



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	918 704 981
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	HURTIGRUTEN COASTAL AS
Forretningsadresse:	Storgata 70 9008 TROMSØ

Regnskapsår

Årsregnskapets periode:	01.01.2022 - 31.12.2022
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Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Hedda Felin
Dato for fastsettelse av årsregnskapet:	31.05.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

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, 28.08.2024



Resultatregnskap

Beløp i: EUR	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Operating revenues	1,2	176 503 000	89 060 000
Other revenues	1	135 000	14 056 000
Sum inntekter		176 638 000	103 116 000
Kostnader			
Cost of goods sold		11 127 000	5 502 000
Depreciation, amortisation and impairment losses	3	4 837 000	54 105 000
Other operating costs	4,5,6	214 057 000	263 088 000
Other losses / gains - net	7	3 280 000	-346 000
Sum kostnader		233 301 000	322 349 000
Driftsresultat		-56 663 000	-219 234 000
Finansinntekter og finanskostnader			
Finance income	8	55 050 000	550 000
Sum finansinntekter		55 050 000	550 000
Finance expenses	8	49 579 000	10 845 000
Sum finanskostnader		49 579 000	10 845 000
Netto finans		5 471 000	-10 295 000
Ordinært resultat før skattekostnad		-51 192 000	-229 529 000
Income tax expense	9		988 000
Ordinært resultat etter skattekostnad		-51 192 000	-230 517 000
Årsresultat		-51 192 000	-230 517 000
Årsresultat etter minoritetsinteresser		-51 192 000	-230 517 000
Overføringer og disponeringer			
Udekket tap	14	-51 192 000	-230 517 000
Sum overføringer og disponeringer		-51 192 000	-230 517 000



Balanse

Beløp i: EUR	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Intangible assets	3	3 000	20 000
Sum immaterielle eiendeler		3 000	20 000
Varige driftsmidler			
Property, plant and equipment	3	27 902 000	5 591 000
Sum varige driftsmidler		27 902 000	5 591 000
Finansielle anleggsmidler			
Investering i datterselskap	11	6 154 000	757 000
Lån til foretak i samme konsern	10		250 816 000
Other non-current receivables	10	701 000	723 000
Sum finansielle anleggsmidler		6 855 000	252 295 000
Sum anleggsmidler		34 760 000	257 906 000
Omløpsmidler			
Varer			
Inventories	12	4 106 000	4 332 000
Sum varer		4 106 000	4 332 000
Fordringer			
Trade receivables	10	6 544 000	7 946 000
Other receivables	10	1 559 000	3 710 000
Konsernfordringer	2,10	14 396 000	63 499 000
Sum fordringer		22 500 000	75 156 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	13		7 000
Sum bankinnskudd, kontanter og lignende			7 000
Sum omløpsmidler		26 605 000	79 494 000
SUM EIENDELER		61 366 000	337 400 000



Balanse

Beløp i: EUR	Note	2022	2021
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	14	16 000	13 000
Overkurs	14	343 461 000	240 664 000
Sum innskutt egenkapital		343 477 000	240 677 000
Opptjent egenkapital			
Udekket tap	14	380 910 000	329 718 000
Sum opptjent egenkapital		-380 910 000	-329 718 000
Sum egenkapital		-37 432 000	-89 040 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Langsiktig konserngjeld	2		53 262 000
Sum annen langsiktig gjeld			53 262 000
Sum langsiktig gjeld		0	53 262 000
Kortsiktig gjeld			
Leverandørgjeld	10	16 175 000	10 865 000
Current income tax liabilities	9		1 001 000
Public duties payable			4 000
Kortsiktig konserngjeld	2,10	54 150 000	174 053 000
Other current liabilities	10	22 491 000	12 058 000
Liabilities in cash-pool accounts	10	5 982 000	175 196 000
Derivative financial instruments	15		1 000
Sum kortsiktig gjeld		98 798 000	373 179 000
Sum gjeld		98 798 000	426 441 000
SUM EGENKAPITAL OG GJELD		61 365 000	337 400 000



Hurtigruten Coastal AS

ANNUAL
FINANCIAL
STATEMENTS

2022





Hurtigruten Coastal AS

Directors report 2022

DIRECTORS' REPORT 2022 Hurtigruten Coastal AS

Ownership and business

Hurtigruten Coastal AS is 100% owned by Hurtigruten Norway AS and operates as a cruise operator under the brand Hurtigruten Norwegian Coastal Express. The company is located in Storgata 70 in Tromsø.

In March of 2021, Hurtigruten Group separated its operations into three separate business units: Hurtigruten Expeditions, Hurtigruten Norway and Hurtigruten Destinations, creating three distinct brands in Hurtigruten Expeditions, Hurtigruten Norwegian Coastal Express and Hurtigruten Svalbard. As a part of the separation of operations the shares of Hurtigruten Coastal AS were transferred from Hurtigruten Global Sales to Hurtigruten Norway AS. The ships MS Polarlys, MS Nord Norge, MS Nordkapp and MS Vesterålen was transferred to Hurtigruten Coastal Fleet AS, while MS Trollfjord was transferred to Hurtigruten Expedition Fleet AS and in 2022 sold to Hurtigruten Coastal Fleet. 2022 is the first full year where Hurtigruten Coastal AS solely operates as the Hurtigruten Norwegian Coastal Express.

Hurtigruten Norway

The Norwegian Coastal Express' seven ships in route bring guests closer to nature and local communities. They connect the international traveler with everyday life along the rugged Norwegian coast on what is referred to as the most beautiful voyage in the world. The voyage forms part of the country's cultural heritage, strengthening the brand's legitimacy with international travelers seeking authentic Norwegian experiences. Hurtigruten Norwegian Coastal Express has integrated the Norwegian food culture through the onboard culinary concept Norway's Coastal Kitchen. Around 80% of the ingredients in the restaurants come from more than 50 Norwegian suppliers. Sourcing the food locally is not just about fresh, farm-and-fjord-to-table flavours. It is also about achieving the lowest footprint possible and making sure there is minimal food waste.

Excursions and experiences have been a prioritized area for Hurtigruten Norwegian Coastal Express over many years. By collaborating with more than 50 excursion providers the company is offering guests over 70 unique and seasonally adapted activities and experiences. With the Norwegian Coastal Express being one of Norway's foremost tourist products, it is a driving force for developing Norwegian tourism and marketing the country internationally.

Hurtigruten Norway aims to further develop and strengthen the Hurtigruten Norwegian Coastal Express brand with the ambition to be the iconic travel operator for the Norwegian coast and Arctic region, continuously reinventing sustainable travel experiences.

Milestones 2022:

- Hurtigruten Norway is operating under the state contract valid from 2021 to 2030 and operates seven out of 11 ships in the Coastal route between Bergen and Kirkenes.
- In 2022 the company initiated large scale investments in batteries and state-of-the-art technology that will reduce CO2 emissions by 25% and NOx emissions by 80%. This is described as one of the largest environmental upgrades in the history of European shipping. By 2023 three out of seven ships will be converted to hybrid ships and 7 out of 7 ships will be fitted with SCR systems (cutting NOX)
- In 2022, we kicked off our most ambitious sustainability initiative yet, Sea Zero, a project which aims to develop zero-emission passenger ships. Collaborating with 13 industry partners to explore state-of-the-art energy efficiency and carbon-neutral technologies, it's our ambition to sail emission-free along the Norwegian coast by 2030.





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- Launched and started sales of our two new commercial sailings – the Svalbard Express (Bergen – Longyearbyen – Bergen) operating during the summer season and the North Cape Express (Bergen – Kirkenes – Oslo) operating during the winter season. The first sailing will be in June 2023.

Market development

Except from the contractual revenue from the Ministry transportation, Hurtigruten Coastal AS' 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 the Company and the Group as a whole.

Hurtigruten Group experienced in 2022 a significant growth compared to 2021 as the travel industry was emerging from the pandemic. This growth is expected to continue in 2023 supported by a strong booking momentum. Hurtigruten 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. While 2022 was still affected by the Omicron variant and the Russian invasion of Ukraine bookings for 2023 are strong compared to earlier periods.

Hurtigruten Group will continue its efforts to make real, active and nature-based travel products more easily accessible and on sale earlier, through new channels, to new markets and customer segments. Clearly differentiating Hurtigruten Group's unique and authentic product in the global cruise and tourism market will be essential. Hurtigruten 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 Hurtigruten Group brands have historically had lower relative market penetration compared to the Nordics and Germany.

As we restarted operations post the Covid-19 pandemic adverse incidents related to, and public perception about, the safety of travel, including customers or crew illness, such as incidents of Covid-19 or other contagious diseases, may adversely affect travel patterns in the short term and demand for the Group's services. Such outbreaks of disease could, among other things, disrupt the Hurtigruten Group's ability to embark and disembark customers and crew from its ships or conduct land-based services, disrupt air travel to and from ports, increase costs for prevention and treatment and adversely affect the Hurtigruten Group's supply chain. This could also adversely impact the Hurtigruten Group's reputation and demand for its offerings in areas unaffected by such an outbreak. Any of the foregoing could have a material adverse effect on the Hurtigruten Group's business, results of operations and financial condition.

Underlying booking patterns for 2023 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.





Hurtigruten Coastal AS

Directors report 2022

Earnings and financial position

Income statement

The Company's activity continued to increase through 2022 as the global Covid-19 pandemic subsided. From January Hurtigruten Coastal has operated all seven ships under the agreement with the Ministry of Transportation, only interrupted by yard stays related to upgrades and maintenance.

For 2022 total operating revenues for Hurtigruten Coastal AS was EUR 176.6 million, an increase of 71% from 2021. The increase in revenue is driven by the ease and removal of travel restrictions around the world from 2022, making it easier to reach and deliver experiences to our international customers, compared to the pandemic years of 2021 and 2020.

Net operating loss in 2022 was EUR 51.2 million compared to a loss of EUR 230.5 million in 2021. The reduction is mainly due to increased revenue streams (73.5 million) and a decrease in operating costs (89 million).

Net financing income was EUR 5.4 million in 2022, versus a loss of EUR 10.3 million in 2021 where the main reason for the substantial change is due to net foreign exchange gain in 2022. Net loss for the year 2022 is EUR 51.2 million vs. a net loss of EUR 230.5 million in 2021.

Net Cash flow

Net cash flow outflow from operating activities amounted to negative EUR 274.4 million in 2022, compared to a negative outflow of EUR 10.7 million in 2021. The change is mainly explained by decrease in trade payables to group companies.

Net cash outflow used in investing activities was EUR 27.1 million in 2022 (2021: 22.9), where the cash outflow in both years are mainly due to upgrades and periodic maintenance on the current fleet.

Net cash inflow from financing activities amounted to EUR 301.6 million in 2022 (2021: EUR -1.7 million), where the inflow in 2022 is mainly explained by repayments of loans to other group companies.

Balance sheet and liquidity

Total non-current assets as of 31 December 2022 were EUR 34.7 million, consisting primarily of Property, Plant and equipment (EUR 27.9 million).

Total current assets as of 31 December 2022 were EUR 26.6 million (2021: EUR 79 million). Cash and cash equivalents in the balance sheet is 0 as Hurtigruten Coastal is member of the Groups cash-pool arrangement. Hurtigruten Coastal AS had at the end of December 2021 zero in non-current liabilities compared to EUR 53.2 million in 2021. Current liabilities amounted to EUR 98.8 million as of 31 December 2022 (2021: EUR 373.2 million), consisting primarily of liabilities in Cash-pool and intragroup trade and other liabilities.

The company's total negative equity in 2022 amounted to EUR 37.4 million compared to negative EUR 89 million in 2021. In addition to the loss of 2022 the change is explained by a capital increase of 102.8 million. The Board of Directors will take adequate measures to make sure that the company has sufficient equity based on the risk and scope of the business.

In the opinion of the Board of Directors, the financial statements provide a true and fair view of the Company's financial performance during 2022, and financial position at 31 December 2022. The Board confirms that the financial statements have been prepared based on the going concern assumption, and that it is appropriate to make that assumption.





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The net loss for the company for 2021 of EUR 51.2 million is proposed to be transferred to other equity (uncovered losses).

Share capital and shareholders

As of 31 December 2022, Hurtigruten Coastal AS had one shareholder and a total paid in equity of EUR 343.5 million spread over 30 shares with a nominal value of EUR 541 (NOK 5000) each and a share premium of EUR 343,5 million.

Key risk and uncertainties

The following discussion concerning financial risk management relates to the policies adopted and applicable for the financial year 2022. The Company uses financial instruments such as trade receivables, trade payables, etc., that are directly related to day-to-day operations.

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency, price, fair-value interest rate and variable interest rate risk), credit risk and liquidity risk. The Company's overarching risk management goal is to increase predictability for the Company's operations and to minimise the impact of fluctuations in macro conditions on the Company's results and financial position.

The Company has defined overarching principles for risk management which encompass guidelines for specific areas such as currency, interest rate and credit risk and the use of financial derivatives. The Board of Directors approves the Group's risk management strategy and reviews it annually. 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.

Currency risk

The Company operates internationally and is exposed to currency risk in multiple currencies, hereby in particular NOK, USD and GBP. Currency risk arises from future ticket sales as well as recognised assets or liabilities. Currency risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency which is not the entity's functional currency.

Interest rate risk

The Company's interest rate risk is associated with current and non-current borrowings. Loans subject to a variable interest rate present a risk to the Company's overall cash flow. Fixed interest rates expose the Company to fair-value interest rate risk.

The Company's has exposure to variable interest rate risk related to the company's liabilities in the Groups cash-pool. The Company have no specific hedging strategy to reduce variable interest rate risk.

Credit risk

The Company has no significant concentration of credit risk. Sales to end users are settled in cash or with recognized credit cards and are paid in full prior to the travel date. Sales to external agents are made either through prepayment/credit cards or through invoicing and normally these are paid prior to departure. The Company has routines to ensure that credit is only extended to agents that have a satisfactory credit rating. Individual risk exposure limits are set based on internal and external assessments of credit ratings.

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





Hurtigruten Coastal AS

Directors report 2022

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 to meet its liabilities, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation. The Company has a Company account that ensures that part of the Company's unrestricted liquidity is available to the parent company, and which also optimises availability and flexibility in liquidity management. The Group's finance function has overall responsibility for managing the Company's liquidity risk. Rolling liquidity forecasts are prepared in order to ensure that the Company and the Group has sufficient liquidity reserves at all times.

The Company's asset management

The Company's objective for asset management is to ensure the ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure.

Research and development activities

The company conducts no research and development activities other than adaptation of information and communications technology.

Directors and Officers Liability Insurance

Hurtigruten Coastal 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.

Responsible operations

The Company is engaged in cruise operations that involve significant emissions of greenhouse gases through fuel consumption. The Hurtigruten Group works continuously to reduce greenhouse gas emissions to minimize the impact on the external environment. The Group's fleet consists of, among other things, the world's two first hybrid-powered expedition ships. In 2022 the Group committed to the Science Based Targets initiative with the goal of limiting global warming to 1.5 degrees Celsius compared to pre-industrial levels. We are currently in the process of preparing our near- and long-term targets for SBTi with the aim of sending our targets in for validation before summer 23'. Our current emission reduction programme prioritizes reducing our own emissions with initiatives such as hybridization, sustainable biofuels, fuel optimization and R&D.

In March 2022 Hurtigruten Norway took the first step towards launching zero-emissions vessels on the Norwegian Coast. The project Sea Zero kicked off with a feasibility study to determine how to pursue the best technological and fuel options, as well as looking at modern battery solutions and ways to increase energy efficiency. The project has been launched in collaboration with thirteen other industry partners including shipbuilders, renewable energy producers, research technology specialist and maritime authorities. Our ambition is to build our first zero-emissions ship for the Norwegian Coastal Express routes by the year 2030.

The Group also work actively with suppliers and vendors, requiring them to align with key SDG's and to operate according to our code of conduct and strict environmental policy. All our major suppliers with a valid frame agreement or a major project contract are required to agree to these terms.

For further information, please refer to Hurtigruten's ESG report.





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Human rights and decent working conditions

The Norwegian Transparency Act entered into force on 1 July 2022. The Act shall promote enterprises' respect for fundamental human rights and decent working conditions. The following describes how we in Hurtigruten Group address risks and adverse impacts on human rights and decent working conditions in our supply chain. An account of our due diligence assessments will be published on www.hurtigruten.com/group within 30 June 2023.

Working environment

The company had no employees in 2022. Hurtigruten Coastal AS hires both administrative staff and ship's crew from other subsidiaries within Hurtigruten Group, respectively Hurtigruten Global Services AS and Hurtigruten Sjø AS.

Outlook

At the date of this report, the operating conditions are back to normal, and Hurtigruten Norway is experiencing an increasing booking momentum for the next 18 months which gives a good outlook for Hurtigruten Norway for 2023 and onwards.

The Board of Directors assumes that booking behavior in the 2023 financial year will continue to develop positively. The Board of Directors assumes that travel behavior will not be affected by further long-term closures and lockdowns or by the impact of Russia's war of aggression on Ukraine. Nevertheless, the intensified general price increase of recent months could continue, in particular due to rising energy costs, and lead to a significant reduction in the private budget available for travel services, thus lowering purchasing power and resulting in declining customer demand. In addition, a permanent increase in fuel costs as well as services, especially those purchased in US Dollars, could lead to an increase in our cost base.

The strong bookings for 2023 driven by the higher yields across all business units, will support a financial recovery. Based on the current outlook, the financial performance is expected to be back above pre-pandemic levels in 2023.

Oslo, 26. April 2023

Hedda Felin
Chairman

Gerry Robert Larsson-Fedde
CEO





Verification

Transaction 09222115557491579477

Document

HR Coastal - Directors report 2022

Main document

6 pages

Initiated on 2023-04-26 08:38:37 CEST (+0200) by Magnus

Kindlihaven (MK)

Finalised on 2023-04-26 08:47:57 CEST (+0200)

Initiator

Magnus Kindlihaven (MK)

HURTIGRUTEN GLOBAL SALES AS

Company reg. no. 914904633

magnus.kindlihaven@hurtigruten.com

+4791559115

Signing parties

Hedda Felin (HF)

hedda.felin@hurtigruten.com

+4793043424

 bankID



The name returned by Norwegian BankID was "Hedda Felin"

BankID issued by "Nordea Bank Abp filial i Norge"

2022-10-29 20:37:06 CEST (+0200)

Signed 2023-04-26 08:40:40 CEST (+0200)

Gerry Robert Larson-Fedde (GRL)

gerry.larsson-fedde@hurtigruten.com

+4791134914

 bankID



The name returned by Norwegian BankID was "Gerry Robert Larsson-Fedde"

BankID issued by "BankID - Bankenes ID-tjeneste AS"

2021-06-18 20:33:53 CEST (+0200)

Signed 2023-04-26 08:47:57 CEST (+0200)

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Hurtigruten Coastal AS

Annual Financial Statements 2022

STATEMENT OF PROFIT AND LOSS

<i>(in EUR 1,000)</i>	<i>Note</i>	2022	2021
Operating revenues	1,2	176 503	89 060
Other revenues	1	135	14 056
Cost of goods sold		(11 127)	(5 502)
Depreciation, amortisation and impairment losses	3	(4 837)	(54 105)
Other operating costs	4,5,6	(214 057)	(263 088)
Other (losses) / gains – net	7	(3 280)	346
Operating profit/(loss)		(56 663)	(219 234)
Finance income	8	55 050	550
Finance expenses	8	(49 579)	(10 845)
Finance expenses - net		5 471	(10 295)
Profit/(loss) before income tax		(51 192)	(229 529)
Income tax expense	9	-	(988)
Profit/(loss) for the year		(51 192)	(230 517)
Dividend		-	-
Retained earnings/(uncovered losses)		51 192	230 517





Hurtigruten Coastal AS

Annual Financial Statements 2022

STATEMENT OF FINANCIAL POSITION

<i>(in EUR 1,000)</i>	<i>Note</i>	2022	2021
ASSETS			
Non-current assets			
Property, plant and equipment	3	27 902	5 591
Intangible assets	3	3	20
Other non-current receivables	10	701	251 539
Investment in subsidiaries	11	6 154	757
Total non-current assets		34 760	257 906
Current assets			
Inventories	12	4 106	4 332
Trade and other receivables	2,10	22 500	75 156
Cash and cash equivalents	13	-	7
Total current assets		26 605	79 494
Total assets		61 366	337 400





Hurtigruten Coastal AS

Annual Financial Statements 2022

<i>(in EUR 1,000)</i>	<i>Note</i>	2022	2021
EQUITY			
Share capital	14	16	13
Share premium	14	343 461	240 664
Retained earnings	14	(380 910)	(329 718)
Total equity		(37 432)	(89 040)
LIABILITIES			
Non-current liabilities			
Other long term liabilities		-	53 262
Total non-current liabilities		-	53 262
Current liabilities			
Trade and other liabilities	2,10	92 816	196 980
Liabilities cash-pool accounts	10	5 982	175 196
Current income tax liabilities	9	-	1 001
Derivative financial instruments	15	-	1
Total current liabilities		98 798	373 179
Total equity and liabilities		61 366	337 400

Oslo, 26. April 2023

Hedda Felin
Chairman

Gerry Robert Larsson-Fedde
CEO





Hurtigruten Coastal AS

Annual Financial Statements 2022

CASH FLOW STATEMENT

<i>(in EUR 1,000)</i>	<i>Note</i>	2022	2021
Cash flows from operating activities			
Profit/(loss) before income tax		(51 192)	(229 529)
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment losses		4 837	54 105
Currency gains/losses		3 161	2 732
Gains/losses on derivatives	15	(1)	1
Settlement of financial instruments	7	-	(4 564)
Net interest	8	(6 647)	3 650
Change in inventories	12	226	(3 094)
Change in trade receivables	10	3 554	(1 758)
Change in trade payables	10	5 920	20 131
Change in net receivables/payables to Group companies	2,10	(233 301)	148 283
Taxes paid	7	(1 001)	(693)
Net cash flows from (used in) operating activities		(274 444)	(10 736)
Cash flows from investing activities			
Purchase of property, plant, equipment (PPE)	3	(27 132)	(22 039)
Purchase of Intangible assets	3	-	(298)
Sale of property, plant, equipment (PPE)	3	-	131
Purchase of shares		-	(757)
Change in restricted cash	13	3	-
Net cash flows from (used in) investing activities		(27 129)	(22 963)
Cash flows from financing activities			
Repayment of borrowings to other group companies	15	254 274	44 659
Borrowings from other group companies	15	49 538	(47 098)
Payment of interest	6	(2 243)	-
Issuance of new shares (capital increases)	14	-	756
Net cash flows from (used in) financing activities		301 569	(1 683)
Net change in cash and cash equivalents		(4)	(35 382)
Cash and cash equivalents at 1 January		4	35 386
Cash and cash equivalents at 31 December	13	(0)	4





NOTES TO THE ANNUAL FINANCIAL STATEMENTS

GENERAL INFORMATION AND ACCOUNTING PRINCIPLES

Hurtigruten Coastal AS is 100% owned by Hurtigruten Norway AS. The ultimate parent company is Silk Topco AS, which has its headquarter at Langkaia 1 in Oslo. The consolidated financial statements can be downloaded from the following website: www.hurtigruten.com.

The financial statements of Hurtigruten Coastal AS for the year ended 31 December 2022 were authorized for issue by the Board of Directors 26. April 2023.

The accounting principles applied in the preparation of the financial statements are described below. Unless otherwise described, these principles have been consistently applied to all periods presented.

1.1 BASIS OF PREPARATION

The financial statement of Hurtigruten Coastal AS has been prepared in accordance with Norwegian Accounting Act and generally accepted accounting principles.

1.2 ACCOUNTING PRINCIPLES

A) 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 results realised may deviate from these estimates.

B) FOREIGN CURRENCY TRANSLATION

The financial statements are presented in euro (EUR) which is the functional currency of the company.

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. 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.

C) CLASSIFICATION PRINCIPLE

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.

D) REVENUE RECOGNITION

Revenue from the sale of goods and services is recorded as operating revenue at the time of delivery which is the point at which risk passes to the customer. Revenue from the sale of goods and services is recognised at fair value, net of VAT, returns and discounts.

Revenue is recognised in the income statement as follows:

(I) REVENUE FROM SALES OF SERVICES AND TRAVEL





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Sales of services are 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 on route on the reporting date, revenues are accrued based on the number of days the voyage lasts before the end of the accounting period. Revenue recognition is performed based on reports from the booking system, providing detailed information regarding the sailings. Tickets, meals and excursions are primarily pre-sold before the journey commences, but for travellers along the Norwegian coast, it is also possible to purchase tickets in the port upon boarding the ship.

Revenue from freight of cargo along the Norwegian coast is recognised based on monthly invoicing of available cargo space, as the customer has rented all the cargo space and pays a daily hire regardless of whether the space is used or not.

(II) REVENUE FROM SALE OF GOODS

The Company's sales of goods primarily relate to sales of food, beverage and other retail products onboard the ships. Sales are recognized in 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 recognized in the income statement including the credit card fees incurred for the transaction. The fees are recorded as costs to sell.

(III) PUBLIC PROCUREMENT

The Company has an agreement with the Ministry of Transport and Communications to operate the Bergen–Kirkenes coastal route.

Revenues received from public procurement are recognized in the income statement on a continuous basis over the year on the basis of existing contracts. These contracts are primarily based on a tender, where the company has a fixed contract sum for planned (annual) production. There are specific conditions and calculation methods for the indexation of the contract sum. Any changes beyond the planned production are compensated/deducted utilising agreed-upon rates set out in the agreements and recognised in the periods in which they occur.





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E) PROPERTY, PLANT AND EQUIPMENT

After the demerger Property, plant and equipment consist primarily of periodic maintenance of the ships (Hurtigruten ships). Property, plant and equipment that are not periodic maintenance is recognized at cost less depreciation and any impairments. Cost includes costs directly associated with the acquisition of the asset.

Periodic maintenance is recognized in the balance sheet and expensed over the period until the next periodic maintenance. Ongoing maintenance for all ship types is expensed continuously during the period in which the work is performed.

Other operating assets are depreciated on a straight-line basis, such that the cost is depreciated to residual value over the asset's expected useful life. Expected useful life is determined on the basis of historical data, as well as the standard useful economic lifetimes in the industry. Residual value is calculated on the basis of estimated sales values for operating assets at the end of their expected useful life.

Expected useful life is:

Periodic maintenance	2,5-5 years
Other:	1-5 years

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 recognized 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 recognized in the income statement under "Other (losses)/gains – net", as the difference between the sales price and the book value.

F) DERIVATIVES AND HEDGING

The Group uses derivatives to hedge exposure against bunker oil prices (cash flow hedge).

G) INVENTORY

Inventories are recognised at the lowest of cost and net selling price. The net selling price is the estimated selling price in the case of ordinary operations minus the estimated completion, marketing and distribution costs. The cost is arrived at using the FIFO method and includes the costs incurred in acquiring the goods and the costs of bringing the goods to their current state and location.

H) TRADE RECEIVABLES

Accounts receivables and other receivables are recorded in the balance sheet at nominal value less a provision for doubtful accounts. Provision for doubtful accounts is determined based on an assessment of individual receivables.

I) CASH AND CASH EQUIVALENTS

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





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J) CURRENT AND DEFERRED INCOME TAXES

Vessel owning companies are subject to taxation under the Norwegian tonnage tax regime pursuant to chapter 8 of the Taxation Act. Under the tonnage tax regime, profit from qualifying operations are exempt from taxes. Financial results are not exempt from taxation. Taxable profit is calculated on the basis of financial income after deduction of a portion of financial expenses. The portion is calculated as financial assets in percent of total assets. Financial losses can be carried forward against positive financial income in later years. Tonnage tax is payable based on the net tonnage of vessels. Tonnage tax is 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.

K) LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

When the Company has substantially assumed all the risks and rewards of ownership of the underlying lease object, leases are classified as finance leases and the lease object and lease liability are recognised in the balance sheet.





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L) 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.

NOTE 1 REVENUES

REVENUE BY CATEGORY

<i>(in EUR 1,000)</i>	2022	2021
Ticket revenue	77 961	6 292
Presold food and beverages	23 227	2 357
Onboard sales of food and beverages	11 069	5 337
Other passenger revenue	1 448	1 196
Cargo-freight revenue	2 996	2 580
Contractual revenues	59 378	71 715
Other operating revenue	424	(416)
Total operating revenues	176 503	89 060
Of which is intragroup (see note 2):	101 326	8 384
Government grant compensation scheme (Covid-19)	135	14 056
Total other revenues	135	14 056

Contractual revenues relating to the Bergen-Kirkenes coastal service is based on the existing agreement with the Norwegian government through the Ministry of Transport and Communications (see Note 1.2.D (iii) Public Procurement). The agreement applies to the Bergen-Kirkenes route for the period 1 January 2021 through 31 December 2030 and applies to 7 ships, a reduction from 11 ships which applied in the previous agreement.

Other revenue in 2021 includes the Government grant for Covid-19 relief given for the period January to June 2020 to businesses in Norway with substantial reductions in revenues as a result of restrictions imposed due to Covid-19.

REVENUE BY SALES COUNTRY

<i>(in EUR 1,000)</i>	2022	2021
Norway	176 503	89 060
	176 503	89 060





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NOTE 2 RELATED PARTIES

Transactions with related parties are carried out in accordance with the arm's length principle. Related parties are defined as the key management personnel in the company, shareholders and other companies within the Hurtigruten Group.

TRANSACTION WITH OTHER GROUP COMPANIES

<i>(in EUR 1000)</i>	2022	2021
Sale of goods and services to Group companies		
Hurtigruten Global Sales AS	101 326	8 384
Total Sale of goods and services to Group companies	101 326	8 384
Purchase of goods and services from Group companies		
Hurtigruten Global Sales AS	2 512	1 148
Hurtigruten Global Services AS	19 315	53 962
Hurtigruten Sjø AS	56 792	55 439
Hurtigruten Norway AS	7 927	-
MS Richard With AS	5 475	5 475
MS Nordlys AS	5 475	5 475
Hurtigruten Coastal Fleet AS	19 117	2 143
Hurtigruten Expedition Fleet AS	5 885	1 076
Hurtigruten Expeditions AS	4	-
Hurtigruten Expeditions Cruises AS	1	-
Explorer II AS	-	41 712
Hurtigruten Expediton Technical Services GmbH	-	1 961
Total Purchase of goods and services from Group companies	122 503	168 392





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INTRAGROUP BALANCES

<i>(in EUR 1,000)</i>	2022	2021
Non-current receivables from Group companies		
Silk Topco AS	-	274
MS Richard With AS	-	5 300
MS Nordlys AS	-	1 497
Hurtigruten Expedition Fleet AS	-	148 512
Hurtigruten Coastal Fleet AS	-	95 226
Hurtigruten Expedition Cruises AS	-	7
Total non-current receivables from Group companies	-	250 816
Trade and other current receivables from Group companies		
Hurtigruten Global Sales AS	7 653	4 095
Hurtigruten Global Services AS	2 258	37 794
Explorer II AS	8	8
Hurtigruten Expedition Cruises AS	1 488	17 787
Hurtigruten Coastal Fleet AS	907	243
Hurtigruten Expedition Fleet AS	366	2 300
Hurtigruten Sjø AS	-	1 216
MS Richard With AS	661	-
MS Nordlys AS	1 055	-
Total trade and other current receivables from Group companies	14 396	63 443
Other non-current liabilities to Group companies		
Explorer I AS	-	-
Hurtigruten Expedition Cruises	-	53 262
Total non-current liabilities to Group companies	-	53 262
Trade payables and other current payables to Group companies		
Hurtigruten Global Sales AS	23 905	63 044
Hurtigruten Global Services AS	3 544	4 176
Hurtigruten Sjø AS	4 632	95
Explorer II AS	-	100 074
Hurtigruten Coastal Fleet AS	5 229	2 143
Hurtigruten Expedition Fleet AS	-	1 076
Hurtigruten Expedition Cruises AS	-	3 436
Hurtigruten Svalbard AS	-	8
Hurtigruten Norway AS	7 956	-
MS Richard With AS	8 883	-
Total trade payables and other current payables to Group companies	54 150	174 053
Liabilities in Cash-pool		
Liabilities to Group companies in cash-pool	5 982	175 196
Total liabilities to Group companies in cash-pool	5 982	175 196





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IMPAIRMENT ASSESSMENT

From the latter part of March 2020 and through 2021, Hurtigruten Group has seen impact from the global spread of Covid-19 on the performance, as mobility restrictions and lockdown measures were implemented throughout the world. Thus, the COVID-19 pandemic has created challenging business environment for the Group, and an unprecedented uncertainty of potential negative impact on the financial performance. For the Company, these events are impairment triggers, and as such, as of year-end 2022, management has assessed the carrying values of the entire Groups assets for impairment. 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 cash flows. The projected cash flows represent managements best estimate for future operations.

In calculating the estimated future cash flows, the Group does not apply a general growth factor beyond expected inflation. 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.

The Group has carried out sensitivity analysis by considering changes in the occupancy rate which affects the revenue and operating profit, and the discount rates. These are considered the most important assumptions for the long-term expectations for the cash generating units. The management's present plans and forecasts as well as the market's expectations have also been taken into consideration.

The long long-term assumptions are assessed on an ongoing basis and the assumptions applied in future impairments test may vary from those applied in 2021. The Group has a continuous review process, which includes sensitivity analysis and analysis of actual results achieved compared to long-term assumptions, to assess whether the long-term base case assumptions continue to correctly reflect expectations.

As of 31 December 2022, 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 has been recognized in the financial statements as per 31 December 2022.

NOTE 4 REMUNERATION

EMPLOYEES

Hurtigruten Cruise AS had no employees in 2022. The company hires administrative staff from Hurtigruten Global Services AS and crew to the ship's from Hurtigruten Sjø AS as well as from external parties. According to this, the executives receive salary and other remuneration from Hurtigruten Global Services AS.

COMPENSATION TO EXECUTIVE MANAGEMENT AND BOARD OF DIRECTORS

Executive management including Board of directors is employed in Hurtigruten Global Service AS and receive their compensation from Hurtigruten Global Services AS. Hurtigruten Coastal AS is charged its share of management services performed for the company. Costs for management services is recognised in sales and administrative costs in the statement of profit and loss.

AUDITOR REMUNERATION

<i>(in EUR 1,000)</i>	2022	2021
Auditor's fee - statutory accounts	112	96
Other assurance services	-	-
Tac consultant services	-	-
Total	112	96





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NOTE 5 OTHER OPERATING COSTS

<i>(in EUR 1,000)</i>	2022	2021
Crew on ships, external	(695)	(15 652)
Crew on ships, intra-group (see note 2)	(56 792)	(55 439)
Other operating cruise costs, external	(30 635)	(18 707)
Other operating cruise costs, intra-group (see note 2)	(35 953)	(58 991)
Sales and administrative costs, external	(60 223)	(60 337)
Sales and administrative costs, intra-group (see note 2)	(29 757)	(53 962)
Total other operating costs	(214 056)	(263 088)

Operating cruise costs consists of costs such as bunker fuel, harbour costs and repair and maintenance in addition to operating lease costs for ships leased from other Hurtigruten Companies (see note 6 for lease commitments).

NOTE 6 LEASES

OPERATING LEASE AGREEMENTS

As a result of the demerger of the company MS Polarlys, MS Vesterålen, MS Nord Norge and MS Kong Harald were transferred to Hurtigruten Coastal Fleet. MS Trollfjord was transferred to Hurtigruten Expedition Fleet AS and later acquired by Hurtigruten Coastal Fleet in 2022. Hurtigruten Coastal is currently leasing the ships back, in addition to MS Nordlys and MS Richard which is owned by MS Richard AS and MS Nordlys AS

<i>(in EUR 1000)</i>	2022	2021
Ordinary lease payments	37 301	58 601
Annual lease payments	37 301	58 601

Future minimum leases related to non-terminable lease agreements are maturing as follows:

	2022	2021
Within 1 year	36 487	37 251
1 to 5 years	105 986	114 936
After 5 years	100 538	136 490
Total	243 011	288 677

NOTE 7 OTHER GAINS AND LOSSES

<i>(In EUR 1,000)</i>	2022	2021
Net gain (loss) on bunker hedge derivatives	1	3 203
Net gain (loss) on sale of non-current assets	-	(0)
Net unrealised foreign currency gains (loss) on balance sheet items	(3 281)	(2 857)
Total other (losses)/gains	(3 280)	346





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NOTE 8 FINANCIAL INCOME AND EXPENSES

<i>(in EUR 1,000)</i>	2022	2021
Financial income		
Interest income, group	8 876	261
Foreign exchange gains	46 157	281
Other finance income	18	7
Financial Income	55 050	550
Financial expenses		
Interest expense	107	1 648
Interest expense, group	7 160	2 159
Foreign exchange loss	42 195	6 927
Other financial expenses	117	112
Financial expenses	49 579	10 845
Net financial items	5 471	(10 295)

NOTE 9 TAX

INCOME TAX EXPENSE

<i>(in EUR 1 000)</i>	2022	2021
Income tax payable, current year	-	991
Income tax payable, adj. from previous years	-	(2)
Change in deferred tax, current year	-	-
Total income tax expense	-	988
Tonnage tax payable related to the shipping company tax schemes	-	9

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





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RECONCILIATION OF ANNUAL INCOME TAX

<i>(in EUR 1 000)</i>	2022	2021
Profit/(loss) before tax from operations	(51 192)	(229 529)
Expected income taxes at statutory tax rate in Norway (22 %)	(11 262)	(50 496)
Shipping company tax schemes - NO Tax Act only (+/-)	11 994	47 170
Non-taxable income (-) / Expense (+)	2 023	(2 494)
Gifts, representation and other non-deductable expenses (+)	196	744
Effect from change in tax provisions from previous years	-	(2)
Other permanent differences (+/-)	(3 846)	6 067
Reduction for valuation allowance	895	-
Total income tax expense	0	988

As at 31 December 2022 the company has not recognized any deferred tax assets in the balance sheet.

Other permanent differences are caused by currency translation effects as tax papers are filed in NOK, which gives other revaluation effects in the profit and loss than in the EUR denominated profit and loss. This in return creates a difference in profit/(loss) before taxes in EUR vs NOK .





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NOTE 10 RECEIVABLES AND LIABILITIES

<i>(in EUR 1,000)</i>	2022	2021
Receivables		
Trade receivables	6 544	7 946
Trade receivables	6 544	7 946
Intercompany receivables, current (see note 2)	14 396	63 499
Prepaid expenses	999	3 190
Other miscellaneous receivables	560	520
Other receivables	15 955	67 210
Trade and other receivables	22 500	75 156
Intercompany receivables, non-current (see note 2)	-	250 816
Other non-current receivables	701	723
Total other receivables, non-current	701	251 539
Liabilities		
Trade liabilities	16 175	10 865
Intercompany trade liabilities (see note 2)	54 150	174 053
Accrued expenses	11 258	5 783
Other current liabilities	11 233	6 280
Trade and other liabilities	92 816	196 980
Liabilities		
Liabilities in cash-pool to group companies	5 982	175 196
Liabilities in cash-pool	5 982	175 196
Long term liabilities		
Other long term liabilities to group (See note 2)	-	53 262
Total long term liabilities (more than five years maturity)	-	53 262





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NOTE 11 INVESTMENTS IN SUBSIDIARIES

<u>Company</u>	<u>Acquired</u>	<u>Registered office</u>	<u>Ownership/ voting share</u>
Hurtigruten Coastal Fleet AS	03.12.2021	Langkaia 0150, Oslo	3 %

(in EUR 1,000)

<u>Company</u>	<u>Share capital</u>	<u>Book value</u>	<u>Total Equity</u>	<u>Net result for the year 2022</u>
Hurtigruten Coastal Fleet AS	4 832	6 154	177 681	5 224





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NOTE 12 INVENTORIES

<i>(in EUR 1,000)</i>	2022	2021
Goods purchased for resale	1 793	1 877
Spare parts	-	493
Bunkers and lubrication oil	2 313	1 961
Total inventories	4 106	4 332

The inventories were measured at cost in accordance with the FIFO principle. If the fair value is deemed to be lower than the cost price, then the inventories will be written down.

NOTE 13 CASH AND CASH EQUIVALENTS

<i>(in EUR 1,000)</i>	2022	2021
Bank accounts in cash pool	-	-
Cash	-	4
Restricted funds	-	3
Total cash and cash equivalents	-	7





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NOTE 14 SHARE CAPITAL AND EQUITY

SHAREHOLDER AS OF 31 DECEMBER 2022

	Number of shares	Share-holding (%)
Hurtigruten Norway AS	30	100

All ordinary shares have equal rights.

EQUITY

(in EUR 1,000)	Share capital	Share premium	Reserve for valuation variations	Retained earnings	Total Equity
Balance at 1 January 2021	30	400 198	(0)	(99 201)	301 029
Profit/(loss) for the year				(230 517)	(230 517)
Cash flow hedges attributed directly to equity	-	-	-	-	-
Demerger by division of company 15.11.2021	(5)	-	-	-	(5)
Demerger by division of company 25.11.2021	(14)	(160 290)	-	-	(160 304)
New share issue 03.12.2021	1	755	-	-	757
					-
Balance at 31 December 2021	13	240 664	(0)	(329 718)	(89 040)
Balance at 1 January 2022	13	240 664	(0)	(329 718)	(89 040)
Profit/(loss) for the year				(51 192)	(51 192)
Capital increase 28.12.2022	3	102 797	-	-	102 800
Balance at 31 December 2022	16	343 461	(0)	(380 910)	(37 432)

NOTE 15 FINANCIAL INSTRUMENTS

In 2018, Hurtigruten Group decided to designate a hedging relationship between bunker oil hedging instruments and the forecasted bunker oil purchases. The Group entered into 6 commodity forward swaps with Goldman Sachs and DnB Markets. These contracts have different strike prices (from 634 to 747 \$/MT) and different expiry dates through the years 2019-2021.

In January 2022 Hurtigruten Group has entered a new derivatives contract to hedge a portion of the Groups forecasted fuel consumption, for example, if at any given time 75% of budgeted PCNs are booked, a minimum of 50% of the bunker fuel volume associated with the PCN volume sold is hedged. Additionally, the policy allows for some flexibility if market conditions are viewed as attractive.





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2022

(in EUR 1,000)

	Assets	Liabilities
Classification of derivatives		
Forward bunker oil contracts	-	-
Total fair value of derivatives	-	-
Short term	-	-
Long term	-	-

2021

(in EUR 1,000)

	Assets	Liabilities
Classification of derivatives		
Forward bunker oil contracts	-	1
Total fair value of derivatives	-	1
Short term	-	1
Long term	-	-

Hurtigruten Group AS is the formal counterparty to the external derivative contract, but has a back-to-back agreement with Hurtigruten Coastal AS.

NOTE 16 GUARANTEES AND COLLATERALIZED ASSETS

BOOK VALUE OF COLLATERIZED ASSETS

(in EUR 1,000)	2022	2021
Book value of collateralized assets:	42 301	319 878
Total	42 301	319 878

The Term loan B/Term Loan C/Term loan D and RCF of EUR 916,5 million in the parent company Hurtigruten Group AS, is secured with pledge of shares in Hurtigruten Coastal AS, including intercompany receivables, cash and cash equivalents and ship mortgage over MS Nordkapp, MS Nord Norge, MS Polarlys and MS Kong Harald.

GUARANTEES

Hurtigruten Coastal AS has guaranteed for the repayment of Term loan B, Term Loan C, Term loan D and RCF of EUR 916,5 million drawn in the parent company Hurtigruten Group AS.

The Company is also a guarantor for the Bond loan of EUR 300 million in the sister company Explorer II AS and for the EUR 50 million lease for MS Spitsbergen in Explorer I AS.

In connection with the procurement contract for Coastal services, Hurtigruten Coastal AS has issued a guarantee to the Norwegian Department of Transportation in the amount of NOK 155 million.





NOTE 17 CONTINGENCIES

MEMBERSHIP OF THE NOX FUND

Hurtigruten Coastal AS is member 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.

The Norwegian Environment Agency monitors whether individual reduction targets have been achieved. Deviations of more than 3% of emission targets trigger a collective fine, under which businesses must pay the nitrogen oxide tax for the pro rata share of the target that has not been met. However, businesses will never pay more than the official government rate for nitrogen oxide tax. The fund reported in their year-end report for 2020 that the targets for 2020-2021 were met.

NOK 21.5 million (EUR 2.1 million) in nitrogen dioxide tax was recognised in Hurtigruten Coastal's financial statements for 2022 compared to NOK 25.2 million in 2021.

CO₂ EMISSIONS – COASTAL SERVICE AGREEMENT WITH THE MINISTRY OF TRANSPORTATION

As part of the requirements in the Norwegian coastal contract with the Norwegian Ministry of Transport and Communications, the maximum level of CO₂ emission is set to a total average of 103 000-ton CO₂ equivalents per year during the contract period from January 2021 to December 2030. The Group has started projects to upgrade three of the ships in the Hurtigruten Norway fleet to battery-hybrid power which will significantly reduce the emission of CO₂ equivalents throughout the contract period. No provision has been made in the financial statements as of 31 December 2022.

NOTE 18 FINANCIAL RISK MANAGEMENT

FINANCIAL RISK FACTORS

The Company's activities expose it to a variety of financial risks: market risk (including currency, bunker price, fair-value interest rate and variable interest rate risk), credit risk and liquidity risk. The Company's overarching risk management goal is to increase predictability for the Company's operations and to minimise the impact of fluctuations in macro conditions on the Company's results and financial position.





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The Company has defined overarching 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 Company's risk management strategy and reviews it annually. The CFO function is responsible, in consultation with the CEO, for conducting ongoing tactical risk management in line with the approved strategy, including exposure analyses and reporting.

MARKET RISK

A) CURRENCY RISK

The Company operates internationally and is exposed to currency risk in multiple currencies, in particular NOK, USD and GBP. Currency risk arises from future ticket sales as well as recognised assets or liabilities. In addition, the bunker oil cost is quoted in USD. Currency risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency which is not the entity's functional currency.

The price of oil, and thus bunker fuel, is internationally traded in USD, while the Company purchases bunker fuel in NOK. The risk can therefore be split into a currency element and a product element. The currency element is partially aligned with the Company's cash flow exposure in USD, and the product risk is hedged separately.

B) PRICE RISK

The Company is exposed to fluctuations in the price of bunker fuel, which is used to operate the ships. In order to reduce the risk related to the fuel price the Company has implemented a fuel hedging policy that follows the booking curve.

C) CASH FLOW AND FAIR-VALUE INTEREST RATE RISK

The Company's interest rate risk is associated with current and non-current borrowings. Loans subject to a variable interest rate present a risk to the Company's overall cash flow. 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.

D) INTEREST RISK

The Company's loans and draws of the Group accounts are made at floating rates. No hedges are made to reduce interest risk.

CREDIT RISK

The Company 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 Company has routines to ensure that credit is only extended to agents with a satisfactory credit rating. Individual risk exposure limits are set based on internal and external assessments of credit ratings.

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

LIQUIDITY RISK





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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 has a group cash-pool that ensures that part of the Company's unrestricted liquidity is available to the parent company, and which also optimises availability and flexibility in liquidity management. The Groups finance function has overall responsibility for managing the Company's liquidity risk. Rolling liquidity forecasts are prepared so as to ensure that the Company has sufficient liquidity reserves to satisfy the Company's obligations.

THE COMPANY'S ASSET MANAGEMENT

The Company's objective for asset management are to ensure the ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital, including compliance with covenants in the Groups loan agreements.

NOTE 19 EVENTS AFTER THE BALANCE SHEET DATE

There are no material events after balance sheet date related to Hurtigruten Coastal AS.





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Initiator

Magnus Kindlihagen (MK)
HURTIGRUTEN GLOBAL SALES AS
Company reg. no. 914904633
magnus.kindlihagen@hurtigruten.com
+4791559115

Signing parties

Hedda Felin (HF)
hedda.felin@hurtigruten.com
+4793043424

 **bankID**

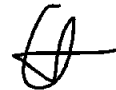


*The name returned by Norwegian BankID was "Hedda
Felin"*

*BankID issued by "Nordea Bank Abp filial i Norge"
2022-10-29 20:37:06 CEST (+0200)
Signed 2023-04-27 10:21:29 CEST (+0200)*

Gerry Robert Larson-Fedde (GRL)
gerry.larsson-fedde@hurtigruten.com
+4791134914

 **bankID**



*The name returned by Norwegian BankID was "Gerry
Robert Larsson-Fedde"*

*BankID issued by "BankID - Bankenes ID-tjeneste AS"
2022-01-21 07:39:57 CET (+0100)
Signed 2023-04-26 08:41:45 CEST (+0200)*

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To the General Meeting of Hurtigruten Coastal AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Hurtigruten Coastal AS (the Company), which comprise the statement of financial position as at 31 December 2022, 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.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, 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.

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 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.

Other Information

The Board of Directors and the Managing Director (management) are 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 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

PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Management is responsible for the preparation of financial statements 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 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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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, 26 April 2023

PricewaterhouseCoopers AS

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



 Securely signed with Brevio

Revisjonsberetning

Signers:

Name	Method	Date
Lund, Stig Arild	BANKID	2023-04-26 14:37

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of the document.



Skatteetaten

Vår dato 17.04.2020	Din/Deres dato 27.03.2020	Saksbehandler Nazish Fatima Mohammad
800 80 000 Skatteetaten.no	Din/Deres referanse	Telefon 901 51 930
Org.nr 974761076	Vår referanse 2020/5304390	Postadresse Postboks 9200 Grønland 0134 OSLO

Hurtigruten Cruise AS
Langkaia 1
0150 Oslo
V/ Karoline Ulshagen Grinde

Dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk- Hurtigruten Cruise AS (org nr 918 704 981)

Vi viser til Hurtigruten Cruise AS' søknad om dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering selskapet dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller 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

Fra søknaden siteres:

"Selskapets ultimate morselskap i Norge er Silk Topco AS («Topco»). Topco eies igjen med mer enn 80%, igjennom et mellomliggende holdingselskap, av det engelske private equity-selskapet TDR Capital LLP. De øvrige aksjonærene i Topco er to norske, profesjonelle investorer med en samlet eierandel på ca 16%, samt ansatte i konsernledelsen. Selskapet har følgelig også en begrenset eierkrets.

Flere andre selskap i konsernet avlegger årsregnskap og årsberetning på engelsk. Dette gjelder Topco og Hurtigruten AS.

Selskapet er sikkerhetsstiller for en obligasjon som skal noteres på Oslo Børs. Investorene og långiverne er typisk internasjonale selskaper eller utenlandske personer. Det er krav om periodisk rapportering på engelsk. Det vil innebære betydelig merarbeid og kostnader å utarbeide regnskaper på norsk i tillegg til engelsk.

Eierne i konsernet er profesjonelle investorer som selv rapporterer på engelsk.



Selskapet driver i en internasjonal bransje. Arbeidsspråket er engelsk.

Selskapet er derfor av den oppfatning av at arbeidet og kostnadene med å avgi årsregnskap og årsberetning på to språk ikke står i samsvar med behov og nytteverdi som et norsk årsregnskap og en årsberetning har for selskapet og dets interessenter."

Skattekontorets 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 mv., 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, kunder og lokalsamfunnet.

Det er etter skattekontorets 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.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I dette tilfellet er det opplyst at investorene og långiverne er typisk internasjonale selskaper eller utenlandske personer. Morselskapet har også fått dispensasjon for kravet om årsregnskap på norsk, og arbeidsspråket er engelsk i hele konsernet. Skattekontoret finner at disse forholdene samlet tilsier at dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk kan gis.

Vennligst oppgi vår referanse ved henvendelse i saken.



Med hilsen

Inger Mette Dahler
underdirektør
Innsats, storbedrift
Skatteetaten

Nazish Fatima Mohammad

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.