



KYSTRUTEN

Integrated
Annual Report **2023**



Content

Introduction

We are Havila Kystruten	6
CEO letter	12
2023 business highlights	14
Board of Directors report	16
Corporate governance report	20

Sustainability

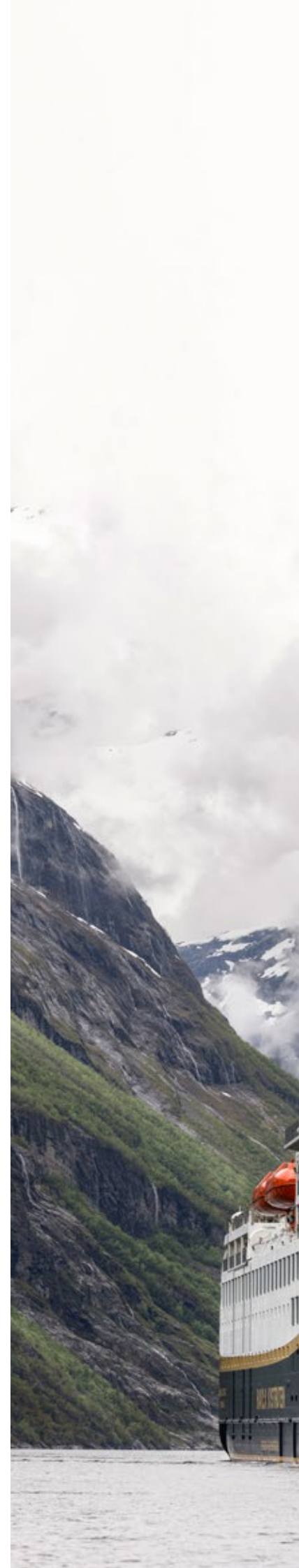
Ethics and transparency	28
Environment	32
People	36
Health and safety	40
Local communities	44

Financial statements

Consolidated financial statements	48
Notes to consolidated financial statements	54
Parent company financial statements	76
Notes to parent company financial statements	82

Appendices

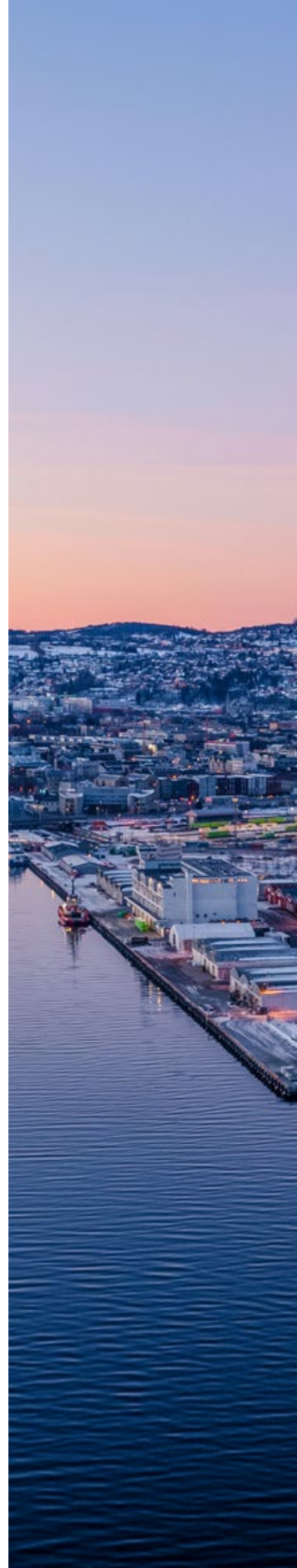
Stakeholder dialogue and materiality assessment	94
Human rights and Transparency Act report 2023	96
GRI content index	98





Introduction

We are Havila Kystruten	6
CEO letter	12
2023 business highlights	14
Board of Directors report	16
Corporate governance report	20





We are Havila Kystruten

Havila Kystruten operates the classical coastal route between Bergen and Kirkenes with the Norwegian coast's most environmentally friendly coastal cruise ships.

The company's mission is to create safe, sustainable, and adventurous journeys that provide memories for life to people, earnings to owners and lasting values to the business community and coastal population. The ships are operating like a ferry for people and cargo for the local communities, enabling the locals to both receive needed goods, and to be able to send their goods out in markets both in Norway and around the world.

Havila Kystruten is a privately owned company listed on Euronext Growth in Oslo. Through its main owner Havila Holding, the company has long traditions and high competence within maritime activities, with roots in family owned companies since the 1950s. Havila Kystruten is headquartered in the small coastal town of Fosnavåg on the west coast of Norway.

The Best Way to Experience The Best of Norway

Havila Kystruten is part of the Havila Group. It all started when our founder Per Sævik bought his first fishing boat in his teens, and from fishing, Havila Group is now operating in shipping technology, offshore, transport and tourism.

Havila Kystruten owns four new coastal cruise ships that are fitted with one of the world's largest battery pack on passenger ships. For four hours, passengers can sail without noise or emissions through the vulnerable fjords of Norway. The batteries can be charged at shore using clean hydropower, and when the batteries are low the ship switches to liquified natural gas (LNG) which in combination with the battery packs cuts CO2 emissions by over 35%.

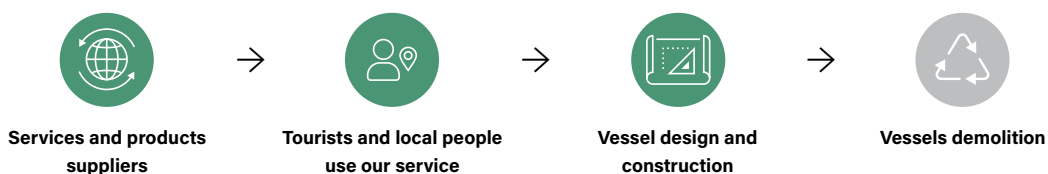
The hull is specially designed for maximum energy efficiency and to withstand the harsh weather along the Norwegian coast, and excess heat from cooling water and sea is used for optimal energy use on board, for example for heating of cabins and water.

Operating as plug-in hybrid ships, with natural gas generating electricity for the batteries, our fleet's emissions of both CO2, NOx, and SOx is considerably lower than other fleets that have sailed this route in recent decades and complies with the regulation of zero-emission sailing in the Norwegian World heritage fjords well before this restriction is set to be implemented in 2026. In fact the NOx and SOx emissions are reduced by 90%. Moreover, with gradual blending of biogas, emissions of CO2 can be reduced by 50% in 2025/2026 and 90% in 2028, compared to conventional MDO emissions.

Prepared for hydrogen

Our ships are designed to run on zero-emission fuel like hydrogen when that becomes a viable power source approved for commercial sailings. Our coastal cruise ships are part of a pilot project from HAV Group called "FreeCO2ast". The vessels can be retrofitted using the latest technology, and the hydrogen-based energy system has been granted preliminary approval from DNV (Det Norske Veritas). The "FreeCO2ast" project is supported by the Norwegian Research Council, Innovation Norway and Enova.

OUR SUPPLY CHAIN



Our vision

Revolutionise coastal travel and contribute to a more sustainable industry for us and generations to come.

Our values

Lead — We always act responsibly, show leadership and act determined. We trust each other and earn the trust of others.

Share — We share our knowledge, experience and passion with each other, our customers and our business partners. We motivate and inspire each other to be best at what we do.

Care — We care, and show empathy towards each other, our customers, the coast and the environment.

Our mission

Offer safe, sustainable and eventful travel experiences that creates memories for life and viable coastal communities.



Memberships and industry associations

Havila Kystruten is an active member of the following organisations and industry initiatives.



The Norwegian Shipowner Association

The Norwegian Shipowners' Association is an employers' organisation and interest group for shipowners within deep sea and short sea shipping as well as offshore related businesses.



Maritime CleanTech

NCE Maritime CleanTech is a world-leading cluster focused on developing energy-efficient and sustainable technologies for the maritime industry.



Skift

Skift is a business-led climate initiative which mission is to accelerate the transition to a low-carbon economy.



Virke

Virke, The Federation of Norwegian Enterprise, organises and represents over 24 000 businesses with more than 280 000 employees.



Travel organisations

We cooperate with a wide range of travel organisations, which goal is to promote Norwegian travel and sustainability within the industry.

FreeCO2ast

FreeCO2ast

FreeCO2ast is part of the PILOT-E scheme, which Norway, through the Research Council of Norway, Innovation Norway, and Enova, has implemented to find solutions that enable large ships to cover longer distances at higher speeds and with zero emissions.



Women's International Shipping & Trading Association (WISTA)

WISTA is an organisation for maritime professionals which objective is to attract more women to the industry and support women in management positions.



Tool Ocean Opportunity Lab

Tool Ocean Opportunity Lab is a creative community for innovators across ocean industries, sustainable business & tech.



Det Norske Veritas (DNV)

DNV is a leading classification society and a recognised advisor for the maritime industry.



Blue Maritime Cluster

The Blue Maritime cluster is a world leader in design, construction and operation of advanced vessels for the global ocean industries.



Plastic Free Oceans

Plastic Free Oceans is an organisation committed to remove marine litter, in particular plastic. The organisation uses communication as a tool to impact more people to contribute to the clean-up of our oceans.

Board of Directors



Per Sævik
Chairman of the Board of Directors

Per Rolf Sævik (born in 1940) has more than 50 years' experience of the operation and management of fishing supply vessels, and is currently the CEO of Havila AS and Havilafjord AS. Mr. Sævik was also a member of the Norwegian parliament (Nw.: Stortinget) for a four-year period. He currently chairs and serves as director on the board of several companies, including companies in the Havila Group. Mr. Sævik is a Norwegian citizen and resides in Remøy, Norway.



Vegard Sævik
Board member

Vegard Sævik (born 1978) is employed in Havila AS and holds board positions in various companies associated with the Havila Group, including as Deputy Managing Director in Havila Holding AS. He holds a Bachelor of commerce from Handelshøyskolen BI. Mr. Sævik is a Norwegian citizen and resides in Leinøy, Norway.



Hege Sævik Rabben
Board member

Hege Sævik Rabben (born 1971) is employed in Havila AS. She is a trained children's nurse and has worked in a day care centre as a children's nurse. She holds board positions in various companies. Ms. Sævik Rabben is a Norwegian citizen and resides in Remøy, Norway.



Anita Nybø
Board member

Anita Nybø (born 1971) is currently the CEO of Fløibanen AS and holds board positions in Fjord Norge AS and Bekkjærvi Gjestgiveri Hotel & Suites. She also has experience from previously holding a board position in GC Rieber Eiendom AS and holds a Bachelor of commerce from Handelshøyskolen BI. Ms. Nybø is a Norwegian citizen and resides in Bergen, Norway.



Karina Halstensen Birkelund
Styremedlem

Karina H. Birkelund (born 1980) is an Investment Manager at Farvatn Venture AS and holds board positions in Eika Kapitalforvaltning AS, Sunday Power AS, Optimeering AS, and Birdsvi AS. She has previous experience in the banking/finance and renewable energy industries, including DNB, Eviny, and Småkraft. Ms. Birkelund holds a Master of Science in Business Administration from the Norwegian School of Economics and an Executive MBA in Financial Analysis and Strategic Business Understanding, also from the Norwegian School of Economics. Ms. Birkelund is a Norwegian citizen and resides in Bergen, Norway.



Svein Roger Selle
Board member

Svein Roger Selle (born 1973) is the founder of the consultancy firm Selle & Partners, and board member at the Norwegian Climate Foundation. He has over 20 years of experience working as a strategic advisor. Former partner and dep. CEO at Geelmuyden Kiese Group. Mr. Selle has extensive expertise in brand building and sustainable business particularly in the tourism industry. He holds an exc. master in sustainable business strategy from Norwegian School of economics (NHH). Mr. Selle is a Norwegian citizen and resides in Søreidgrend, Norway.

Per Sævik indirectly owns 10% of the shares in Havila Holding AS. Havila Holding AS owns more than 50% of the Company's shares.

Njål Sævik, Hege Sævik Rabben and Vegard Sævik indirectly owns 30% of the shares in Havila Holding AS each. Havila Holding AS owns more than 50% of the Company's shares.

Management team



Bent Martini
Chief Executive Officer (CEO)

+30 years of experience from maritime industries. Previous COO of Hurtigruten AS and CEO and board member of Hurtigruten Cruise AS. Experience include the Royal Norwegian Navy, Managing Director of Klaveness Ship Management and COO of Torvald Klaveness Group. Owns 225 630 shares in the company as of December 31st 2023.



Aleksander Røynesdal
Chief Financial Officer (CFO)

+15 years experience from shipping and maritime industries. Previous VP Finance, IR & Corporate Development at I.M. Skaugen SE. Experience include COO at Kistefos's Norgas Carriers and Capital Markets Director at I.M Skaugen in Singapore. No shares in the company as of December 31st 2023.



Marianne Vågen Langeland
Chief Operating Officer (COO)

+20 years of experience from maritime industries, including HSEQ Director at Havila Kystruten. Previous HSEQ Director, HSEQ Advisor, Norwegian Maritime Authority/ Petroleum Safety Authority liaison, and Deck Officer in Farstad Shipping, Royal Caribbean Cruise Lines and Island Offshore. Owns 2000 shares in the company as of December 31st 2023.



Monica Nipen
Chief Human Resources Officer (CHRO)

+20 years of experience within HR, including HR director at Kleven Group, HR Director at Kleven Yard, HR manager at Myklebust Yard, General manager at NAV Sande and Deputy at NAV Ulsteinvik. Board member of Kleven Maritime Contractor and Maritime Association of southern Sunnmøre (MAFOSS). Owns 12 180 shares in the company as of December 31st 2023.



Johanna Hansli
Chief Sales Officer (CSO)

+20 years of experience from the cruise industry. Experience include Head of Global Sales for Havila Kystruten, Head of Sales for Hurtigruten and WonderCruises, and sales coordinator for Royal Caribbean International. No shares in the company as of December 31st 2023.



Christian Gamsgrø
Chief Hotel & Commercial Development Officer (CHCO)

+20 years of experience from the hotel industry. Previous experience as Commercial Director and Director of Revenue Management for Scandic Hotels Norway and Director of Revenue for Choice Hotels Scandinavia (now Strawberry). Board member of Team Hotels, Up Norway and Wink. Owns 985 shares in the company as of December 31st 2023.



Lasse A. Vangstein
Chief Communications & Marketing Officer (CCMO)

+20 years of experience from travel, trade and transport industry. Previous experience such as Head of Communications for Vålerenga Fotball, Communications Advisor for Avinor and BoligPartner and Senior Communications Advisor for Brainify (now April PR). Owns 31 867 shares in the company as of December 31st 2023.

CEO letter

First year in full operation with all four ships sailing the coastal route.

2023 was an eventful year, where we finally were able to take delivery of Havila Polaris and Havila Pollux, making our fleet complete. As we embark on our first full year in full operation with all four ships sailing the coastal route Bergen – Kirkenes – Bergen, we look ahead for the future to come.

2023 marked 130 years since the important route along the long Norwegian coast was established and tied our country together. Since then, many different shipping companies have sailed the coastal route, and it has both become longer and with more departures. Havila Kystruten is proud to be part of this long tradition of daily transporting goods and passengers along our coast. Not only do we represent critical infrastructure in the northernmost parts of our country, but we do this with an operational up-time of 99.5%, all the time by using modern and environmentally friendly ships.

Being part of the green transition is important to us and rooted in the very nature of our business.

We believe that the entire coastal route can be a lever for technological development that is needed to succeed with a more sustainable maritime sector. However, this green transition will not happen by itself, nor by individual companies making large investments. We need to enforce stricter environmental requirements that will force the industry to invest in new technology and alternative fuels, and these requirements need to come quickly to enable the potential providers to have enough time to deliver without compromises. That is why we are working closely with



Norwegian authorities and industry associations to secure good and stable framework conditions.

In 2023, we have continued our journey towards a more sustainable travel and coastal cruise industry.

Our four ships operate with the most environmentally friendly technology available in the coastal cruise sector. Our ships are powered by one of the world's largest battery packs installed on passenger ships, allowing them to sail emission-free for hours through vulnerable areas. We use Liquefied Natural Gas (LNG) and batteries to operate our ships, like a "plug-in hybrid". These efforts have earned us recognition as a leader in sustainable coastal tourism.



Our ambition to become a beacon for the green transition means that we will go beyond compliance with the emissions criteria set out by Norwegian authorities. Going forward, we aim to switch from LNG to Liquefied Biogas (LBG) to further reduce our emissions and become carbon neutral.

Our sustainability efforts also include the use of locally sourced food, limiting food waste onboard our ships and partnering with local businesses to minimise unnecessary travel to and from our ships, and on excursions that are offered to our passengers as part of their Kyststruten experience. By having this local focus, we are directly and indirectly contributing to local value creation along the coast.

Our people are what is driving our business forward, and investing in them is the key to our success. Our goal is to provide a good, diverse, and safe working environment for our employees – both on land and at sea. Our annual

employee survey demonstrates a high level of employee satisfaction, and we continue to strive towards our diversity goal of at least 40% women in leading positions by 2030. We already have a 50-50 gender balance, both in the Board of Directors and in our C-level management mid 2024.

Safe operations, both for passengers and sailing crew, is our license to operate. We have continued building our safety culture in 2023 and had no serious incidents or accidents on board our ships. Safety will continue to be a prioritised area for us going forward.

We are excited to continue our journey in 2024 and look forward to carrying on our work with stakeholders, including our value chain, to create a better future for our industry and for the world.

Bent Martini

Chief Executive Officer, Havila Kyststruten

2023 business highlights

Top ranking in NABU Cruise Ranking

The German environmental organization NABU ranked Havila Kystruten at the top of its cruise ranking for 2023, based on the efforts towards sustainable solutions and reduced carbon emissions.



"The Food Saver Award"

The Norwegian dairy producer Q-Meieriene awarded Havila Kystruten with "The Food Saver Award" in November 2023, for the efforts towards reducing food waste on board the four coastal cruise ships.

4 ships

in full operation as of Q4 2023

MNOK 764

in total revenue for 2.5 ship years

483

permanent employees

35%

CO₂ emission reductions

10-year

agreement to operate the coastal route between Bergen and Kirkenes

90%

NOx and SOx emission reductions

58 g

food waste per passenger night

99.5%

operational ship uptime

8 475

tonnes of goods transported

Board of Directors report

Area of business and location

In 2018, Havila Kystruten AS was awarded a contract by the Ministry of Transport for the coastal route between Bergen and Kirkenes. The contract covers four ships through 2030, with the Ministry of Transport having the option to extend the agreement by an additional year.

The contract with the Ministry of Transport ensures a reliable transport service along the Norwegian coast, and the four new ships of Havila Kystruten AS are the most environmentally friendly ships ever to sail the coastal route.

The ships were constructed at the Tersan shipyard in Turkey, but over 40 percent of the components in the ships, both technical and interior, were supplied by Norwegian suppliers and manufacturers. The first ship, Havila Capella, was delivered at the end of 2021; the second ship, Havila Castor, was delivered in April 2022; and the last two ships, Havila Polaris and Havila Pollux, were delivered in the third quarter of 2023.

The group's headquarters are located in Fosnavåg.

Financial Statement Analysis

The group's total operating revenues for 2023 (2022 in parentheses) were MNOK 764 (MNOK 332), of which MNOK 548 (MNOK 220) were operational revenues and MNOK 216 (MNOK 112) were contract revenues from the Ministry of Transport. Operating expenses of MNOK 955 (MNOK 571) primarily consisted of payroll expenses and other costs related to the operation of ships. Interest expenses of MNOK 391 (MNOK 239) were associated with the financing of ships. Interest on debt for shipbuilding is capitalized upon delivery. The pre-tax result for 2023 was negative at MNOK -873 (MNOK -675). The total capital in the group is MNOK 4,751 (MNOK 4,003). The majority of the assets consist of the company's four ships. Booked equity as of December 31, 2023, was MNOK 466 (MNOK 613), corresponding to an equity ratio of approximately 10 percent. The consolidated group's net cash flow change for 2023 was MNOK -153 (MNOK -134), of which net cash flow from operating activities

amounted to MNOK -173 (MNOK -103).

The parent company's pre-tax profit for 2023 was negative at MNOK -3 (MNOK -1). The parent company's total capital is MNOK 2,411 (MNOK 1,409). The majority of the assets consist of shares in Havila Kystruten Operations AS. Booked equity as of December 31, 2023, was MNOK 2,172 (MNOK 1,409). The net cash flow change for the parent company was MNOK -293 (MNOK 294), reflecting the receipt of equity (2022) and loans to companies within the same group (2023).

The company's operational situation up to Q3 2023 was marked by events beyond the company's control, leading to significant operational disruptions and additional costs. The company's lender was affected by sanctions, resulting in challenging and prolonged legal and licensing processes, and delays in the delivery of the last two ships, Havila Polaris and Havila Pollux. Despite these challenges, a refinancing was completed in Q3 2023, and all ships are now operational. Despite the challenges, the company experienced strong booking figures for the first two ships in 2023, ending the year with an average occupancy of 64 percent. The fleet's operational uptime was 99.2 percent for the fourth quarter and 99.5 percent for the year overall.

Future outlook

The company looks forward to the future, and to 2024, the first year all four ships will be operational. The ships have been well received by passengers and coastal communities, and the company expects that the modern and environmentally friendly ships will lead to increased demand going forward. Based on a positive trend in booking figures, with 68 percent of capacity sold for the first quarter and over 62 percent for 2024 overall, an average occupancy of just under 80 percent is expected for 2024.

Sustainability

Work environment, equality, and discrimination

Havila Kystruten is responsible for creating safe and secure workplaces and aims to deliver value for its customers,

employees, society, and other stakeholders. Havila Kystruten upholds high ethical standards and is transparent about its sustainability goals and progress towards achieving them.

To ensure future value creation, recruitment, employee retention, and fostering a diverse workforce are key priorities for Havila Kystruten. The company operates in accordance with the Labor Protection Act and the Equality and Anti-Discrimination Act. The company has a policy to promote equality and prevent any form of discrimination based on gender, ethnicity, religion, sexual orientation, age, or disability.

As of December 31, 2023, the company employed a total of 483 permanent employees, of which 438 was employed at sea, and 45 in the land organization. 39,5% were women and 60,5% were men. At the end of 2023, the group management consisted of 3 women and 5 men, and the board of directors had 3 women and 3 men. A continuous goal for Havila Kystruten is to increase the proportion of women, and the company's ambition is to establish a 60-40% gender balance at all levels of the organization.

Health and safety

All employees at Havila Kystruten are the company's most valuable resource. Our ambition is to have zero injuries, accidents, or incidents. The company systematically maintains a good working environment by promoting employee safety and growth, reducing, and ultimately eliminating any exposure to unsafe working or sailing conditions. Sick leave for the reporting period is discussed under Health and Safety in the Sustainability section.

Business ethics and human rights

The company aims to build a strong corporate culture where ethical conduct and transparency are core values that employees adhere to. In addition to ensuring work is performed safely, this also entails respect for freedom of association, and no acceptance of any form of forced labor or other work-related discrimination.

Havila Kystruten has a zero-tolerance policy for corruption, and the company operates in accordance with Norwegian laws and regulations. Training and communication in ethics and anti-corruption are also part of the onboarding process for new employees. The company operates exclusively in Norway.

Before Havila Kystruten enters contracts with new suppliers and partners, Havila Kystruten conducts risk assessments on topics related to anti-corruption, human rights, and business ethics. Employees at Havila Kystruten have been informed of their responsibility in cases where they identify potential conflicts of interest or violations of laws and regulations.

Matters raising ethical questions or potential breaches of law should be reported to the employee's supervisor.

A whistleblower channel has been established, allowing all employees to report potential or actual violations of rules or laws. External individuals can also use the whistleblower channel, operated by a neutral third party, and any whistleblower can remain anonymous. The topic is further discussed in appendix 2, Human rights and Transparency Act report.

Environmental impact

The business activities of the company have both direct and indirect social, environmental, and economic impacts. Havila Kystruten's four ships are equipped with batteries that can be charged with clean hydropower when docked, assuming that the infrastructure for shore and charging power is made available in the relevant ports. The ships operate as plug-in hybrids, using natural gas (LNG) to generate electricity for electric motors and batteries, which in turn propel the ship. This combination allowed our ships in 2023 to reduce CO2 emissions by 35 percent and NOX emissions by more than 90 percent compared to the 2017 figures from the coastal route, i.e., ships using traditional fossil fuels. The ships are specially designed for maximum energy efficiency, and surplus heat from cooling water and the sea is used for onboard heating. The company already exceeds the government's emission reduction requirements in the contract (25 percent for CO2 and 80 percent for NOX), and the main goal is to sail with zero emissions by the end of the current contract period.

In addition to reducing emissions, Havila Kystruten only had 58 grams of food waste per passenger night. This is good for the environment and economically sustainable. For 2023 the company had a goal of a 40% sorting rate of all waste and delivered a result of 52,87%. 80% of the food served on board is locally sourced and produced in Norway, and 100% of all our off ship activities are provided by Norwegian suppliers.

Risk factors

Havila Kystruten is exposed to various risk areas and strives to minimize potential negative effects through sound business practices and mitigating measures.

Financial risk

Havila Kystruten AS is exposed to currency risk, interest rate risk, and bunker risk. Ship financing is in euros, while operating revenues are expected to be divided between Norwegian kroner and other currencies, with euros as the most important currency. Long-term interest-bearing debt has a floating rate element, while bunkers (LNG) have a variable element related to market price.

The Group aims to shed light on the various risks and implement mitigating measures. Financing in the same currency as revenue is one of the measures. In addition, the company has secured approximately 35% of its bunker consumption for 2024. The Group's current strategy does not include the use of financial instruments, but this is subject to ongoing assessment by the Board.

Liquidity risk

Management and the Board of Directors focus on managing liquidity risk. This involves maintaining a sufficient buffer of liquidity. Group management is responsible for ongoing monitoring and reporting on the Group's liquidity position.

Market and regulatory risk

The company is exposed to market risk related to tourism and the cruise industry, where the majority of passengers come from Europe, especially German-speaking countries, which account for over 50% of the customer base. Changes in the economy in these regions can potentially affect the company's customer base. To counteract this risk, the company is actively working to diversify its customer base geographically, and is achieving good results through digital marketing, especially in the US and gradually in Asia. Furthermore, the company is exposed to regulatory risk in Norway, especially related to the renewal of the contract with the Ministry of Transport and Communications, which runs until 2030. Havila Kystruten is well-positioned to secure an extension of the assignment and also owns flexible ships that can also be used in the expedition segment.

IT and cybersecurity

Havila Kystruten uses various computer systems and software in its daily operations. The company recognizes methodical work with information security as an important contribution to business continuity, protection of sensitive business information, maintaining customer trust, and compliance with regulations and relevant industry standards. The company therefore implements an information security management system (ISMS) in accordance with ISO 27001. Guidelines apply to all systems, persons, and processes that make up the organization's information system, including board members, directors, employees, suppliers, and other third parties with whom Havila Kystruten interacts.

Directors' and officers (D&O) insurance

Havila Holding AS has taken out D&O insurance that also covers Havila Kystruten AS and its subsidiaries. The coverage applies to members of the board of directors, the

CEO, and other employees with independent management responsibilities. The insurance covers the insured's liability for financial losses resulting from claims made against the insured during the insurance period as a result of an alleged act or omission giving rise to liability.

Events after the balance sheet date

In April 2024, the company completed a Series B refinancing of the bond loan from HPS Investment Partners. Series B consists of EUR 50 million with a maturity date of October 2024. The company considered various alternatives within the scope of the loan agreement with HPS and decided that taking out equivalent financing from Havila Holding AS was the preferred solution for the company and its shareholders. The shareholder loan runs until July 2028. In addition, the company has secured a drawing facility of NOK 200 million from Havila Holding AS. The drawing facility provides the company with increased financial flexibility to handle seasonal liquidity fluctuations and has a term of until January 2027.

Going concern

The financial statements for 2023 are prepared on a going concern basis. The contract with the Ministry of Transport for the operation of four ships in the coastal route between Bergen and Kirkenes is the foundation of the company's business. With the last two ships in service, the contract with the Ministry of Transport is secured.

The operation of Havila Capella and Havila Castor has been convincing, and the company had an operational stability of 99.5% in 2023. The stability of the operation of Havila Polaris and Pollux has been similar since their delivery.

The refinancing after the balance sheet date in April 2024 gives the company until 2026 to find long-term and more sustainable financing that better reflects the underlying ship values and the earning potential inherent in the company. With the extraordinary circumstances now resolved, this further strengthens the trust that the company has built up and lays the foundation for continued positive development. The company's board of directors assumes that the conditions for continued operations are in place.

Auditor

Havila Kystruten AS has used PricewaterhouseCoopers AS as auditor for the financial year 2023.

Distribution of results

The board proposes the following distribution of the annual result in Havila Kystruten AS:

NOK in 1000

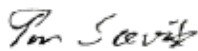
Parent company

Allocation of profit

Uncovered loss	-2 743
Total allocated	-2 743

Fosnavåg, 25.04.2023

The Board of Havila Kystruten AS



Per Sævik
Chairman of the Board of Directors



Vegard Sævik
Board member



Hege Sævik Rabben
Board member



Anita Nybø
Board member



Karina Birkelund
Board member



Svein Roger Selle
Board member



Bent Martini
Chief Executive Officer (CEO)

Corporate governance report

Havila Kystruten AS (the "Company") aims to maintain a high level of trust among its investors, employees, customers, suppliers and society at large, and therefore endeavours to practice good corporate governance.

Havila Kystruten's board of directors ("the Board") is responsible for ensuring that the Company is organised, managed and controlled in an appropriate and satisfactory manner in compliance with applicable laws and regulations.

Compliance with generally accepted corporate governance guidelines is important because it contributes towards reduced risk, enhanced value in the best interests of all stakeholders, fair treatment of all stakeholders, strengthened confidence in the Company, and desired conduct.

1. Implementation and reporting on corporate governance

The Company's shares are listed on Euronext Growth Oslo, and are thus not subject to mandatory reporting requirements for corporate governance according to the Norwegian Accounting Act § 3-3b and "The Norwegian Code of Practice for Corporate Governance" ("NUES"), last revised 14 October 2021, which is available at www.nues.no.

However, as the Company intends to maintain a high level of corporate governance standards the Board shall consider the implications of NUES, in whole or in part, depending on what is considered appropriate from time to time.

This corporate governance statement follows the NUES structure.

2. The business

Havila Kystruten is a limited liability company organized under the laws of Norway and subject to the provisions of the Norwegian Limited Liability Companies Act.

The Company's purpose is defined in Article 2 of the Articles of Association as: "The Company's business is to conduct shipping, transport and tourism activities, including development and investment in other companies, and other activities that are naturally related to this."

Havila Kystruten operates four ships on the classical coastal route between Bergen and Kirkenes with the Norwegian coast's most environmentally friendly ships.

Havila Kystruten each year publishes a sustainability report where it presents the main social, societal, and environmental challenges the Company faces, and how it approaches them. The identified focus areas are integrated with the Company's business strategy, and concrete goals are each year defined to improve the Company's performance within these areas.

To discuss and evaluate goals, strategy and risk profile, the Board conducts an annual strategy meeting, where the main purpose is to set the long-term direction for the Company. This takes into account financial, social and environmental considerations plus the Company's impact on people.

A further description of the Company's operations, goals, strategy, and risk profile is provided in the group's annual report, which shows how the Company's operations and strategies are aligned with objectives defined in the Articles of Association.

3. Equity and dividends

The Company shall at all times have sufficient equity to achieve its goals and strategy, and that matches its risk profile and commitments. At year-end 2023, the Company's total assets were NOK 4,762 million and the equity was NOK 477 million, giving an equity-to-assets ratio of 10 percent.

Havila Kystruten aims to give shareholders a competitive long-term return. Based on the Company's capital structure and growth strategy, the shareholders' return should in the short term be realized mainly through an increase in the value of their shares. However, dividends may be relevant in the future, if and when the circumstances permit it.

The annual general meeting determines the annual dividend, based on the Board's proposal. The Board has not proposed a dividend payment for the 2023 financial year.

The shareholders can give the Board the authority to increase the share capital at the general meeting. However, such mandates should be intended for a defined purpose.

In 2023, the general meeting granted the board specific authorisations to carry out capital increases by way of cash contribution and by way of set off as part of the refinancing of the Company. The mandate was limited to 31 December 2023.

4. Equal treatment of shareholders and transactions with close associates

Equal treatment of all shareholders is a core governance principle. The Company has one class of shares. Each share carries one vote at the general meeting.

The Company's trading in own shares shall preferably take place through Euronext Growth Oslo, alternatively in other ways at the listed price.

If the Board, on the basis of an authorisation from the general meeting, decides to carry out a capital increase in which existing shareholders' preferential rights are waived, the reason for this will be given in the stock exchange statement issued in connection with the capital increase.

5. Freely negotiable shares

All shares in the Company are freely negotiable, and are listed on Euronext Growth Oslo. The Company's articles of association do not contain any form of restriction on negotiability of the shares.

6. The general meeting

The general meeting is the Company's supreme body. The Board decides the form of the meeting, and can be conducted as a physical or electronic meeting in accordance with applicable legislation.

The Board strives to enable as many shareholders as possible to exercise their rights by participating at the Company's general meetings, and make the general meeting an effective meeting place for shareholders and the Board, among other things by ensuring that:

- The notice of the general meeting is sent to shareholders at least 14 days before the general meeting is held, and made available via Oslo Børs' notification system www.newsweb.no and on the Company's website www.havilavoyages.com at the same time.
- Case documents provide sufficient information to enable shareholders to form an opinion in advance on matters to be considered.
- The registration deadline is set as close to the meeting date as possible, but no later than two days before the general meeting is held. Shareholders who have not registered can be denied admission to the meeting.

The General Meetings deal with and decide on the following matters:

- Adoption of income statement and balance sheet.
- Application of profit or coverage of deficit pursuant to the adopted income statement and balance sheet as well as distribution of dividends.
- Election of board of directors. The general meeting shall elect the chairman of the Board.
- Other issues that pursuant to the provisions of the Norwegian laws and Articles of Association are to be treated by the general meeting.

All shareholders are entitled to submit proposals and vote directly or by proxy. A proxy form is prepared and sent out together with the notice of the general meeting.

The Company allows for documents to be considered at the general meeting to be made available on the Company's website instead of being distributed with the notice of meeting. When documents concerning matters to be considered at the general meeting have been made available to the shareholders on the Company's website, the Norwegian Limited Liability Companies Act's requirement that the documents shall be sent to shareholders does not apply. This also applies to documents that by law shall be included in or appended to the notice of the general meeting.

The chair of the Board and the CEO is present at the general meeting, while the other board members and the chairman of the Nomination Committee may also be present. The auditor shall attend the general meeting when the matters to be dealt with are of such a nature that this is considered necessary.

The Company's Articles of Association do not contain any special provisions concerning who should chair the Company's general meeting.

All shares carry an equal right to vote at general meetings. Resolutions at the general meeting are normally passed by simple majority unless otherwise required by Norwegian law.

The minutes of the general meeting are published via a stock exchange announcement to www.newsweb.no and made available on the Company's website www.havilavoyages.com.

7. Nomination committee

The Company has established a nomination committee. The nomination committee currently consists of Siv Remøy-Vangen and Ander Talleraas, both of whom are independent of the Company's Board and executive personne.

The nomination committee shall assist the Board in meeting its responsibility to nominate board members for election at the general meeting, and ensure that the candidates possess the right qualifications and integrity to fulfil their obligations. In concrete terms, the committee shall identify and evaluate potential board members, send its recommendation to the general meeting when board members are up for election, and propose directors' fees. In addition, the committee shall have an advisory function in relation to the Board with respect to the board's composition, instructions and evaluation. A justification for a candidate will include information on each candidate's competence, capacity and independence.

As part of its nomination process, the nomination committee will have contact with major shareholders, the Board and the Company's executive management to ensure that the process takes both the Board's and the Company's needs, and diversity, into consideration.

The fee for members of the nomination committee will be stipulated by the general meeting.

Information regarding the nomination committee members, the procedures, as well as how input and proposals may be submitted to the committee is published on the Company's website.

8. The board of directors' composition and independence

The Company's Article of Association stipulates that the Board shall consist of between three and seven members, elected for one year at a time. The chair of the board is elected by the general meeting.

The Company's board of directors has six members. All members are independent of the Company's executive personnel and material business contacts. The Board currently consists of three women and three men, none of whom are executive personnel in the Company. Three of the members of the Board – Anita Nybø, Karina H. Birkelund and Svein Roger Selle – are independent of the Company's main shareholder.

The board members are encouraged to own shares in the Company, and an overview of the board members' holdings are presented in a note to the annual accounts. As of 31 December 2023, three out of six board members own shares (directly or indirectly) in the Company. None of the board members hold share options in the company.

The composition and overall qualifications of the Board is assumed to make a positive contribution to the development of the Company and the satisfactory safeguarding of the shareholders' interests. A more detailed presentation of the members of the Board is included in the annual report.

9. The work of the board of directors

The Board has overall responsibility to secure the Company's value creation in a sustainable manner and determines the Company's goals, risk profile and strategies, as well as follow-up on this. The Board's duties also include monitoring and control of the Company's activities, including responsibility for ensuring that activities are organised and run within the framework of the law.

The Board has adopted instructions for its work and the chief executive's work, with particular emphasis on a clear internal division of responsibility and duties.

The rules and procedures describe how the Board is responsible for reviewing and approving the organization's purpose, values or mission statements, strategies, policies and goals related to sustainable development, and delegate implementation of such matters to the company's management. The procedures also include stipulations to ensure that the Company has the necessary due diligence and other processes in place to identify and manage its impacts on the economy, environment and people, and ensure that the management of the Company engages with relevant stakeholders to support these processes. At least annually, the Board reviews the company's sustainability performance, including key performance indicators and priorities going forward.

The Board regularly takes measures to advance their collective knowledge, skills and experience on sustainable development. This is also reflected by positions held by different Board members. In 2023, several Board members as well as the CEO participated and presented at sustainability events, and sustainability is also a recurring topic at Board meetings.

The Company has guidelines that impose a notification obligation on board members and executive personnel who have a direct or indirect material interest in agreements entered into by the Company. Any transaction between the Company and a close associate shall be based on ordinary market terms at arm's length. Any transaction which is not immaterial shall be carried out on the basis of a valuation by an independent third party. The Company will ensure that significant transactions with close associates are processed in accordance with the requirements laid out in the Limited Liability Companies Act.

Further, if the chairperson of the Board is personally involved in matters of a material character, the Board's consideration of such matters will be chaired by another member of the Board.

The Board employs and exercises rights of instruction in relation to the chief executive officer, who is responsible for

the day-to-day running of the Company. The board oversees the enterprise and its management.

The Board adopts an annual plan for its work and holds meetings as necessary, at least five meetings per year. The Board evaluates its own performance and expertise on an annual basis. The evaluation is submitted to the nomination committee.

The Company does not currently have an audit or remuneration committee or a remuneration committee. However, the rules of procedure of the Board of Directors stipulate that the Board of Directors may establish and update instructions for an Audit Committee and a Remuneration Committee, and appoint qualified members to these committees.

The Company's financial calendar is published at www.newsweb.no, and on the Company's website www.havilavoyages.com. The Company's results are published each quarter unless otherwise decided by the Board.

The chief executive officer has a right and an obligation to participate in the consideration of matters by the Board and to state his/her opinion, unless the Board decides otherwise in a particular case.

The Board discusses, as necessary, its own form of work and the processes relating to the preparation and execution of board meetings, and its overall qualifications and capacity in relation to the Company's activities.

10. Risk management and internal control

The Board has responsibility for ensuring that the Company has good internal control and appropriate risk management systems adapted to the Company's scope and activities. This responsibility also includes the Company's core values, Code of Conduct for Business, Ethics and Corporate Social Responsibility, and anti-corruption program.

The Board receives as a minimum quarterly reports describing the Company's financial situation, information about projects and market conditions. The Board also receives as a minimum quarterly statistics on developments in quality, health, safety and the environment.

The Board continuously evaluates the information submitted to the Board by the administration and adopts amendments to the reporting procedures if required. The Board conducts as a minimum an annual review to discuss and identify external and internal risk factors for the Company.

The Company's financial reports are drawn up pursuant to the accounting principles specified in the annual report. The Company's quarterly reports to the Board and the reports published each quarter are prepared on the same

principles.

11. Remuneration of the board of directors

Remuneration of the board of directors and the audit committee is decided annually by the general meeting.

The remuneration is not based on the Company's performance, and no share options are issued to members of the board of directors.

The remuneration is stipulated on the basis of time expenditure and the Company's activities and size.

Members of the Board, including companies with whom they are associated, shall not take on specific assignments for the Company in addition to their function as directors.

12. Remuneration of executive personnel

The Board is directly responsible for determining the CEO's salary and other benefits. The CEO is, in consultation with the Chief Human Resource Officer of Havila Kystruten, responsible for determining the salary and other benefits for the group's other senior executives.

As Havila Kystruten is listed on a non-regulated market, the Company is not required to prepare an annual remuneration report. The Company has therefore not deemed it necessary to develop specific guidelines for remuneration of executive personnel.

13. Information and communication

The Company has established guidelines for reporting of financial and other information. The purpose of these guidelines is to provide expedient and accurate information about the Company to its shareholders and other stakeholders. Transparency, equal treatment and correct reporting shall give the different groups of stakeholders the best possible basis for assessing the Company's current and future situation.

The Company shall communicate all information relevant for assessing the operation and value of the Company to its shareholders and to the market in a timely and effective manner in accordance with the applicable rules for companies listed on Euronext Growth Oslo.

The Company will publish significant information via Oslo Børs' notification system www.newsweb.no, and on the Company's website www.havilavoyages.com.

The Company shall have a dialogue with its shareholders via adequate forums based on the principle of equal treatment and equal access to information.

The Company publishes an annual financial calendar with an overview of the dates of planned important events such

as quarterly reports and the general meeting. The Company's investor relations policy is also available on its website.

14. Takeovers

The Company's Articles of Association do not include defense mechanisms aimed towards take-over bids, nor are any other obstacles implemented with the objective of reducing the trade and/or transferability of the Company's shares.

The shares are freely negotiable. Transparency and equal treatment of the shareholders are fundamental principles the Company adheres to. No additional principles have been established for how the Company will or should act with respect to takeover bids, but the Board intends to act in accordance with applicable regulations as well as the general principles of the stock market if such a situation should occur. Furthermore, the Board will issue a statement to the shareholders with an assessment of the bid and a recommendation of whether to accept it or not.

The Company is not subject to the takeover regulations, applicable only to companies with shares listed on a Norwegian Regulated Market, set out in the Norwegian Securities Trading Act, or otherwise. The Shares are, however, subject to the provisions on compulsory transfer of shares as set out in the Norwegian Private Companies Act. If a private limited liability company alone, or through subsidiaries, owns 9/10 or more of the shares in the subsidiary, and may exercise a corresponding part of the votes that may be cast in the general meeting, the board of directors of the parent company may resolve that the parent company shall take over the remaining shares in the company. Each of the other shareholders in the subsidiary have the right to require the parent company to take over the shares. The parent company shall give the shareholders a redemption offer pursuant to the provisions of the Norwegian Private Companies Act. The redemption amount will in the absence of agreement or acceptance of the offer be fixed by a discretionary valuation.

15. Auditor

The general meeting appoints the auditor and approves the auditor's fee.

The auditor's responsibility is to audit the annual accounts and the annual report submitted by the board of directors and the chief executive officer pursuant to the Auditors Act and generally accepted accounting practices.

The auditor presents the main features of the plan for the auditing work to the board of directors each year. Meetings

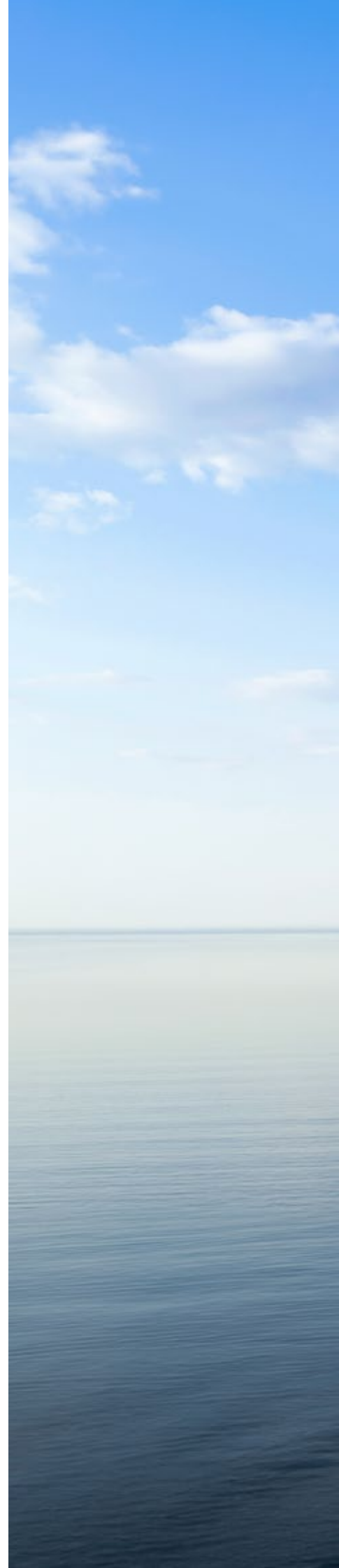
are held between the auditor and the board of directors, either the full Board or the chair, as necessary.

The auditor will not take on assignments for the Company that can lead to conflicts of interest. It is the board of directors' responsibility to maintain the independent role of the auditor.



Sustainability

Ethics and transparency	28
Environment	32
People	36
Health and safety	40
Local communities	44





Ethics and transparency

Business ethics derive from transparency, objectivity, reliability, honesty and prudence. These are all values that Havila Kystruten adheres to.

Our company's operations depend on the ability to maintain high ethical standards, and to create trust-based relationships with stakeholders.

Our goals

- Being open and transparent with stakeholders
- Ensure a responsible supply chain

Priorities for 2024

- Communicate our Code of Conduct to employees and Board members
- Continue the due diligence process for existing suppliers
- Continue the preparation for the ISO 9001:2015 quality management system certification
- Externally publish our Code of Conduct and Human Rights Policy

Impact assessment

Corruption is broadly linked to negative impacts, such as poverty in transition economies, damage to the environment, abuse of human rights and democracy, misallocation of investments, and undermining the rule of law. Based on initial risk screenings, current exposure to corruption is limited for Havila Kystruten. The entirety of our operations take place in Norway, where according to the Corruption Perception Index (developed by Transparency International), the risk of corruption is perceived to be low.

Policy commitment

We believe that the full respect of human rights is the best context to develop our operations, and that our commitment to ethical business conduct results from our values more than from our legal obligations; we understand that implementing ethical principles adds value and competitiveness to the organisation.

We are committed to develop an organisational culture which implements a policy of support for internationally recognised human rights and seek to avoid complicity

in human rights abuses. Havila Kystruten is committed to meeting our responsibility to respect human rights as defined by:

- The Universal Declaration of Human Rights
- The International Covenant on Civil and Political Rights
- The International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work
- The OECD Guidelines for Multinational Enterprises
- The Norwegian Transparency Act

As a company headquartered in Norway, Havila Kystruten operates in accordance with the Norwegian Money Laundering Act and the Penal Code with related regulations. On board our ships, we follow the national regulations for whistleblowing laid out by the Norwegian Maritime Authority.

Actions

Responsible business conduct is embedded in our management system and our governing documents, which guide activity in all areas of our business. In 2023, we established a Code of Conduct for our employees onshore and at sea, which clearly communicate our ethical guidelines, including on human rights and anti-

corruption. All employees have access to, and must familiarise themselves with, understand and comply with the principles laid out in our Code of Conduct. The Code of Conduct is published in our safety management system for employees. The Code of Conduct is approved by Havila Kystruten's CEO. The company will throughout 2024 arrange for ethical training for all employees based on the contents of the Code of Conduct.

We work continuously to ensure that everyone who carries out work on behalf of Havila Kystruten knows about, understands and in daily work follows responsible business conduct and our governing documents, and this also includes our suppliers and business partners. The Supplier Code of Conduct outlines our expectations for suppliers and business partners, and is communicated to them when entering contract. The Supplier Code of Conduct is not externally published, but suppliers can access this document via the Ignite system. The Supplier Code of Conduct has been approved by the Board.

The company has also developed a Human Rights Policy, which has been approved by the Board. The Human Rights Policy can be found on our website.





Havila Kystruten is not required to establish an ethics committee, but the management group regularly communicates expectations and compliance with proper business ethics to our staff. In the company's job descriptions, we communicate that we expect all employees to always follow laws and regulations and to be aware of possible ethical violations.

The company has developed internal procedures for reporting irregularities, and all conditions that give rise to ethical issues should be reported to an employee's closest line manager or the safety representative. Havila Kystruten has also established an external whistleblowing channel available on the company's website. Critical concerns shall be communicated to the Board.

Havila Kystruten's ESG / procurement team regularly carry out due diligence of suppliers, with assistance from Havila Service. This is done through the Ignite system, both when entering contract and then regularly of existing suppliers. In the due diligence process, we focus on identifying, assessing, preventing, and reporting potential and actual negative impacts to human rights in our supply chain. During the 2023 supplier due diligence assessment, we have:

1. Defined a 1st layer risk assessment for suppliers: A traffic light system for relevant suppliers by country (following the Human Rights Index) and industry sector risk (own assessment) will be established.
2. Developed a list of actual and potential human rights risks among our suppliers and defined a pass/no pass scoring system based on this list.
3. Communicated our ESG questionnaire to all suppliers: Our target of covering 80% of the company's previous financial year spending was achieved.

No immediate action was required among suppliers with a low human rights risk score. Suppliers with a medium or high human rights risk score were required to reply to our ESG questionnaire and sign the Supplier Code of Conduct. If high risk, the procurement department will conduct a more detailed human rights risk assessment before we continue doing business with said supplier. The following risk areas have so far been detected and are being assessed and followed-up on a regular basis:

- Terms of employment
- Wages and workhours
- Health and safety
- Privacy
- Pollution
- Use of toxic or hazardous chemicals
- Gender-based discrimination
- Sexual harassment

As our goal is to be open and transparent about our sustainability efforts, we have in 2023 increased the amount of information available on our website, through our newsletters and social media accounts. We have also participated at several conferences throughout 2023, where we share our knowledge and experience from working with sustainability topics. We have also included information about sustainability in our quarterly presentations, and we have written several op-eds in relevant news media.

Anti corruption assessment is well implemented in the purchasing process towards suppliers, as well as in internal procedures for management of administration, hotel and marine operations. However, further implementation and improvements will be a continued focus area.

Performance

We are using the IntegrityLog system to follow up on the number of human rights breaches cases. There were no identified incidents of corruption in 2023 and the company is not aware of any legal cases being brought against Havila Kystruten or its employees regarding corruption. The company has not received any reports about possible human rights violations or other ethical breaches. No critical concerns were reported to the Board in 2023.

Table: non-compliance	2023	2022	2021
Incidents with regulations resulting in a fine or penalty	0	0	0
Incidents with regulations resulting in a warning	0	0	0
Incidents with voluntary codes	0	0	0

Table: anti-corruption assessments and incidents	2023
	Total
No. of operations	3
% of operations	75
No. of confirmed incidents	0

Table: communication on anti-corruption	2023
	Total
No. of Board members	7
% of Board members	100
No. of employees	483
% of employees	100
No. of business partners	170
% of business partners	30

Table: anti-corruption training	2023
	Total
No. of employees	0
% of employees	0
No. of Board members	0
% of Board members	0

Environment

Pure water, fresh air, unspoiled scenery. In the Norwegian fjords you can find it all, and there is nothing we desire more than letting it stay that way forever.

We aim to lead the industry by example and shape the future of travel along the Norwegian coast by operating the world's most environmentally friendly coastal cruise ships.

Our goals

- Carbon neutral vessel operation by 2028
- Emission free vessel operation by 2030
- Take a circular approach to how we use our resources

Priorities for 2024

- Continue our collaboration with industry organisations on technological development to meet climate goals
- At least 55% of passengers part of the Eco-Voyager Programme
- At least 65% waste sorting rate for the whole fleet
- Continue the preparation for the ISO 14001:2015 environmental management system certification

Impact assessment

The transport sector accounts for 24% of CO₂ emissions from energy, which is dominated by fossil fuels. Global shipping accounts for 3% of worldwide greenhouse gases (GHG) and the technology adoption and alternative fuel availability are particularly challenging for this sector. Ships usually cause negative impact on the environment through the combustion of oil, thereby releasing CO₂, SO_x and NO_x-gases. To counter this impact, Havila Kystruten operate ships fitted with the world's largest battery packs on board a coastal cruise ship – enabling us to sail up to

four hours through vulnerable seas and fjords, silently and without emissions. At port, the batteries are charged using renewable energy sources. In normal operations the vessels are operating in hybrid mode – a combination of generators using liquified natural gas and pure electricity from the batteries. Protecting biological diversity is important for ensuring the survival and proliferation of plant and animal species. Natural ecosystems provide clean water and air, and contribute to food security, human health and local livelihoods. Operations at sea can impact biodiversity and natural resources. Havila Kystruten offers

various excursions, for instance RIB tours for our guests or snowmobile excursions, which could potentially disturb local wildlife. Therefore, when carrying out these types of activities, we work closely with local adventure tourism partners to make sure that such activities are carried out with minimal impact, and have partnered with transport services to reduce unnecessary travels to/from our ships. Reducing waste and water use is important to us. Today, the main waste source is linked to food and paper, which we are seeking to reduce. We have also established a zero single plastic use policy, and waste is sorted. To get passengers to assist us on this important mission, we have created information boards with recycling information, and we will continue to implement further guidance in our Eco Voyager programme.

Policy commitment

Havila Kystruten's core values Lead, Share and Care mean that we are focused on protecting and preserving the environment and local ecosystems. This is crucial to our business model, which is built on the very idea of experiencing uninterrupted nature and wildlife. In addition to adhering to the Maritime Act and regulations specified by the Norwegian Maritime Authority, Havila Kystruten is subject to several national regulations that specifically relate to environmental impact, including:

- Pollution control regulations (FOR 2004-06-01 nr 931)
- Environmental declaration in connection with environmental differentiation for ships and mobile offshore units (FOR 2000-11-28 nr 1194)
- Regulations on notification of acute pollution or danger of acute pollution (FOR 1992-07-09 nr 1269)
- Regulations on environmental safety onboard ships and mobile offshore units (FOR 2012-05-30 nr 488).

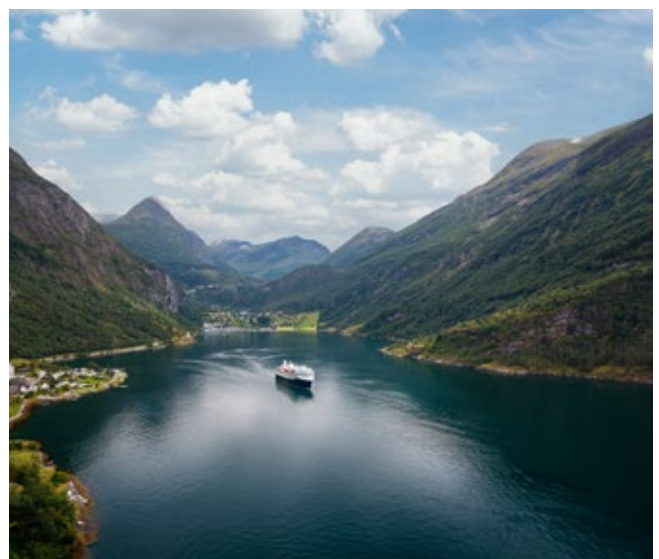
Our ships are also certified by the DNV volunteer scheme "Clean notation", which shows compliance with all mandatory requirements in the International Convention for the Prevention of Pollution from Ships (MARPOL). We expect our suppliers to integrate environmental impact assessments into their own operations and are in the process of establishing routines for communication and follow-up of suppliers regarding this topic.

Actions

Havila Kystruten has established the following company-wide goals related to environment, which every employee is required to comply with:

- Follow existing environmental rules and regulations.
- Ensure environmentally conscious design solutions.
- Develop an IT structure that supports our environmental policy.
- Ensure ship operations that are conscious of the environment in all aspects.
- Always assess and minimize climate risk.
- Establish and follow up an environmental program.
- Analyze and optimise operations to reduce emissions and waste, and always look for measures to increase energy efficiency.
- Collaborate with partners to find means of transport with the least environmental harm, including public transportation options.
- Evaluate suppliers on their environmental impact.
- Include contractual obligations on environmental footprint among excursion suppliers.
- Enable customers to contribute towards the company's environmental goals.
- Encourage staff, customers, and suppliers to recycle and re-use.
- Correct attitudes or actions that harm the environment.
- Train staff to minimise impact on the environment, both in normal operation and during a potential crisis.

Our CEO holds the overall responsibility for the company's environmental management and performance, and environmental factors are an integrated part of both our Environmental Policy and our Safety Management System. Employees are encouraged to be environmentally conscious in all that they do. In 2023 we took several steps to improve our environmental performance.



First, we started a GAP analysis regarding the ISO 14001:2015 standard on Environmental Management System. In this work, we mapped out our strengths as well as tasks or questions that needs to be addressed. We will continue the preparation for the ISO certification in 2024, with the objective to be fully certified during 2025. We also evaluated whether to continue with the Eco-Lighthouse certification, as stated in our goals for 2023. After thorough assessments, we came to the conclusion of solely focusing on the ISO certification going forward as this will cover the environmental aspects for us, and that it also includes our entire business and not just our hotel operations. We also made several improvements regarding our Eco Voyager programme for passengers in 2023. The most important change made was to make the Eco Voyager programme, that was previously voluntary to join, mandatory for all passengers. This means that if the guest does not choose to 'opt-out' of the programme, the guest agrees to more sustainable practices, such as less frequent cleaning of rooms, towels and bed linen (to save water and energy onboard). We also improved our guest information on how to take other sustainable choices on board, for example when dining and going on excursions.

Performance

Carbon accounting is fundamental to identify measures to reduce GHG emissions. Havila Kystruten started carbon accounting in 2021 using the Ignite platform. Our carbon accounting is based on the international standard; A Corporate Accounting and Reporting Standard, developed by the Greenhouse Gas Protocol Initiative (GHG Protocol). The GHG Protocol is the most widely used and recognised international standard for measuring greenhouse gas (GHG) emissions, and is the basis for the ISO standard 14064-1. In our carbon accounting, we report on Direct (Scope 1) GHG emissions and Energy indirect (Scope 2) GHG emissions. We also include a limited account of other indirect (Scope 3) GHG emissions. 2023 is chosen as the base year, as this is the first year that we are fully operative with all four ships. Still, we are including numbers from 2021 and 2022 as a reference. In total, Havila Kystruten emitted 58,207.0 tCO₂e in 2023.

Our Scope 1 emissions include the use of LNG for propulsion machinery and MDO for use in our lifeboats, MOB boat, emergency generator and boiler on board. This amounted to 43,710.0 tCO₂e in 2023, up from 26,387.0 tCO₂e in 2022. The rise in our Scope 1 emissions can be explained with two new ships being added to our fleet in 2023.

Our Scope 2 emissions were previously calculated using a financial control approach, meaning that we did not include electricity use from our leased offices in Oslo, Hammerfest and Fosnavåg. From 2023, we have switched to an operational control approach, and we are now including emissions from all three offices in addition to the energy used to charge our ships (which is the main emission source for this category).

Our Scope 2 emissions in 2023 were 18.0 tCO₂e, down from 42.0 tCO₂e in 2022. The fall in our Scope 2 emissions can be explained with one of vessels moored in Bergen for a substantial period due to sanctions. The electricity emission factors are based on average AIB statistics.

Our Scope 3 emissions have been calculated using a spend-based approach. Included in our Scope 3 emissions are the following categories:

- Category 1: Purchased goods and services
- Category 2: Capital goods
- Category 3: Fuel- and energy related activities
- Category 4: Upstream transportation and distribution
- Category 5: Waste generated in operations
- Category 6: Business travel

In 2023, our Scope 3 emissions amounted to 14,479.0 tCO₂e, up from 8,863.0 tCO₂e in 2022 (equivalent to a 63.36% increase). The increase can be explained with the two new ships being added to our fleet in 2023. Havila Kystruten does not have any biogenic CO₂ emissions.

As with carbon accounting, having a full overview of the amount of waste generated is important if we are to reach our sorting rate ambition. In 2023, we generated 353,732 tonnes of waste, with a sorting rate of 52.88%.

We have an agreement with Retura, as a certified reception facility ashore. Waste are delivered locally ensuring a minimized footprint. Reports on volume of waste divided in fractions are continuously monitored. This number includes waste from our vessels only, and not from Havila Kystruten's operations on land.

Table: Emissions	UNITS	2023	2022	2021
Direct Scope 1 GHG Emissions	tonnes CO2e	43,710	26,387	1,952
Energy Indirect Scope 2 GHG Emissions	tonnes CO2e	18	42	N/A
Other Indirect Scope 3 GHG Emissions	tonnes CO2e	14,479	8,863	3,032

Table: Water use	UNITS	2023	2022	2021
Water withdrawal	megalitres	40.07	24.58	0.79
Water discharge	megalitres	24.24	7.29	0.66
Water consumption	megalitres	15.82	17.30	0.13

Table: NOx and SOx	UNITS	2023	2022	2021
Nitrogen oxides (NOx)	tonnes CO2e	95,456	53,616	0
Sulfur oxides (SOx)	tonnes CO2e	0	0	0

Table: Waste	UNITS	2023	2022	2021
Waste generated	tonnes	353,732	153,442	25,882
Sorting rate	%	52.88 %	34.43%	35.17%
Food waste	tonnes	17.94	9.81	NA
Food waste per guest night	g	58	76	NA

People

Our people will always be our greatest assets. Making sure that we provide a good working environment where employees can thrive and succeed is essential for our future business success.

Everyone working for Havila Kystruten should operate in line with our guiding values: lead, share and care.

Our goals

- Ensure a good working environment for all employees
- Promote diversity in leadership positions

Priorities for 2024

- Launch the Havila Kystruten Academy
- Follow up on individual development plans for managers and employees
- Implement employee wellbeing measures based on the results from The Safety Culture Maturity Assessment

Impact assessment

It is critical for Havila Kystruten to attract and retain skilled workers, and the company endeavours to create a thriving working environment where everyone can grow and succeed. The company is still in a growth phase and has been particularly focused on the recruitment processes, and utilising internal competence and skills wherever and whenever possible. We had 438 sailing crew at the end of 2023, whereas our administration consisted of 45 employees. Most of our employees have a maritime or hotel-related background, and most employees are either members of the Norwegian Seafarers' Union, the Norwegian Maritime Officers' Association or the Norwegian Union of Marine Engineers.

Havila Kystruten is responsible for ensuring safe and secure operations, both for its customers, employees, and other stakeholders. We strive to create a welcoming and instructive working environment, which focuses on both employee wellbeing and development. This is not only important for recruiting employees, but also for retainment.

Promoting diversity and equality can generate significant benefits for Havila Kystruten, including access to highly qualified and talented employees that our business depends on. By 'diversity' we do not only refer to a persons' gender, but also their age, nationality, cultural background or the like. We do not accept any form of violence or harassment. It is everyone's responsibility to speak out against discrimination and set an example of respectful and inclusive behaviour.

Policy commitment

As our company is headquartered in Norway, we operate in accordance with the Norwegian Working Environment Act and the Equality and Anti-Discrimination Act. As a maritime coastal cruise company, we adhere to all relevant, national labour laws and follow the regulations on working environment, health and safety for those who work on board ships.

We believe that the presence and effective implementation of policies is a basic expectation of responsible business conduct. The company's internal guidelines on the working environment and workers' rights are included in the onboard management system and the Employee Handbook in addition to several of the company's management documents. Havila Kystruten has also developed a policy promoting equality and prevent any form of discrimination. All documents can be found in our management systems; BassNet or Simployer.

Actions

Diversity

A continuous goal for Havila Kystruten is to increase the number of female employees and managers. The company takes part in several initiatives aimed at improving gender balance, including the Women's International Shipping and Trading Association (WISTA), which mission is to attract and support women at the management level, in the maritime, trading and logistics sectors. The organisation has launched the '40 by 30' Pledge, in which companies actively commit to promoting diversity in the maritime industry and increase the share of women in leading positions to 40% by 2030. Havila Kystruten has committed to this pledge and plans to meet this objective in 2024.

Ensuring that both men and women have access to parental leave is not just a legal obligation, but very important to our ambition of maintaining a diverse working environment, with a good work-life-balance. In 2023, 9 of Havila Kystruten's male employees took parental leave, compared to 5 women.

Diversity is always considered in recruitment processes. In 2023, 81% of the company's employees came from Norway, and 19% represented other nationalities (equivalent to a 5% increase from 2022). We also intend to attract young talents and therefore actively engage with students.



Pay

We operate in accordance with the collective bargaining agreement between The Norwegian Shipowners Association and their partnered unions NSF, NSOF and NMF. We do not differentiate between women and men on salary questions, however, there are internal wage differences for employees based on their employment category, function and seniority. Seafarers are paid on the basis of tariffs negotiated between the Norwegian Shipowners 'Association and the seafarers' organisations. In 2023, women's amount of men's pay was 100% for employees within the same employee category.

Employee wellbeing

The company has also formed a working environment committee (WEC), mandated to ensure and proactively promote working conditions that are satisfactory. At each of Havila Kystruten's ships, staff select an employee representative who is responsible for conveying information and/or concerns about the working environment to the management. Employee representatives regularly meet (separately or jointly) depending on relevance to the different working groups.

Additionally, safety representatives have been appointed both on land and at sea. In 2023, the company performed a Safety Culture Maturity Assessment in collaboration with Sayfr. The overall safety culture maturity score for Havila Kystruten ended at the 75th percentile, indicating a solid safety maturity score. Variance between different ships and onshore indicating pockets of immature culture that the company will work on going forward in 2024.

The company arrange several activities where the goal is to provide an even better working environment and ensure employee development. The activities differs between our onshore and offshore employees, and include:



For sailing employees

- Onboarding programme
- Mentorship programme
- Welfare funds to finance welfare measures, e.g. bicycles, massage chair, games console, movies etc.
- Seminar for sailing managers with focus on company strategy and KPI's, company values, behavioural standards and culture. The seminar was conducted in September 2023, and a new seminar is planned for 2024.
- Monthly meetings with local unions.
- Onshore management frequently onboard to support the maritime and hotel operation.
- Employee interviews, including individual development programmes (in progress from October 2023).
- 6 WEC meetings (ship management and safety representatives) + ministry annually (2023).
- Collaboration meetings for offshore/onshore management twice a year per ship.
- Gym access
- Health insurance for all employees, regardless of location.

For onshore employees

- Onboarding programme
- Mentorship programme
- Kick-off seminar planned for onshore employees (was conducted in January 2024).
- Employee interviews, including an individual development programme (planned for Q2 2024)
- Collaboration meetings for offshore/onshore management twice a year per ship
- Gym access
- Health insurance for all employees, regardless of location.

Performance

Table: Employee category ¹	2023					
	Onshore			Offshore		
	Men	Women	Total	Men	Women	Total
Total employees in %	47 %	53 %	100 %	59 %	41 %	100 %
Total employees	30	34	64	346	243	589
Permanent employees	18	27	45	274	164	438
Temporary employees	9	5	14	72	79	151
Full time employees	28	31	59	274	163	437
Part time employees	2	5	7	0	1	1
New hires (permanent)	7	18	25	17	5	22
Employee turnover (permanent)	5	5	10	16	8	24
Parental leave	3	4	7	6	1	7

Table: Employee function	2023		
	Men	Women	Total
Deck	95	12	107
Engine	65	6	71
Hotel	225	186	411
Administration	30	34	64

Table: Gender distribution	2023		
	Men	Women	Total
Board of Directors	4	3	7
Executive management (C-level)	5	4	9
Non-executive management	11	4	15
Rest of the administration	14	26	40

Table: Age distribution	2023		
	Under 30	30-50	Over 50
Board of Directors	0	2	4
Executive management (C-level)	0	4	5
Non-executive management	0	7	8
Rest of the administration	9	26	5

¹ In head-count, at the end of the reporting period.

Health and safety

Havila Kystruten is committed to create a safe environment for our staff and our passengers.

We work purposely and systematically to ensure a good working environment by promoting employee safety and growth and by eliminating any exposure to unsafe working or sailing conditions.

Our goals

- Ensure a safe working environment for all employees
- Ensure safe operations to avoid harm to passengers, personell, environment and assets

Priorities for 2024

- Conduct a safety campaign specifically focusing on slip, trips and falls incidents
- Provide training to all onboard leaders in our health and safety management system
- Follow up of company-wide safety culture survey among employees.
- Provide additional first aid training for sailing crew
- Conduct two internal ISM audits per vessel

Impact assessment

Healthy and safe working conditions are recognised as a human right and addressed in authoritative intergovernmental instruments, including those of the International Labor Organization (ILO), the Organization for Economic Co-operation and Development (OECD), and the World Health Organization (WHO). Healthy and safe working conditions are also a target of the UN Sustainable Development Goals.

As a coastal cruise company, Havila Kystruten's employees and passengers could potentially be exposed to several direct and indirect health and safety risks. According to our own risk assessments, the most significant health and safety risk for employees identified are:

- Slips trips and falls to the same level
- Falls to a lower level
- Struck by and struck against
- Caught in between (from machinery/moving parts)
- Excessive noise



As for our passengers, the following risks have been identified (on board, ashore and on excursions):

- Slips, trips and falls on the same level
- Falls to a lower level
- Current medical condition
- Aggravated condition due to physical demands of travel

Policy commitment

Havila Kystruten is committed to create a safe environment for our staff and our passengers. We work purposely and systematically to ensure a good working environment by promoting employee safety and growth and by eliminating any exposure to unsafe working or sailing conditions.

We constantly work to minimise risks associated with our operations and make sure that unavoidable risk factors are handled in accordance with company procedures for risk management and the ALARP principle ('as low as reasonably practical'). We strive to prevent all incidents from escalating into unsafe or threatening conditions and have a zero-harm approach to health and safety for both our employees and passengers.

Havila Kystruten, our management and employees shall always comply with applicable rules and regulations to prevent unsafe incidents, injuries to people and damage to assets, or the environment. The company conforms

to several rules and regulations relating to occupational health and safety including, but not limited to:

- The Ship Safety Act
- The Ship Labour Act
- Regulations for the working environment (REG-2005-01-01 no. 8 health and safety of persons working on board ship)
- Regulations for safety management system REG Norwegian ships and mobile offshore units (REG 2014-09-05 no. 1191)
- Obligation to notify and report marine accidents and other incidents at sea (REG 2008-06-27 no. 744)
- Regulations relating to objects or materials that come into contact with food (REG 1993-12-21 no. 1381)
- Insurance and other safety regulations from the National Maritime Act (REG 2013-12-09 no. 1552)
- Other relevant regulations by the International Maritime Organization (IMO) and the Norwegian Maritime Authority (NMA)

Actions

We have established our own Occupational Health Management System that is integral to our work on health and safety. The system covers hygiene standards, risk assessment and proactive incident reporting, including corrective actions and follow-up. Health and safety routines are communicated through daily operations – in reporting and follow up, by phone and e-mail, in addition to continuous improvement by updates of the management system based on lessons learnt and suggestions for

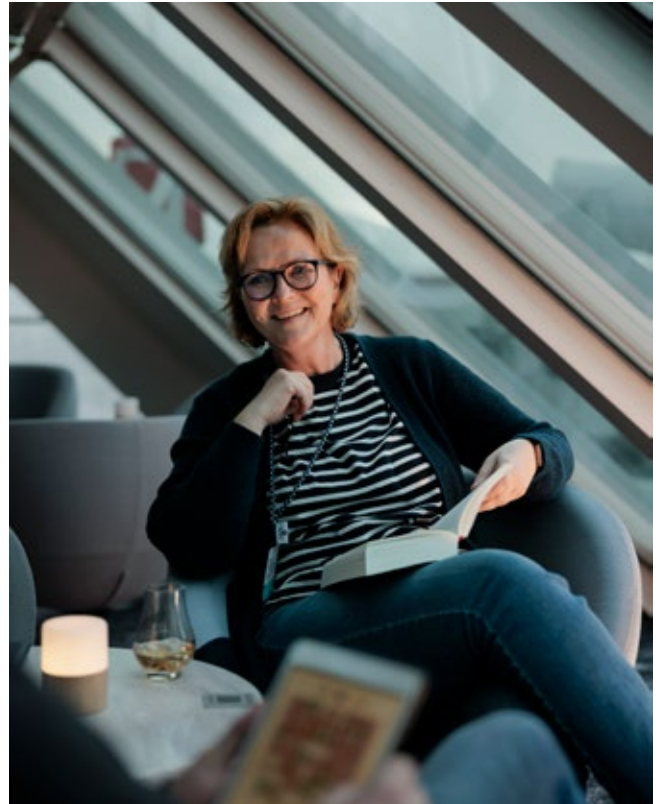
improvement from employees. The Captain and his/her crew including safety representatives in addition to dedicated HSEQ employees ashore work continuously to ensure that management system documentations are validated and reviewed as required. Our management system is verified internally by dedicated and certified personnel, as well as by external parties, including Norwegian Maritime Authority and Norwegian Food Safety Authority. The verifications are well documented and findings followed up by responsible personnel.

Personnel receive information and undergo training to ensure safe operations, and safety checklists are implemented in the company's management system. The company follows the International Convention on Standards of Training (STCW) as required by the IMO, and employees working at sea undergo training specifically relating to their working environment. This includes for instance how to assess health and safety risks onboard Havila Kystruten's ships, contagious diseases prevention, and how to perform advanced medical first aid, including CPR. The company also regularly perform random alcohol and drug testing of Captain and crew.

Havila Kystruten has an agreement with a certified occupational health service provider assisting with projects related to health and safety for all onboard personnel. The need for these types of services is assessed on a regular basis and discussed in close cooperation with employees in WEC meetings.

To minimise risks, particularly in the initial phases of our operations at sea, we have done technical adaptations in the galley, and staff from our head office have been present on several sailings to ensure that risk concerns are addressed. It is highly important to the company to have full overview of any work-related injuries. All incidents, accidents or near-misses are reported to department leaders and the Captain in question, who is responsible for investigation and implementation of necessary corrective actions to avoid recurrence.

In 2023, we performed a company-wide safety culture survey involving all onboard and onshore employees (60% response rate). The result showed a safety culture maturity score of 75th percentile, which illustrates a good safety culture relative to most other companies. In 2024, we



will take further steps to improve our health and safety measures and establish an even better health and safety culture.

We also performed training of leaders (all leadership levels) in our health and safety management system. The training involved a run-through of management system documentation, risk assessments, and reporting in daily operations. We plan to continue with regular health and safety trainings in 2024.

In 2023 we also conducted two internal ISM audits for vessels that had a full year of operations, and one internal ISM audit for vessels that had been operative in at least 5 months. Results are categorised, documented, and followed up by dedicated responsible personnel.

Performance

Table: Occupational health and safety	2023		
Employees	Total	Onshore	Offshore
Employees covered by an occupational health and safety management system (no. and %)	653 / 100%	64 / 100%	589 / 100%
The number of hours worked in the reporting period	946 914	73 770	873 144
The number and rate of fatalities as a result of work-related injury	0	0	0
The number and rate of high-consequence work-related injuries, excluding fatalities	0	0	0
The number of fatalities as a result of work-related ill health	0	0	0
The number of cases of recordable work-related ill health	0	0	0
The number of work-related injuries ¹	28	0	28
Sick leave (%)	N/A	3%	7.39%

¹ including 22 first aid, 1 RWC and 5 LTI

Local communities

Havila Kystruten is determined to minimise our impact on coastal communities and provide solutions that benefits all.

Our goal is to provide stable and reliable transport along the coastline and at the same time support local value creation.

Our goals

- Provide stable and reliable transport along the coastline
- Support local value creation and economic growth

Priorities for 2024

- Ensure reliability by continual improvement of maintenance systems
- Continue our trainee/internships to attract local talent
- Explore collaborations with local schools / colleges
- Explore other community engagement initiatives
- Continue the development of Havila Food Stories

Impact assessment

A key element in managing impacts on people in local communities is assessment and planning. Strong engagement with local communities help us understand their expectations and needs. Seafaring impacts local communities through noise pollution from ships and onshore transportation of guests and ships may also have a negative impact on local biodiversity and fauna. Havila Kystruten is focused on offering sustainable solutions that reduce these types of impact. Our voyages have replaced existing routes and have therefore not increased activity in

the local communities, and our ships run quieter and with lower emissions than previous operators.

Policy commitment

Ever since our inception, Havila Kystruten have sought to contribute to increased economic activity and job creation in small coastal communities along the Norwegian coast. Providing stable and reliable transport and support to local communities is our number one goal, and something we consider a positive impact. All the 34 ports where we

dock are an integral part of the company's operations and without these communities, there would be little reason for our customers to sail with us along the coast.

Our policy to protect and support local communities is outlined in Havila Kystruten's strategy.

Actions

Our operations are important for transportation of people and goods, such as mail and medicines, and north of the Arctic circle we represent critical infrastructure. The local inhabitants use our ships as mean of transportation as ships are often more reliable and effective than using your own car to get from one place to another. Therefore, operational uptime (meaning stable and reliable transportation) is very important, and in 2023 our operational uptime was 99.5%, excluding weather related stops in operation.

Havila Kystruten contribute to local value creation through our partnership with local suppliers. Many of our guests are offered local tour or excursion operators through our system. In 2023, 55 local suppliers provided excursions and experiences for our passengers, including SnowHotel Kirkenes AS, Geiranger FjordService and Stella Polaris. By purchasing transport through local operators, we bring visitors to sites of historic and cultural importance, which creates economic ripple effects for local hospitality and

service businesses. It is important for us to cooperate with local suppliers that can offer more environmentally friendly experiences (e.g. "eco-excursions"), and this will be an important focus area for us going forward.

Serving local food and using local ingredients is another way in which we seek to bolster local business and suppliers. Our goal is to showcase the Norwegian food culture – albeit with a modern and international twist. In our ships' restaurants, we shift between four regional menus changing every few days to reflect the part of the coast we are sailing in. This includes both breakfast, lunch, and dinner. Our food experience (the "Havila Food Stories") showcases ingredients from four different regions along the coast. With exception of some fruits, spices and herbs that are not being produced in Norway, we only use local ingredients.

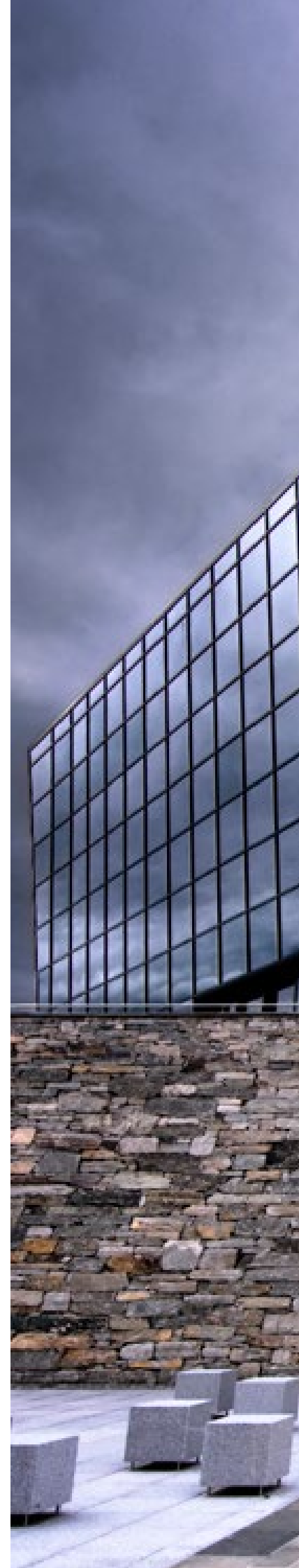
We seek to maintain a close dialogue with stakeholders that can actually or potentially be impacted by our operations. In addition to communicating with port authorities, excursion companies and local transportation, we engage with local hotels and hospitality providers wherever we dock. We do not yet have in place a formal local community grievance mechanism in place, but have an open feedback channel through our website, and suppliers and local community actors can voice grievances directly with our company's staff.

Performance

Table: Local value creation	Unit	2023	2022	2021
Operational uptime	%	99.5%	99.6%	100%
Local travellers (commuters)	%	51%	42%	45%
Goods transported (total weight)	tonnes	8 475	2 647	55
Local suppliers used for onshore activities	number	55	47	N/A

Financial statements

Consolidated financial statements	48
Consolidated income statement	49
Consolidated balance sheet	50
Consolidated cash flow statement	52
Consolidated equity statement	53
Notes to consolidated financial statements	54
Parent company financial statements	76
Parent company financial statement	77
Parent company balance sheet	78
Parent company cash flow statement	80
Notes to parent company financial statements	82





Consolidated financial statements

Consolidated income statement	49
Consolidated balance sheet	50
Consolidated cash flow statement	52
Consolidated equity statement	53
Notes to consolidated financial statements	54
Note 1. Accounting principles	55
Note 2. Critical accounting judgments and key sources of estimation uncertainty	59
Note 3. Operating revenues	60
Note 4. Payroll, personnel expenses, employees etc.	61
Note 5. Specification of operating expenses	62
Note 6. Property, plant and equipment	63
Note 7. Taxes	64
Note 8. Earnings per share	65
Note 9. Leases	65
Note 10. Subsidiaries	66
Note 11. Financial instruments by category	67
Note 12. Financial risk management	68
Note 13. Related parties	70
Note 14. Other current receivables	70
Note 15. Inventories	70
Note 16. Restricted cash	71
Note 17. Share capital and share holders	71
Note 18. Borrowings	72
Note 19. Options	74
Note 20. Current liabilities	74
Note 21. Barreras termination	74
Note 22. Subsequent events	75
Note 23. Going concern	75
Notes to parent company financial statements	82

Consolidated income statement

NOK in 1000	Note	31.12.2023	31.12.2022
Operating income			
Contractual revenues	3	216 115	112 089
Operating revenues	3	548 079	220 027
Total operating revenues		764 194	332 116
Operating expenses			
Direct cost of goods and services		-105 691	-53 954
Payroll and other personnel expenses	4	-281 697	-230 040
Other operating expenses	5	-567 573	-287 845
Total operating expenses		-954 961	-571 839
Operating income before depreciation (EBITDA)		-190 767	-239 723
Depreciation	6	-137 479	-65 888
Operating profit/loss		-328 246	-305 610
Financial items			
Interest income		4 080	1 974
Other financial income	5	-	87 167
Interest expenses		-391 027	-239 729
Unrealized currency profit/loss	5	-34 604	-
Other financial expenses	5	-124 608	-218 731
Net financial items		-546 159	-369 316
Profit before taxes		-874 406	-674 926
Taxes	7	-38 564	-
Profit for the period		-912 969	-674 926
Earnings per share (basic and diluted)	8	-2.18	-13.57

Comprehensive income

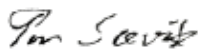
NOK in 1000	31.12.2023	31.12.2022
IFRS		
Profit/loss	-912 969	-674 926
Total items that will not be reclassified	0	0
Total items that may be reclassified	0	0
Comprehensive income	0	0
Total profit/loss	-912 969	-674 926

Consolidated balance sheet

NOK in 1000	Note	31.12.2023	31.12.2022
ASSETS			
Tangible fixed assets			
Deferred tax asset	7	-	38 564
Other intangible assets	6	37 949	26 699
Vessel	6	4 274 464	1 913 871
Vessels under construction	6	-	1 112 307
Property, plant and equipment	6	4 574	2 816
Right-of-use assets	9	19 679	16 334
Total fixed assets		4 336 665	3 110 592
Financial fixed assets			
Investments in shares	11	25	25
Other long-term receivables	11, 12	401	444 453
Total financial assets		426	444 478
Total fixed assets		4 337 092	3 555 070
Current assets			
Trade receivables	13	140 641	86 559
Other current receivables	14	107 744	45 266
Inventories	15	15 121	13 455
Cash and cash equivalents	16	150 157	303 467
Total current assets		413 662	448 746
Total assets		4 750 754	4 003 815
Paid in equity			
Share capital	17	855 986	74 650
Share premium		1 335 697	1 335 697
Total paid-in equity		2 191 683	1 410 347
Retained earnings			
Uncovered loss		-1 726 151	-797 401
Total retained earnings		-1 726 151	-797 401
Total equity		465 531	612 947
LIABILITIES			
Other non-current liabilities			
Non-current liabilities to financial institutions	11, 12, 18	2 853 960	-
Non-current lease liabilities	9, 11, 18	17 031	14 446
Non-current liabilities to related parties	11, 12, 13, 18	232 363	-
Other non-current liabilities	19	20 736	976
Total non-current liabilities		3 124 089	15 422
Current liabilities			
Trade payables	11, 13	210 149	159 517
Current liabilities to financial institutions	11, 12	657 452	2 629 856
Public duties payable		15 321	4 442
Current liabilities to related parties	11, 12, 13	20 941	450 584
Other current liabilities	20	253 433	128 551
Current lease liabilities	9, 11	3 839	2 497
Total current liabilities		1 161 134	3 375 447
Total liabilities		4 285 223	3 390 868
Total equity and liabilities		4 750 754	4 003 815

Fosnavåg, 25.04.2023

The Board of Havila Kystruten AS



Per Sævik
Chairman of the Board of Directors



Vegard Sævik
Board member



Hege Sævik Rabben
Board member



Anita Nybø
Board member



Karina Birkelund
Board member



Svein Roger Selle
Board member



Bent Martini
Chief Executive Officer (CEO)

Consolidated cash flow statement

NOK in 1000	Note	2023	2022
Cash flows from operating activities			
Profit/(loss) before tax		-874 406	-674 926
Depreciation and impairment	6	137 479	65 888
Net interest expense		386 947	237 755
Inventories	15	-1 667	-7 528
Trade receivables		-54 082	-69 587
Trade payables	11, 12, 13	43 818	105 258
Unrealized currency profit/loss		34 604	-
Other financial expenses		134 998	-
Other accruals		19 391	240 153
Cash flow from operating activities		-172 917	-102 987
Interest received		-	-
Net cash from operating activities		-172 917	-102 987
Cash flows from investing activities			
Purchase of vessels under construction		-	-712 831
Purchase of vessel	6	-1 368 009	-22 312
Purchase of vessel		-	81 731
Purchase of other property, plant and equipment, and intangible assets	6	-1 629	-20 254
Net cash flows from investing activities		-1 369 638	-673 666
Cash flow from financing activities			
Proceeds from equity		765 554	293 709
Proceeds from borrowings	18	3 393 888	483 617
Redemption of previous financing	18	-2 514 753	-82 698
Proceeds from intercompany borrowings	18	222 550	-
Interest paid	18	-479 337	-50 968
Repayment of leases liabilities	9	1 342	-1 074
Net cash flow from financing activities		1 389 245	642 586
Net change in cash and cash equivalents		-153 310	-134 067
Cash and cash equivalents at the beginning of the period	16	303 467	437 539
Cash and cash equivalents at the end of the period		150 157	303 472

Consolidated equity statement

NOK in 1000	Share capital	Share premium	Uncovered loss	Total
Equity per 01/01/23	74 650	1 335 697	-797 401	612 947
Profit/Loss for the period	-	-	-912 969	-912 969
Share issue	781 336	-	-15 782	765 554
Transactions with owners	781 336	-	-15 782	765 554
Equity per 31/12/23	855 986	1 335 697	-1 726 152	465 531

NOK in 1000	Share capital	Share premium	Uncovered loss	Total
Equity per 01/01/22	49 650	1 066 988	-121 359	995 279
Profit/Loss for the period	-	-	-674 926	-674 926
Other income and expenses	-	-	-1 115	-1 115
Share issue	25 000	268 709	-	293 709
Transactions with owners	25 000	268 709	-1 115	292 594
Equity per 31/12/22	74 650	1 335 697	-797 400	612 947

Notes to consolidated financial statements

Note 1. Accounting principles	55
Note 2. Critical accounting judgments and key sources of estimation uncertainty	59
Note 3. Operating revenues	60
Note 4. Payroll, personnel expenses, employees etc.	61
Note 5. Specification of operating expenses	62
Note 6. Property, plant and equipment	63
Note 7. Taxes	64
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Note 21. Barreras termination	74
Note 22. Subsequent events	75
Note 23. Going concern	75

Note 1. Accounting principles

Summary of significant accounting policies

Havila Kystruten AS operates the four most environmentally friendly ships on the classic coastal route between Bergen and Kirkenes. The contract with the Ministry of Transport is for the period until 2030, with an option for the Ministry of Transport to extend the agreement by one year. The company's mission is to create safe, sustainable and experiential journeys that create memories for life for people, earnings for owners and lasting values for businesses and coastal populations.

Havila Kystruten AS is the parent company of the Havila Kystruten Group (see note 10 for information on subsidiaries). Consolidated financial statements have been prepared for Havila Kystruten Group.

The consolidated financial statements of Havila Kystruten AS for the financial year 2023 have been prepared in accordance with IFRS® Accounting Standards approved by the EU and interpretations from the IFRS Interpretation Committee (IFRSIC).

The financial statements have been prepared on a historical cost basis, with certain exceptions as noted below.

The Group's head office is located in Fosnavåg, in Herøy.

Translation of Foreign Currency

The functional and presentation currency of the company is Norwegian kroner (NOK). Transactions in foreign currencies are translated into the functional currency using the exchange rate applicable on the transaction date. Translation of monetary assets and liabilities in foreign currencies is made using the exchange rate at year-end. Exchange gains and losses arising from the settlement of such transactions are recognized in profit or loss.

Exchange gains and losses related to loans are presented in profit or loss, as part of finance costs. Unrealized exchange gains/losses are presented on a separate line, also under financial items.

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rate applicable at the date the fair value was determined. Translation differences on fair value assets and liabilities are reported as part of the gain or loss on fair value measurement.

Revenue

Revenue from the sale of travel and services

Sales of services are recognized in the financial period in which the service has been performed and/or delivered to the customer. Advance sales are recognized over the days the passenger is on board. For scheduled voyages on the reporting date, revenue is based on the remaining days in the financial period. Revenue is periodized based on reports from the booking system, with detailed information about the sailings. Tickets, meals and excursions are primarily pre-sold before the start of the journey, but for travelers along the Norwegian coast it is also possible to buy tickets at the port just before the ship sails. Prepaid journeys are recognized as deposits from customers (liabilities).

Revenue from the sale of goods

The Group's sales of goods mainly relate to the sale of food, souvenirs and other products on board the ships. Sales are recognized when the customer has received and paid for the goods. Payment for retail is usually in the form of cash or credit card, from which any credit card fees are booked as a selling cost. The sale is recognized when the goods are delivered to the customer.

Public procurement

Havila Kystruten AS has a state service obligation to the Ministry of Transport to operate the Bergen-Kirkenes coastal route. Revenue from public procurement is recognized on an ongoing basis throughout 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 terms and calculation methods for index regulation of the contract sum. Any changes beyond the planned production are compensated/deducted using agreed rates set out in the agreements and are recognized in the periods in which they occur.

Tax

The tax expense for the period is the tax payable on the taxable income of the current period based on the current tax rate, adjusted for changes in deferred tax or deferred tax benefit that can be attributed to temporary differences and unused tax losses.

Management regularly reviews the positions taken in the tax return with regard to situations where the current tax regulations are subject to interpretation. Provisions are made where appropriate on the basis of the amounts expected to be paid to the tax authorities.

Deferred tax is calculated based on temporary differences that arise between the tax bases of assets and liabilities and the carrying amount in the financial statements. Deferred tax is calculated using the tax rates (and laws) that are enacted or substantially enacted at the reporting date and are expected to apply when the related deferred tax benefit is realized or the deferred tax liability is settled.

Deferred tax benefit is only recognized if it is probable that future taxable amounts will be available to utilize the temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively

Property, plant and equipment

Property, plant and equipment consists of vessels, furniture, equipment and office related equipment.

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Property, plant and equipment are depreciated on a straight-line basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount

When material components of operating assets have different useful lives, these operating assets are recognized as separate components and depreciated over each component's useful life.

Newbuildings

Vessels under construction include instalment payments to the shipyard, as well as design and engineering expenses, capitalized borrowing costs and construction oversight costs.

Intangible assets

Intangible assets consist of a software booking system under development and are measured at cost at initial recognition, if the criteria for recognition in the balance sheet are met. Cost associated with maintaining software systems are recognized as expense as incurred.

Development costs that are directly attributable to new functionality and new systems, controlled by the Company, are recognized in the balance sheet as intangible asset when the criteria for doing so are met. Development expenditure that do not meet these criteria are recognized as an expense as incurred. Software systems recognized in the balance sheet are amortized over its estimated useful life. Amortization commences when the asset is available for use.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Subsequently, borrowings are recognized at amortized cost using the effective interest method. The difference between the proceeds (net of transaction cost) and the redemption value is recognized over the income statement over the period of the borrowings as part of the effective interest.

Borrowings that are decomposed are expensed between the old and new borrowings. As well past and future transaction costs.

Borrowing costs related to borrowings that are directly related to vessels under construction are according to IAS 23 capitalized as part of the acquisition cost.

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

Leases

Assets and liabilities arising from a lease are initially measured on a present value basis as of the commencement date of the lease. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate the Company uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Havila Kystruten AS and makes adjustments specific to the lease, e.g. term, country, currency and security.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options are included in several of the lease agreements. These are used to maximize operational flexibility in terms of managing the assets used in the Company's operations. Some of extension and termination options held are exercisable only by the Company and not by the respective lessor. Some of the termination options are exercisable by both parties in the agreement. In these cases the lease period that can be terminated unilaterally are excluded from the lease period.

Accounts payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are not settled. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

Pension obligations

The Company has a mandatory defined contribution pension scheme for its employees. The annual premium paid to the insurance company is recognized through profit and loss as incurred and is presented within payroll costs.

The cash flow statement

The cash flow statement has been prepared using the indirect method. For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Note 2. **Critical accounting judgments and key sources of estimation uncertainty**

In the preparation of the annual accounts, estimates and assumptions have been made that have affected the profit and loss account and the valuation of assets and liabilities, and uncertain assets and liabilities on the balance sheet date in accordance with generally accepted accounting practice. Areas which to a large extent contain such subjective evaluations, a high degree of complexity, or areas where the assumptions and estimates are material for the annual accounts, are described in the notes.

Estimates and judgements are reviewed on an ongoing basis and are based on experience, consultation with experts, trend analyses and several other factors, including forecast future events that are deemed probable under current circumstances.

Barreras newbuilding contract

Management has used judgement to determine the accounting for the termination of the Barreras shipbuilding contracts. Reference are made to note 21 for further information.

Going concern

In accordance with IAS 1.125 it is confirmed that the preconditions for going concern are present. Refer to note 23 for further explanation.

Note 3. Operating revenues

Business area

NOK in 1000	2023	2022
Contractual revenue	216 115	112 089
Presale*	451 402	176 887
Onboard revenue	86 999	36 801
Other revenue	9 678	6 339
Total	764 194	332 116

*Presale refers to prepaid passenger revenue for the current period.

Geographical distribution

NOK in 1000	2023	2022
Norway	764 194	332 116
Other countries	-	-
Total	764 194	332 116

Contractual revenues relating to the Bergen-Kirkenes coastal service is based on the existing agreement with the Norwegian government through the Ministry of Transport. The contract is for the period until 2030, with an option for the Ministry of Transport to extend the agreement by one year.

The annual contract revenue in 2024 is originally MNOK 410,655. The booked value is somewhat lower due to the existence of an option to extend the contract by one year, at a lower rate. The loss of revenue in the option year is therefore spread over the entire contract period. See note 19.

Unearned revenue from agents and individual travelers is recorded as other current liabilities. See note 20.

Note 4. Payroll, personnel expenses, employees etc.

Payroll and other personnel expenses

NOK in 1000	2023	2022
Payroll	259 008	168 724
Social security	6 639	31 382
Pensions	22 204	16 370
Other personnel expenses	32 676	22 990
Capitalized payroll	-38 830	-9 432
Total	281 697	230 035

MNOK 38.8 of payrolls related to construction supervision on vessels under constructions have been capitalized. Net payroll is MNOK 282.

As of December 31, 2023, the Group had 483 permanent employees (December 31, 2022: 418).

Compensation to the CEO

NOK in 1000	2023	2022
Salary	2 758	2 396
Pension	206	266
Other	212	213
Total	3 176	2 874

Compensation for the Board and Nomination Committee

NOK in 1000	Board of Directors	Nomination Committee
	2023	2023
Salary	900	70

No loans or securities have been granted to CEO or members of the Board of Directors.

Fee to the auditor

NOK in 1000	2023	2022
Audit	2 404	1 524
Other assurance services	376	125
Other advisory services	128	459
Tax advisory services	243	170
Total	3 151	2 278

Note 5. Specification of operating expenses

Other operating expenses

NOK in 1000	2023	2022
Rent of facilities	1 486	1 663
IT costs	23 316	19 135
Fees to lawyers	76 300	23 616
Audit and accounting	3 029	2 317
Other consultancy fees	23 972	20 643
Travel expenses	13 762	9 680
Marketing and sales	82 037	20 253
Bunkers and power*	191 503	115 451
Other operating expenses	152 168	75 088
Total	567 573	287 845

* See note 15.

Agio related profit/loss

NOK in 1000	2023	2022
Agio	45 394	87 167
Unrealized currency profit	277	-
Sum profit	45 671	87 167
Disagio	185 945	218 731
Unrealized currency loss	34 881	-
Sum loss	220 827	218 731

Note 6. Property, plant and equipment

Property, plant and equipment

NOK in 1000	Vessels under construction	Ship	Equipment	Sum
Acquisition cost				
1 January 2023	1 112 307	1 975 869	3 689	3 091 865
Additions	1 298 371	69 638	2 238	1 370 247
Reclassification	-2 410 678	2 410 678		-
31 December 2023	-	4 456 185	5 927	4 462 112
1 January 2022	1 433 310	1 001 454	923	2 435 687
Additions	712 831	-59 419	2 766	656 178
Reclassification	-1 033 834	1 033 834	-	-
31 December 2022	1 112 307	1 975 869	3 689	3 091 865
Accumulated depreciation and impairment				
1 January 2023	-	-61 997	-873	-62 870
Depreciation	-	-119 724	-480	-120 204
Impairment	-	-	-	-
31 December 2023	-	-181 721	-1 353	-183 074
1 January 2022	-	-2 828	-551	-3 379
Depreciation	-	-59 169	-322	-59 491
Impairment	-	-	-	-
31 December 2022	-	-61 997	-873	-62 870
Book value 31 December 2022	1 112 307	1 913 872	2 816	3 028 995
Book value 31 December 2023	-	4 274 464	4 574	4 279 038
Useful economic lifetime	Not applicable	30 years	3-5 years	

In the third quarter of 2023, Havila Kystruten had two ships delivered from the ship yard Tersan in Turkey. The acquisition cost include instalments paid to the ship yard, capitalised interest, guarantee costs and other costs directly attributable to the construction of the vessels. Capitalised interest and guarantee commissions was MNOK 35 in 2023 (MNOK 82 in 2022).

Intangible assets

Intangible assets include a booking IT system wich is under development.

NOK in 1000	IT-system
Acquisition cost	
1st of January 2023	35 983
Additions	24 677
Disposals	-252
31 December 2023	60 408
1st of January 2022	18 331
Additions	17 652
Disposals	-
31 December 2022	35 983
Accumulated depreciation and impairment	
1st of January 2023	-9 284
Depreciation	-10 121
Impairment	-3 054
31 December 2023	-22 459
1st of January 2022	-
Depreciation	-5 296
Impairment	-3 988
31 December 2022	-9 284
Book value 31 December 2022	26 699
Book value 31 December 2023	37 949
Useful economic lifetime	2-5 years

Note 7. Taxes

Specification of income tax expense

NOK in 1000	2023	2022
Taxes payable on profit before tax	-	-
Adjustment tax payable prior years	-	-
Tax effect of received group contribution	-	-
Change in tax loss carry forwards	-306 793	-168 735
Change in temporary differences	118 377	60 829
Change in deferred tax not recognized in the balance sheet	226 980	107 905
Income tax expense	38 564	-

Reconciliation of the income tax expense

NOK in 1000	2023	2022
Profit before taxes	-874 406	-490 603
Expected income tax expense using the applicable statutory tax rates	-192 369	-107 946
Non-taxable income	-	-
Other non-deductible expenses	-	-
Change in statutory tax rate	-	-
Other permanent changes	178	40
Other changes	3 775	-
Deferred tax not recognized in the balance sheet	226 980	107 905
Income tax expense	38 564	-0

Deferred tax

Deferred tax and deferred tax asset that can be offset in the balance sheet.

Temporary differences

NOK in 1000	31.12.2023	31.12.2022
Vessels under construction	-	178 924
Property, plant and equipment	658 362	402 975
Lease liabilities	-1 191	-609
Profit/loss account	483 264	107 705
Unearned income	14 441	-2 033
Debt measured at amortised cost	-	-69 545
Group contribution with tax effect	-	-
Interest expense limitation carry forward	-	-616
Sum	1 154 876	616 801
Tax loss carry forward	-2 677 124	-1 282 612
Basis for deferred tax/deferred tax asset	-1 522 248	-665 811
Gross deferred tax/deferred tax asset	-334 895	-146 478
Accounted deferred tax/deferred tax asset	-	-38 573
Non-accounted deferred tax/deferred tax asset	334 895	107 905

As of December 31, 2023, the Group has a deferred tax asset of MNOK 335 due to uncertainty regarding future taxable income.

Note 8. Earnings per share

Earnings per share is calculated by dividing the part of the annual profit allocated to the company` shareholders by a weighted average of total shares.

Earnings per share

NOK in 1000	2023	2022
Profit for the period	-912 969	-674 926
Numbers of shares	855 986	74 650
Weighted average of total issued shares	419 049	49 718
Earnings per share (basic and diluted)	-2.18	-13.57

Note 9. Leases

NOK in 1000	Ship equipment	Property	Total
Total lease liabilities as of 01/01/23	7 259	9 684	16 943
Additions	4 257	2 469	6 726
Disposals	-	-	-
Lease payments	-1 648	-1 151	-2 799
Total lease liabilities as of 31/12/23	9 868	11 002	20 870

Right to use asset

NOK in 1000	31.12.2023	31.12.2022
Property*	10 190	9 528
Ship equipment*	9 489	6 806
Total right of use asset	19 679	16 334

*included in non-current assets

Lease liabilities**

NOK in 1000	31.12.2023	31.12.2022
Current	3 839	2 497
Non-current	17 031	14 446
Total lease liabilities	20 870	16 943

**included in current and non-current liabilities

Amount recognised in the profit/loss statement

The income statement consists of the following amounts related to leases in addition to depreciation:

NOK in 1000	2023	2022
Interest expense	1 318	808
Expenses on short-term leases	5 011	1 880

Total cash flow from lease agreements in 2023 was MNOK 1 342.

See note 18 for changes in borrowings.

Note 10. Subsidiaries

Havila Kystruten AS had the following subsidiaries as of 31st of December 2023:

Subsidiaries

Company	Structure	Ownership
Havila Kystruten AS	Mother	100 %
Havila Kystruten Operations AS	Daughter	100 %
HK Crew AS	Daughterdaughter	100 %
HK Crew Management AS	Daughterdaughter	100 %
HK Ship I AS	Daughterdaughter	100 %
Havila Castor AS	Daughterdaughter	100 %
Havila Capella AS	Daughterdaughter	100 %
Havila Polaris AS	Daughterdaughter	100 %
Havila Pollux AS	Daughterdaughter	100 %

Note 11. Financial instruments by category

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

31st of December 2023

NOK in 1000	Fair value through profit/loss	Amortised cost	Sum
Financial assets			
Investments in and shares	25	-	25
Cash and cash equivalents		150 157	150 157
Non current receivables		401	401
Sum	25	150 558	150 583

Financial liabilities			
Liabilities to financial institutions	-	2 853 960	2 853 960
Liabilities to the parent company	-	232 363	232 363
Trade payables	-	-	-
Lease liabilities	-	17 031	17 031
Sum	-	3 103 353	3 103 353

Current liabilities			
Liabilities to financial institutions	-	657 452	657 452
Liabilities to the parent company*	-	20 783	20 783
Trade payables	-	210 149	210 149
Lease liabilities	-	3 839	3 839
Sum	-	892 223	892 223

*see note 13.

The fair value of lease liabilities and right to use asset is considered to be equal to the book value. The Group's assets measured at fair value are level 3.

Change in financial instruments - level 3

NOK in 1000	2023	2022
Opening balance	25	25
End balance	25	25

Specification of investments in shares

NOK in 1000	Ownership share	Book value
Utviklingsforum Ålesund Lufthavn	2,44 %	25
Sum		25

Note 12. Financial risk management

The company's policy for financial risk management is developed by the management. At the end of 2023, the company is exposed to financial risk related to market risk (currency risk, interest rate risk and bunkers risk), in addition to liquidity and credit risk.

The Group has no derivative instruments to hedge the abovementioned risks, but have fixed the price for about 35% of the LNG volume in 2024.

Market risk

Foreign currency risk

The Group's exposure in foreign currencies presented in NOK are as follows:

NOK in 1000	EUR	
	31.12.2023	31.12.2022
Assets		
Short-term receivables	40 416	1 148
Long-term receivables	401	444 453
Cash and cash equivalents	127 942	1 688
Total asset	168 759	447 288
Liabilities		
Current liabilities to financial institutions	657 452	-
Non-current liabilities to financial institutions	2 853 960	2 629 856
Loan from parent Havila Holding AS	238 637	444 453
Accounts payables currency	1 481	16 577
Total liabilities	3 751 530	3 090 886

Total gains/losses recognised in the income statement:

NOK in 1000	2023	2022
Agio recognised in other financial income	220 827	87 167
Disagio recognised in other financial expenses	-45 671	-218 405
Net disagio	175 155	-131 238

Currency risk primarily relates to ship financing, where the financing is in EUR but is denominated in Norwegian Kroner (NOK). The risk is mitigated by the fact that the majority of revenues are generated in corresponding currencies (EUR, USD, or GBP), with EUR being the main currency. Furthermore, the second-hand value of the ships is set in either EUR or USD based on the vessels' suitability in alternative markets like expedition.

Sensitivity

As described, the Group is mainly exposed to currency fluctuations in NOK/EUR:

NOK in 1000	Impact on profit after tax	
	2023	2022
EUR/NOK - increase of 5%	-139 728	-103 211
EUR/NOK - decrease of 5%	139 728	103 211

**All other factors held unchanged*

Interest rate risk

The Group's most material interest rate risk arises from borrowings at floating interest rate. All non-current liabilities are agreed with a floating interest rate, both for NOK and EUR borrowings. The borrowings are recognised at amortised cost. The Group's exposure to changes in interest rates are as follows:

NOK in 1000	31.12.2023	31.12.2022
Borrowings from financial institutions	3 545 545	2 629 856
Loan from parent Havila Holding AS	238 637	-
Sum	3 545 545	2 629 856

Sensitivity

The company does not use any other instruments to hedge against interest rate risk.

NOK in 1000	Impact on profit after tax	
	2023	2022
Interest - increase by 100 basis points (External)	-27 655	-20 513
Interest - decrease by 100 basis points (External)	27 655	20 513

**All other factors held unchanged.*

Bunker Fuel Risk

LNG bunker costs accounted for approximately 19% of the Group's operating expenses in 2023, representing an operational risk due to fluctuations in gas prices. As of December 31, 2023, the Company had secured the future price of bunkers for 70% of the volume in the first half of 2024, or approximately 35% of the estimated total consumption in 2024. The hedges are executed through fixed-price agreements with suppliers and are based on the actual volume consumed by the ships serving the Kyststruten route.

Liquidity risk

The Group manage liquidity risk by ensuring that it maintains sufficient holding of cash and liquid assets so that the Group is able to fulfil its obligations as they fall due. Management is monitoring the Group's liquidity reserves based on forecasted cash flows.

Borrowings

The Group had the following undrawn borrowing facilities at year end:

NOK in 1000	31.12.2023	31.12.2022
Borrowings from financial institutions	-	-
Loan from parent Havila Holding AS	-	-
Sum		

Maturity of financial liabilities

NOK in 1000	Less than 12 months	1-3 years	3-5 years	More than 5 years	Total
Per 31 December 2023					
Trade payables	210 149	-	-	-	210 149
Liabilities to financial institutions	657 452	2 853 960	0	-	3 511 412
Liabilities to related parties	-	20 941	232 363	-	253 303
Other liabilities	-	253 433	-	-	253 433
Public duties payable	15 321	-	-	-	15 321
Lease liabilities	3 839	8 651	3 695	4 685	20 870
Sum	886 760	3 136 984	236 058	4 685	4 264 487

Credit risk

The groups largest customer is the Norwegian Government (AAA rated) through the 10-year concession agreement. Other than this contract, the Group has no significant concentration of credit risk. Sales to travellers are settled through payment or with accepted credit cards. Sales to agents are made either through invoicing or prepayment/credit cards. Routines to ensure that credit is only extended to agents with a satisfactory credit rating is under development.

Note 13. Related parties

NOK in 1000	31.12.2023	31.12.2022
Other current liabilities		
Havila Holding AS*	16 800	444 453
Sum	16 800	444 453
Trade Payables		
Havila Shipping AS	116	59
Havila Hotels AS	42	63
Havila Ariel AS	-	135
Havila Service AS	3 983	6 556
Sum	4 141	6 813
Non-current liabilities		
Havila Holding AS	232 363	-
Total	232 363	-
Trade Receivables		
Havila Shipping AS	54	17
Havila Holding AS	-	21
Sum	54	38

* Last year's amount is related to the Barreras termination that was transferred to Havila Holding AS. Ref. note 21.

Refer to note 12 and 18.

Note 14. Other current receivables

Specification of other current receivables

NOK in 1000	2023	2022
Prepaid expenses*	65 706	11 089
VAT refund	10 003	16 931
Net salary benefit	20 067	14 422
Other current receivables	11 967	1 147
Total	107 744	43 589

*MNOK 26 is related to LNG hedging.

Refer to note 13 for a specification of receivables from related parties.

Note 15. Inventories

NOK in 1000	2023	2022
Raw materials	-	-
Purchased finished goods	9 965	7 945
Bunkers	5 157	5 509
Total	15 121	13 454
Inventories valued at acquisition cost	15 121	13 454
Total	15 121	13 454

The company has corrected the inventory of bunkers by MNOK 11.2 by the end of 2023 compared to the inventory reported for Q4 2023. The inventory is measured in kilograms, and an incorrect conversion factor between cubic meters and kilograms for liquefied natural gas (LNG) was previously used. This correction has corresponding effects on both the income statement and balance sheet.

Note 16. Restricted cash

Restricted funds

Restricted funds represent assets that are held by the company but are not freely available for use due to contractual or legal obligations. In the context of this financial statement, restricted funds are primarily comprised of tax withholdings and pledged bank deposits and deposits for guarantees.

Restricted funds as of December 31, 2023

As of December 31, 2023, the company held restricted funds of TNOK 157,968. This amount includes TNOK 15,214 of tax withholdings and the remaining balance represents pledged bank deposits and deposits for guarantees.

Comparison to prior year

The balance of restricted funds as of December 31, 2022, was TNOK 4,360.

Note 17. Share capital and share holders

Per 31/12/23 1,413 shareholders owns the company, whereof 63 shareholders from outside of Norway. Havila Holding AS owns 59.7 % of the company. The company has no own shares.

The share capital amounts to MNOK 856, comprising 855 985 659 shares at par value NOK 1. Havila Kystruten AS has one class of shares, where each share gives one vote at the company's general meeting.

The 20 largest shareholders per 31.12.2023:

Shareholder	Shares	Ownership
Havila Holding AS	510 928 333	59.69%
DZ Privatbank S.A.	81 156 010	9.48%
Basat Shipping Ltd	56 685 393	6.62%
State Street Bank and Trust Comp	25 000 000	2.92%
Athinais Maritime Corp.	24 674 157	2.88%
Farvatn II AS	16 960 784	1.98%
Axel Camillo Eitzen	12 000 000	1.40%
Clearstream Banking S.A.	9 637 869	1.13%
MP Pensjon PK	5 380 064	0.63%
Camaca AS	3 500 000	0.41%
Jomani AS	3 449 193	0.40%
Eitzen Rederi AS	3 276 500	0.38%
Nordnet Livsforsikring AS	2 410 397	0.28%
Thomas Andre Krogsmyr	2 250 000	0.26%
Interface AS	2 241 752	0.26%
Fremr AS	2 077 235	0.24%
Bank Julius Bär & Co. AG	1 900 000	0.22%
Commerzbank Aktiengesellschaft	1 894 000	0.22%
State Street Bank and Trust Comp	1 884 675	0.22%
Henrik Synnes	1 839 448	0.21%
20 largest	769 145 810	89.6%
Other	86 839 849	10.4%
Total	855 985 659	100.0%

Note 18. Borrowings

Borrowings

NOK in 1000	Nominal value	Unamortised transaction costs	Book value
Nominal value at 31 December 2023			
Liabilities to financial institutions	3 545 545	34 134	3 511 412
Liabilities to parent Havila Holding AS	238 637	-	238 637
Lease liabilities	20 870	-	20 870
Sum	3 805 052	34 134	3 770 919
Nominal value at 31 December 2022			
Liabilities to financial institutions	2 629 856	-	2 629 856
Liabilities to parent Havila Holding AS*	444 453	-	444 453
Lease liabilities	16 943	-	16 943
Sum	3 091 252	-	3 091 252

*is related to Barreras. Ref. note 21.

The fair value of the liabilities is assumed to approximate the book value due to the immaterial effect of discounting.

In 2023, the group reached an agreement with a large international private credit fund (HPS Investment Partners) for financing of MEUR 305 to finance the group's four ships. The financing is a bond loan with an interest rate of 3-month EURIBOR plus 6%, and a PIK interest rate of 3.5%.

Subject to the fulfillment of specific conditions, the interest rate is reduced to 3-month EURIBOR plus 7.75%. Of the loan, 50 million euros (tranche B) are due at a rate of 107 after 15 months, for which Havila Holding AS (the company's largest shareholder) has guaranteed settlement through the issuance of unsecured debt.

The remainder of the debt MEUR 255 (tranche A) runs for three years and is to be redeemed at 106% of par value.

The bond loan agreement contains general, financial and vessel covenants customary in high yield bonds. In addition, given the circumstances surrounding the refinancing, a number of the provisions are particularly strict, including mandatory prepayment provisions, many of which attract a make-whole payment and substantive call premia.

Havila Holding AS has also provided an unsecured and subordinated loan of 20 million euros. The loan has conditions similar to the secured loan with 3-month EURIBOR plus 9.5% and interest accumulates. See note 22.

Changes in borrowings

NOK in 1000	Loans	Leasing	Sum
Per 01.01.23	3 074 309	16 943	3 091 252
Changes from financing cash flows			
Repayment of lease liabilities	-	-1 342	-1 342
Proceeds from new borrowings	3 616 438	-	3 616 438
Repayment of borrowings	-2 514 753	-	-2 514 753
Paid interest	-479 337	-1 358	-480 695
Total changes from financing cash flow	622 348	-2 700	619 648
Non-cash changes			
Interest expense using effective interest method*	391 027	-	391 027
Effect of currency translation	36 498	-	36 498
Changes in debt**	-444 453	-	-444 453
Transaction fees in amortised cost	34 134	-	34 134
Changes in fair value	-	-	-
New lease liabilities	-	6 627	6 627
Other changes	36 186	-	36 186
Total non-cash changes	53 391	6 627	60 018
Per 31.12.23	3 750 048	20 869	3 770 918

NOK in 1000	Loans	Leasing	Sum
Per 01.01.22	2 212 159	12 343	2 224 501
Changes from financing cash flows			
Repayment of lease liabilities	-	-1 074	-1 074
Proceeds from new borrowings	483 617	-	483 617
Repayment of borrowings	-82 698	-	-
Paid interest	-50 968	-808	-51 776
Total changes from financing cash flow	349 951	-1 882	348 069
Non-cash changes:			
Interest expense using effective interest method*	322 158	808	322 966
Effect of currency translation	190 041	-	190 041
Changes in debt**	-	-	-
Transaction fees in amortised cost	-	-	-
Changes in fair value	-	-	-
New lease liabilities	-	5 674	5 674
Total non-cash changes	512 199	6 482	518 681
Per 31.12.22	3 074 309	16 943	3 091 252

*Interest cost includes new measurement amortized cost. **Is related to Barreras, ref. note 21.

Note 19. Options

The agreement with the Ministry of Transport includes an option to extend the contract for one year. The option rate differs from the rate during the fixed period. In accordance with IFRS 15, paragraph B43, the lower rate is recognized in the financial statements by reducing the actual revenue so that the revenue loss in the option year is spread over the entire contract period. This was implemented in the third quarter through a revenue reduction of MNOK 15.5. In total for 2023, revenue has been reduced by MNOK 19.7.

Note 20. Current liabilities

NOK in 1000	2023	2022
Holiday pay	4 556	3 797
Other accrued expenses	35 857	39 113
Advance payments customers/agents	213 020	85 495
Other current liabilities	253 433	128 405

Refer to note 13 for a specification of trade payables and other current liabilities to related parties.

Note 21. Barreras termination

In the first half of 2018, Havila Kyststruten (HKY) entered into a contract with the Spanish shipyard Hijos de J. Barreras ("Barreras") for the construction of two ships to be operated under HKY's contract with the Norwegian Ministry of Transport, starting in 2021.

In late November 2019, Barreras canceled the shipbuilding contracts. HKY disputed Barreras' right to cancel, and considering it baseless. In February 2020, HKY canceled its contracts with Barreras. The advance payments on the contracts were secured by a guarantee, and as a result of HKY's cancellation, HKY filed a lawsuit against the guarantor to recover the advance payments. As of December 31, 2019, the advance payment amounted to MNOK 354.4 (MEUR 36.8).

In December 2022, HKY was awarded the claim in the British court, including interest. The amount as of December 31, 2022, was MNOK 444.

The rights and obligations related to the terminated contract with Barreras were transferred to Havila Holding AS. The recorded debt to Havila Holding was equivalent to the amount of the claim against Barreras.

In accordance with the agreement entered into in 2021 and the refinancing carried out, the company's previous claims against Barreras have been offset against loans from Havila Holding. This is recognized in accordance with the pass-through rules, ref. IFRS 9.

Note 22. Subsequent events

Refinancing of series B secured bond

In an announcement made in Havila Kystruten's quarterly report for the fourth quarter of 2023, the company disclosed plans to refinance Series B of the secured bond, which originally had a principal amount of €50 million, plus accrued interest and redemption costs.

In April 2024, Havila Kystruten refinanced this loan through a €56 million loan from Havila Holding AS in accordance with a financing guarantee entered into at the time of the bond issue. The loan from Havila Holding is unsecured, interest accrues, and the loan matures in full on July 26, 2028. The loan carries an interest rate of 9.5 percent over 3-month EURIBOR. This transaction addresses the refinancing need due in October 2024 and replaces secured debt with unsecured debt at a lower cost.

Establishment of revolving credit facility

In addition, Havila Kystruten has established a revolving credit facility of NOK 200 million from Havila Holding, providing the company with increased financial flexibility to manage seasonal liquidity fluctuations. The new loan has a maturity date of January 26, 2027, but can be drawn down and repaid as needed, with interest accruing at 13 percent and a fee of 0.5 percent.

Note 23. Going concern

The financial statements for 2023 have been prepared on a going-concern basis.

The contract with the Ministry of Transport for the operation of four ships on the coastal route between Bergen and Kirkenes is the foundation of the company's business. With the last two ships in service, the contract with the Ministry of Transport is secured.

The operation of Havila Capella and Havila Castor has been convincing, and the company had an operational stability of 99.5% in 2023. The stability of the operation of Havila Polaris and Pollux has been similar since delivery.

The refinancing after the balance sheet date in April 2024 gives the company time until 2026 to find long-term and more sustainable financing that better reflects the underlying ship values and the earning potential that lies in the company.

The group can report that the positive development in bookings continues. Occupancy for the first quarter of 2024 ended at 68 percent, up from 60 percent in the fourth quarter of 2023. In total, 63 percent of capacity is now booked for the year, and an average occupancy rate of just under 80 percent is expected for 2024 as a whole.

With the extraordinary circumstances now resolved, this further strengthens the trust that the company has built up and lays the foundation for continued positive development.

The board of directors of the company assumes that the conditions for continued operation are in place.

Parent company financial statements

Parent company financial statement	77
Parent company balance sheet	78
Parent company cash flow statement	80
Notes to parent company financial statements	82
Note 1. Accounting principles	83
Note 2. Payroll, personnel expenses, employees etc.	84
Note 3. Transactions with related parties	85
Note 4. Taxes	86
Note 5. Subsidiaries	86
Note 6. Restricted cash	86
Note 7. Share capital and share holders	87
Note 8. Equity statement	87

Parent company financial statement

NOK in 1000	Note	31.12.2023	31.12.2022
Operating expenses			
Other operating expenses	2	2 446	743
Total operating expenses		2 446	743
Operating profit/loss			
		-2 446	-743
Financial items			
Interest income affiliates	3	14 160	-
Other financial income		2 258	-
Interest expenses affiliates	3	14 160	-
Other interest expenses		1	-
Other financial expenses		2 554	56
Net financial items		-296	-56
Profit before taxes			
		-2 743	-799
Taxes	4		
Profit for the period		-2 743	-799

Parent company balance sheet

NOK in 1000	Note	31.12.2023	31.12.2022
ASSETS			
<i>Financial fixed assets</i>			
Investments in shares	3, 5	1 114 084	1 114 084
Borrowings to related parties	3	1 295 475	-
Total financial assets		2 409 559	1 114 084
Total fixed assets		2 409 559	1 114 084
<i>Current assets</i>			
Other current receivables	3	-	1 516
Cash and cash equivalents	6	1 266	293 819
Total current assets		1 266	295 335
Total assets		2 410 825	1 409 419
<i>Paid in equity</i>			
Share capital	7	855 986	74 650
Share premium	8	1 335 697	1 335 697
Other paid-in equity	8	-15 776	-
Total paid-in equity		2 175 907	1 410 347
<i>Retained earnings</i>			
Uncovered loss	8	-3 737	-994
Total retained earnings		-3 737	-994
Total equity		2 172 170	1 409 353
LIABILITIES			
<i>Other non-current liabilities</i>			
Non-current liabilities to related parties		232 363	-
Total non-current liabilities		232 363	-
<i>Current liabilities</i>			
Trade payables		17	66
Accrued interest to related parties		6 275	-
Total current liabilities		6 292	66
Total liabilities		238 654	66
Total equity and liabilities		2 410 825	1 409 419

Distribution of results

The board proposes the following distribution of the annual result in Havila Kystruten AS:

NOK in 1000

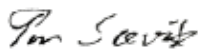
Parent company

Allocation of profit

Uncovered loss	-2 743
Total allocated	-2 743

Fosnavåg, 25.04.2023

The Board of Havila Kystruten AS



Per Sævik
Chairman of the Board of Directors



Vegard Sævik
Board member



Hege Sævik Rabben
Board member



Anita Nybø
Board member



Karina Birkelund
Board member



Svein Roger Selle
Board member



Bent Martini
Chief Executive Officer (CEO)

Parent company cash flow statement

NOK in 1000	Note	2023	2022
Cash flows from operating activities			
Profit/loss before tax		-2 743	-799
Trade payables		-49	-147
Other accruals		-	1 044
Net cash from operating activities		-2 792	98
Cash flow from investment activities			
Loans between affiliated companies	3, 5	-589 501	-
Net cash from investment activities		-589 501	-
Cash flow from financing activities			
Proceeds from equity	8	299 740	293 709
Net cash flow from financing activities		299 740	293 709
Net change in cash and cash equivalents		-292 553	293 806
Cash and cash equivalents at the beginning of the period		293 819	12
Cash and cash equivalents at the end of the period		1 266	293 819



Notes to parent company financial statements

Note 1. Accounting principles	83
Note 2. Payroll, personnel expenses, employees etc.	84
Note 3. Transactions with related parties	85
Note 4. Taxes	86
Note 5. Subsidiaries	86
Note 6. Restricted cash	86
Note 7. Share capital and share holders	87
Note 8. Equity statement	87

Note 1. Accounting principles

Havila Kystruten AS was established 18th of May 2021 and has its headoffice located in Fosnavåg, Herøy. The purpose of the company is to own shares in Havila Kystruten Operations AS. The financial statements are prepared in accordance with the provisions of the Norwegian Accounting Act and good accounting practice, while the previous year's financial statements were prepared in accordance with International Financial Reporting Standards (IFRS). This does not result in any changes to the income statement or balance sheet.

Currency

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Norwegian kroner at the exchange rates ruling at the balance sheet date. Non-monetary items measured at historical cost in a foreign currency are translated into Norwegian kroner at the exchange rates ruling at the dates of the transactions. Exchange differences are recognized in profit or loss as other financial income and expenses.

Taxes

The tax expense in the income statement comprises both current and deferred taxes. Deferred tax is calculated at 22% based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, as well as tax losses carried forward at the end of the reporting period. Deferred tax assets and liabilities are offset if they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Classification and measurement of current assets

Current assets and liabilities include items that are expected to be settled within one year after the reporting date and items related to the operating cycle. Current assets are measured at the lower of cost and net realizable value. Current liabilities are recognized at the nominal amount at the time of transaction.

Subsidiaries and associates

Subsidiaries and associates are accounted for using the cost method in the company's financial statements. Investments are initially recognized at cost unless impairment is required. Impairment losses are recognized when the carrying amount of an investment exceeds its recoverable amount and are reversed when the basis for impairment no longer exists. Dividends and other distributions from subsidiaries are recognized as income in the year in which they are declared, provided they represent a return of investment capital.

Receivables

Trade receivables and other receivables are recognized at their nominal values less allowance for expected credit losses. Allowance for expected credit losses is based on an individual assessment of each receivable. For other trade receivables, a general provision is made to cover expected losses on claims.

Cash flow statement

The cash flow statement is prepared using the indirect method. Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments.

Note 2. Payroll, personnel expenses, employees etc.

The company has no employees in 2023 and therefore no personnel expenses.

The company is not obligated to have a mandatory occupational pension scheme according to the Mandatory Occupational Pension Act.

Compensation for the Board and Nomination Committee

NOK in 1000	2023	2022
Board of Directors	900	-
Nomination Committee	70	-
Total	970	-

No loans or securities have been granted to members of the Board of Directors.

Fee to the auditor

NOK in 1000	2023	2022
Audit	293	203
Other assurance services	189	217
Tax advisory services	-	-
Total	482	420

The amounts are ex. VAT.

Note 3. Transactions with related parties

	Company structure	Ownership
Havila Kystruten Operations AS	Daughter	100.0%
Havila Holding AS	Largest shareholder	59.7%

Intercompany transactions

NOK in 1000	31.12.2023	31.12.2022
Interest expense to daughter	14 160	-
Interest income to owner	14 160	-
Sum	-	-

Intercompany transactions in balance sheet

NOK in 1000	31.12.2023	31.12.2022
Trade receivables	-	1 516
Borrowings to daughter	1 295 475	-
Borrowings from owner	232 363	-
Accrued interest borrowings from owner	6 275	-

The debt of Havila Holding AS has a maturity of five years starting from 2023. No collateral or guarantees were provided during the year.

Note 4. Taxes

Specification of income tax expense

NOK in 1000	2023	2022
Payable tax	-	-
Change in tax loss carry forwards	-	-
Income tax expense	-	-
Profit before tax	-2 743	-799
Temporary differences	-	-
Taxable income	-2 743	-799
Payable tax	-	-
Payable tax recorded in the balance sheet	-	-
Profit before tax	-2 743	-799
Calculated tax on profit before tax	-603	-176
Effective tax rate	22%	22%

The tax effect of temporary differences giving rise to deferred tax assets and deferred tax liabilities, specified by types of temporary differences.

NOK in 1000	2023	2022	Change
Accumulated carried forward tax loss	-3 737	-994	2 743
Not included in the calculation of deferred tax	3 737	994	-2 743
Basis for deferred tax	-	-	-
Deferred tax (22%)	-	-	-

Note 5. Subsidiaries

Havila Kystruten AS had the following subsidiaries as of 31st of December 2023:

Subsidiaries

NOK in 1000	Office municipality	Ownership	Voiting share	Balance sheet value	Equity	Profit/loss
Havila Kystruten Operations AS	1515	100%	100%	1 114 084	386 711	-802 482

Note 6. Restricted cash

The funds in the tax withholding account (restricted funds) amount to NOK 0.

Note 7. Share capital and share holders

Per 31/12/23 1 413 shareholders owns the company, whereof 63 shareholders from outside of Norway. Havila Holding AS owns 59.7 % of the company. The company has no own shares.

The share capital amounts to MNOK 856, comprising 855 985 659 shares at par value NOK 1. Havila Kystruten AS has one class of shares, where each share gives one vote at the company's general meeting.

The 20 largest shareholders per 31.12.2023:

Shareholder	Shares	Ownership
Havila Holding AS	510 928 333	59.69%
DZ Privatbank S.A.	81 156 010	9.48%
Basat Shipping Ltd	56 685 393	6.62%
State Street Bank and Trust Comp	25 000 000	2.92%
Athinais Maritime Corp.	24 674 157	2.88%
Farvatn II AS	16 960 784	1.98%
Axel Camillo Eitzen	12 000 000	1.40%
Clearstream Banking S.A.	9 637 869	1.13%
MP Pensjon PK	5 380 064	0.63%
Camaca AS	3 500 000	0.41%
Jomani AS	3 449 193	0.40%
Eitzen Rederi AS	3 276 500	0.38%
Nordnet Livsforsikring AS	2 410 397	0.28%
Thomas Andre Krogsmyr	2 250 000	0.26%
Interface AS	2 241 752	0.26%
Fremr AS	2 077 235	0.24%
Bank Julius Bär & Co. AG	1 900 000	0.22%
Commerzbank Aktiengesellschaft	1 894 000	0.22%
State Street Bank and Trust Comp	1 884 675	0.22%
Henrik Synnes	1 839 448	0.21%
20 largest	769 145 810	89.6%
Other	86 839 849	10.4%
Total	855 985 659	100.0%

Note 8. Equity statement

NOK in 1000	Share capital	Share premium	Other contributed equity	Uncovered loss	Total
Equity per 01/01/23	74 650	1 335 697		-994	1 409 353
Profit/Loss for the period		-		-2 743	-2 743
Share issue	781 336	-	-15 776	-	765 560
Equity per 31/12/23	855 986	1 335 697	-15 776	-3 737	2 172 170



To the General Meeting of Havila Kystruten AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Havila Kystruten AS, which comprise:

- the financial statements of the parent company Havila Kystruten AS (the Company), which comprise the balance sheet as at 31 December 2023, income statement 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 Havila Kystruten AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2023, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

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

Basis for Opinion

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

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 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Bergen, 25 April 2024

PricewaterhouseCoopers AS

Fredrik Gabrielsen

State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

Revisjonsberetning HKY

Signers:

<i>Name</i>	<i>Method</i>	<i>Date</i>
Gabrielsen, Fredrik	BANKID	2024-04-25 10:55



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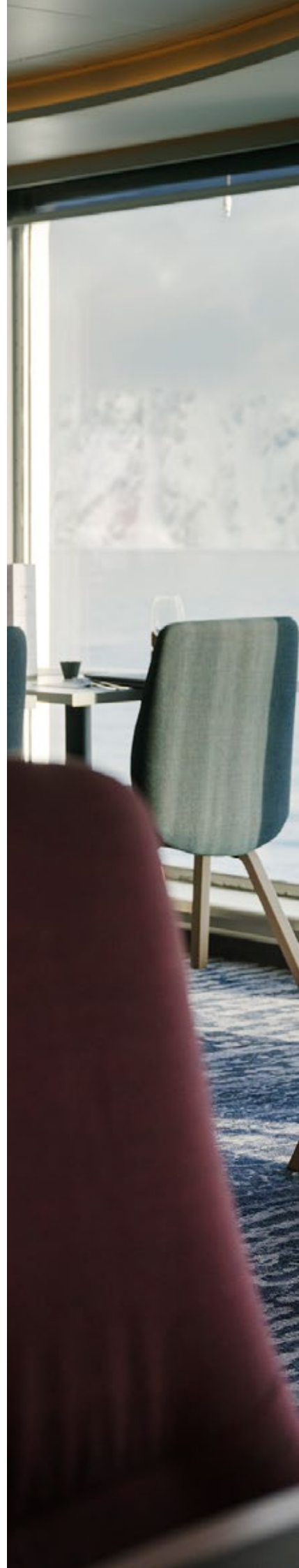


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Appendices

Stakeholder dialogue and materiality assessment	94
Human rights and Transparency Act report 2023	96
GRI content index	98





Appendix 1

Stakeholder dialogue and materiality assessment

Stakeholders can be defined as those who can affect or be affected by the company’s decisions and actions. Havila Kystruten’s ESG task force group conducted a stakeholder assessment in December 2021, which defined eight main

stakeholder groups. A description of each stakeholder group and how we usually engage with them are shown in table 1.

Stakeholder group	Description	Engagement activities
Investors / owners	Any person or entity who commits capital with the expectation of receiving financial returns.	<ul style="list-style-type: none"> Quarterly reports Annual reports Company presentations
Board of Directors	Any member of Havila Kystruten’s Board of Directors.	<ul style="list-style-type: none"> Board meetings Other meetings Annual ESG survey
Management	Any member of Havila Kystruten’s management team.	<ul style="list-style-type: none"> Management meetings Annual ESG survey
Employees	People employed at Havila Kystruten.	<ul style="list-style-type: none"> Annual employee development talk Questionnaire Annual ESG survey
Suppliers and business partners	Vendors and businesses whom Havila Kystruten procure goods or services from.	<ul style="list-style-type: none"> Meetings Audits ESG survey
Customers / guests	Tourists and local passengers travelling port-to-port with Havila Kystruten.	<ul style="list-style-type: none"> Customer service ESG seminars Marketing and communication platforms
Government and regulatory authorities	Policy makers and governmental authorities.	<ul style="list-style-type: none"> Meetings Reporting / forms / documentation
Local communities	Local communities within the area of our operations.	<ul style="list-style-type: none"> Meetings

Table 1: Havila Kystruten’s stakeholders and engagement activities.

Havila Kystruten aims to have an ongoing dialogue with the company’s stakeholders, as good stakeholder dialogue ensures a strategic approach to and management of sustainability topics. In addition to the systematic stakeholder dialogue, which is conducted from time to time, we seek to ensure meaningful engagement with stakeholders on a day-to-day basis through meetings, e-mail-, phone- and Teams correspondence.

Materiality assessment

In December 2021, Havila Kystruten invited key stakeholder groups, including employees, board members, investors, management representatives, suppliers, selected tourist agencies, representatives from the civil society, and governmental authorities, to partake in a survey where

we asked about how they perceived our company’s management of sustainability topics today, and how our approach could be improved. In the survey, stakeholders were asked to rate 18 different sustainability topics with reference to Havila Kystruten’s actual or perceived impact (the ‘outside-in’ perspective). The same topics were then discussed by Havila Kystruten’s internal ESG task force group, who evaluated the company’s impact from an ‘inside-out’ perspective. It is important to note that both positive and negative impact was considered.

Topics that were perceived as important (high impact) from both stakeholders and the internal task force group, were defined as material, and an overview can be found in table 3. There has been no changes to the list of material topics compared to the previous reporting period.

Focus area	Material topic
Health and safety	<ul style="list-style-type: none"> Occupational health and safety Product and service-related health and safety
Environment	<ul style="list-style-type: none"> Products, solutions and services for the green transition Energy management Energy efficiency Materials Waste and wastewater management
Local communities	<ul style="list-style-type: none"> Impacts on local communities and services
Ethics and transparency	<ul style="list-style-type: none"> Ethical business conduct
People	<ul style="list-style-type: none"> Employee diversity and inclusion Talent attraction, development and retention

Table 2: Havila Kystruten’s focus areas and material topics.



Figure A: Materiality assessment.

ID	ESG TOPIC
1	Occupational health and safety risks
2	Product and service-related health and safety
3	Talent attraction, development & retention
4	Employee diversity and inclusion
5	Products, solutions and services for green transition
6	Energy efficiency (well-to-wake)
7	Product lifecycle management
8	Emissions to air - GHG and other (entire supply chain)
9	Technology and system innovation
10	Ethical business conduct
11	Responsible supply chain
12	Responsible marketing and communication
13	Data security and privacy
14	Office environmental management
15	Waste and wastewater management (own operations)
16	Energy management (own operations)
17	Hazardous materials management
18	Impacts on local communities and services

Table 3: List of topics that stakeholders were asked about.

Double materiality assessment

During 2023, Havila Kystruten has, together with the parent company Havila Holding, started a project to define the main financial risks and opportunities associated with each of the defined material topics, also known as a “double materiality assessment”. As opposed to a ‘single’ materiality assessment where only impact is considered,

evaluating financial impact means discussing whether the sustainability topic can trigger financial effects, i.e. if management or mismanagement of the topic is likely to influence future cash flows.

The company will continue the double materiality project in 2024, and an updated materiality assessment will be published in the next sustainability report.

Appendix 2

Human rights and Transparency Act report 2023

About the Transparency Act

The Norwegian Transparency Act entered into force on 1 July 2022. According to the Transparency Act, larger enterprises are required to carry out due diligence of fundamental human rights and decent working conditions. This is Havila Kystruten’s second Human Rights and Transparency Act report, and the first one was published in April 2022. By ‘fundamental human rights’ we refer to the internationally recognised human rights that are enshrined, among other places, in the International Covenant on Economic, Social and Cultural Rights of 1966, the International Covenant on Civil and Political Rights of 1966 and the ILO’s core conventions on fundamental principles and rights at work.

By ‘decent working conditions’ we mean work that safeguards fundamental human rights and health, safety and environment in the workplace, and that provides a living wage.

About Havila Kystruten

Havila Kystruten is a Norwegian coastal cruise company operating the classical coastal route from Bergen to Kirkenes. We provide our guests with unforgettable voyages through the stunning beauty of Norway’s coastline, and from August 2023 we operate four passenger vessels. Havila Kystruten is headquartered in Fosnavåg on the west coast of Norway. The company is listed on Euronext Growth, and employs 483 people.

Policy commitment

Havila Kystruten commits to provide for or cooperate in the remediation of negative impacts that the organisation identifies it has caused or contributed to. Relevant policy documents relating to this topic are our:

- Human Rights Policy
- Code of Conduct
- Supplier Code of Conduct
- Whistleblowing Policy

How we manage this topic

Havila Kystruten has established processes and systems in place for managing our supply chain and potential adverse impacts on human rights. This is done for example by:

- Ensuring accountability in policies and management systems
- Conducting annual due diligence (including human rights risk assessments) of suppliers
- Supervise implementation and results
- Communicate with direct parties / providing information regarding adverse impacts that the enterprise has identified through its due diligence.
- Ensure or collaborate on remedies where necessary.

At the end of 2023, Havila Kystruten had a total of 681 suppliers (up from 539 suppliers in 2022). Our suppliers mainly consists of fuel suppliers, crew suppliers, food suppliers, insurance/ brokerage/lawyers/IT services. A majority of suppliers are located in Norway, but we also have some suppliers with operations in Great Britain, Ireland, Sweden, the US, Estonia, Poland, India, Turkey, Switzerland, Denmark, Austria, Australia, and Japan.

From 2022, the supplier due diligence assessments are carried out when entering contracts. Havila Service’s procurement department supports us with the due diligence assessments, evaluates data and tracks progress through the company’s procurement system (Ignite).

In addition to assessing all new suppliers, we are continuously working on the follow-up of existing suppliers (meaning contracts entered before 1 July 2022).

KPI	2023	2022
Total number of suppliers	681	539
New suppliers in the reporting period	142	

Risk assessments and results

The due diligence process differs depending on the perceived risk associated with the supplier (typically which industry the supplier operates within and products / services delivered). The supplier due diligence process goes beyond legal criteria, and typically consist of a general screening of the supplier where we gather information from publicly available sources, in addition to a mandatory survey that the supplier is required to fill out.

The survey consists of 22 questions on topics such as human and labour rights, supply chain and governance, health and safety, and environment and climate. The information received from each supplier is mapped against information in the ITUC Global Rights Index (on human rights) and Transparency International’s Corruption Perception Index (CPI).

Based on the results of the supplier due diligence assessment, suppliers are placed into categories of low, medium, or high risk.

- Low risk require no additional follow-up
- Medium risk Havila requires signed Supplier code of conduct and ESG questionnaire answered
- High risk same as medium risk + Human rights audit performed

The need for physical audits is determined on a case-by-case basis, where the yards often are the most relevant to look into as well as business partners for our excursions (due to a higher risk of injuries being associated with such services). Physical audits are conducted by Havila Kystruten’s or Havila Service’s own employees, and in 2023, 0 physical audits were conducted.

Table: Risk assessments suppliers	2023	2022
% of suppliers marked as “low” risk	71.8%	67.3%
% of suppliers marked as “medium” risk	21.6%	16.0%
% of suppliers marked as “high” risk	2.3%	13.4%
% of suppliers that have not been classified	4.3%	3.3%
No. of physical audits conducted in the reporting period	0	1

As part of the supplier due diligence process, each supplier is required to read and sign Havila Holdings’ Supplier Code of Conduct and upload their own Code of Conduct, if available. At the end of 2023, 25.4% of our suppliers had signed our Code of Conduct, and 11% of suppliers had confirmed their own Code of Conduct with Havila Kystruten.

Table: Communication on ethical guidelines	2023	2022
% of suppliers that have received our Supplier Code of Conduct	25.4%	
% of suppliers that have signed our Supplier Code of Conduct	25%	
Suppliers that have confirmed their own Code of Conduct	11%	

We continuously work to communicate with our employees about human rights risks. In 2023 we have implemented a human rights policy, which have been communicated to all employees. We have approved our guidelines for how to deal with actual or potential human rights breaches and developed a plan to conduct human rights e-learning training for employees.

Table: Human rights training	2023	2022
% of employee that have received training on human rights policies or procedures	0%	0%
% of suppliers that have received communication on human rights policies	100%	0%

The main risk areas identified through the risk assessments includes poor / unsatisfying working conditions and working overtime. We have not uncovered nor received reports of any human rights breaches in 2023. Neither have we identified any incidents of discrimination during the reporting period. As a result, no supplier contracts were terminated or discontinued in the reporting period.

Going forward

Going forward we will work to further optimise our supply base. This includes improving our supplier assessments, focusing on closing the due diligence gap on existing suppliers, and working closer with suppliers on measures that can improve their overall supplier ratings, such as sub-supplier follow-up and communicating their ethical guidelines (Code of Conduct) down their value chain.

We will also work to increase the awareness among our own employees regarding this topic, and update our Employee Handbook to also include our procurement policy.

Finally, we will look at ways to further improve our supplier due diligence assessments, using digital tools to automate some of our manual processes. This will not only save time and resources but also ensure regular follow-up of suppliers.

Appendix 3

GRI content index

Statement of use: Havila Kystruten AS has reported the information cited in this GRI content index for the period 1st January to 31st December 2023 in accordance with the 2021 GRI Standards.

GRI 1 used: GRI 1: Foundation 2021

Disclosure	Reference	Omission
GRI 2: GENERAL DISCLOSURES 2021		
1. The Organization and its reporting practices		
2-1 Organizational details	We are Havila Kystruten	
2-2 Entities included in the organization's sustainability reporting	We are Havila Kystruten + About this report	
2-3 Reporting period, frequency and contact point	About this report	
2-4 Restatements of information	About this report	
2-5 External assurance	About this report	N/A: The report has not been externally assured.
2. Activities and workers		
2-6 Activities, value chain and other business relationships	We are Havila Kystruten	
2-7 Employees	People (Performance + Actions)	Information incomplete: The company does not provide a breakdown per region. We also do not report on non-guaranteed hours employees.
2-8 Workers who are not employees		Information unavailable: The company does not possess information on workers who are not employees.
3. Governance		
2-9 Governance structure and composition	7. Nomination committee + 8. The board of directors' composition and independence + 9. The work of the board of directors + Board of Directors (CVs)	Information incomplete: The company does not report on the tenure of Board members or underrepresented social groups.
2-10 Nomination and selection of the highest governance body	7. Nomination committee	
2-11 Chair of the highest governance body	7. Nomination committee + 8. The board of directors' composition and independence	N/A: The Chair is not a senior executive in the organisation.
2-12 Role of the highest governance body in overseeing the management of impacts	9. The work of the board of directors	
2-13 Delegation of responsibility for managing impacts	9. The work of the board of directors	
2-14 Role of the highest governance body in sustainability reporting	9. The work of the board of directors + About this report	N/A: The Board reviews and approves the sustainability report.
2-15 Conflicts of interest	9. The work of the board of directors	
2-16 Communication of critical concerns	Ethics and transparency (Actions + Performance)	
2-17 Collective knowledge of the highest governance body	9. The work of the board of directors	
2-18 Evaluation of the performance of the highest governance body	9. The work of the board of directors	
2-19 Remuneration policies	11. Remuneration of the board of directors + 12. Remuneration of executive personnel	Information incomplete: The remuneration policies for the Board does not contain information about termination payments, clawbacks or retirement benefits. The company has not developed remuneration policies for senior executives.
2-20 Process to determine remuneration	11. Remuneration of the board of directors + 12. Remuneration of executive personnel	Information incomplete: The company has not developed remuneration policies for senior executives.
2-21 Annual total compensation ratio	Note 4. Payroll, personnel expenses, employees etc.	Information incomplete: The company does not report the median annual total compensation for all employees.
4. Strategy, policies and practices		
2-22 Statement on sustainable development strategy	CEO letter	
2-23 Policy commitments	Ethics and transparency (Policy commitment) + website (Supplier Code of Conduct)	Information incomplete: The company have not externally published the Code of Conduct and Human Rights Policy, but will do so in 2024.
2-24 Embedding policy commitments	Ethics and transparency (Policy commitment)	
2-25 Processes to negative impacts	Human rights and Transparency Act report (Policy commitment) + Local communities (Actions) + Ethics and transparency (Policy commitment)	Information incomplete: The company does not describe whether stakeholders are involved in the design, review, operations and improvements of the grievance mechanism, and does not provide information on how it tracks the effectiveness of the grievance mechanism.
2-26 Mechanisms for seeking advice and raising concerns	Ethics and transparency (Policy commitment)	
2-27 Compliance with laws and regulations	Ethics and transparency (Table: non-compliance)	N/A: There have been no instances of non-compliance in the reporting period.
2-28 Membership associations	Membership and industry associations	
5. Stakeholder engagement		
2-29 Approach to stakeholder engagement	Stakeholder dialogue and materially assessment	
2-30 Collective bargaining agreements	Actions (Pay)	Information incomplete: The company does not report information about collective bargaining agreements for workers who are not employees.

Appendices

Disclosure	Reference	Omission
GRI 3: Material topics 2021		
3-1 Process to determine material topics	Stakeholder dialogue and materiality assessment (Table: Havila Kyrstruten's stakeholders and engagement activities)	
3-2 List of material topics	Materiality assessment (Table: Havila Kyrstruten's focus areas and material topics)	
MATERIAL TOPIC: ENVIRONMENT		
3-3 Management of material topics	Environment (Impact assessment + Policy commitment + Actions) + Stakeholder dialogue and materiality assessment	
GRI 305: EMISSIONS 2016		
305-1 Direct (Scope 1) + A100+B101:E103+A101:F108	Environment (Performance)	
305-2 Energy indirect (Scope 2) GHG emissions	Environment (Performance)	
305-3 Other indirect (Scope 3) GHG emissions	Environment (Performance)	
305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Environment (Table: Nox and Sox)	
GRI 306: WASTE		
306-1 Waste generation and significant waste-related impacts	Environment (Impact assessment)	
306-2 Management of significant waste-related impacts	Environment (Impact assessment)	
306-3 Waste generated	Environment (Table: Waste)	
MATERIAL TOPIC: HEALTH AND SAFETY		
3-3 Management of material topics	Health and safety (Impact assessment + Policy commitment + Actions) + Stakeholder dialogue and materiality assessment	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018		
403-1 Occupational health and safety management system	Health and safety (Actions + Policy commitment + table: Occupational health and safety)	
403-2 Hazard identification, risk assessment, and incident investigation	Health and safety (Impact assessment + Policy commitment + Actions)	
403-3 Occupational health services	Health and safety (Actions)	
403-4 Worker participation, consultation, and communication on occupational health and safety	Health and safety (Actions)	
403-5 Worker training on occupational health and safety	Health and safety (Actions)	
403-6 Promotion of worker health	Health and safety (Actions)	
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and safety (Policy commitment + Actions)	
403-8 Workers covered by an occupational health and safety management system	Health and safety (Policy commitment + Actions)	Information incomplete: The company does not report the number or percentage of workers who are not employees that are covered by the occupational health and safety system.
403-9 Work-related injuries	Health and safety (Impact assessment + Actions + Table: Occupational health and safety)	Information incomplete: The company does not report about fatalities or injuries for workers who are not employees.
403-10 Work-related ill health	Health and safety (Impact assessment + Actions + Table: Occupational health and safety)	Information incomplete: The company does not report about ill-health for workers who are not employees.
MATERIAL TOPIC: LOCAL COMMUNITIES		
3-3 Management of material topics	Local communities (Impact assessment + Policy commitment + Actions) + Stakeholder dialogue and materiality assessment	
OWN KPI		
Operational uptime in the reporting period	Local communities (Table: Local value creation)	
% of local travellers in the reporting period	Local communities (Table: Local value creation)	
Total weight of goods transported (in tonnes)	Local communities (Table: Local value creation)	
No. of local suppliers used for onshore activities	Local communities (Table: Local value creation)	
MATERIAL TOPIC: ETHICS AND TRANSPARENCY		
3-3 Management of material topics	Ethics and transparency (Impact assessment + Policy commitment + Actions) + Stakeholder dialogue and materiality assessment	
GRI 205: ANTI-CORRUPTION 2016		
205-1 Operations assessed for risks related to corruption	Ethics and transparency (Impact assessment + Table: anti-corruption assessments and incidents)	
205-2 Communication and training about anti-corruption policies and procedures	Ethics and transparency (Table: communication on anti-corruption + table: anti-corruption training)	Information incomplete: The company does not provide numbers regarding anti-corruption per employee category and region.
205-3 Confirmed incidents of corruption and actions taken	Ethics and transparency (Table: anti-corruption assessments and incidents)	N/A: There has been no confirmed incidents of corruption in the reporting period.
MATERIAL TOPIC: PEOPLE		
3-3 Management of material topics	People (Impact assessment + Policy commitment + Actions) + Stakeholder dialogue and materiality assessment	
GRI 401: EMPLOYMENT		
401-1 New employee hires and employee turnover	People (Table: employee category)	Information incomplete: The company report employee turnover and new hires by gender, but not by age group and region.
401-3 Parental leave	People (Diversity + Table: employee category)	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY		
405-2 Ratio of basic salary and remuneration of women to men	People (Pay)	Information incomplete: The company does not provide the ratio of the basic salary and remuneration per employee category.
GRI 406: NON-DISCRIMINATION 2016		
406-1 Incidents of discrimination and corrective actions taken	Human rights and Transparency Act report (Risk assessments and results)	N/A: There has been no confirmed incidents of discrimination in the reporting period.

About this report

This is Havila Kystruten's first annual integrated report and comprises both financial and sustainability information. The information applies to the reporting period 1 January to 31 December 2023.

The report was published on 25 April 2024. This report includes a correction from the previous reporting period regarding inventories (see note 15). The report has been reviewed and approved by Havila Kystruten's Board of Directors. The sustainability information has not been audited by a third party.

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