



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode:	01.01.2023 - 31.12.2023
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Konsern

Morselskap i konsern:	Nei
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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:	Gerry Robert Larsson-Fedde
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, 04.02.2026



Resultatregnskap

Beløp i: EUR	Note	2023	2022
RESULTATREGNSKAP			
Inntekter			
Operating revenues	1,2	206 399 000	176 503 000
Other revenues	1	15 000	135 000
Sum inntekter		206 414 000	176 638 000
Kostnader			
Cost of goods sold		13 865 000	11 127 000
Depreciation, amortisation and impairment losses	3	8 137 000	4 837 000
Other operating costs	4,5,6	214 183 000	214 057 000
Other (losses) / gains - net	7	-1 107 000	3 280 000
Sum kostnader		235 078 000	233 301 000
Driftsresultat		-28 664 000	-56 663 000
Finansinntekter og finanskostnader			
Finance income	8	41 783 000	55 050 000
Sum finansinntekter		41 783 000	55 050 000
Finance expenses	8	30 256 000	49 579 000
Sum finanskostnader		30 256 000	49 579 000
Netto finans		11 527 000	5 471 000
Resultat før skattekostnad		-17 137 000	-51 192 000
Income tax expense	9	646 000	0
Årsresultat		-17 783 000	-51 192 000
Overføringer og disponeringer			
Udekket tap		-17 783 000	-51 192 000
Sum overføringer og disponeringer		-17 783 000	-51 192 000



Balanse

Beløp i: EUR	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Intangible assets	3	0	3 000
Sum immaterielle eiendeler		0	3 000
Varige driftsmidler			
Property, plant and equipment	3	33 365 000	27 902 000
Sum varige driftsmidler		33 365 000	27 902 000
Finansielle anleggsmidler			
Investering i annet foretak i samme konsern	11	6 154 000	6 154 000
Other non-current receivables	10	669 000	701 000
Sum finansielle anleggsmidler		6 823 000	6 855 000
Sum anleggsmidler		40 188 000	34 760 000
Omløpsmidler			
Varer			
Inventories	12	4 664 000	4 106 000
Sum varer		4 664 000	4 106 000
Fordringer			
Kundefordringer		19 624 000	6 545 000
Kundefordringer konsern		29 954 000	8 473 000
Andre kortsiktige fordringer		22 597 000	1 559 000
Konsernfordringer		8 568 000	5 923 000
Sum fordringer	2,10	80 743 000	22 500 000
Investeringer			
Sum investeringer		0	0
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	13	0	0
Sum bankinnskudd, kontanter og lignende		0	0



Balanse

Beløp i: EUR	Note	2023	2022
Sum omløpsmidler		85 407 000	26 606 000
SUM EIENDELER		125 595 000	61 366 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	14	16 000	16 000
Overkurs	14	343 461 000	343 461 000
Sum innskutt egenkapital		343 477 000	343 477 000
Opptjent egenkapital			
Fond		0	0
Udekket tap	14	398 693 000	380 909 000
Sum opptjent egenkapital		-398 693 000	-380 909 000
Sum egenkapital		-55 216 000	-37 432 000
Gjeld			
Langsiktig gjeld			
Sum avsetninger for forpliktelser		0	0
Annen langsiktig gjeld			
Sum annen langsiktig gjeld		0	0
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld	2, 10	47 265 000	32 307 000
Betalbar skatt	9	646 000	0
Skyldige offentlige avgifter		0	0
Kortsiktig konserngjeld	10	65 651 000	20 095 000
Annen kortsiktig gjeld		67 249 000	46 396 000
Sum kortsiktig gjeld		180 811 000	98 798 000
Sum gjeld		180 811 000	98 798 000



Balanse

Beløp i: EUR	Note	2023	2022
SUM EGENKAPITAL OG GJELD		125 595 000	61 366 000



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Journalnummer: 2024 731419

Enheten

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

Regnskapsår

Årsregnskapets periode: 01.01.2023 - 31.12.2023

Konsern

Morselskap i konsern: Nei

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Regler for små foretak benyttet: Nei
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årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Gerry Robert Larsson-Fedde
Dato for fastsettelse av årsregnskapet: 28.06.2024

Revisjon

Årsregnskapet er utarbeidet av ekstern
autorisert regnskapsfører: Ja
Ekstern autorisert regnskapsfører har i
løpet av regnskapsåret bistått ved den
løpende regnskapsføringen eller utført
andre tjenester for selskapet enn å
utarbeide årsregnskapet: Ja

Grunnlag for avgivelse

År 2023: Årsregnskap er elektronisk innlevert.
År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023.

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Brønnøysundregistrene, 26.08.2024

Brønnøysundregistrene
Postadresse: Postboks 900, 8910 Brønnøysund
Telefon: 75 00 75 00
E-post: firmapost@brreg.no Internett: www.brreg.no
Organisasjonsnummer: 974 760 673



Organisasjonsnr: 918 704 981
HURTIGRUTEN COASTAL AS

RESULTATREGNSKAP

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HURTIGRUTEN COASTAL AS

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Sum investeringer		0	0
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BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

Share capital	14	16 000	16 000
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Opptjent egenkapital

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Sum opptjent egenkapital		-398 693 000	-380 909 000

Sum egenkapital		-55 216 000	-37 432 000
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Gjeld

Langsiktig gjeld

Sum avsetninger for forpliktelse		0	0
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Annen langsiktig gjeld		0	0
Sum annen langsiktig gjeld		0	0

Sum langsiktig gjeld		0	0
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Kortsiktig gjeld

Leverandørgjeld	2, 10	47 265 000	32 307 000
Betalbar skatt	9	646 000	0
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SUM EGENKAPITAL OG GJELD		125 595 000	61 366 000
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Organisasjonsnr: 918 704 981
HURTIGRUTEN COASTAL AS

NOTEOPPLYSNINGER - SELSKAP

- alle poster oppgitt i hele tall

Note
20

Er det usikkerhet om fortsatt drift?: Ja

The company is a wholly-owned subsidiary within the Silk Topco Group. The company's operations, assets and liabilities are closely tied to the groups operational and financial development. The going concern consideration is therefore based on the same arguments and assessments as for Silk Topco Group. The company is primarily financed through the group's cash-pool arrangement, and its assets are pledged as a part of the group's overall secured obligations. Any future risks or difficulties that Silk Topco Group experiences in fulfilling its commitments will also affect the company. 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.

Note

4

Antall årsverk i regnskapsåret

0.00

Sum

Beløp

Balanseført verdi 31.12. Varige driftsmidler Immaterielle eiend.

Konsernregnskap

Virksomheten inngår i konsolideringen til morselskapets konsernregnsk.: Ja

Morselskapet sitt navn

Silk Topco AS

Forretningskontor for morselskapet

Langkaia 1, Oslo

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Konsern, tilknyttet selskap m.v. - fordringer og gjeld

Fordringer

Samlet beløp - tilknyttet selskap

Årets

Fjorårets



<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - felles kontrollert virksomhet</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Pantstillelse</u>	<u>Beløp</u>
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Note

Fordringer

Fordringer som forfaller senere enn ett år etter regnskapsårets slutt

Mer om fordringer

<u>Beholdning av egne aksjer</u>	<u>Antall</u>	<u>Pålydende</u>	<u>Andel av aksjek.</u>
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Note

2

Lån og sikkerhetsstillelse til medlemmer

Er det gitt lån eller sikkerhetsstillelse til ledende personer: Nei

Opplysninger om:

Medlemmer av:

Mer om lån og sikkerhetsstillelse



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.



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 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.

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 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.

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.

Material Uncertainty Related to Going Concern

We draw attention to Note 20 in the financial statements, where the Company states that going concern is dependent on the Groups financing structure and related loan maturity in February 2025. Without refinancing, extending of the maturity date and/or equity injection, the Group will not be able to repay the Bond loan at maturity date. As stated in Note 20, these events or conditions, along with other matters as set forth in Note 20, 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 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

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

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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/revisionsberetninger>

Oslo, 28 June 2024

PricewaterhouseCoopers AS

Stig Arild Lund

State Authorised Public Accountant

(This document is signed electronically)



Revisjonsberetning

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Hurtigruten Coastal AS

Directors report 2023

DIRECTORS' REPORT 2023

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 was the first full year where Hurtigruten Coastal AS solely operated as the Hurtigruten Norwegian Coastal Express. In 2023 the group rebranded the business unit Hurtigruten Norway to Hurtigruten as a step towards a complete split of companies.

Hurtigruten

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.

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.

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, farmand-fjord-to-table flavors. It is also about achieving the lowest footprint possible and making sure there is minimal food waste.

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.



Hurtigruten Coastal AS

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Market development

Hurtigruten 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. 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, 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 Hurtigruten 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.

Earnings and financial position

Income statement

The Company's activity in 2023 was higher than 2022, which still had some lagging effects from Covid-19. 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. While MS Kong Harald underwent hybridization, the eight ship in the fleet MS Trollfjord acted as substitute.

For 2023 total operating revenues for Hurtigruten Coastal AS was EUR 206 million, an increase of 17% from 2022. The increase in revenue is mainly driven by higher occupancy compared to the year before. The start of 2022 was still affected by travel restrictions in some of our markets, making our products less available to potential customers.

Net operating loss in 2023 was EUR 28.7 million compared to a loss of EUR 56.7 million in 2022. The reduction is mainly due to increased revenue streams (29.8 million) with operating costs being stable.

Net financing income was EUR 11.5 million in 2022, versus a loss of EUR 5.5 million in 2022. Net loss for the year 2023 is EUR 17.8 million vs. a net loss of EUR 51.2 million in 2022.

Net Cash flow

Net cash outflow from operating activities amounted to negative EUR 16.4 million in 2023, compared to a negative outflow of EUR 274.4 million in 2022. The outflow this year is mainly driven by an increase in trade receivables.



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Net cash outflow used in investing activities was EUR 13.6 million in 2023 (2022: EUR 27.1 million), 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 30 million in 2023 (2022: EUR 301.6 million), where the inflow in 2023 is explained by a new loan from other group companies.

Balance sheet and liquidity

Total non-current assets as of 31 December 2023 were EUR 40.2 million, consisting primarily of Property, Plant and equipment (EUR 33.4 million).

Total current assets as of 31 December 2023 were EUR 85.4 million (2022: EUR 26.6 million). Cash and cash equivalents in the balance sheet is 0 as Hurtigruten Coastal is member of the Groups cash-pool arrangement. At the end of December 2023 Hurtigruten Coastal AS had zero non-current liabilities, this is the same as in 2022. Current liabilities amounted to EUR 180,8 million as of 31 December 2023 (2022: EUR 98.8 million), consisting primarily of accounts payable and intragroup trade and other liabilities.

The company's total negative equity in 2023 amounted to EUR 55.2 million compared to negative EUR 37.4 million in 2022. The change is explained by the loss of 2023. 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 2023, and financial position at 31 December 2023. 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.

The net loss for the company for 2023 of EUR 17.8 million is proposed to be transferred to other equity (uncovered losses).

Share capital and shareholders

As of 31 December 2023, 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 2023. 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.



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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.

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.



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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.

Environment

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. An on-going program is to convert 3 of 7 ships in the coastal fleet to battery hybrid ships. This will cut CO₂ emissions by 25% and NO_x 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.

In 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.

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 is published on www.hurtigruten.com/group.

Working environment

The company had no employees in 2023. 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.

Going concern

The company is a wholly-owned subsidiary within the Silk Topco Group. The company's operations, assets and liabilities are closely tied to the groups operational and financial development. The going concern consideration is therefore based on the same arguments and assessments as for Silk Topco Group.



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The company is primarily financed through the group's cash-pool arrangement, and its assets are pledged as a part of the group's overall secured obligations. Any future risks or difficulties that Silk Topco Group experiences in fulfilling its commitments will also affect the company.

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.



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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

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 geopolitical risks in both the western and the eastern hemisphere that may 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.

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.

Hedda Felin
Chairman

Oslo, 28. June 2024

Gerry Robert Larsson-Fedde
CEO

Anne Ragnhild Hersleth Sanderud
Board member



Hurtigruten Coastal AS

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Hurtigruten Coastal AS

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STATEMENT OF PROFIT AND LOSS

<i>(in EUR 1,000)</i>	<i>Note</i>	2023	2022
Operating revenues	1,2	206 399	176 503
Other revenues	1	15	135
Cost of goods sold		(13 865)	(11 127)
Depreciation, amortisation and impairment losses	3	(8 137)	(4 837)
Other operating costs	4,5,6	(214 183)	(214 057)
Other (losses) / gains – net	7	1 107	(3 280)
Operating profit/(loss)		(28 664)	(56 663)
Finance income	8	41 783	55 050
Finance expenses	8	(30 256)	(49 579)
Finance expenses - net		11 526	5 471
Profit/(loss) before income tax		(17 137)	(51 192)
Income tax expense	9	(646)	-
Profit/(loss) for the year		(17 783)	(51 192)
Dividend		-	-
Retained earnings/(uncovered losses)		17 783	51 192



Hurtigruten Coastal AS

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STATEMENT OF FINANCIAL POSITION

<i>(in EUR 1,000)</i>	<i>Note</i>	2023	2022
ASSETS			
Non-current assets			
Property, plant and equipment	3	33 364	27 902
Intangible assets	3	-	3
Other non-current receivables	10	669	701
Investment in subsidiaries	11	6 154	6 154
Total non-current assets		40 188	34 760
Current assets			
Inventories	12	4 664	4 106
Trade and other receivables	2,10	80 743	22 500
Cash and cash equivalents	13	-	-
Total current assets		85 407	26 605
Total assets		125 595	61 366



Hurtigruten Coastal AS

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(in EUR 1,000)	Note	2023	2022
EQUITY			
Share capital	14	16	16
Share premium	14	343 461	343 461
Retained earnings	14	(398 693)	(380 910)
Total equity		(55 216)	(37 432)
LIABILITIES			
Non-current liabilities			
Other long term liabilities		-	-
Total non-current liabilities		-	-
Current liabilities			
Trade and other liabilities	2,10	166 845	92 816
Liabilities cash-pool accounts	10	13 319	5 982
Current income tax liabilities	9	646	-
Derivative financial instruments	15	-	-
Total current liabilities		180 810	98 798
Total equity and liabilities		125 595	61 366

Oslo, 28. June 2024

Hedda Felin
Chairman

Anne Ragnhild Hersleth Sanderud
Interim CFO

Gerry Robert Larsson-Fedde
CEO



Hurtigruten Coastal AS

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CASH FLOW STATEMENT

<i>(in EUR 1,000)</i>	<i>Note</i>	2023	2022
Cash flows from operating activities			
Profit/(loss) before income tax		(17 137)	(51 192)
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment losses		8 137	4 837
Currency gains/losses		(149)	3 161
Gains/losses on derivatives	15		(1)
Settlement of financial instruments	7		
Net interest	8	1 964	(6 647)
Change in inventories	12	(558)	226
Change in trade receivables	10	(34 118)	3 554
Change in trade payables	10	2 143	5 920
Change in net receivables/payables to Group companies	2,10	23 313	(233 301)
Taxes paid	7		(1 001)
Net cash flows from (used in) operating activities		(16 405)	(274 444)
Cash flows from investing activities			
Purchase of property, plant, equipment (PPE)	3	(13 595)	(27 132)
Purchase of Intangible assets	3		
Sale of property, plant, equipment (PPE)	3		
Dividend received from associated companies			
Change in restricted cash	13		3
Net cash flows from (used in) investing activities		(13 595)	(27 129)
Cash flows from financing activities			
Repayment of borrowings to other group companies	2		254 274
Borrowings from other group companies	2	30 000	49 538
Payment of interest	6		(2 243)
Issuance of new shares (capital increases)	14		
Net cash flows from (used in) financing activities		30 000	301 569
Net change in cash and cash equivalents		0	(4)
Cash and cash equivalents at 1 January		-	4
Cash and cash equivalents at 31 December	13	0	-



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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 2023 were authorized for issue by the Board of Directors 28. June 2024.

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:



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(I) REVENUE FROM SALES OF SERVICES AND TRAVEL

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
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Other:	1-5 years
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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>	2023	2022
Ticket revenue	94 525	77 961
Presold food, beverage, shop and excursions	32 626	23 227
Onboard sales of food, beverage, shop and excursions	13 702	11 069
Other passenger revenue	925	1 448
Cargo-freight revenue	2 628	2 996
Contractual revenues	61 993	59 378
Total sales revenue	206 399	176 079
 Of which is intragroup (see note 2):	 127 693	 101 326
Other revenue	5	140
Rent intercompany	10	419
Total other operating revenue	206 414	176 638

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 2022 includes the Government grant for Covid-19 relief given for the period November to December 2021 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>	2023	2022
Norway	206 414	176 503
	206 414	176 503



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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>	2023	2022
Sale of goods and services to Group companies		
Hurtigruten Global Sales AS	127 693	101 326
Total Sale of goods and services to Group companies	127 693	101 326
Purchase of goods and services from Group companies		
Hurtigruten Global Sales AS	3 180	2 512
Hurtigruten Global Services AS	22 842	19 315
Hurtigruten Sjø AS	61 169	56 792
Hurtigruten Norway AS	9 333	7 927
MS Richard With AS	5 630	5 475
MS Nordlys AS	5 444	5 475
Hurtigruten Coastal Fleet AS	25 273	19 117
Hurtigruten Expedition Fleet AS	-	5 885
Hurtigruten Expeditions AS	-	4
Hurtigruten Expeditions Cruises AS	-	1
Total Purchase of goods and services from Group companies	132 871	122 503



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INTRAGROUP BALANCES

<i>(in EUR 1,000)</i>	2023	2022
Trade and other current receivables from Group companies		
Hurtigruten Global Sales AS	28 618	7 653
Hurtigruten Global Services AS	2 083	2 258
Hurtigruten Expedition Cruises AS	1 202	1 488
Hurtigruten Coastal Fleet AS	2 528	907
Hurtigruten Expedition Fleet AS	366	366
Hurtigruten Sjø AS	2 683	-
MS Richard With AS	-	661
Explorer II AS	-	8
MS Nordlys AS	1 041	1 055
Total trade and other current receivables from Group companies	38 522	14 396
Trade payables and other current liabilities to Group companies		
Hurtigruten Global Sales AS	53 292	23 905
Hurtigruten Global Services AS	4 421	3 544
Hurtigruten Sjø AS	-	4 632
Hurtigruten Coastal Fleet AS	20 711	5 229
Hurtigruten Norway AS	9 332	7 956
Hurtigruten Group AS	1 699	-
MS Richard With AS	193	8 883
Silk Topco AS	30 277	-
Total trade payables and other current liabilities to Group companies	119 925	54 150
Liabilities in Cash-pool		
Liabilities to Group companies in cash-pool	13 319	5 982
Total liabilities to Group companies in cash-pool	13 319	5 982



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NOTE 3 PROPERTY PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

<i>(in EUR 1,000)</i>	Ships	Asset under construction	Machinery and equipment	Intangible assets	Total
Acquisition cost					
As at January 1 2022	39 379	329	87	1 068	40 862
Additions	17 314	9 782	35	-	27 132
Disposals	-	-	-	-	-
Sales to group companies	-	-	-	-	-
Currency translation differences	(0)	0			
As at December 31 2022	56 693	10 111	122	1 068	67 994
As at January 1 2023	56 693	10 111	122	1 068	67 994
Additions	8 637	4 459	500	-	13 595
Disposals	-	-	-	-	-
Sales to group companies	-	-	-	-	-
Currency translation differences	(0)	0			
As at December 31 2023	65 330	14 569	622	1 068	81 589
Accumulated depreciation and impairment					
As at 1 January 2022	(34 155)	-	(48)	(1 048)	(35 252)
Depreciation	(4 793)	-	(27)	(17)	(4 837)
Impairment losses	-	-	-	-	-
Depreciation and impairment on disposals	-	-	-	-	-
Transfers	-	-	-	-	-
As at December 31 2022	(38 948)	-	(75)	(1 066)	(40 089)
As at 1 January 2023	(38 948)	-	(75)	(1 066)	(40 089)
Depreciation	(7 976)	-	(158)	(3)	(8 137)
Impairment losses	-	-	-	-	-
Depreciation and impairment on disposals	-	-	-	-	-
Transfers	-	-	-	-	-
As at December 31 2023	(46 924)	-	(233)	(1 069)	(48 226)
Booked value 31 December 2022	17 745	10 111	47	3	27 905
Booked value 31 December 2023	18 406	14 569	388	(0)	33 363

Useful economic lifetime 1-5 years N/A 1-5 years 1-5 years

From November 2021 (after the demerger) ships is mainly periodic maintenance for MS Kong Harald, MS Nordkapp, MS Nord Norge, MS Polarlys, MS Trollfjord and MS Vesterålen.

The ships are owned by other Hurtigruten companies and rented on a bareboat lease contract (see note 6).

Asset under construction in the above table includes expenses for ongoing periodic maintenance of the ships. The expenses are accumulated until the projects are completed, upon which the cost is transferred to the assets and depreciated over its useful economic life.



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IMPAIRMENT ASSESSMENT

Covid-19 was an impairment trigger for the company, management has similar to last year 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 2023. 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 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 has been recognized in the financial statements as per 31 December 2023.

NOTE 4 REMUNERATION

EMPLOYEES

Hurtigruten Coastal AS had no employees in 2023. 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>	2023	2022
Auditor's fee - statutory accounts	119	112
Other assurance services	9	-
Tax consultant services	-	-
Total	128	112



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NOTE 5 OTHER OPERATING COSTS

<i>(in EUR 1,000)</i>	2023	2022
Crew on ships, external	(1 645)	(695)
Crew on ships, intra-group (see note 2)	(61 169)	(56 792)
Other operating cruise costs, external	(20 864)	(30 635)
Other operating cruise costs, intra-group (see note 2)	(36 347)	(35 953)
Sales and administrative costs, external	(58 803)	(60 223)
Sales and administrative costs, intra-group (see note 2)	(35 355)	(29 757)
Total other operating costs	(214 183)	(214 056)

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

Hurtigruten Coastal AS operates 8 ships along the norwegian coast. MS Kong Harald, MS Polarlys, MS Nordkapp, MS Nordnorge and MS Trollfjord is leased from Hurtigruten Coastal Fleet AS. MS Richard With and MS Nordlys is leased from MS Richard With AS and MS Nordlys AS. MS Otto Sverdrup is the 9th ship in the fleet from 17.01.24 and is included in future lease cost estimates.

<i>(in EUR 1000)</i>	2023	2022
Ordinary lease payments	36 932	37 301
Annual lease payments	36 932	37 301

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

	2023	2022
Within 1 year	46 207	36 487
1 to 5 years	182 479	105 986
After 5 years	91 177	100 538
Total	319 863	243 011

NOTE 7 OTHER GAINS AND LOSSES

<i>(In EUR 1,000)</i>	2023	2022
Net gain (loss) on bunker hedge derivatives	-	1
Net gain (loss) on sale of non-current assets	-	-
Net unrealised foreign currency gains (loss) on balance sheet items	193	(3 281)
Net realised foreign currency gains (loss) on balance sheet items	913	-
Total other (losses)/gains	1 107	(3 280)



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NOTE 8 FINANCIAL INCOME AND EXPENSES

<i>(in EUR 1,000)</i>	2023	2022
Financial income		
Gains from investment in subsidiary and associated company	563	
Interest income, group	-	8 876
Foreign exchange gains	41 205	46 157
Other finance income	14	18
Financial Income	41 783	55 050
Financial expenses		
Interest expense	222	107
Interest expense, group	4 958	7 160
Foreign exchange loss	24 982	42 195
Other financial expenses	94	117
Financial expenses	30 256	49 579
Net financial items	11 526	5 471



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NOTE 9 TAX

INCOME TAX EXPENSE

<i>(in EUR 1 000)</i>	2023	2022
Income tax payable, current year	646	-
Income tax payable, adj. from previous years	-	-
Change in deferred tax, current year	-	-
Total income tax expense	646	-
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.

RECONCILIATION OF ANNUAL INCOME TAX

<i>(in EUR 1 000)</i>	2023	2022
Profit/(loss) before tax from operations	(17 137)	(51 192)
Expected income taxes at statutory tax rate in Norway (22 %)	(3 396)	(11 262)
Shipping company tax schemes - NO Tax Act only (+/-)	6 872	11 994
Non-taxable income (-) / Expense (+)	(1 862)	2 023
Gifts, representation and other non-deductable expenses (+)	803	196
Effect from change in tax provisions from previous years	-	-
Other permanent differences (+/-)	(986)	(3 846)
Reduction for valuation allowance	(785)	895
Total income tax expense	646	0

As at 31 December 2023 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>	2023	2022
Receivables		
Trade receivables	19 624	6 544
Trade receivables	19 624	6 544
Intercompany receivables, current (see note 2)	38 522	14 396
Prepaid expenses	2 144	999
Other miscellaneous receivables	836	560
VAT credit	19 617	
Other receivables	61 119	15 955
Trade and other receivables	80 743	22 500
Intercompany receivables, non-current (see note 2)	-	-
Other non-current receivables	669	701
Total other receivables, non-current	669	701
Liabilities		
Trade liabilities	11 373	16 175
Intercompany trade liabilities and other current liabilities (see note 2)	119 925	54 150
Accrued expenses	10 624	11 258
Other current liabilities	24 922	11 233
Trade and other liabilities	166 845	92 816
Liabilities		
Liabilities in cash-pool to group companies	13 319	5 982
Liabilities in cash-pool	13 319	5 982



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NOTE 11 INVESTMENTS IN SUBSIDIARIES

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

(in EUR 1,000)

Company	Share capital	Book value	Total Equity	Net result for the year 2023
Hurtigruten Coastal Fleet AS	7 695	6 154	136 859	10 596

NOTE 12 INVENTORIES

(in EUR 1,000)	2023	2022
Goods purchased for resale	2 052	1 793
Spare parts	-	-
Bunkers and lubrication oil	2 612	2 313
Total inventories	4 664	4 106

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

(in EUR 1,000)	2023	2022
Bank accounts in cash pool	-	-
Cash	-	-
Restricted funds	-	-
Total cash and cash equivalents	-	-

NOTE 14 SHARE CAPITAL AND EQUITY

SHAREHOLDER AS OF 31 DECEMBER 2023

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

All ordinary shares have equal rights.



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EQUITY

<i>(in EUR 1,000)</i>	Share capital	Share premium	Reserve for valuation variations	Retained earnings	Total Equity
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)
Balance at 1 January 2023	16	343 461	(0)	(380 910)	(37 432)
Profit/(loss) for the year				(17 783)	(17 783)
Cash flow hedges attributed directly to equity	-	-	-	42	42
Balance at 31 December 2023	16	343 461	(0)	(398 652)	(55 174)

NOTE 15 FINANCIAL INSTRUMENTS

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.

2023

(in EUR 1,000)

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

2022

(in EUR 1,000)

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



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NOTE 16 GUARANTEES AND COLLATERALIZED ASSETS

BOOK VALUE OF COLLATERIZED ASSETS

<i>(in EUR 1,000)</i>	2023	2022
Book value of collateralized assets:	71 885	42 301
Total	71 885	42 301

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 hold mortgage over vessels MS Richard With and MS Nordlys.

GUARANTEES

Hurtigruten Coastal AS has guaranteed for the repayment of the Senior Secured Facility Agreement (SFA: TLB and TLB1) and the Senior Notes Facility Agreement (NFA) 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.

NOK 12,3 million (EUR 1 million) in nitrogen dioxide tax was recognised in Hurtigruten Coastal's financial statements for 2023 compared to NOK 21.5 million in 2022.



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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 tonnes CO₂ 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 CO₂ equivalents throughout the contract period.

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.

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.



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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

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.

NOTE 20 GOING CONCERN

The company is a wholly-owned subsidiary within the Silk Topco Group. The company's operations, assets and liabilities are closely tied to the groups operational and financial development. The going concern consideration is therefore based on the same arguments and assessments as for Silk Topco Group.

The company is primarily financed through the group's cash-pool arrangement, and its assets are pledged as a part of the group's overall secured obligations. Any future risks or difficulties that Silk Topco Group experiences in fulfilling its commitments will also affect the company.

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



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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.



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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.



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CASH FLOW STATEMENT

<i>(in EUR 1,000)</i>	<i>Note</i>	2023	2022
Cash flows from operating activities			
Profit/(loss) before income tax		(17 137)	(51 192)
Adjustments for:			
Depreciation, amortisation and impairment losses		8 137	4 837
Currency gains/losses		(149)	3 161
Gains/losses on derivatives	15		(1)
Settlement of financial instruments	7		
Net interest	8	1 964	(6 647)
Change in inventories	12	(558)	226
Change in trade receivables	10	(34 118)	3 554
Change in trade payables	10	2 143	5 920
Change in net receivables/payables to Group companies	2,10	23 313	(233 301)
Taxes paid	7		(1 001)
Net cash flows from (used in) operating activities		(16 405)	(274 444)
Cash flows from investing activities			
Purchase of property, plant, equipment (PPE)	3	(13 595)	(27 132)
Purchase of Intangible assets	3		
Sale of property, plant, equipment (PPE)	3		
Dividend received from associated companies			
Change in restricted cash	13		3
Net cash flows from (used in) investing activities		(13 595)	(27 129)
Cash flows from financing activities			
Repayment of borrowings to other group companies	2		254 274
Borrowings from other group companies	2	30 000	49 538
Payment of interest	6		(2 243)
Issuance of new shares (capital increases)	14		
Net cash flows from (used in) financing activities		30 000	301 569
Net change in cash and cash equivalents		0	(4)
Cash and cash equivalents at 1 January		-	4
Cash and cash equivalents at 31 December	13	0	-



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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 2023 were authorized for issue by the Board of Directors 28. June 2024.

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:



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(I) REVENUE FROM SALES OF SERVICES AND TRAVEL

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
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Other:	1-5 years
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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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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 was the first full year where Hurtigruten Coastal AS solely operated as the Hurtigruten Norwegian Coastal Express. In 2023 the group rebranded the business unit Hurtigruten Norway to Hurtigruten as a step towards a complete split of companies.

Hurtigruten

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.

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.

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, farmand-fjord-to-table flavors. It is also about achieving the lowest footprint possible and making sure there is minimal food waste.

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.



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Market development

Hurtigruten 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. 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, 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 Hurtigruten 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.

Earnings and financial position

Income statement

The Company's activity in 2023 was higher than 2022, which still had some lagging effects from Covid-19. 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. While MS Kong Harald underwent hybridization, the eight ship in the fleet MS Trollfjord acted as substitute.

For 2023 total operating revenues for Hurtigruten Coastal AS was EUR 206 million, an increase of 17% from 2022. The increase in revenue is mainly driven by higher occupancy compared to the year before. The start of 2022 was still affected by travel restrictions in some of our markets, making our products less available to potential customers.

Net operating loss in 2023 was EUR 28.7 million compared to a loss of EUR 56.7 million in 2022. The reduction is mainly due to increased revenue streams (29.8 million) with operating costs being stable.

Net financing income was EUR 11.5 million in 2022, versus a loss of EUR 5.5 million in 2022. Net loss for the year 2023 is EUR 17.8 million vs. a net loss of EUR 51.2 million in 2022.

Net Cash flow

Net cash outflow from operating activities amounted to negative EUR 16.4 million in 2023, compared to a negative outflow of EUR 274.4 million in 2022. The outflow this year is mainly driven by an increase in trade receivables.



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Net cash outflow used in investing activities was EUR 13.6 million in 2023 (2022: EUR 27.1 million), 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 30 million in 2023 (2022: EUR 301.6 million), where the inflow in 2023 is explained by a new loan from other group companies.

Balance sheet and liquidity

Total non-current assets as of 31 December 2023 were EUR 40.2 million, consisting primarily of Property, Plant and equipment (EUR 33.4 million).

Total current assets as of 31 December 2023 were EUR 85.4 million (2022: EUR 26.6 million). Cash and cash equivalents in the balance sheet is 0 as Hurtigruten Coastal is member of the Groups cash-pool arrangement. At the end of December 2023 Hurtigruten Coastal AS had zero non-current liabilities, this is the same as in 2022. Current liabilities amounted to EUR 180,8 million as of 31 December 2023 (2022: EUR 98.8 million), consisting primarily of accounts payable and intragroup trade and other liabilities.

The company's total negative equity in 2023 amounted to EUR 55.2 million compared to negative EUR 37.4 million in 2022. The change is explained by the loss of 2023. 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 2023, and financial position at 31 December 2023. 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.

The net loss for the company for 2023 of EUR 17.8 million is proposed to be transferred to other equity (uncovered losses).

Share capital and shareholders

As of 31 December 2023, 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 2023. 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.



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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.

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.



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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.

Environment

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. An on-going program is to convert 3 of 7 ships in the coastal fleet to battery hybrid ships. This will cut CO₂ emissions by 25% and NO_x 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.

In 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.

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 is published on www.hurtigruten.com/group.

Working environment

The company had no employees in 2023. 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.

Going concern

The company is a wholly-owned subsidiary within the Silk Topco Group. The company's operations, assets and liabilities are closely tied to the groups operational and financial development. The going concern consideration is therefore based on the same arguments and assessments as for Silk Topco Group.



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The company is primarily financed through the group's cash-pool arrangement, and its assets are pledged as a part of the group's overall secured obligations. Any future risks or difficulties that Silk Topco Group experiences in fulfilling its commitments will also affect the company.

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.



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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

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 geopolitical risks in both the western and the eastern hemisphere that may 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.

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.

Hedda Felin
Chairman

Oslo, 28. June 2024

Gerry Robert Larsson-Fedde
CEO

Anne Ragnhild Hersleth Sanderud
Board member