			
Investeringer i tilknyttet selskap	17	23 814 000	21 715 000
investment in other companies	17	206 000	2 539 000
Other non-current financial assets	18	2 378 000	1 612 000
Right of use assets	14,16	41 636 000	43 966 000
Sum finansielle anleggsmidler		**68 034 000**	**69 832 000**
Sum anleggsmidler		**1 212 733 000**	**1 209 026 000**
Omløpsmidler			
Varer			
Inventories	19	17 271 000	18 189 000
Sum varer		**17 271 000**	**18 189 000**
Fordringer			
Trade receivables	20	28 855 000	19 962 000
Other current receivables	20	39 065 000	32 554 000
Current derivative financial instruments	18	678 000	2 773 000
Prepayments	20	36 888 000	31 208 000
Sum fordringer		**105 486 000**	**86 497 000**
Bankinnskudd, kontanter og lignende			
Cash and Cash equivalents	21	52 071 000	42 660 000
Sum bankinnskudd, kontanter og lignende		**52 071 000**	**42 660 000**

Konsernets balanse

Beløp i: EUR	Note	2023	2022
Sum omløpsmidler		**174 828 000**	**147 346 000**
SUM EIENDELER		**1 387 561 000**	**1 356 372 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	22	27 723 000	27 723 000
Share premium	22	161 904 000	161 904 000
Sum innskutt egenkapital		**189 627 000**	**189 627 000**
Opptjent egenkapital			
Retained earnings		-1 074 794 000	-778 554 000
Other reserve		-4 495 000	-4 922 000
Sum opptjent egenkapital		**-1 079 289 000**	**-783 476 000**
Minoritetsinteresser		95 000	30 000
Sum egenkapital		**-889 567 000**	**-593 819 000**
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	25	1 653 000	1 827 000
Utsatt skatt	13	11 213 000	21 000
Provisions for other liabilities and charges	26	0	91 000
Sum avsetninger for forpliktelser		**12 866 000**	**1 939 000**
Annen langsiktig gjeld			
Non current lease liabilities	16	55 389 000	58 797 000
Other non-current liabilities		222 000	49 000
non current derivative financial instrument	18	9 640 000	0
non current interst bearing liabilities	23,17	1 630 100 000	1 330 862 000
Sum annen langsiktig gjeld		**1 695 351 000**	**1 389 708 000**
Sum langsiktig gjeld		**1 708 217 000**	**1 391 647 000**
Kortsiktig gjeld			

Konsernets balanse

Beløp i: EUR	Note	2023	2022
Leverandørgjeld	26	161 787 000	131 122 000
current income tax liabilities	13	3 351 000	428 000
deposits from customers, current	6	170 808 000	158 866 000
Current interest bearing-liabilities	23	215 634 000	252 124 000
current lease liabilities	16	11 832 000	11 992 000
Provisions for other liabilitites and charges	26	5 500 000	4 012 000
Sum kortsiktig gjeld		**568 912 000**	**558 544 000**
Sum gjeld		**2 277 129 000**	**1 950 191 000**
SUM EGENKAPITAL OG GJELD		**1 387 562 000**	**1 356 372 000**

Silk Topco AS

Financial Statements

2023

Silk Topco AS **Financial Statements 2023**

(EUR 1 000)	*Note*	**2023**	2022
Other operating expenses	*3*	(1 091)	(564)
Net other gains/(losses)		(58)	(4)
Operating profit/(loss)		**(1 150)**	(568)
Financial income	*4*	44 418	16 775
Financial expenses	*4*	(39 979)	(18 372)
Net foreign exchange gains/(losses)	*4*	7	1 416
Net financial items		**4 447**	(181)
Profit/(loss) before taxes		**3 298**	(749)
Income taxes	*5*	-	
Net income		**3 298**	(749)

Silk Topco AS **Financial Statements 2023**

(EUR 1 000)	*Note*	**31.12 2023**	31.12 2022
ASSETS			
Investments in subsidiaries	*6*	187 016	187 016
Loans to group companies	*7*	375 586	180 477
Total non-current assets		**562 602**	367 493
Other current receivables		31	-
Current receivables, related parties Cash pool	*7*	11	17
Other current receivables, related parties	*7*	20 199	8 473
Restricted bank deposits	*8*	1 629	3 608
Cash and cash equivalents	*8*	96	9 061
Total current assets		**21 966**	21 159
Total assets		**584 568**	388 652

Silk Topco AS **Financial Statements 2023**

(EUR 1 000)	*Note*	**31.12 2023**	31.12 2022
EQUITY AND LIABILITIES			
Share capital		27 723	27 723
Additional paid-in capital		161 904	161 904
Retained earnings		(6 214)	(9 511)
Total equity	*9*	**183 413**	180 116
LIABILITIES			
Non-current interest-bearing liabilities, related parties	*10*	360 850	197 739
Non-current provisions	*10*	17 500	
Total non-current liabilities		**378 350**	197 739
Trade and other payables		367	9 145
Trade and other payables related party	*7*	6 565	1 653
Current interest-bearing liabilities		15 872	
Total current liabilities		**22 804**	10 798
Total equity and liabilities		**584 568**	388 652

Oslo, 28 Juni 2024

Board of Directors of Silk Topco AS

Trygve Hegnar
Chairman

Petter Anker Stordalen
Director

Silk Topco AS **Financial Statements 2023**

(EUR 1 000)	*Note*	**2023**	2022
Cash flows from operating activities			
Profit/(loss) before income tax		**3 298**	(749)
Adjustments for:			
Net foreign exchange gains / (losses)		**51**	(1 412)
Net financial expenses		**(3 553)**	1 597
Change in working capital:			
Trade and other receivables		**(130)**	(6 273)
Trade and other payables		**(106)**	16 873
Net cash (outflow) from operational activities		**(440)**	10 036
Cash flows from investing activities			
Net lendings to related parties	*10*	**(157 306)**	(105 477)
Interest received		**184**	-
Net cash (outflow) from investing activities		**(157 122)**	(105 477)
Proceeds from borrowings related parties	*9, 10*	**130 000**	110 000
Proceeds form derivatives (Warrent)	*9*	**17 500**	-
Repayment of borrowings reated parties		-	(11 754)
Interest and financial expenses paid		-	2 228
Net cash inflow from financing activities		**147 500**	100 474
Net increase in cash and cash equivalents		**(10 950)**	5 033
Cash and cash equivalents at the beginning of the financial year		**12 686**	7 654
Cash and cash equivalents at the end of year		**1 736**	12 686
Of which restricted cash		**1 629**	3 608

Note 1 General information and accounting principles

General information

Silk Topco AS is the parent in the Silk Topco Group, operating as a holding company, with the purpose to invest in other companies. The headquarter is at Langkaia 1 in Oslo. The consolidated financial statements can be downloaded from the following website: www.hurtigruten.com.

The information provided in the consolidated financial statements covers the company to a significant degree. Please refer to the consolidated financial statement of the Group for a description of the operative activities within the Group. The financial statements of Silk Topco AS for the year ended 31 December 2023 were authorized for issue by the Board of Directors on 28 June 2024.

Basis of preparation

The financial statements of Silk Topco AS have been prepared in accordance with Norwegian Accounting Act and generally accepted accounting principles. The accounting principles set out below have been applied in preparing the financial statements for the year ended 31 December 2023 and the comparative information presented in these financials.

The accounting principles described in this section are as applied to Silk Topco AS company only and do not describe the principles applied to the Silk Topco Group accounts. The notes for the Silk Topco Group are presented with the consolidated accounts for the Group.

ACCOUNTING PRINCIPLES

Use of estimates

Preparation of the accounts in accordance with generally accepted accounting principles requires that management make estimates and assumptions which have an effect on the value of assets and liabilities on the balance sheet and reported revenues and expenses for the accounting year. The ultimate values realised may deviate from these estimates.

Foreign currency translation

The financial statements are presented in euro (EUR) which is the functional currency of the parent company since 1 January 2020. The change was made to reflect that EUR has become the predominant currency in the company, counting for a significant part of the cash flow and financing.

All foreign currency translations are converted to EUR at the date of the transaction. All monetary items denominated in foreign currency are translated at the exchange rate at the balance sheet date. Derivates designated as hedging instruments in fair values hedges are measured at fair value. Other non-monetary items in foreign currencies recognised in accordance with the cost method are translated to EUR using the exchange rate applicable on the transaction date. Changes to exchange rates are recognised in the statement of profit and loss as they occur during the accounting period.

Investment in subsidiaries

Investments in subsidiaries are recorded in accordance with the cost method, less any impairment losses. An impairment loss is recognised if the impairment is not considered temporary and reversed if the reason for the impairment loss in no longer present in subsequent periods.

Dividends, group contributions and other distributions from subsidiaries are recognised in the same year as they are recognised in the financial statement of the provider. If dividends / group contribution exceeds withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet for the parent company.

Classification principles

Assets intended for permanent ownership or use and receivables that mature more than one year after the end of the accounting year are classified as non-current assets. Other assets are classified as current assets.

Liabilities that fall due later than one year after the end of the accounting year are classified as non-current liabilities. Other liabilities are classified as current liabilities.

Accounts receivables and other receivables

Accounts receivable and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and other short-term liquid investments with original maturities of three months or less. Bank overdrafts are included within borrowings in current liabilities in the balance sheet. Cash and cash equivalents are defined differently in the balance sheet and cash flow presentation. Restricted cash is included in the balance sheet presentation but not in the cash flow presentation. The difference is reconciled below the cash flow statement.

Income tax

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax is recognised in respect of all temporary differences and accumulated tax losses carried forward at the balance sheet date which implies increased or decreased tax payable when these differences reverse in future periods.

Current tax is calculated in accordance with the tax laws and regulations enacted or substantively enacted at the balance sheet. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax laws are subject to interpretation. Based on management's assessment, a provision is made for expected tax payments when necessary.

Temporary differences are differences between taxable profit and results that occur in one period and reverse in future periods. Deferred tax is calculated applying the nominal tax rate to temporary differences and accumulated tax losses carried forward. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilized. Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.

Deferred income tax assets and deferred income tax liabilities are recognised net to the extent that there is a desire and ability to realise the assets and settle the liabilities simultaneously.

Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents include cash and bank deposits, excluding restricted cash.

Silk Topco AS **Financial Statements 2023**

Note 2 Financial risk management

As a result of ordinary operations expose the company to risk related to fluctuations in exchange and interest rates. The company is covered by the Group hedging strategy. Further information can be found in the consolidated group accounts.

Currency risk

The Company has significant loans payable in NOK (intercompany loans payables to Hurtigruten Global Sales AS and Kirberg Shipping AS). Its functional currency is EUR and is thus exposed to currency risk.

Price risk

The company has limited business activities, hence no significant price risk.

Interest rate risk

The company's borrowings and draws of the Group bank accounts are made at floating rates. Loans subject to a variable interest rate present a risk to the Group's overall cash flow, while fixed interest rates expose the Company to fair-value interest rate risk. The Company has no specific hedging strategy to reduce variable interest rate risk, but the risk is monitored and evaluated on a regular basis.

Liquidity risk

The Company has no significant concentration of credit risk.

Liquidity risk management includes maintaining a sufficient level of liquid assets geared to operational and investment plans and ensuring the availability of sufficient funding from committed credit facilities. The Company takes part of the Group's group account that ensures that part of the Group's unrestricted liquidity is available to the parent company, and which also optimises availability and flexibility in liquidity management. The Finance function has overall responsibility for managing the Group's liquidity risk. Rolling liquidity forecasts are prepared so as to ensure that the Group has sufficient liquidity reserves to satisfy the Group's obligations and financial loan covenants. See the Group financial statements, note 4 for more detail.

Note 3 Other operating costs

(EUR 1 000)	**2023**	2022
Insurance premiums	348	483
Legal services	656	23
Other services	71	6
Other general expenses	(29)	17
Total other operating costs	**1 046**	529

Audit remuneration

	2023	2022
Statutory audit	45	35
Total	**45**	35

VAT is not included in the fees specified above.

Silk Topco AS **Financial Statements 2023**

Note 4 Net financial items

(EUR 1 000)	**2023**	2022
Interest income, realated parties	43 531	16 738
Other financal income	887	36
Total financial income	**44 418**	16 775
Interest expenses, realated parties		(661)
Interest expenses	(39 979)	(25 493)
Other financial costs		7 783
Total financial expenses	**(39 979)**	(18 372)
Net foreign exchange gains/(losses)	**7**	1 416
Net financial items	**4 447**	(181)

Note 5 Income taxes

Income tax recongnised in proft and loss

(EUR 1 000)	**2023**	2022
Current taxes	-	324
Deferred taxes	-	-324
Total income taxes	-	-

Reconciliation of income tax (expense) benefit:

(EUR 1 000)	**2023**	2022
Profit/(loss) before taxes	**3 298**	-749
Effective tax rate	**22**	22
Expected income taxes 22 % of profit before tax	725	165
Tax effect non-deductable expenses and non-taxable income		-489
Tax effects of changes in unrecognised deferred tax assets	-725	324
Total income (taxes) benefit	-	-

Specification of changes in deferred tax assets (+) / liabilities (-)

Non-deductible expenses are related to interest's limitation rules.

Valuation allowance consists of the write-down of deferred tax asset arising from tax losses carried forward.

(EUR 1 000)	**31.12.2023**	31.12.2022
Tax loss carry forward	3 888	1 170
Deferred tax asset	**3 888**	1 170
Unrecognised deferred tax for tax loss carried forward	-	-
Deferred tax assets recongnised	**3 888**	1 170
Netting	-3 888	-1 170
Net Deferred tax assets recognised	-	-

The deferred income tax assets relating to tax loss carry forward are recognised in the statement of financial position to the extent that the Company can utilise the tax loss carry forward against future taxable income.

Note 6 Investments in associates

(EUR 1 000)	**Registered office**		**Total equity as at 31 December 2023**	**Net result for the year 2023**	**Book value**
Hurtigruten Newco AS	Oslo, Norway	100,0 %	-1	-2	4
Silk Midco AS	Oslo, Norway	100,0 %	185 176	-8	185 281
Kiberg Shipping AS	Oslo, Norway	100,0 %	1 418	-11	1 723
Silk Sideco 1 AS	Oslo, Norway	100,0 %	-1	-3	4
Silk Sideco 2 AS	Oslo, Norway	100,0 %	-1	-2	4
Net					**187 016**

As of 31 December 2023, the estimated value in use for the assets in the Company is equal to or higher than the carrying value of the assets, and no impairment of investments in subsidiaries has been recognized in the financial statements of Silk Topco AS per 31 December 2023. The impairment tests are supported by the booking development for 2024 and 2025.

Silk Topco AS **Financial Statements 2023**

Note 7 Related parties

Transactions with related parties are carried out in accordance with the arm's length principle. Related parties are defined as shareholders and subsidiaries, directly or indirectly owned.

Transactions and balances with Group companies

(EUR 1,000)	**2023**	2022
Purchase of services		
Hurtigruten Global Servies AS	(3)	5
Purchase of services	**(3)**	5
Fee borrowings received from Group companies		
Silk Midco		16 418
Hurtigruten Investments AS		320
Total fee borrowings received from Group companies	-	16 738
Fee borrowings due to Group companies		
Hurtigruten Global AS		(661)
Total fee borrowings received from Group companies	-	(661)

(EUR 1,000)	**2023**	2022
Financial income		
Silk Midco AS	32 072	
Hurtigruten group AS	1 113	173
Hurtigruten Global Sales AS	2	1 183
Hurtigruten Global Services AS		
MS Richard With AS		199
MS Nordlys AS		372
Hurtigruten Investements AS	8 186	241
Kirberg Shipping AS	887	
Total financial income from Group companies	**44 236**	2 479

(EUR 1,000)	**2023**	2022
Financial expenses		
Silk Midco AS		(16 418)
Silk Topco AS		-
Kirberg shipping AS		(69)
Total financial expenses	-	(16 488)

Balances with companies in the same group and related parties

Non-current receivables		
Silk Midco AS	324 899	160 477
Hurtigruten Group AS	20 538	
Hurtigruten Coastal AS (H. Cruise AS)	30 147	
Hurtigruten Investements AS	-	20 000
Total non-current receivables	**375 585**	180 477

Current receivables		
(in EUR 1 000)	**2023**	2022
Hurtigruten Global Sales AS	15	8 153
Silk Midco AS	16 793	-
Hurtigruten Investment AS	-	320
Hurtigruten Group AS	16 893	
Hurtigruten Coastal Cruise AS	1 830	
Kirberg Shipping AS	887	
Total trade and other current receivables	**36 417**	8 473

Non-current payables		
Kirberg Shipping AS	1 511	1 616
Hurtigruten Coastal AS	-	-
Hurtigruten Global Sales AS	13	14
Total non-current payables due to Group companies	**1 525**	1 630
Total trade payables and other current payables due to Group companies	**1 525**	1 630

Trade payables and other current payables		
(in EUR 1 000)	**2023**	2022
Hurtigruten Global Sales AS	1 642	1 642
Silk Sideco 1 AS	-	-
Total trade payables and other current payables due to Group companies	**6 565**	1 654

The majority shareholder in Silk Topco AS, Silk Holding SARL, is 100% owned by an investment fund managed by TDR Capital LLP. Board members of Silk Topco AS, Matthew Lenczner and Jonathan Rosen, are partners in TDR Capital LLP. Silk Topco AS had no transactions with TDR Capital LLP in 2023.

Note 8 Cash and cash equivalents

The company holds the following balances categorised as cash and cash equivalents

(EUR 1 000)	**2023**	2022
Cash and bank deposits outside cash pool	96	9 078
Restricted bank deposits	1 629	3 608
Total cash and cash equivalents	**1 725**	12 686

[1)]Restricted bank deposits mainly comprise of travel guarantees and various other guarantees provided by Tryg.

Silk Topco AS **Financial Statements 2023**

Note 9 Share Capital

Attributable to shareholders of Silk Topco AS

(EUR 1 000)	Share capital	Additional paid-in capital	Retained earnings	Total Equity
1 January 2022	**27 723**	**161 904**	**(8 762)**	**180 866**
Net income		-	(749)	(749)
31 December 2022	**27 723**	**161 904**	**-9 512**	**180 116**
				-
Net income		-	3 298	3 298
31 December 2023	**27 723**	**161 904**	**(6 214)**	**183 413**

Please refer to note 24 in the Consolidated Annual Financial statements.

The Group has share-based remuneration schemes in which the company receives services from employees as consideration for a share-based payment. The fair value of the amount payable to employees in respect of the bonus shares, which is settled in cash or shares through a private placement of shares, is recognised as an expense with a corresponding increase in liabilities over the period during which the employees become unconditionally entitled to the shares. The liability is remeasured at each reporting date and at settlement date based on the fair value of the bonus shares. Any changes in the liability are recognised in profit or loss.

In 2015, the executive management of Hurtigruten Group entered into an agreement with the ultimate parent company, Silk Topco AS. Given the indebtedness of the Group as of 31 December 2023, management have written down the obligation under this incentive agreement which was EUR 0.9 million at year end 2022 to nil. A new incentive plan will likely be implemented in 2024.

Shares and shareholders information as per 31 December 2023

Shareholders	**Number of A shares**	**Number of B shares**	**Number of C shares**	**Number of D shares**	**Number of E shares**
Silk Holdings S. ar.l.	221 009 204				
Strawberry Equities AS	31 585 704				
Periscopus AS	13 381 965				
Hornsund Invest AS		2 364 285			
A.Y Invest AS		1 071 428			
Stay Tuned Invest AS		571 428			
Bjørnflaten Invest		285 714			
Mfortitude AS		285 714			
Superstocks AS	1 662 405				
Estera Trust Limited		593 229			4 272
Rypestrand Sjøbad AS			357 142		
HMH Consulting AS				108 695	
MIMS Advice AS					57 692
Felinvest AS					111 112
Total number of shares	**267 639 278**	**5 171 798**	**357 142**	**108 695**	**173 076**

Silk Topco AS **Financial Statements 2023**

	Number of shares	Shareholding (%)
Silk Holdings S. ar.l.	221 009 204	80,82%
Strawberry Equities AS	31 585 704	11,55%
Periscopus AS	13 381 965	4,89%
Hornsund Invest AS	2 364 285	0,86%
A.Y Invest AS	1 071 428	0,39%
Stay Tuned Invest AS	571 428	0,21%
Bjørnflaten Invest	285 714	0,10%
Mfortitude AS	285 714	0,10%
Superstocks AS	1 662 405	0,61%
Estera Trust Limited	597 501	0,22%
Rypestrand Sjøbad AS	357 142	0,13%
HMH Consulting AS	108 695	0,04%
MIMS Advice AS	57 692	0,02%
Felinvest AS	111 112	0,04%
Total number of shares	**273 449 989**	**100,00%**

Note 10 Non-current interest-bearing liabilities

(EUR 1 000)	**31.12.2023**	31.12.2022
Unsecured		
Green Bond EUR 50 millions		
Transaction cost at amortised cost - (unsecured)		
Shareholder loan, non-current	359 325	
Total non-current interest-bearing unsecured liabilities	**359 325**	-
Total non-current interest-bearing liabilities	**359 325**	-

(EUR 1 000)	**31.12.2023**	31.12.2022
Unsecured		
Shareholder loan, current	1 525	185 000
Accrued interest shareolder loan/related parties		11 180
Total unsecured current interest-bearing liabilities	**1 525**	196 180
Total current interest-bearing liabilities	**1 525**	196 180

(EUR 1 000)	**31.12.2023**	31.12.2022
Book value of collateralized assets	**562 602**	367 493

The company main source of financing is a EUR 359 million subordinated shareholder loan facility. The loan was issued in September 2023 by the Company shareholders.

In connection with the new notes facility, a synthetic warrant instrument was issued by Silk Holdings Sarl.

Measurement of the non-current derivative financial instrument (liability) Level 3 - Warrant

The warrants consist of rights to 5% of the Fair value of equity of Silk Topco AS fully diluted either as shares and/or cash dependant on certain events and also in certain instances dependant on warrant holders' choice. The Fair value valuation on 31 December 2023 is based on the enterprise value of the Group based on discounted cash flows from the cash generating units of the Group and less the net debt to derive the equity value. The cash flows are based on the consistently applied budgeting and forecasting principles of the Group. The cash flows are sensitive to adjustment of the main factors occupancy rate and growth factor and other parameters used. The cash flows are discounted using the Group's weighted average cost of capital (WACC). The fair value calculation is sensitive to the parameters of the WACC.

The calculated value is lower than the original value of the warrants. Silk Topco AS's accounting principles are Norwegian GAAP. Following the principle of lowest of book value and fair value, the warrants are not written down in the accounts/annual report for 2023.

Note 11 Remuneration

Board of Directors

Silk Topco AS does not have separate management. Remuneration for the Board of Directors is settled from the Silk Topco AS' indirect subsidiary Hurtigruten Group AS, as the members of the Board in Hurtigruten Group AS are identical to the members of the Board of Directors of Silk Topco AS. For remuneration to the Board of Directors in the Group, please refer to note 24 in the Consolidated Annual Financial Statements.

The company has no employees and there is as such no obligation to establish an obligatory service pension plan according to the Norwegian service plan act.

Note 12 Subsequent events

On 23 February 2024, the Group successfully completed a comprehensive recapitalisation transaction, which involved:

1. injection of liquidity of EUR 185 million (on a net basis) through a combination of near-term interest waivers and a new super senior secured opco facility in a principal amount of EUR 205 million, part of which was used to repay in full the interim financing provided to the Group in a principal amount of EUR 74 million in December 2023;

2. restructuring of the Group's existing senior facilities into a new senior secured opco facility of EUR 345 million (the "New Senior Facility") and a new secured PIK Holdco Facility of around EUR 670 million (the "New Holdco Facility");

3. restructuring of the existing senior unsecured bonds in a principal amount of EUR 50 million originally issued by Hurtigruten Group AS such that these were converted into senior secured bonds issued by Hurtigruten Newco AS, the parent company of Hurtigruten Group AS (the "Reinstated SUNs"). The repayment of the Reinstated SUNs is subject to a payment waterfall such that 60% of the Reinstated SUNs rank pari passu with the New Holdco Facility and certain other restructured shareholder facilities, while the remaining 40% are subordinated to them; and

4. shareholder facilities of about EUR 150 million were restructured, all of which are subordinated to the New Senior Facility and approximately EUR 55 million of which are subordinated to the New Holdco Facility and

Reinstated SUNs. The maturity profile of these facilities was extended to provide additional support for the business.

Note 13 Going concern

As of 31 December 2023, the Group had successfully returned to normal operations bringing the full fleet of vessels back online during the first half of 2023.

In the opinion of the Board of Directors, the underlying fair value of Silk Topco Group's vessels and brands is significantly higher than the book value; the recapitalization transaction completed in February 2024 improved the fair value equity position by a conversion of EUR 34 million for Silk Topco Group (book equity as of 31 December 2023 amounted to EUR 890 million negative).

As of 31 December 2023, Silk Topco Group had an available free liquidity position of EUR 48 million. As of 31 May 2024 the Silk Topco Group had an available free liquidity position of EUR 61 million.

On 23 February 2024, the Company successfully implemented a comprehensive recapitalisation transaction with its senior lenders, its shareholders, and senior unsecured note holders.

The recapitalisation transaction involved:

1. Injection of liquidity of EUR 185 million (on a net basis) through a combination of near-term interest waivers and a new super senior secured opco facility in a principal amount of EUR 205 million, part of which was used to repay in full the interim financing provided to the Company in a principal amount of EUR 74 million in December 2023;

2. restructuring of the Group's existing senior facilities into a new senior secured opco facility of EUR 345 million (the "New Senior Facility") and a new secured PIK holdco facility of around EUR 670 million (the "New Holdco Facility");

3. restructuring of the existing senior unsecured bonds in a principal amount of EUR 50 million originally issued by Hurtigruten Group AS such that these were converted into senior secured bonds issued by Hurtigruten Newco AS, the parent company of Hurtigruten Group AS (the "Reinstated SUNs"). The repayment of the Reinstated SUNs is subject to a payment waterfall such that 60% of the Reinstated SUNs rank pari passu with the New Holdco Facility and certain other restructured shareholder facilities, while the remaining 40% are subordinated to them; and

4. shareholder facilities of about EUR 150 million were restructured, all of which are subordinated to the New Senior Facility and approximately EUR 55 million of which are subordinated to the New Holdco Facility and Reinstated SUNs. The maturity profile of these facilities was extended to provide additional support for the business.

The terms of the recapitalisation transaction enable the Silk Topco Group to implement the separation of the business into our expeditions business, which would have the largest expeditions fleet in the world, and our prestigious Norwegian cruise business, and this separation is permitted under the terms of the New Senior Facility, New Holdco Facility and Reinstated SUNs.

As at the date of this report, the group is actively looking at options to refinance, amend or redeem the EUR 300 million senior secured bonds issued by Explorer II AS which will mature in February 2025 (the "Existing SSNs"). The amount of Existing SSNs that are outstanding is EUR 271 million as at April 2024 following an amortisation payment in February 2024.

Hurtigruten Group AS needs to agree a transaction (or combination of transactions) which either contractually extends the maturity of the Existing SSNs or generates proceeds to redeem the Existing SSNs. No such transaction has been agreed as at the date of this report. The Company however continues actively to pursue a series of options to deliver such a transaction prior to the maturity of the Existing SSNs in February 2025.

The board of directors, having considered the on-going efforts to deliver a transaction with respect to the Existing SSNs, believe that there is a reasonable prospect of delivering such a transaction before February 2025, particularly given the progress the Group has been made in relation to the separation of the existing group into the expeditions business i.e. HX and the Norwegian coastal business i.e. HRN.

However, if the Company is not able to reach agreement on such a transaction, then the Group on current projections will not be able to repay the Existing SSNs at their maturity in February 2025.

To deliver a transaction with respect to the Existing SSNs requires new investment into the structure or the agreement of the relevant majority of the Existing SSNs. The Company cannot guarantee that these negotiations will be successful.

As the Existing SSNs have security over two modern, expedition vessels, the Group faces a risk that the holders of the Existing SSNs may seek to enforce the security over these vessels which would materially and adversely impact the Group. The Group further faces the risk that it may experience difficulties in meeting its obligations associated with other financial liabilities as a result of any enforcement action taken by the holders of the Existing SSNs and this may affect its ability to continue as a going concern.

Silk Topco Group

Consolidated Financial Statements

2023

Silk Topco Group **Consolidated Financial Statements 2023**

(EUR 1 000)	*Note*	**2023**	2022
Operating revenue	*6*	655 564	567 891
Other operating income	*6*	-	8 610
Direct cost of goods and services	*7*	(173 994)	(136 919)
Salaries and personnel expenses	*8, 9, 24*	(191 797)	(176 816)
Depreciation, amortisation and impairment expenses	*14, 15, 16*	(72 558)	(71 161)
Other operating expenses	*10*	(289 203)	(306 246)
Net other gains/(losses)	*11*	3 154	7 685
Operating profit/(loss)		**(68 836)**	(106 955)
Financial income	*12*	11 817	832
Financial expenses	*12*	(228 978)	(111 078)
Net foreign exchange gains/(losses)	*12*	2 005	724
Net financial items		**(215 155)**	(109 522)
Share of net income from associated companies	*17*	2 327	650
Profit/(loss) before taxes		**(281 663)**	(215 827)
Income taxes	*13*	(14 316)	10 407
Net income		**(295 979)**	(205 420)
Net income attributable to			
Owners of the parent		(296 044)	(205 421)
Non-controlling interests		65	2

(EUR 1 000)	Note	2023	2022
Net income		(295 979)	(205 420)
Items that will not be reclassified to income statement			
Remeasurement postemployment benefits, net of tax	25	303	351
Total		**303**	351
Items that will be reclassified to income statement			
Currency translation differences, net of tax		(72)	117
Total		**(72)**	117
Total comprehensive income		**(295 748)**	(204 952)
Total comprehensive income for the year attributable to			
Owners of Hurtigruten Group AS		(295 813)	(204 954)
Non-controlling interests		65	2

(EUR 1 000)	*Note*	**31.12 2023**	31.12 2022
ASSETS			
Property, ship and equipment	*14*	886 274	873 938
Right-of-use assets	*14, 16*	41 636	43 966
Intangible assets	*15*	257 822	264 439
Investments in associates	*17*	23 814	21 715
Deferred income tax asset	*13*	603	817
Investments in other companies	*17*	206	2 539
Other non-current financial assets	*18*	2 378	1 612
Total non-current assets		**1 212 734**	1 209 025
Inventories	*19*	17 271	18 189
Trade receivables	*20*	28 855	19 962
Other current receivables	*20*	39 065	32 554
Prepayments	*20*	36 888	31 208
Current derivative financial instruments	*18*	678	2 773
Cash and cash equivalents	*21*	52 071	42 660
Total current assets		**174 828**	147 346
Total assets		**1 387 562**	1 356 372

(EUR 1 000)	*Note*	**31.12 2023**	31.12 2022
EQUITY AND LIABILITIES			
Share capital	*22*	27 723	27 723
Additional paid-in capital	*22*	161 904	161 904
Other equity		(4 495)	(4 922)
Retained earnings		(1 074 794)	(778 553)
Total equity attributable to owners of the parent		**(889 662)**	(593 849)
Non-controlling interests		95	30
Total equity		**(889 567)**	(593 818)
LIABILITIES			
Non-current interest-bearing liabilities	*23, 17*	1 630 100	1 330 862
Non-current lease liabilities	*16*	55 389	58 797
Deferred income tax liabilities	*13*	11 213	21
Retirement benefit obligations	*25*	1 653	1 827
Non-current derivative financial instruments	*18*	9 640	-
Provisions for other liabilities and charges	*26*	0	91
Other non-current liabilities		222	49
Total non-current liabilities		**1 708 217**	1 391 647
Trade and other payables	*26*	161 787	131 122
Deposits from customers, current	*6*	170 808	158 866
Current income tax liabilities	*13*	3 351	428
Current interest-bearing liabilities	*23*	215 634	252 124
Current lease liabilities	*16*	11 832	11 992
Provision for other liabilities and charges	*26*	5 500	4 012
Total current liabilities		**568 912**	558 543
Total equity and liabilities		**1 387 562**	1 356 372

Oslo, 28 June 2024

Trygve Hegnar
Chairman

Petter Anker Stordalen
Board member

(EUR 1 000)	Share capital	Additional paid-in capital	Other reserves	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total Equity
	Attributable to owners of the parent						
1 January 2022	**27 723**	**161 904**	**(5 397)**	**(573 125)**	**(388 895)**	**29**	**(388 867)**
Net income		-		(205 421)	(205 421)	2	(205 420)
Other comprehensive income			475	(7)	468		468
31 December 2022	**27 723**	**161 904**	**(4 922)**	**(778 553)**	**(593 849)**	**30**	**(593 818)**
Net income		-		(296 044)	(296 044)	65	(295 979)
Other comprehensive income			427	(197)	230		230
31 December 2023	**27 723**	**161 904**	**(4 495)**	**(1 074 794)**	**(889 662)**	**95**	**(889 567)**

Silk Topco Group **Consolidated Financial Statements 2023**

(EUR 1 000)	Note	2023	2022
Cash flows from operating activities			
Net income before income tax		(281 664)	(215 827)
Income tax paid	13	(864)	(1 427)
Adjustments for:			
Depreciation, amortisation and impairment losses	14,15,16	72 558	71 161
Other gains / (losses) net	11	(82)	5 320
Net foreign exchange gains / (losses)		(4 682)	(3 305)
Net gains / (losses) derivatives		2 098	(2 774)
Net financial expenses	12	217 161	110 258
Share of net income from associated companies		(2 327)	(650)
Difference between expensed pension and payments		(478)	(623)
Change in working capital:			
Inventories		677	813
Trade and other receivables		(19 282)	(18 018)
Trade and other payables		34 502	57 459
Change in deposits from customers and deferred revenue		11 871	(6 956)
Change related to travel guarantees		(4 008)	(14 488)
Net cash inflow from operating activities		**25 479**	(19 056)
Cash flows from investing activities			
Payments for property, ship and equipment	14	(73 660)	(83 167)
Payments for intangible assets	15	(1 606)	(6 807)
Proceeds from sale of tangible assets		148	114
Proceeds from sale of financial assets		1 843	-
Net lendings to associates and other companies		176	-
Dividends received		746	-
Net cash (outflow) from investing activities		**(72 352)**	(89 860)
Cash flows from financing activities			
Proceeds from borrowings	23	402 930	185 000
Proceeds from derivatives (Warrant)	18	17 500	-
Repayment of borrowings	23	(241 026)	(14 259)
Payment of principal portion of lease liabilities	16	(9 064)	(9 710)
Interest, placement fee and other financial expenses paid	12,23	(111 811)	(69 881)
Net cash inflow from financing activities		**58 529**	91 150
Net increase in cash and cash equivalents		**11 656**	(17 767)
Cash and cash equivalents at the beginning of the financial year	21	42 660	64 774
Effects of exchange rate changes on cash and cash equivalents		(2 245)	(4 345)
Cash and cash equivalents at the end of year		**52 071**	42 660
Of which restricted cash	21	**3 991**	6 393

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 General information

Silk Topco Group (the Group) consists of Silk Topco AS and its subsidiaries. Silk Topco AS is a limited company incorporated and domiciled in Norway. Silk Topco AS is a private company, but two of the Group's bonds were listed on the Oslo Stock Exchange as of 31 December 2023 and were thus publicly traded. The address of the registered office and principal place of business is Langkaia 1, 0150 Oslo Norway.

The Group is owned by TDR Capital (80,8%) through a Luxembourg intermediate company, Strawberry Equities AS (11,55%), Periscopus AS (4,89%), and other minor investors (2,76%).

With a fleet of 15 custom-built cruise vessels Silk Topco Group is the world's largest expedition travel company focusing on sustainable expedition cruises for the global traveller.

The consolidated financial statements for 2023 were approved by the company's Board of Directors on 26 June 2024.

Note 2 Basis of preparation and material accounting policies

Basis of preparation

The consolidated financial statements of Silk Topco AS and its subsidiaries are prepared in accordance with the IFRS® Accounting Standards as adopted by the European Union (EU) and additional requirements of the Norwegian Accounting Act (Regnskapsloven), effective on 31 December 2023.

The consolidated financial statements have been prepared on a going concern basis under the historical cost convention except for derivative financial instruments and other financial assets measured at fair value. Accounting policies relating to specific areas of the financial statements are shown in the corresponding note.

The presentation currency of Silk Topco Group is Euro, which is the functional currency of the parent company Silk Topco AS. Unless otherwise noted, all amounts in the consolidated financial statements are denominated in EUR 1 000. The subtotals and the totals in some of the tables in the notes may not equal to the sum of the amounts shown in the primary financial statements due to rounding. Certain amounts in the comparable years have been reclassified to conform to current year presentation.

Consolidation

The consolidated financial statements include the accounts of Silk Topco AS and its subsidiaries as well as Silk Topco Group's interest in equity accounted investments. All intercompany balances and transactions, including unrealised profit and losses arising from Silk Topco Groups internal transactions, have been eliminated.

Subsidiary undertakings are entities over which the Group has control. Control is defined as the power to direct an entity's relevant activities, the ability to use that power to affect the entity's returns, and exposure to, or rights to, variable returns from its involvement with the entity. Subsidiary undertakings are fully consolidated from the date on which control is transferred to the Group until the date control ceases. The list of subsidiaries is included in the Silk Topco AS (parent company) financial statements, note 28 Investment in subsidiaries.

Non-controlling interests are presented separately as part of the equity in the consolidated balance sheet.

Foreign currency translation
The functional currency of each entity in the group is determined by the economic environment in which it operates, and transactions included in the financial statements of each entity are measured by that functional currency.

Transactions in foreign currencies are recorded using the currency exchange rate of the transaction date.

Monetary assets or liabilities denominated in foreign currencies are translated into each entity's functional currency using the closing rate at the end of the reporting period, and any gains (losses) are reported in the statement of profit or loss. Non-monetary items measured at fair value are translated using the exchange rate at the measurement date.

Currency gains (losses) related to operating activities, i.e. receivables, payables, bank accounts for operating purposes including current intragroup balances, are recognised as a part of net other gains/(losses).

Currency effects recognised in finance income and expenses are only related to financing activities such as loans, lease liabilities, long-term placements and dividends.

For consolidation purposes, the financial statements of subsidiaries with a functional currency other than Euro (EUR) are translated into EUR. Assets and liabilities, including investment in associates, joint ventures and goodwill, are translated using the exchange rate as at the balance sheet date.

Income, expenses and cash flows are translated using the average exchange rate for the reported period. Goodwill is recognised in the functional currency of the acquired business. Translation adjustments are recognised in other comprehensive income and accumulated in currency translation differences in other components of equity. On disposal of a subsidiary, joint venture or associate, the cumulative translation adjustment of the disposed entity is recognised in the income statement as part of the gain or loss on disposal.

Statement of cash flows
In the statement of cash flows, operating activities are presenting using the indirect method where profit/(loss) before taxes is adjusted for change in working capital, the effects of non-cash items, or items of income and expenses which the cash effects are investing or financing cash flows. Interest paid and other financial cost paid is reported as part of cash flow from financing. Dividends received from joint ventures and associates are included in investing activities.

Changes in accounting policies and disclosures
Silk Topco Group has implemented the amendment to IAS 1 and Practice Statement 2 issued by IASB. Under the amendment, companies are required to disclose their material accounting information rather than their significant accounting policy.

The Group's disclosures focus on only those policies and policy choices that are considered necessary to understand other material information.

The group has also applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2023:

- IFRS 17 Insurance Contracts
- Definition of Accounting Estimates – amendments to IAS 8
- International Tax Reform – Pillar Two Model Rules – amendments to IAS 12.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current and Amendments to IAS 1 – Non-current Liabilities with Covenants.

The Group has not adopted any optional new/amended accounting standards for the 31 December 2023 reporting period. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Note 3 Critical accounting estimates and judgements

The preparation of consolidated financial statements that comply with IFRS requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management is required to exercise judgement in applying the Silk Topco Group's accounting policies. Management's assumptions and judgement can have a significant impact on the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on market conditions, historical data, management's experience, and other relevant factors. Actual results may differ from estimates.

All estimates and related underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following represents a summary of the critical accounting judgements management has made in the process of applying the Group's accounting policies.

Estimated impairment of goodwill and trademark

The Group assesses goodwill and trademarks for impairment annually. The estimated recoverable amount is determined using the present value of budgeted cash flows for the cash-generating units. These calculations require the use of estimates (refer to note 15 for more details) for the required rate of return for the period, cash flows and the growth factor of the cash flows.

The Group does not apply a general growth factor beyond expected inflation for cash flows when testing goodwill for impairment. The total required rate of return used to discount cash flows is calculated as a weighted average return on equity and the required rate of return on interest-bearing debt. This calculation utilises an estimate of the risk-free interest rate, risk premium, industry beta and the liquidity premium. Refer to note 15 for more details.

Ships

Useful economic lifetime

The useful economic life of an asset determines the amount of annual depreciation. The estimated useful life is based on the individual vessel's history and management's experience with the Group's other vessels. The estimates are reviewed at regular intervals. A change in the estimate will affect depreciation in future periods.

Estimated impairment of ships
The book value of the ships is reviewed for impairment annually or in cases where there are clear indicators of impairment, e.g. an incident at sea. Reference to note 14.

Environmental upgrade to the fleet
In 2018 the first hybrid powered ships MS Roald Amundsen and MS Fridtjof Nansen were launched. By the end of 2023 two ships in the coastal fleet were upgraded to hybrid power. The third ship in this program will be upgraded by early 2025. The upgrades will cut CO2 emissions by 25% and NOx emissions by 80% which is one of the most ambitious fleet upgrades in Europe. Being in the forefront of the cruise industry with completing environmental investments support the value of the fleet and confirms the commitment to a more sustainable travel industry.

Deferred income tax assets
Deferred tax assets are recognised to the extent that it is probable that the tax assets will be realised. Significant judgement is required to determine the amount that can be recognised. The recognition of deferred income tax assets depends mainly on the utilisation of tax loss carry forwards against future taxable income in the Group. The assessment is made based on management's estimates of future taxable profits in the Group and includes an assessment of the Group's future strategy, economic developments in the markets in which the Group operates and tax planning strategies. In preparing the financial statements, management has found the future taxable income to be sufficient to utilise the recognised deferred income tax assets. Please refer to note 13 for more information on deferred income tax assets recognised in the balance sheet.

Uncertain tax positions, legal proceedings, claims and regulatory enquiries
The Group may become party to legal proceedings, disputes or claims including regulatory enquiries. These may be related to the Group's business, value added tax (VAT) filings, or tax position, for instance. Any of these processes have uncertain outcomes. Management evaluates a variety of factors, including the likelihood of an unfavourable outcome and the ability to make a reasonable estimate of the amount of loss.

Where a reasonable estimate can be made, management accrues for costs related to probable unfavourable outcomes and adds a financial statement disclosure for unfavourable outcomes that are possible, but unlikely. Unanticipated events or changes in these factors may require the Group to accrue for a matter that has not been previously accrued for because it was not considered probable, or a reasonable estimate could not be made or increase or decrease an amount accrued for a matter in previous reporting periods. Details regarding an ongoing tax dispute is described in Note 13.

Leases
When determining lease terms, the Group's management assesses extension options and termination rights. Only if there is reasonable certainty that these rights will be used does the Group amend its lease accounting. Guidelines for this assessment have been set at Group level to ensure consistency of assumptions across different markets. To estimate right-of-use assets and liabilities the Group uses the incremental borrowing rate (IBR) following a defined methodology to determine the discount rate used for calculating the present value of the future lease obligations Refer to notes 14, 16 and 23 for more details.

Note 4 Financial risk management

4.1 Financial risk factors

The Group's overarching risk management goal is to increase predictability for the Group's operations and to minimise the impact of fluctuations in macro conditions on the Group's results and financial position.

The Group has defined principles for risk management which encompass guidelines for specific areas such as currency, interest rate, bunker price, credit risk and the use of financial derivatives. The Board of Directors approves the Group's risk management strategy and reviews it annually as part of the budget process. The CFO is responsible, in consultation with the CEO, for conducting ongoing tactical risk management in line with the approved strategy, including exposure analyses and reporting.

The Group has exposure to the following risks from its use of financial instruments: market risk (including currency, bunker price and interest rate risk), credit risk and liquidity risk.

Currency risk

The Group's presentation currency and main functional currency is EUR. However, the Group operates internationally and is exposed to currency risk in multiple foreign currencies, in particular USD, GBP, and NOK. Currency risk arises from revenues, operational and capital expenditures as well as recognised assets and liabilities in foreign currency. The Group also has some investments in foreign subsidiaries whose net assets are exposed to currency translation risk.

The Group seeks to minimise currency risk by matching foreign currency inflows with outflows. The Group aims to achieve natural hedge where possible from contracts with suppliers. There is no financial hedging in place for any underlying cash flow in foreign currency, but foreign currencies are exchanged regularly to minimize the currency risk exposure.

The table below shows the translation effects to the Group's consolidated net profit before taxes and equity from simulated changes in the exchange rates against EUR (presentation currency for the Group). The calculation assumes that the EUR depreciates by 5% against the relevant currencies based on the exchange rates as of 31 December 2023. With a similar appreciation of the EUR, the impact would be opposite.

	Impact on net profit/loss	Impact on equity
(EUR million)	**2023**	**2023**
Change NOK/EUR 5%	5.8	5.8
Change USD/EUR 5%	4.0	4.0
Change GBP/EUR 5%	(1.4)	(1.4)
Change CAD/EUR 5%	0.1	0.1
Change CHF/EUR 5%	(0.7)	(0.7)
Change AUD/EUR 5%	(1.1)	(1.1)
Total impact	**6.7**	**6.7**

Price risk

In 2023 the Group's total bunker cost was EUR 76.7 million which is 11.7% of Group total operating revenues, and the Group is therefore exposed to fluctuations in the price of bunker fuel. To reduce the risk related to fluctuations in the fuel price the Group has implemented a fuel hedging policy where the key principle is to obtain visibility on profit.

In January 2022 the Group entered derivative contracts to hedge a portion of the forecasted total fuel consumption, for 2022 and 2023. In March 2023 the Group entered further derivatives contracts to hedge a portion of the forecasted total fuel consumption for the remainder of 2023. Through 2023 the Group hedged approximately 45% of the forecasted fuel consumption.

The bunker derivatives are recognised as held for trading and are accounted for at fair value through profit or loss in 2022. The different derivatives are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the reporting date. There were no active derivate contracts as of 31 December 2023.

Interest rate risk

The Group's interest rate risk is primarily associated with current and non-current borrowings. A portion of the Group's borrowings are subject to a variable interest rate which presents a risk to the Group's overall cash flow. The Group is exposed to EURIBOR through its floating rate EUR borrowings with a zero EURIBOR floor and exposed to NIBOR through its term loans in NOK. The Group has no specific hedging strategy to reduce variable interest rate risk, but the risk is monitored and evaluated on a regular basis. The following table shows the split between fixed interest borrowings and floating rate borrowings:

(EUR 1 000)	**2023**	2022
Fixed interest rate		
Bond	335 000	350 000
Sale leaseback liabilities	30 771	75 009
Shareholder loan	375 585	180 477
Lease liabilities	119 142	123 182
Total	**860 498**	**728 668**

(EUR 1 000)	**2023**	2022
Floating interest rate		
Term loans	946 133	655 000
Revolving credit facilities	-	85 000
Other borrowings	3 119	6 452
Accrued interest external financing	74 468	-
Total	**1 023 720**	**746 452**

Prior year comparators do not agree to the published 2022 financial statements as all values are now shown as nominal outstanding borrowings. This is because the financial risk is related to the amount of money owed. This has a particularly large impact on lease liabilities shown.

The following table shows the impact on profit or loss and equity in 2023 of an increase of interest rate of 100bp, considering the zero-floor for EUR borrowings:

	Impact on net profit/loss after tax	*Impact on equity*
(EUR million)	**2023**	**2023**
Change in interest rate level with +100 basis points - NOK loans	0.0	0.0
Change in interest rate level with +100 basis points - EUR loans	10.1	10.1

Credit Risk

The Group has no significant concentration of credit risk. Sales to end users are settled in cash or with recognised credit cards. Sales to external agents are made either through prepayment/credit cards or through invoicing. The

Group has processes in place that ensure that credit is only extended to agents with a satisfactory credit rating. Individual risk exposure limits are considered and set based on internal and external assessments of credit ratings.

The Group uses measures like prepayment guarantees to reduce the credit risk on large capital investments.

The counterparties to the derivative contracts and cash transactions are limited to financial institutions with high credit ratings. The Group has procedures in place that limit exposure to credit risk relating to individual financial institutions.

Liquidity risk

Liquidity risk management includes maintaining a sufficient level of liquid assets geared to operational and investment plans and ensuring the availability of sufficient funding from committed credit facilities. The Group's finance function has overall responsibility for managing the Group's liquidity risk. Rolling liquidity forecasts are prepared to ensure that the Group has sufficient liquidity reserves to satisfy the Group's obligations and financial loan covenants.

4.2 Capital management

The Group's objective for management of capital is to ensure the ability to continue as a going concern, to grow the business, to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital and including compliance with covenants in the loan agreements. In 2023 the Group started several capital management initiatives and secured additional loan facilities to make sure that the Group is well funded and has enough liquidity to continue as a going concern. See 4.1 in this note, note 23 Interest-bearing liabilities for details concerning amounts, terms, and conditions. See also note 29 Subsequent events for information concerning the Group's re-financing in February 2024.

The maturity of the Group's liabilities is shown below.

	2024 0-6 months	2024 7-12 months	2025-2026 Year two and three	2027-2028 Year four and five	2029-> More than five years
Trade and other payables	161 787	0	0	0	0
Interest bearing liabilities including interests	194 719	162 556	607 896	1 567 192	9 218
Lease liabilities	6 200	6 200	16 002	13 029	77 712
Other liabilities	623	1 775	152	152	418
Total impact on liquidity	363 329	170 531	624 049	1 580 373	87 348

Note 5 Segment information

ACCOUNTING POLICY

The Group's reportable segments are in accordance with how the corporate management makes, follows up and evaluates its decisions. The operating segments have been identified based on internal management information that is periodically reviewed by the corporate management and used as a basis for resource allocation and key performance review.

The Group has three operating segments: Hurtigruten (former Hurtigruten Norway), HX Hurtigruten Expeditions (former Hurtigruten Expeditions) and Hurtigruten Destinations. Activities that do not naturally fall within these segments are reported in Group functions, other and eliminations.

01.01-31.12 2023

(EUR 1 000)	Hurtigruten	HX Hurtigruten Expeditions	Hurtigruten Destinations	Group functions, other and eliminations	Total Hurtigruten Group
Operating revenue	272 870	287 310	33 958	(568)	593 571
Revenue from government contract	61 993	-	-	-	61 993
Other operating income	-	-	-	-	-
Total revenue and other income	334 863	287 310	33 958	(568)	655 564
Direct cost of goods and services	(73 590)	(87 866)	(11 267)	(1 271)	(173 994)
Salaries and personnel costs	(91 714)	(90 861)	(9 217)	(6)	(191 797)
Sales and marketing costs	(19 435)	(27 169)	(1 099)	10	(47 693)
Other operating costs	(107 494)	(130 158)	(3 670)	(189)	(241 510)
Net other gains/(losses)	1 860	964	73	257	3 154
EBITDA	44 489	(47 780)	8 780	(1 767)	3 723
- Net other gains/(losses)	(1 860)	(964)	(73)	(257)	(3 154)
- Net non-recurring expenses	14 170	16 836			31 006
Normalized adjusted EBITDA	56 800	(31 908)	8 707	(2 024)	31 575
EBITDA	44 489	(47 780)	8 780	(1 767)	3 723
Depreciation, amortisation and impairment losses	(35 205)	(16 961)	(6 537)	(13 856)	(72 558)
Operating profit/(loss) (EBIT)	9 284	(64 741)	2 243	(15 622)	(68 836)

01.01-31.12 2022

(EUR 1 000)	Hurtigruten	HX Hurtigruten Expeditions	Hurtigruten Destinations	Group functions, other and eliminations	Total Hurtigruten Group
Operating revenue	219 622	256 376	30 606	1 909	508 513
Revenue from government contract	59 378	-	-	-	59 378
Other operating income	-	7 655	9	946	8 610
Total revenue and other income	279 000	264 031	30 616	2 854	576 501
Direct cost of goods and services	(58 298)	(68 238)	(9 919)	(464)	(136 919)
Salaries and personnel costs	(84 088)	(83 973)	(8 755)	(0)	(176 816)
Sales and marketing costs	(20 332)	(30 918)	(777)	(0)	(52 028)
Other operating costs	(110 115)	(140 615)	(3 328)	(159)	(254 218)
Net other gains/(losses)	4 789	6 611	65	(3 779)	7 685
EBITDA	10 956	(53 102)	7 901	(1 549)	(35 794)
- Net other gains/(losses)	(4 789)	(6 611)	(65)	3 779	(7 685)
- Net non-recurring expenses	34 031	55 067			89 098
Normalized adjusted EBITDA	40 198	(4 646)	7 836	2 230	45 618
EBITDA	10 956	(53 102)	7 901	(1 549)	(35 794)
Depreciation, amortisation and impairment losses	(33 780)	(22 679)	(4 849)	(9 853)	(71 161)
Operating profit/(loss) (EBIT)	(22 824)	(75 781)	3 052	(11 402)	(106 955)

The reporting of segment assets and liabilities is not part of the internal management reporting in the Group. Material assets and liabilities are monitored at Group level and individual key figures (e.g. trade receivables) are valued in the individual legal companies. Segment assets and liabilities are therefore not presented.

Note 6 Operating revenue and other income

ACCOUNTING POLICY
Silk Topco Group presents revenue from contracts with customers and other revenue in a single caption, Operating revenues in the consolidated statement of income.

Revenue from voyage tickets, flights, hotels, transportation and presold items
Sale of services is recognised in the accounting period when the service is rendered and/or delivered to the customer. For ship voyages, revenue is recognised over the days the passenger is on board. For voyages currently en route on the reporting date, revenues are accrued based on the number of days the voyage lasts before the end of the accounting period. Tickets, meals and excursions are primarily pre-sold before the journey commences. For travellers along the Norwegian coast, it is also possible to purchase tickets in the port right before the ship sails. Travellers pay their journey up-front, and these payments are accounted for as deposits from customers (liabilities).

Revenue from freight of cargo along the Norwegian coast is recognised based on monthly invoicing of cargo space. The customers rent a specified cargo space and pays a daily rate regardless of whether the space is used or not.

Revenue from onboard sales
The Group's sale of goods primarily relates to sale of food, souvenirs and other kiosk products onboard the ships. Sale of goods is recognised as income when the customer has received and paid for the goods. Payment for retail transactions is usually made in the form of cash or by credit card. The revenue is recognised in the income statement less the credit card fees incurred for the transaction. The fees are recorded as cost of sales.

Contractual revenue
Hurtigruten Costal AS has a State Service Obligation with the Ministry of Transport and Communications to operate the Bergen–Kirkenes coastal route.

Revenue received from public procurement is recognised in the income statement on a continuous basis over the year based on existing contracts. These contracts are primarily based on a public tender, where the company earns a contracted amount for planned (annual) production. There is an annual index adjustment of the contract amount. Any changes beyond the planned production are compensated/deducted utilising agreed-upon rates set out in the agreements which are recognised in the periods in which they occur.

Cost of sales
Cost of sales are the costs incurred to obtain a contract with a customer such as for example a sales commission. The Group pays commissions to agents that sell tickets to on behalf of the Group. When sales agencts are invoiced the commission costs are recognised in the income statement at the time of the related cruise. In some instances, the Group makes a provision for prepaid or accrued commission. The cost of sales is presented as direct cost of goods and services in the Income Statement.

Guarantees
Hurtigruten Global Sales AS has, as a provider of package travels, the same responsibilities as other actors in the business, following the EU Directive 2015/2302 on Package Travel, as set forth in our terms and conditions for travellers: "Subject to these booking conditions, if we or our suppliers perform or arrange your contracted holiday arrangements negligently, taking into consideration all relevant factors, we will pay you reasonable compensation".

No provisions for guarantees were accounted for in the statement of financial position as of 31 December 2023 and 2022.

Government grants

Government grants are recognised when there is reasonable certainty that the grant will be given. When the grant is related to an expense item, it is recognised as income over the periods that the related costs are expensed.

When the Group receives grants related to tangible or intangible assets, the grant is initially recognised in the balance sheet at nominal value. In later periods it is allocated to profit or loss over the expected useful life of the underlying asset.

The Group has received government grants related to Covid-19 relief packages in 2021 and 2022. The grants were recognized as other operating income over the periods the reduction in operating revenue occurred.

The Group receives grants related to trainee schemes consisting of net salary subsidies. These grants are recognised as reduction of the personnel expenses.

Revenue by Category

(EUR 1 000)	2023	2022
Ticket revenue	333 132	287 872
Revenue from flights, hotel & transportation	73 045	51 210
Presold food, beverages and excursions	116 483	90 221
Onboard sales of food, beverages, shop and excursions	39 618	34 724
Other passenger revenue	14 438	12 685
Cargo-freight revenue	2 628	2 996
Other operating revenue	14 228	28 805
Total operating cruise revenue	**593 571**	**508 513**
Revenue from government contract	61 993	59 378
Total contractual revenue	**61 993**	**59 378**
Total operating revenue	**655 564**	**567 891**
Government grant compensation scheme (Covid-19)	-	946
Insurance settlements	-	7 664
Total other operating income	-	**8 610**
Total operating revenue and other income	**655 564**	**576 501**

Contractual revenue relating to the Bergen-Kirkenes coastal service is based on the current agreement with the Norwegian government through the Ministry of Transport and Communications. The agreement applies to the Bergen-Kirkenes route for the period 1 January 2021 through 31 December 2030 and applies to 7 ships.

Other operating income relate to insurance claims related to the MS Fridtjof Nansen incident in 2022. The amount of the compensation scheme received for 2022 from the Norwegian Government was EUR 1.0 million.

Reconciliation of movement in deposits from customers:

(EUR 1 000)	2023	2022
Deposits from customers, opening balance	158 866	172 299
Net new sales	555 657	298 175
Recognised in revenue	(544 620)	(309 891)
Currency translation effects	40	(2 436)
Other deferred revenue 1)	865	718
Deposits from customers, closing balance	**170 808**	**158 866**

Deposits from customers have been classified as current liabilities in the balance sheet of this 2023 annual report. The part of the deposits from customers that was presented as non-current liabilities in the 2022 annual report EUR 28.1 million has been re-classified to current liabilities in the statement of financial position and in the table above.

Deposits from customers are expected to be recognised in income as follows:

(EUR 1 000)	2023	2022
During the first twelve months	136 809	130 793
During the second year 2)	33 999	28 073
Total deposits from customers	**170 808**	**158 866**

1) In the table above, deferred revenue has been reclassified from other current liabilities to deposits from customers, current.
2) In the table above, deposit expected to be recognised in income during the second year, is presented as current liabilities from 2023, 2022 numbers are restated from deposit from customers, non-current to deposit from customers, current.

Revenue by category and geographical segments

Operating revenue have been separated into geographical areas based on the market where the sales office is located. Some markets serve customers in other countries. In the table below, onboard sales, cargo freight revenue, contractual revenue and revenue from the Hurtigruten Destinations segment have all been allocated to the Nordic market.

2023

(EUR 1 000)	Ticket revenue	Flights, hotel and trans-portation	Presold food, beverages, shop and excursions	Contractual revenue	Other operating revenue	Total operating revenue
Nordic market / Onboard sales / Destination segment	31 111	(10 134)	23 666	61 993	57 477	164 113
Germany	119 883	45 885	31 898	-	5 891	203 557
France	19 956	5 408	7 163	-	1 802	34 329
United Kingdom	49 979	13 965	18 584	-	1 778	84 306
Rest of Europe	29 854	4 490	9 397	-	445	44 186
United States and Canada	49 076	8 994	15 089	-	3 100	76 260
Asia / Pacific	33 273	4 435	10 601	-	505	48 814
Total operating revenue	**333 132**	**73 045**	**116 397**	**61 993**	**70 997**	**655 564**

2022

(EUR 1 000)	Ticket revenue	Flights, hotel and trans-portation	Presold food, beverages, shop and excursions	Contractual revenue	Other operating revenue	Total operating revenue
Nordic market / Onboard sales / Landbased segment	28 262	2 204	8 510	59 378	57 028	155 382
Germany	118 265	24 979	40 329	-	6 151	189 724
France	14 619	3 733	3 367	-	2 903	24 621
United Kingdom	47 107	10 794	14 374	-	5 581	77 857
Rest of Europe	26 324	2 035	8 298	-	3 306	39 962
United States and Canada	41 821	6 396	11 727	-	1 737	61 681
Asia / Pacific	11 474	1 069	3 617	-	2 504	18 664
Total operating revenue	**287 872**	**51 210**	**90 221**	**59 378**	**79 210**	**567 891**

Note 7 Direct costs of goods and services

(EUR 1 000)	**2023**	2022
Commisions	43 040	35 535
Flights, hotels and transportation cost	65 574	46 588
Food, beverages, shops and excursion costs	54 653	46 062
Other direct costs of goods and services	10 727	8 735
Total direct costs of goods and services	**173 994**	**136 919**

Note 8 Salaries and personnel expenses

(EUR 1 000)	**2023**	2022
Wages and salaries	157 824	142 814
Payroll tax	11 342	10 200
Pension costs (Note 17)	11 209	9 188
Other benefits	11 423	14 615
Total salaries and personnel costs	**191 797**	**176 816**
Average number of employees, Full-time equivalents	2 089	1 904

Seamen hired by Silk Topco Group are included in the "Net Wages" – scheme, where the Norwegian government reimburses to shipping companies an amount corresponding to the sum of the income tax paid, social security contributions and employer's national insurance contributions (payroll tax) for crew within the scheme. The government grant is recorded as a reduction in payroll costs. In 2023, the Group recognised EUR 10.9 million (NOK 110.0 million) in government grants through this arrangement (EUR 10.6 million or NOK 107.2 million in 2022).

The Norwegian government reimburses parts of the salary to new seamen apprentices. The government grant is recognised as a reduction in payroll costs. During 2023 the Group recognised EUR 0.9 million (NOK 8.8 million) in government grants through this arrangement (EUR 0.8 million or NOK 8.0 million in 2022). In 2023, the Group did not receive any extra grants as compensation for not furloughing employees at sea (EUR 4.0 million or NOK 41.9 million in 2022).

Note 9 Management and auditors' remuneration

Total compensation year 2023

Board of directors

The Board of Directors have waved their annual compensation for 2023.

Executive management

The Silk Topco Group underwent substantial reorganisation at every level, including executive management, in 2023. The disclosure's composition has been updated to reflect the new, leaner management structure.

(EUR 1000)	**Position**	**Salary**	**Pension cost**	**Other** [1)]	**Total remuneration**
Daniel Skjeldam	Group Chief Executive Officer	753	179	766	1 698
Torleif Ernstsen	Group Chief Financial Officer[2)]	178	1	525	704
James McArthur	Group Chief Financial Officer[3)]	282	19	70	371
Asta Lassesen	Chief Executive Officer HRX	210	28	175	413
Hedda Felin	Chief Executive Officer HRN	257	19	135	412
Total		**1 681**	**246**	**1 672**	3 598

1) Other costs include bonus for 2022 paid in 2023, housing allowance, relocation costs (Daniel Skjeldam moved to the UK) and severance benefits for outgoing managers.

2) Left the post in June 2023.

3) In post from May 2023.

The CEO has an annual bonus plan in place which is based on company performance linked to EBITDA achievement and key project milestones. This bonus is ultimately paid at the discretion of the board. EBITDA performance was not achieved in 2023 and hence will not be paid out.

The CEO and the Norwegian management team members are included in the company's ordinary defined contribution pension scheme in Norway and in a defined contribution scheme that provides a pension basis for salaries over 12k. The UK management team members are included the company's ordinary defined contribution pension scheme in the UK. The pension costs for the executive management have been included in pension costs above.

A performance-based bonus scheme was introduced for the Group's management from 2013. The bonus payments are established applying pre-determined targets/parameters, some of which relate to the Group's overall performance and others to results within managers' individual spheres of responsibility. The maximum bonus for an individual manager is NOK 4.5 million. The bonus scheme covers certain members of the Group management. The bonus criteria for FY 2023 were not fulfilled. The CEO has a separate performance-related bonus scheme as described above.

Total Compensation year 2022

Board of Directors

The Board of Directors have waved their annual compensation for 2022.

Executive management (restated)

(EUR 1000)	Position	Salary	Pension cost	Other [1]	Total remuneration
Daniel Skjeldam	Group Chief Executive Officer	711	98	1 185	1 994
Torleif Ernstsen	Chief Financial Officer	291	41	280	612
Asta Lassesen	Chief Executive Officer HRX	200	41	340	581
Hedda Felin	Chief Executive Officer HRN	230	32	67	329
Ole-Marius Moe-Helgesen	Chief Digital Officer	218	27	118	363
Steven Taylor [2]	Chief Commercial Officer	347	24	1	373
Simon Little [3]	Chief People Officer	63	4	1	68
Total		2 060	267	1 992	4 319

1) Other costs include bonus for 2022 paid in 2023, housing allowance, relocation costs (Daniel Skjeldam moved to the UK) and severance benefits for outgoing managers.

2) Joined 10 January 2022.

3) Joined 1 October 2022.

Auditor remuneration

(EUR 1 000)	2023	2022
Statutory audit	780	625
Other assurance services	37	55
Tax consultant services	11	-
Total	**828**	**680**

VAT is not included in the fees specified above.

Note 10 Other operating expenses

(EUR 1 000)	**2023**	2022
Sales and administrative expenses	96 788	94 055
Operating expenes (excl. energy)	113 167	118 661
Energy expenses1)	79 248	93 530
Total other operating expenses	**289 203**	**306 246**

Operating expenses include all other cruise operating costs such as harbour costs, bareboat lease costs, repair and maintenance costs.

Note 11 Net other gains and losses

(EUR 1 000)	**2023**	2022
Net unrealised foreign currency gains/(losses) on balance sheet items	2 677	2 533
Net gains/(losses) on forward bunker contracts	395	10 358
Net gains/(losses) other	82	(5 207)
Total	**3 154**	**7 685**

Net other gains and losses consist of gains and losses that result from translation of operational balance sheet items denominated in foreign currencies to Group functional currency at balance sheet date, realised gains and losses on forward bunker fuel contracts and. The net loss of EUR 5.2 million in 2022 was related to a settlement of a legal dispute with an LNG supplier.

Note 12 Net financial items

(EUR 1 000)	2023	2022
Interest income	1 539	641
Dividends	563	45
Remeasurement of non-current derivative financial instrument	7 860	
Other financial income	1 855	145
Financial income	**11 817**	**832**
Interest on debt and borrowings	(211 572)	(105 145)
Interest on lease liabilities	(3 683)	(4 063)
Other financial expenses	(13 723)	(1 869)
Financial expenses	**(228 978)**	**(111 078)**
Net foreign exchange gains/(losses)	**2 005**	**724**
Net financial items	**(215 155)**	**(109 522)**

The interest expenses increased as consequence of higher net debt as well as higher interest rates. In addition, the initial loan expenses for the financing in April 2023 which were initially recorded in the statement of financial position according to the amortised cost method were mostly expensed as part of the interest expense in 2023 because of the re-financing in February 2024. The part of interest expenses related to amortised loan expenses were EUR 44.6 million in 2023 and EUR 9.0 million in 2022. With reference to note 23 Net interest-bearing liabilities.

Remeasurement to fair value (unrealised) for the non-current derivative instrument (warrant). With reference to note 18.

The table has been restated from the 2022 annual report as follows: Amortised cost related to the interest-bearing liabilities has been reclassified from other financial expenses to interest expenses.

Note 13 Income taxes

ACCOUNTING POLICY

Income tax expense comprises income taxes payable and deferred income tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In such case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax is calculated in accordance with the tax laws and regulations enacted or substantively enacted at the balance sheet date in the countries in which the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax laws are subject to interpretation. Based on management's assessment, a provision is made for expected tax payments when necessary.

Deferred tax is calculated on all temporary differences between the tax values and financial values of assets and liabilities. Deferred income tax is determined using tax rates and tax laws which have been enacted or substantially enacted by the balance sheet date and which are expected to apply when the deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the tax-reducing temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary differences is controlled by the Group, and it is probable that the temporary difference will not reverse in the foreseeable future.

Several of the Group's subsidiaries are vessel owning companies, which are subject to taxation under the Norwegian tonnage tax regime pursuant to chapter 8 of the Taxation Act. Under the tonnage tax regime, profits from qualifying operations are exempt from taxes, whilst financial results are not exempt from taxation. Under the tonnage tax regime, taxable profit is calculated on the basis of financial income after deduction of a portion of financial expenses. The portion deducted is calculated as financial assets in percent of total assets. The tax regime allows for financial losses to be carried forward against positive financial income in later years. Tonnage tax is payable based on the net tonnage of vessels and classified as an operating expense.

Taxation under the Tax tonnage regime requires compliance with strict requirements. Voluntary or compulsory exit from the regime will result in ordinary taxation of the operating results.

Deferred income tax assets and deferred income tax liabilities are recognised net to the extent that they relate to income taxes levied by the same taxation authority, and there is a desire and ability to realise the assets and settle the liabilities simultaneously.

Income tax recognised in profit and loss

(EUR 1 000)	**2023**	2022
Current taxes	(3 263)	(1 904)
Deferred taxes	(11 052)	12 311
Total income taxes	**(14 316)**	**10 407**

Tonnage tax is calculated based on the ship's tonnage and not income and is therefore classified as an operating expense.

Reconciliation of income tax (expense) / benefit

(EUR 1 000)	**2023**	2022
Net income before tax	(281 663)	(215 827)
Expected income taxes 22 % of profit before tax	62 007	47 492
Tax effect on taxable income within the tonnage tax scheme in Norway	(14 613)	(30 631)
Tax effect non-deductable expenses and non-taxable income and translation	(27 155)	(5 039)
Effect from difference in tax rate from nominal tax rate in Norway	(52)	(111)
Effect from change in tax rate and tax provisions from previous years	121	7
Tax effects of changes in unrecognised deferred tax assets	(35 151)	(1 454)
Tax effects share of profit (loss) from equity accounted companies	527	143
Total income (taxes) benefit	**(14 316)**	**10 407**
Effective tax rate	**-5.1 %**	**4.8 %**

[1)] Most of the borrowings in the Group are denominated in EUR. This will not have any translation effects in the reported accounts in the specific subsidiaries. However, the Norwegian tax papers are filed in NOK and will show revaluation effects in the taxable profit and loss statement in NOK in the specific subsidiaries. This creates a translation difference in profit/(loss) before taxes in EUR compared to NOK in the consolidated accounts.

Income taxes for items recognised in other comprehensive income (OCI)

(EUR 1 000)	**2023**	2022
Remeasurement of defined benefit pension plans	158	167
Total tax charged to OCI	**158**	**167**

Deferred tax assets and deferred tax liabilities

Deferred income tax assets and liabilities are recognised on a net basis if the differences that are reversible can be offset. The deferred income tax assets relating to tax losses carried forward are recognised in the statement of financial position to the extent that the Group can utilise the taxes losses carried forward against expected future taxable income.

(EUR 1 000)	**31.12.2023**	31.12.2022
Retirement benefit obligations	720	896
Other current and non-current items	1 077	496
Tax oss carry forward	81 303	83 291
Interst cost subjected to limitations	16 208	17 832
Deferred tax asset	**99 308**	**102 514**
Unrecognised deferred tax for tax loss carried forward	(64 668)	(23 480)
Unrecognised deferred tax interest cost subjected to limitatinos	(16 208)	(17 832)
Deferred tax assets recongnised	**18 432**	**61 203**
Netting	(17 829)	(60 387)
Net Deferred tax assets recognised	**603**	**817**
Property, ship and equipment and intangible asses	(4 770)	18
Taxable gain and loss account (Norway only)	31 448	58 188
Other current and non-current items	2 213	1 592
Derivatives	149	609
Deferred tax liabilities	**29 041**	**60 407**
Netting	(17 829)	(60 387)
Net Deferred tax liabilities	**11 211**	**21**
Carrying value of defered tax asset	603	817
Carrying value of deferred tax liability	11 213	21
Net deferred tax asset/(liability)	**(10 610)**	**796**

Movements in net deferred tax assets and deferred tax liabilities

(EUR 1 000)	**31.12.2023**	31.12.2022
Operning balance	**796**	(10 206)
Recognised in profit and loss	**(11 052)**	12 311
Recognised in other comprehensive income	**(158)**	(167)
Currency translation differences	**(194)**	(1 141)
Net deferred tax asset/(liability)	**(10 610)**	**796**

There is a pending tax issue with the Norwegian tax authorities dating back to 2017 related to determination of taxable income when entering into the tax tonnage scheme. The tax authorities decided to increase Explorer I AS' taxable income by NOK 87,5 million which is taxable with 20 % annually from 2017. Hurtigruten is of the of the opinion that the decision of the the Norwegian Tax Office is unfounded and has filed an appeal. Based on legal advice Hurtigruten assess that the appeal will be successful. Therefore, the increase in tax was not recognized in the statement of income. The tax claims have been paid annually and a corresponding receivable for the paid income tax has been recognized. As of December 2023, the receivable amounts to EUR 596.511.

Tax losses carried forward

2023 (EUR 1 000)	**Gross tax loss carried forward**	**Net tax loss carried forward**	**Unrecongnised tax losses**	**Recognised deferred tax**
Norway	358 884	78 955	(62 474)	16 480
UK	48	9	-	9
France	582	145	-	145
Estonia	336	67	(67)	-
US	10 128	2 127	(2 127)	0
Total tax losses carried forward	**369 978**	**81 303**	**(64 668)**	**16 635**

2022 (EUR 1 000)	**Gross tax loss carried forward**	**Net tax loss carried forward**	**Unrecongnised tax losses**	**Recognised deferred tax**
Norway	367 799	80 916	(21 259)	59 657
UK	47	9	-	9
France	582	145	-	145
Estonia	(336)	(67)	67	-
US	10 895	2 288	(2 288)	0
Total tax losses carried forward	**378 987**	**83 291**	**(23 480)**	**59 811**

The majority of tax losses can be carried forward indefinitely.

Note 14 Property, ship and equipment

ACCOUNTING POLICY

Property, ship and equipment consist primarily of ships and buildings (office buildings and warehouses). Property, ship and equipment are recognised at cost less depreciation and any impairments. Assets are reflected at cost less accumulated depreciation and accumulated impairment losses. See Note 3 for critical judgements on the impairment of nonfinancial assets.

Cost includes costs directly associated with the acquisition of the asset. The cost of ships under construction includes progress payments for the construction of new ships, capitalised interest, construction oversight costs and various owner supplied items. The cost of prepayments ships and assets under construction include design and engineering fees, capitalised interests, construction oversight costs and various owner supplied items. The Group accounts for ship improvement costs by capitalising those costs believed to add value to its ships and which have a useful life greater than one year and depreciates those improvements over its estimated useful life.

Property, ship and equipment, other than land and properties under construction, are depreciated over their estimated useful lives, using the straight-line method and taking into consideration any residual values. Depreciation commences when the assets are ready for their intended use. Depreciation ceases when property, ship and equipment are classified as held for sale. Periodic maintenance of ships is recognised in the balance sheet and depreciated over its useful life until the next periodic maintenance. Ongoing maintenance for all ship types is expensed in the P&L continuously during the period in which the work is performed.

Expected useful life is determined based on historical data, as well as the standard useful economic lifetimes in the industry. Residual value is calculated based on estimated sales values for operating assets at the end of their expected useful life.

The useful life and residual value of operating assets are assessed on every balance sheet date and amended as necessary. When material components of operating assets have different useful lives, these operating assets are recognised as their various components. These components are depreciated separately over each component's useful life. At the end of each accounting period operating assets are assessed for indications of lasting impairment and, in the event of such impairment, the asset's recoverable amount is estimated. When the book value of an operating asset is higher than the estimated recoverable amount, it is written down to the recoverable amount.

Gains and losses on disposals are recognised on a net basis, as the difference between the sales price and the book value.

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Movements in property, ship and equipment 2023

(EUR 1 000)	Land and buildings	Ships	Prepayments ships and Assets under construction	Other property, plant and equipment	Right of use asset	Total
Acquisition cost						
As at 1 January 2023	3 491	1 290 594	49 119	24 273	84 435	1 451 912
Additions	38	49 410	16 287	2 727	8 328	76 790
Additions through investments in subsidiaries	-	-	-	-	-	-
Transfers and reclassifications	3	27 197	(28 601)	1 400	0	(0)
Remeasurement right of use assets	-	-	-	-	1 564	1 564
Disposals	(50)	0	(180)	(632)	-	(861)
Currency translation differences	(80)	-	(48)	(760)	(2 844)	(3 732)
As at 31 December 2023	**3 403**	**1 367 201**	**36 578**	**27 008**	**91 483**	**1 525 673**
Accumulated depreciation and impairment						
As at 1 January 2023	(1 201)	(477 694)	-	(14 645)	(40 469)	(534 009)
Additions through investments in subsidiaries						-
Depreciation	(198)	(51 574)	-	(2 657)	(8 915)	(63 344)
Disposals	-	-	-	804	-	804
Impairment losses	(494)	(0)	(708)	-	(1 159)	(2 361)
Transfers and reclassifications	25	-	-	(25)	0	0
Currency translation differences	(109)	(0)	(16)	575	696	1 146
As at 31 December 2023	**(1 977)**	**(529 268)**	**(724)**	**(15 947)**	**(49 847)**	**(597 763)**
Book value 31 December 2023	**1 426**	**837 933**	**35 854**	**11 061**	**41 636**	**927 910**
Useful economic lifetime	25 - 40 years	20 - 40 years	N/A	5 - 10 years		

Movements in property, ship and equipment 2022

(EUR 1 000)	Land and buildings	Ships	Prepayments ships and Assets under construction	Other property, plant and equipment	Right of use asset	Total
Acquisition cost						
As at 1 January 2022	3 360	1 222 755	39 805	21 411	77 182	1 364 512
Additions	13	38 672	45 575	2 420	3 064	89 744
Remeasurement right of use assets	-	-	-	-	6 731	6 731
Disposals	346	29 167	(36 240)	1 164	-	(5 563)
Currency translation differences	(185)	(0)	(20)	(765)	(2 543)	(3 513)
As at 31 December 2022	**3 534**	**1 290 594**	**49 119**	**24 229**	**84 435**	**1 451 912**
						-
Accumulated depreciation and impairment						-
As at 1 January 2022	(1 055)	(429 991)	-	(13 529)	(31 593)	(476 168)
Additions through investments in subsidiaries	-	-	-	-	-	-
Depreciation	(197)	(52 649)	-	(2 275)	(9 520)	(64 641)
Disposals	(8)	4 946	-	580	-	5 518
Impairment losses	-	-	-	-	-	-
Transfers and reclassifications	-	-	-	-	-	-
Currency translation differences	60	(0)	-	578	644	1 283
As at 31 December 2022	**(1 201)**	**(477 694)**	**-**	**(14 645)**	**(40 469)**	**(534 009)**
Book value 31 December 2022	**2 334**	**812 900**	**49 119**	**9 584**	**43 966**	**917 904**
Useful economic lifetime	25 - 40 years	20 - 40 years	N/A	5 - 10 years		

Land has indefinite useful economic lifetime; hence it is not subject to depreciation.

Impairment

In 2023 the Group operated 15 cruise ships. As of 31 December 2023, the Group has assessed the carrying values of the ships against the recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. The value in use has been estimated for the ships on a cash generating unit level and has been calculated based on the present value of estimated future projected cash flows that represents management's best estimate. As of year-end the estimated value in use is higher than the carrying value of the assets, and no impairment has been recognised in the financial statements as of 31 December 2023.

Reference to note 16 regarding impairment of right-of-use assets in 2023

Note 15 Intangible assets

ACCOUNTING POLICY

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets in the acquired subsidiary at the date of acquisition. Goodwill arising on the acquisition of subsidiaries is classified as an intangible asset.

Goodwill is allocated to the cash-generating units or groups of cash-generating units that are expected to benefit from the acquisition at the time of acquisition.

Goodwill is not amortised but is tested annually for impairment.

Trademarks
Trademarks acquired in a business combination are recognised at fair value at the acquisition date. The trademark recognised in the balance sheet is assessed to have an indefinite useful life and is therefore tested annually for impairment.

Other intangible assets
Intangible assets consist mainly of development costs for computer systems recognised in the balance sheet at cost if the criteria for recognition in the balance sheet are met. Costs related to assets recognised in the balance sheet as custom developed computer systems largely comprise of payroll costs and external consultants in connection with the development.

The criteria for recognising custom developed intangible assets in the balance sheet are:

- It is technically feasible to complete the development of the software so that it will be available for use.
- Management intends to complete the development of the software and use it.
- It is probable that the intangible asset will create future economic benefits.
- Adequate technical, financial, and other resources are available for the Group to be able to complete the development and to use the completed intangible asset.
- Development costs for the asset can be reliably measured.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Other development expenditures that do not meet the criteria for recognition in the balance sheet are expensed as they are incurred.

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Some of these costs incurred are for the development of software code that enhances, modifies or creates additional capability to existing systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year.

Impairment of non-financial assets excluding goodwill

At each reporting date, the company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount. The increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Impairment of goodwill and trademarks

Goodwill and intangible assets that have an indefinite useful life such as trademarks are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances are evaluated to be impairment indicators. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed the recoverable amount. An impairment loss is recognised as the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal, and value in use. For the purposes of assessing assets for impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets, other than goodwill, that have historically been impaired are reviewed for possible reversal of the impairment at the end of each reporting period.

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Movements in intangible assets 2023

(EUR 1 000)	Goodwill	Trademark	Intangible assets under construction	Other intangible assets	Total
Acquisition cost					
As at 1 January 2023	199 035	45 621	3 000	72 289	319 945
Additions	-	-	241	1 458	1 699
Transfer from assets under construction	(0)	-	(2 681)	2 681	0
Disposals	-	-	-	-	-
Currency translation differences	(116)	-	(285)	(3 725)	(4 126)
As at 31 December 2023	**198 919**	**45 621**	**274**	**72 704**	**317 519**
Accumulated amortisation and impairment					
As at 1 January 2023	(1 365)	-	-	(54 141)	(55 506)
Amortisation	-	-	-	(5 896)	(5 896)
Impairment losses	-	-	-	(957)	(957)
Currency translation differences	88	-	-	2 575	2 663
As at 31 December 2023	**(1 277)**	**-**	**-**	**(58 420)**	**(59 696)**
Book value 31 December 2023	**197 643**	**45 621**	**274**	**14 284**	**257 822**
Useful economic lifetime	Indefinite	Indefinite	N/A	3 - 10 years	

Movements in intangible assets 2022

(EUR 1 000)	Goodwill	Trademark	Intangible assets under construction	Other intangible assets	Total
Acquisition cost					
As at 1 January 2022	198 679	45 621	6 483	66 413	317 197
Additions	448	-	208	6 150	6 806
Disposals	-	-	(3 180)	2 457	(723)
Currency translation differences	(91)	-	(512)	(2 731)	(3 335)
As at 31 December 2022	**199 035**	**45 621**	**3 000**	**72 289**	**319 945**
Accumulated amortisation and impairment					
As at 1 January 2022	(1 437)	-	-	(50 456)	(51 893)
Amortisation	-	-	-	(5 814)	(5 814)
Depreciation disposals	-	-	-	706	706
Impairment losses	0	-	-	(706)	(706)
Currency translation differences	72	-	-	2 129	2 201
As at 31 December 2022	**(1 365)**	**-**	**-**	**(54 141)**	**(55 506)**
Book value 31 December 2022	**197 670**	**45 621**	**3 000**	**18 148**	**264 439**
Useful economic lifetime	Indefinite	Indefinite	N/A	3 - 10 years	

Silk Topco Group AS acquired 100% of the outstanding shares in Hurtigruten Global Sales AS in 2014. As a result of the acquisition, a goodwill of EUR 194.6 million and an excess value on trademarks of EUR 45.6 million were recognised.

In 2023 the Group recognised an impairment of EUR 1.0 million related to IT-systems.

Other intangible assets primarily comprise of capitalised development expenses related to ICT systems (booking, inventories and similar) with a limited lifespan. The assets are amortised on a straight-line basis over 3–10 years. Amortisation is presented under amortisation in the income statements.

Annual impairment tests

Goodwill acquired through business combinations has been allocated to individual cash-generating units as presented below:

(EUR 1 000)	2023	2022
Hurtigruten Norway	126 483	97 675
Hurtigruten Expeditions	64 668	93 477
Hurtigruten Destinations	6 491	6 519
Total	**197 643**	**197 670**

The change between the Hurtigruten and HX Hurtigruten Expeditions segments is due to a transfer of the ship MS Otto Sverdrup from HX Hurtigruten Expeditions to Hurtigruten in 2023. The change in the Hurtigruten Destinations segment is related to the restaurant "Huset" on Svalbard.

The recoverable amount of a cash-generating unit is calculated based on forecasted results and liquidity forecasts for the units approved by management and the Board of Directors.

Assumptions applied when calculating the recoverable amount

	Hurtigruten	HX Hurtigruten Expeditions	Hurtigruten Destinations
Growth rate	2.0%	2.0%	2.0%
Discount rate after tax	14.5%	14.5%	14.5%

The recoverable amount has been calculated based on the latest updated forecast for discounted cash flow for a forecasted period of five years, and an extrapolation period of 10 years. The forecast represents management's best estimate for the range of economic conditions that will exist over the period, including expectations regarding occupancy rate, fuel prices and salary development. Expected future cash flows are based on forecasted EBITDA deducted for capex, depreciation, changes in net working capital (NWC) and other non-cash items. Subsequently the terminal value is used. For the period beyond 2038, cash flow is estimated by extrapolating the projections based on the forecasts, using a perpetuity growth rate 2 % for subsequent years, equal to assumptions in inflation.

The Group does not apply a general growth factor beyond expected inflation for cash flows when testing goodwill for impairment. The total required rate of return used to discount cash flows is calculated as a weighted average return on equity and the required rate of return on interest-bearing debt. This calculation utilises an estimate of the risk-free interest rate, risk premium, beta, and the liquidity premium.

Sensitivities

The value in use calculation is mainly affected and sensitive to 1) changes in EBITDA driven by changes in occupancy rate and ticket price (Yield) assumptions and 2) discount rate. Management has tested the value in use calculation to changes for these key assumptions with 5 % increase or decrease in both occupancy and yield, and an increase or decrease of 1 percentage point for the discount rate. None of these scenarios alter the outcome of the impairment test.

Impairment in 2023 and 2022:

Based on this analysis, the Group has not recognised any impairments of the carrying value of goodwill and trademarks in 2023 or 2022.

Note 16 Leases

ACCOUNTING POLICY

The Group has rental agreements related to properties, ships, and equipment representing future obligations for the Group.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments before commencement date, initial direct costs incurred and, if applicable, an estimate of costs to dismantle the underlying asset.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as property and equipment, and is periodically reduced by impairment losses, if any, and adjusted for remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method and is remeasured when there is a change to the terms of the lease. This usually takes the form of an index-linked rent uplift. When the lease liability is remeasured in this way, a corresponding adjustment is made to the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense.

The largest impact for the Group leases related to rental of buildings, ships, machinery and equipment.

For any sale and leaseback transaction, the requirements in IFRS 15 for determining when a performance obligation is satisfied is first assessed before applying the required accounting treatment in IFRS 16.

Right-of-use assets

(EUR 1 000)	Ships	Buildings	Office - and other machinery	Total
2023				
Balance at 1 January	**12 543**	**30 293**	**1 130**	**43 966**
New contracts	3 362	3 880	1 086	8 328
Remeasurement or amendments	(2 893)	4 150	308	1 564
Depreciation	(2 970)	(4 585)	(1 361)	(8 915)
Impairment	-	(1 159)	-	(1 159)
Currency translation differences	(483)	(1 658)	(7)	(2 148)
Balance at 31 December	**9 559**	**30 921**	**1 156**	**41 636**

(EUR 1 000)	Ships	Buildings	Office - and other machinery	Total
2022				
Balance at 1 January	**10 919**	**31 977**	**2 694**	**45 589**
New contracts	-	2 847	217	3 064
Remeasurement or amendments	5 443	1 262	26	6 731
Depreciation	(3 340)	(4 376)	(1 804)	(9 520)
Currency translation differences	(479)	(1 416)	(3)	(1 898)
Balance at 31 December	**12 543**	**30 293**	**1 130**	**43 966**

Impairment of right-of-use assets in 2023 is related to vacated office space in US, UK and Norway. Reference to note 14 for movements in right-of-use assets.

Lease liabilities

(EUR 1 000)	**2023**	2022
Maturity analysis - Contractual undiscounted cash flows		
Short-term liability		
Less than one year	12 400	12 205
Long-term liability		
One to five years	29 031	29 517
More than five years	77 712	81 460
Total undiscounted lease liability at 31 December	**119 142**	**123 182**
Lease liabilities in the statement of financial position at 31 December		
Current	11 832	11 992
Non-current	55 389	58 797
Total lease liabilities at 31 December	**67 221**	**70 789**

Reference to note 23 for movements in the lease liabilities.

Amounts recognised in the consolidated statement of income

(EUR 1 000)	**2023**	2022
Depreciation right-of-use assets	(8 915)	(9 520)
Interest on lease liabilities	(3 683)	(4 063)
Total	**(12 598)**	**(13 583)**

Amounts recognised in the consolidated statement of cash flows

(EUR 1 000)	**2023**	2022
Net cash outflow for leases	**(9 064)**	**(9 710)**

Lease contracts of low value and lease contracts with duration less than 12 months are exempt from the IFRS 16 lease accounting.

Note 17 Investments in associates

ACCOUNTING POLICY

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The table below presents the associates and joint ventures of the Group as of 31 December 2023 and 2022.

Company	Green Dog Svalbard AS	Empresa Turistica Internacional C.A.	Total
Registered office	Longyearbyen, Svalbard	Ecuador	
Shareholding	50.0 %	24.9 %	
(EUR 1 000)			
Net investments at 1 January 2022	**580**	**20 536**	**21 116**
Additions	-	33	33
Share of net income	296	353	650
Translation differences	(83)	-	(83)
Carrying value, 31 December 2022	**793**	**20 923**	**21 715**
Additions	-	-	-
Share of net income	258	2 069	2 327
Dividends	(183)	-	(183)
Translation differences	132	(178)	(46)
Carrying value, 31 December 2023	**1 001**	**22 814**	**23 814**

Green Dog Svalbard AS offers dog-related activities on Svalbard. These include dog sledding, overnight trips with teams of dogs and similar. The Group has a 50% shareholding in Green Dog Svalbard AS.

Empresa Turistica Internacional C.A. operates under the brand Metropolitan Touring and offers a wide range of travel products in Ecuador, including three ships used for sailings at Galapagos and the luxury resort Finch Bay on Galapagos. The Group has a 24.9% shareholding in Empresa Turistica C.A.

Note 18 Financial instruments

ACCOUNTING POLICY

Classification of financial assets

The Group classifies financial assets in the following three categories, depending on management's objective when acquiring the asset and the characteristics of the asset:

1) Financial assets measured at amortised cost
Primarily loans and receivables with fixed payments of principal and interest, where the financial instrument is not traded, but held to collect the contractual cashflow. Loans and receivables are carried in successive periods at amortised cost, using the effective interest method. Loans and receivables with maturities less than 12 months are classified as current assets and with more than 12 months maturity as non-current assets.

2) Financial assets measured at fair value through other comprehensive income
Investments in equity instruments, not held for trading, where management has made an irrevocable election to present subsequent changes in the fair value as other comprehensive income, are classified into this group.

3) Financial assets measured at fair value through profit or loss
All other financial assets are measured at fair value through profit or loss. For the Group, this primarily consists of derivatives that are not designated as hedges. Assets in this category are classified as current assets or liabilities.

Recognition and measurement

Regular purchases and sales of financial assets are recognised and derecognised using trade date accounting, which means using the date the Group commits itself to purchase or sell the asset. Unconditional receivables and payables are recognised as assets or liabilities when the entity becomes a party to the contract and has a legal right to receive or a legal obligation to pay cash. Assets to be acquired and liabilities to be incurred as a result of a firm commitment to purchase or sell goods or services are generally not recognised until at least one of the parties has performed under the agreement. Planned future transactions, no matter how likely, are not assets and liabilities because the entity has not become a party to a contract.

All financial assets that are not recognised at fair value through profit or loss are initially recognised at fair value plus transaction costs. Financial assets recognised at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Subsequent measurement depends on the classification of the asset.

Financial assets are derecognised when the rights to receive cash flows from the investment expire or when these rights have been transferred and the Group has substantially transferred all risks and rewards of ownership.

Gains or losses from changes in fair value of assets classified as "financial assets at fair value through profit or loss", including interest income and dividends, are presented on a net basis in the income statement in the period in which they arise. Dividends from financial assets at fair value through profit or loss are recognised when the Group's right to receive payments is established.

Offsetting of financial assets and liabilities

Financial assets and liabilities are only offset, and the net amount reported in the balance sheet, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment of financial assets

At the end of each reporting period, for all financial assets measured at amortised cost except customer receivables, the Group assesses whether the credit risk on the financial instruments has increased significantly since initial recognition, using available reasonable and supportable forward-looking information. If and when contractual payments are more than 30 days past due, the credit risk is considered to have increased. For financial instruments where the credit risk is considered to have increased significantly, an amount equal to the lifetime expected credit losses is recognised for loss allowance. For financial instruments where the credit risk has not increased since initial recognition, an amount equal to 12-months expected credit losses is recognised for loss allowance. The change in recognised impairment losses since the last reporting period is recognised in profit or loss.

Impairment testing of customer receivables is described under trade receivables below.

Derivatives and hedging

The Group uses derivatives to hedge exposure against bunker oil price risk. Some of these derivatives might be designated as hedging instruments by management. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value on an ongoing basis. The changes are generally recognised in profit or loss. However, the method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group has not had derivatives designated as hedging instruments in 2023 or 2022.

Carrying amount of financial assets and liabilities 2023

(EUR 1 000)	Note	Financial liabilities at amortised cost	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI	Derivatives used for hedging	Non-financial assets and liabilities	Total
As of 31 December 2023							
Non-current assets							
Other non-current financial assets	20	780				1 598	2 378
Investments accounted for using equity method	17					23 814	23 814
Investments in other companies			206	-			206
Current assets							-
Trade receivables	20	28 855					28 855
Other receivables and prepaid expenses	20	39 065				36 888	75 953
Derivatives					678		678
Cash and cash equivalents	21	51 954	117				52 071
Non-current liabilities							-
Interest-bearing liabilities	23	1 685 489				13 088	1 698 577
Non-current derivatives (Warrant)			9 640				9 640
Current liabilities							-
Interest-bearing liabilities	23	227 466					227 466
Derivatives		-					-
Trade payables	26	48 446					48 446
Other payables and provisions	26	81 724				31 616	113 341
Current Income tax liabiliites and other provisions						8 851	8 851
Net financial assets and liabilities		**(1 923 336)**	**(9 316)**	**-**	**678**		

Carrying amount of financial assets and liabilities 2022

(EUR 1 000)	Note	Financial assets and liabilities at amortised cost	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI	Derivatives used for hedging	Non-financial assets and liabilities	Total
As of 31 December 2022							
Non-current assets							
Other non-current financial assets	20	804				808	1 612
Investments accounted for using equity method	17					21 715	21 715
Investments in other companies			309	2 230			2 539
Current assets							-
Trade receivables	20	19 962					19 962
Other receivables and prepaid expenses	20	32 554				31 208	63 762
Derivatives					2 773		2 773
Cash and cash equivalents	21	42 543	117				42 660
Non-current liabilities							-
Interest-bearing liabilities	23	1 389 659				1 987	1 391 647
Current liabilities							-
Interest-bearing liabilities	23	264 115					264 115
Trade payables	26	61 124					61 124
Other payables and provisions	27	50 179				24 259	74 439
Accrued revenue and deposit from customers	6	5 872				152 994	158 866
Net financial assets and liabilities		**(1 675 087)**	**426**	**2 230**	**2 773**		

The above table have been reorganised in accordance with the reclassification and restatement done in statement of financial position for 2022 numbers to align with how 2023 numbers are presented.

Classification by IFRS fair value hierarchy

The Group uses the following hierarchy to classify assets and liabilities, based on the valuation methods used to measure and disclose their fair value:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets and liabilities.
- Level 2: Other techniques in which all the parameters that have a significant impact on measuring fair value are either directly or indirectly observable. This is primarily relevant for our derivatives, where the price normally is set by the counterpart (a financial institution).
- Level 3: Valuation techniques that use parameters that significantly affect the valuation, but which are not observable.

Assets and liabilities measured at fair value as per 31 December 2023

(EUR 1 000)	*Note*	Level 1	Level 2	Level 3	Total
Investments in other companies				206	206
Derivatives			678		678
Market based investments	*22*	117			117
Total assets		**117**	**678**	**206**	**1 002**
Non-current derivative financial instrument - Warrant				(9 640)	(9 640)
Total liabilities				**(9 640)**	**(9 640)**

There were no transfers between levels 1, 2 or 3 in 2023.

Assets and liabilities measured at fair value as per 31 December 2022

(EUR 1 000)	*Note*	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets					
Investments in other companies				2 539	2 539
Derivatives			2 773		2 773
Market based investments	*22*	117			117
Total		**117**	**2 773**	**2 539**	**5 430**

There were no transfers between levels 1, 2 or 3 in 2022.

Specification of investments in other companies

(EUR 1 000)	**Ownership share**	**2023**	**2022**
Myklebust Verft Invest AS	15.9%		2 230
Other minor investments		206	309
Total		**206**	**2 539**

Measurement of the non-current derivative financial instrument (liability) Level 3 - Warrant

The warrants consist of rights to 5% of the Fair value of equity of Silk Topco AS fully diluted either as shares and/or cash dependant on certain events and also in certain instances dependant on warrant holders' choice. The Fair value valuation on 31 December 2023 is based on the enterprise value of the Group based on discounted cash flows from the cash generating units of the Group and less the net debt to derive the equity value. The cash flows are based on the consistently applied budgeting and forecasting principles of the Group. The cash flows are sensitive to adjustment of the main factors occupancy rate and growth factor and other parameters used. The cash flows are discounted using the Group's weighted average cost of capital (WACC). The fair value calculation is sensitive to the parameters of the WACC.

Movements in non-current derivative financial instrument (liability) Level 3 - Warrant

(EUR 1 000)	**2023**	**2022**
Balance on 1 January	-	-
Additions 2023 - Warrant	(17 500)	-
Remeasurement of non-current derivative financial instrument - Warrant	7 860	-
Balance on 31 December	**(9 640)**	**-**

The amount recognised in profit or loss related to the remeasurement of the warrant is EUR 7.86 million equalling the remeasurement in the balance shown in the table above. Reference to note 12 Financial items.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

(EUR 1 000)	*Note*	2023	2022
Counterparties without external credit ratings:		67 920	54 072
Total trade receivables and other receivables	**20**	**67 920**	**54 072**

(EUR 1 000)		2023	2022
Bank deposit - Rating AA (S&P)		51 080	41 702
Cash on hand		874	841
Total cash and short-term bank deposits	**21**	**51 954**	**42 543**

(EUR 1 000)		2023	2022
Money market fund (SICAV-France)		117	117
Total market based investments	**18**	**117**	**117**

(EUR 1 000)		2023	2022
Classification of derivatives - Assets			
Rating A (S&P)		678	2 773
Total derivative assets	**18**	**678**	**2 773**

A hedging instrument is classified as long-term if the majority of the instrument is settled at a date later than 12 months from the balance sheet date.

Note 19 Inventories

ACCOUNTING POLICY

Inventories have been measured at cost and in accordance with the FIFO principle.

The inventories comprise the following types of goods:

(EUR 1 000)	**2023**	2022
Goods purchased for resale	11 489	11 454
Spare parts	2 577	408
Bunkers and lubrication oil	3 206	6 327
Total inventories	**17 271**	**18 189**

Note 20 Trade receivables, prepayments and other current receivables

ACCOUNTING POLICY

Trade receivables are amounts due from customers for merchandise or services sold in the ordinary course of business. If settlement is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are classified as non-current assets.

Trade receivables are measured at the invoiced amount unless there is a significant financing component.

Trade receivables are adjusted for provision for impairment in accordance with the expected credit loss model. The Group applies the simplified approach for trade receivables, measuring the loss allowance at an amount equal to lifetime expected credit losses. Impairment for expected credit losses is recognised in the income statement and updated at each reporting date. The impairment is calculated by considering the historic evidence of the level of bad debt experienced for customer types and the ageing of the receivable balance.

All other short-term receivables are measured at nominal values.

For any current financial assets, please refer to the Financial Instruments note.

Carrying value of trade receivables, prepayments and other current receivables

(EUR 1 000)	**2023**	2022
Trade receivables 1)	31 309	20 530
Less provision for impairment of trade receivables	(2 454)	(568)
Trade receivables	**28 855**	19 962
Prepaid expenses	34 799	29 652
Prepaid income tax	2 089	1 556
Prepayments	**36 888**	31 208
Current receivables related to travel bonds	18 502	14 202
Other miscellaneous receivables	15 930	11 412
Net wages claims	3 742	5 809
Public duties receivable	891	1 131
Other current receivables 2)	**39 065**	32 554
Total current receivables	**104 808**	83 724
Other non-current financial assets	2 378	1 612
Total other non-current financial assets	**2 378**	1 612

1) According to government contract first quarter 2024 was invoiced in December 23, not earned revenue is recognised in other current liabilities, see note 26. The not earned revenue amounted to EUR 17.8 million (2023) and EUR 5.7 million (2022).
2) Prepayments are from 2023 reported on separate line in statement of financial position, 2022 numbers are restated.

For specification of receivables from related parties, please see note 27.

Ageing of overdue trade receivables

(EUR 1 000)	**2023**	2022
Up to three months	1 439	3 672
Three to six months	621	481
Over six months	884	320
Total ageing of overdue trade receivables	**2 944**	4 474

Movements in the provision for impairment of trade receivables

(EUR 1 000)	**2023**	2022
Provision for impairment of receivables, opening balance	568	638
Provision for impairment of receivables during the year	2 437	471
Receivables written off during the year	(34)	(135)
Reversal of unused amounts	(509)	(399)
Currency translation effects	(7)	(6)
Provision for impairment of receivables, closing balance	**2 454**	568

The Group has no significant concentration of credit risk. Sales to end users are settled in cash or with recognised credit cards and are paid in full prior to the travel date.

Trade receivables primarily comprise sales to external agents through invoicing. The Group has routines to ensure that trade credit and prepayment of expenses are only extended to agents and vendors that have a satisfactory credit rating. Individual risk exposure limits are set based on internal and external assessments of credit ratings.

Note 21 Cash and cash equivalents

ACCOUNTING POLICY

Cash and cash equivalents comprise cash in hand, bank deposits and other short-term liquid investments with maturity of three months or less. Bank overdrafts are included in current interest-bearing liabilities.

(EUR 1 000)	*Note*	**2023**	2022
Cash at bank and on hand	*18*	51 954	42 543
Market-based investments [1)]	*18*	117	117
Cash and cash equivalents in the balance sheet		**52 071**	**42 660**
Of which restricted bank deposits [2)]		3 991	2 785

[1)] *Funds owned by a foreign subsidiary.*

[2)] *Restricted bank deposits primarily comprise deposits for guarantees, pledged bank deposits and tax withholding funds.*

Note 22 Share capital

SHARE CAPITAL	**2023**	2022
Total number of shares as of 01.01	273 449 989	273 449 989
Total number of shares as of 31.12	**273 449 989**	**273 449 989**
Nominal value as of 31.12 (NOK)	**1**	**1**
Share capital (total number of shares at nominal value) in EUR million	27 723	27 723
Other paid in capital (EUR million)	161 904	161 904
Total paid in equity (EUR million)	**189 627**	**189 627**

All ordinary shares have equal rights.

Shareholder information on 31 December 2023

	Number of A shares	Number of B shares	Number of C shares	Number of D shares	Number of E shares	Number of shares	Shareholding (%)
Silk Holdings S. ar.l.	221 009 204	-	-	-	-	221 009 204	80.82 %
Strawberry Equities AS	31 585 704	-	-	-	-	31 585 704	11.55 %
Periscopus AS	13 381 965	-	-	-	-	13 381 965	4.89 %
Hornsund Invest AS	-	2 364 285	-	-	-	2 364 285	0.86 %
A.Y Invest AS	-	1 071 428	-	-	-	1 071 428	0.39 %
Stay Tuned Invest AS	-	571 428	-	-	-	571 428	0.21 %
Bjørnflaten Invest AS	-	285 714	-	-	-	285 714	0.10 %
Mfortitude AS	-	285 714	-	-	-	285 714	0.10 %
Superstocks AS	1 662 405	-	-	-	-	1 662 405	0.61 %
Estera Trust Jersey Limited	-	593 229	-	-	4 272	597 501	0.22 %
Rypestrand Sjøbad AS	-	-	357 142	-	-	357 142	0.13 %
HMH Consulting AS	-	-	-	108 695	-	108 695	0.04 %
MIMS Advice AS	-	-	-	-	57 692	57 692	0.02 %
Felinvest AS	-	-	-	-	111 112	111 112	0.04 %
Total number of shares	**267 639 278**	**5 171 798**	**357 142**	**108 695**	**173 076**	**273 449 989**	**100 %**

Shares held by elected officers in Hurtigruten as of 31 December 2023

Board of Directors	
Trygve Hegnar, Chair, through Persicopus AS	4.9 %
Petter Anker Stordalen, Director, through Strawberry Equities AS	11.6 %
Jonathan Barlow Rosen, Director	0.0 %
Linda Zhang, Director	0.0 %
Dean Merritt, Director	0.0 %
Management	
Daniel A. Skjeldam, CEO, through Hornsund Invest AS	0.9 %
Asta Lassesen, CEO Hurtigruten Expeditions, through A. Y. Invest AS	0.4 %
Torleif Ernstsen, CFO [1], through Rypestrand Sjøbad AS	0.1 %
Ole-Marius Moe-Helgesen, CDO, through HMH Consulting AS	0.04 %
Hedda Felin, CEO Hurtigruten Norway, through Felinvest AS	0.04 %

[1] Left the position in June 2023

The company's auditor does not own any shares in Silk Topco AS.

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Shareholder information on 31 December 2022

	Number of A shares	Number of B shares	Number of C shares	Number of D shares	Number of E shares	Number of shares	Shareholding (%)
Silk Holdings S. ar.l.	221 009 204	-	-	-	-	221 009 204	80.82 %
Strawberry Equities AS	31 585 704	-	-	-	-	31 585 704	11.55 %
Periscopus AS	13 381 965	-	-	-	-	13 381 965	4.89 %
Hornsund Invest AS	-	2 364 285	-	-	-	2 364 285	0.86 %
A.Y Invest AS	-	1 071 428	-	-	-	1 071 428	0.39 %
Stay Tuned Invest AS	-	571 428	-	-	-	571 428	0.21 %
Bjørnflaten Invest AS	-	285 714	-	-	-	285 714	0.10 %
Mfortitude AS	-	285 714	-	-	-	285 714	0.10 %
Superstocks AS	1 662 405	-	-	-	-	1 662 405	0.61 %
Estera Trust Jersey Limited	-	593 229	-	-	4 272	597 501	0.22 %
Rypestrand Sjøbad AS	-	-	357 142	-	-	357 142	0.13 %
HMH Consulting AS	-	-	-	108 695	-	108 695	0.04 %
MIMS Advice AS	-	-	-	-	57 692	57 692	0.02 %
Felinvest AS	-	-	-	-	111 112	111 112	0.04 %
Total number of shares	**267 639 278**	**5 171 798**	**357 142**	**108 695**	**173 076**	**273 449 989**	**100.0 %**

Shares held by elected officers in Hurtigruten of 31 December 2022

Board of Directors	
Trygve Hegnar, Chair, through Persicopus AS	4.9 %
Petter Anker Stordalen, Director, through Strawberry Equities AS	11.6 %
Jonathan Barlow, Director	0.0 %
Matthew Lenczner, Director	0.0 %
Management	
Daniel A. Skjeldam, CEO, through Hornsund Invest AS	0.9 %
Asta Lassesen, CEO Hurtigruten Expeditions, through A. Y. Invest AS	0.4 %
Torleif Ernstsen, CFO, through Rypestrand Sjøbad AS	0.1 %
Ole-Marius Moe-Helgesen, CDO, through HMH Consulting AS	0.04%
Hedda Felin, CEO Hurtigruten Norway, through Felinvest AS	0.04%

Dividend per share

No dividend was proposed for the fiscal years 2023 and 2022.

Note 23 Interest-bearing liabilities

ACCOUNTING POLICY

Interest-bearing liabilities are recognised initially at fair value, net of transaction costs incurred. Subsequently, interest-bearing liabilities are recognised at amortised cost using the effective interest method. The difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the interest-bearing liabilities as part of the effective interest.

Interest-bearing liabilities are classified as current liabilities unless there is an unconditional right to defer payment of the liability for at least 12 months after the reporting date. Repayments due within one year are therefore classified as current liabilities.

Borrowing costs directly attributable to the acquisition of operating assets are recognised in the statement of financial position until the asset is ready for its intended use. Other borrowing costs are expensed on an ongoing basis. In the cash flow statement, interest paid is classified as part of the financing activities.

Classification of interest-bearing liabilities

(EUR 1 000)	31/12/ 2023	1) 31/12/ 2022
Secured		
Bonds	**253 839**	285 000
Term loans	**946 133**	655 000
Sale leaseback debt facilities	**26 742**	67 233
Revolving credit facilities	**-**	85 000
Other non-current interest-bearing liabilities	**834**	1 518
Transaction cost at amortised cost	**(7 423)**	(7 529)
Total non-current interest-bearing secured liabilities	**1 220 125**	1 086 222
Unsecured		
Bonds	**50 000**	50 000
Transaction cost at amortised cost - (unsecured)	**(790)**	(1 518)
Shareholder loan, non-current	**359 325**	196 108
Other non-current interest-bearing liabilities	**1 440**	50
Total non-current interest-bearing unsecured liabilities	**409 975**	244 640
Non-current lease liabilities 1)	**55 389**	58 797
Total non-current interest-bearing liabilities	**1 685 489**	1 389 659
Secured		
Bonds	**30 000**	15 000
Term loans	**-**	176 500
Sale leaseback debt facilities	**4 029**	3 806
Other interest-bearing liabilities	**861**	8 855
Other current interest-bearing liabilities	**74 468**	-
Transaction cost at amortised cost	**(2 979)**	(2 090)
Accrued interest external financing 1)	**41 627**	20 438
Total secured current interest-bearing liabilities	**148 007**	222 508
Unsecured		
Shareholder loan, current	**20 000**	-
Accrued interest shareolder loan 1)	**47 627**	29 616
Total unsecured current interest-bearing liabilities	**67 627**	29 616
Total current interest-bearing liabilities	**215 634**	252 124
Current lease liabilities 1)	**11 832**	11 992
Total outstanding interest-bearing liabilities including lease liabilities	**1 912 955**	**1 653 774**

1) Non-current and current lease liabilities are from 2023 reported on separate lines in statement of financial position. Accrued interest is included in current interest-bearing liabilities from 2023. EUR 50.1 million is reclassed from trade and other payables (in 2022: other current liabilities), to current interest-bearing liabilities.

Movements in interest-bearing liabilities

(EUR 1 000)	2023	2022
Total Interest bearing liabilities	**1 653 774**	**1 446 332**
Cash flows		
New financing	402 930	185 000
Repayments	(241 026)	(14 259)
Lease payments	(9 064)	(9 711)
Intrest and financial cost paid	(111 811)	(69 881)
Non-cash flows		
Net financial expenses recogniced in profit and loss	213 148	111 223
New lease contracts or modified/remeasured contracts	9 866	9 823
Currency translatioin effects	(4 862)	(4 752)
Total	**1 912 955**	**1 653 774**

Maturity of interest-bearing liabilities as of 31 December 2023

(EUR 1 000)	**Between 0- 1 year**	**Between 2-3 years**	**Between 4-5 years**	**Mort than 5 years**
Interest bearing liabilities	357 275	607 896	1 553 692	9 218
Lease liability (nominal value)	12 400	16 002	13 029	77 710
Total	369 675	623 897	1 566 721	86 928

Maturity of interest-bearing liabilities as of 31 December 2022

(EUR 1 000)	**Between 0- 1 year**	**Between 2-3 years**	**Between 4-5 years**	**Mort than 5 years**
Interest bearing liabilities	266 061	1 336 929	150 169	31 673
Lease liability (nominal value)	12 205	18 116	11 401	81 460
Total	278 266	1 355 045	161 570	113 133

Listed bonds

Senior secured bond

The EUR 300 million Explorer II bond was listed on the Oslo Stock Exchange with ISIN: NO 0010874548 on 10 July 2020. The senior secured listed bonds hold mortgage over the vessels MS Roald Amundsen and MS Fridtjof Nansen, bear a fixed coupon of 3.375% and mature in February 2025. From and including August 2023 the bonds have semi-annual amortisation of EUR 15 million (EUR 30 million per annum).

The fair value for the bond is gathered from Bloomberg, which showed a value of 91.73% as of 31 December 2023, compared to an issue price of 87.15%.

Green bond

The EUR 50 million green bond was listed on the Oslo Stock Exchange with ISIN: NO 0012436270 on 18 July 2022. The listed bonds are unsecured and bear a fixed coupon of 11% and mature in February 2025. Net proceeds from the bond were used to finance the upgrade of 3 ships in the Hurtigruten fleet to battery-hybrid power. Certain amendments were made to the bond terms as part of the recapitalisation transaction announced in December 2023. See separate note on subsequent events for further details.

The fair value of the bond is gathered from Bloomberg, which showed a value of 57.54% as of 31 December 2023, compared to an issue price of 87.15%.

For the remainder of the interest-bearing liabilities, the Group considers the fair value to approximate their carrying value. The main difference between carrying value and fair value is the capitalised expenses recognised and amortised in accordance with the effective interest method.

Other interest-bearing liabilities

Term Loan B (TLB), and Revolving Credit Facility (TLB1)

On 13 April 23 the Group completed certain amendments to the terms of the Term loan B (TLB) EUR 655 million and the EUR 85 million Revolving Credit Facility (RCF) under the senior facilities agreement originally dated 9 February 2018 (the "SFA"). The maturities under the RCF and TLB were extended from February 2024 and February 2025 to February 2026 and February 2027 respectively. The margin under the TLB was increased to 6.50% with additional 100bps annual margin step-ups from November 2024 (and in certain circumstances step-downs). The margin under the RCF was increased to 6.25% with additional 100bps annual margin step-ups from November 2024 (and in certain circumstances step-downs).

In addition the RCF was converted into a separate term loan (TLB1). As part of the transaction the ultimate shareholders of the Group provided an additional EUR 80 million of funding. The TLB and TLB1 loans hold the same security package including mortgage over 9 vessels and rank pari-passu.

Term Loan C, Term Loan D refinanced with Senior secured Notes Facility

On 4 April 2023 the Group completed the issuance of a new EUR 200 million 5-year notes facility agreement (the "NFA") maturing in February 2028. The net proceeds were applied towards refinancing in full the EUR 176.5 million existing term loans (TLC and TLD) maturing in June 2023. The notes facility was priced at E+600bps cash coupon and 600bps PIK coupon, holds the same security package and ranks pari passu with the TLB and TLB1 under the SFA. In connection with the new notes facility, a synthetic warrant instrument was issued by Silk Topco AS in respect of a small minority of its fully diluted equity for cash consideration of EUR 17.5 million (cash proceeds from which were made available in full to the Group).

Sale and leaseback debt facilities

The Group has sale and leaseback facility in place for the vessel MS Spitsbergen with monthly charter hire maturing in June 2028. The sale and leaseback facilities for MS Nordlys and MS Richard With were repaid in December 2023 as part of the recapitalisation transaction announced in December 2023. See Interim Facility below and separate note on subsequent events.

Interim Facility

As part of the recapitalisation transaction announced in December 2023 the Group secured a EUR 74 million interim facility in December 2023. The facility provided net liquidity proceeds of EUR 33 million after repayment of the sale and leaseback facilities for MS Nordlys and MS Richard With and transaction fees. The facility holds security over MS Nordlys and MS Richard With. Reference to note 30 Subsequent events for further details.

Other interest-bearing liabilities

During 2023 the Group received additional EUR 182.5 million in loans from its ultimate shareholders. The State guaranteed bank loans of NOK 150 million were repaid in July 2023.

Lease liabilities

The lease liabilities mainly consist of the real estate leases in Hurtigruten Svalbard, following the 30-year sale leaseback agreement in 2021. Other leases consist of property/office leases and lease of MS Bard.

Pledges

The security packages under the Senior Secured Facility Agreement (SFA: TLB and TLB1) and the Senior Notes Facility Agreement (NFA) include mortgage over 9 owned vessels, pledge of shares in subsidiaries and assignment of intercompany loans and insurances.

The Interim Facility holds mortgage over the vessels MS Richard With and MS Nordlys.

The senior secured bond holds mortgage over the vessels MS Roald Amundsen and MS Fridtjof Nansen.

The vessel MS Spitsbergen is pledged under the sale and leaseback debt facility.

The real estate in Sollia Gjestegård Holding AS and Sollia Gjestegård AS are pledged under the term loan to Sollia Holding Gjestegård AS.

(EUR 1 000)	2023	2022
Interest-bearing liabilities secured by mortgage		
Bond	253 839	300 000
Term loans	946 133	831 500
Sale leaseback debt facilities	30 771	71 039
Revolving credit facilities	-	85 000
Total interest-bearing liabilities secured by mortgage	**1 261 904**	**1 287 539**
Book value of assets pledge as security	874 491	889 051
Total assets pledged as security	**874 491**	**889 051**

Covenants

Senior secured bond

Minimum Free Liquidity covenant

Hurtigruten Group AS must maintain a Minimum Free Liquidity above EUR 15 million and the issuer Explorer II AS must maintain a minimum free liquidity above 50% of the next interest and amortisation instalment.

Green bond

Minimum Free Liquidity covenant

Hurtigruten Group AS must maintain a Minimum Free Liquidity above EUR 15 million.

Term Loan B, Term Loan B1 and Notes Facility

Minimum Available Liquidity covenant

Hurtigruten Group AS must maintain a Minimum Free Liquidity above EUR 25 million, tested monthly and on a 13 week forward looking basis.

In December 2023 the Group announced that it had obtained a waiver of the minimum liquidity covenant under its senior facilities and senior notes facilities for the month ending November 2023.

Consolidated Net Leverage Ratio

On or after 31 March 2025 the Company shall ensure that the Consolidated Net Leverage Ratio is not greater than 6.85:1, tested quarterly.

Reference to note 30 Subsequent events.

Note 24 Share-based payment

ACCOUNTING POLICY

The Group has share-based remuneration schemes in which the company receives services from employees as consideration for a share-based payment. The fair value of the amount payable to employees in respect of the bonus shares, which is settled in cash or shares through a private placement of shares, is recognised as an expense with a corresponding increase in liabilities over the period during which the employees become unconditionally entitled to the shares. The liability is remeasured at each reporting date and at settlement date based on the fair value of the bonus shares. Any changes in the liability are recognised in profit or loss.

In 2015, the executive management of Hurtigruten Group entered into an agreement with the ultimate parent company, Silk Topco AS. Given the indebtedness of the Group as at 31 December 2023, management have written down the obligation under this incentive agreement which was EUR 0.9 million at year end 2022 to nil. A new incentive plan will likely be implemented in 2024.

Note 25 Employee retirement benefit plans

ACCOUNTING POLICY

Defined benefit schemes

The liability recognised in the balance sheet connected with the defined benefit schemes is the present value of the defined benefits at the balance sheet date less the fair value of the pension assets. The pension liability is calculated annually by an independent actuary using the projected unit credit method. The gross liability is discounted to present value applying the interest rate on high-quality corporate bonds issued in the currency in which the liability will be paid, and with approximately the same terms as the payment horizon of the liability.

The cost of pension entitlements for the period are recognised as personnel expenses. These expenses include an increase in the pension liability due to earnings from previous years, changes, curtailments, and settlements.

Past service costs arising from the amendments of plan benefits are immediately recognised in the income statement.

The net interest expense is calculated by applying the discount rate to the net pension liability and the fair value of the pension assets. This cost is also recognised in payroll costs in the income statement.

Remeasurement gains and losses arising from changes in actuarial assumptions are recognised in equity through other comprehensive income in the period in which they arise and will not be reclassified to profit or loss in subsequent periods.

Defined contribution schemes

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual, or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as personnel expenses in the same period as the employees have rendered services entitling them to the contributions. Prepaid contributions are recognised as a financial asset to the extent that a cash refund or a reduction in the future payments are available. Future pensions are dependent on the size of the contributions and the return on the pension plans.

The Group operates both defined contribution and defined benefit pension schemes. as well as mandatory occupational pension plans in the companies where this is required. These plans for Norwegian companies satisfy the requirements stipulated in the Norwegian Mandatory Occupational Pension Act.

The Group has defined benefit plans in Norway and Germany. In the Norwegian defined benefit plan, there are three former employees included in the scheme. During 2022 the arrangement was adjusted to be an unfunded plan with future payments to be made on an ongoing basis. The assets in the scheme were released. The German defined benefit plan is organised as a CTA (contractual trust arrangement), in which the plan assets are earmarked for the pension fund, while the company's management determines how the assets are to be invested. An agreed fixed amount per month is paid to the pension plan where most beneficiaries receive the same agreed amount, while two former directors receive a considerably higher part.

The geographical allocation of the obligations and plan assets for the defined benefit plans is:

		2023			2022	
(EUR 1 000)	**Norway**	**Germany**	**Total**	Norway	Germany	Total
Present value of obligations	**1 653**	**3 703**	**5 356**	1 827	4 166	5 992
Fair value of plan assets	-	**5 300**	**5 300**	(0)	4 974	4 974
Net pension obligations/ (assets)	**1 653**	**(1 598)**	**55**	1 827	(808)	1 018

The Contractual Early Retirement (AFP) Scheme Act adopted by the Norwegian Parliament in 2010 entailed the derecognition and recognition in the income statement of provisions related to the old contractual early retirement scheme. Provisions were set aside to cover the assumed underfunding of the old contractual early retirement scheme. The new AFP early retirement scheme is based on a tri-parties collaboration between employer, employee organisations and the government. The government covers one-third of the pension expenses for the early retirement scheme, while affiliated enterprises cover the remaining two-thirds. The scheme is recognised as a defined benefit multi-entity plan in the financial statements. This means that each individual company shall account for its proportional share of the scheme’s pension obligations, plan assets and pension costs. Until reliable and consistent information is available for allocation, the new contractual early retirement scheme will be accounted for as a defined contribution plan. This is consistent with the Ministry of Finance's conclusion concerning the new AFP early retirement plan published in connection with the presentation of the Norwegian State Budget on 14 October 2013.

The pension costs recognised in the income statement are:

(EUR 1 000)	**2023**	2022
Present value of accrued pension entitlements for the year	**15**	15
Defined contribution plan	**11 180**	9 176
Interest expenses (income)	**8**	(9)
Payroll tax	**6**	6
Total pension costs included in payroll costs (Note 23)	**11 209**	9 188

Risks, asset management and sensitivity

The Group is exposed to several risks through the defined benefit pension schemes. The most significant are potential changes in discount rates, bond interest rates, inflation, life expectancy and expected return on funds.

The pension obligations are calculated using a discount rate based on the interest rate on bonds. If the investment in the pension fund assets provides a lower return than the bond interest rate, this gives rise to a deficit. An increase in inflation could result in a higher obligation. A rise in life expectancy could also result in a higher obligation. These assumptions are applied in the pension reports from actuaries.

A basic intention of asset management of plans organised through pension insurance companies is to secure the non-current obligations by delivering a competitive annual return at least equal to the guaranteed interest rate. The plan assets in the German plan are currently invested in a listed fund that is managed by a professional asset manager. The fund follows a multi-asset strategy with a conservative risk profile. The composition of the fund is regularly changed to accommodate optimal returns and risk management. Consequently, these investments are exposed to market risk. While the company management cannot influence the fund's investments, it may at any time elect to exit fund investments.

The pension obligation is most sensitive to changes in the applied discount rates. It is estimated that a change of one percentage point will increase/decrease the pension obligation by approximately EUR 0.4 million.

Financial assumptions

	2023	2022
Norway		
Discount rate	3.10 %	1.90 %
Expected annual wage adjustment	3.50 %	2.75 %
Expected annual pension adjustment	1.80 %	0.00 %
Expected annual National Insurance basic amount (G) adjustment	3.25 %	2.50 %
Table book used for estimating liabilities	K2013 BE	K2013 BE
Table book used for estimating disabilities	IR02	IR02
Germany		
Discount rate	3.20 %	3.60 %
Expected annual wage adjustment	N/A	N/A
Expected annual pension adjustment	2.25 %	2.25 %
Expected annual National Insurance basic amount (G) adjustment	N/A	N/A
Average expected years of service until retirement age	10.6 Years	10.1 Years

Change in the defined benefit pension obligations during the year

(EUR 1 000)	**2023**	2022
Pension obligations as of 1 January	5 993	10 408
Present value of accrued pension entitlements for the year	8	15
Interest expenses	192	92
Effect of recalculation:		
Changes in financial assumptions	(316)	(4 785)
Changes in demographic assumptions	-	232
Estimate deviations	-	384
Currency translation differences – obligations	(119)	(237)
Discontinuation of pension plans (plan changes)	-	387
Pension benefits paid	(402)	(495)
Change in payroll tax on net pension obligations	-	(8)
Pension obligations as of 31 December	**5 356**	**5 993**

Change in the fair value of the plan assets

(EUR 1 000)	2023	2022
Fair value as of 1 January	4 973	8 272
Return on plan assets	179	46
Actual return on assets re interest income recognised in income statement	147	(3 630)
Paid-up policies and disbursements due to discontinuation of plans (plan changes)	-	435
Employer contributions	-	53
Currency translation differences – assets	-	(131)
Pension benefits paid	-	(72)
Fair value as of 31 December	**5 300**	**4 973**

Specification of net plan assets/obligations

(EUR 1 000)	2023	2022
Present value of funded pension obligation	3 703	4 166
Present value of unfunded pension obligations	1 653	1 827
Total pension obligation 31 December	**5 356**	**5 992**
Estimated fair value of plan assets as of 31 December	5 300	4 974
Net pension obligations at 31 December	**55**	**1 018**

Expected maturity date of pension schemes as of 31 December 2023

(EUR 1 000)	< 1 year	1-2 years	2-5 years	>5 years	Total
Defined benefit pension	639	1 028	1 883	6 683	10 233

Table of the historical present values of pension obligations and assets as of 31 December

(EUR 1 000)	2023	2022
Present value of defined benefit pension obligations	5 356	5 992
Fair value of plan assets	5 300	4 974
Deficit/(surplus)	**55**	1 018

Note 26 Trade payables, other current liabilities and provisions

(EUR 1 000)	2023	2022 2)
Trade payables	48 448	61 124
Trade payables to related parties 1)	(2)	0
Total trade payables	**48 446**	61 124
Public duties payable	8 405	6 154
Other current liabilities 2)	43 448	21 214
Current payables to related parties 1)	2 256	(115)
Accrued expenses	59 232	42 745
Total other current liabilities 3)	**113 341**	69 999
Total trade and other payables	**161 787**	131 122

[1] See note 27 for information on trade payables and other current payables due to related parties.
[2] Out of other current liabilities EUR 17.8 million (2023) and EUR 5.7 (2022), relates to invoiced revenue state contract for first quarter 2024 and first quarter 2023, also see note 20.
[3] Accrued interest of EUR 55,1 million have for 2022 been reclassed to current interest-bearing liabilities.

(EUR 1 000)	Bonuses	Management incentive plan	MS Maud*	Other	Total
Provision book value as of 1 January 2022	2 070	718	-	658	**3 446**
Provisions for the year	3 200	69	-	13	**3 282**
Utilisation (reversal) of provisions from the prior year	(2 070)	-	-	(459)	**(2 529)**
Currency translation effects	(96)	-	-	(0)	**(96)**
Provision book value as of 31 December 2022	**3 104**	**787**	-	**212**	**4 103**
Provisions for the year	-	-	5 500	-	**5 500**
Utilisation (reversal) of provisions from the prior year	(2 982)	(787)	-	(212)	**(3 980)**
Currency translation effects	(122)	-	-	-	**(122)**
Provision book value as of 31 December	-	-	**5 500**	-	**5 500**

* The provision relates to the repairs required to MS Maud following a severe weather incident. An insurance receivable related to this incident has been recognised as part of other receivables.

Provision classification in the balance sheet as of 31 December

(EUR 1 000)	2023	2022
Non-current liabilities	-	91
Current liabilities	5 500	4 012

Bonuses

The Group has certain bonus schemes for the CEO, Group management and other key personnel. As the performance indicators required to receive a bonus were not achieved, no bonus provision was required in 2023 (EUR 3.1 million in 2022).

Management incentive plans

The management in Silk Topco Group has entered an incentive plan to purchase shares in the parent company, Silk Topco AS. For further information regarding the Management incentive plan, see note 24.

Note 27 Related party transactions

Transactions with related parties are carried out with terms and conditions that are no more favourable than those available, or which might reasonably be expected to be available, in similar transactions between independent parties. Related parties are defined as the key management personnel in the company, shareholders, and associates. Associates in 2023 include Green Dog Svalbard AS, and Empresa Turistica Internacional C.A. (see note 17).

The Group conducted the following transactions with related parties:

Transactions with associates

(EUR 1 000)	**2023**	2022
Operating revenue		
Sale of services to Green Dog Svalbard	32	45
Operating costs		
Purchase of services from Green Dog Svalbard AS	763	802
Purchase of services from Empresa Turistica International C.A.	21 227	9 633
Balances with Green Dog Svalbard AS on 31 December		
Current receivables	818	841
Current liabilities	(818)	(841)
Balances with Empresa Turistica International C.A. on 31 December		
Non-current receivables	8 001	
Current liabilities	(5 914)	
Balances with Namdalen Wilderness Lodge AS on 31 December		
Current receivables	4	4
Current liabilities	(2)	(2)
Net balance with related parties on 31 December	**2 089**	**2**

Transactions with shareholders

(EUR 1 000)	**2023**	2022
Net Financial Items		
Interest expenses Shareholder loan	18 011	17 816
Total financial items	**18 011**	**17 816**
Non-current balance with shareholder at year end	359 325	196 108
Current balance with shareholders at year end	67 627	29 616
Total balance with shareholders on 31 December	**426 952**	**225 724**

Note 28 Investment in subsidiaries

Owned directly by Silk Topco AS (parent company)	Registered office	Ownership/voting share
Silk Midco AS	Oslo, Norway	100 %
Coastal Holding AS	Oslo, Norway	100 %
Silk Sideco 1 AS	Oslo, Norway	100 %
Silk Sideco 2 AS	Oslo, Norway	100 %
Hurtigruten Newco AS	Oslo, Norway	100 %
Kirberg Shipping AS	Oslo, Norway	100 %
Owned by subsidiaries of Silk Topco AS		
Hurtigruten Group AS	Oslo, Norway	100 %
Hurtigruten Expeditions AS	Oslo, Norway	100 %
Hurtigruten Expeditions Group Ltd	London, UK	100 %
Hurtigruten Norway AS	Tromsø, Norway	100 %
Hurtigruten Global Sales AS	Oslo, Norway	100 %
Hurtigruten Global Services AS	Oslo, Norway	100 %
Hurtigruten Destinations AS	Oslo, Norway	100 %
Hurtigruten Investments AS	Oslo, Norway	100 %
Hurtigruten AS	Oslo, Norway	100 %
Hurtigruten Offshore Excursions AS	Oslo, Norway	100 %
Hurtigruten Expedition Fleet AS	Oslo, Norway	100 %
Hurtigruten Explorer AS	Oslo, Norway	100 %
Explorer I AS	Oslo, Norway	100 %
Explorer II AS	Oslo, Norway	100 %
Hurtigruten Expedition Crew AS	Oslo, Norway	100 %
Hurtigruten Expedition Cruises AS	Oslo, Norway	100 %
Hurtigruten Expedition Technical Services GmbH	Hamburg, Germany	50 %
Hurtigruten Expeditions Hotel Support GmbH	Hamburg, Germany	100 %
Hurtigruten Expeditions Ltd	London, UK	100 %
Hurtigruten Expeditions Cruises Ltd	London, UK	100 %
Hurtigruten Expeditions Global Sales Ltd	London, UK	100 %
Hurtigruten Coastal AS	Tromsø, Norway	100 %
Hurtigruten Sjø AS	Tromsø, Norway	100 %
Hurtigruten Coastal Fleet AS	Tromsø, Norway	100 %
MS Richard With AS	Tromsø, Norway	100 %
MS Nordlys AS	Tromsø, Norway	100 %
Hurtigruten Estonia OÜ	Tallinn, Estonia	100 %
Hurtigruten GmbH	Hamburg, Germany	100 %
Hurtigruten Americas Inc.	Seattle, USA	100 %
Norwegian Coastal Voyage Ltd	London, UK	100 %
Hurtigruten France SAS	Paris, France	100 %
Hurtigruten Australia Pty Ltd	Melbourne, Australia	100 %
Hurtigruten Ltd	London, UK	100 %
Hurtigruten Asia Pacific	Hong Kong	100 %
Hurtigruten Barents AS	Kirkenes, Norway	100 %
Hurtigruten Svalbard AS	Norway	100 %
Sollia Gjestegård Holding AS	Kirkenes, Norway	100 %
Sollia Gjestegård AS	Jarfjord, Norway	100 %
KVE Holding AS	Oslo, Norway	100 %
Kleven Prosjekt 401	Oslo, Norway	100 %
HRG Newco Holding AS	Tromsø, Norway	100 %

Note 29 Contingent liabilities and other commitments

As of 31 December 2023, no significant liabilities are expected to arise from contingent liabilities that have not already been provided for in the financial statements (With reference to Note 26).

Guarantees

As of 31 December 2023 Hurtigruten Group had guarantees and letter of credit capacity of EUR 136 million (of which EUR 9.4 million undrawn), including EUR 73 million of letter of credit facilities provided by banks which are credit supported by the ultimate shareholders of the Group. Guarantees and letter of credit issued are mainly in connection to travel guarantee schemes, tax bonds and other guarantees related to operations and payment collection.

Membership in the NOx Fund

Hurtigruten Coastal AS and Hurtigruten Expedition Cruises AS are members of the Confederation of Norwegian Enterprise's (NHO) NOx Fund. The main objective of the Environmental Agreement concerning reductions of NOx and the NHO's NOx Fund is to reduce emissions of nitrogen oxide. The Fund is a joint venture to which affiliated businesses can apply for support for emission-reducing measures. Payment to the Fund replaces the nitrogen oxide tax for affiliated businesses.

The Environmental Agreement for 2011–2017 was signed on 14 December 2010 by 15 industry organisations and the Ministry of the Environment and was approved by EFTA's Monitoring Body (ESA) on 19 May 2011. The Fund has reported that the targets for 2011-2016 were met. On 24 May 2017, an extension to the NOx Agreement for the period 2018-2025 was signed between the business organisations and the Norwegian Authorities. The extension was approved by ESA on 2 February 2018. A second extension for the years 2026 and 2027 was signed in May 2022. This agreement is not yet approved by ESA.

Coastal service agreement with the ministry of transportation regarding CO_2 emissions

As part of the requirements in the Norwegian coastal contract with the Norwegian Ministry of Transport and Communications, the maximum level of CO_2 emission is set to a total average of 103 000 tonnes CO_2 equivalents per year during the contract period from January 2021 to December 2030. To meet this requirement three vessels in the coastal fleet was planned upgraded with new low emission engines and battery-hybrid power solutions. The Group upgraded one ship in 2022, one in 2023, and will complete the upgrade programme with the last ship in Q1 2025. This will significantly reduce the emission of CO_2 equivalents throughout the contract period.

Legal items

While acknowledging the uncertainties related to disputes and claims, the management is of the opinion that based on the information currently available, these matters will be resolved without any material adverse effects individually or in the aggregate on the Group's financial position.

Note 30 Subsequent events and going concern

As of 31 December 2023, the Group had successfully returned to normal operations bringing the full fleet of vessels back online during the first half of 2023.

In the opinion of the Board of Directors, the underlying fair value of Silk Topco Group's vessels and brands is significantly higher than the book value; the recapitalization transaction completed in February 2024 improved the fair value equity position by a conversion of EUR 34 million for Silk Topco Group (book equity as of 31 December 2023 amounted to EUR 890 million negative).

As of 31 December 2023, Silk Topco Group had an available free liquidity position of EUR 48 million. As of 31 May 2024 the Silk Topco Group had an available free liquidity position of EUR 61 million.

On 23 February 2024, the Company successfully implemented a comprehensive recapitalisation transaction with its senior lenders, its shareholders, and senior unsecured note holders.

The recapitalisation transaction involved:

1. Injection of liquidity of EUR 185 million (on a net basis) through a combination of near-term interest waivers and a new super senior secured opco facility in a principal amount of EUR 205 million, part of which was used to repay in full the interim financing provided to the Company in a principal amount of EUR 74 million in December 2023;

2. restructuring of the Group's existing senior facilities into a new senior secured opco facility of EUR 345 million (the "New Senior Facility") and a new secured PIK holdco facility of around EUR 670 million (the "New Holdco Facility");

3. restructuring of the existing senior unsecured bonds in a principal amount of EUR 50 million originally issued by Hurtigruten Group AS such that these were converted into senior secured bonds issued by Hurtigruten Newco AS, the parent company of Hurtigruten Group AS (the "Reinstated SUNs"). The repayment of the Reinstated SUNs is subject to a payment waterfall such that 60% of the Reinstated SUNs rank pari passu with the New Holdco Facility and certain other restructured shareholder facilities, while the remaining 40% are subordinated to them; and

4. shareholder facilities of about EUR 150 million were restructured, all of which are subordinated to the New Senior Facility and approximately EUR 55 million of which are subordinated to the New Holdco Facility and Reinstated SUNs. The maturity profile of these facilities was extended to provide additional support for the business.

The terms of the recapitalisation transaction enable the Silk Topco Group to implement the separation of the business into our expeditions business, which would have the largest expeditions fleet in the world, and our prestigious Norwegian cruise business, and this separation is permitted under the terms of the New Senior Facility, New Holdco Facility and Reinstated SUNs.

As at the date of this report, the group is actively looking at options to refinance, amend or redeem the EUR 300 million senior secured bonds issued by Explorer II AS which will mature in February 2025 (the "Existing SSNs"). The amount of Existing SSNs that are outstanding is EUR 271 million as at April 2024 following an amortisation payment in February 2024.

Hurtigruten Group AS needs to agree a transaction (or combination of transactions) which either contractually extends the maturity of the Existing SSNs or generates proceeds to redeem the Existing SSNs. No such transaction has been agreed as at the date of this report. The Company however continues actively to pursue a series of options to deliver such a transaction prior to the maturity of the Existing SSNs in February 2025.

The board of directors, having considered the on-going efforts to deliver a transaction with respect to the Existing SSNs, believe that there is a reasonable prospect of delivering such a transaction before February 2025, particularly given the progress the Group has been made in relation to the separation of the existing group into the expeditions business i.e. HX and the Norwegian coastal business i.e. HRN.

However, if the Company is not able to reach agreement on such a transaction, then the Group on current projections will not be able to repay the Existing SSNs at their maturity in February 2025.

To deliver a transaction with respect to the Existing SSNs requires new investment into the structure or the agreement of the relevant majority of the Existing SSNs. The Company cannot guarantee that these negotiations will be successful.

As the Existing SSNs have security over two modern, expedition vessels, the Group faces a risk that the holders of the Existing SSNs may seek to enforce the security over these vessels which would materially and adversely impact the Group. The Group further faces the risk that it may experience difficulties in meeting its obligations associated with other financial liabilities as a result of any enforcement action taken by the holders of the Existing SSNs and this may affect its ability to continue as a going concern.

Responsibility statement

We confirm that, to the best of our knowledge, the consolidated financial statements for the year ended 31 December 2023 have been prepared in accordance with IFRS as adopted by the EU, that the financial statements for the parent company for the year ended 31 December 2023 have been prepared in accordance with the Norwegian Accounting Act, that they give a true and fair view of the Company's and Group's assets, liabilities, financial position and results of operations, and that the Report of the Board of Directors gives a true and fair review of the development, performance and financial position of the Company and the Group and includes a description of the principle risks and uncertainties that they face.

The Board of Directors of Silk Topco AS

Oslo, 28 June 2024

Trygve Hegnar
Chairman

Petter Anker Stordalen
Board member

To the General Meeting of Silk Topco AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Silk Topco AS, which comprise:

- the financial statements of the parent company Silk Topco AS (the Company), which comprise the statement of financial position as at 31 December 2023, the statement of profit and loss and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Silk Topco AS and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to the Board of Directors Report and Note 30 in the consolidated financial statements, where the Company states that one of their financing contracts expire and amounts owing fall due for payment in February 2025. Without refinancing, extending the maturity date and/or an equity injection, the Company will not be able to repay the bond loan at maturity. As stated in the Board of Directors Report and Note 30 in the consolidated financial statements, these events or conditions, along with other matters as set forth in the Board of Directors Report and Note 30 in the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

The Board of Directors (management) is responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors’ report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors’ report. The purpose is to consider if there is material inconsistency between the Board of Directors’ report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors’ report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors’ report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors’ report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s and the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about 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 that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.For further description of Auditor’s Responsibilities for the Audit of the Financial Statements reference is made to: https://revisorforeningen.no/revisjonsberetninger

Oslo, 28 June 2024
PricewaterhouseCoopers AS

Stig Lund
State Authorised Public Accountant
(This document is signed electronically)

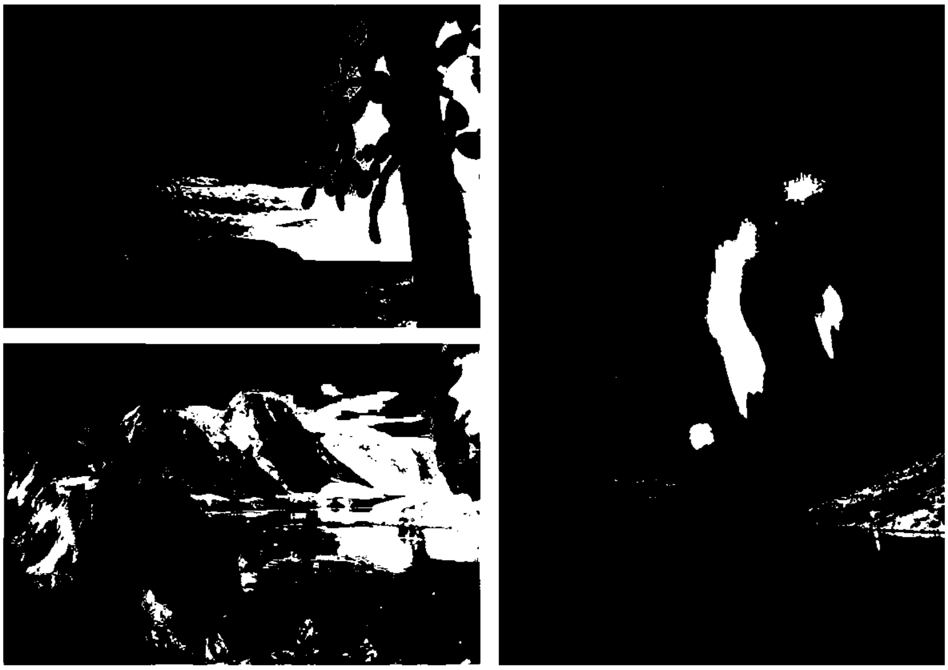
Revisjonsberetning

Signers:

Name	*Method*	*Date*
Lund, Stig Arild	BANKID	2024-06-28 12:59

Silk Topco Group

ANNUAL REPORT 2023



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Silk Topco Group – The leading adventure travel and expedition cruise company

Silk Topco Group is a truly global company with strong Norwegian heritage. The Group has the ambition to attract adventure travelers from all over the world and intro-duce them to unique and inspirational destinations through its two distinct businesses: Hurtigruten and HX Hurtigruten Expeditions.

The two businesses are frontrunners in adventure travel and expedition cruising, a niche with substantial global growth potential.

The Group has two distinct business segments:

Hurtigruten (formerly known as Hurtigruten Norway) – branded as Hurtigruten in Scandinavia and Hurtigruten – Norwegian Coastal Express in other markets, and from 2023 including the unit of Hurtigruten Destinations.

HX Hurtigruten Expeditions (formerly known as Hurtigruten Expeditions) branded as HX Hurtigruten Expeditions in all markets.

To further develop and clarify the distinction between the brands a rebranding of Hurtigruten Norway and Hurtigruten Expeditions was announced and carried out in 2023. Hurtigruten Expeditions will transform into HX, and Hurtigruten Norway will continue with the iconic name, simplified to just Hurtigruten. Hurtigruten and HX Hurtigruten Expeditions have a high level of recognition in key travel markets, such as Germany, UK, the Nordic countries and we have seen a significant increase in the US and Australian markets as well. This shows that we have a position in all four large cruise markets.

HX Hurtigruten Expeditions is the world's largest expedition cruise company, in 2023 operating seven expedition vessels, three of which are battery powered hybrid-electric cruise vessels. Hurtigruten operating eight vessels, two of which are battery powered hybrid-electric cruise vessels.

The ongoing strategic effort to develop Hurtigruten and HX Hurtigruten Expeditions into distinct and autonomous companies has taken significant steps during 2023. This strategic division is imperative to facilitate the individual growth trajectories and objectives of both Hurtigruten and HX Hurtigruten Expeditions.

The division started with the separation of our fleet in 2021, marking the initial step towards independent operations. In 2023, the Group continued this journey and took significant steps that reinforced the development of Hurtigruten and HX Hurtigruten Expeditions as independent companies. In 2023 we initiated the separation of group functions, with particular emphasis on outlining the commercial teams for each company.

Through the second half of 2023, we shaped a blueprint for robust financial, organizational, and operational frameworks tailored to the unique requirements of each business unit. Remaining work throughout 2024 will be dividing of the finance function linked to the joint capital structure, as well as the separation of systems and digital/IT solutions.

With this process, the two businesses are positioning in line with their long and proud legacy and building world leading brands though organizations with global capabilities.

The Group and HX Hurtigruten Expeditions are headquartered in London, while Hurtigruten is headquartered in Oslo. In addition to the headquarters, the businesses have offices and operations in Hamburg, Tromsø, London, Paris, Seattle, Melbourne, Tallinn, Hong Kong, Shanghai, Longyearbyen and Kirkenes (where Hurtigruten's crew center is situated) serving the most important and emerging markets.

Hurtigruten and HX Hurtigruten Expeditions differs significantly from the offering of other expedition cruise and adventure travel operators, with a customer offering designed to reach a wide range of customer segments, giving the guests the opportunity to get closer to nature in beautiful areas off the beaten path to experience local wildlife, culture and activities – with a minimal environmental footprint.

Operating smaller, custom-built vessels, Hurtigruten and HX Hurtigruten Expedition can go where others cannot and their crew and staff are very familiar with the waters they sail in, which are among the most challenging in the world.

In HX Hurtigruten Expeditions, the day-to-day itineraries and programs are adjusted based on weather and local conditions, ensuring optimal sightings of nature and wildlife, cultural events in several ports of call and other experiences.

Hurtigruten's voyages lets the guest immerse in the everyday life along the rugged Norwegian coasts visiting small villages, admiring beautiful landscapes and experiencing the Norwegian culture and wildlife through a wide range of excursions, including the northernmost settlement in the world on the Archipelago of Svalbard to experience the Arctic frontier like no other place on earth.

Hurtigruten Group's brands offers a unique gateway to the Norwegian coast, Greenland, Svalbard, Iceland, British Isles, Alaska, South America, Arctic, Antarctica, Galapagos and to other unique destinations to travelers from all over the world. Hurtigruten Group's operation builds on a rich and proud Norwegian Expedition Cruises heritage having offered scheduled voyages along the Norwegian coast since 1893 and offering the first Expedition cruises to Svalbard as early as 1896. Today, this combines a deeply rooted desire to offer genuine experiences, the best local food and beverages, all while leaving a minimal environmental footprint as it shapes the future of the growing adventure travel and expedition cruise market in a sustainable way.

All operations are done with our ESG ethos in mind. We want to champion responsible and sustainable travel and are constantly striving to leave a positive impact across the value chain, from vendors to the destinations where we operate. Our ESG ambition is to be the most sustainable travel operator in the world, and to keep pushing the industry's boundaries for ESG. To achieve this, we will continue to work towards having the greenest fleet in the world, educating our guests on climate change and the ecosystems we visit, pushing for local value creation and helping sustain coastal communities, and – last but not least – being a great place to work.

This commitment to ESG is demonstrated through our hybridization investments in which we are converting 3 Hurtigruten ships to battery-powered hybrid propulsion with the aim of reducing CO_2 emissions by around 25% and NOx emissions by more than 80%

Hurtigruten Norway

Hurtigruten sails the legendary route, often referred to as "the most beautiful voyage in the world", which operates Norwegian Coastal Express, and Signature routes along the Norwegian coastline to The North Cape and Svalbard. Hurtigruten is offering a unique combination of trans-port for local travelers, freight, and international tourists, as done since the very first departure more than 130 years ago.

Hurtigruten's eight ships bring guests closer to nature and local communities. They connect the international traveler with everyday life along the rugged Norwegian coast. The voyage forms part of the country's cultural heritage and is an important link between coastal communities, strengthening the brand's legitimacy with international travelers seeking authentic Norwegian experiences.

Introduced Signature sailings

Hurtigruten expanded the offer beyond the original coastal express in 2023 with the Signature products Svalbard Line and North Cape Line, a more premium product built to showcase the best Norway has to offer while preserving our historical heritage along the coast with experiences close to nature, local communities, and Norwegian culinary kitchen. In 2023 Hurtigruten started preparing for an additional Signature product with MS Otto Sverdrup sailing directly from Hamburg along the Norwegian Coast under Hurtigruten fleet from January 2024.

Norway's Coastal Kitchen

Hurtigruten has integrated the Norwegian food culture in the onboard culinary concept Norway's Coastal Kitchen. In the peak seasons, 80% of the ingredients in the restaurants come from more than 50 local suppliers along the coast. Sourcing food locally is not just about fresh, farm-and-fjord-to-table flavors. It is also about achieving the lowest footprint possible and making sure there is minimal food waste.

Unique activities and experiences

Excursions and authentic experiences have been a prioritized area for Hurtigruten for many years. By collaborating with around 30 excursion providers the company is offering guests more than 70 unique and seasonally adapted activities and experiences. With the Norwegian Coastal Express being one of Norway's foremost tourist products, this is a driving force for the development of Norwegian tourism industry and marketing of the country internationally. In 2023, Hurtigruten entered into a partnership agreement with Arctic Umiaq Line, the official Greenland coastal passenger ship service since 1774, with the aim of expanding their offer globally in connection with the expansion of airports in Greenland.

With the year of our 130th anniversary behind us in 2023, Hurtigruten aims to further develop and strengthen the Hurtigruten brand with the ambition to be the iconic travel operator for the Norwegian coast and Arctic region, continuously shaping sustainable travel experiences.

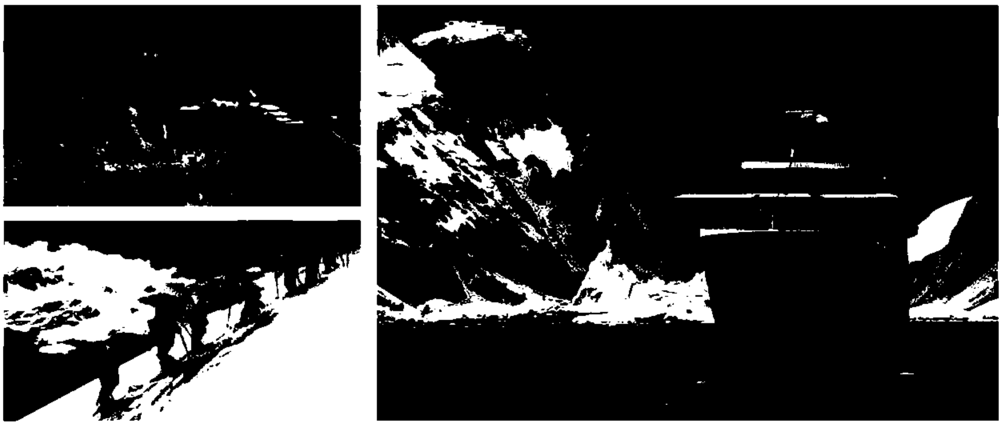
Milestones 2023:

- 7 ships operated under state contract
  Hurtigruten operates seven ships under the state contract valid from 2021 to 2030. In 2023 all ships were fully operational throughout the whole year.

- MS Kong Harald upgraded to hybrid
  In 2023, MS Kong Harald was upgraded to a hybrid ship as part of one of the largest environmental upgrades in the history of European shipping. In 2022 the company initiated this program with large-scale investments in batteries and state-of-the-art technology that will reduce $CO2$ emissions by 25% and NOx emissions by 80%. By 2025 three out of seven ships in the coastal fleet will be converted to hybrid ships and 7 out of 7 ships will be fitted with SCR systems (cutting NOx)

- Sea Zero kicked off
  In 2023 Hurtigruten presented renderings of the future ship in the Sea Zero project together with our 13 industry partners. Together, we explore how state-of-the-art energy efficiency and carbon-neutral technologies can take us to our ambition to sail emission-free along the Norwegian coast by 2030

HX Hurtigruten Expeditions



HX Hurtigruten Expedition offers big adventures on small, custom-built ships at hundreds of destinations in more than 40 countries across four continents – including Galapagos, Antarctica, South America, Alaska, Iceland, Greenland, Svalbard, British Isles, the spectacular Norwegian Coastline, and a variety of other destinations.

2023 was a year of full-fleet operations for HX Hurtigruten Expeditions, with seven ships operating under the HX Hurtigruten Expeditions umbrella: Battery-hybrid powered MS Roald Amundsen, MS Fridtjof Nansen and MS Otto Sverdrup, as well as MS Fram, MS Maud, MS Spitsbergen and MS Santa Cruz II.

On the right track
Pioneering new standards in emission reductions, HX Hurtigruten Expeditions' fleet has been fitted with shore power connectivity since 2021, and in June 2023 the company became the first to establish shore power connection in Iceland with MS Maud. HX Hurtigruten Expeditions continues to pursue its position as the sustainability leader in expedition cruising and since 2022 the company has reduced scope 1 emissions by 18% and reduced waste per guest of more than 30%.

Scientific and research programs
HX Hurtigruten Expeditions offers an outstanding scientific program in the expedition segment, 2023 being a record year for our scientific and research programs. With more than 1 880 cruise nights donated, supporting over 30 projects and facilitating in excess of 8 000 citizen science data submissions HX Hurtigruten Expeditions is consistently increasing the positive impact of the sailings and broadening its guest experience through the Science and Education programme.

Unique destinations worldwide
The 2022/23 Antarctica season marked the 20th anniversary for Antarctic exploration for HX Hurtigruten Expeditions and its most successful Antarctic season to date. Additionally, the offering in the Arctic continues to go from strength to strength, we have increased capacity in the Galapagos, and we have learned from the first season in West Africa.

HX Hurtigruten Expeditions continues a pathway for global growth. This includes streamlining the organization, with further emphasis on London as the main hub for HX Hurtigruten Expeditions and Hamburg for operations, alongside other locations for support functions.

A strong foundation
Looking forward, 2023 has created the strongest possible foundation for HX Hurtigruten Expeditions and is well positioned for 2024 with the launch of the highly competitive all-inclusive adventures offer, in addition to deepening of the guest experience, broadening the choice of activities and remaining focused on innovations in the expedition offering.

Milestones :

- Science and Education Programme
  HX Hurtigruten Expeditions' Science and Education programme donating more than 1880 cruise nights, supporting over 30 projects and facilitating in excess of 8 000 citizen science data submissions.

- A meeting of hybrid sister-ships
  The world's two first battery-hybrid cruise ships – MS Fridtjof Nansen and MS Roald Amundsen – met for the first time in the Northwest Passage

- Shore Power Connection
  HX Hurtigruten Expeditions becomes first cruise company to establish shore power connection in Iceland

Hurtigruten Destinations

Hurtigruten Destination's main operations are through Hurtigruten Svalbard which operates the Radisson Blu Polar Hotel, Funken Lodge and the Coal Miners' Cabins, as well as arctic adventure tourism on Svalbard. The archipelago of Svalbard is the Northernmost settlement in the world and one of the most remote and unique destinations in the world.

From a base in Longyearbyen, Hurtigruten Destinations offers active arctic experiences on snow-covered and snow-free terrain with an extensive portfolio of activities and excursions. These include day trips on skis, dog sledding, snowmobile trips, boat or hiking excursions and longer expeditions in the archipelago. Hurtigruten Destinations' operations – originating back in 1896 – are the largest and most diversified on Svalbard.

Top modern hotel experience
Over the period 2017–2020 Hurtigruten Destinations invested heavily in the product and the hotels. In February 2018, Funken Lodge was re-opened with 88 brand-new rooms, new bar and lounge areas, a new reception and a refurbished Funktionærmessen gourmet restaurant. In February 2019 the Radisson Blu opened after a full refurbishment of the public areas including a new restaurant and pub concept, and in January 2020 the new wing with 33 new superior rooms was opened for customers.

Lease agreement with SNSK
In March 2021 Hurtigruten Group entered into an agreement with Store Norske Spitsbergen Kullkompani AS ("SNSK") to sell the real-estate portfolio. At closing of the transaction Hurtigruten Svalbard AS entered into a 30-year lease agreement with SNSK for the real estate and will continue to operate them and further develop the product offering on Svalbard. In 2022 the operating company of Huset was acquired. With Huset's spacious building, Hurtigruten Svalbard gains an ideal venue for hosting larger groups, meetings and gatherings as well as a fine dining restaurant.

MS Nordstjernen – 80 degrees north
In 2023, Hurtigruten Svalbard has embarked on an exciting venture with the introduction of MS Nordstjernen cruises, charting a course from Longyearbyen to the remarkable 80 degrees north. This addition has proven to be a splendid enhancement to the already impressive array of offerings by Hurtigruten Svalbard, enriching the expedition experience for travelers seeking unparalleled adventures in the Arctic. Moreover, in a dedication to ensuring excellence for both the guests and the local community of Longyearbyen, Hurtigruten Svalbard has meticulously curated a bakery that not only serves delectable treats but also upholds the highest standards of quality.

Initiative for a lower footprint
Hurtigruten Svalbard has implemented a series of green initiatives that underscore the company's responsibility to the environment. This includes the installation of solar panels atop the Radisson's roof, a significant step towards harnessing renewable energy sources and reducing the carbon footprint by incorporation of two hybrid boats, as well as eco-friendly modes of transportation such as electric snowmobiles and e-bikes.

Milestones:

- From Longyearbyen to 80 degrees north
  Introduction of MS Nordstjernen cruises, charting a course from Longyearbyen to the remarkable 80 degrees north.

- Reduced footprint
  Expanding our more environmentally friendly offers, which reduce our footprint, including two hybrid boats, as well as electric snowmobiles and e-bikes.

- Installation of solar panels
  The installation of solar panels atop the Radisson's roof is a significant step towards harnessing renewable energy sources and reducing our carbon footprint

Hurtigruten Foundation

Hurtigruten Foundation is a non-profit foundation initiated by the Hurtigruten Group in 2015. It was established as a cooperative venture between guests, partners, suppliers and the Group to create a positive impact on the ocean, wildlife and local communities. The Hurtigruten Group covers the administrative costs of the Foundation so that all the donations received go directly to the projects and organizations the foundation supports.

As a Group and as a Foundation, we care, and we want to make sure that every place we operate is a little bit better off because we are there. Since the foundation was launched, it has supported over 150 projects in 23 countries, creating a positive impact for more than 250 000 people from Svalbard in the high north to Antarctica in the south and everywhere in between.

Record-breaking contribution from the guests
In the foundation we focus on preserving endangered wildlife, battling plastic waste and marine litter and supporting local communities in the areas where we operate. A few highlights that our grants have contributed to are the protection over 1 000 sea turtle nests from poachers on Boa Vista, restoring an area of more than 2 000 m2 of kelp forest in Northern Norway, collecting more than 10 tons of plastic waste and marine litter on Svalbard, releasing almost 4 000 endangered hawksbill sea turtle hatchlings in Panama, creating a reserve for the critically endangered Galapagos Petrel, scientific research measuring the impacts of climate change on Antarctic baleen whales, and the construction of the North Cape Steps in Honningsvåg.

As a result, our guests have truly embraced the work and impact of the foundation, donating over EUR 830 000 to the foundation through various fundraising initiatives in 2023. That is an increase in donations of 127% compared to 2022, which allowed us to support 71 projects in 16 different countries in 2023, more than twice as many projects as in 2022.

Board of Directors' Report

Market development

Silk Topco Group's consolidated revenues mainly derive from international guests seeking unique nature-based and active experiences around the world. The global cruise and travel industry have substantial exposure to fluctuations in the world economy, which also applies to Silk Topco Group.

Silk Topco Group experienced in 2023 a significant growth compared to 2022 as the travel industry was emerging from the pandemic. This growth is expected to continue in 2024 supported by a strong booking momentum. Silk Topco Group is of the opinion that the demand trend will continue to be strong driven by the attractiveness of the remote and off the beaten track destinations, which is a trend that is increasing globally, and which meets our offers well. Even with the Russians invasion of Ukraine continued to influence Europe the bookings for 2024 are strong.

The Silk Topco Group has carried out several strategic measures in the split of the companies Hurtigruten and HX Hurtigruten Expeditions through 2023 to ensure that they will better achieve their goals and develop in their unique direction and offer. This will position the business and shape them to continue its efforts to make real, active and nature-based travel products more easily accessible and build sales channels better customized to their products and customer segments. Clearly differentiating their unique and authentic product in the global cruise and tourism market will be essential.

With a high focus on building out the B2B collaboration, rebranding to more distinct names and dedicated market departments the Group are already experiencing results from these efforts through strong growth in brand recognition and future bookings in UK, US and Australia which are markets where the brands have historically had lower relative market penetration compared to the Nordics and Germany.

Underlying booking patterns for 2024 and beyond show that the underlying travel industry trends continue to show growth in demand for unique destinations and an increasing interest in adventure travel and expedition cruising. With its strong history and clear positioning Hurtigruten, HX Hurtigruten Expeditions and Hurtigruten Destinations, is the leading in this segment. With its strong focus on sustainability and the environment, Hurtigruten Group introduced in 2019 the world's first hybrid expedition cruise ship, MS Roald Amundsen, powered by hybrid battery technology. Her sister ship, MS Fridtjof Nansen, was delivered in the fourth quarter 2019. In 2023, Hurtigruten finished the upgrade of the second of its battery-hybrid power ships in the coastal fleet, continuing with its third ship in 2024.

Digital

In order to succeed with the implementation of the Group's growth strategy, Digital has become an essential part of Silk Topco Group's business model, across sales, marketing and operations in all business units.

All our digital solutions are built based on modern agile principles, with integrated technical and business teams, automated quality controls, frequent user testing and short development cycles.

Through 2022, the development of a new digital frontend platform was executed for the Expeditions business. The platform shows increased conversion and engagement. Rollout took place through 2022 and finished in Q1 2023. Through 2023, the Group has finalized the rollout of the new web solution for HX Hurtigruten Expeditions, with enhanced self service capabilities for our guests, as well as being the focal point for the new HX brand.

A Hurtigruten website based on the same technology architecture has also been developed and is being rolled out in all markets.

The Hurtigruten Guest App is rolled out on all own-operated Expeditions vessels and most of the Hurtigruten fleet, simplifying the experience for both guests and crew onboard the vessels. The app supports guests with details about the ship and their journey, managing the daily schedule of the expeditions and providing self-service opportunities for the guests.

Financial review

Consolidated statement of income
The Group's activity continued to increase through 2023 as the global Covid-19 pandemic subsided. In June the entire Hurtigruten fleet was back in operation and there was a positive development in both future bookings and travel patterns.

Operating revenue increased by 15% from EUR 567.9 million in 2022 to EUR 655.6 million in 2023. The increase in revenue is primarily driven by higher passenger volume.

From the agreement with the Norwegian Government through the Ministry of Trans-port and Communications, Hurtigruten Group has received contractual revenues of EUR 62.0 million in 2023 compared to EUR 59.4 million in 2022. The increase is due to a cost index adjustment for 2023 17.2%. The agreement applies to 7 ships on the Bergen–Kirkenes route for the period 1 January 2021 through 31 December 2030.

Direct cost of goods and services increased by 27.1% from EUR 136.9 million in 2022 to EUR 174.0 million in 2023. The increase is related to the increase in passenger volume combined with higher cost for flights, hotel and transportation services that are part of the pre- and post-cruise activities. Total salaries and personnel costs were EUR 191.8 million in 2023 which is 8.5% up from EUR 176.8 million in 2022. Other operating expenses decreased from EUR 306.2 million in 2022 to EUR 289.2 million in 2023. The decrease in other operating expenses is mainly driven by a reduction in fuel expenses.

Depreciation, amortisation and impairment expenses increased from EUR 71.2 million in 2022 to EUR 72.6 million in 2023.

Net other gains were EUR 3.2 million in 2023, compared to a gain of EUR 7.7 million in 2022. Whereof net foreign exchange gain on balance sheet items was 2.7 million in 2023 while forward bunker fuel contracts gain (net realised and unrealised) was EUR 0.4 million.

The Group's operating loss was EUR 68.8 million in 2023 down from a loss of EUR 107.0 million in 2022, an improvement of EUR 38.1 million driven by increase in revenues. The Group's net loss before taxes was EUR 281.7 million in 2023, an increase of EUR 65.8 million from the loss of EUR 215.8 million in 2022. This increase is due to an increase in financial expenses. The increase is driven by increased interest-bearing liabilities, higher effective interest rate and accelerated amortization of loans that were re-financed in February 2024.

Consolidated statement of financial position.
Non-current assets were EUR 1 212.7 million on 31 December 2023, compared to EUR 1 209.0 million at the start of the year. The increase was mainly due to investments in the fleet.

Current asset amounted to EUR 174.8 million, compared to EUR 147.3 million last year. The net increase of EUR 27.5 million was due to increase in trade and other current receivables of EUR 15.4 million as well as an increase in cash and cash equivalents of EUR 9.4 million.

Total non-current liabilities amounted to EUR 1 708.2 million as of 31 December 2023, an increase of EUR 316.6 million from EUR 1 391.6 million at year-end 2022. The increase is mainly due to the completed refinancing in April 2023 of the EUR 176.5 million June 2023 maturities and the 2-year extension of the TLB and RCF, which were to mature in 2025 and 2024 respectively. Total shareholder funding increased with EUR 182.5 million in 2023.

Current liabilities for the Group ended at EUR 568.9 million in 2023 compared to EUR 558.5 million in 2022. The main change is a net increase in interest-bearing debt classified as current.

The reported equity on 31 December 2023 was negative EUR 889.6 million compared to negative EUR 593.8 million at year-end 2022. The change is due to the net loss in 2023. The equity ratio was negative 64.1% at the end of 2023 compared to negative 43.8% at the end of 2022.

See note 30 for information about events after the reporting period.

Consolidated statement of cash flows
Available cash and cash equivalents in the cash flow statement totalled EUR 52.1 million on 31 December 2023, compared to EUR 42.7 million on 31 December 2022. Restricted cash constituted EUR 3.9 million in 2023 and EUR 6.4 million in 2021 of the total cash and cash equivalents.

The net cash inflow from operating activities was EUR 25.5 million in 2023, compared to net outflow of EUR 19.1 million in 2022. The improvement in cash flow from operating activities is explained by an improved EBITDA in 2023 compared to 2022.

Net cash used for investment activities in 2023 was EUR 72.4 million, compared to EUR 89.9 million in 2022. The decrease in the outflow of EUR 17.5 million is caused by lower capital expenditures from the ongoing environmental ship upgrades in the Hurtigruten fleet.

Net cash inflow from financing activities was EUR 58.5 million in 2023 compared to EUR 91.1 million in 2022. The net inflow in 2023 is mainly net proceeds from the new borrowings and shareholder loans.

Parent company financial statements
The parent company, Silk Topco AS reported a net profit of EUR 2.4 million in 2023 compared to a net loss of EUR 0.7 million in 2022. The net profit improvement was mainly due to an increase in intercompany interest income partially offset by increased interest expenses on external financing.

In the statement of financial position the parent company reported total assets of EUR 583.7 million on 31 December 2023 compared to EUR 388.7 million on 31 December 2022. The increase is due to an increase in intercompany lending. Total liabilities increased from EUR 208.5 million at the start of the year to EUR 401.2 million on 31 December 2023. The increase is mainly caused by an increase in external financing.

The equity ratio for the parent company was 31.0% on 31 December 2023, compared to 46.3% on 31 December 2022.

Risk management

Silk Topco Group is committed to proactive and effective risk management to mitigate adverse effects on our operations and to identify and explore business opportunities. Ultimately, risk management contributes to achieving our short-term targets and long-term strategic objectives.

The Group has implemented an enterprise risk framework with policies, guidelines and tools to facilitate risk management across the organization. Our framework is inspired by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ERM framework and the ISO 31000 risk management guideline. The Group risk management function is reporting to the Hurtigruten Group Chief Financial Officer. The Group CFO function is responsible, in consultation with the Group CEO, for conducting ongoing tactical risk management in line with the approved strategy, including exposure analyses and reporting. Silk Topco Group is currently in the process of separating its two business areas Hurtigruten and HX Hurtigruten Expeditions. As of 1 February 2024, the Group risk management function is split in two. VP Legal & Risk Management in HX is reporting to the CFO of HX while VP Risk Management in Hurtigruten is reporting to VP Legal with a dotted line to the CFO of Hurtigruten. The Board of Directors has approved the risk management framework and periodically reviews the company's key risks.

The Group has defined overarching principles for risk management. Risk appetite is broadly defined as the level of risk an entity deems acceptable in the pursuit of overall goals. The Group Leadership Team in Silk Topco Group has evaluated and defined risk appetite across key operational, strategic and financial dimensions, arriving at a set of practical guidance statements to regulate risk exposure. These risk appetite statements provide guidance for strategic initiatives, resource allocation and decision-making within the company.

Strategic risk
Silk Topco Group's aims to be the undisputed global leader in sustainable, inspirational adventure travel – a catalyst for change towards a greener travel industry. Our main strategic risks are risks that could prevent us from achieving this ambition. This may include regulatory and political risk, sustainability risks, or other risks which may impact our reputation, the demand for our services or our ability to deliver on our key ambitions.

Regulatory and political risks
Due to our global footprint, Silk Topco Group is subject to complex laws and regulations in various jurisdictions, including environmental, health and safety laws and regulations. Changes in current laws and regulations could lead to increased costs or decreased revenue. Further, the costs of compliance associated with environmental and safety regulations and changes to these regulations could require significant expenditures. Failure to comply with such regulations could result in harm to people, the environment or the Group's reputation, legal proceedings, material fines and penalties, or temporary or permanent suspension of operations.

Reputational risk
The success of Silk Topco Group depends on our reputation and the continued strength of our brand. A loss of reputation may lead to decreased demand for our services. Delays or cancellation of our services or re-routing of customers to other ports of call may adversely affect our reputation and customer loyalty. An incident involving environmental contamination could also harm Silk Topco Group's reputation and business. Allegations of improper payments made to authorities at state-controlled enterprises or others in the jurisdictions we operate, whether or not substantiated, could harm the Group's reputation. This also includes funds that are received to or donated from Hurtigruten Foundation. Any such allegation, were it to be substantiated, may give rise to penalties, fines or contract disputes, any of which could adversely affect our business, financial condition and results of operations.

Sustainability risk
Our industry primarily impacts climate change through emissions from vessels, especially CO2, SOx and NOx. In addition, other pollutants such as particulate matter and black carbon may contribute to global warming. The effects of climate change on wildlife habitats, especially in the Arctic and Antarctic regions, pose a considerable long-term risk to the environment. For further details about our ESG risk exposure, please see the ESG section of the Hurtigruten Group Annual report. Silk Topco Group is also exposed to sustainability risk in the supply chain. In the past few years, working conditions at shipyards have received increased attention. The Norwegian Transparency Act implemented in July 2022 requires companies to carry out due diligence activities to identify risks, negative consequences and ensure they are operating responsibly, respecting both human rights and decent working conditions. The Group's account of due diligence in accordance with the Norwegian Transparency Act is available on the Hurtigruten websites.

Operational risk
Silk Topco Group is naturally exposed to operational risk. This includes risks that could impact the operations directly such as the impact of severe weather conditions, major ship incidents, virus outbreak or cyber-attack, but also risks associated with our administrative operations such as incompliance with regulatory requirements, breach of data privacy regulations or inability to recruit and retain qualified personnel.

Onboard health risk
Silk Topco Group is exposed to health-related risks onboard our ships such as outbreaks of norovirus, legionella or other infectious deceases. Such incidents may be caused by insufficient food safety, or breach of preventive procedures for testing and isolation of crew and guests. In addition to illness among guests and crew, consequences could also include reputational damage, adverse financial impact or disruption to the operations.

Cyber security risk
Cyber-crime is increasing globally, exposing Silk Topco Group to a range of threats to the integrity, availability and confidentiality of our systems. Cyber risk may include attempts to access information, ransom-ware attacks, installation of destructive viruses, denial of service and other digital security breaches. A major cyber-attack could result in a broad range of impacts including HSE events, operational disruptions and leakage or loss of private or business sensitive data.

Data privacy risk
Failure to comply with data privacy laws could damage Silk Topco Group's customer relationships and increase risk of litigation and potential fines. Data privacy is subject to frequently changing rules and regulations not necessarily aligned between the various jurisdictions and countries in which we operate. Evolving technologies, such as AI, may also have implications on these regulations and increase risk exposure. The Group's failure to adhere to or successfully implement processes in response to changing regulatory requirements could result in legal liability or impairment of the Group's reputation in the marketplace, which could have material adverse effects on the Group's business, financial robust-ness and results of operations.

Competence risk
Silk Topco Group is dependent on its key personnel. Inability to recruit or retain qualified personnel both on sea and land could adversely affect results of operations and our ability to deliver on strategic ambitions. Navigating along the Norwegian coast without using pilotage services requires a Pilotage Exemption Certificate (PEC). Silk Topco Group is dependent on recruiting and retaining experienced crew with PEC as well as other skilled personnel onboard our ships. The Group is also dependent on skilled employees for running our hotel operations on Svalbard and other support functions of the landside organization.

Supply and demand risk
Silk Topco Group faces competition from cruise companies as well as other holiday alternatives. To compete effectively we depend on our ability to anticipate future market changes and trends, and to rapidly react on such changes. Inability to meet competition from new and existing companies, or failure to react to market changes or trends, may have adverse effects on our business, earnings and financial position.

As a consequence of our global presence, and the nature of our operations as a cruise and adventure travel company, Silk Topco Group has been significantly affected by the Covid-19 pandemic by customers cancelling or rescheduling their bookings or by changes in travel regulations leading to changes in or cancellation of itineraries. We believe we are now at the end of the impact from Covid-19 on our business as restrictions have been lifted in most countries and booking numbers are increasing. However, the risk of new virus mutations, infection waves and subsequent travel restrictions cannot completely be ruled out.

Financial and macroeconomic risk
Silk Topco Group is exposed to a variety of financial risks, including market risk (e.g. fuel, currency, price, fair-value interest rate and variable interest rate risks), tax risk, credit risk, liquidity risk and refinancing risk. Interest rate movements and the overall condition of the credit market play a role in Silk Topco Group's ability to refinance its debt obligations. It is an overarching goal to increase predictability for our operations and to minimize the impact of fluctuations in macro conditions on our results and financial position. For further assessments of financial risks, see note 4 – Financial risk.

The risk of a continued cost-of-living crisis remains for 2024. The World Economic Forum highlights inflation and economic downturn amongst their top 10 short-term global risks. Continued high inflation, and thereby falling levels of real income could reduce the demand for cruises and adventure travel. Although a "softer landing" appears to be prevailing for now, the near-term outlook remains highly uncertain. A broad and sustained downturn in demand, combined with interest rates remaining at relatively high levels for a longer period may impact both consumers and indebted enterprises and could lead to a recession in the global economy. The Russian invasion of Ukraine in late February 2022 has brought increased geopolitical risks to global markets and business operations. The conflict has adversely affected global and regional economic conditions and triggered volatility in energy prices. Escalation of this conflict or other events and conditions around the world may impact the ability or desire of people to travel. Despite the impact on global demand, there are indications that Silk Topco Group's customer base may be less adversely affected by a recession than other segments of the population.

Corporate Governance

Pursuant to the Articles of Association of the Company the Board of Directors shall have two members elected by the general meeting. In event of parity of votes the chairman does not have a casting vote, and the resolution will not be decided by allotment. Thus, in event of parity of votes, no resolution will be made. The Company has not issued an authorisation to the Board of Directors to resolve that the Company shall purchase its own shares or issue new shares or other equity instruments.

The Board has the overarching responsibility for managing the company. The Board monitors and ensures that the company's internal control procedures are satisfactory. The company's Audit Committee is responsible for implementing these measures and reports to the Board. The main focus areas of the Audit Committee are financial reporting, internal control procedures and risk management

The Board conducts an annual review of the company's internal control procedures and monitors the main areas of risk on a continuous basis. The Board receives periodic reports of the financial performance.

The Company's Board of Directors currently consist of two men. The Group CEO is male, while the CEO of Hurtigruten Norway is female.

ESG Governance

Transparency and accountability are the cornerstones of the Group's ESG reporting. The Group believe that an important mechanism for pushing the industry in the right direction is to disclose ESG performance data and to be open about what needs to improve. The Group also believe that strengthening our policies and ESG governance are important stepping stones for building a robust company where ESG runs through every activity. It is called running a responsible business.

Silk Topco Group's progressive and ongoing split into divergent companies has had no effect on the commitment to protecting human rights, avoiding malpractice relating to corruption exposure, or respecting the data of employees, customers and suppliers. In 2023, 35% of employees conducted Code of Conduct training – up from 6% the previous year. The Group is continuing to implement robust staff training programmes relating to codes of conduct and GDPR, ensuring due diligence checks are carried out throughout the value chain and that the business is run responsibly.

The Group is proud to see a strong increase in the share of local suppliers in the food and beverage category, with Hurtigruten sourcing almost half of all supplies locally in 2023. This is in line with the strategy of local value creation and working closely with local communities to ensure more sustainable tourism for future generations.

The fleet implemented a refresh for relevant crew of established operating protocols. In line with running a responsible business, we have implemented a whistleblower channel that is also available to external parties, such as customers, partners or others. The Group report on Whistleblower numbers in the internal quarterly business reviews.

KEY HAPPENINGS AND NEW PROJECTS

Best ESG ranking for a cruise company in 2023

In 2023 Hurtigruten Group received recognition in the form of Best ESG ranking for a Cruise Company from leading rating agency Morningstar Sustainalytics. The rating was a reflection of The Group's ethos of putting sustainability and governance front and centre, just as much as it was the result of a cross-departmental effort to gather data, set targets and formulate policies for action. The Group's top ranking acts as a benchmark for success, and ensures the commitment to remain focused on retaining the highest of standards when it comes to ESG reporting.

Hurtigruten Svalbard earns environmental certification

Hurtigruten Svalbard has been ISO certified in accordance with the standards ISO 9001:2015 and ISO 14001:2015. This is an important milestone in the company's mission to deliver unique and high-quality experiences. The certifications demonstrate that Hurtigruten Svalbard operates in a safe and predictable way, with focus on improvement measures that reduce the impact on the environment. The certifications are also forward-looking, ensuring continuous quality improvement for the organisation's processes and routines.

Corruption Risk Index
Operating globally naturally increases the likelihood of encountering corrupt practices, and being aware of the risks of exposure to corruption is part of the Group's due diligence procedures. As such, The Group is are monitoring the Corruption Perceptions Index (CPI) for changes in current itineraries and risks for potential itineraries. The group-wide anti-corruption policy sets out the limits of acceptable gifts and the ramifications for violations of said policy. This policy was successfully put into practice for the launch of the West Africa Itineraries and ensured that all officers and crew were aware of and acted upon it at all times.

Executive compensation framework and ESG
The Group has made the important decision to include ESG in the compensation framework for executive management. This decision is a milestone for the Group, reflecting the owners' dedication to ESG and the Executive Team's motivation. It is also an important mechanism for securing the strategic focus of the Group regarding ESG-related topics.

Procurement as a strategic enabler for ESG
The Group believe procurement has a strategic role to play in our ESG work. As a global company, the Group can have an impact on local businesses, and we can use our purchasing rights to support environmental and social development. In the 2022 ESG report the Group communicated some key ambitions. There is still work to do, but recent developments are enabling that the progress is in line with the aims. These are, firstly, the adoption of a digital contracting and procurement analytics tool which allows systematic follow-ups of our suppliers. Another useful digital tool has been employed which helps us estimate our Scope 3 emissions. And finally, we have an updated Supplier Code of Conduct covering environmental and social requirements which works in connection with our set of policies.

Proactive Human Rights Due Diligence in the value chain
As a leading cruise company, the Group recognises its responsibility to ensure that the operations, both at sea and on land, respect and promote human rights. From 2022 and into 2023 the Group has intensified the work with human rights due diligence in the supply chain. A risk-based framework has been established for assessing the risk of human rights and decent working conditions breaches into direct and indirect operations. In 2023 the Board of Directors approved a new governance structure for this area of operations. In addition, a Human Rights Committee was launched for Hurtigruten and HX to monitor and oversee the important work done by procurement. To learn more about this work in the past two years, please see our account of due diligence here. By June 30th, 2024, Hurtigruten Group will publish the updated report covering the latter part of 2023 and first part of 2024.

Data & Privacy
Guests and employees trust us with their personal data, and the Group take the responsibility to protect it seriously. In January 2022 a revised mandatory GDPR staff awareness training course was launched. This course is actively pushed to all employees which is reflected in the large increase in time spent on data privacy training compared to 2021 and prior years. At the end of 2023, 54% of employees had completed the course, which is a doubling from the previous year. Of our land-side employees, almost three quarters had completed the training by end of 2023. This training is continuously promoted, in particular to our sea-side organisation, Thus this number is expected to continue rising in 2024.

With reference to the full ESG report integrated in the Annual report 2023 for Hurtigruten Group.

Environment

Working toward a more sustainable travel industry is a core value for Hurtigruten.

Already in 2018 Silk Topco Group was the first cruise company in the world to launch hybrid powered ships; MS Roald Amundsen and MS Fridtjof Nansen. An on-going pro-gram is to convert 3 of 7 ships in the coastal fleet to battery hybrid ships. This will cut CO_2 emissions by 25% and NOx emissions by 80% which is one of the most ambitious fleet upgrades in Europe. MS Richard With and MS Kong Harald has been upgraded and the third ship will be upgraded by early 2025. Further, a large number of projects and initiatives are in progress related to emission reductions, waste and water treatment and nature preservation.

Silk Topco Group's efforts are recognized externally. In 2023 Hurtigruten Group received #1 ESG Ranking of a Cruise Company from Morningstar Sustainalytics. Hurtigruten Group is the only cruise company to be awarded a Low ESG Risk Rating. In Germany, we are #1 in NABUs Cruise Ranking for 2023, Germany's oldest environmental association.

With reference to Hurtigruten Group's Annual report for 2023 where the the full 2023 ESG (Environment, Social and Governance) report for the operations is an integrated part.

Working environment

Being a global employer with offices in 8 different countries and operations on multiple continents comes with great responsibility to ensure human rights regardless of where we operate.

Silk Topco Group employs 3 534 persons with 901 being persons via third party partnership, representing 71 nationalities at year-end 2023.

All employees working at sea are covered by collective bargaining agreements and we have prepared our internal processes to comply with the Norwegian Transparency Act to ensure that we protect the human rights of all men and women working in our entire value chain.

We work diligently to proactively reduce the total sick leave throughout the organization. Our rolling turnover numbers for 2023 is 5%, which is a reduction since last year. Overall Group level total sick leave ended on 7,5% (only Norway) at the end of 2023.

Silk Topco Group will continue to work diligently on retention and attraction strategies to maintain our position as a preferred employer. We already see great results from the ongoing initiatives on Diversity & Inclusion and our new Employer Value Proposition in both Norway and internationally.

The Board of Directors considers the working environment in the Group to be good and will continue to maintain a sharp focus on working conditions and safety culture. The Group executes quarterly employee surveys to monitor changes in employee engagement. Employee engagement is followed up through structured processes that is reflected in concrete actions in our quarterly Objectives and Key Results on both Group and Business unit level. In Silk Topco Group we believe in a flexible workspace and have implemented a Group Hybrid Office policy enabling employees to continue to utilize the digital tools and opportunities that we learned to appreciate during the pandemic. The increased use of digital tools for information and document sharing has had a positive effect on the working environment in the company.

For further information, please refer to the Hurtigruten Group Annual Report 2023 which is integrated with the complete ESG report for the activities of Hurtigruten.

Organisation

For Silk Topco Group 2023 has been a year of significant organizational change. In June the Group completed the landside reorganization of Hurtigruten and HX Hurtigruten Expeditions – across each function and country – to be able to serve separate businesses.

Hurtigruten Destinations has already been operating as an independent organization, with from 2023 being included as a unit under Hurtigruten.

The drivers for the change of the Group functions into the business Hurtigruten and HX Hurtigruten Expeditions been improved business efficiency, the need to be more focused and prioritize more efficiently. By evolving the organization, building on the separation of the fleet, and removing Group as a cross functional team and integrating these roles into the businesses units the Group were able to build capability in the expedition space at the same time as increasing the success and autonomy of the business in Norway by also having them take supporting function roles in house, which increased their efficiency and evolving to two fully separate organizations, Hurtigruten and HX Hurtigruten Expeditions.

As of June 15th, the Group established a new HX Hurtigruten Expeditions Executive Leadership team, based out of HQ in London, to deliver on the Hurtigruten Expedition strategy, and with the Hurtigruten Executive Leadership Team based out of HQ in Oslo, delivering on the Hurtigruten strategy. At the same time the business executed on the separation of the Commercial functions, across the majority of our markets. Followed up by developing a blueprint for the final steps of separations of the organizations during the fall of 2023. This separation enabled both organizations to move forward at pace and operate as independent businesses.

In December, the London based HQ relocated to new office at 210 Pentonville Road. Over 100 employees are based out of this new facility with 10 000 sq ft of floorspace optimized to provide a collaborative and flexible workspace.

For Silk Topco Group the education of seafarers is seen as a vital component of business continuity. Maintaining a strong maritime community is important for our global industry. As one of Norway's largest maritime employers and apprenticeship companies, Hurtigruten is proud to create jobs and maritime competence for the future. Our crew members in Hurtigruten are mainly recruited from along the Norwegian coast and the various ports at which our ships call. Hurtigruten had 142 apprentices on its ships in 2023.

The HX Hurtigruten Expedition vessels MS Fram, MS Fridtjof Nansen, MS Maud, MS Spitsbergen, MS Roald Amundsen and MS Otto Sverdrup offer trainee positions in their expedition teams to newly qualified nature guides from selected institutions. As a truly global company with 71 nationalities, we strongly emphasize world class professional expertise but also local knowledge in our recruitment processes. HX Hurtigruten Expedition operates a crewing model where agreements with third party manning agencies ensure that international crewing and operational requirements are fulfilled. Through this, Hurtigruten and HX Hurtigruten Expedition contribute to maintaining local and regional employment, a growing international workforce combined with objectives such as ensuring knowledge, local expertise, and flexible shift arrangements for its employees.

Directors and Officers Liability Insurance Hurtigruten Group AS (through Silk Holdings S.a.r.l.) has purchased and maintains a Directors and Officers Liability Insurance on behalf of the members of the Board of Directors and the CEO. The insurance also covers managing directors and directors of controlled subsidiaries. The insurance policy is issued by reputable insurers with an appropriate rating.

Going concern

As of 31 December 2023, the Group had successfully returned to normal operations bringing the full fleet of vessels back online during the first half of 2023.

In the opinion of the Board of Directors, the underlying fair value of Silk Topco Group's vessels and brands is significantly higher than the book value; the recapitalization transaction completed in February 2024 improved the fair value equity position by a conversion of EUR 34 million for Silk Topco Group (book equity as of 31 December 2023 amounted to EUR 890 million negative).

As of 31 December 2023, Silk Topco Group had an available free liquidity position of EUR 48 million. As of 31 May 2024 the Silk Topco Group had an available free liquidity position of EUR 61 million.

On 23 February 2024, the Company successfully implemented a comprehensive recapitalisation transaction with its senior lenders, its shareholders, and senior unsecured note holders.

The recapitalisation transaction involved:

1. Injection of liquidity of EUR 185 million (on a net basis) through a combination of near-term interest waivers and a new super senior secured opco facility in a principal amount of EUR 205 million, part of which was used to repay in full the interim financing provided to the Company in a principal amount of EUR 74 million in December 2023;

2. restructuring of the Group's existing senior facilities into a new senior secured opco facility of EUR 345 million (the "New Senior Facility") and a new secured PIK holdco facility of around EUR 670 million (the "New Holdco Facility");

3. restructuring of the existing senior unsecured bonds in a principal amount of EUR 50 million originally issued by Hurtigruten Group AS such that these were converted into senior secured bonds issued by Hurtigruten Newco AS, the parent company of Hurtigruten Group AS (the "Reinstated SUNs"). The repayment of the Reinstated SUNs is subject to a payment waterfall such that 60% of the Reinstated SUNs rank pari passu with the New Holdco Facility and certain other restructured shareholder facilities, while the remaining 40% are subordinated to them; and

4. shareholder facilities of about EUR 150 million were restructured, all of which are subordinated to the New Senior Facility and approximately EUR 55 million of which are subordinated to the New Holdco Facility and Reinstated SUNs. The maturity profile of these facilities was extended to provide additional support for the business.

The terms of the recapitalisation transaction enable the Silk Topco Group to implement the separation of the business into our expeditions business, which would have the largest expeditions fleet in the world, and our prestigious Norwegian cruise business, and this separation is permitted under the terms of the New Senior Facility, New Holdco Facility and Reinstated SUNs.

As at the date of this report, the group is actively looking at options to refinance, amend or redeem the EUR 300 million senior secured bonds issued by Explorer II AS which will mature in February 2025 (the "Existing SSNs"). The amount of Existing SSNs that are outstanding is EUR 271 million as at April 2024 following an amortisation payment in February 2024.

Hurtigruten Group AS needs to agree a transaction (or combination of transactions) which either contractually extends the maturity of the Existing SSNs or generates proceeds to redeem the Existing SSNs. No such transaction has been agreed as at the date of this report. The Company however continues actively to pursue a series of options to deliver such a transaction prior to the maturity of the Existing SSNs in February 2025.

The board of directors, having considered the on-going efforts to deliver a transaction with respect to the Existing SSNs, believe that there is a reasonable prospect of delivering such a transaction before February 2025, particularly given the progress the Group has been made in relation to the separation of the existing group into the expeditions business i.e. HX and the Norwegian coastal business i.e. HRN.

However, if the Company is not able to reach agreement on such a transaction, then the Group on current projections will not be able to repay the Existing SSNs at their maturity in February 2025.

To deliver a transaction with respect to the Existing SSNs requires new investment into the structure or the agreement of the relevant majority of the Existing SSNs. The Company cannot guarantee that these negotiations will be successful.

As the Existing SSNs have security over two modern, expedition vessels, the Group faces a risk that the holders of the Existing SSNs may seek to enforce the security over these vessels which would materially and adversely impact the Group. The Group further faces the risk that it may experience difficulties in meeting its obligations associated with other financial liabilities as a result of any enforcement action taken by the holders of the Existing SSNs and this may affect its ability to continue as a going concern.

Outlook

At the date of this report, the company and the broader cruise industry are facing fairly normal operating conditions following years of turmoil. Operationally, the pandemic is largely behind us, and the industry have taken the necessary precautions related to Russia's war of aggression on Ukraine.

The probability of a “soft landing” in the global economy has greatly improved, and global inflation has come down significantly over the past 18 months. This in turn have led to improved consumer confidence and a more positive outlook for the global economy.

Nevertheless, there are factors that may provide headwinds in 2024 and beyond. Although energy costs have come down since 2023, the current situation in the Middle East may lead to further geopolitical unrest and may trigger a jump in oil prices. Across the world, there are also other geo-political risks in both the western and the eastern hemisphere that my affect global travel patterns and consumer spending in the future. Climate change will also continue to be a significant source of risk for any travel company, both for regulations, taxations and fees, and the status of the ecosystems where we operate. Hurtigruten Group has taken several steps to mitigate such risks, steps that has been recognized by rating agencies. Still, climate change will continue to be on top of the global agenda for many years and will unfortunately continue to affect all global businesses going forward.

As of 31.03.24 we had booked EUR 495 million for 2024 compared to EUR 470 million for 2023 as of 31.03.23 which indicates a 5.2% increase. For 2025, we see a further boost in bookings. As at 31.03.24 we had booked EUR 81.7 million for 2025 compared to EUR 64.6 million for 2024 as at 31.03.23, which is a 26.5% increase. The Board of Directors expects the financial performance of the Company to continue to improve supported by the strong booking development reflecting the resurgence of desire and demand for travel.

The strong bookings for 2024 driven by the higher yields across all business units, will support a financial recovery.

The Company emphasizes that the information included in this annual report contains certain forward-looking statements that address activities or developments that the Company anticipates will or may occur in the future. The statements are based on assumptions and estimates, and some of them are beyond the Company's control and therefore subject to risks and uncertainties.

Oslo, 28 June 2024

Trygve Hegnar
Chairman

Petter Anker Stordalen
Director

Silk Topco Group – Consolidated Financial Statements

Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	23.11.2015	09.12.2015
Telefon	Deres referanse	Vår referanse
22078139	Trygve Hegnar	2015/1111971

HURTIGRUTEN AS
Postboks 6144 Langnes
9291 TROMSØ

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Vi viser til deres brev av 23. november 2015 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper;

Silk Topco AS	**org. nr. 913 811 720**
Silk Midco AS	**org. nr. 914 172 861**
Silk Bidco AS	**org. nr. 914 148 324**
Hurtigruten AS	**org. nr. 914 904 633**

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn
Hurtigruten AS er eid av Silk Bidco AS som eies 100 prosent av Silk Midco AS som igjen er heleid av Silk Topco AS. Silk Topco AS og Silk Midco AS er holdingselskaper uten øvrig drift utover eie av aksjer og Silk Bidco AS eier aksjene i driftsselskapet Hurtigruten AS.

Silk Topco AS eies med 90 prosent gjennom et holding selskap av det engelske private equity selskapet TDR Capital LLP. De øvrige aksjonærene er to norske profesjonelle aktører med en eierandel på 4,9 prosent hver, samt ansatte i Hurtigrutens konsernledelse som eier 1,8 prosent.

Konsernet er finansiert gjennom et obligasjonslån på 455 millioner euro samt en kortsiktig trekkfasilitet på 65 millioner euro, utstedt av Goldman Sachs. Obligasjonslånet er notert på Luxemburg børs og det er et krav at løpende finansiell rapportering til obligasjonseiere og Goldman Sachs skal skje på engelsk. Obligasjonslånet er utstedt av Silk Bidco AS, dette medfører at konsernet må avgi konsernregnskap i underkonsernet Silk Bidco AS i tillegg til konsernregnskap med den norske konsernspissen Silk Topco AS. Hurtigruten AS har også en stor internasjonal

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virksomhet i form av datterselskaper (salg og markedsføring) og kunder i utlandet som medfører at en stor del av selskapets kommunikasjon foregår på engelsk. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering
Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at hovedaksjonær med 90 % av selskapene er et engelsk selskap. Eierkretsen er begrenset. Konsernet har obligasjonslån notert på utenlandsk børs der det er et krav at regnskapene avlegges på engelsk språk. Videre er det vektlagt at konsernet driver virksomhet i en internasjonal bransje der alle sentrale aktører og samarbeidspartnere behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer