



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Hedda Felin
Dato for fastsettelse av årsregnskapet: 29.06.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

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, 01.08.2023



Resultatregnskap

Beløp i: EUR	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Operating Revenues	2	89 060 000	177 653 000
Other revenue	2	14 056 000	22 180 000
Sum inntekter		103 116 000	199 833 000
Kostnader			
Cost of goods sold		5 502 000	9 357 000
Depreciation, amortisation and impairment losses	8	54 105 000	36 147 000
Other operating costs	3,4	263 088 000	250 685 000
Other losses/gains - net	5	-346 000	19 486 000
Sum kostnader		322 349 000	315 675 000
Driftsresultat		-219 234 000	-115 842 000
Finansinntekter og finanskostnader			
Finance income	6	550 000	6 682 000
Sum finansinntekter		550 000	6 682 000
Finance expenses	6	10 845 000	4 025 000
Sum finanskostnader		10 845 000	4 025 000
Netto finans		-10 295 000	2 658 000
Ordinært resultat før skattekostnad		-229 529 000	-113 184 000
Income tax expense	7	988 000	673 000
Ordinært resultat etter skattekostnad		-230 517 000	-113 858 000
Årsresultat		-230 517 000	-113 858 000
Årsresultat etter minoritetsinteresser		-230 517 000	-113 858 000
Overføringer og disponeringer			
Udekket tap		-230 517 000	-113 858 000
Sum overføringer og disponeringer		-230 517 000	-113 858 000



Balanse

Beløp i: EUR	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Intangible assets	8	20 000	307 000
Sum immaterielle eiendeler		20 000	307 000
Varige driftsmidler			
Property, plant and equipment	8	5 591 000	422 000 000
Sum varige driftsmidler		5 591 000	422 000 000
Finansielle anleggsmidler			
Investering i annet foretak i samme konsern	9	757 000	
Lån til foretak i samme konsern	10	251 539 000	8 027 000
Sum finansielle anleggsmidler		252 296 000	8 027 000
Sum anleggsmidler		257 906 000	430 335 000
Omløpsmidler			
Varer			
Inventories	11	4 332 000	6 656 000
Sum varer		4 332 000	6 656 000
Fordringer			
Trade and other receivables	10	75 156 000	48 977 000
Sum fordringer		75 156 000	48 977 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter o.l.	12	7 000	35 389 000
Sum bankinnskudd, kontanter og lignende		7 000	35 389 000
Sum omløpsmidler		79 494 000	91 023 000
SUM EIENDELER		337 400 000	521 358 000

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: EUR	Note	2021	2020
Egenkapital			
Innskutt egenkapital			
Share capital	13	13 000	30 000
Overkurs	13	240 664 000	400 199 000
Sum innskutt egenkapital		240 677 000	400 229 000
Opptjent egenkapital			
Udekket tap	13	329 718 000	99 201 000
Sum opptjent egenkapital		-329 718 000	-99 201 000
Sum egenkapital		-89 040 000	301 029 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Langsiktig konserngjeld	10,15	53 262 000	
Leasing liabilities	10,15, 16		42 097 000
Sum annen langsiktig gjeld		53 262 000	42 097 000
Sum langsiktig gjeld		53 262 000	42 097 000
Kortsiktig gjeld			
Leverandørgjeld	10	10 865 000	2 945 000
Current income tax liabilities	10	1 001 000	706 000
Skyldig offentlige avgifter		4 000	4 000
Kortsiktig konserngjeld	10,15	174 053 000	154 348 000
Liabilites in cash-pool accounts	12	175 196 000	
Trade and other liabilities	10	12 059 000	15 665 000
Derivative financial intruments	14	1 000	4 564 000
Sum kortsiktig gjeld		373 179 000	178 232 000
Sum gjeld		426 441 000	220 329 000
SUM EGENKAPITAL OG GJELD		337 400 000	521 358 000

POSTER UTENOM BALANSEN



Balanse

Beløp i: EUR	Note	2021	2020
Garantistillelser	18	1 241 500 000	1 145 000 000
Pantstillelser	18	319 814 000	512 946 000



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 as at 31 December 2021, 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 2021, 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 laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

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

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Independent Auditor's Report - Hurtigruten Coastal AS



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 legal 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 in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

Oslo, 28 June 2022
PricewaterhouseCoopers AS

Stig Lund
State Authorised Public Accountant

(This document is signed electronically)



 Securely signed with Brevio

Revisjonsberetning

Signers:

Name	Method	Date
Lund, Stig Arild	BANKID	2022-06-28 07:52

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Hurtigruten Coastal AS

Directors report 2021

DIRECTORS' REPORT 2021 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. In addition, Hurtigruten Expedition Cruises AS became the new cruise operator under the Hurtigruten Expeditions brand.

Hurtigruten Norway

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

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

Hurtigruten Norway aims to further develop and strengthen the Hurtigruten Norwegian Coastal Express brand with the ambition to be the iconic travel operator for the Norwegian coast and Arctic region, continuously reinventing sustainable travel experiences. To achieve the ambition the company will focus on a set of strategic ideas:

- Be the capacity leader on the Norwegian coast, and ensure "destination ownership" through its history, its fleet and a range of exclusive partnerships.
- Maximize the authentic experience of the Hurtigruten Norwegian Coastal Express, and continuously improve the guest experience.
- Develop destinations and improve the overall guest journey.
- Consider next generation of coastal vessels, to enable sustainable and profitable sailings.

During the pandemic Hurtigruten Norway has operated between 2 and 7 ships on the scheduled voyages between Bergen and Kirkenes, primarily serving the local communities along the rugged Norwegian Coast with





freight and transport services, which again demonstrates the close connection the service has with the everyday life. In July 2021 the company could finally return all 7 ships to operations.

Market development

Except from the contractual revenue from the Ministry transportation, Hurtigruten Coastal AS' revenues mainly derive from international guests seeking unique nature-based and active experiences around the world. The global cruise and travel industry have substantial exposure to fluctuations in the world economy, which also applies to the Company and the Group as a whole.

From March 2020 and the pandemic restricted travel significantly across the globe with the Hurtigruten Group reducing operations by warm stacking most of its fleet which continued through 2020 and into first half year of 2021. Before the pandemic, adventure tourism was one of – if not the – fastest-growing global tourist trend, and a market in which there is great potential for the unique Hurtigruten Group products. The adventure travel segment does not appear to be age, gender or geography specific. People of all kinds, all over the world, want to explore while travelling.

Hurtigruten Group had experienced a significant growth before the pandemic, and this is expected to continue post the development and roll out of vaccines early in 2021. Hurtigruten Group is of the opinion that this trend will be even stronger post the pandemic as the attractiveness of the remote and off the beaten track destinations will increase. Hurtigruten Group also expects that there is a significant amount of pent-up demand for travelling as a result of the pandemic. While the first quarter in 2021 was affected by the Omicron variant, from May 2022 onwards the bookings are very strong compared to earlier periods before the pandemic which shows that the customer is ready to travel as soon as restrictions are lifted.

Hurtigruten Group will continue its efforts to make real, active and nature-based travel products more easily accessible and on sale earlier, through new channels, to new markets and customer segments. Clearly differentiating Hurtigruten Group's unique and authentic product in the global cruise and tourism market will be essential. Hurtigruten Group are already experiencing results from these efforts through strong growth in brand recognition and future bookings in UK, US and Australia which are markets where Hurtigruten Group brands have historically had lower relative market penetration compared to the Nordics and Germany.

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

Earnings and financial position

On 1 January 2020, Hurtigruten Coastal AS changed its functional currency from Norwegian kroner (NOK) to EURO (EUR), with prospective effects. The change is made to reflect that EUR is now the predominant currency in the company, accounting for a significant amount of the net cash flow.





Hurtigruten Coastal AS

Directors report 2021

Income statement

The company's financial performance in 2021 and 2020 has been severely impacted by the Covid-19 pandemic. Before the pandemic hit, the financial performance was strong, and Hurtigruten Coastal AS entered 2020 with good prospects.

For 2021 total operating revenues for Hurtigruten Coastal AS was EUR 103 million, a decrease of 48% from 2020. The decrease in revenue is driven by the impact from the Covid-19 pandemic on operations. The company's main revenue stream is driven by international travel, which were negatively impacted by both the Delta and the Omicron wave of Covid-19 in 2021. As a result of the decline in revenues, Hurtigruten Group applied for a cash compensation scheme from the Norwegian Government Business Compensation Scheme, where EUR 14 million was recognized in revenue in Hurtigruten Coastal AS for 2021 (EUR 22.2 million in 2020).

Net operating loss in 2021 was EUR 219.2 million compared to a loss of EUR 115.8 million in 2020. The reduction is mainly due to reduction in operating revenue.

Net financing expenses was EUR 10.3 million in 2021, versus an income of EUR 2.7 million in 2020 where the main reason for the substantial change is due to net foreign exchange losses in 2021. Net loss for the year 2021 is EUR 230.5 million vs. a net loss of EUR 113.9 million in 2020.

Net Cash flow

Net cash flow outflow from operating activities amounted to negative EUR 10.7 million in 2021, compared to a positive inflow of EUR 59.6 million in 2020. The change is mainly explained by decreased operating revenue.

Net cash outflow used in investing activities was EUR 23 million in 2021 (2020: 67.2), where the cash outflow in both years are mainly due to upgrades and periodic maintenance on the current fleet.

Net cash outflow from financing activities amounted to EUR 1.7 million in 2021 (2020: EUR 11.2), where the outflow in both years is due to repayments of loans from other group companies.

Balance sheet and liquidity

Total non-current assets as of 31 December 2021, were EUR 257.9 million, consisting primarily of long term intercompany receivables from Hurtigruten Expedition Fleet AS and Hurtigruten Coastal Fleet AS. The intercompany receivables were incurred by the demerger of the company in November 2021, where Hurtigruten Coastal's ships were transferred to Hurtigruten Coastal Fleet AS and Hurtigruten Expedition Fleet AS. Hurtigruten Coastal's total non-current assets in 2020 was EUR 430.3 million, consisting primarily of ships.

Total current assets as of 31 December 2021 were EUR 79.5 million (2020: EUR 91 million). Cash and cash equivalents amounted to EUR 7 thousand compared to EUR 35.4 million in 2020. Hurtigruten Coastal AS had at the end of December 2021 total non-current liabilities at EUR 53.3 million (2020: EUR 42.1 million), consisting of intercompany debt to Hurtigruten Expedition Cruises AS incurred during the demerger in November 2021. Current liabilities amounted to EUR 373.2 million as of 31 December 2021 (2020: EUR 178.2 million), consisting primarily of liabilities in Cash-pool and intragroup trade and other liabilities. Current liabilities include current income tax (EUR 1 million) and derivatives for cash-flow hedges (EUR 1 thousand).

The company's total negative equity in 2021 amounted to EUR 89 million compared to positive EUR 301 million in 2020. The Board of Directors will consider making adequate measures to ensure 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 2021, and financial position at 31 December 2021. 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.





Hurtigruten Coastal AS

Directors report 2021

The net loss for the company for 2021 of EUR 230.5 million is proposed to be transferred to other equity (uncovered losses).

Share capital and shareholders

As of 31 December 2021, Hurtigruten Coastal AS had one shareholder and a total paid in equity of EUR 240.7 million spread over 30 shares with a nominal value of EUR 446 (NOK 4000) each and a share premium of EUR 240.7 million.

Key risk and uncertainties

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

Financial risk factors

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

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

Currency risk

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

Interest rate risk

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

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

Credit risk

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

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





Hurtigruten Coastal AS

Directors report 2021

Liquidity risk

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

The Company's asset management

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

Research and development activities

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

Directors and Officers Liability Insurance

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

Responsible operations

The Company is engaged in cruise operations that involve significant emissions of greenhouse gases through fuel consumption. The Hurtigruten Group works continuously to reduce greenhouse gas emissions to minimize the impact on the external environment. The Group's fleet consists of, among other things, the world's two first hybrid-powered expedition ships. Hurtigruten Group will in 2022 commit to Science Based Targets with the goal of limiting global warming to 1.5 degrees Celsius compared to pre-industrial levels. This means that Hurtigruten Group will be emission free by 2050 and will commit to aggressive emission reductions over the next 28 years in accordance with the SBTi framework. The Group also want to further push our organization towards a greener and more sustainable future, and target carbon neutral operations by 2040.

For us carbon neutral means to have a neutral impact on the environment, meaning to remove the same amount of CO₂ emissions as we put into the atmosphere. Carbon free propulsion alternatives are neither commercially nor technically feasible at this point, and while we get one step closer day-by-day, we cannot sit idle and wait for the technology to be in place. We are working closely with industry partners and regulators to drive change and move boundaries while we utilize the best solutions available already today. We are also in active discussions with stakeholders about potential pilot solutions, to test the next generation of green propulsion technology. To us, it is important that we minimize our environmental footprint as we want to build the greenest fleet of vessels in the industry.

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





Hurtigruten Coastal AS

Directors report 2021

Working environment

The company had no employees in 2021. 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.





Hurtigruten Coastal AS

Directors report 2021

Outlook

Before the Covid-19 pandemic broke out in 2020 Hurtigruten Group experienced a strong growth in demand through 2018 and 2019 and into 2020 and as a result is the leading expedition cruise company in the world.

Up to the date of this report, travel restrictions have been fully removed or are in the process of being removed across all key source markets and destinations which gives a strong and positive outlook for Hurtigruten Group in 2022 and onwards.

Bookings for 2022 and 2023 continued to develop positively throughout the year, even if first quarter of 2022 will still be impacted by the pandemic. By the end of Q1 2022, bookings for the 12-month period from April 2022 to March 2023 were 3.9% higher compared to the same 12-month period, pre-pandemic, reflecting the resurgence of desire and demand for travel. Seven out of seven of Hurtigruten Norway's vessels have been in operation since the third quarter of 2021.

The strong bookings from the second quarter 2022 and onwards, combined with the full rampup of the fleet in both Hurtigruten Norway and Hurtigruten Expeditions and the higher yields across all business units, will support a rapid financial recovery following the pandemic. Based on the current outlook, the financial performance is expected to be back to pre-pandemic levels from the second quarter of 2022.

As the Group continues to recover its financial performance, the ultimate shareholders of the company have confirmed that they remain supportive and have indicated that they would be willing to consider providing additional liquidity, if necessary. The ultimate shareholders commitment to Hurtigruten Group was evident with the EUR 75 million subordinated shareholder loan facility provided in September 2021.

Oslo, 28 June 2022

Hedda Felin
Chairman

Torleif Ernstsen
Deputy Chairman

Tove Hansen
Director

Jørn Henning Lorentzen
Director

Martin Karset
Director

Gerry Robert Larsson-Fedde
CEO





Hurtigruten Coastal AS

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Hurtigruten Coastal AS

Annual Financial Statements 2021

STATEMENT OF PROFIT AND LOSS

<i>(in EUR 1,000)</i>	<i>Note</i>	2021	2020
Operating revenues	2	89 060	177 653
Other revenues	2	14 056	22 180
Cost of goods sold		(5 502)	(9 357)
Depreciation, amortisation and impairment losses	8	(54 105)	(36 147)
Other operating costs	3,4	(263 088)	(250 685)
Other (losses) / gains – net	5	346	(19 486)
Operating profit/(loss)		(219 234)	(115 842)
Finance income	6	550	6 682
Finance expenses	6	(10 845)	(4 025)
Finance expenses - net		(10 295)	2 658
Profit/(loss) before income tax		(229 529)	(113 184)
Income tax expense	7	(988)	(673)
Profit/(loss) for the year		(230 517)	(113 858)
Dividend		-	-
Retained earnings/(uncovered losses)		230 517	113 858





Hurtigruten Coastal AS

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STATEMENT OF FINANCIAL POSITION

<i>(in EUR 1,000)</i>	<i>Note</i>	2021	2020
ASSETS			
Non-current assets			
Property, plant and equipment	8	5 591	422 000
Intangible assets	8	20	307
Other non-current receivables	10	251 539	8 027
Investment in subsidiaries	9	757	-
Total non-current assets		257 906	430 335
Current assets			
Inventories	11	4 332	6 656
Trade and other receivables	10	75 156	48 977
Derivative financial instruments	14	-	-
Cash and cash equivalents	12	7	35 389
Total current assets		79 494	91 023
Total assets		337 400	521 358





Hurtigruten Coastal AS

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<i>(in EUR 1,000)</i>	<i>Note</i>	2021	2020
EQUITY			
Share capital		13	30
Share premium		240 664	400 199
Reserve for valuation variations		-	-
Retained earnings		(329 718)	(99 201)
Total equity	13	(89 040)	301 029
LIABILITIES			
Non-current liabilities			
Leasing liabilities	16	-	42 097
Other long term liabilities		53 262	-
Total non-current liabilities		53 262	42 097
Current liabilities			
Trade and other liabilities	10	196 980	172 962
Liabilities cash-pool accounts	12	175 196	-
Current income tax liabilities	7	1 001	706
Derivative financial instruments	14	1	4 564
Total current liabilities		373 179	178 232
Total equity and liabilities		337 400	521 358

Oslo, 28.06.2022

Hedda Felin
Chairman

Torleif Ernsten
Deputy Chairman

Tove Hansen
Director

Jørn Henning Lorentzen
Director

Gerry Robert Larson-Fedde
CEO

Martin Karset
Director





Hurtigruten Coastal AS

Annual Financial Statements 2021

CASH FLOW STATEMENT

<i>(in EUR 1,000)</i>	<i>Note</i>	2021	2020
Cash flows from operating activities			
Profit/(loss) before income tax		(229 529)	(113 185)
Depreciation, amortisation and impairment losses		54 105	36 147
Currency gains/losses		2 732	1 856
Gains/losses on derivatives	14	1	15 850
Settlement of financial instruments	5	(4 564)	(10 850)
Interest expense	6	3 650	3 631
Change in inventories	11	(3 094)	1 845
Change in trade receivables	10	(1 758)	4 700
Change in trade payables	10	20 131	(30 518)
Change in net receivables/payables to Group companies	15	148 283	150 325
Other changes			
Taxes paid	7	(693)	(122)
Net cash flows from (used in) operating activities		(10 736)	59 681
Cash flows from investing activities			
Purchase of property, plant, equipment (PPE)	8	(22 039)	(66 907)
Purchase of Intangible assets	8	(298)	(243)
Sale of property, plant, equipment (PPE)	8	131	
Purchase of shares		(757)	
Change in restricted cash	12	-	(3)
Net cash flows from (used in) investing activities		(22 963)	(67 153)
Cash flows from financing activities			
Net borrowings to/from other Group companies	15	(2 440)	(11 191)
Issuance of new shares (capital increases)	13	756	
Net cash flows from (used in) financing activities		(1 683)	(11 191)
Net change in cash and cash equivalents		(35 382)	(18 664)
Cash and cash equivalents at 1 January		35 386	54 050
Cash and cash equivalents at 31 December	12	4	35 386





NOTES TO THE ANNUAL FINANCIAL STATEMENTS

NOTE 1 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 2021 were authorized for issue by the Board of Directors 28.06.2022.

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.

INTRA-GROUP BUSINESS TRANSACTION IN CONNECTION WITH REORGANIZATION OF BUSINESS UNITS

On 1 November 2021 Hurtigruten Coastal AS assets were subject to a demerger for optimizations of the groups business units Hurtigruten Norway and Hurtigruten Expeditions. During the merger all assets related to Hurtigruten Coastal's Expedition unit were transferred to Hurtigruten Expeditions Cruises AS and Hurtigruten Expedition Fleet AS, while fixed assets related to Hurtigruten Norway were transferred to Hurtigruten Coastal Fleet. The transaction was measured at book value at the time of transfer.

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.

On 1 January 2020, Hurtigruten Coastal AS changed its functional currency from Norwegian kroner (NOK) to euro (EUR), with prospective effects. The change is made to reflect that EUR is now the predominant currency in the Company, accounting for a significant amount of the net cash flow.

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 realized may deviate from these estimates.

B) FOREIGN CURRENCY TRANSLATION

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.





Hurtigruten Coastal AS

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

D) REVENUE RECOGNITION

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

Revenue is recognised in the income statement as follows:

(I) REVENUE FROM SALES OF SERVICES AND TRAVEL

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.

(IV) GOVERNMENT GRANTS

Hurtigruten Coastal AS has in connection with the Government COVID-19 relief package, received grants to compensate for the reduction in revenues during 2021. The grant is recognized when there is reasonable assurance that 1) the entity will comply with the conditions, and 2) that the grant will be received. The grant is recognized as other revenue over the same periods in which the reduction in operating revenue is occurring.





Hurtigruten Coastal AS

Annual Financial Statements 2021

E) PROPERTY, PLANT AND EQUIPMENT

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

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

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

Expected useful life is:

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

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

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

F) INTANGIBLE ASSETS

Intangible assets consist mainly of development costs for computer systems recognised in the balance sheet at cost, if the criteria for recognition in the balance sheet are met. Expenses recognised in the balance sheet as custom developed computer systems largely comprise payroll costs and hired-in consultants in connection with the development.

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

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

Intangible assets are considered to have a limited life span and are amortised over their expected useful life. Assessments are made at the end of each accounting period to find any indications of impairment of intangible assets. If there are indications of impairment, the intangible asset's recoverable amount is estimated and compared to its carrying amount. In the event that the carrying amount is above the recoverable amount, the





Hurtigruten Coastal AS

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intangible asset is written down to its recoverable amount. Other development expenditures that do not meet the criteria for recognition in the balance sheet are expensed as they are incurred.

G) DERIVATIVES AND HEDGING

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

Derivatives that are not used as a hedging instrument, are measured at the lower of cost and fair value.

H) 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.

I) 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.

J) CASH AND CASH EQUIVALENTS

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

K) 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.

L) 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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M) 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 2 REVENUES

REVENUE BY CATEGORY

<i>(in EUR 1,000)</i>	2021	2020
Ticket revenue	6 292	65 940
Presold food and beverages	2 357	19 377
Onboard sales of food and beverages	5 337	7 133
Other passenger revenue	1 196	1 864
Cargo-freight revenue	2 580	1 686
Contractual revenues	71 715	79 162
Other operating revenue	(416)	2 492
Total operating revenues	89 060	177 653
<i>Of which is intragroup (see note 15):</i>	8 384	86 339
Government grant compensation scheme (Covid-19)	14 056	22 180
Total other revenues	14 056	22 180

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

Other revenue in 2021 includes the Government grant for Covid-19 relief given for the period January to June 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>	2021	2020
Norway	89 060	177 653
	89 060	177 653





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NOTE 3 REMUNERATION

REMUNERATION TO BOARD OF DIRECTORS AND MANAGEMENT

BOARD OF DIRECTORS

The employee elected Directors (in 2021: Tove Hansen and Jørn Henning Lorentzen) received an annual fee of 136.500 NOK in compensation. The remainder of the board does not receive any compensation for their role other than normal wage and bonuses connected to their day to day role and responsibility in Hurtigruten.

COMPENSATION TO EXECUTIVE MANAGEMENT

Executive management is employed in Hurtigruten Pluss AS, and receive their compensation from Hurtigruten Pluss 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>	2021	2020
Auditor's fee - statutory accounts	96	88
Other assurance services	-	-
Tac consultant services	-	-
Total	96	88

NOTE 4 OTHER OPERATING COSTS

<i>(in EUR 1,000)</i>	2021	2020
Crew on ships, external	(15 652)	(9 244)
Crew on ships, intra-group (see note 15)	(55 439)	(48 055)
Other operating cruise costs, external	(18 707)	(32 987)
Other operating cruise costs, intra-group (see note 15)	(58 991)	(55 813)
Sales and administrative costs, external	(60 337)	(49 988)
Sales and administrative costs, intra-group (see note 15)	(53 962)	(54 599)
Total other operating costs	(263 088)	(250 685)

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 16 for lease commitments).

NOTE 5 OTHER GAINS AND LOSSES

<i>(in EUR 1,000)</i>	2021	2020
Net gain (loss) on bunker hedge derivatives	3 203	(15 850)
Net gain (loss) on sale of non-current assets	(0)	(42)
Net unrealised foreign currency gains (loss) on balance sheet items	(2 857)	(3 594)
Total other (losses)/gains	346	(19 486)

Net gain/(loss) on bunker hedge derivatives in 2020 includes EUR 8.5 million in losses reclassified from equity due to discontinuation of hedge accounting.

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NOTE 6 FINANCIAL INCOME AND EXPENSES

<i>(in EUR 1,000)</i>	2021	2020
Financial income		
Other financial income Group	268	393
Foreign exchange gains	281	6 289
Financial Income	550	6 682
Financial expenses		
Interest expense	1 648	1 262
Interest expense, group	2 159	2 678
Foreign exchange loss	6 927	-
Other financial expenses	112	85
Financial expenses	10 845	4 025
Net financial items	(10 295)	2 658

NOTE 7 TAX

INCOME TAX EXPENSE

<i>(in EUR 1 000)</i>	2021	2020
Income tax payable, current year	991	679
Income tax payable, adj. from previous years	(2)	(62)
Change in deferred tax, current year	-	57
Total income tax expense	988	673
Tonnage tax payable related to the shipping company tax schemes	9	12

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>	2021	2020
Profit/(loss) before tax from operations	(229 529)	(113 184)
Expected income taxes at statutory tax rate in Norway (22 %)	(50 496)	(24 901)
Shipping company tax schemes - NO Tax Act only (+/-)	47 170	24 798
Non-taxable income (-)	(2 494)	(1 578)
Gifts, representation and other non-deductable expenses (+)	744	811
Effect from change in tax provisions from previous years	(2)	(62)
Other permanent differences (+/-)	6 067	1 605
Total income tax expense	988	673

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Hurtigruten Coastal AS

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As at 31 December 2021 the company does not have any tax loss carryforward, temporary differences or any other items causing deferred tax assets or liabilities.

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 .





Hurtigruten Coastal AS

Annual Financial Statements 2021

NOTE 8 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 2020	658 204	60 866	113	1 486	720 669
Additions	20 996	47 732	134	243	69 105
Transfers	69 526	(52 841)	-	(321)	16 363
Currency translation differences	-	-	-	-	-
As at December 31 2020	748 726	55 756	247	1 409	806 138
As at January 1 2021	748 726	55 756	247	1 409	806 138
Additions	13 229	8 660	149	298	22 337
Disposals	(12 636)	-	-	-	(12 636)
Sales to group companies	(709 940)	(64 088)	(310)	(639)	(774 976)
Currency translation differences	(0)	0	-	-	-
As at December 31 2021	39 379	329	87	1 068	40 862
Accumulated depreciation and impairment					
As at 1 January 2020	(328 088)	-	(31)	(1 297)	(329 416)
Depreciation	(33 778)	-	(68)	(90)	(33 936)
Impairment losses	(2 211)	-	-	-	(2 211)
Transfers	(18 553)	-	-	284	(18 269)
As at December 2020	(382 629)	-	(99)	(1 103)	(383 832)
As at 1 January 2021	(382 629)	-	(99)	(1 103)	(383 832)
Depreciation	(28 627)	-	(76)	(99)	(28 803)
Impairment losses	(25 303)	-	-	-	(25 303)
Depreciation and impairment on disposals	10 498	-	-	-	10 498
Transfers	391 906	-	128	153	392 187
As at December 31 2021	(34 155)	-	(48)	(1 048)	(35 251)
Booked value 31 December 2020	366 096	55 756	148	307	422 307
Booked value 31 December 2021	5 224	329	38	20	5 611

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

At 31 December 2020, ships included the Hurtigruten ships MS Lofoten, MS Fram, MS Kong Harald, MS Maud, MS Nordkapp, MS Nordnorge, MS Otto Sverdrup, MS Polarlys, MS Trollfjord and MS Vesterålen. In addition, the ship MS Spitsbergen is leased from a group company, Explorer I AS, on a financial lease contract, and its financial lease value is included in the above items. See note 16 for lease overview.

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 MS Trollfjord, MS Richard With and MS Nordlys is owned by other Hurtigruten companies and rented on a bareboat lease contract (see note 16).





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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.

IMPAIRMENT ASSESSMENT

From the latter part of March 2020 and through 2021, Hurtigruten Group has seen impact from the global spread of Covid-19 on the performance, as mobility restrictions and lockdown measures were implemented throughout the world. Thus, the COVID-19 pandemic has created challenging business environment for the Group, and an unprecedented uncertainty of potential negative impact on the financial performance. For the Company, these events are impairment triggers, and as such, as of year-end 2021, management has assessed the carrying values of the entire Groups assets for impairment. The value in use has been estimated for the ships on a cash generating unit level and has been calculated based on the present value of estimated future cash flows. The projected cash flows represent managements best estimate for future ramp-up in operations after the COVID-19 effects on the travel industry.

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

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

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

As of 31 December 2021, 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 2021.

NOTE 9 INVESTMENTS IN SUBSIDIARIES

Company	Acquired	Registered office	Ownership/ voting share
Hurtigruten Coastal Fleet AS	03.12.2021	Storgata 70, Tromsø	3 %

<i>(in EUR 1,000)</i>				Net result for the year 2021
Company	Share capital	Book value	Total Equity	
Hurtigruten Coastal Fleet AS	4 832	756 550	44 592 037	537 548





Hurtigruten Coastal AS

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NOTE 10 RECEIVABLES AND LIABILITIES

<i>(in EUR 1,000)</i>	2021	2020
Receivables		
Trade receivables	7 946	8 715
Trade receivables	7 946	8 715
Intercompany receivables, current (see note 15)	63 499	39 080
Prepaid expenses	3 190	1 110
Other miscellaneous receivables	520	72
Other receivables	67 210	40 262
Trade and other receivables	75 156	48 977
Intercompany receivables, non-current (see note 15)	250 816	8 013
Other non-current receivables	723	15
Total other receivables, non-current	251 539	8 027
Liabilities		
Trade liabilities	10 865	2 945
Intercompany trade liabilities (see note 15)	174 053	154 348
Accrued expenses	5 783	8 772
Other current liabilities	6 280	6 897
Trade and other liabilities	196 980	172 962
Liabilities		
Liabilities in cash-pool to group companies	175 196	-
Liabilities in cash-pool	175 196	-
Long term liabilities		
Other long term liabilities to group (See note 15)	53 262	-
Leasing liabilities from Group companies (See note 15 and 16)	-	42 097
Total long term liabilities (more than five years maturity)	53 262	42 097

NOTE 11 INVENTORIES

<i>(in EUR 1,000)</i>	2021	2020
Goods purchased for resale	1 877	3 991
Spare parts	493	494
Bunkers and lubrication oil	1 961	2 171
Total inventories	4 332	6 656





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NOTE 12 CASH AND CASH EQUIVALENTS

<i>(in EUR 1,000)</i>	2021	2020
Bank accounts in cash pool	-	35 387
Restricted funds	3	3
Total cash and cash equivalents	3	35 389

NOTE 13 SHARE CAPITAL AND EQUITY

SHAREHOLDER AS OF 31 DECEMBER 2021

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

All ordinary shares have equal rights.

EQUITY

<i>(in EUR 1,000)</i>	Share capital	Share premium	Reserve for valuation variations	Retained earnings	Total Equity
Balance at 1 January 2020	30	400 198	(2 483)	14 657	412 403
Profit/(loss) for the year				(113 858)	(113 858)
Cash flow hedges attributed directly to equity	-	-	2 483	-	2 483
Balance at 31 December 2020	30	400 198	(0)	(99 201)	301 029
Balance at 1 January 2021	30	400 198	(0)	(99 201)	301 029
Profit/(loss) for the year				(230 517)	(230 517)
Cash flow hedges attributed directly to equity	-	-	-	-	-
Demerger by division of company 15.11.2021	(5)	-	-	-	(5)
Demerger by division of company 25.11.2021	(14)	(160 290)	-	-	(160 304)
New share issue 03.12.2021	1	755	-	-	757
Balance at 31 December 2021	13	240 664	(0)	(329 718)	(89 040)

NOTE 14 FINANCIAL INSTRUMENTS

In 2018, Hurtigruten Group decided to designate a hedging relationship between bunker oil hedging instruments and the forecasted bunker oil purchases. The Group entered into 6 commodity forward swaps with Goldman Sachs and DnB Markets. These contracts have different strike prices (from 634 to 747 \$/MT) and different expiry dates through the years 2019-2021. In January 2022 Hurtigruten Group has entered a new derivatives contract to hedge a portion of the Groups forecasted fuel consumption, approximately 49% for 2022 and 15% for 2023.





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The derivatives are recognized at transaction costs less any impairment value. Up until 2020, the changes in fair value was recognized in equity. In 2020, the hedge accounting was discontinued due to the Covid-19 pandemic effect on operations. Accumulated changes in fair value in equity was reclassified to profit and loss as impairment loss, and subsequent changes in fair value in 2020 is recognized as impairment loss in profit and loss.

2021

(in EUR 1,000)

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

2020

(in EUR 1,000)

	Assets	Liabilities
Classification of derivatives		
Forward bunker oil contracts	-	4 564
Total fair value of derivatives	-	4 564
Short term	-	4 564
Long term	-	-

The derivatives that will mature within the next 12 months are classified as short term, while the derivatives maturing after 12 months are classified as 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 15 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>	2021	2020
Sale of goods and services to Group companies		
Hurtigruten Global Sales AS	8 384	86 339
Total Sale of goods and services to Group companies	8 384	86 339
Purchase of goods and services from Group companies		
Coastal Holding AS	-	-
Silk Topco AS	-	-
Hurtigruten Global Sales AS	1 148	1 113
Hurtigruten Global Services AS	53 962	53 486
Hurtigruten Sjø AS	55 439	48 055
Explorer II AS	41 712	44 833
MS Richard With AS	5 475	5 490
MS Nordlys AS	5 475	5 490
Hurtigruten Coastal Fleet AS	2 143	-
Hurtigruten Expedition Fleet AS	1 076	-
Hurtigruten Expediton Technical Services GmbH	1 961	-
Total Purchase of goods and services from Group companies	168 392	158 467





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INTRAGROUP BALANCES

<i>(in EUR 1,000)</i>	2021	2020
Non-current receivables from Group companies		
Silk Topco AS	274	4 560
MS Richard With AS	5 300	2 029
MS Nordlys AS	1 497	1 424
Hurtigruten Expedition Fleet AS	148 512	-
Hurtigruten Coastal Fleet AS	95 226	-
Hurtigruten Expedition Cruises AS	7	-
Total non-current receivables from Group companies	250 816	8 013
Trade and other current receivables from Group companies		
Hurtigruten Global Sales AS	4 095	16 292
Hurtigruten Global Services AS	37 794	22 779
Explorer II AS	8	8
Hurtigruten Expedition Cruises AS	17 787	-
Hurtigruten Coastal Fleet AS	243	-
Hurtigruten Expedition Fleet AS	2 300	-
Hurtigruten Sjø AS	1 216	-
Total trade and other current receivables from Group companies	63 443	39 080
Other non-current liabilities to Group companies		
Explorer I AS (see note 15)	-	42 097
Hurtigruten Expedition Cruises	53 262	-
Total non-current liabilities to Group companies	53 262	42 097
Trade payables and other current payables to Group companies		
Hurtigruten Global Sales AS	63 044	17 167
Hurtigruten Global Services AS	4 176	27 506
Hurtigruten Sjø AS	95	55 625
Explorer II AS	100 074	54 044
Hurtigruten Coastal Fleet AS	2 143	-
Hurtigruten Expedition Fleet AS	1 076	-
Hurtigruten Expedition Cruises AS	3 436	-
Hurtigruten Svalbard AS	8	5
Total trade payables and other current payables to Group companies	174 053	154 348
Liabilities in Cash-pool		
Liabilities to Group companies in cash-pool	175 196	-
Total liabilities to Group companies in cash-pool	175 196	-





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NOTE 16 LEASES

FINANCIAL LEASE AGREEMENTS

The financial lease agreement on MS Spitsbergen was transferred to Hurtigruten Expedition Cruises during the demerger of the company in 2021.

<i>(in EUR 1000)</i>	2021	2020
Aquisition cost financial lease asset	-	67 292
Accumulated depreciations 1 January	-	(15 268)
Current year depreciation	-	(4 683)
Carrying value 31 December	-	47 341

OVERVIEW OF FUTURE MINIMUM LEASE

Within 1 year	-
1 to 5 years	-
After 5 years	-
Future minimum lease:	-

OPERATING LEASE AGREEMENTS

As a result of the demerger of the company MS Polarlys, MS Vesterålen, MS Nord Norge and MS Kong Harald were transferred to Hurtigruten Coastal Fleet. MS Trollfjord was transferred to Hurtigruten Expedition Fleet AS. Hurtigruten Coastal is currently leasing the ships back, in addition to MS Nordlys and MS Richard which is owned by MS Richard AS and MS Nordlys AS. The lease agreement on MS Fridtjof Nansen and MS Roald Amundsen was transferred to Hurtigruten Expedition Cruises AS.

<i>(in EUR 1000)</i>	2021	2020
Ordinary lease payments	58 601	62 693
Annual lease payments	58 601	62 693

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

	2021	2020
Within 1 year	37 251	62 693
1 to 5 years	114 936	208 977
After 5 years	136 490	47 450
Total	288 677	319 120





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NOTE 17 CONTINGENCIES

MEMBERSHIP OF THE NOX FUND

Hurtigruten Global Sales AS is a 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^d February 2018. The fund reported in their year-end report for 2020 that the targets for 2020-2021 is likely to be met, mainly because of low activity in 2020.

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 25.9 million (EUR 2.6 million) in nitrogen dioxide tax was recognised in financial statements for 2021 compared to NOK 21.7 million in 2020.

CO₂ EMISSIONS – COASTAL SERVICE AGREEMENT WITH THE MINISTRY OF TRANSPORTATION

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

LEGAL ITEMS

Hurtigruten Coastal has received notice of litigation from an LNG supplier concerning a claim for contract compensation of approximately EUR 34 million. The company has considered the claim together with external legal counsel and is of the clear view that the notified claim is unfounded and does not represent a material risk exposure to the company. No provisions have been made in the financial statements as of 31 December 2021.





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NOTE 18 GUARANTEES AND COLLATERALIZED ASSETS

BOOK VALUE OF COLLATERIALIZED ASSETS

<i>(in EUR 1,000)</i>	2021	2020
Book value of collateralized assets:	319 814	512 946
Ships	5 548	421 749
Intercompany receivables	63 443	39 080
Intercompany loans	250 816	8 013
Trade receivables	-	8 715
Cash	7	35 389
Total	319 814	512 946

The Term loan B/Term Loan C/Term loan D and RCF of EUR 891,5 million in the parent company Hurtigruten Group AS, is secured with pledge of shares in Hurtigruten Coastal AS, including intercompany receivables, cash and cash equivalents and ship mortgage over MS Nordkapp, MS Nord Norge, MS Polarlys and MS Kong Harald.

GUARANTEES

Hurtigruten Coastal AS has guaranteed for the repayment of Term loan B, Term Loan C, Term loan D and RCF of EUR 891,5 million drawn in the parent company Hurtigruten Group AS.

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

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

NOTE 19 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,





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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. Given the current situation with the Covid-19 pandemic effect on operations, management has suspended any further fuel hedging until operations resume as normal, but still has price risk for the derivatives that were entered into before the hedging program were discontinued.

C) CASH FLOW AND FAIR-VALUE INTEREST RATE RISK

The Company's interest rate risk is associated with current and non-current borrowings. Loans subject to a variable interest rate present a risk to the Company's overall cash flow. Fixed interest rates expose the Company to fair-value interest rate risk. The Company has no specific hedging strategy to reduce variable interest rate risk.

D) INTEREST RISK

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

CREDIT RISK

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

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

LIQUIDITY RISK

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.





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NOTE 20 EVENTS AFTER THE BALANCE SHEET DATE

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

