HURTIGRUTEN GROUP

2022 Annual report

MS Richard With in Raftsundet, Nordland, Norway
© Trym Ivar Bergsmo

A message from the CEO

While the last few years have been incredibly challenging for the travel industry, and we continue to feel an impact from the increasing inflation, geopolitical unrest, and the increase in cost of living, 2022 saw some exciting milestones for the Group and we feel confident that the worst is behind us.

Our guests are travelling again, and they are eagerly returning to take on their next adventure if it is on the Galapagos, Antarctica, Greenland, South America or along the Norwegian Coast.

As we continued to transition out of the Covid pandemic most travel restrictions and testing regimes around the world was lifted by end of 2022. Hurtigruten Group has been conducting full-fleet operations in Hurtigruten Expeditions and Hurtigruten Norway since Q3 2022. 2022 also brought an important step in our strategic growth ambitions when, in January 2022 MS Santa Cruz II started her sailings for Hurtigruten Expeditions in Galapagos. This is followed by further expansion of Galapagos itineraries and capacity in 2023 through our strategic partner, Metropolitan Touring, one of South America's leading travel companies and pioneers in the Galapagos Islands.

Positive development

While previous years were severely affected by Covid-19 and geopolitical unrest, bookings for 2022 and 2023 as well as 2024 continued to develop positively throughout the year. By 24 April 2023, bookings for 2023 are 24% higher compared to same time last year and 14% higher than 2019 at 24 April 2019. The desire and demand for travel are supporting a strong financial recovery for the Group.

With the successful separation of operations in Hurtigruten Expeditions, Hurtigruten Norway and Hurtigruten Destinations, we began to see the anticipated positive development as dedicated focus to each of our core businesses came to life in their unique offerings and ambitions. Hurtigruten Norway launched a new, iconic experience along the Norwegian coast with its Svalbard Express and North Cape Express itineraries and Hurtigruten Expeditions departed Iceland for a highly successful Greenland season, completed its second full transit of the Northwest Passage and marked its 20th anniversary for Antarctic exploration. These milestones are helping build our ecosystem and fulfil our vision to be the undisputed leader in sustainable, adventure travel.

Global Distribution

Throughout this year, we continued to further develop our global distribution and digital capabilities out of the HQ2 in London, strengthening our global reach and enabling us to attract the best global digital and commercial talent – while making us the only adventure travel and expedition cruise company with a true global distribution footprint.

Daniel Skjeldam
Chief Executive Officer, Hurtigruten Group

Sustainable travel with an environmental footprint

At Hurtigruten Group, we continue to push boundaries as leaders in our industry. This is never truer than our leadership and commitment to defining and delivering sustainable travel with an environmental footprint we can be proud of. In 2022 we produced our first, Environmental, Social and Governance report and called on the travel industry for more transparency. The report offers an in-depth review of Hurtigruten Group's path towards sustainable travel in the future. Among the highlights are Hurtigruten Norway's intention to launch the first zero emission ship on the Norwegian coast by 2030, have fully carbon neutral operations by 2040 and becoming emission free by 2050. We reinforced our commitment to these goals with the launch of our first hybrid powered ship, MS Richard With, part of a one hundred million Euros investment green upgrades that will be implemented by early 2024.

The positive development that we had in 2022 has laid the foundation for what will become a record-breaking 2023. I want to thank our employees, our partners and all our stakeholders for supporting in our journey for Hurtigruten Expeditions, Hurtigruten Norway and Hurtigruten Svalbard.

Daniel Skjeldam
Chief Executive Officer, Hurtigruten Group

"Tarevokterne" who work to restore the kelp forest in northern Norway, received support from the Hurtigruten Foundation in 2022. Photo: Johan Bjerg

Hurtigruten Group

The leading adventure travel and expedition cruise company

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Group strategy

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MS Roald Amundsen, Canada

The leading adventure travel and expedition cruise company

Hurtigruten Group's vision is to be the undisputed global leading adventure travel and expedition cruise company by offering authentic and accessible experiences around the world to travellers who wish to explore and travel in a sustainable way.

Hurtigruten Group will continue to be a frontrunner in adventure travel and expedition cruising, a niche with substantial global growth potential. Hurtigruten Group's goal is to reinforce its global position, differentiated from the rest of the cruise industry by authentic, sustainable and active experiences on both land and sea.

Over the last years, through all its three brands, the Group has been able to fortify its position as the leading adventure travel and expedition cruise company focusing on sustainable expedition cruising for the global traveller.

Hurtigruten Group has three main business segments:

Hurtigruten Norway – branded as Hurtigruten in Scandinavia and Hurtigruten – Norwegian Coastal Express in other markets

Hurtigruten Expeditions – branded as Hurtigruten Expeditions in all markets

Hurtigruten Destinations – with the Hurtigruten Svalbard brand.

Photo: Ørjan Bertelsen

Hurtigruten Group is the world's largest expedition cruise company, with Hurtigruten Expeditions operating eight expedition vessels, three of which are battery powered hybrid-electric cruise vessels and Hurtigruten Norway operating seven vessels.

Hurtigruten Group believes its product offerings in Hurtigruten Expeditions, Hurtigruten Norway and Hurtigruten Destinations differs significantly from the offering of other expedition cruise and adventure travel operators. The customer offering has been purposefully designed to reach a wide range of customer segments. Hurtigruten Group offers its guests the opportunity to get closer to nature in beautiful areas off the beaten path in order to experience local wildlife, culture and activities – with a minimal environmental footprint.

Unique destinations around the world

Operating smaller, custom-built vessels, Hurtigruten Expeditions and Hurtigruten Norway's vessels can go where others cannot and their crew and staff are very familiar with the waters they sail in, which are among the most challenging in the world. In Hurtigruten Expeditions, the day-to-day itineraries and programmes are adjusted based on weather and local conditions, ensuring optimal sightings of nature and wildlife, cultural events in several ports of call and other experiences. Hurtigruten Norway voyages lets the guest immerse in the everyday life along the rugged Norwegian coasts visiting small villages, admiring beautiful landscapes and experiencing the Norwegian culture and wildlife through a wide range of excursions. Hurtigruten Destinations brings the guest to the northernmost settlement in the world on the Archipelago of Svalbard to experience the Arctic frontier like no other place on earth. All of Hurtigruten Group's business segments allow the guests to experience being a part of the destination – rather than simply viewing it from the ship.

A rich and proud heritage

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

Hurtigruten Expeditions and Hurtigruten Norwegian Coastal Express have a high level of recognition in key travel markets, such as Germany, UK, the Nordic countries and we have seen a significant

MS Nordnorge sails into the majestic Hjørundfjord. Hjørundfjorden is hidden in the Sunnmør Alps, surrounded by lush mountainsides and thousand-year-old farms. MS Nordnorge was renovated in 2016, and now has a modern Arctic-inspired interior.
Photo: Fabrice Milochau / Hurtigruten Norway

increase in the US and Australian markets as well. This shows that we have a position in all four large cruise markets.

The Group's global headquarter is in Oslo and has recently established a HQ2 in London placing us closer to talent and allowing us to build a world leading commercial organisation with global capabilities. In addition, the Group has offices and operations in Hamburg, Tromsø, London, Paris, Seattle, Melbourne, Tallinn, Hong Kong, Longyearbyen and Kirkenes (where Hurtigruten Norway's crew centre is situated) serving the most important and emerging markets.

Operations are run through the following business units: Hurtigruten Norway which operates the brand Hurtigruten Norwegian Coastal Express, Hurtigruten Expeditions, and Hurtigruten Destinations which operates the Hurtigruten Svalbard brand.

MS Fram in the Lemaire Channel, Antarctica. The protected waters in this narrow channel are usually as still as a lake, making it one of the most scenic and beautiful passages in Antarctica. Photo: Yuri Matisse Choufour

Group Strategy

Raftsundet, a very narrow, 25-kilometre-long, strait between Austvågøy and Hinnøya in Northern Norway.
Photo: Andrea Klaussner

Hurtigruten Group is a truly global company with strong Norwegian heritage with the ambition to attract adventure travelers from all over the world and introduce them to unique and inspirational destinations through it 3 distinct business units, Hurtigruten Norway, Hurtigruten Expeditions and Hurtigruten Destinations.

Through fantastic experiences and bucket list adventures, we are creating loyal ambassadors for Hurtigruten Group that want to visit new corners of the world. These travellers are typically aged 45 to 70, they can afford to travel and want to spend their time exploring areas off the beaten path. Through our unrivalled product line, global distribution, and loyalty programme, we are establishing ourselves as the largest adventure travel operator in the world.

Guest experiences

We strive to deliver the best and most sustainable travel product in the world, and we make sure to put the guest in the center of everything we do. Our organizational setup is designed around the guest experience and we are constantly working on new ways to inspire and amaze our guests.

With a global distribution, new omnichannel sales platforms and increasing brand awareness across key markets, we believe that demand will keep growing for our product and itineraries.

Sustainable travel

All of this is done with our ESG ethos in mind. We want to champion responsible and sustainable travel and are constantly striving to leave a positive impact across the value chain, from vendors to the destinations where we operate. Our ESG ambition is to be the most sustainable travel operator in the world, and to keep pushing the industry's boundaries for ESG. To achieve this, we will continue to work towards having the greenest fleet in the world, educating our guests on climate change and the ecosystems we visit, pushing for local value creation and helping sustain coastal communities, and last but not least being a great place to work. This commitment to ESG is demonstrated by our investment program where we are converting 3 ships in Hurtigruten Norway to battery powered hybrid propulsion installing battery packs to reduce CO_2 emissions with 25% and reducing NO_x emissions with above 80%.

Hurtigruten Norway

Hurtigruten Norway sails a legendary route often referred to as “the most beautiful voyage in the world”, which operates under the brand Hurtigruten Norwegian Coastal Express, offering a unique combination of transport for local travelers, cargo, and international tourists. We have offered these unique services since the very first departure 130 years ago.

MS Kong Harald, Litlmolla, Nordland, Norway
© Stian Klo

Hurtigruten Norway's seven 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.

Norway's Coastal Kitchen

Hurtigruten Norway 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 local suppliers along the coast. Sourcing the food locally is not just about fresh, farm-and-fjord-to-table flavors. It is also about achieving the lowest footprint possible and making sure there is minimal food waste.

Unique activities and experiences

Excursions and experiences have been a prioritized area for Hurtigruten Norway over many years. By collaborating with around 30 excursion providers the company is offering guests over 70 unique and seasonally adapted activities and experiences. With the Norwegian Coastal Express being one of Norway's foremost tourist products, it is a driving force for developing Norwegian tourism and marketing the country internationally.

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

Milestones 2022

- Hurtigruten Norway operates seven ships under the state contract valid from 2021 to 2030. In 2022 all ships were fully operational throughout the whole year compared to 2021 when the fleet was operational for second half of the year following the Covid 19 pandemic.
- In 2022 the company initiated large scale investments in batteries and state-of-the-art technology that will reduce CO_2 emissions by 25% and NO_x emissions by 80%. This is described as one of the largest environmental upgrades in the history of European shipping. By 2024 three out of seven ships will be converted to hybrid ships and 7 out of 7 ships will be fitted with SCR systems (cutting NO_x).
- In 2022, we kicked off our most ambitious sustainability initiative yet, Sea Zero, a project which aims to develop zero-emission passenger ships. Collaborating with 13 industry partners to explore state-of-the-art energy efficiency and carbon-neutral technologies, it's our ambition to sail emission-free along the Norwegian coast by 2030.
- Launched and started sales of our two new commercial sailings – the Svalbard Express (Bergen–Longyearbyen–Bergen) operating during the summer season and the North Cape Express (Bergen–Kirkenes–Oslo) operating during the winter season. The first sailing will be in June 2023.

The Sea Zero partners meeting in Oslo, March 2023. Representatives from SINTEF, Cavotec Cavotec SA, Vard, Brunvoll, Plug, Corvus Energy, DNV, Sustainable Energy Catapult, Teknotherm, Jotun, Sjøfartsdirektoratet, Bergen Havn and Norske Havner. Our ambition is to sail an emission-free Hurtigruten Norwegian Coastal Express ship by 2030. Photo: Hurtigruten

Hurtigruten Expeditions

Hurtigruten Expeditions is the world's largest and leading expedition cruise line. With sustainability and exploration at the core, Hurtigruten Expeditions builds on experience dating back to founding expedition cruising in 1896.

MS Roal Amundsen, Antarctica
Photo: Andrea Klaussner

Offering big adventures on small, custom-built ships, Hurtigruten Expeditions explores hundreds of destinations in over 40 countries across 5 continents – including Galapagos, Antarctica, South America, Alaska, Iceland, Greenland, Svalbard, West-Africa, British Isles, the spectacular Norwegian Coastline, and a variety of other destinations.

2022 saw the first year of full-fleet operations for Hurtigruten Expeditions, with eight ships operating under the Hurtigruten Expeditions umbrella: Battery-hybrid powered MS Roald Amundsen, MS Fridtjof Nansen and MS Otto Sverdrup, as well as MS Fram, MS Maud, MS Spitsbergen, MS Nord-stjernen and MS Santa Cruz II.

Major milestones

2022 has been another year of major milestones for Hurtigruten Expeditions proud 126-year long history.

In January, MS Santa Cruz II started her sailings for Hurtigruten Expeditions on Galapagos. This marks another vital step in the company's strategic growth ambitions, which was followed by further expansion of Galapagos itineraries and capacity in 2023.

June saw the full Hurtigruten Expeditions' fleet in operation for the first time, with a fully booked MS Fridtjof Nansen departing Iceland for a highly successful Greenland season.

MS Roald Amundsen made her second full transit of the Northwest Passage, becoming one of the few ships to have completed multiple transits. The transit was part of highly popular Pole-To-Pole Expedition Cruises, which will be expanded to 3 ships in 2023.

Further south

The 2022/23 Antarctica season marked the 20th anniversary for Antarctic exploration for Hurtigruten Expeditions. With three ships in Antarctica for the full season, the company explored new areas in the Weddell Sea, and ventured further south than any Hurtigruten Group ship has ever gone in 130 years of operation.

Covid-19 pandemic

The global pandemic continued to affect travel and tourism throughout 2022. It significantly affected Hurtigruten Expeditions' EBITDA caused by lost revenues due to ships not being able to operate at all or only with reduced capacity, and cost driven by covid measures and ships in in warm lay-up. The full fleet was back in operations from June 2022, before the unfortunate closing of the port of Dakar due to Covid-19 restrictions entailed the cancellation of the planned 2022/2023 West-Africa for MS Spitsbergen. The ship went into warm lay-up from middle of October.

A small explorer boat in Antarctica. The Brown Bluff cliff is home to over 20,000 breeding pairs of Adelie penguins, and a small colony of gentoo penguins.
Photo: Chelsea Claus

Sustainable cruising

Hurtigruten Expeditions continues a pathway for global growth. This included streamlining the organization, with further emphasize on London as the main hub for Hurtigruten Expeditions, Hamburg for operations, and other locations, including Oslo, for certain support functions.

Over the last years, Hurtigruten Expeditions has solidified the position as the world leader of more sustainable cruising. This also includes further investments and focus on safety, people, diversity and inclusion.

Continuous development

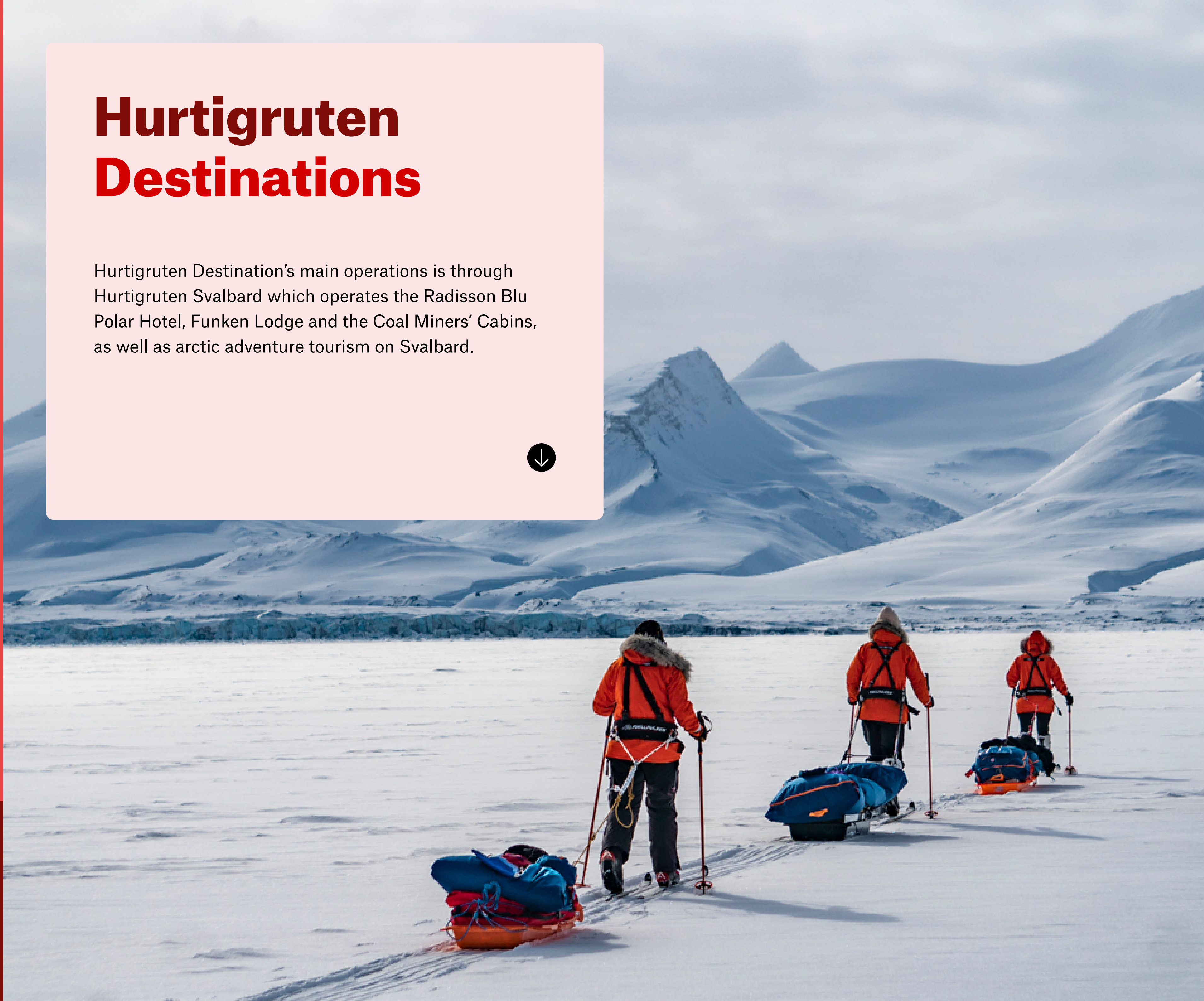
Hurtigruten Expeditions will continue to further develop the expedition cruise product – and be a catalyst for change in the global cruise industry – characterized by the following focus areas:

- Continued development of Hurtigruten Expeditions as the global leading brand for expedition cruising
- Continued development of the existing product offering, the development of new experiences on board and ashore, and continuous assessment of new destinations
- Constant evaluation of capacity requirements, pricing and competitive developments in the segment.
- Knowledge building and increased commitment along the whole value chain through the development of logistics, destinations and excursions
- A focused marketing commitment, strategic brand building and a strengthening of the sales organization
- A further growth in capacity in Hurtigruten Expeditions will be one of the main sources of growth for Hurtigruten Group business over the next 3 to 5-year period.

The amazing wildlife and landscape of the Galápagos Islands is an ecological wonder and paradise for nature lovers. The small and comfortable expedition ship Santa Cruz II, and a team of local guides, ensure an experience out of the ordinary. Photo: John Cardine

Hurtigruten Destinations

Hurtigruten Destination's main operations is through Hurtigruten Svalbard which operates the Radisson Blu Polar Hotel, Funken Lodge and the Coal Miners' Cabins, as well as arctic adventure tourism on Svalbard.



The archipelago of Svalbard is the Northernmost settlement in the world and one of the most remote and unique destinations in the world where there are more polar bears living there than people.

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

Funken Lodge

Over the period 2017–2020 Hurtigruten Svalbard invested heavily in the product and the hotels. In February 2018, Funken Lodge was re-opened with 88 brand-new rooms, new bar and lounge areas, a new reception and a refurbished Funktionærmessen gourmet restaurant.

Radisson Blu

In February 2019 the Radisson Blu opened after a full refurbishment of the public areas including a new restaurant and pub concept, and in January 2020 the new wing with 33 new superior rooms was opened for customers.

Coal Miners' Cabins

In March 2021 Hurtigruten Group entered into an agreement with Store Norske Spitsbergen Kullkompani AS ("SNSK") to sell the real-estate portfolio. At closing of the transaction Hurtigruten Svalbard AS entered into a 30-year lease agreement with SNSK for the real estate and will continue to operate them and further develop the product offering on Svalbard.

Huset restaurant

In 2022 Hurtigruten Svalbard took decisive measures to enhance the overall customer experience, both in terms of dining and adventure activities. The operating company of Huset was acquired, a renowned restaurant that offers an array of culinary experiences, from fine dining to bistro-style meals to lively nightlife options. With Huset's spacious building, Hurtigruten Svalbard gains an ideal venue for hosting larger groups, meetings and gatherings.

Eco-friendly adventures

On the adventure side Hurtigruten Svalbard signed a contract with Volvo Penta for the hybrid boat Kvitbjørn, a groundbreaking innovation that represents a significant step towards making Svalbard a more eco-friendly destination. This investment reflects Hurtigruten Svalbard's vision to provide year-round expedition-based experiences to both individual guests and groups of travelers.

The Wine cellar at Huset restaurant, a renowned restaurant that offers an array of culinary experiences. Photo: René Bjerregaard

Hurtigruten Foundation

Hurtigruten Foundation focuses on these three areas:
1. Preserving endangered wildlife,
2. Battling plastic waste and marine litter,
3. Supporting local communities in the areas where we operate

Hurtigruten Foundation is a non-profit foundation initiated by the Hurtigruten Group in 2015.

It was established as a cooperative venture between guests, partners, suppliers and the Group to create a positive impact on the ocean, wildlife and local communities. The Hurtigruten Group covers the administrative costs of the Foundation so that 100% of the donations received goes directly to the projects and organizations it supports. Since it was launched, the Hurtigruten Foundation has supported more than 60 projects across the globe, from Svalbard in the high north to Antarctica in the south. The Foundation has continued to support projects and organizations and awarded grants to 30 projects in 2022.

Market Development

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

MS Richard With, Trollfjorden, Nordland, Norway
Photo: Stian Klo

Hurtigruten Group experienced in 2022 a significant growth compared to 2021 as the travel industry was emerging from the pandemic. This growth is expected to continue in 2023 supported by a strong booking momentum. Hurtigruten Group is of the opinion that the demand trend will continue to be strong driven by the attractiveness of the remote and off the beaten track destinations. While 2022 was still affected by the Omicron variant and the Russian invasion of Ukraine bookings for 2023 are strong compared to earlier periods.

Strong brand recognition growth in UK, US and Australia

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.

Travel and booking patterns

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

Underlying booking patterns for 2023 and beyond show that the underlying travel industry trends continue to show growth in demand for unique destinations and an increasing interest in adventure travel and expedition cruising. With its strong history and clear positioning, Hurtigruten Group, with its business units Hurtigruten Expeditions, Hurtigruten Norway and Hurtigruten Destinations, is the leading company in this segment. With its strong focus on sustainability and the environment, Hurtigruten Group introduced in 2019 the world's first hybrid expedition cruise ship, MS Roald Amundsen, powered by hybrid battery technology. Her sister ship, MS Fridtjof Nansen, was delivered in the fourth quarter 2019. In 2022, Hurtigruten Norway initiated the upgrade of three out of seven Hurtigruten Norway vessels are in the process of undergoing a full-fledged transformation to battery-hybrid power.

MS Fram at Big Corn Island in Nicaragua. The island which is located approximately 80 kilometers off the coast of Nicaragua, is one of the Caribbean's best kept secrets.
Photo: Dietmar Denger

Digital

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

As a result, the Group has finalized its shift from consultancies to internal digital competence through 2022, by building strong internal capabilities and enabling future investments at lower cost and high speed. All our digital solutions are built based on modern agile principles, with integrated technical and business teams, automated quality controls, frequent user testing and short development cycles. The work to build up going forward continues through the establishment of the HQ2 in London, which is a key global source market for the cruise and adventure travel industry providing sales and marketing talent pools.

New front-end platform

The pandemic has accelerated digital adoption across the western world and consequently digital prevalence has grown exponentially among Hurtigruten's core customers over the past two years. Through 2022, the development of a new digital front-end platform was executed for the Expeditions business. The platform shows increased conversion and engagement. Rollout took place through 2022 and finished in Q1 2023.

Furthermore, the Group has made large investments in tools for our sales force, to build globally scalable and efficient solutions. Their purpose is to scale up for future growth, by having standardized tools and process support across all source markets.

Hurtigruten Guest App

The Hurtigruten Guest App was implemented on all own-operated Expeditions vessels through 2022 and is now an integrated part of the experience onboard Expedition vessels, supports guests with details about the ship and their journey, managing the daily schedule of the expeditions and providing self-service opportunities for the guests. It has been observed that more than 50% of guests onboard Expedition vessels will use the app on a daily basis.

In collaboration with the communication supplier Speedcast, Hurtigruten Expeditions started testing and installing the broadband solution in March 2022. Hurtigruten Expeditions will thus be the first cruise line in the world to have the innovative broadband service Starlink implemented across the fleet.
Photo: Oscar Farrera

Financial review

MS Fram, Brown Bluff, Antarctica
Photo: Yuri Matisse Choufour

Profit and loss statement

The Group's activity continued to increase through 2022 as the global Covid-19 pandemic subsided. In June the entire Hurtigruten fleet was back in operation and there was a positive development in both future bookings and travel patterns.

Operating loss was EUR 108.6 million, compared to last year's operating loss of EUR 196.9 million, which is explained by a gradual return to normal operations in 2022. The Group's loss before tax was EUR 219.8 million, compared to a loss before tax of EUR 273.9 million in 2021. The net loss for the year was EUR 209.4 million compared to EUR 282.2 million last year.

Operating revenues increased with 193.0%, from EUR 193.8 million in 2021 to EUR 567.9 million in 2022. The higher revenues comparing to last year come from the fact that the full fleet in both Hurtigruten Norway and Hurtigruten Expeditions is back in operation after the negative effect of the Covid-19 pandemic. Hurtigruten Group's revenue streams are mainly driven by international travels, which for both 2022, in particular first half of the year, and 2021 were significantly affected by the Covid-19 pandemic. Hurtigruten Group was granted a cash compensation scheme from the Norwegian Government Business Compensation scheme, where EUR 0.9 million was recognized as other operating income in 2022 (EUR 28.9 million in 2021). The scheme was set up to support enterprises with a significant drop in revenue caused by Covid-19. The scheme expired in February 2022

Hurtigruten Group has received contractual revenues of EUR 59.4 million (EUR 71.7 million last year) from the existing agreement with the Norwegian government through the Ministry of Transport and Communications. The agreement applies for 7 ships on the Bergen–Kirkenes route for the period 1 January 2021 through 31 December 2030. The decrease in contractual revenues compared to 2021 is explained by a 4% index price reduction and certain additional income in 2021 to adapt the route to the extraordinary global pandemic situation.

Direct cost of goods and services increased by 339.5% in 2022 compared to 2021, from EUR 31.2 million in 2021 to EUR 136.9 million in 2022. Total salaries and personnel costs were EUR 176.8 million (EUR 117.8 million in 2021), which is an increase of 50.0% compared to last year. Other operating costs increased from EUR 181.0 million in 2021 to EUR 305.7 million in 2022. The general increase in costs is mainly driven by the ramp-up and return to normal operations for both the land-based organization and the fleet.

The depreciations, amortizations and impairment losses decreased with 20.7% compared to last year, from EUR 92.6 million in 2021 to EUR 73.4 million in 2022. The decrease is mainly related to an impairment of technical equipment on ships in 2021. There has been an increase in depreciations related to new investments in the hybridization upgrades in the Hurtigruten Norway fleet. Last year, a thorough evaluation of the future technology was carried out on the ships of Hurtigruten Norway, and it was decided to switch to a battery-electric hybrid technology in combination with biodiesel. An impairment loss related to intangible assets of EUR 0.7 million was recognized in 2022.

Net other gains was EUR 7.7 million in 2022, compared to a gain of EUR 3.0 million last year. Net gains of EUR 10.4 million were realized on forward bunker fuel contracts in 2022, offset by a net loss of EUR 5.2 million related to a settlement of a legal dispute regarding LNG supply. In the second quarter of 2021, Hurtigruten Group completed the sale of the real-estate portfolio on Svalbard to Store Norske, and at the same time entered into long-term lease agreements for the same properties. The transaction resulted in a gain of EUR 4.8 million recognized as net other gains.

The parent company, Hurtigruten Group AS' net loss in 2022 was EUR 63.1 million (EUR 42.8 million in 2021). The loss was mainly driven by interest expenses from the borrowings.

Balance and financial position

Non-current assets were EUR 1 235.7 million at 31 December 2022, compared to EUR 1 224.4 million at the start of the year. The change is mainly coming from an increase in property, plant, and equipment from the environmental vessel upgrades in Hurtigruten Norway, partially offset by a decrease in settlement of related party receivables.

Current asset amounted to EUR 136.4 million, compared to EUR 129.5 million last year. The increase of EUR 6.9 million was due to increased other current receivables partially offset by a reduction in cash and cash equivalents.

Non-current liabilities amounted to EUR 1 404.1 million at 31 December 2022, a decrease of EUR 48.7 million from EUR 1 452.8 million at year-end 2021. The decrease is mainly due to the reclassification of the Term Loans C and D to current borrowings offset by new financing during the year. Hurtigruten Group completed the placement of a new 3-year EUR 50 million senior unsecured green bond issue in February 2022. In addition, a total of EUR 95 million shareholder funding was secured in the third and fourth quarter of 2022.

Current liabilities for the Group ended at EUR 529.8 million compared to EUR 253.1 million in 2021. The main reason for the increase is the reclassification of Term Loans C and D to current borrowings.

The reported equity at the end of December 2022 was negative EUR 561.9 million compared to negative EUR 352.0 million at year-end 2021. The equity ratio was negative 41.0% (negative 26.0% in 2021). The operations resumed in Hurtigruten Expeditions in 2022 leading to an increase in ship operating expenses offset by improved results in Hurtigruten Norway and Hurtigruten Destinations. The increase in personnel and sales and marketing expenses negatively impacted the net result for the year.

The equity ratio for the parent company was negative 3.7% at 31 December 2022, compared to 0.3% at 31 December 2021, mainly explained by the net loss of EUR 63.1 million in 2022. The net loss for the parent company Hurtigruten Group AS is proposed to be transferred to uncovered loss in the equity.

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

Cash flow

Available cash and cash equivalents in the cash flow statement totaled EUR 30.0 million at 31 December 2022, compared to EUR 57.1 million at 31 December 2021. As part of this, restricted cash was EUR 2.8 million in 2022 and EUR 8.9 million in 2021.

The net cash outflow from operating activities was EUR 6.6 million in 2022, compared to a net outflow of EUR 42.3 million in 2021. The reduction in outflow is explained by an improved EBITDA in 2022 compared to 2021.

Net cash outflow from investment activities in 2022 was EUR 93.4 million, compared to a net cash outflow of EUR 3.2 million in 2021. The increase in the outflow of EUR 90.1 million is coming from higher capital expenditures from the ongoing environmental ship upgrades in the Hurtigruten Norway fleet.

Net cash inflow from financing activities was EUR 77.1 million (EUR 28.8 million in 2021). The net inflow in 2022 is mainly coming from the new shareholder loans.

The parent company reported a net decrease in cash and cash equivalent of EUR 319.4 million, of which an outflow of EUR 2.4 million from operating activities, outflow of EUR 428.6 million from investing activities and an inflow of EUR 111.6 million from financing activities. The outflow from investing activities is explained by a negative outflow to loans to subsidiaries, and the inflow from the financing activities is mainly explained by an inflow from new financing.

Going concern

As of 31 December 2022, the carrying value of the equity in Hurtigruten Group was negative EUR 561.9 million.

The Covid-19 pandemics effect on travel restrictions led to a significantly lower profitability since the second quarter of 2020. In 2022, the financial performance has improved throughout the year supported by the return to full operations in the third quarter of 2022.

The Board of Directors acknowledge that the equity book value of the Group is negative. In the opinion of the Board of Directors, the underlying fair value of Hurtigruten Group's vessels and brands are significantly higher than the book value. If considering the expected earnings capacity of the Hurtigruten Group and applying generally accepted valuation principles the fair value of the equity of the Hurtigruten Group is positive.

The underlying positive equity value is further supported by the booking development for 2023 which as of 24 April is 24% higher compared to same time last year and 14% higher than for 2019 as of 24 April 2019. The Board of Directors expects the financial performance of the Company to continue to improve supported by the strong booking development.

As of 31 December 2022, Hurtigruten Group had an available free liquidity position of EUR 27.2 million. In the fourth quarter of 2022 shareholder funding was increased by a further EUR 40 million.

As of the date of this report Hurtigruten Group has completed a capitalization transaction which includes:
i) refinancing of the EUR 176.5 million June 23 maturities
ii) extension of the Term Loan B and RCF which matures in 2025 and 2024 respectively with 2 years and
iii) EUR 80m of shareholder funding provided to the Company in first half of 2023.

From the Board of Directors point of view, despite the existing risks, the Hurtigruten Group currently has and will continue to have sufficient funds, resulting from both borrowings and operating cash flows, to meet its payment obligations and to ensure the going concern of the Hurtigruten Group accordingly in the foreseeable future.

As of 31 of December 2022, the Board of Directors does not identify any material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. As a result, and in accordance with the Norwegian Accounting Act, the Board of Directors confirms that the financial statements have been prepared in accordance with the going concern assumption, and that it is appropriate to assume this.

Corporate Governance

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

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

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

All employees of Hurtigruten Group have the responsibility to treat others with dignity, empathy, and respect, and the Company has adopted a Diversity, Equity, and Inclusion (DEI) Policy to that effect.

It is the Company's policy to prohibit discrimination and harassment against any applicant or employee based on race, colour, religion (including religious dress and grooming), sex or gender, national origin, ancestry, age, mental or physical disability, medical condition, pregnancy, military or veteran status, genetic information, citizenship status, marital status, sexual orientation, gender identity and/or gender expression, socio -economic background or any other reason prohibited by law.

All employees are expected to show conduct that reflects inclusion, diversity, and equity. This applies to any occasion where they are representing Hurtigruten Group – whether this be during work, work functions, events – on or off the work site or at another company's sponsored event.

Hurtigruten Group will not tolerate language, gestures or imagery that degrades and/or objectifies anyone and/or that serves to reinforce outdated gender roles. Hurtigruten Group does not tolerate any form of discrimination or harassment of our employees, whether this takes place during interactions with clients, suppliers, guests or other contacts in connection with work.

All employees are required to comply with the DEI Policy when dealing with other employees (including temporary or agency staff and consultants), job applicants, clients, suppliers, guests and/or contacts of the Company and anyone else with whom they come into contact during their employment.

The Company's Board of Directors currently consist of one woman and three men. The Group CEO is a man, while the CEO of each of Hurtigruten Norway and Hurtigruten Expeditions are women.

Risk management

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

Hurtigruten Group has implemented an enterprise risk framework with policies, guidelines and tools to facilitate risk management across the organization. Our framework is inspired by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ERM framework and the ISO 31000 risk management guideline. The Group risk management function is reporting to the Chief Financial Officer. The Group CFO function is responsible, in consultation with the Group CEO, for conducting ongoing tactical risk management in line with the approved strategy, including exposure analyses and reporting. Hurtigruten Group 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 has approved the risk management framework and periodically reviews the company's key risks.

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

Strategic risk

Hurtigruten Group's ambition is to be the most sustainable travel operator in the world, pushing the industry's boundaries for ESG. Our main strategic risks are risks that could prevent us from achieving this ambition. This may include regulatory and political risk, sustainability risks, or other risks which may impact our reputation, the demand for our services or our ability to deliver on our growth ambitions.

Regulatory and political risks

Due to our international operations, Hurtigruten Group is subject to complex laws and regulations in various jurisdictions, including environmental, health and safety laws and regulations. This still include regulations implemented as a consequence of the Covid-19 pandemic, which could adversely affect our operations. Changes in the current laws and regulations could lead to increased costs or decreased revenue. Further, the costs of compliance associated with environmental and safety regulations and changes to these regulations could require significant expenditures. Failure to comply with such regulations could result in harm to people and the environment, material fines and penalties, or temporary or permanent suspension of operations.

Reputational risk

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

Sustainability risk

Our industry primarily impacts climate change through emissions from vessels, especially CO_2, SO_x and NO_x. In addition, other pollutants such as particulate matter and black carbon may contribute to global warming. The effects of climate change on wildlife habitats, especially in the Arctic and Antarctic regions, pose a considerable long-term risk to the environment. Hurtigruten Group is also exposed to sustainability risk in the supply chain. The Norwegian Transparency Act implemented in July 2022 requires companies to carry out due diligence activities to identify risks, negative consequences and ensure they are operating responsibly, respecting both human rights and decent working conditions. For further details about our ESG risk exposure, please see our ESG report for 2022.

Built with recycled and recyclable aluminum, MS Bard is a pioneering day-cruising catamaran, purpose-built to leave the smallest possible footprint in the vulnerable Arctic nature. With a hybrid electric motor and specially designed propellers, the noise is close to non-existent, and the vibration is minimal, so that wildlife is less disturbed. The innovative hybrid solution also significantly reduces pollution from the boat.

Photo: Eveline Lunde

Operational risk

With eight expedition vessels in Hurtigruten Expeditions and seven vessels in Hurtigruten Norway, Hurtigruten Group is the world's largest expedition cruise company and therefore naturally exposed to operational risk. This includes risks that could impact our operations directly such as a major ship incident, virus outbreak or cyber-attack, but also risks associated with our administrative operations such as incompliance with regulatory requirements, breach of data privacy regulations or inability to recruit and retain qualified personnel.

Cyber security risk

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

Onboard health risk

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

Data privacy risk

Failure to comply with data privacy laws could damage Hurtigruten Group's customer relationships and expose us to litigation risks and potential fines. Data privacy is subject to frequently changing rules and regulations, which sometimes conflict among the various jurisdictions and countries in which we operate and may develop in ways which we are unable to predict, including with respect to evolving technologies, such as cloud computing. The Group's failure to adhere to or successfully implement processes in response to changing regulatory requirements could result in legal liability or impairment to the Group's reputation in the marketplace, which could have material adverse effects on the Group's business, financial robustness and results of operations.

Competence risk

Hurtigruten Group is dependent on its key personnel. Inability to recruit or retain qualified personnel could adversely affect the results of our operations and our ability to deliver on our strategic ambitions. Navigating along the Norwegian coast without using the pilotage service requires a Pilotage Exemption Certificate (PEC). Hurtigruten Group is dependent on recruiting and retaining experienced crew with PEC. The hospitality industry still experiences pandemic-related labor shortages. Hurtigruten Group is dependent on skilled personnel both onboard our ships and for running our hotel operations on Svalbard.

Supply and demand risk

Hurtigruten Group faces competition from cruise companies as well as other holiday alternatives. To compete effectively we depend on our ability to anticipate future market changes and trends, and to rapidly react on such changes. Insufficient ability to meet the competition from new and existing companies, or failure to react to market changes or trends, may have an adverse effect on our business, earnings and financial position.

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

Financial and macroeconomic risk

Hurtigruten Group is exposed to a variety of financial risks, including market risk (e.g. currency, price, fair-value interest rate and variable interest rate risks), tax risk, credit risk, liquidity risk and refinancing risk. Interest rate movements and the overall condition of the credit market play a role in Hurtigruten Group's ability to refinance its debt obligations. Our overarching risk management goal is to increase predictability for our operations and to minimize the impact of fluctuations in macro conditions on our results and financial position. For further assessments of financial risks, see "note 3 – Financial Risk Management".

The Russian invasion of Ukraine in late February 2022 has brought increased geopolitical risks to global markets and business operations. The conflict has adversely affected global and regional economic conditions and triggered volatility in energy prices. High inflation, and thereby falling levels of real income could reduce the demand for cruises and adventure travel. A broad and sustained downturn in demand, combined with interest rate hikes by central banks, could lead to a recession in the global economy. Despite the impact on global demand, there are indications that Hurtigruten Group's customer base may be less adversely affected by a recession than other segments of the population.

Environment, Social and Governance

Our Environmental, Social and Governance ("ESG") ambition is to be the most sustainable travel operator in the world, pushing the industry's boundaries for ESG.

Neko Harbour, Antarctica
Photo: Genna Roland/Hurtigruten

Best-in-class ESG solutions

We will not just stop at a license to operate; we will do our outmost to push beyond local regulations and look to best-in-class ESG solutions globally. With a mission focused on innovation, technology and concrete measures – sustainability is an integral part of HRG's operations and supply chain. Our ESG strategy will ensure that our vessels can operate in a responsible and environmental manner, improving the value and experience for our guests while minimizing our footprint. We do this while having a strong emphasis on being accountable and transparent.

Reducing our emissions

In 2022 we committed to the Science Based Targets initiative, the only emission reduction framework for companies that's verified by a third party and supports keeping a global temperature increase of no more that 1.5 degrees Celsius. We are currently in the process of preparing our near- and long-term targets for SBTi with the aim of sending our targets in for validation before summer 23'. To us, it is important that we minimize our environmental footprint as we want to build the greenest fleet of vessels in the industry. Our current emission reduction programme prioritizes reducing our own emissions with initiatives such as hybridization, sustainable biofuels, fuel optimization and R&D. We are working closely with industry partners and regulators to drive change and move boundaries while we utilize the best solutions available already today.

Already in 2019, Hurtigruten Expeditions lead the way by introducing MS Roald Amundsen, the world's first hybrid-powered expedition cruise vessel. A sister ship, MS Fridtjof Nansen, was launched in 2020 and in 2021, MS Otto Sverdrup was upgraded with large battery packs and advanced green technology. Hurtigruten Norway upgraded MS Richard With to hybrid status in 2022. It's the first of the three ships in the Costal Express fleet to be upgraded with state-of-the-art hybrid technology. The battery packs can cut fuel usage by 20% and reduce CO_2 emissions by 25%.

In March 2022 Hurtigruten Norway took the first step towards launching zero-emissions vessels on the Norwegian Coast. The project Sea Zero kicked off with a feasibility study to determine how to pursue the best technological

Launched in 2018, Hurtigruten's groundbreaking hybrid powered MS Roald Amundsen will be the greenest expedition cruise ship in the world. With sustainability as a core value, Hurtigruten is the world leader in expedition travel. Photo: Oscar Farrera

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.

Travel for a force of good

Operating in some of the world's most vulnerable areas comes with a great responsibility. Fighting the exploitation and degradation of sites, nature, and local communities by mass tourism is one of the Group's most important goals. We support stricter regulations, such as size limitations on cruise vessels, and restrictions on the number of guests allowed on shore. Through Hurtigruten Foundation we're working with partners to protect species at risk of extinction and stopping marine litter, in 2022 we supported 30 projects across 12 different countries. Hurtigruten Expedition's Science Programme use our ships as floating platforms for exploration, education, and research, through a wide range of partnerships with leading science institutions and universities. This also gives us an unparalleled opportunity to educate and inspire our guests to become advocates for nature.

We believe travel can be a force for good, when done right. We feel privileged to be welcomed to people's homeland, and so, we work in partnership with local communities, supporting them socially and economically, to create ripple effect that continue long after we've left. We source locally where possible, including local operators for excursions, employing local guides or sourcing food from local suppliers. Through projects like Norway's Coastal Kitchen and establishing a regional supplier network for Hurtigruten Expeditions we continue to take significant steps toward sourcing food as local as possible while delivering outstanding culinary experiences.

Pushing for new standards

We also work actively with suppliers and vendors, requiring them to align with key UN Sustainable Development Goals 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.

Hurtigruten Group has a solid history of pushing for new standards in sustainable travel, being the first to ban heavy fuel oil (2009), first to ban single use plastic (2018), first to launch hybrid-powered cruise ship (2019), first cruise operator to issue a green bond (2022) and first to commit to Science Based Targets (2022). We are immensely proud of the work we do within ESG and our ability to operate in a sustainable and responsible manner. This work is also received international recognition in 2022; Hurtigruten was ranked one of the world's most sustainable companies by American magazine Worth, our Group CEO was honored for "outstanding achievements" towards sustainability in the tourism industry and Hurtigruten Norway was placed on top of Nature And Biodiversity Conservation Union (NABU)'s 2022 Cruise Ranking.

To learn more about how we work with and perform within each of our four main ESG pillars: emissions, nature, people and local communities – please visit our 2022 ESG Report prepared in accordance with GRI.

Hurtigruten is one of the founders of AECO, an organization that works for responsible, environmentally friendly and safe tourism in the Arctic. We are also a member of IAATO, which works for safe and environmentally friendly tourism in Antarctica. A main focus for these organizations is to spread knowledge and awareness about the protection of the environment and ecosystems in vulnerable areas. Photo: Ashton Ray Hansen

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.

Orne Harbour, Antarctica
Photo: Karsten Bidstrup

The following describes how we in Hurtigruten Group address risks and adverse impacts on human rights and decent working conditions in our supply chain. An account of our due diligence assessments will be published on hurtigruten.com/group within 30 June 2023.

Our operations and policies

Our three main business units Hurtigruten Norway, Hurtigruten Expeditions and Hurtigruten Destinations offer experiences along the Norwegian coast, Greenland, Svalbard, Iceland, British Isles, Alaska, South America, Arctic, Antarctica, Galapagos and to other unique destinations to travellers from all over the world. The Group's global headquarter is in Oslo and a second head quarter has recently been established in London. In addition, the Group has offices and operations in Hamburg, Tromsø, London, Paris, Seattle, Melbourne, Tallinn, Hong Kong, Longyearbyen and Kirkenes serving the most important and emerging markets.

Our Code of Conduct reflects our values and includes the most important expectations and requirements regarding our behaviour. Our digital contracting tool supports our systematic follow-up of suppliers. Our Supplier Code of Conduct has been communicated to suppliers in several waves and is available on our web page. It covers labour rights (modern slavery, freedom of association, child labour, discrimination and more), health and safety, corruption, animal welfare and the environment. We believe in having a culture with an open dialogue and we encourage all our employees to raise any concerns through our whistle blower mechanism.

Due diligence and risk of adverse consequences

Hurtigruten Group's fleet of 15 vessels is undergoing significant drydocking, refurbishments and conversion programs. Our main yard activities in 2022 were carried out in Norway, Germany and Poland. As such, we are exposed to risk of adverse impacts on human rights and decent working conditions in the supply chain. During 2020 and 2021, the Norwegian Labour Inspection Authority, the Tax Authority and the Police conducted joint controls of 8 different shipyards on the north-west coast of Norway. The controls revealed non-compliances amongst subcontractors, including deviations between reported and actual working hours, salaries below minimum wage and companies not being registered in official company registers.

We have an ambition to support local communities and source locally in the markets we operate. In 2022, we procured more than 60% of our goods and services in Norway. We also procure goods and services from suppliers in countries with poor ratings on International Trade Union Confederation's Global Rights Index. This includes countries such as the USA, Chile, UAE and Ecuador. Despite the risks associated with these geographical areas, we have not identified any actual adverse consequences to human rights amongst our suppliers.

Measures implemented to mitigate adverse impacts

At the end of 2022, we revitalized our whistleblowing channel. This is now hosted by an external provider and available for both internal and external stakeholders. We received no reported cases related to human rights or decent working conditions in 2022.

Procurement plays a key role in our work to address risks to human rights and to ensure decent working conditions. In 2022, we invested in a procurement analytics tool to improve visibility of our spend across different geographical areas and categories of goods and services. There is an ambition to increase the use of this tool to further support our risk assessments in 2023.

To improve visibility of supply chain risks in the yard industry, we have submitted a questionnaire to the Norwegian yards contracted by Hurtigruten Group over the last three years. Based on the responses, we believe these shipyards have appropriate controls in place, including their selection of subcontractors and compliance with Norwegian laws and regulations. In 2023, we plan the same assessment for our main yards outside Norway.

As a global company we can have a positive economic impact on local businesses, and we can use our purchasing power to improve environmental and social development. As we expand our global footprint, we also need to develop our qualification and monitoring of suppliers. Going forward, Hurtigruten Group will continue to work cross-functionally across business units to qualify suppliers' codes of conduct and select focus areas where we believe there is a risk of sub-standard working conditions in the supply chain.

Organisation

MS Roald Amundsen
Photo: Werner Kruse

Organisation

For Hurtigruten Group 2022 has been another challenging year due to the economic climate. We have continued to re-organize our company structure to optimize our growth ambitions and further development.

Investing in senior leadership with the hiring of critical roles at the Executive management and VP level, 2022 has seen a key focus of building out a strategic location of London, focused hiring of talent within our Commercial department and Digital space. In this location we employ 97 people.

For Hurtigruten Group the education of seafarers is seen as a vital component of business continuity. Maintaining a strong maritime community is important for our global industry. As one of Norway's largest maritime employers and apprenticeship companies, we are proud to create jobs and maritime competence for the future. Our crew members in Hurtigruten Norway are mainly recruited from along the Norwegian coast and the various ports at which our ships call. Hurtigruten Norway had 134 apprentices on its ships in 2022.

The Hurtigruten Expeditions vessels MS Fram, MS Fridtjof Nansen, MS Maud, MS Spitsbergen, MS Roald Amundsen and MS Otto Sverdrup offer trainee positions in their expedition teams to newly qualified nature guides from selected institutions. As a truly global company with 78 nationalities, we strongly emphasize world class professional expertise but also local knowledge in our recruitment processes.

Hurtigruten Expeditions have adapted a crewing model where agreements with third party manning agencies ensure that international crewing and operational requirements are fulfilled. Through this, Hurtigruten Norway and Hurtigruten Expeditions contribute to maintaining local and regional employment, a growing international workforce combined with objectives such as ensuring knowledge, local expertise, and flexible shift arrangements for its employees.

Directors and Officers Liability Insurance

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

Our Expedition wessels offer trainee positions in their expedition teams to newly qualified nature guides from selected institutions. As a global company with 78 nationalities, we emphasize local knowledge in our recruitment processes. Photo: Oscar Farrera

Working environment

Being a global employer with offices in 9 different countries and operations on multiple continents comes with great responsibility to ensure human rights regardless of where we operate.

Hurtigruten Group employs 2 458 persons (in addition 701 persons via third party partnerships) representing 78 nationalities at year-end 2022.

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

We work diligently to proactively reduce the total sick leave throughout the organization. Our rolling turnover numbers for 2022 is 21.6%, which is a reduction since last year. Overall Group level total sick leave absence has decreased to an average of 3.5% which corresponds well with our targets.

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

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

Hurtigruten Group will continue to work to maintain our position as a preferred employer.

Equal opportunities and discrimination

Hurtigruten Group believes that an inclusive workplace is fundamental in securing engagement and wellbeing for our employees. We aspire to be an employer of choice for people from diverse backgrounds, regardless of ethnicity, gender, religion, sexual orientation, disability, or age.

Diversity and Inclusion is a desired and positive part of the corporate culture, which strengthens Hurtigruten Group's ability to operate under varying conditions and operating parameters as well as giving our guests a unique experience.

We aim to increase diversity in all areas of our business and have set clear ambitions for an inclusive workplace. Hurtigruten Group has a policy of zero tolerance for discrimination of employees, and we continuously work with a structured improvement agenda to secure the well-being of our workforce. In 2022 we have implemented DE&I policies, processes, awareness training and continuous development as well as compliance related to discrimination. This effort has been applied to all aspects of the employee journey and set clear requirements to how we recruit, develop, present career opportunities, and compensation. We want diversity and inclusion to become an integral part of who we are and how we work globally.

Our global footprint is represented by employees from 78 different nationalities. Female employees account for 38% of the workforce, we have 35% women on senior leadership level and 53% women on manager level. The Group Executive Management Team consisted of eight members reporting to the Group CEO, 38% of those are female. For our seagoing personnel, female employees account for 30% of Hurtigruten Group's seagoing workforce. Of the senior officers on board 3% are captains with 13% in senior leadership roles, Chief Officer, Hotel Manager, Chief Engineer, 1st Engineer, Expedition Leader. Hurtigruten Group works continuously to create a better balance in seagoing management posts.

Our Expedition Team members come from all over the world and from all walks of life. You'll find each of them to be a walking treasure trove of fascinating facts and charming stories. There's a wonderful mix of youth and maturity, unique interests, and colourful backgrounds.

Outlook

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

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

As of 24 April 2023, pre-booked revenue for full year 2023 in Hurtigruten Group currently is at EUR 516 million (excluding the EUR 67 million related to the contract revenue received from the Norwegian Government). This is 24% higher compared to same time last year and 14% higher than for 2019 as of 24 April 2019. 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 2023 driven by the higher yields across all business units will support a financial recovery. Based on the current outlook, the financial performance is expected to be back above pre-pandemic levels in 2023.

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

Oslo, 26 April 2023
The Board of Directors of Hurtigruten Group AS

Trygve Hegnar
Chairman

Petter Anker Stordalen
Director

Jonathan Barlow Rosen
Director

Linda Zhang
Director

Daniel Skjeldam
CEO

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Camp Frieda, Greenland
Photo: Andrea Klaussner

Consolidated financial statements

Statement of income

(EUR 1 000)	note	**2022**	2021
Operating revenues	21	**567 908**	193 832
Other operating income	21	**8 610**	28 856
Direct cost of goods and services	22	**(136 919)**	(31 152)
Salaries and personnel costs	23, 24	**(176 801)**	(117 834)
Depreciation, amortisation and impairment	7, 8	**(73 357)**	(92 561)
Other operating costs	25	**(305 679)**	(181 033)
Net other gains/(losses)	26	**7 689**	3 018
Operating profit/(loss)		**(108 550)**	**(196 875)**
Financial income	28	**1 696**	2 566
Financial expenses	28	**(113 766)**	(80 976)
Net foreign exchange gains/(losses)	28	**152**	1 306
Net financial items		**(111 918)**	**(77 105)**
Share of net income from associated companies	9	**650**	39
Profit/(loss) before taxes		**(219 819)**	**(273 941)**
Income taxes	16	**10 407**	(8 254)
Net income		**(209 412)**	**(282 195)**
Net income attributable to:			
Owners of the parent		**(209 414)**	(282 211)
Non-controlling interests		**2**	16

Statement of comprehensive income

(EUR 1 000)	note	2022	2021
Net income		**(209 412)**	**(282 195)**
Other comprehensive income, net of tax:			
Items not to be reclassified to profit or loss in subsequent periods:			
Actuarial gain/loss on retirement benefit obligations, net of tax	17	**351**	341
Total		**351**	**341**
Items that may be reclassified to profit or loss in subsequent periods:			
Currency translation differences		**(844)**	(685)
Total		**(844)**	**(685)**
Total other comprehensive income, net of tax		**(493)**	**(343)**
Total comprehensive income for the year		**(209 905)**	**(282 538)**
Total comprehensive income for the year attributable to:			
Owners of Hurtigruten Group AS		**(209 907)**	(282 554)
Non-controlling interests		**2**	16

Statement of financial position

(EUR 1 000)	note	**31.12.2022**	31.12.2021
Assets			
Property, plant and equipment	7	**900 462**	871 475
Right-of-use assets	7, 29	**43 966**	45 589
Intangible assets	8	**264 439**	265 304
Investments in associates	9	**21 715**	21 116
Deferred income tax asset	16	**817**	2 163
Investments in other companies	10	**2 539**	2 526
Other non-current financial assets	10, 11	**1 728**	16 259
Total non-current assets		**1 235 665**	**1 224 432**
Inventories	12	**18 189**	19 169
Trade receivables	11	**19 995**	23 922
Other current receivables	11	**65 440**	29 303
Current derivative financial instruments	10	**2 773**	1
Cash and cash equivalents	13	**29 958**	57 115
Total current assets		**136 355**	**129 510**
Total assets		**1 372 020**	**1 353 942**

(EUR 1 000)	note	**31.12.2022**	31.12.2021
Equity and liabilities			
Equity			
Total equity attributable to the shareholders in Hurtigruten Group AS	14	**(561 892)**	(351 985)
Non-controlling interests		**30**	28
Total equity		**(561 861)**	**(351 957)**
Liabilities			
Non-current interest-bearing liabilities	15, 29	**1 374 028**	1 394 061
Deposits from customers, non-current	21	**28 073**	44 060
Deferred income tax liabilities	16	**21**	12 369
Retirement benefit obligations	17	**1 827**	2 164
Provisions for other liabilities and charges	18	**91**	-
Other non-current liabilities		**49**	135
Total non-current liabilities		**1 404 088**	**1 452 790**
Trade payables	20	**61 104**	23 496
Other current liabilities	20	**119 394**	71 501
Deposits from customers, current	21	**130 793**	128 239
Current income tax liabilities	16	**428**	1 444
Current interest-bearing liabilities	15, 29	**214 062**	24 981
Current derivative financial debt instruments	10	**-**	2
Provision for other liabilities and charges	18	**4 012**	3 446
Total current liabilities		**529 793**	**253 109**
Total equity and liabilities		**1 372 020**	**1 353 942**

Oslo, 26 April 2023
The Board of Directors of Hurtigruten Group AS

Trygve Hegnar
Chairman

Petter Anker Stordalen
Director

Jonathan Barlow Rosen
Director

Linda Zhang
Director

Daniel Skjeldam
CEO

Statement of changes in equity

(EUR 1 000)	Share capital and premium	Other reserves	Retained earnings	Total	Non-controlling interests	Total Equity
	Attributable to shareholders of Hurtigruten Group AS					
Balance at 1 January 2022	**185 205**	**(5 397)**	**(531 793)**	**(351 985)**	**29**	**(351 957)**
Comprehensive income						
Net income	-	-	(209 414)	(209 414)	2	(209 412)
Other comprehensive income	-	475	(968)	(493)	-	(493)
Total comprehensive income	**-**	**475**	**(210 382)**	**(209 907)**	**2**	**(209 905)**
Balance at 31 December 2022	**185 205**	**(4 922)**	**(742 174)**	**(561 892)**	**30**	**(561 861)**
Balance at 1 January 2021	**185 200**	**(5 643)**	**(280 292)**	**(100 735)**	**(1 438)**	**(102 172)**
Comprehensive income						
Net income	-	-	(282 211)	(282 211)	16	(282 195)
Other comprehensive income	-	246	(590)	(343)	-	(343)
Total comprehensive income	**-**	**246**	**(282 800)**	**(282 554)**	**16**	**(282 538)**
Transactions with owners						
Capital increase parent company	4	-	-	4	-	4
Group contribution related parties	-	-	(27)	(27)	-	(27)
Effect of business combination under common control, predecessor accounting	-	-	32 764	32 764	-	32 764
Transactions with non-controlling interests	-	-	(1 438)	(1 438)	1 450	13
Balance at 31 December 2021	**185 205**	**(5 397)**	**(531 793)**	**(351 985)**	**29**	**(351 957)**

Statement of cash flow

(EUR 1 000)	note	2022	2021 [1]
Cash flows from operating activities			
Profit/(loss) before income tax		**(219 819)**	(273 940)
Adjustments for			
Depreciation, amortisation and impairment losses	7, 8	**73 357**	92 561
Other losses/gains – net		**5 268**	(4 556)
Foreign exchange gains/losses	26, 28	**(2 686)**	3 076
Unrealised gains/losses derivatives		**(2 774)**	(4 564)
Net Interest expenses		**112 083**	78 429
Share of profit and loss of associates		**(650)**	(39)
Difference between expensed pension and payments	17	**(623)**	(631)
Change in working capital			
Inventories	12	**813**	(5 391)
Trade and other receivables	11	**(14 158)**	(7 124)
Trade and other payables	20	**52 344**	19 154
Change in deposits from customers	21	**(6 870)**	69 175
Change related to travel guarantees	11	**(4 925)**	(8 464)
Income tax paid	16	**(1 427)**	7
Net cash flows from (used in) operating activities		**(10 068)**	**(42 307)**
Cash flows from investing activities			
Purchase of property, plant, equipment (PPE)	7	**(83 167)**	(32 292)
Proceeds from sale of property, plant, equipment (PPE)		**114**	56 902
Purchases of intangible assets	8	**(6 807)**	(7 272)
Purchase and proceeds from sale of shares	9	**(0)**	(20 570)
Net cash flows from (used in) investing activities		**(89 860)**	**(3 233)**

(EUR 1 000)	note	2022	2021 [1]
Cash flows from financing activities			
Proceeds from borrowings	15	**75 000**	46 550
Repayment of borrowings	15	**(14 258)**	(25 758)
Payment of lease liabilities	15, 29	**(9 711)**	(6 073)
Transactions with non-controlling interests		**-**	13
Paid interest and finance fees		**(68 917)**	(60 915)
Proceeds from borrowings from other Group companies	15	**95 000**	75 000
Net cash flows from (used in) financing activities		**77 114**	**28 816**
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		**(22 814)**	(16 724)
Cash and cash equivalents at the beginning of the period		**57 115**	**72 037**
Foreign exchange gains/(losses) on cash, cash equivalents and bank overdrafts		**(4 344)**	1 802
Cash and cash equivalents at the end of the period	13	**29 958**	**57 115**
Of which restricted cash	13	**2 785**	8 905

[1] Comparable figures have been restated due to change from showing movements in restricted cash to cash and cash equivalents as defined in the Statement of Financial Position.

Notes to the consolidated financial statements

Note 1
General Information

The consolidated financial statements of Hurtigruten Group (the Group) consist of Hurtigruten Group AS and its subsidiaries, headquartered at Langkaia 1 in Oslo, Norway. The Group is owned by Silk Midco AS with the ultimate Norwegian parent company being Silk Topco AS, headquartered at Langkaia 1 in Oslo, Norway. The main Group activities are conducted in the subsidiaries Hurtigruten Norway AS, Hurtigruten Expeditions AS, Hurtigruten Destinations AS and Hurtigruten Global Sales AS, which are private limited liability companies registered and domiciled in Norway. The Group has offices in Oslo, Tromsø, Kirkenes and wholly owned foreign sales companies in Hamburg, London, Paris, Hong Kong, Melbourne and Seattle, a customer service centre in Tallinn as well as activities in Longyearbyen.

With a fleet of 15 custom-built cruise vessels Hurtigruten Group is the world's largest expedition travel company focusing on sustainable expedition cruising for the global traveller. Hurtigruten Group's strategy is to generate profitable sustainable growth in all three business segments. This will be achieved by increasing capacity through the construction of new vessels, operational initiatives to realize its substantial potential, expand and renew its customer base, and strengthen the product range.

The Group's presentation currency is Euro.

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

The following companies are included in the consolidated financial statements

Company	Registered office	Ownership/ voting share
Owned by Hurtigruten Group AS (parent company)		
Hurtigruten Expeditions AS	Oslo, Norway	100%
Hurtigruten Norway AS	Tromsø, Norway	100%
Hurtigruten Global Sales AS	Oslo, Norway	100%
Hurtigruten Global Services AS	Oslo, Norway	100%
Hurtigruten Destinations AS	Oslo, Norway	100%
Hurtigruten Investments AS	Oslo, Norway	100%
Hurtigruten AS	Oslo, Norway	100%
Owned by Hurtigruten Expeditions AS		
Hurtigruten Offshore Excursions AS	Oslo, Norway	100%
Hurtigruten Expedition Fleet AS	Oslo, Norway	100%
Hurtigruten Explorer AS	Oslo, Norway	100%
Explorer I AS	Oslo, Norway	100%
Explorer II AS	Oslo, Norway	100%
Hurtigruten Expedition Crew AS	Oslo, Norway	100%
Hurtigruten Expedition Cruises AS	Oslo, Norway	100%
Hurtigruten Expedition Technical Services GmbH	Hamburg, Germany	50%
Hurtigruten Expeditions Hotel Support GmbH	Hamburg, Germany	100%
Owned by Hurtigruten Norway AS		
Hurtigruten Coastal AS	Tromsø, Norway	100%
Hurtigruten Sjø AS	Tromsø, Norway	100%
Hurtigruten Coastal Fleet AS	Tromsø, Norway	100%
MS Richard With AS	Tromsø, Norway	100%
MS Nordlys AS	Tromsø, Norway	100%

Company	Registered office	Ownership/ voting share
Owned by Hurtigruten Global Sales AS		
Hurtigruten Estonia OÜ	Tallinn, Estonia	100%
Hurtigruten GmbH	Hamburg, Germany	100%
Hurtigruten Inc.	Seattle, USA	100%
Norwegian Coastal Voyage Ltd	London, UK	100%
Hurtigruten SAS	Paris, France	100%
Hurtigruten Australia Pty Ltd	Melbourne, Australia	100%
Owned by Norwegian Coastal Voyage Ltd		
Hurtigruten Ltd	London, UK	100%
Hurtigruten Asia Pacific	Hong Kong	100%
Owned by Hurtigruten Destinations AS		
Hurtigruten Barents AS	Kirkenes, Norway	100%
Hurtigruten Svalbard AS	Longyearbyen, Svalbard, Norway	100%
Owned by Hurtigruten Svalbard AS		
Green Dog Svalbard AS	Longyearbyen, Svalbard, Norway	50%
Owned by Hurtigruten Barents AS		
Sollia Gjestegård Holding AS	Kirkenes, Norway	100%
Owned by Sollia Gjestegård Holding AS		
Sollia Gjestegård AS	Jarfjord, Norway	100%
Owned by Hurtigruten Investments AS		
Empresa Turistica International C.A.	Puerto Ayora, Ecuador	25%

Note 2
Summary of significant accounting policies

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), interpretations from International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union and additional requirements in Norwegian Accounting Law (Regnskapsloven).

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, debt and equity financial assets, defined benefit plan assets and contingent consideration that have been measured at fair value. The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand (€000), except when otherwise indicated.

These financial statements aim to provide useful financial information which meet the common information needs of its primary users. Materiality judgments are necessary to meet this objective, and management has made such judgments related to recognition, measurement, presentation and disclosures. With reference to the complete set of financial statements, information is considered material if omitting, misstating or obscuring it could reasonably be expected to influence decisions taken by primary users based on the information provided. The materiality judgments are reassessed at each reporting date and updated based on changed facts and Group specific circumstances.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

For further details please refer to Going Concern section in the Director's report, note 30 and note 4.1.C.

2.2 BASIS OF CONSOLIDATION AND ACCOUNTING

The consolidated financial statements include the financial statements of the parent company and its subsidiaries from 1 January 2022 to 31 December 2022, including comparable numbers for the previous year.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of 31 December 2022. Control is achieved when The Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interests and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

A) ASSOCIATES

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

B) EQUITY METHOD

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) SEGMENT REPORTING

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

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

B) FOREIGN CURRENCY TRANSLATION

(I) FUNCTIONAL AND PRESENTATION CURRENCY

The Group's consolidated financial statements are presented in Euros, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

(II) TRANSACTIONS AND BALANCE SHEET ITEMS

Foreign currency transactions are translated into the functional currency using the transaction rate. Realised and unrealised foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of exchange rates of monetary assets and liabilities denominated in foreign currencies at the balance sheet date are recognised in the income statement. If the currency position is designated as a cash flow hedge, gains and losses are recognised in other comprehensive income until the hedged transaction occurs. Foreign exchange gains and losses on loans, cash and cash equivalents are presented (net) in the income statement as financial items.

(III) GROUP COMPANIES

The income statement and balance sheets of Group entities whose functional currency differs from the presentation currency are translated in the following manner:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at monthly average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).
- All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

C) REVENUE RECOGNITION

Revenue is recognised in the income statement as follows:

(I) REVENUE FROM SALE 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 in 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 right before the ship sails. Travellers pay their journey up-front, and these payments are accounted for as deposits from customers (liabilities).

Revenue from freight of cargo along the Norwegian coast is recognised based on monthly invoicing of 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 Group's sales of goods primarily relate to sales of food, souvenirs and other kiosk products onboard the ships. Sales of goods are recognised as income when the customer has received and paid for the goods. Payment for retail transactions is usually made in the form of cash or by credit card. The revenue is recognised in the income statement including the credit card fees incurred for the transaction. The fees are recorded as costs to sell.

(III) PUBLIC PROCUREMENT

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

Revenues received from public procurement are recognised in the income statement on a continuous basis over the year based on existing contracts. These contracts are primarily based on a public tender, where the company 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) INCREMENTAL COSTS

Incremental costs of obtaining a contract are those costs incurred to obtain a contract with a customer that would not have been incurred if the contract had not been obtained, for example, a sales commission. The Group incurs commissions to several sales commissioners, selling tickets to the Group's cruises on our behalf. When the agencies are invoiced, the invoices are net of commissions, and both the revenue and the commission cost are recognised in the income statement at the time of the travel. In other, more rare instances, the Group will have to make a provision for prepaid or accrued commission if the payment is performed at another time than the travel. The expenses are presented as direct cost of goods and services in the Income Statement.

(V) CANCELLATIONS, GUARANTEES ETC

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

No provision for guarantees has been accounted for in the statement of financial position as of 31 December 2022 and 2021.

D) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist primarily of ships, and buildings (offices, hotels and workshops). Property, plant and equipment are recognised at cost less depreciation and any impairments. Cost includes costs directly associated with the acquisition of the asset.

Depreciation is calculated to reduce the cost of assets, other than land, which is not depreciated, to their estimated residual value, if any, over their estimated useful lives. Depreciation commences when the assets are ready for their intended use. Property, plant and equipment are not depreciated once classified as held for sale. Periodic maintenance of ships is recognised 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.

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

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

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

The cost of ships under construction includes progress payments for the construction of new ships, capitalised interest, construction oversight costs and various owner supplied items.

E) INTANGIBLE ASSETS

(I) GOODWILL

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

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

Goodwill is not amortised but is tested annually for impairment.

(II) TRADEMARK

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

(III) OTHER INTANGIBLE ASSETS

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

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

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

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

(III) SOFTWARE-AS-A-SERVICE (SAAS) ARRANGEMENTS

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

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

F) IMPAIRMENT OF NON-FINANCIAL ASSETS

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

G) FINANCIAL ASSETS

(I) CLASSIFICATION

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

1) **Financial assets measured at amortised cost**
   Primarily loans and receivables with fixed payments of principal and interest, where the financial instrument is not traded, but held to collect the contractual cashflow. Loans and receivables are carried in successive periods at amortised cost, using the effective interest method. Loans and receivables with maturities less than 12 months are classified as current assets and with more than 12 months maturity as non-current assets.
2) **Financial assets measured at fair value through other comprehensive income**
   Investments in equity instruments, not held for trading, where the management has made an irrevocable election to present subsequent changes in the fair value as other comprehensive income, are classified into this group.
3) **Financial assets measured at fair value through profit or loss**
   All other financial assets are measured at fair value through profit or loss. For the Group, this primarily consists of derivatives that are not designated as hedges. Assets in this category are classified as current assets or liabilities.

(II) RECOGNITION AND MEASUREMENT

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

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

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

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

H) OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

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

I) IMPAIRMENT OF FINANCIAL ASSETS

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

Impairment testing of customer receivables is described in section K) below.

J) DERIVATIVES AND HEDGING

The Group uses derivatives to hedge exposure against bunker oil price risk. Some of these derivatives might be designated as hedging instruments by the 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 classifies derivatives that are part of a hedging instrument as either:
(i) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair-value hedge) or
(ii) hedges of variable cash flows with a particular risk associated with a recognised asset, liability or a highly probable forecast transaction (cash flow hedge).

At the inception of the transaction, the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents whether the derivatives that are used in hedging transactions are effective in offsetting changes in fair values or cash flows of hedged items. Such assessments are documented both at hedge inception and on an ongoing basis.

The Group has not had derivatives designated as hedging instruments in FY 2022 or 2021.

K) TRADE RECEIVABLES

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

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

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

L) CASH AND CASH EQUIVALENTS

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

M) TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are classified as non-current liabilities.

Trade payables are valued at fair value on first-time recognition in the balance sheet. Subsequently, trade payables are measured at amortised cost using the effective interest method. The interest element is disregarded if it is immaterial.

N) INTEREST-BEARING LIABILITIES

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

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

O) BORROWING COSTS

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

P) CURRENT AND DEFERRED INCOME TAXES

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

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

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

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

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

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

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

Q) PENSION LIABILITIES, BONUS SCHEMES AND OTHER EMPLOYEE REMUNERATION SCHEMES

(I) PENSION LIABILITIES

The Group's companies operate various pension schemes. The schemes are generally funded through payments to life insurance companies. The Group operates both defined contribution and defined benefit plans.

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

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

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

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

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

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

(II) PROFIT-SHARING AND BONUS SCHEMES

The Group recognises a cost and liability for bonuses and profit-sharing arrangements at the time the specific performance criteria are fulfilled. That includes social security tax and holiday pay if applicable.

(III) SHARE-VALUE-BASED REMUNERATION

The Group has share-based remuneration schemes in which the company receives services from employees as consideration for a share-based payment.

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

(IV) TERMINATION BENEFITS

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

R) PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that the Group will have to make a payment or forfeit an asset in order to settle the obligation and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination benefits. Provisions are not recognised for future operating losses; however, provisions for unprofitable contracts are recognised.

S) LEASES

The Group has rental agreements related to properties and equipment, which represent future obligations for the Group. According to IFRS 16 all material lease obligations are to be recognised in the balance sheet as interest-bearing liabilities. This also requires recognition of the corresponding asset as a right-of-use asset.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assess whether:

- the contract involves the use of an identified asset
- the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

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

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

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

Lease payments included in the measurement of the lease liability comprises:

- fixed payments
- variable lease payments that depend on an index or a rate
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the Group is reasonably certain to exercise.

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

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

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

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

T) DIVIDENDS

Dividend distribution to owners of the parent is recognised as a liability in the Group's financial statements when the dividends are approved by the General Meeting.

U) GOVERNMENT GRANTS

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

The Group has received government grants related to Covid-19 relief packages. The grants are recognized when there is reasonable assurance that the entity will comply with the conditions and that the grant will be received. The Group received grants in 2022 and 2021 to compensate for the significant revenues reduction, which are recognized as other operating income over the same periods in which the reduction in operating revenue is occurring. The Group has also received Covid-19 salary subsidies government grant in 2021, which was recognized as a payroll cost reduction.

The Group receives grants related to trainee schemes and net salary subsidies. These grants are recognised as a cost reduction in connection with the personnel expenses.

V) BUSINESS COMBINATION

The acquisition method is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:
- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(I) BUSINESS COMBINATION UNDER COMMON CONTROL
There is currently no specific guidance on accounting for common control transactions that involves the transfer of control over one or more businesses under IFRS Standards. As IFRS 3 Business Combinations does not address the appropriate accounting for business combinations under common control, which the standard excludes from its scope, the Group has developed and selected an appropriate accounting policy using the hierarchy described in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Considering relevant facts and circumstances for common control transactions management has chosen to apply a method broadly described as predecessor accounting. The principles of predecessor accounting are that assets and liabilities of the acquired entity are stated at predecessor carrying values, and fair value measurement is not required. No new goodwill arises in predecessor accounting. Any differences between the consideration given and the aggregate carrying value of the assets and liabilities of the acquired entity at the date of the transaction is included in equity in retained earnings.

A prospective presentation method is applied. Where the acquired entity's results and balance sheet are incorporated prospectively from the date on which the business combination between entities under common control occurred.

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

NEW AND AMENDED STANDARDS AND INTERPRETATIONS
The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. This is related to the following standards:

- Proceeds before Intended Use (amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (amendments to IAS 37)
- Fees in the '10 per cent' test for derecognition of financial liabilities (IFRS 9)

The adoption of these items did not have a significant impact on the financial statements of the Group.

The Group has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

Note 3
Critical accounting judgments and key sources of estimation uncertainty

In applying the Group's accounting policies, which are described in note 2, the management is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

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

3.1 KEY ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

(A) ESTIMATED IMPAIRMENT OF GOODWILL AND TRADEMARK, SEE NOTE 8
The Group performs annual tests to assess potential impairment of goodwill and trademark, see section 2.3-point E. The estimated recoverable amount is determined using the present value of budgeted cash flows for the cash-generating units. These calculations require the use of estimates (note 8) for the required rate of return for the period, cash flows and the growth factor of the cash flows.

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

(B) SHIPS, SEE NOTE 7
Useful economic lifetime
The level of depreciation depends on the estimated economic lifetime of the ships. These estimates are based on history and experience relating to the Group's vessels.

The estimates are reviewed at regular intervals. A change in the estimate will affect depreciation in future periods.

Estimated impairment of ships
Where there are indications of such, the Group tests whether ships have suffered any impairment, see section 2.3-point f. The book value of the ships is included in the annual impairment test of goodwill and trademark.

(C) DEFERRED INCOME TAX ASSETS, SEE NOTE 16

Deferred tax assets are recognised to the extent that it is probable that the tax assets will be realised. Significant judgement is required to determine the amount that can be recognised. The recognition of deferred income tax assets depends mainly on the utilisation of tax loss carry forwards against future taxable income in the Group. The assessment is made based on management's estimates of future taxable profits in the Group and includes an assessment of the Group's future strategy, economic developments in the markets in which the Group operates and tax planning strategies. In preparing the financial statements, management has found the future taxable income to be sufficient to utilise the recognised deferred income tax assets. Please refer to note 16 for more information on deferred income tax assets recognised in the balance sheet.

(D) FAIR VALUE OF DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS, SEE NOTE 10

The fair value of financial instruments not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques and information from the contract counterparty. The Group uses its judgment to select a variety of methods and to make assumptions based mainly on market conditions existing at each balance sheet date. Please refer to note 10 for further information.

(E) UNCERTAIN TAX POSITIONS, LEGAL PROCEEDINGS, CLAIMS AND REGULATORY DISCUSSIONS, SEE ALSO NOTE 5 AND 18

The Group might be subject to various legal proceedings, disputes and claims including regulatory discussions related to the Group's business, value added tax (VAT), tax positions and others, of which the outcomes are subject to uncertainty. Management evaluates, among other factors, the degree of probability of an unfavourable outcome and the ability to make a reasonable estimate of the amount of loss. Unanticipated events or changes in these factors may require the Group to accrue for a matter that has not been previously accrued for because it was not considered probable, or a reasonable estimate could not be made or increase or decrease an amount accrued for a matter in previous reporting periods.

(F) LEASES, SEE ALSO NOTE 7, 15 AND 29

The Group needs to assess extension options and termination rights when determining the lease term. The assessment is based on whether extension options and termination rights are reasonably certain for which the Group will include these in the accounting for leases. Guidelines for this assessment have been set at Group level to ensure that that the treatment of assumptions are treated in a consistent matter. The discount rate used for calculating the present value of the future lease obligation is also based on judgement. A fixed methodology has been defined in determining this estimate.

(G) CLIMATE CHANGE

The Group does face risk as a result of climate change and climate-related factors may impact estimates and assumptions going forward. Uncertainties and risks relate to both transition risk (market-related, technological and changes in regulatory requirements), and physical risk that may affect the Group's assets in an integral part of management's estimates and judgements.

The Group has, where considered relevant, included climate related uncertainties when assessing critical accounting estimates and assumptions. For the 2022 consolidated accounts, climate-related considerations did not materially affect the Group's estimates and assumptions.

Note 4
Financial risk management

4.1 FINANCIAL RISK FACTORS

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

The Group has defined 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 Group'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.

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

(A) MARKET RISK
(I) CURRENCY RISK

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

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

The table below shows the translation effects to the Group's consolidated net profit before taxes and equity from simulated changes in the exchange rates against EUR (presentation currency for the Group). The calculation assumes that the EUR depreciates by 5% against the relevant currencies based on the exchange rates as of 31 December 2022. With a similar appreciation of the EUR, the impact would be opposite.

2022 *(EUR million)*	**Impact on net profit/loss after tax**	**Impact on equity**
Change NOK/EUR 5%	0.0	0.0
Change USD/EUR 5%	0.0	0.0
Change GBP/EUR 5%	0.1	0.1
Change AUD/EUR 5%	0.0	0.0
Total impact	**0.2**	**0.2**

(II) PRICE RISK

In 2022 the Group's total bunker cost was EUR 89.2 million which is 15.7% of Group total operating revenues, and the Group is therefore exposed to fluctuations in the price of bunker fuel. In order to reduce the risk related to fluctuations in the fuel price the Group has implemented a fuel hedging policy where the key principle is to obtain visibility on profit, and therefore the hedging policy is linked to the development in the booking curve (actual Passenger Cruise Nights (PCN) booked vs. budgeted PCN). For example, if at any given time 75% of budgeted PCNs are booked, a minimum of 50% of the bunker fuel volume associated with the PCN volume sold is hedged. Additionally, the policy allows for some flexibility if market conditions are viewed as attractive.

Developments relating to Russia's invasion of Ukraine could adversely affect global and regional economic conditions and trigger volatility in the prices of bunker fuel.

In January 2022 the Group entered into derivatives to hedge a portion of the forecasted total fuel consumption, approximately 50% for 2022 and 15% for 2023. No further hedges were done through 2022 due to market conditions and hedging opportunities not being available for the Group. See note 30 for information related to derivatives entered into in 2023.

The derivatives have quarterly settlements. The Group will be compensated if the market price of bunker oil is above the strike price and similarly will make a payment if the market price is below the strike price.

The bunkers derivatives are recognised as held for trading and are accounted for at fair value through profit or loss in 2022. The different derivatives are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the reporting date.

The carrying value of the derivatives is as follows:

(EUR million)	2022	2021
Current assets	2 773	1
Current liabilities	-	2
Net asset/(liability)	**2 773**	**(1)**

The table below shows the Group's potential maximum loss on the hedge if the price decreases by 200USD/MT or more below the strike price.

2022 *(EUR million)*	**Impact on net profit/loss after tax**	**Impact on equity**
Change in bunker price from fixed price to strike price 'on contracts from 2022, expiring in the period 2023	(2.0)	(2.0)
Total impact	**(2.0)**	**(2.0)**

(III) INTEREST RATE RISK

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

(EUR 1 000)	**2022**	**2021**
Fixed interest rate		
Bond	**346 249**	296 696
Lease liabilities	**74 349**	81 718
Other borrowings	**180 477**	75 000
Total	**601 076**	**453 414**
Floating interest rate		
Term loans	**825 131**	793 676
Revolving credit facilities	**84 642**	84 311
Other borrowings	**6 434**	13 580
Lease liabilities	**70 807**	74 062
Total	**987 014**	**965 628**
Total interest-bearing liabilities	**1 588 090**	**1 419 042**

The following table shows the impact on profit or loss and equity of an increase of interest rate of 100bp, taking into account the zero-floor for EUR borrowings and EURIBOR 6 months interest per 31.12.2022 of 2.69%:

2022 *(EUR million)*	**Impact on net profit/loss after tax**	**Impact on equity**
Change in interest rate level with +100 basis points – NOK loans	0.1	0.1
Change in interest rate level with +100 basis points – EUR loans	9.2	9.2

(B) CREDIT RISK

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

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

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

(C) LIQUIDITY RISK

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

In February 2022 the Group secured a 3-year EUR 50 million unsecured green bond. Net proceeds from the bond were used to finance the upgrade of 3 ships in the Hurtigruten Norway fleet to battery-hybrid power.

An increase of the Term Loan C of EUR 25 million was committed in December 2021 and drawn down in January 2022. The proceeds were used for general corporate and working capital requirements.

During 2022 the ultimate shareholders of the Group provided EUR 95 million of shareholder loans which have been used to finance the ongoing environmental projects and working capital needs to support growth for the Group and strengthen the Group's liquidity.

On 21 February 2023 it was announced that the Group has received commitments from AlbaCore Capital Group for a new EUR 200 million 5-year facility, with all proceeds net of OID to be applied towards refinancing the EUR 176.5 million term loans maturing in June 2023 in full. In connection with the New Debt Facility, a synthetic warrant instrument will also be issued by Silk Topco AS in respect of a small minority of its fully diluted equity for cash consideration of EUR 17.5 million (cash proceeds from which will be made available in full to the Group).

The Group also has received 100% commitment from the RCF and TLB lenders for a 2-year maturity extension with certain amendments to the terms of the SFA.

These transactions provide significant additional capital, liquidity flexibility and capital structure runway to the Group. To strengthen the Groups financial flexibility, the ultimate shareholders of the Group have agreed to provide an additional EUR 80 million of funding.

The Group's ultimate shareholders have provided EUR 60 million of shareholder loan facilities since November 2022 until February 2023, which upon completion of the SFA Amendments will be fully subordinated or equitized.

The total shareholder loans of EUR 170 million provided since August 2021 show the ultimate shareholders' strong commitment to Hurtigruten Group and the development of the Company going forward.

The table below provides an indicative debt repayment schedule in nominal values over the coming 5-year period. See also note 15 for further details on the interest-bearing liabilities.

(EUR 1 000)	**2023 0–6 months**	**2023 7–12 months**	**2024–2025 Year two and three**	**2026–2027 Year four and five**	**2028 -> More than five years**
31. December 2022					
Trade payables	62 454	11	-	-	-
Interest-bearing liabilities [1]	208 037	55 425	1 274 176	25 364	74 487
Other liabilities	73 134	1 299	3 089	837	-
Total impact on liquidity	**343 625**	**56 736**	**1 277 266**	**26 201**	**74 487**

[1] See note 15 and note 30 for information regarding New Debt Facility/refinancing.

4.2 THE GROUP'S CAPITAL MANAGEMENT

The Group's objective for management of capital is to ensure the ability to continue as a going concern in order to grow the business and to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital, including compliance with covenants in the loan agreements. The Group has in 2022 initiated several initiatives and during the year secured several loan facilities to make sure that the Group is well funded and has enough liquidity to continue as a going concern. See 4.1(c) in this note and note 15 Borrowings for details around amounts, terms and conditions.

Note 5
Contingencies and guarantees

As of 31 December 2022, no significant liabilities are expected to arise from contingent liabilities that have not already been provided for in the financial statements (Note 18).

Guarantees from banks and insurance companies are purchased in order to reduce the restricted cash amount. This mainly consists of issued travel bonds in connection to travel guarantee schemes in United Kingdom of England, Germany and Norway. Tax bonds to ensure that the tax authorities have security on claim of payroll taxes as well as other external guarantees, mainly related to operations in US and payment collection. Purchased bank and insurance company guarantees are not commented on in the information below.

MEMBERSHIP OF THE NO_X FUND

Hurtigruten Coastal AS and Hurtigruten Expedition Cruises AS are members of the Confederation of Norwegian Enterprise's (NHO) NO_X Fund. The main objective of the Environmental Agreement concerning reductions of NO_X and the NHO's NO_X 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 NO_X Agreement for the period 2018–2025 was signed between the business organisations and the Norwegian Authorities. The extension was approved by ESA on 2 February 2018. A second extension for the years 2026 and 2027 was signed in May 2022. This agreement is not yet approved by ESA.

The Norwegian Environment Agency monitors whether individual reduction targets have been achieved. Deviations of more than 3% of emission targets trigger a collective fine, under which businesses must pay the nitrogen oxide tax for the pro rata share of the target that has not been met. However, businesses will never pay more than the official government rate for nitrogen oxide tax. The fund reported in their annual report for 2021 that the targets for 2021–2022 are likely to be met.

EUR 2.6 million (NOK 25.7 million) in nitrogen dioxide tax was recognised in Hurtigruten Group's consolidated financial statements for 2022 compared to EUR 2.6 million (NOK 25.9 million in 2021).

CO_2 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 CO_2 emission is set to a total average of 103 000-ton CO_2 equivalents per year during the contract period from January 2021 to December 2030. The Group will upgrade three of the ships in the Hurtigruten Norway fleet to battery-hybrid power which will significantly reduce the emission of CO_2 equivalents throughout the contract period. One ship completed the upgrade in 2022. No provision has been made in the Group consolidated financial statements as of 31 December 2022.

LEGAL ITEMS

The Group entered into a settlement agreement with one LNG supplier. The settlement fee of EUR 5.3 million was recognized as part of Other gains/(losses) in 2022.

The Group is subject to certain other disputes and claims related to the Group's business. The tax authorities have informed the Group that they are reviewing the indirect taxes treatment of the Group's international cruises to Norway. Based on external legal assessments the Group considers it more likely than not that the industrywide practice constitutes a legally binding norm.

While acknowledging the uncertainties related to disputes and claims, the management is of the opinion that based on the information currently available, these matters will be resolved without any material adverse effects individually or in the aggregate on the Group's financial position. A total provision of EUR 1 million has been recognised in the Group's consolidated financial statements as of 31 December 2022.

Note 6
Segment information

(A) PRIMARY REPORTING FORMAT – BUSINESS SEGMENTS

The operating segments are identified based on the same reporting that Group management and the Board apply to their evaluations of performance and profitability at a strategic level. The Group's ultimate decision-maker, which is responsible for allocation of resources and assessment of earnings generated by the operating segments, is defined as the Board and Group management. The classification is broken down into the business segments Hurtigruten Norway, Hurtigruten Expeditions and Hurtigruten Destinations as described in the Directors report's section. Activities that do not naturally fall within these three segments are classified as Group functions, other and eliminations.

	Hurtigruten Norway		Hurtigruten Expeditions		Hurtigruten Destinations		Group functions, other and eliminations		Hurtigruten Group	
(EUR 1 000)	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Operating revenues	**219 622**	74 263	**256 376**	30 154	**30 606**	16 539	**1 925**	1 162	**508 530**	122 117
Contractual revenues	**59 378**	71 715	**-**	-	**-**	-	**-**	-	**59 378**	71 715
Other operating income [1]	**-**	-	**7 655**	-	**9**	1 008	**946**	27 848	**8 610**	28 856
Total operating revenues and other income (note 21)	**279 000**	**145 978**	**264 031**	**30 154**	**30 616**	**17 547**	**2 871**	**29 009**	**576 518**	**222 688**
Direct cost of good and services	**(58 298)**	(17 777)	**(68 238)**	(8 100)	**(9 919)**	(4 830)	**(464)**	(445)	**(136 919)**	(31 152)
Salaries and personnel costs [2]	**(84 082)**	(62 589)	**(83 965)**	(48 806)	**(8 755)**	(6 432)	**(0)**	(7)	**(176 801)**	(117 834)
Other operating costs [2]	**(130 209)**	(99 516)	**(171 205)**	(80 633)	**(4 105)**	(3 009)	**(159)**	2 126	**(305 679)**	(181 033)
Net other gains/(losses)	**4 789**	993	**6 611**	1 148	**65**	4 765	**(3 776)**	(3 889)	**7 689**	3 018
EBITDA	**11 200**	**(32 912)**	**(52 765)**	**(106 237)**	**7 901**	**8 041**	**(1 529)**	**26 794**	**(35 194)**	**(104 314)**
Depreciation, amortisation and impairment losses	**(36 100)**	(45 470)	**(22 722)**	(27 468)	**(4 849)**	(4 197)	**(9 686)**	(15 426)	**(73 357)**	(92 561)
Operating profit/(loss) (EBIT)	**(24 900)**	**(78 381)**	**(75 487)**	**(133 705)**	**3 052**	**3 844**	**(11 215)**	**11 368**	**(108 550)**	**(196 875)**
Net financial items	**444**	(4 203)	**(4 989)**	(8 084)	**(3 674)**	(3 164)	**(103 699)**	(61 654)	**(111 918)**	(77 105)
Share of profit/(loss) from associated companies	**-**	-	**-**	-	**296**	39	**353**	-	**650**	39
Profit/(loss) before taxes	(24 456)	(82 584)	(80 476)	(141 789)	(326)	720	(114 561)	(50 287)	(219 819)	(273 940)

[1] Other operating income in 2022 consist mainly of insurance settlements. In 2021 other operating income consisted of government grants received from the Norwegian and German Government, which were granted to enterprises with a significant drop in revenues due to Covid-19.

[2] Comparable figures have been restated to reflect the reallocation of SG&A costs from group functions, other and eliminations to the segments Hurtigruten Norway, Hurtigruten Expeditions and Hurtigruten Destinations.

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

(B) SECONDARY REPORTING FORMAT – GEOGRAPHICAL SEGMENTS AND REVENUE SPLIT

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

(EUR 1 000)	Ticket revenue	Flights, hotel and trans-portation	Presold food, beverages, shop and excursions	Contractual revenue	Other operating revenue	Total operating revenues
2022						
Nordic market/Onboard sales/Destination segment	28 262	2 204	8 510	59 378	57 045	**155 399**
Germany	118 265	24 979	40 329	-	6 151	**189 724**
France	14 619	3 733	3 367	-	2 903	**24 621**
United Kingdom	47 107	10 794	14 374	-	5 581	**77 857**
Rest of Europe	26 324	2 035	8 298	-	3 306	**39 962**
United States and Canada	41 821	6 396	11 727	-	1 737	**61 681**
Asia/Pacific	11 474	1 069	3 617	-	2 504	**18 664**
Total operating revenue	**287 872**	**51 210**	**90 221**	**59 378**	**79 227**	**567 908**
2021						
Nordic market/Onboard sales/Landbased segment	18 235	592	4 320	71 715	32 282	127 144
Germany	23 148	3 935	8 181	-	2 036	37 300
France	2 167	572	814	-	297	3 850
United Kingdom	8 794	1 325	3 254	-	651	14 025
Rest of Europe	4 825	143	2 099	-	258	7 325
United States and Canada	2 769	538	510	-	276	4 093
Asia/Pacific	47	6	11	-	30	94
Total operating revenues	**59 984**	**7 112**	**19 191**	**71 715**	**35 831**	**193 832**

The grants received by the Norwegian and German Governments for Covid-19 compensation schemes (EUR 1.0 million in 2022 and EUR 28.9 million in 2021) are presented as Other operating income and are not part of Total operating revenues.

Note 7
Property, plant and equipment

(EUR 1 000)	**Land and buildings**	**Ships**	**Prepayments ships and assets under construction**	**Other property, plant and equipment**	**Right-of-use asset**	**Total**
Acquisition cost						
As at 1 January 2021	37 394	1 233 882	56 793	20 981	40 204	1 389 253
Reclassification previous years [1]	3	(0)	-	-	-	3
As at 1 January 2021	**37 397**	**1 233 882**	**56 793**	**20 981**	**40 204**	**1 389 256**
Additions	73	16 463	15 102	654	36 651	68 943
Additions through investments in subsidiaries	-	11 743	-	-	-	11 743
Disposals	(35 128)	(6 707)	(32 352)	(778)	(993)	(75 958)
Currency translation differences	1 198	(0)	6	794	1 321	3 318
As at 31 December 2021	**3 540**	**1 255 381**	**39 548**	**21 651**	**77 182**	**1 397 302**
As at 1 January 2022	3 540	1 255 381	39 548	21 651	77 182	1 397 302
Reclassification previous years [1]	(179)	0	256	(240)	-	(164)
As at 1 January 2022	**3 360**	**1 255 381**	**39 805**	**21 411**	**77 182**	**1 397 139**
Additions	13	38 672	45 575	2 420	3 064	89 744
Remeasurement right-of-use assets	-	-	-	-	6 731	6 731
Disposals	346	29 167	(36 240)	1 164	-	(5 563)
Currency translation differences	(185)	(0)	(20)	(765)	(2 543)	(3 513)
As at 31 December 2022	**3 534**	**1 323 221**	**49 119**	**24 229**	**84 435**	**1 484 538**
Accumulated depreciation and impairment						
As at 1 January 2021	(11 899)	(395 664)	-	(12 322)	(25 055)	(444 939)
Reclassification previous years [1]	(3)	(0)	-	(0)	-	(3)
As at 1 January 2021	**(11 902)**	**(395 664)**	**-**	**(12 322)**	**(25 055)**	**(444 942)**
Additions through investments in subsidiaries	-	(2 464)	-	-	-	(2 464)
Depreciation	(798)	(46 268)	-	(2 064)	(6 384)	(55 513)
Disposals	11 847	38 323	-	1 408	243	51 820
Impairment losses	-	(27 825)	-	-	-	(27 825)
Currency translation differences	(366)	0	-	(551)	(396)	(1 314)
As at 31 December 2021	**(1 219)**	**(433 897)**	**-**	**(13 529)**	**(31 593)**	**(480 238)**

(EUR 1 000)	**Land and buildings**	**Ships**	**Prepayments ships and assets under construction**	**Other property, plant and equipment**	**Right-of-use asset**	**Total**
As at 1 January 2022	(1 219)	(433 897)	-	(13 529)	(31 593)	(480 238)
Reclassification previous years [1)]	164	(0)	-	(0)	-	164
As at 1 January 2022	**(1 055)**	**(433 897)**	**0**	**(13 529)**	**(31 593)**	**(480 075)**
Depreciation	(197)	(54 845)	-	(2 275)	(9 520)	(66 837)
Disposals	572	4 946	-	-	-	5 518
Currency translation differences	60	(0)	-	578	644	1 283
As at 31 December 2022	**(621)**	**(483 796)**	**-**	**(15 225)**	**(40 469)**	**(540 111)**
Book value 31 December 2021	**2 321**	**821 484**	**39 548**	**8 122**	**45 589**	**917 064**
Book value 31 December 2022	**2 333**	**839 424**	**49 119**	**9 584**	**43 966**	**944 427**
Useful economic lifetime	25–40 years [2)]	20–40 years	N/A	5–10 years		

1) Reclassification relates to accumulated depreciations from previous years included in the acquisition costs of intangible assets or correction previous years

2) Land has indefinite useful economic lifetime; hence it is not subject to depreciations.

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

IMPAIRMENT

In 2022 the Group operated 15 cruise ships, however, due to the aftermath of the Covid-19 pandemic, some of the ships were laid up in warm stack until summer 2022. From June 2022 all ships in the fleet were back in operations. The Group reviews the long-lived assets for impairment whenever events or circumstances indicate potential impairment.

As of 31 December 2022, the Group has assessed the carrying values of the ships against the recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. The value in use has been estimated for the ships on a cash generating unit level and has been calculated based on the present value of estimated future projected cash flows that represents Management's best estimate. As of year-end the estimated value in use is higher than the carrying value of the assets, and no impairment has been recognized in the financial statements as of 31 December 2022. This is also supported by bookings for the 12-month period from second quarter 2023 to first quarter 2024. Also see note 8 for further information.

In 2021 the Group recognised impairments of technical equipment of EUR 21.3 million in the Hurtigruten Norway fleet. After a thorough evaluation of the technical feasibility and consolidated risks relating to the potential conversion of ships to gas propulsion (LBG and LNG), Hurtigruten Norway decided to implement an alternative technical solution for the ships. Instead of retrofitting ships with gas engines, battery-electric hybrid technology in combination with biodiesel will be used.

Note 8
Intangible assets

(EUR 1 000)	Goodwill	Trademark	Intangible assets under construction	Other intangible assets	Total
Acquisition cost					
As at 1 January 2021	**198 613**	**45 621**	**9 185**	**55 664**	**309 084**
Additions	-	-	5 528	1 744	7 272
Disposals	-	-	(8 630)	6 817	(1 813)
Currency translation differences	66	-	400	2 188	2 655
As at 31 December 2021	**198 679**	**45 621**	**6 483**	**66 413**	**317 197**
As at 1 January 2022	**198 679**	**45 621**	**6 483**	**66 413**	**317 197**
Additions	448	-	208	6 150	6 806
Disposals	-	-	(3 180)	2 457	(723)
Currency translation differences	(91)	-	(512)	(2 731)	(3 335)
As at 31 December 2022	**199 035**	**45 621**	**3 000**	**72 289**	**319 945**
Accumulated amortisation and impairment					
As at 1 January 2021	**-**	**-**	**-**	**(42 586)**	**(42 586)**
Amortisation	-	-	-	(6 237)	(6 237)
Depreciation disposals	-	-	-	1 610	1 610
Impairment losses	(1 384)	-	-	(1 601)	(2 985)
Currency translation differences	(52)	-	-	(1 642)	(1 694)
As at 31 December 2021	**(1 437)**	**-**	**-**	**(50 456)**	**(51 893)**
As at 1 January 2022	**(1 437)**	**-**	**-**	**(50 456)**	**(51 893)**
Amortisation	-	-	-	(5 814)	(5 814)
Depreciation disposals	-	-	-	706	706
Impairment losses	-	-	-	(706)	(706)
Currency translation differences	72	-	-	2 129	2 201
As at 31 December 2022	**(1 365)**	**-**	**-**	**(54 141)**	**(55 506)**
Book value 31 December 2021	**197 242**	**45 621**	**6 483**	**15 957**	**265 304**
Book value 31 December 2022	**197 670**	**45 621**	**3 000**	**18 148**	**264 439**
Useful economic lifetime	Indefinite	Indefinite	N/A	3–10 years	

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

In 2022 the Group recognized an impairment of EUR 0.7 million related to miscella-neous IT-systems.

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

ANNUAL IMPAIRMENT TESTS

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

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

(EUR 1 000)	**2022**	**2021**
Hurtigruten Norway	**97 675**	71 607
Hurtigruten Expeditions	**93 477**	119 545
Hurtigruten Destinations	**6 519**	6 091
Total	**197 670**	**197 242**

The change between the Hurtigruten Norway and Hurtigruten Expeditions segments is due to a transfer of the ship MS Trollfjord from Hurtigruten Expeditions to Hurtigruten Norway in 2022. The change in the Hurtigruten Destinations segment is related to the restaurant "Huset" on Svalbard.

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

Assumptions applied when calculating the recoverable amount:

(EUR 1 000)	**Hurtigruten Norway**	**Hurtigruten Expeditions**	**Hurtigruten Destinations**
Growth rate	2.0%	2.0%	2.0%
Discount rate after tax	11.0%	11.7%	9.5%

The recoverable amount has been calculated based on the latest updated forecast for EBITDA for 2023 and the next four years. The forecast represents managements best estimate for the range of economic conditions that will exist over the period, including expectations regarding occupancy rate, fuel prices and salary development. Expected future cash flows are based on forecasted EBITDA deducted for capex, tax effects of depreciation and changes in net working capital (NWC). Subsequently the terminal value is used. For the period beyond 2027, cash flow is estimated by extrapolating the projections based on the forecasts, using a steady growth rate of 2% for subsequent years, equal to assumptions in inflation.

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

Sensitivities:

The value in use calculation is mainly affected and sensitive to changes in occupancy rate assumptions and discount rate. Management has tested the value in use calculation to changes for these key assumptions, and an increase or decrease of 5% for the occupancy rate and 1 percentage point for the discount rate, does not alter the outcome of the impairment test.

Impairment in 2022 and 2021:

On the bases of this analysis, the Group has not recognised any impairments of the carrying value of goodwill and trademarks in 2022 or 2021.

Note 9
Investments in associates

This table presents the associates and joint ventures of the Group as of 31 December 2022 and 2021. Associates are accounted for using the equity method. Green Dog Svalbard AS offers dog-related activities on Svalbard. These include dog sledding, overnight trips with teams of dogs and similar. The Group has a 50% shareholding in Green Dog Svalbard AS. In the fourth quarter 2021, the Group bought 24.9% of the shares in Empresa Turistica Internacional C.A. The Company operates under the brand Metropolitan Touring and offers a wide range of travel products in Ecuador, including three ships used for sailings at Galapagos and the luxury resort Finch Bay on Galapagos.

Company	**Green Dog Svalbard AS**	**Empresa Turistica Internacional C.A.**	**Total**
Registered office	Longyearbyen, Svalbard	Equador	
Shareholding	50.0%	24.9%	
(EUR 1 000)			
Net investments at 1 January 2021	**2 773**	**-**	**507**
Additions	-	20 536	20 536
Share of net income	39	-	39
Translation differences	34	-	34
Net investments at 31 December 2021	**580**	**20 536**	**21 116**
Additions	-	33	33
Share of net income	296	353	650
Translation differences	(83)	-	(83)
Net investments at 31 December 2022	**793**	**20 923**	**21 715**

Note 10A
Financial instruments by category

The following categories have been used for subsequent measurement of financial assets and liabilities:

As at 31 December 2022

		Financial assets and liabilities				
(EUR 1 000)	Note	Amortised cost	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI	Non-financial assets and liabilities	Total
Non-current assets						
Other non-current financial assets	11	1 728	-	-	-	**1 728**
Investments in other companies		-	309	2 230	-	**2 539**
Current assets						
Trade receivables	11	19 995	-	-	-	**19 995**
Other receivables	11	35 788	-	-	29 651	**65 440**
Derivatives	10c	-	2 773	-	-	**2 773**
Cash and cash equivalents	13	29 841	117	-	-	**29 958**
Non-current liabilities						**-**
Interest-bearing liabilities	15	(1 374 028)	-	-	-	**(1 374 028)**
Derivatives	10c	-	-	-	-	**-**
Current liabilities						
Interest-bearing liabilities	15	(214 062)	-	-	-	**(214 062)**
Derivatives	10c	-	-	-	-	**-**
Trade payables	20	(61 104)	-	-	-	**(61 104)**
Other payables	20	(35 714)	-	-	(83 680)	**(119 394)**
Total		**(1 597 556)**	**3 199**	**2 230**		
Fair value [1]		**(1 562 818)**	**3 199**	**2 230**		

[1] Difference in fair value is related to interest-bearing liabilities, and mainly the bond. For the rest the carrying amount has been assessed and does not differ materially from fair value.

As at 31 December 2021

(EUR 1 000)	Note	Financial assets and liabilities: Amortised cost	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI	Derivatives used for hedging	Non-financial assets and liabilities	Total
Non-current assets							
Other non-current financial assets	11	16 259	-	-	-	-	16 259
Investments in other companies		-	296	2 230	-	-	2 526
Current assets							
Trade receivables	11	23 922	-	-	-	-	23 922
Other receivables	11	15 113	-	-	-	14 190	29 303
Derivatives	10c	-	-	-	1	-	1
Cash and cash equivalents	13	56 998	117	-	-	-	57 115
Non-current liabilities							
Interest-bearing liabilities	15	(1 394 061)	-	-	-	-	(1 394 061)
Derivatives	10c	-	-	-	(0)	-	(0)
Current liabilities							
Interest-bearing liabilities	15	(24 981)	-	-	-	-	(24 981)
Derivatives	10c	-	-	-	(2)	-	(2)
Trade payables	20	(23 496)	-	-	-	-	(23 496)
Other payables	20	(24 470)	-	-	-	(57 983)	(82 454)
Total		**(1 354 717)**	**413**	**2 230**	**(1)**		
Fair value [1]		**(1 354 354)**	**413**	**2 230**	**(1)**		

[1] Difference in fair value is related to borrowings. For the rest the carrying amount has been assessed and does not differ materially from fair value.

Classification by IFRS fair value hierarchy

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

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

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

(EUR 1 000)	Note	Level 1	Level 2	Level 3	Total
Assets					
Investments in other companies		-	-	2 539	**2 539**
Derivatives	10c	-	2 773	-	**2 773**
Cash and cash equivalents	13	117	-	-	**117**
Total		**117**	**2 773**	**2 539**	**5 430**

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

Assets and liabilities measured at fair value as per 31 December 2021

(EUR 1 000)	Note	Level 1	Level 2	Level 3	Total
Assets					
Investments in other companies		-	-	2 526	2 526
Derivatives	10c	-	1	-	1
Cash and cash equivalents	13	117	-	-	117
Liabilities					
Derivatives	10c	-	(2)	-	(2)
Total		**117**	**(1)**	**2 526**	**2 642**

There were no transfers between levels 1, 2 or 3 in 2021.

Specification of investments in other companies

(EUR 1 000)	Ownership share	2022	2021
Myklebust Verft Invest AS	15.90%	**2 230**	2 230
Other minor investments	-	**309**	296
Total		**2 539**	**2 526**

Note 10B
Credit quality of financial assets

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

(EUR 1 000)	Note	2022	2021
Counterparties without external credit ratings		55 783	39 035
Total trade receivables and other receivables		**55 783**	**39 035**
Cash bank and short-term bank deposits			
Rating A (S&P)		29 000	56 301
Total bank deposits		**29 000**	**56 301**
Cash on hand		841	697
Total cash and short-term bank deposits	13	**29 841**	**56 998**
Market based investments			
Money market fund (SICAV-France)		117	117
Total market based investments	13	**117**	**117**
Derivatives			
Rating AA (S&P)		2 773	1
Total derivatives	10c	**2 773**	**1**

Note 10C
Fair value of derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. 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. If the derivative is not classified as a hedging instrument, subsequent re-measurements are recognised in profit or loss.

The Group had one type of derivatives as of 31 December 2022: Bunker oil derivatives used to hedge the price risk of bunker oil purchases. Realised gains and losses are recognised in Other gains/(losses), see also note 26.

(EUR 1 000)	Assets	Liabilities
2022		
Classification of derivatives		
Forward bunker oil contracts	2 773	-
Total fair value of derivatives	**2 773**	**-**
Current	2 773	-
Non-current	-	-
2021		
Classification of derivatives		
Forward bunker oil contracts	1	2
Total fair value of derivatives	**1**	**2**
Current	1	2
Non-current	-	-

A hedging instrument is classified as long term if the major part of the instrument is settled in a period longer than 12 months from the balance sheet date.

Note 11
Receivables and other investments

(EUR 1 000)	2022	2021
Trade receivables	**20 563**	24 560
Less provision for impairment of trade receivables	**(568)**	(638)
Trade receivables (Note 10A)	**19 995**	**23 922**
Prepaid expenses	**29 651**	14 190
Other current receivables, Group companies	**1 678**	11
Net wages claims	**5 809**	5 638
Other miscellaneous receivables	**11 412**	8 398
Prepaid income tax	**1 556**	1 065
Current receivables related to travel bonds	**14 202**	-
Public duties receivable	**1 131**	-
Other current receivables (Note 10A)	**65 440**	**29 303**
Non-current receivables, Group companies	**116**	15 404
Other non-current financial assets	**1 612**	855
Other non-current financial assets (Note 10A)	**1 728**	**16 259**

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

Ageing of overdue trade receivables

(EUR 1 000)	2022	2021
Up to three months	**9 402**	3 560
Three to six months	**481**	2 439
Over six months	**320**	1 525
Total ageing of overdue trade receivables	**10 204**	**7 524**

Provision for impairment of trade receivables

(EUR 1 000)	2022	2021
Provision for impairment of receivables as of 1 January	**638**	642
Provision for impairment of receivables during the year	**471**	479
Receivables written off during the year	**(135)**	(377)
Reversal of unused amounts	**(399)**	(121)
Currency translation effects	**(6)**	15
Provision for impairment of receivables as of 31 December	**568**	**638**

The Group has no significant concentration of credit risk. Sales to end users are settled in cash or with recognised credit cards and are paid in full prior to the travel date. Trade receivables primarily comprise sales to external agents through invoicing. The Group has routines to ensure that trade credit and prepayment of expenses are only extended to agents and vendors that have a satisfactory credit rating. Individual risk exposure limits are set based on internal and external assessments of credit ratings.

Note 12
Inventories

Inventories comprise the following types of goods

(EUR 1 000)	**2022**	**2021**
Goods purchased for resale	**11 454**	14 477
Spare parts	**408**	904
Bunkers and lubrication oil	**6 327**	3 788
Total inventories	**18 189**	**19 169**

The inventories were measured at the lowest value of cost or net realisable value.

Note 13
Cash and cash equivalents

(EUR 1 000)	**Note**	**2022**	**2021**
Cash at bank and on hand	10a	**29 841**	56 998
Market-based investments [1]	10a	**117**	117
Cash and cash equivalents in the balance sheet		**29 958**	**57 115**
Of which restricted bank deposits [2]		**2 785**	8 905

[1] Funds owned by a foreign subsidiary.

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

Note 14
Share capital

Share capital	2022	2021
Total number of shares as of 01.01	**30**	30
Total number of shares as of 31.12	**30**	**30**
Nominal value as of 31.12 (NOK)	**3 001**	**3 001**
Share capital (total number of shares at nominal value) in EUR million	**9**	9
Other paid in capital (EUR million)	**185 196**	185 196
Total paid in equity (EUR million)	**185 205**	**185 205**

All ordinary shares have equal rights.

Shareholder information as at 31 December 2022

	Number of shares	Shareholding
Silk Midco AS	30	100.0%

Shares in ultimate parent held by elected officers in Hurtigruten as of 31 December 2022

Board of Directors	Shareholding
Trygve Hegnar, Chair, through Persicopus AS	4.9%
Petter Anker Stordalen, Director, through Strawberry Equities AS	11.6%
Jonathan Barlow, Director	0.0%
Linda Zhang, Director	0.0%

Management	Shareholding
Daniel A. Skjeldam, CEO, through Hornsund Invest AS	0.9%
Asta Lassesen, CEO Hurtigruten Expeditions, through A. Y. Invest AS	0.4%
Torleif Ernstsen, CFO, through Rypestrand Sjøbad AS	0.1%
Ole-Marius Moe-Helgesen, CDO, through HMH Consulting AS	0.04%
Hedda Felin, CEO Hurtigruten Norway, through Felinvest AS	0.04%

The company's auditors do not own any shares in Silk Topco AS.

Shareholder information as at 31 December 2021

	Number of shares	Shareholding
Silk Midco AS	30	100.0%

Shares in ultimate parent held by elected officers in Hurtigruten as of 31 December 2021

Board of Directors	Shareholding
Trygve Hegnar, Chair, through Persicopus AS	4.9%
Petter Anker Stordalen, Director, through Strawberry Equities AS	11.6%
Jonathan Barlow, Director	0.0%
Matthew Lenczner, Director	0.0%

Management	Shareholding
Daniel A. Skjeldam, CEO, through Hornsund Invest AS	0.9%
Asta Lassesen, CEO Hurtigruten Expeditions, through A. Y. Invest AS	0.4%
Torleif Ernstsen, CFO, through Rypestrand Sjøbad AS	0.1%
Ole-Marius Moe-Helgesen, CDO, through HMH Consulting AS	0.04%
Hedda Felin, CEO Hurtigruten Norway, through Felinvest AS	0.04%

Dividend per share
No dividend is proposed for the fiscal years 2022 or 2021.

Note 15
Interest-bearing liabilities

Classification of interest-bearing liabilities

(EUR 1 000)	**2022**	2021
Non-current interest-bearing liabilities		
Secured		
Bond	**282 767**	296 696
Term loans and lease liabilities	**718 813**	869 758
Revolving credit facilities	**84 642**	84 311
Unsecured		
Bond	**48 482**	-
Lease liabilities	**58 797**	63 240
Other interest-bearing liabilities	**180 527**	80 056
Total non-current interest-bearing liabilities	**1 374 028**	1 394 061
Current interest-bearing liabilities		
Secured		
Bond	**15 000**	-
Term loans and lease liabilities	**182 330**	7 537
Unsecured		
Lease liabilities	**11 992**	10 822
Other interest-bearing liabilities	**4 740**	6 622
Total current interest-bearing liabilities	**214 062**	**24 981**
Total interest-bearing liabilities	**1 588 090**	**1 419 042**

Movements in interest-bearing liabilities

(EUR 1 000)	**2022**	2021
Total borrowings 1 January	**1 419 042**	**1 258 696**
Cash flows		
New financing	**170 000**	121 550
Repayments	**(23 970)**	(31 831)
Borrowing costs	**(2 191)**	(2 900)
Non-cash flow		
Amortization	**19 126**	8 143
New lease contracts or modified/remeasured contracts	**9 823**	62 963
Currency translation effects	**(3 740)**	2 422
Total borrowings 31 December	**1 588 090**	**1 419 042**

Maturity profile in nominal values

(EUR 1 000)	**2022**	2021
Less than one year	**216 477**	25 349
Between 2 and 3 years	**1 186 026**	396 694
Between 4 and 5 years	**125 417**	941 576
More than 5 years	**113 404**	131 222
Total	**1 641 324**	**1 494 842**

Please also refer to note 29 for maturity profile for lease liabilities.

Interest-bearing liabilities specified by currency

(In 1 000)	In EUR 2022	2022	2021
NOK	68 368	**718 803**	834 297
EUR	1 517 893	**1 517 893**	1 334 016
USD	319	**341**	434
GBP	1 386	**1 229**	787
AUD	125	**196**	286
Sum	**1 588 090**		

Fair value calculations

The carrying amounts and the fair values of the borrowings are as follows:

	Carrying value		Fair value	
(EUR 1 000)	**2022**	**2021**	**2022**	**2021**
Bond	**346 249**	296 696	**251 550**	281 940
Term loans and lease liabilities	**901 143**	875 029	**906 619**	889 098
Revolving credit facilities	**84 642**	84 311	**85 000**	85 000
Lease liabilities	**70 789**	74 062	**123 253**	74 062
Other interest-bearing liabilities	**185 267**	88 944	**186 929**	88 580
Total	**1 588 090**	**1 419 042**	**1 553 351**	**1 418 679**

The Explorer II bond was listed on the Oslo Stock Exchange with ISIN: NO 0010874548 10 July 2020. The fair value for the bond is gathered from Bloomberg, which showed a value of 83.85% as of 31 December 2022, compared to an issue price of 87.15%.

The green bond was listed on the Oslo Stock Exchange with ISIN: NO 0012436270 18 July 2022. The fair value for the bond is gathered from Bloomberg, which showed a value of 90.465% as of 31 December 2022, compared to an issue price of 87.15%.

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

Term Loan B, Term Loan C, Term Loan D and Revolving Credit Facility

The Group's main source of financing is a EUR 655 million Term Loan B (matures February 2025), a EUR 130 million Term Loan C (matures June 2023), a EUR 46.5 million Term Loan D (matures June 2023) and a EUR 85 million Revolving Credit Facility (matures February 2024). The loans bear interest at EURIBOR plus a margin. The loans hold the same security package including mortgage over 9 vessels and rank pari-passu.

On 21 February 2023 it was announced that the Group has received commitments from AlbaCore Capital Group for a new EUR 200 million 5-year facility, with all proceeds net of OID to be applied towards refinancing the EUR 176.5 million term loans maturing in June 2023 in full.

On 15 March 2023 it was also announced that the Group has received 100% commitment from the RCF and TLB lenders for a 2-year maturity extension with certain amendments to the terms of the SFA.

EUR 300 million bond

The EUR 300 million senior secured listed bond hold mortgage over the vessels MS Roald Amundsen and MS Fridtjof Nansen, bears a fixed coupon of 3.375% and matures in February 2025.

Sale and leaseback debt facilities

The Group has sale and lease-back debt facilities in place for the vessels MS Spitsbergen, MS Richard With and MS Nordlys. The debt facility for MS Spitsbergen matures June 2028 and the debt facilities for MS Richard With and MS Nordlys mature January 2030.

Other interest-bearing liabilities

As part of the government relief package for Covid-19 affected businesses in Norway the Group secured a 3-year state guaranteed bank loan of NOK 150 million in July 2020. The loan is amortizing and matures July 2023.

During 2022 the Group secured a total of EUR 95 million shareholder loan facilities from its shareholders. The loans mature 6 months after the latest maturity of the Senior Secured Loans and bear payment in kind interest.

Lease liabilities

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

Pledges

The security packages under the Senior Secured Facility agreement include mortgage over 9 owned vessels, pledge of shares in subsidiaries and assignment of intercompany loans and insurance.

The EUR 300 million senior secured listed bond hold mortgage over the vessels MS Roald Amundsen and MS Fridtjof Nansen.

The vessels MS Spitsbergen, MS Richard With and MS Nordlys are pledged under the sale and leaseback debt facilities.

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

(EUR 1 000)	**2022**	**2021**
Interest-bearing liabilities secured by mortgage		
Bond	**297 767**	296 696
Term loans and lease liabilities	**901 143**	877 296
Revolving credit facilities	**84 642**	84 311
Total interest-bearing liabilities secured by mortgage	**1 283 552**	**1 258 303**
Book value of assets pledged as security	**889 051**	862 323
Total assets pledged as security	**889 051**	**862 323**

Covenants

EUR 300 million Explorer II bond

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

EUR 50 million Green bond

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

Term Loan B, Term loan C and Term Loan D

There are no financial maintenance covenants.

Revolving credit facility

In August 2022 certain additional amendments were made to the Facility Agreement. The suspension period for the Consolidated Senior Secured Leverage Ratio Financial covenant (not greater than 7.7:1) was extended until 30 September 2023. The minimum liquidity test to be at least EUR 15 million during the Suspension Period (tested monthly or, if Available Liquidity is less than EUR 45 million, bi-monthly).

The minimum Consolidated EBITDA test that applies during the Suspension Period is that Consolidated EBITDA in respect of the Quarter Period ending 31 March 2023 shall be not less than EUR 25 million (or its equivalent); in respect of the Quarter Period ending 30 June 2023 not less than EUR million (or its equivalent).

Note 16
Income taxes

Income taxes

The income taxes are specified as the following:

(EUR 1 000)	**2022**	2021
Income tax payable, current year	**(1 589)**	(1 942)
Income tax payable, adjustments regarding previous years	**7**	(48)
Change in deferred tax, current year	**11 987**	(6 323)
Change in deferred tax, tax rate changes and adjustments regarding previous years	**2**	58
Total income taxes	**10 407**	**(8 254)**

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

Reconciliation of income taxes to profit/(loss) before taxes

The tax on the Group 's profit or loss before tax deviates from the amount that would have applied if the statutory tax rate in Norway had been used. The difference can be explained as follows:

(EUR 1 000)	**2022**	2021
Profit/(loss) before taxes	**(219 819)**	**(273 941)**
Expected income taxes at statutory tax rate in Norway (22 %)	**48 374**	60 267
Shipping company tax schemes – NO Tax Act only	**(30 631)**	(46 927)
Non-taxable income	**-**	14 930
Goodwill impairment	**-**	(311)
Gifts, representation and other non-deductable expenses	**(12 273)**	(17 764)
Effect from difference in tax rate from nominal tax rate in Norway	**(111)**	(2 168)
Effect from change in tax rate and tax provisions from previous years	**7**	(48)
Effect from change in valuation allowance, tax losses	**(1 770)**	(3 386)
Translation effects [1]	**6 812**	(13 293)
Other permanent differences	**-**	447
Total income taxes	**10 407**	**(8 254)**

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

Income taxes for items recognised in other comprehensive income

	2022			**2021**		
(EUR 1 000)	**Before tax**	**Tax effect**	**After tax**	**Before tax**	**Tax effect**	**After tax**
Actuarial gains/losses, pensions	**519**	**(167)**	**351**	502	(161)	341
Currency translation differences	**(845)**	**-**	**(845)**	(685)	-	(685)
Other comprehensive income	**(326)**	**(167)**	**(494)**	**(182)**	**(161)**	**(343)**

Deferred income tax assets (+) and liabilities (-)

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

2022

(EUR 1 000)	Opening balance	Tax expense	Recognised in other compr. income	Acqusitions and disposals	Foreign currency translation effects	Closing balance
Non-current items						
Intangible and fixed assets [1]	(60 493)	1 434	-	-	7	(59 052)
Leasing	84	(68)	-	-	(2)	14
Pensions	1 301	(214)	(167)	-	(23)	896
Other non-current items	(3 105)	1 813	-	-	(83)	(1 376)
Total	**(62 213)**	**2 965**	**(167)**	**-**	**(102)**	**(59 518)**
Current items						
Derivatives	-	(609)	-	-	-	(609)
Provisions	265	55	-	-	1	321
Other current items	(102)	21	-	-	27	(54)
Total	**163**	**(533)**	**-**	**-**	**27**	**(343)**
Tax losses						
Tax losses carried forward	60 536	11 264	-	-	(321)	71 480
Interests carried forward [2]	13 173	(118)	-	-	-	13 055
Valuation allowance	(21 866)	(1 759)	-	-	(254)	(23 878)
Total	**51 844**	**9 388**	**-**	**-**	**(575)**	**60 657**
Total deferred tax asset/(liability)	**(10 206)**	**11 819**	**(167)**	**-**	**(649)**	**796**
Carrying value of defered tax asset	2 163					817
Carrying value of deferred tax liability	12 369					21
Net asset/(liability)	**(10 206)**	**-**	**-**	**-**	**-**	**796**

[1] Intangible and fixed assets include the gain/loss tax account for the Norwegian entities.

[2] Interests carried forward are not recognized as a deferred tax asset and are written down in the line "Valuation allowance".

2021

(EUR 1 000)	Opening balance	Tax expense	Recognised in other compr. income	Acqusitions and disposals	Foreign currency translation effects	Closing balance
Non-current items						
Intangible and fixed assets [1]	(74 530)	13 805	-	245	(13)	(60 493)
Leasing	71	10	-	-	2	84
Pensions	1 398	41	(161)	-	23	1 301
Other non-current items	(3 995)	890	-	-	-	(3 105)
Total	**(77 056)**	**14 746**	**(161)**	**245**	**12**	**(62 213)**
Current items						
Provisions	319	(55)	-	-	1	265
Other current items	297	(402)	-	-	3	(102)
Total	**616**	**(457)**	**-**	**-**	**4**	**163**
Tax losses						
Tax losses carried forward	79 945	(17 495)	-	-	(1 914)	60 536
Interests carried forward [2]	13 173	-	-	-	-	13 173
Valuation allowance	(18 625)	(3 060)	-	-	(180)	(21 865)
Total	**74 493**	**(20 554)**	**-**	**-**	**(2 094)**	**51 844**
Total deferred tax asset/(liability)	**(1 947)**	**(6 265)**	**(161)**	**245**	**(2 078)**	**(10 206)**
Carrying value of defered tax asset	1 517					2 163
Carrying value of deferred tax liability	3 464					12 369
Net asset/(liability)	**(1 947)**					**(10 206)**

[1] Intangible and fixed assets include the gain/loss tax account for the Norwegian entities.

[2] Interests carried forward are not recognized as a deferred tax asset and are written down in the line "Valuation allowance".

Reconciliation of movement in taxes payable

(EUR 1 000)	**2022**	2021
Current income tax payables, opening balance	**379**	(282)
New provision, income tax payable	**1 593**	1 989
New provision, income tax payable related to shipping company tax scheme	**-**	5
Taxes paid (-)	**(2 206)**	(9)
Group contribution (-)	**(11)**	(1 815)
Acqusitions and disposals	**-**	493
Currency translation effects	**(883)**	(3)
Current income tax payable/(receivable), closing balance net	**(1 128)**	**379**
Carrying value of current prepaid taxes (+)	**1 556**	1 065
Carrying value of current income tax payables (-)	**(428)**	(1 444)
Net receivable/(payable)	**1 128**	**(379)**

Taxes paid distributed by country

(EUR 1 000)	**2022**
Norway	**(1 654)**
Germany	**(605)**
Australia	**53**
Hong Kong	**1**
Taxes paid (-)	**(2 206)**

Note 17
Pensions

The Group operates both defined contribution and defined benefit pension schemes. For the defined contribution plans the cost is equal to the contributions to the employee's pension savings during the period. Future pensions are dependent on the size of the contributions and the return on the pension plans. The Group has established mandatory occupational pension plans in the companies where this is required. These plans for Norwegian companies satisfy the requirements stipulated in the Norwegian Mandatory Occupational Pension Act.

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

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

	2022			2021		
(EUR 1 000)	**Norway**	**Germany**	**Total**	**Norway**	**Germany**	**Total**
Present value of obligations	**1 827**	**4 166**	**5 992**	5 139	5 269	10 408
Fair value of plan assets	**(0)**	**4 974**	**4 974**	2 974	5 297	8 272
Net pension obligations/(assets)	**1 827**	**(808)**	**1 018**	**2 164**	**(29)**	**2 136**

The Contractual Early Retirement (AFP) Scheme Act adopted by the Norwegian Parliament in 2010 entailed the derecognition and recognition in the income statement of provisions related to the old contractual early retirement scheme. Provisions were set aside to cover the assumed underfunding of the old contractual early retirement scheme. The new AFP early retirement scheme is based on a tri-parties collaboration between employer, employee organisations and the government. The government covers one-third of the pension expenses for the early retirement scheme, while affiliated enterprises cover the remaining two-thirds. The scheme is recognised as a defined benefit multi-entity plan in the financial statements. This means that each individual company shall account for its proportional share of the scheme's pension obligations, plan assets and pension costs. Until reliable and consistent information is available for allocation, the new contractual early retirement scheme will be accounted for as a defined contribution plan. This is consistent with the Ministry of Finance's conclusion concerning the new AFP early retirement plan published in connection with the presentation of the Norwegian State Budget on 14 October 2013. The members of the scheme are the Norwegian entities permanent employees, of whom there were 1 768 as of 31 December 2022. AFP is earned at the rate of 2.6% of pensionable income up to 7.1 G for every year worked between the ages of 13 and 62. A total of EUR 1.3 million (NOK 13.3 million) was paid into the scheme in 2022. For the other employees in Norway there is also a defined contribution plan where the contribution amount is a fixed percentage of salary, 4.3% of salary between 0 and 7.1 G and 10% of salary between 7.1 and 12 G.

The established pension plans cover 2 178 Group employees, 25 pensioners and 32 former employees. The pension costs for the period illustrate the agreed future pension entitlements earned by employees in the financial year.

The pension costs recognized in the income statement are:

(EUR 1 000)	**2022**	**2021**
Present value of accrued pension entitlements for the year	**15**	22
Defined contribution plan	**9 176**	8 593
Interest expenses (income)	**(9)**	44
Payroll tax	**6**	6
Total pension costs included in payroll costs (Note 23)	**9 188**	**8 665**

The Group's expected contributions to the pension schemes for the following year is EUR 1.1 million as of 31 December 2022 (EUR 0.7 million as of 31 December 2021).

Risks, asset management and sensitivity

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

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

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

The pension obligation is most sensitive to changes in the applied discount rates. It is estimated that a change of one percentage point will increase/decrease the pension obligation by approximately EUR 0.9 million.

Financial assumptions

	2022	**2021**
Norway		
Discount rate	**1.90%**	1.90%
Expected annual wage adjustment	**2,75%**	2,75%
Expected annual pension adjustment	**0,00%**	0,00%
Expected annual National Insurance basic amount (G) adjustment	**2.50%**	2.50%
Table book used for estimating liabilities	**K2013 BE**	K2013 BE
Table book used for estimating disabilities	**IR02**	IR02
Germany		
Discount rate	**3.60%**	0.80%
Expected annual wage adjustment	**N/A**	N/A
Expected annual pension adjustment	**2.25%**	1.80%
Expected annual National Insurance basic amount (G) adjustment	**N/A**	N/A
Average expected years of service until retirement age	10.1 Years	12.7 Years

Change in the defined benefit pension obligations during the year

(EUR 1 000)	**2022**	**2021**
Pension obligations as of 1 January	**10 408**	10 801
Present value of accrued pension entitlements for the year	**15**	22
Interest expenses	**92**	111
Effect of recalculation:		
Changes in financial assumptions	**(4 785)**	(228)
Changes in demographic assumptions	**232**	122
Estimate deviations	**384**	27
Currency translation differences – obligations	**(237)**	246
Discontinuation of pension plans (plan changes)	**387**	-
Pension benefits paid	**(495)**	(687)
Change in payroll tax on net pension obligations	**(8)**	(5)
Pension obligations as of 31 December	**5 993**	**10 408**

Change in the fair value of the plan assets

(EUR 1 000)	**2022**	2021
Fair value as of 1 January	**8 272**	7 875
Return on plan assets	**46**	60
Actual return on assets re interest income recognised in income statement	**(3 630)**	423
Paid-up policies and disbursements due to discontinuation of plans (plan changes)	**435**	-
Employer contributions	**53**	34
Currency translation differences – assets	**(131)**	141
Pension benefits paid	**(72)**	(261)
Fair value as of 31 December	**4 973**	**8 272**

Specification of net plan assets/obligations

(EUR 1 000)	**2022**	2021
Present value of funded pension obligation	**4 166**	8 346
Present value of unfunded pension obligations	**1 827**	2 062
Total pension obligation 31 December	**5 992**	**10 408**
Estimated fair value of plan assets as of 31 December	**4 974**	8 272
Net pension obligations at 31 December	**1 018**	**2 136**

Expected maturity date of pension schemes as of 31 December 2022

(EUR 1 000)	**< 1 year**	**1–2 years**	**2–5 years**	**>5 years**	**Total**
Defined benefit pension	437	430	1 242	5 857	7 965

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

(EUR 1 000)	**2022**	2021	2020
Present value of defined benefit pension obligations	**5 992**	10 408	10 801
Fair value of plan assets	**4 974**	8 272	7 875
Deficit/(surplus)	**1 018**	**2 136**	**2 926**

Note 18
Provisions

(EUR 1 000)	**Bonuses**	**Management incentive plan**	**Other**	**Total**
Book value as of 1 January 2021	**2 724**	**563**	**885**	**4 172**
Provisions for the year	240	134	179	553
Utilisation (reversal) of provisions from the prior year	(1 004)	-	(406)	(1 410)
Currency translation effects	110	21	-	131
Book value as of 31 December 2021	**2 070**	**718**	**658**	**3 446**
Provisions for the year	3 200	69	13	3 282
Utilisation (reversal) of provisions from the prior year	(2 070)	-	(459)	(2 529)
Currency translation effects	(96)	-	(0)	(96)
Book value as of 31 December 2022	**3 104**	**787**	**212**	**4 103**

Classification in the statement of financial position

(EUR 1 000)	**2022**	**2021**
Non-current liabilities	**91**	-
Current liabilities	**4 012**	3 446

Bonuses

The Group has certain bonus schemes for the CEO, Group management and other key personnel. A provision of EUR 3.2 million has been recognised towards bonuses for 2022 (EUR 0.2 million in 2021). See note 24A Remuneration of Board of Directors and executive management for details on the executive management.

Management incentive plans

The management in Hurtigruten Group has entered an incentive plan to purchase shares in the parent company, Silk Topco AS. For further information regarding the Management incentive plan, see note 19.

Note 19
Share-based payment

The executive management in Hurtigruten Group has entered into an agreement with the ultimate parent company, Silk Topco AS. The executive managers have purchased shares in Silk Topco AS at the same price that Silk Topco AS paid for the shares in Hurtigruten ASA in 2014 through its subsidiary Hurtigruten Group AS. The agreement also contains an incentive scheme that gives management a right to bonus shares in different pre-defined exit scenarios. The beneficiary can choose the settlement in cash or have a private placement.

The incentive scheme has two market-based vesting conditions:
(i) The internal rate of return at the time of the sale, calculated from the time of the share-purchase, must be more than 8%
(ii) The exit value must be at least 150% of the aggregated invested amount

The number of bonus shares depends on the aggregated exit value and can give a range of bonus shares from 0.38 per share up to 12 times per share. Management's investments at 31 December 2022 were NOK 41.0 million (NOK 41.0 million at 31 December 2021).

When estimating the fair value of the incentive scheme at grant date, the main factors influencing the fair value that had to be estimated by management were as follows:
(i) The probability of different exit values that then give different levels of bonus shares,
(ii) The expected time to exit
(iii) Discount rate.

The agreement was signed on 23 June 2015.

Expected life of the agreement:	5 years
Fair value at initial recognition:	NOK 17.3 million
Expected time to exit:	5 years [1]
Annual amortisation:	EUR 0.4 million (NOK 4.5 million)
Accrued amount as of 31.12.2022:	EUR 0.8 million (NOK 8.3 million)
Accrued amount as of 31.12.2021:	EUR 0.7 million (NOK 7.2 million)

[1] As of 31 December 2022 the expected time to exit is in 2025, representing the management's best estimate given the Covid-19 pandemic affecting the industry.

As of 31 December 2022, the provision for employee tax related to the management incentive programme was EUR 0.1 million (NOK 1.2 million) and EUR 0.4 million (NOK 4.0 million) at 31 December 2021.

Note 20
Trade and other current liabilities

(EUR 1 000)	**2022**	**2021**
Trade payables	**61 086**	23 493
Trade payables related parties1)	**19**	3
Total trade payables	**61 104**	**23 496**
Public duties payable	**6 156**	5 185
Other current liabilities	**21 214**	17 029
Current payables to related parties [1)]	**8 343**	2 257
Accrued expenses	**42 736**	22 348
Accrued interest	**40 944**	24 682
Total other current liabilities [2)]	**119 394**	**71 501**

1) See note 27 for information on trade payables and other current payables due to related parties.

2) Deferred revenues have been reclassified from other current liabilities to deposits from customers, current.

Note 21
Revenues

Revenue by category

(EUR 1 000)	**2022**	**2021**
Ticket revenue	**287 872**	59 984
Revenue from flights, hotel & transportation	**51 210**	7 112
Presold food, beverages and excursions	**90 221**	19 191
Onboard sales of food, beverages, shop and excursions	**34 724**	12 708
Other passenger revenue	**12 685**	7 126
Cargo-freight revenue	**2 996**	2 580
Other operating revenue	**28 821**	13 417
Total operating revenues	**508 530**	**122 117**
Contractual revenues	**59 378**	71 715
Total contractual revenues	**59 378**	**71 715**
Government grant compensation scheme (Covid-19)	**946**	28 856
Insurance settlements	**7 664**	-
Total other operating income	**8 610**	**28 856**
Total operating revenues and other income	**576 518**	**222 688**

Contractual revenues relating to the Bergen–Kirkenes coastal service are based on the existing agreement with the Norwegian government through the Ministry of Transport and Communications (see Note 2.3.C (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.

Other operating income relate to insurance claims related to the MS Fridtjof Nansen incident. The amount of the compensation scheme received for 2022 from the Norwegian Government was EUR 1.0 million (in 2021 EUR 17.9 million from the Norwegian Government and EUR 10.9 million from the German Government).

Reconciliation of movement in deposits from customers:

(EUR 1 000)	**2022**	**2021**
Deposits from customers, opening balance	**172 299**	95 300
Net new sales	**298 175**	167 647
Recognised in revenue	**(309 891)**	(94 360)
Currency translation effects	**(1 718)**	3 712
Deposits from customers, closing balance [1]	**158 865**	**172 299**

[1] Deferred revenues have been reclassified from other current liabilities to deposits from customers, current.

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

(EUR 1 000)	**2022**	**2021**
During the first twelve months	**130 793**	128 239
During the second year	**28 073**	44 060
Total deposits from customers [1]	**158 866**	**172 300**

[1] Deferred revenues have been reclassified from other current liabilities to deposits from customers, current.

Bookings as of 31 December 2022 expected to be recognised as revenue are:

(EUR 1 000)	2023	2024 and over	Total
Hurtigruten Expeditions	200 918	21 815	222 733
Hurtigruten Norway	105 996	3 922	109 918
Contractual revenues	66 719	72 613	139 332
Total expected revenues	**373 633**	**98 350**	**471 983**

Note 22
Direct costs of goods and services

(EUR 1 000)	**2022**	**2021**
Commissions	**35 535**	7 266
Direct costs of goods and services regarding flights, hotel and transportation	**46 588**	6 130
Direct costs of goods and services regarding food, beverages, shops and excursions	**46 062**	13 422
Other direct costs of goods and services	**8 735**	4 334
Total direct costs of goods and services	**136 919**	**31 152**

Note 23
Salaries and personnel costs

(EUR 1 000)	**2022**	**2021**
Wages and salaries	**142 814**	91 014
Payroll tax	**10 200**	9 473
Pension costs (Note 17)	**9 188**	8 665
Other benefits	**14 600**	8 682
Total salaries and personnel costs	**176 801**	**117 834**
Average number of full-time equivalents	**1 904**	1 477

Seamen hired by Hurtigruten Group are included in the "Net Wages" – scheme, where the Norwegian government reimburses to shipping companies an amount corresponding to the sum of the income tax paid, social security contributions and employer's national insurance contributions (payroll tax) for crew within the scheme. The government grant is recorded as a reduction in payroll costs. In 2022, the Group recognised EUR 10.6 million (NOK 107.2 million) in government grants through this arrangement (EUR 1.1 million or NOK 11.6 million in 2021).

The Norwegian government reimburses parts of the salary to new seamen apprentices. The government grant is recognised as a reduction in payroll costs. During 2022 the Group recognised EUR 0.8 million (NOK 8.0 million) in government grants through this arrangement (EUR 1.0 million or NOK 10.2 million in 2021). In addition, the Group accounted for an extra grant of EUR 4.0 million (NOK 41.9 million) in 2022 as a compensation for not furloughing employees at sea (EUR 1.2 million or NOK 12.1 million in 2021).

Note 24A
Remuneration of the Board of Directors and executive management

TOTAL COMPENSATION YEAR 2022

Board of Directors

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

Executive management

(EUR 1 000)	Position	Salary	Compensation prior periods [1]	Special recognition award [2]	Pension costs	Other benefits	Total remuneration
Daniel Skjeldam	Chief Executive Officer	711	526	649	98	10	1 994
Torleif Ernstsen	Chief Financial Officer	291		280	41	-	612
Asta Lassesen	Chief Executive Officer – HRX	200		242	41	98	581
Hedda Felin	Chief Executive Officer – HRN	230		57	32	10	329
Ole-Marius Moe-Helgesen	Chief Digital Officer	218		118	27	-	363
Steven Taylor [3]	Chief Commercial Officer	347		-	24	1	373
Simon Little [4]	Chief People Officer	63		-	4	1	68
Total		**2 060**	**526**	**1 346**	**268**	**118**	**4 319**

1) Includes previously agreed retrospective salary adjustments from 1 January 2020 of total NOK 3 million and a special recognition award earned for 2020 paid out in 2022

2) Special recognition awards paid out in 2022.

3) Joined 10 January 2022.

4) Joined 1 October 2022.

The Board of Directors approved on 28 October 2021 that the Group CEO shall receive an annual fixed salary of NOK 7.5 million retrospective from 1 January 2020. The deferred payments for FY 2020 and FY 2021 were paid out in 2022 as part of regular salary, related to earlier prior periods. The Board also approved a special recognition award of NOK 2.5 million for FY 2020 that was paid out in 2022. Other benefits include bonus, fixed car remuneration and ordinary phone expenses, Internet, newspaper and home computer allowance. The CEO has a time-limited agreement on a performance-related bonus linked to the operating result before depreciation, amortisation and impairments, in which performance is indexed against the adjusted budgeted operating result before depreciation, amortisation and impairments. The CEO also has an agreement of a target 33.33% of annual bonus however ultimately the Board decides the bonus, factoring all the various activities and circumstances during the year. The total cost of the Group Executive Management team is higher in 2022 compared to earlier years. This is explained by one off effects and the migration of key management positions to London and the cost of the required international competence.

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

A performance-based bonus scheme was introduced for the Group's management from 2013. The bonus payments are established applying pre-determined targets/parameters, some of which relate to the Group's overall performance and others to results within managers' individual spheres of responsibility. The maximum bonus for an individual manager is NOK 4.5 million. The bonus scheme covers certain members of the Group management. The bonus criteria for FY 2021 were not fulfilled. The Board approved a special recognition award to the Group Management members that were paid out in 2022. The CEO has a separate performance-related bonus scheme as described above.

TOTAL COMPENSATION YEAR 2021

Board of Directors

The Board of Directors have waved their annual compensation for 2021.

Executive management

(EUR 1 000)	**Position**	**Salary**	**Bonus [1]**	**Pension costs**	**Other benefits**	**Total remuneration**
Daniel Skjeldam	Chief Executive Officer	595	787	100	98	1 581
Torleif Ernstsen	Chief Financial Officer	298	212	43	34	587
Asta Lassesen	Chief Executive Officer – HRX	199	184	43	130	556
Hedda Felin [2]	Chief Executive Officer – HRN	191	-	28	28	247
Stine Steffensen Børke [3]	Chief Marketing Officer	198	52	28	25	303
Ole-Marius Moe-Helgesen	Chief Digital Officer	223	102	28	19	372
Total		**1 705**	**1 338**	**269**	**334**	**3 646**

[1] Bonus earned in 2019. Paid out in 2021.

[2] Joined 1 March 2021.

[3] Left EMT 31 December 2021.

Note 24B
Auditor remuneration

(EUR 1 000)	**2022**	**2021**
Statutory audit	**565**	469
Other assurance services	**54**	130
Total	**619**	**599**

VAT is not included in the fees specified above.

Note 25
Other operating costs

(EUR 1 000)	**2022**	**2021**
Sales and administrative costs	**93 488**	79 165
Operating costs (ex fuel)	**118 661**	58 452
Fuel costs	**93 530**	43 416
Total other operating costs	**305 679**	**181 033**

Operating cruise costs consist of costs such as bunker fuel, harbour costs and repair and maintenance costs.

Note 26
Net other gains/(losses)

(EUR 1 000)	**2022**	**2021**
Net gains/(losses) on the sale of property, plant and equipment	**-**	4 196
Net unrealised foreign currency gains/(losses) on balance sheet items	**2 533**	(4 381)
Net gains/(losses) other	**(5 203)**	-
Net gains/(losses) on forward bunker contracts	**10 358**	3 203
Total	**7 689**	**3 018**

Net other gains/(losses) consist of gains and losses that result from revaluation of operational balance sheet items denominated in foreign currencies to functional currencies at balance sheet date, realised gains/(losses) on forward bunker fuel contracts, and realised gains/(losses) on the sale of property plant and equipment. The net losses other of negative EUR 5.2 million are related to a settlement of a legal dispute with an LNG supplier. The gains on the sale of property, plant and equipment of EUR 4.2 million in 2021 are mainly related to the sale of the real-estate portfolio on Svalbard to Store Norske.

Note 27
Transactions with related parties

Transactions with related parties are carried out with terms and conditions that are no more favorable than those available, or which might reasonably be expected to be available, in similar transactions between independent parties. Related parties are defined as the key management personnel in the company, shareholders and associates. Associates in 2022 include Green Dog Svalbard AS, and Empresea Turistica Internacional C.A. (see note 9).

The Group conducted the following transactions with related parties:

Transactions with associates

(EUR 1 000)	2022	2021
Operating revenues		
Sale of services to Green Dog Svalbard AS	**45**	50
Operating costs		
Purchase of services from Green Dog Svalbard AS	**802**	264
Purchase of services from Empresa Turistica International C.A.	**9 631**	-
Balances with related parties at year-end		
Current receivables	**6 028**	319
Current liabilities	**(1 063)**	(319)
Net balances with related parties as of 31 December	**4 966**	**-**

Current receivables from other Group companies at year-end

(EUR 1 000)	2022	2021
Silk Topco AS	**1 653.3**	0.4
Silk Midco AS	**4.0**	0.2
KVE Holding AS	**6.5**	4.5
Kirberg Shipping AS	**11.8**	9.1
Namdalen Wilderness Lodge	**4.1**	4.3
Kleven Prosjekt 401 AS	**20.7**	13.8
HRG NewCo Holding	**15.3**	2.2
Totals	**1 715.6**	**34.4**

Non-current receivables from other Group companies at year-end

(EUR 1 000)	2022	2021
Silk Topco AS	**14**	11 684
Silk Midco AS	**26**	24
KVE Holding AS	**-**	3 621
Kirberg Shipping AS	**76**	75
Totals	**116**	**15 404**

Current payables to other Group companies at year-end

(EUR 1 000)	**2022**	2021
Silk Topco AS	**336**	4
Silk Midco AS	**8 138**	2 196
KVE Holding AS	**1**	-
Kirberg Shipping AS	**1**	-
Namdalen Wilderness Lodge	**(2)**	(2)
Totals	**8 474**	**2 199**

Non-current payables to other Group companies at year-end

(EUR 1 000)	**2022**	2021
Silk Topco AS	**20 000**	-
Silk Midco AS	**160 477**	75 000
Totals	**180 477**	**75 000**

Note 28
Finance income and expenses

(EUR 1 000)	**2022**	2021
Interest income on current bank deposits	**605**	661
Dividends	**45**	10
Other finance income	**1 046**	1 894
Financial income	**1 696**	**2 566**
Interest expenses		
– Borrowing fees [1]	**(93 999)**	(75 186)
– Interest expenses IFRS 16	**(4 063)**	(2 449)
– Other interest expenses	**(1 132)**	(646)
Other finance expenses	**(14 572)**	(2 695)
Financial expenses	**(113 766)**	**(80 976)**
Net foreign exchange gains/(losses)	**152**	**1 306**
Net financial items	**(111 918)**	**(77 105)**

[1] Borrowing fees are mainly connected to amortization of borrowing cost.

Note 29
Leases

Right-of-use assets

(EUR 1 000)	Ships	Buildings	Office- and other machinery	Total
2021				
Balance at 1 January	**-**	**10 665**	**4 483**	**15 149**
New contracts	12 321	24 327	3	36 651
Remeasurement or amendments	-	(772)	21	(750)
Depreciation	(1 568)	(2 997)	(1 819)	(6 384)
Currency translation differences	166	754	5	925
Balance at 31 December	**10 919**	**31 977**	**2 694**	**45 589**
2022				
Balance at 1 January	**10 919**	**31 977**	**2 694**	**45 589**
New contracts	-	2 847	217	3 064
Remeasurement or amendments	5 443	1 262	26	6 731
Depreciation	(3 340)	(4 376)	(1 804)	(9 520)
Currency translation differences	(479)	(1 416)	(3)	(1 898)
Balance at 31 December	**12 543**	**30 293**	**1 130**	**43 966**

In the second quarter of 2021 Hurtigruten Group closed the sale of real-estate portfolio on Svalbard to Store Norske, and at the same time it entered into long-term lease agreements for the real-estate portfolio. This sale and leaseback transaction explains the main reason for the increase in the right-of-use-assets on Buildings during 2021.

Please also refer to note 7 for movements in right-of-use assets.

Lease liability

(EUR 1 000)	2022	2021
Maturity analysis – Contractual undiscounted cash flows		
Short-term liability		
Less than one year	**12 205**	11 013
Long-term liability		
One to five years	**29 517**	31 418
More than five years	**81 460**	89 534
Total undiscounted lease liability at 31 December	**123 182**	**131 964**
Lease liabilities in the statement of financial position at 31 December	**70 789**	**74 062**
Current	**11 992**	10 822
Non-current	**58 797**	63 240

Please also refer to note 15 for movements in the lease liability.

Amount recognised in the statement of income

(EUR 1 000)	2022	2021
Depreciation right-of-use assets	**(9 520)**	(6 384)
Interests on lease liabilities	**(4 063)**	(2 449)
Total	**(13 583)**	**(8 833)**

Leasing expenses relating to variable payments not included in lease liabilities, expenses related to short-term leases or low-value assets are immaterial in the statement of income as per year-end 2022 and 2021.

Amount recognised in the statement of cash flow

(EUR 1 000)	2022	2021
Net cash outflow for leases	**9 711**	**6 073**

Note 30
Events after the reporting period

REFINANCING

On 4 April 2023 the Group announced that it had completed the issuance of a new EUR 200 million 5-year debt facility (the "New Debt Facility"). The net proceeds of the New Debt Facility have been applied towards refinancing in full the EUR 176.5 million existing term loans maturing in June 2023. The New Debt Facility is priced at E+600bps cash coupon and 600bps PIK coupon and will rank pari passu with the Group's existing RCF and TLB under the senior facilities agreement originally dated 9 February 2018 (the "SFA"). In connection with the New Debt Facility, a synthetic warrant instrument will also be issued by Silk Topco AS in respect of a small minority of its fully diluted equity for cash consideration of EUR 17.5 million (cash proceeds from which will be made available in full to the Group).

On 13 April 2023 the Group announced that it had completed certain other amendments to the terms of the SFA:
- maturities under the RCF and TLB extended from February 2024 and February 2025 to February 2026 and February 2027 respectively;
- margin under the TLB will be increased to 6.50% with additional 100bps annual margin step-ups from November 2024 (and in certain circumstances step-downs);
- margin under the RCF will be increased to 6.25% with additional 100bps annual margin step-ups from November 2024 (and in certain circumstances step-downs);
- the RCF will be converted into a separate term loan;

The ultimate shareholders of the Group have provided an additional EUR 80 million of funding.

BUNKER HEDGES

In March 2023 the Group entered into derivatives contracts to hedge a portion of the forecasted fuel consumption. As per 31 March 2023 approximately 50% of the forecasted fuel consumption for Q2-Q4 2023 was secured.

Financial statements

Statement of income

(EUR 1 000)	note	2022	2021
Operating costs	12	(2 895)	(1 703)
Net other gains/(losses)		10 281	153
Operating profit/(loss)		**7 386**	**(1 550)**
Financial income	10	12 061	25 176
Financial expenses	10	(88 603)	(59 213)
Net foreign exchange gains/(losses)	10	(5 343)	(345)
Net financial items		**(81 885)**	**(34 382)**
Profit/(loss) before taxes		**(74 499)**	**(35 932)**
Income taxes	3	11 407	(6 831)
Profit/(loss) for the year		**(63 092)**	**(42 763)**

Statement of financial position

(EUR 1 000)	note	2022	2021
Deferred income tax assets	3	**38 907**	27 640
Investments in subsidiaries	4	**841 283**	841 780
Non-current receivables, group companies	5, 11	**499 283**	70 694
Non-current financial assets		**2 230**	2 230
Total non-current assets		**1 381 703**	**942 344**
Other current receivables, group companies	5, 11	**5 483**	2 425
Derivative financial instruments		**2 773**	1
Cash and cash equivalents	7	**240 833**	35 063
Total current assets		**249 088**	**37 489**
Total assets		**1 630 790**	**979 834**

(EUR 1 000)	note	2022	2021
Share capital	8	**9**	9
Share premium	8	**185 196**	185 196
Other reserves	8	**(3 076)**	(3 076)
Retained earnings	8	**(241 990)**	(178 841)
Total equity		**(59 861)**	**3 289**
Non-current interest-bearing liabilities	6	**783 845**	877 987
Non-current interest-bearing liabilities, Group companies	5, 11	**160 477**	75 000
Total non-current liabilities		**944 322**	**952 987**
Trade and other liabilities	5, 11	**46 756**	23 557
Derivative financial instruments		**-**	1
Current liabilities		**174 410**	-
Other current liabilities, group companies	5	**525 164**	-
Total current liabilities		**746 329**	**23 558**
Total equity and liabilities		**1 630 790**	**979 834**

Oslo, 26 April 2023
The Board of Directors of Hurtigruten Group AS

Trygve Hegnar
Chairman

Petter Anker Stordalen
Director

Jonathan Barlow Rosen
Director

Linda Zhang
Director

Daniel Skjeldam
CEO

Statement of cash flow

(EUR 1 000)	note	**2022**	2021
Cash flows from operating activities			
Profit/(loss) before income tax		**(74 499)**	(35 932)
Adjustments for:			
Currency gains/losses		**5 420**	191
Gains/losses on derivatives		**(2 773)**	-
Interest expenses	10	**76 600**	34 038
Change in working capital:			
Trade and other receivables		**(2 477)**	1 907
Trade and other payables		**(4 632)**	22 401
Net cash flows from (used in) operating activities		**(2 362)**	**22 605**
Cash flows from investing activities			
Net lendings to subsidiaries		**(428 590)**	(63 377)
Net cash flows from (used in) investing activities		**(428 590)**	**(63 377)**
Cash flows from financing activities			
Proceeds from recent borrowings (long term and short term)	5	**75 000**	46 500
Proceeds from recent borrowings (long term and short term), group companies	5	**75 000**	70 730
Proceeds from cash pool		**525 165**	-
Paid interest and finance fees	10	**(38 444)**	(41 404)
Net cash flows from (used in) financing activities		**636 720**	**75 826**
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		**205 769**	35 053
Cash and cash equivalents at 1 January		**35 063**	10
Cash and cash equivalents at 31 December		**240 832**	**35 063**

Notes to the annual financial statements

Note 1
general information and accounting principles

Hurtigruten Group AS is owned by Silk Midco AS and the ultimate Norwegian parent company Silk Topco AS, headquartered at Langkaia 1 in Oslo. Hurtigruten Group AS is the parent in the Hurtigruten Group. The purpose of Hurtigruten Group AS is being the Group's Treasury, and holding the direct ownership of Hurtigruten Norway AS, Hurtigruten Expeditions AS, Hurtigruten Destinations AS and Hurtigruten Global Sales AS which operate the main activity of the Group.

Refer to the Group's consolidated financial statement for description of the operative activities within the Group. The financial statements of Hurtigruten Group AS for the year ended 31 December 2022 were authorized for issue by the Board of Directors on 26 April 2023.

1.1 BASIS OF PREPARATION

The financial statements of Hurtigruten Group AS have been prepared in accordance with Norwegian Accounting Act and generally accepted accounting principles. The accounting principles set out below have been applied in preparing the financial statements for the year ended 31 December 2022 and the comparative information presented in these financials.

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

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 ultimate values 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 parent company since 1 January 2020. The change was made to reflect that EUR has become the predominant currency in the company, counting for a significant part of the cash flow and financing.

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

C) INVESTMENT IN SUBSIDIARIES AND ASSOCIATED COMPANIES

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

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

D) CLASSIFICATION PRINCIPLES

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

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

E) INCOME TAX

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

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

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

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

F) ACCOUNTS RECEIVABLE AND OTHER CURRENT RECEIVABLES

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

G) DERIVATIVES AND HEDGING

The company has entered into derivative contracts for bunker oil to hedge the Group's exposure against bunker oil prices (cash flow hedge). The contract is entered into on behalf of the indirect subsidiary Hurtigruten Coastal AS. Hedges 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 in the Statement of Financial Position.

H) CASH FLOW STATEMENT

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

Note 2
Financial risk

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

MARKET RISK
A) CURRENCY RISK
The Company has significant loans payable in EUR (Term Loan B, Term Loan C, Term Loan D and Revolving Credit Facility). Its functional currency is EUR, hence no significant currency risk.

B) PRICE RISK
The company has limited business activities, hence no significant price risk.

C) INTEREST RATE RISK
The company's borrowings and draws of the Group bank accounts are made at floating rates. Loans subject to a variable interest rate which presents a risk to the company and Group's overall cash flow. The company is exposed to EURIBOR through its floating rate EUR borrowings with a zero EURIBOR floor and exposed to NIBOR through its term loans in NOK. The Company has no specific hedging strategy to reduce variable interest rate risk, but the risk is monitored and evaluated on a regular basis.

CREDIT AND LIQUIDITY RISK
The Company has no significant concentration of credit risk.

Liquidity risk management includes maintaining a sufficient level of liquid assets geared to operational and investment plans and ensuring the availability of sufficient funding from committed credit facilities. The Finance function has overall responsibility for managing the Group's liquidity risk. Rolling liquidity forecasts are prepared to ensure that the Group has sufficient liquidity reserves to satisfy the Group's obligations and financial loan covenants. See the Group financial statements, note 4 for more detail.

Note 3
Income tax

The income tax expense for the year can be broken down as follows:

(EUR 1 000)	**2022**	**2021**
Income tax payable, adjustments regarding previous years	**-**	38
Change in deferred tax, current year	**(11 407)**	6 793
Total income tax expense	**(11 407)**	**6 831**

Reconciliation of effective tax to nominal tax rate

(EUR 1 000)	**2022**	**2021**
Profit/(loss) before tax from operations	**(74 499)**	**(35 932)**
Tax rate	**22%**	22%
Calculated tax expense at nominal tax rate	**(16 390)**	(7 905)
Change in the income tax expense as a result of:		
– non taxable income	**-**	(4 840)
– non deductible expenses	**14 079**	10 518
– unrecognised deferred income tax assets	**(1 191)**	-
– change in tax rate	**-**	38
– other permanent differences	**(7 905)**	9 021
Income tax expense	**(11 407)**	**6 832**
Weighted average tax rate	15 %	-19 %

Non-deductible expenses in 2022 are related to interest's limitation rules.

Other permanent differences in 2022 are related to currency translation effects from EUR functional currency in financial statements to NOK tax returns.

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

2022

(EUR 1 000)	Opening balance	Tax expense	Closing balance
Non-current items			
Other non-current items	(3 105)	1 813	(1 292)
Totals	**(3 105)**	**1 813**	**(1 292)**
Current items			
Derivatives	-	(609)	(609)
Group contribution	-	(140)	(140)
Totals	**-**	**(749)**	**(749)**
Tax loss carry forwards	30 401	10 204	40 605
Total def. tax asset/(liability)	**27 640**	**11 267**	**38 906**
Carr. value of def. tax asset	27 640	11 267	38 907
Net	**27 640**	**11 267**	**38 906**

2021

(EUR 1 000)	Opening balance	Tax expense	Recognised in other Equity	Closing balance
Non-current items				
Other non-current items	(3 995)	890	-	(3 105)
Totals	**(3 995)**	**890**	**-**	**(3 105)**
Current items				
Derivatives	-	-	-	-
Totals	**-**	**-**	**-**	**-**
Tax loss carry forwards	40 388	(7 684)	(2 304)	30 401
Interest carry forwards	-	-	-	-
Total def. tax asset / (liability)	**36 393**	**(6 793)**	**(2 304)**	**27 640**
Carr. value of def. tax asset	36 393	(6 793)	(2 304)	27 640
Net	**36 393**	**(6 793)**	**(2 304)**	**27 640**

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

Note 4
Investments in subsidiaries

(EUR 1 000)	Registered office	Ownership/ voting share	Total equity as at 31 December 2022	Net result for the year 2022	Book value
Hurtigruten Expeditions AS	Oslo, Norway	100%	338 696	347	338 351
Hurtigruten Norway AS	Oslo, Norway	100%	177 808	471	176 839
HR Investments AS	Oslo, Norway	100%	(1 664)	(1 435)	5
Hurtigruten Global Sales AS	Oslo, Norway	100%	42 709	10 380	320 405
Hurtigruten Global Services	Oslo, Norway	100%	2 945	626	5 644
Hurtigruten AS	Oslo, Norway	100%	3 029	18	39
Hurtigruten Destinations AS	Oslo, Norway	100%	7 997	(72)	-
Net					**841 282**

The operations of the subsidiaries of Hurtigruten Group AS continue to be negatively impacted by the Covid-19 pandemic in 2022. However, there is a positive development both in future bookings and travel patterns.

As of 31 December 2022, the estimated value in use for the assets in the Company is equal to or higher than the carrying value of the assets, and no impairment of investments in subsidiaries has been recognized in the financial statements of Hurtigruten Group AS per 31 December 2022. The impairment tests are supported by the booking development for 2023 and 2024.

Note 5
Receivables and liabilities

(EUR 1 000)	**2022**	**2021**
Other current receivables, Group companies (see note 11)	**5 485**	2 425
Miscellaneous current receivables	**(2)**	-
Total other current receivables, Group companies	**5 483**	**2 425**
Non-current receivables, Group companies (see note 11)	**499 283**	70 694
Total non-current receivables, Group companies	**499 283**	**70 694**
Trade payables	**75**	108
Other current liabilities, group companies (see note 11)	**533 309**	2 204
Other current liabilities	**147**	-
Accrued interests	**37 213**	20 908
Accrued expenses	**1 076**	337
Public duties	**99**	-
Trade and other liabilities	**571 919**	**23 557**
Non-current interest-bearing liabilities, Group companies (see note 11)	**160 477**	75 000
Total non-current interest-bearing liabilities, Group companies	**160 477**	**75 000**

Non-current interest-bearing liabilities, Group companies

In 2022 the Group secured a EUR 85.5 million fully subordinated shareholder loan facility from its shareholders. The loan matures 6 months after the latest maturity of the Senior Secured Loans and bears payment in kind interest.

Note 6
Non-current interest-bearing liabilities

Nominal value at 31 December 2022

(EUR 1 000)	Nominal value	Unamortized transaction costs	Carrying value
Non-current interest-bearing liabilities			
Secured			
Term loans	655 000	(4 278)	650 722
Revolving credit facilities	85 000	(358)	84 642
Unsecured			
Other interest-bearing liabilities	50 000	(1 518)	48 482
Total non-current interest-bearing liabilities	**790 000**	**(6 155)**	**783 845**

Nominal value at 31 December 2021

(EUR 1 000)	Nominal value	Unamortized transaction costs	Carrying value
Non-current interest-bearing liabilities			
Secured			
Term loans	806 500	(12 824)	793 676
Revolving credit facilities	85 000	(689)	84 311
Total non-current interest-bearing liabilities	**891 500**	**(13 513)**	**877 987**

Term loan B, Term loan D, Term loan D and Revolving Credit Facility

The Group's main source of financing is a EUR 655 million Term Loan B (matures February 2025), a EUR 130 million Term Loan C (matures June 2023), a EUR 46.5 million Term Loan D (matures June 2023) and a EUR 85 million Revolving Credit Facility (matures February 2024). The loans bear interest at EURIBOR plus a margin. The loans hold the same security package including mortgage over 9 vessels and rank pari-passu.

On 21 February 2023 it was announced that the Group has received commitments from AlbaCore Capital Group for a new EUR 200 million 5-year facility, with all proceeds net of OID to be applied towards refinancing the EUR 176.5 million term loans maturing in June 2023 in full.

On 15 March 2023 it was also announced that the Group has received 100% commitment from the RCF and TLB lenders for a 2-year maturity extension with certain amendments to the terms of the SFA.

Collateralized assets

Hurtigruten Group AS as well as its subsidiaries Hurtigruten Global Sales AS, Hurtigruten Global Services AS, Hurtigruten Norway AS, Hurtigruten Expeditions AS, Hurtigruten Investments AS, Hurtigruten AS have pledged cash and cash equivalents, intercompany receivables and shares in subsidiaries as security for the above loans.

(EUR 1 000)	2022	2021
Book value of collateralized assets	**1 061 578**	**949 963**

Note 7
Cash and cash equivalents

(EUR 1 000)	**2022**	2021
Cash and bank deposits	**240 833**	35 063
Total cash and cash equivalents	**240 833**	**35 063**

Note 8
Equity

Shares and shareholders information as per 31 December

Share capital	**2022**	**2021**
Total number of shares as of 01.01	**30**	30
Shared issued during the year	**0**	-
Total number of shares as of 31.12	**30**	**30**
Nominal value as of 31.12 (NOK)	**3 001**	**3 001**
Share capital (total number of shares at nominal value) in EUR 1 000	**9**	9
Share premium (in EUR 1 000)	**185 196**	185 196
Total paid in equity (in EUR 1 000)	**185 205**	**185 205**

Shareholders	**Number of shares**	**Shareholding %**
Silk Midco AS	**30**	100

All shares carry the same rights in the company.

Reconciliation of equity as per 31 December 2022 and 2021

(EUR 1 000)	Share capital	Share premium	Retained earnings	Other equity	Total Equity
Equity at 1 January 2021	**9**	**185 191**	**(134 647)**	**(3 076)**	**47 477**
Profit/(loss) for the year	-	-	(42 763)	-	(42 763)
Capital increase	0	5	-	-	5
Change in group contribution earlier years	-	-	(1 430)	-	(1 430)
Equity at 31 December 2021	**9**	**185 196**	**(178 840)**	**(3 076)**	**3 289**
Equity at 1 January 2022	**9**	**185 196**	**(178 840)**	**(3 076)**	**3 289**
Profit/(loss) for the year	-	-	(63 092)	-	(63 092)
Change in group contribution earlier years	-	-	(57)	-	(57)
Balance at 31 December 2022	**9**	**185 196**	**(241 990)**	**(3 076)**	**(59 861)**

Note 9
Remuneration

Audit remuneration

(EUR 1 000)	**2022**	2021
Statutory audit	**57**	45
Other non-assurance services	**2**	37
Total	**60**	**82**

VAT is not included in the fees specified above.

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

Note 10
Financial income and expenses

(EUR 1 000)	**2022**	2021
Interest income intragroup	**4 635**	2 479
Other finance income	**-**	21 996
Interest income on current bank deposits	**7 368**	700
Group contribution	**57**	-
Total financial income	**12 061**	**25 176**
Intragroup interest expenses	**(16 418)**	(2 569)
Interest expenses	**(63 093)**	(49 087)
Other financial costs	**(9 092)**	(7 557)
Total financial expenses	**(88 603)**	**(59 213)**
Net foreign exchange gains/(losses)	**(5 343)**	**(345)**
Net financial items	**(81 885)**	**(34 382)**

Note 11
Related parties

Transactions with Group companies

(EUR 1 000)	**2022**	2021
Purchase of services from Group companies		
Hurtigruten Global Servies AS	**35**	33
Purchase of services from Group companies	**35**	**33**
Interest income from Group companies		
Hurtigruten Group AS	**-**	173
Coastal Holding AS [1)]	**-**	311
Hurtigruten Global Sales AS	**1 072**	1 183
MS Richard With AS	**1 567**	199
MS Nordlys AS	**869**	372
Hurtigruten Investements AS	**1 128**	241
Total interest income from Group companies	**4 635**	**2 479**
Fee borrowings due to Group companies		
Hurtigruten Global AS	**-**	373
Silk Midco AS	**16 418**	2 196
Total fee borrowings due to Group companies	**16 418**	**2 569**

[1)] The transfer of Coastal Group from Silk Topco Group to Hurtigruten Group AS took place in May 2021. The Coastal entities are presented as related parties until 30.04.2021.

Intragroup balances

(EUR 1 000)	**2022**	2021
Non-current receivables due from Group companies		
Hurtigruten Global Sales AS	**-**	19 060
MS Richard With AS	**43 436**	15 801
MS Nordlys AS	**16 696**	15 796
Hurtigruten Expeditions Technical Services GmbH	**50**	50
Hurtigruten Investements AS	**21 999**	19 986
Hurtigruten Expeditions AS	**139 770**	-
Hurtigruten Norway AS	**277 332**	-
Total non-current receivables due from Group companies	**499 283**	**70 693**

(EUR 1 000)	**2022**	2021
Trade and other current receivables from Group companies		
Explorer 2 AS	**-**	453
Hurtigruten Global Sales AS	**44**	1 818
MS Richard With AS	**22**	22
MS Nordlys AS	**22**	22
Hurtigruten Expeditions AS	**-**	100
Kleven Prosjekt 401 AS	**16**	11
Hurtigruten Ltd	**1**	-
Kirberg Shipping AS	**1**	-
Silk Topco AS	**7**	-
Silk Midco AS	**2**	-
Explorer 1 AS	**571**	-
HRG NewCo Holding AS	**11**	-
Total trade and other current receivables from Group companies	**697**	**2 426**
Trade payables and other current payables due to Group companies		
Hurtigruten Coastal AS	**0**	-
Hurtigruten Offshore Excursions AS	**-**	8
Silk Midco AS	**-**	2 196
Total trade payables and other current payables due to Group companies	**0**	**2 204**
Non-current payables due to Group companies		
Silk Midco AS	**160 477**	75 000
Total non-current payables due to Group companies	**160 477**	**75 000**

Note 12
Operating costs

(EUR 1 000)	**2022**	**2021**
Insurance premiums	**8**	40
Legal services	**325**	1 407
Other services	**162**	237
Other general expenses	**2 399**	20
Total other operating costs	**2 895**	**1 703**

Note 13
Going concern

The Board of Directors acknowledge that the carrying value of the equity in Hurtigruten Group AS was negative EUR 59.9 million as of 31 December 2022. In the opinion of the Board of Directors, the underlying fair value of Hurtigruten Group's vessels and brands are significantly higher than the book value. If considering the expected earnings capacity of the Hurtigruten Group and applying generally accepted valuation principles the fair value of the equity of the Hurtigruten Group is positive. The underlying positive equity value is further supported by a positive development in future bookings and travel patterns. The Board of Directors expects the financial performance of the Company`s subsidiaries to continue to improve.

As of the date of this report Hurtigruten Group AS has completed a capitalization transaction which includes
i) refinancing of the EUR 176.5 million June 23 maturities
ii) extension of the Term Loan B and RCF which matures in 2025 and 2024 respectively with 2 years and
iii) EUR 80m of shareholder funding provided to the Company in first half of 2023.

From the Board of Directors point of view, despite the existing risks, the Hurtigruten Group AS currently has and will continue to have sufficient funds, resulting from both borrowings and operating cash flows from the Company`s subsidiaries, to meet its payment obligations and to ensure the going concern of the Hurtigruten Group AS accordingly in the foreseeable future. As of 31 of December 2022, the Board of Directors does not identify any material uncertainty that may cast significant doubt on the Company and the Group's ability to continue as a going concern. As a result, and in accordance with the Norwegian Accounting Act, the Board of Directors confirms that the financial statements have been prepared in accordance with the going concern assumption, and that it is appropriate to assume this.

Note 14
Events after balance sheet date

REFINANCING

On 4 April 2023 the Group announced that it had completed the issuance of a new EUR 200 million 5-year debt facility (the "New Debt Facility"). The net proceeds of the New Debt Facility have been applied towards refinancing in full the EUR 176.5 million existing term loans maturing in June 2023. The New Debt Facility is priced at E+600bps cash coupon and 600bps PIK coupon and will rank pari passu with the Group's existing RCF and TLB under the senior facilities agreement originally dated 9 February 2018 (the "SFA"). In connection with the New Debt Facility, a synthetic warrant instrument will also be issued by Silk Topco AS in respect of a small minority of its fully diluted equity for cash consideration of EUR 17.5 million (cash proceeds from which will be made available in full to the Group).

On 13 April 2023 the Group announced that it had completed certain other amendments to the terms of the SFA:

- maturities under the RCF and TLB extended from February 2024 and February 2025 to February 2026 and February 2027 respectively;
- margin under the TLB will be increased to 6.50% with additional 100bps annual margin step-ups from November 2024 (and in certain circumstances step-downs);
- margin under the RCF will be increased to 6.25% with additional 100bps annual margin step-ups from November 2024 (and in certain circumstances step-downs);
- the RCF will be converted into a separate term loan.

The ultimate shareholders of the Group have provided an additional EUR 80 million of funding.

Definitions

ALTERNATIVE PERFORMANCE MEASURES

Hurtigruten Group's financial information is prepared in accordance with International Reporting Standards (IFRS). In addition, the Group presents alternative performance measures (APM) to enhance the stakeholders understanding of the Group's performance. The APMs are regularly reviewed by management, are calculated consistently over time and are based on financial data presented in accordance with IFRS and other operational data as described below.

Measure	Description	Reason for including
Operating profit/(loss) before depreciation, amortisation and impairment losses (EBITDA)	Earnings before net financial items, income tax expense, depreciation, amortisation and impairment, and share of profit/(loss) from associated companies.	A measure useful for evaluating operating profitability on a more variable cost basis and enables comparison to competitors.
EBITDA margin	EBITDA divided by total operating revenues and other income.	Enables comparability of profitability relative to total operating revenues and other income.
Normalized adjusted EBITDA	Earnings before net other gains and losses, net financial items, income tax expense, depreciation, amortisation and impairment, and share of profit/(loss) from associated companies, adjusted with items which is deemed extraordinary, exceptional, unusual or non-recurring.	A measure of underlying long-term operating profitability excluding effects of volatile, operating expenses relating to fuel derivatives, effects of non-cash balance sheet currency revaluation and extraordinary or non-recurring items.
Operating profit (EBIT)	Earnings before net financial items, income tax expense and share of profit/loss from associated companies.	Enables comparability of profitability regardless of capital structure or tax situation.

Alternative Performance Measures – reconciliation

(EUR 1 000)	2022	2021
Operating profit/(loss) to EBITDA		
Operating profit/(loss)	(108 550)	(196 875)
- Depreciation, amortization and impairment	73 357	92 561
EBITDA	**(35 194)**	**(104 314)**
EBITDA to EBITDA excluding other gains/(losses)		
EBITDA	(35 194)	(104 314)
- Net other gains/(losses)	(7 689)	(3 018)
EBITDA excl. other gains /(losses)	**(42 882)**	**(107 332)**
EBITDA excluding other gains/(losses) to normalized adjusted EBITDA		
EBITDA excl other gains /(losses)	(42 882)	(107 332)
- Net non-recurring revenues/(expenses)	89 099	-
Normalized adjusted EBITDA	**46 216**	**(107 332)**

Responsibility statement

We confirm that, to the best of our knowledge, the consolidated financial statements for the year ended 31 December 2022 have been prepared in accordance with IFRS as adopted by the EU, that the financial statements for the parent company for the year ended 31 December 2022 have been prepared in accordance with the Norwegian Accounting Act, that they give a true and fair view of the Company's and Group's assets, liabilities, financial position and results of operations, and that the Report of the Board of Directors gives a true and fair review of the development, performance and financial position of the Company and the Group and includes a description of the principle risks and uncertainties that they face.

Oslo, 26 April 2023
The Board of Directors of Hurtigruten Group AS

Trygve Hegnar
Chairman

Petter Anker Stordalen
Director

Jonathan Barlow Rosen
Director

Linda Zhang
Director

Daniel Skjeldam
CEO

To the General Meeting of Hurtigruten Group AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hurtigruten Group AS, which comprise:

- the financial statements of the parent company Hurtigruten Group AS (the Company), which comprise the statement of financial position as at 31 December 2022, the statement of profit and loss and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Hurtigruten Group AS and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2022, the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flow 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,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

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

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 8 years from the election by the general meeting of the shareholders on 15 September 2015 for the accounting year 2015.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the Key Audit Matter
Revenue from contracts with customers	
This has been an area of focus for the audit due to the amounts involved, and the fact that there are several revenue streams. Revenue from contracts with customers in the Hurtigruten Norway, Hurtigruten Explorer and Hurtigruten Destinations segments was EUR 279 000 thousand, EUR 264 031 thousand and EUR 30 616 thousand respectively for the year ended December 31, 2022. Further, there is an inherent risk of errors when a business handles multiple revenue streams, where each of them consists of large numbers of transactions that add up to material amounts. The inherent risk of errors is also affected by the use of customized software for handling the revenue stream from booking of passengers in the Norway and Explorer segments. We refer to note 2.3 c) Revenue Recognition and note 21 Revenues, where management explain the various revenue streams and how they are accounted for under IFRS 15 - Revenue from contracts with customers. Here, management also explains the different performance obligations and measurement of the transaction price.	We obtained and studied managements' accounting policy and evaluated whether it complied with relevant IFRS requirements. We discussed with management how the specific requirements of the standard IFRS 15 – Revenue from contracts with customers were met. Through the discussions and review of various sales documentation, such as customer contracts, invoices and booking information, we found that we were able to agree with management about their accounting policies. Understanding the IT environment in which billing and other relevant supporting applications to the financial statements reside, was an important part of our audit. We identified and tested the IT-dependencies in the booking- and accounting systems relevant to the Group's financial reporting. To assess the accuracy and occurrence of recorded revenue, we tested, on a sample basis, entries within each revenue stream towards information such as contract terms, bookings and bank payments. Further, for a sample of revenue transactions we also tested that the revenue was allocated correctly between the two cruise operating segments, Hurtigruten Norway and Hurtigruten Expeditions. Further, we performed procedures to identify non-standard revenue streams or abnormalities in manual journal entries. Our testing did not uncover material errors. We compared the related disclosures in notes 2.3 c) and 21 to the financial statements for the Group to the relevant IFRS requirements. We found that the disclosures appropriately explained the Group's revenue from contracts with customers.

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Valuation of goodwill and intangible assets with indefinite useful life

Book value of goodwill and intangible assets with indefinite useful life is EUR 199 035 thousand and EUR 45 621 thousand respectively, equal to approximately 19% of total assets.

Management tests goodwill and intangible assets with indefinite economic life for impairment at least annually. Management determines the recoverable amount based on value in use or fair value less cost of disposal, and for each cash generating unit, compare the recoverable amount to the carrying amounts.

On 31 December 2022, management's impairment assessment indicated that the recoverable amount exceeded the carrying amount for all cash generating units where goodwill and intangible assets with indefinite useful life were recognised. As a result, no impairment was recorded.

We focused on this area because goodwill and intangible assets constitute a significant share of the Group's total assets, and because calculation of recoverable amounts involves significant judgment by management.

Refer to notes 3 and 8 to the financial statements for further information on goodwill and intangible assets with indefinite useful life, cash generating units and impairment testing.

We obtained and gained an understanding of management's impairment assessment of goodwill and intangible assets with indefinite useful life. Our procedures included an assessment of the valuation method and whether key assumptions such as revenue growth and operating margins used by management appeared reasonable based on our understanding of the business and industry. We also traced data used in valuation models to underlying documentation.

We discussed assumptions related to climate risk and the potential impact of climate related investments with management and the corresponding impact on the cash flows.

Based on our audit procedures we found that valuation methods used were reasonable and consistent with our understanding of the business and industry. Our testing of data against underlying documentation did not uncover material exceptions. While we did not find evidence to indicate that goodwill or intangible assets with indefinite useful life were impaired, we note that the valuation of cash generating units is sensitive to changes in assumptions.

Lastly, we evaluated the information provided in notes 3 and 8 to the financial statements where management describes the Group's goodwill and intangible assets with indefinite useful life and the results of the impairment testing. We found that the disclosures were in accordance with relevant IFRS requirements, and that they described management's valuation of goodwill and intangible assets appropriately.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. 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 nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to

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consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. 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.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

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 the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, 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 and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion
As part of the audit of the financial statements of Hurtigruten Group AS, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements

included in the annual report, with the file name Annual Report Hurtigruten Group AS 2022.xhtml, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities
Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities
Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 26 April 2023
PricewaterhouseCoopers AS

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