

ANNUAL REPORT 2020



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DIRECTORS' REPORT 2020

Hurtigruten AS

Hurtigruten – The leading global expedition cruise operator

Hurtigruten AS is a part of the Hurtigruten Group and is the sales and travel-packaging entity in the Group. Hurtigruten Group's vision is to be the leading expedition travel Group by offering authentic and accessible experiences around the world to travelers who wish to explore and travel in a sustainable way. Hurtigruten Group will continue to be a frontrunner in adventure tourism and expedition cruising, a niche with substantial global growth potential. Hurtigruten Group's goal is to reinforce its global position, differentiated from the rest of the cruise industry by authentic, sustainable and active experiences on both land and sea. The Group has three main business segments, Hurtigruten Norway – branded as Hurtigruten in Scandinavia, and Hurtigruten – Norwegian Coastal Express in other markets, Hurtigruten Expeditions branded as Hurtigruten Expeditions in all markets, and Hurtigruten Destinations with the Hurtigruten Svalbard brand. Over the last years, the brands, Hurtigruten Expeditions, Hurtigruten Norwegian Coastal Express, and Hurtigruten Svalbard have been able to fortify its position as the leading expedition cruise company focusing on sustainable expedition cruising for the global traveler.

With a fleet of 16 custom-built cruise vessels including the world's two first hybrid-powered expedition cruise ships delivered in 2019, Hurtigruten Group is the world's largest expedition cruise company.

Hurtigruten Group's strategy is to generate profitable sustainable growth in all 3 business segments. This will be achieved through increasing capacity through construction of new vessels, operational initiatives to realize its substantial potential, expand and renew its customer base, and strengthen the product range.

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

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

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

Hurtigruten Expeditions and Hurtigruten Norwegian Coastal Express have a high level of recognition in key travel markets, such as Germany, UK and the Nordic countries. Based on these strong recognized brands and the

authenticity of a product tailored for the adventurous. Hurtigruten Group's brands competitive position are supported by substantial barriers to establishment in the market for adventure and nature-based tourism. Substantial investments have been made across its fleet of 16 vessels, custom built to deliver the unique Hurtigruten Expedition and Hurtigruten Norwegian Coastal Express product. Any newcomer wishing to offer expedition and nature-based travel services in Hurtigruten Group's market will need to invest heavily before it will be able to compete with Hurtigruten Group's business segments.

Hurtigruten Group and its brands have over time been recognized as the leading expedition cruise and adventure travel operator in the industry, through Industry awards such as the "Best Expedition Cruise Line" at the 2017, 2018, 2019 and 2020 Travvy awards, "Best Adventure Cruise Line" in Cruise Critic Editor's Picks over a 9 year span from 2012 to 2020. Globe Travel Awards for "Best Specialist Cruise Company" in 2020. Hurtigruten Group has been deemed Germany's "Brand of the year (travel)" for 4 consecutive years (2017-2020). Cruise Critic UK has rated Hurtigruten Group the best Adventure Cruise line of the year over the period of 2012-2020. Recently Hurtigruten Group was voted Best Expedition Cruise line of the year 2019 – Australian Travel awards and Globe Travel awards – Best Specialist Cruise Company 2020.

Hurtigruten Group is experiencing increasing global media attention, across all markets – including outside Norway and the Nordics, where the company has a strong standing.

The Group's global headquarter is located in Oslo, with offices and operations also in Hamburg, Tromsø, London, Paris, Seattle, Melbourne, Tallinn, Hong Kong, Longyearbyen and Kirkenes (where Hurtigruten Norway's crew center is situated) form a global organization serving Hurtigruten Group's most important and emerging markets. Hurtigruten's wholly owned subsidiary Hurtigruten Svalbard AS, is headquartered in Longyearbyen.

In January 2019 Hurtigruten AS transferred its cruise operating business to the wholly owned subsidiary Hurtigruten Cruise, after which the company is the main travel-packaging company for the Group, combining services from subsidiaries and Group Companies with external business partners with local experience to offer unique packages to customers and agents. Hurtigruten AS is also delivering expedition services towards Hurtigruten Cruise.

The Group's operations are run through the following business units: Hurtigruten Norway which operates the brand Hurtigruten Norwegian Coastal Express, Hurtigruten Expeditions, and Hurtigruten Destinations which operates the Hurtigruten Svalbard brand. Hurtigruten AS operates within the first two business units.

Hurtigruten Norway

Hurtigruten Norway operates under the brand Hurtigruten Norwegian Coastal Express and offers scheduled voyages along the Norwegian coast with unique and immersive travel experience to its guests. Hurtigruten Norway connects the international traveler with the everyday life and infrastructure along the beautiful and rugged Norwegian coast.

The voyage is described by the New York Times as "one of Norway's treasured national symbols". Having been developed over its 128-year history, it forms part of the country's cultural heritage, strengthening Hurtigruten Norway's legitimacy with international travelers seeking authentic Norwegian experiences.

Hurtigruten Norway has integrated the Norwegian food culture in the voyage through the culinary concept on board which is called Norway's Coastal Kitchen. The concept of locally sourced products – often loaded on board only hours before being served in the restaurants – has been a major success.

Offering a wide range of memorable, and even life changing experiences, along the Norwegian coast, is supported by collaboration with approx. 50 different excursion providers, offering unique seasonally adapted activities and experiences, tailored for the guests. Excursions and experiences have been a prioritized area for Hurtigruten Norway over many years and will continue as an important part of its differentiation strategy.

With Hurtigruten Norway being one of Norway's foremost tourist products, it is a driving force for developing Norwegian tourism and marketing the country internationally. At the same time, the Group has been collaborating with airlines and other industry players to improve flight connections for key departure ports in order to exploit the growth in the short-break market and to make Hurtigruten Norway's products more accessible.

Hurtigruten Norway aims to further develop and strengthen the Hurtigruten Norwegian Coastal Express brand as an iconic adventure travel product. It still has substantial development potential, which will be realized through a continued commitment to:

- Building Hurtigruten Norwegian Coastal Express as an iconic global brand within immersive exploration travel, which offers unique, authentic experiences
- Connecting local communities
- Expanding and continuously improving the portfolio of excursions and ancillary products
- Strong differentiation – Hurtigruten Norway offers the original voyage along the Norwegian coast dating back to 1893
- Being a frontrunner on sustainability
- Structured market development. Based on enhanced customer insights, targeting new segments, improving the brand's market position in key international travel markets like the UK, Germany, US, Australia and EMEA, improving e-commerce and distribution channels, and more
- Continuously improving our onboard experience

During the pandemic Hurtigruten Norway has operated between 2 and 7 ships on the scheduled voyages between Bergen and Kirkenes, primarily serving the local communities along the rugged Norwegian Coast with freight and transport services, which again demonstrates the close connection the service has with the everyday life. As of 1st of January 2021 Hurtigruten was operating 5 of 7 ships. Hurtigruten Norway expects to be back in full operations by 1st of July 2021.

Hurtigruten Expeditions

Hurtigruten Expeditions operates expedition cruises across the globe to over 200 destinations in over 40 countries, including Norway, Antarctica, the Arctic, Alaska, Iceland, Greenland, South America and a variety of other destinations. In 2020 we had 5 ships operating in the Expedition segment MS Fram, MS Midnatsol (January–April), MS Spitsbergen (May–December), MS Roald Amundsen, MS Fridtjof Nansen (March–December). The Covid-19 pandemic reduced the number of ships in operation as the fleet was mainly in warm lay-up from April 2020. In 2021 the 3 largest ships in the Hurtigruten Norway fleet joined the Hurtigruten Expeditions fleet, increasing the capacity significantly. A total of 7 ships will be deployed in Hurtigruten Expeditions.

In 2019, the two new hybrid-powered expedition ships, MS Roald Amundsen and MS Fridtjof Nansen were delivered. The ships are state-of-the-art expedition vessels designed to meet guests' expectations as well as strict environmental and safety standards. MS Roald Amundsen and MS Fridtjof Nansen have an ice-reinforced hull, a total length of 140m and have the ability to carry 530 guests. The hybrid technology engines will reduce fuel consumption substantially and permit periods of emission-free sailing.

MS Roald Amundsen and MS Fridtjof Nansen are a key part of Hurtigruten Expeditions' strategy of further expansion in the expedition cruise segment. The new ships will operate in new Hurtigruten Expeditions destinations, such as the Northwest Passage, Alaska, South America, and the Caribbean, in addition to the current Antarctica and Arctic destinations.

Over the last 4 years Hurtigruten Expeditions has increased capacity from 1 ship in 2015 to now 7 ships in 2021, with the addition of MS Otto Sverdrup, MS Trollfjord and MS Maud (formerly part of the Hurtigruten Norway fleet as MS Finnmarken, MS Trollfjord and MS Midnatsol). This will further cement our global leadership in the Expedition Cruising category.

Hurtigruten Expeditions will continue to further develop the expedition cruises product, characterized by the following focus areas:

- Continued development of Hurtigruten Expeditions as the global leading brand for expedition cruising
- Continued development of the existing product offering, the development of new experiences on board and ashore, and continuous assessment of new destinations
- Constant evaluation of capacity requirements, pricing and competitive developments in the segment.
- Knowledge building and increased commitment along the whole value chain through the development of logistics, destinations and excursions.
- A focused marketing commitment, strategic brand building and a strengthening of the sales organisation.

- A systematic effort to get coverage in global top-tier media

A further growth in capacity in Hurtigruten Expedition will be one of the main sources of growth for Hurtigruten Group business over the next 3 to 5-year period.

Extraordinary events

Over the last 5 years Hurtigruten Group has had a steady improvement in financial performance and this continued into the financial year 2020 with achieving all time high financial results for Hurtigruten Group in the twelve months ending February 2020. The period after that has been severely influenced by the Covid-19 pandemic. This led to a reduction in 2020 revenue of approx. EUR 370 million (-61%) compared to 2019 for the Group, and a reduction of EUR 254 million (-74%) for Hurtigruten AS. Introduction of travel restrictions to reduce the spread of Covid-19 effectively reduced global leisure travel to close to zero. As a result of this Hurtigruten Group reduced the operations to a bare minimum running only 2 ships in Hurtigruten Norway on a reduced itinerary serving ports in Northern Norway with freight and local transport. During June and July 2020 Hurtigruten Norway and Hurtigruten Expeditions increased the capacity with partly lifting of travel restrictions on the 15th of July between Norway, Sweden and Germany. Operations were gradually resumed, with the first sailing in the Hurtigruten Norway starting 16th of June, gradually increasing to 6 ships in operation during the summer and third quarter. In July, sailings on MS Amundsen, MS Nansen and MS Spitsbergen resumed in Hurtigruten Expeditions. With the increasing level of infections in August and September 2020 operations were reduced back to two ships operating in Hurtigruten Norway until year end 2020. As of 1st of January 2021 Hurtigruten Norway is operating 5 ships under an agreement with the Norwegian Ministry of Transportation.

On the 31st of July 2020, there was an outbreak of Covid-19 on MS Roald Amundsen. The Norwegian authorities' investigation into the Covid-19 outbreak on MS Roald Amundsen is still pending. It is management's assessment that any conclusion on the investigation will not have any material financial effect for the Company.

On 14th of December 2020, Hurtigruten's global IT infrastructure was attacked by ransomware virus, resulting in several IT systems being unavailable for several days. No legal proceeding has been initiated against Hurtigruten Group.

Market development

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

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

The growth in the market before the pandemic, is expected to continue with the development and roll out of vaccines in the first half of 2021. Hurtigruten Group is of the opinion that this trend will be even stronger post the pandemic as the attractiveness of the remote and off the beaten track destinations will increase. Hurtigruten Group also expects that there is a significant amount of pent up demand for travelling as a result of the pandemic. There is currently a very strong booking development for 2022 compared to earlier periods before the pandemic which shows that the customer is ready to travel as soon as travel restrictions are lifted, and vaccines have been distributed.

Hurtigruten Group will continue its efforts to make real, active and nature-based travel products more easily accessible and on sale earlier, through new channels, to new markets and customer segments. Clearly differentiating Hurtigruten Group's unique and authentic product in the global cruise and tourism market will be essential. Hurtigruten Group are already experiencing results from these efforts through strong growth in brand

recognition and future bookings in UK, US and Australia which are markets where Hurtigruten Group brands have historically had lower relative market penetration compared to the Nordics and Germany.

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

Underlying booking patterns for 2022 and beyond show that the underlying travel industry trends continue to show growth in demand for unique destinations and an increasing interest in adventure travel and expedition cruising. With its strong history and clear positioning, Hurtigruten Group is the leading company in this segment. With its strong focus on sustainability and the environment, Hurtigruten Group introduced in 2019 the world's first hybrid expedition cruise ship, MS Roald Amundsen, powered by hybrid battery technology. Her sister ship, MS Fridtjof Nansen, was delivered in Q4 2019. These two vessels will fortify Hurtigruten Expeditions' position as the leading operator in the expedition cruise segment.

Earnings and financial position

On 1 January 2020, Hurtigruten AS changed its functional currency from Norwegian kroner (NOK) to euro (EUR), with prospective effects. The change is made to reflect that EUR is now the predominant currency in the Company, accounting for a significant amount of the net cash flow. The change in presentation currency has been applied retrospectively for comparable figures for 2019.

Income statement

The Company's financial performance in 2020 has been severely impacted by the Covid-19 pandemic. Before the pandemic hit, the financial performance was strong, with substantial growth year over year, and Hurtigruten entered 2020 with good prospects and the last 12 months results as of February 2020 was at all-time high. There was underlying growth in January and February driven both by the inclusion of MS Roald Amundsen to the expedition fleet, giving an increased capacity, as well as a significant growth in yield in both the Hurtigruten Expedition and Hurtigruten Norway segments. However, operations almost fully stopped in the last weeks of March and continued throughout the summer and into last half year.

Total operating revenues for Hurtigruten AS was EUR 90.5 million in 2020 (2019: EUR 344.5 million), a decrease of 74 % from last year. Net operating loss in 2020 was EUR 9.8 million compared to a profit of EUR 10.6 million in 2019.

The net financing income was EUR 13.2 million in 2020, versus an expense of EUR 7.4 million in 2019, where the main reason for the substantial change is due to increase in received group contribution of EUR 18.7 million. Net profit for the year 2020 is EUR 1.1 million vs. a net loss of EUR 70.5 million in 2019. The loss in 2019 was mainly due to the tax expense of EUR 73.6 million related to the taxable gain from transferring the cruise operating business to the subsidiary Hurtigruten Cruise AS in 2019.

Net Cash flow

Net cash outflow from operating activities amounted to EUR 6.0 million in 2020 (2019: EUR 25.1 million). The change is primarily due to non-cash adjustments in operating profit, such as group contributions and unrealized currency gains.

Net cash inflow from investing activities in 2020 was 1.4 million in 2020 versus an outflow of EUR 60.2 million in 2019. Change from previous year is mainly related to loans given to other companies in 2019.

Net cash inflow from financing activities amounted to EUR 4.5 million in 2020 (2019: EUR 36.0 million), where the majority of the change is due to reduced intercompany loans.

Balance sheet and liquidity

Total non-current assets as of 31 December 2020 were EUR 614.2 million (2019: EUR 614.1 million), consisting primarily of the Company's investments in subsidiaries. Total current assets as of 31 December 2020, were EUR 31.9 million (2019: EUR 74.3 million), where the decrease from last year primarily is related to a decrease in trade and other receivables from other group companies.

Cash and cash equivalents amounted to EUR 4.3 million (2019: EUR 4.5 million).

The company had at the end of December 2020 EUR 44.8 million in non-current liabilities, (2019: EUR 88.5 million), which primarily consists of deferred tax liabilities. In 2019 non-current liabilities included debt to parent company Hurtigruten Group AS, which was converted to equity in 2020. Current liabilities amounted to EUR 66.1 million as of 31 December 2020 (2019: EUR 217.4 million). Current liabilities include negative cash in the Group cash-pool of EUR 11.7 million in 2020, while in 2019 the amount was EUR 147.7 million. Trade and other liabilities have decreased with 65% as a result of the reduced operations at year end.

The company's Paid in equity in 2020 was EUR 659.4 million (2019: EUR 453.8 million). On December 7th, 2020, debt to the parent company Hurtigruten Group AS was converted to capital, increasing paid in capital with EUR 205.2 million. The total equity at year end 2020 was EUR 535.2 million vs. EUR 328.5 million at year end 2019.

In the opinion of the Board of Directors, the financial statements provide a true and fair view of the Company's financial performance during 2020, and financial position at 31 December 2020. The Board confirms that the financial statements have been prepared based on the going concern assumption, and that it is appropriate to make that assumption.

The net profit for the company in 2020 was EUR 1.1 million, which is proposed to be transferred to other equity.

Share capital and shareholders

As of 31 December 2020, Hurtigruten AS had one shareholder and a total paid in equity of EUR 659.4 million spread over 423,259,163 shares with a nominal value of NOK 1.02 each and a share premium of EUR 615.8 million.

Key risk and uncertainties

The following discussion concerning financial risk management relates to the policies adopted and applicable for the financial year 2020. The Company uses financial instruments such as trade receivables, trade payables, etc., that are directly related to day-to-day operations.

Financial risk factors

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

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

Currency risk

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

Fair-value interest rate risk

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

The Company's exposure to variable interest rate risk is limited in 2020 and the Company have no specific hedging strategy to reduce variable interest rate risk.

Credit risk

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

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

Liquidity risk

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

The Company's asset management

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

Research and development activities

The company conducts no research and development activities other than adaptation of Information and Communications Technology.

Responsible operations

Hurtigruten is the world leader in exploration travel, and the world's largest expedition cruise company- through its subsidiary Hurtigruten Cruise. This comes with a responsibility. With a mission focused on innovation, technology and sustainability – we have embedded the UN Sustainable Development Goals into all aspects of Hurtigruten's operations.

Being a world leader in exploration travel comes with a responsibility. Sustainability lies at the core of every part of the Hurtigruten operation and experience. Hurtigruten Group's environmental policy sets a clear goal of minimising the impact on the natural environment. Like all other transport and tourist activities, several of Hurtigruten Group's operations have a direct influence on the natural environment through its vessels' fuel consumption. Hurtigruten Group is conscious of its responsibility for safe operation and environmental protection and works continuously to enhance its environmental performance through improvements to both technical and operational solutions.

The scope of Hurtigruten Group's business and its consumption of fossil fuels are affected by the substantial production requirements in the public procurement contract for transport services with the Ministry of Transport and Communications for the Bergen–Kirkenes coastal service. Up until March 2020 Hurtigruten Norway had,

under normal operations, daily departures year-round and 11 ships in constant operation generate substantial fuel consumption and the consequent discharge of greenhouse gases such as carbon dioxide (CO₂) and nitrogen oxides (NO_x). The choice of fuel is therefore a critical element in efforts to reduce the risk of emission. Hurtigruten Group has chosen to not use Heavy Fuel Oil (HFO) on any of its ships and is advocating a ban on HFO in the entire Arctic region and along the Norwegian coast. For the coastal route, Hurtigruten Group has opted to use marine gas oil (MGO) south of 62 degrees north because of entering the IMO Emission Control Area, and low-sulphur marine special distillates (MSD 500 ppm) north of 62 degrees north. These are among the most environment-friendly grades of fuel in the business and exceed the requirements set for voyages in the most vulnerable areas served by Hurtigruten Group business units. The higher price of these environmental fuels is offset by their significant positive environmental properties compared to heavier grades of fuel.

Hurtigruten Group continuously pursues improvement processes to reduce its environmental impact and seeks to apply measures which yield genuine environmental gains. Throughout 2019 and start of 2020, Hurtigruten Group was working on new methods in its maritime activities to further reduce emissions of the greenhouse gases SO₂, CO₂ and NO_x. However due to Covid-19 lockdown and lay-up of ships it was necessary to postpone this for the remainder of 2020. However, most of the fleet that has shore-power availability has used this during the lay-up after summer.

Shore power connection is an important environmental initiative, both for Hurtigruten Group and the ports of call. Hurtigruten Group is an active ambassador for shore-based power in Norwegian ports and has been a key voice in calling for a national shore-based power strategy, as part of our collaboration with the environmental organisation Bellona. We were proud to be able to start testing shore-based power in the port of Bergen. This was a major milestone in the Group's long-term goal of increasing the use of renewable energy and making the transition to electric power from traditional fuels when docked at port. As of end of 2020 Hurtigruten Group business units have 9 ships with shore power; MS Kong Harald, MS Spitsbergen, MS Otto Sverdrup (MS Finnmarken), MS Nordlys, MS Nord Norge, MS Vesterålen, MS Midnatsol, MS Maud (MS Trollfjord), MS Roald Amundsen. The rest of the fleet will follow as soon as possible.

In connection to the life below water and climate action, Hurtigruten Expeditions has developed the Hurtigruten Expeditions Science Program focusing on guest education giving meaningful insight into the areas we sail around the world. Our Science Program focuses on three different areas: investment on science centres for hands-on practical learning, guest investment in data collection for several citizen science projects and using the vessels as platforms of opportunity for partnership with science institutions to collect vital data in difficult to access areas. Furthermore, the Group's collaboration with NIVA has continued from one automatic data sampler on board MS Trollfjord to a new version on board MS Roald Amundsen with microplastic collection capabilities, collecting valuable open source data continuously.

On the 31st of July 2020, there was an outbreak of Covid-19 on MS Roald Amundsen. 42 crew members and 29 passengers were infected. All infected passengers and guests have recovered from the outbreak. Outside the MS Roald Amundsen Covid-19 outbreak maritime operations continued to perform well across the Group and there were no material incidents in 2020.

Working environment

The company had no employees in 2020. Hurtigruten AS hires both administrative staff and expedition-crew from its subsidiaries respectively Hurtigruten Pluss AS and Hurtigruten Sjø AS.

Corporate social responsibility (CSR)

For 127 years, Hurtigruten Group has explored some of the world's most pristine, vulnerable and awe-inspiring waters. Hurtigruten Group's guests have found themselves immersed in unique experiences with wildlife and nature and have been introduced to communities and cultures at the destinations Hurtigruten Norway and Hurtigruten Expeditions explores. For Hurtigruten Group, it is important that the guests of tomorrow can enjoy the same meaningful travel experiences as the guests of today. Therefore, Hurtigruten Group sees it as essential to both minimise the impact of expedition cruising on the environment and maximise the positive contribution to local communities.

Sustainable and responsible behaviour and operations are vital for Hurtigruten Group. Trust and good relations with partners and stakeholders are crucial for optimum operation and profitability. By virtue of Hurtigruten Group's position in Norwegian tourism, as well as its extensive business activities and social significance, Hurtigruten Group both encourages and requires the same level of commitment from its partners and

stakeholders. Hurtigruten Group aims to raise and set standards for the whole industry to follow, as the Group enter a new era of expedition cruising and adventure travel driven by sustainability.

The Group's business and operations directly and indirectly touch on many of the 17 UN Sustainable Development Goals. The Group's sustainability ambitions are directly linked to goals 9, 11, 12, 13 and 14. This is where the Group believe we can have the most positive impact, for society as a whole and for our business, both now and in the future.



In addition, we have chosen four goals that represent our very foundation, our licence to operate. These are goals 4, 5, 8 and 16. They represent the values that sit at the core of our business and are embedded in our governance systems.



As a result of the strong focus on sustainability we have implemented several measures over the recent years:

- We have the first ever hybrid-powered expedition cruise ships.
- As the first major travel company in the world to do so - have removed single-use plastic from all our ships and hotels.
- We invite our guests to explore the planet on a safer, greener and more advanced expedition fleet.
- We aim to educate guests and create ambassadors for every destination on every voyage through actively engaging guests in the culture, ecosystems and the consequences of climate change - wherever we explore.

Hurtigruten Group is dedicated to enhancing local communities through cooperation and trade. Our guests are explorers and appreciate quality experiences, learning, and understanding as a viable path to all-year activity and sustainable growth. We know that protecting and adding long-term value to the waters we sail in, and to the destinations we visit, is not just the right thing to do—it is necessary.

By participating in excursions and sourcing ingredients from local suppliers, Hurtigruten Group contributes to the livelihoods and welfare of small coastal societies. Hurtigruten Group respects and supports indigenous communities, values culture and traditions, and maintains a very close cooperation with the communities that make an immense effort to welcome our guests—wherever we visit.

Hurtigruten's Expeditions activities in Greenland, Svalbard, Iceland, Arctic Canada and Antarctica are subject to guidelines from the International Association of Antarctica Tour Operators (IAATO) and the Association of Arctic Expedition Cruise Operators (AECO). Hurtigruten Expeditions plays an active role in both these organisations and shares best practice to champion a safe and environmentally conscious tourism industry in these unique and vulnerable areas. Particular working areas are Clean Seas (cleanseas.org) and Community Engagement on the communities terms AECO Community Engagement. Creating awareness on climate change issues and dealing with growth in a sustainable way within the industry is a high priority in both organisations.

From 2014 Hurtigruten Norway has sought out local suppliers to try to make as much of the food as locally produced as possible, and especially along the Norwegian coast, where ingredients and products, all menus are designed from the areas in which the ships sail. Fresh ingredients, such as fish, meat or vegetables are delivered, as far as possible, directly on board each ship when it docks in the nearest port. This reduces transport distance significantly by utilising the Hurtigruten Norway port structure actively and enhances the travel experience for our guests. The initiative has been extremely well received among our guests. Hurtigruten Group will deploy the

same strategy with local suppliers as we expand our operations in the Hurtigruten Expedition segment.

Exploring some of the most spectacular destinations on our planet—and observing the unique wildlife—is an important part of every Hurtigruten Norway voyage and Hurtigruten Expeditions cruise. And with that, comes an obligation to explore respectfully. Any impact should be minor and transitory only. Hurtigruten Group and our guests will not leave visible or lasting signs from a visit. Observing wild animals is done at a distance so as not to alter natural behaviour, and with the utmost respect for their welfare and habitat.

Hurtigruten Group is taking the lead in the fight against the exploitation and degradation of sites, nature, and local communities by unsustainable over tourism. We are advocating strict rules and regulations, and we are imposing them on ourselves to prove it can be done.

Hurtigruten Group works continuously to increase the number of guests, both local travellers and tourists. Enhancing capacity utilisation for the ships is an important measure, not only for Hurtigruten Group's profitability but also for the environment.

As part of the effort to raise awareness the Hurtigruten Foundation was established to address the opportunities and challenges in the areas Hurtigruten explores, to financially support locally initiated projects and to encourage people to volunteer for worthwhile causes. Twice a year, the Board of the Hurtigruten Foundation grants funds to local and global projects involving initiatives in the areas in which Hurtigruten Norway and Hurtigruten Expeditions operates. The deadline for applying for funds is 1 November and 1 May each year.

Outlook

Before the Covid-19 pandemic broke out in 2020 Hurtigruten Group experienced a strong growth in demand through 2018 and 2019 and into 2020 and as a result is the leading expedition cruise company in the world. There has been a strong demand for the increased capacity offered by Hurtigruten Expedition. The introduction of the MS Roald Amundsen and the MS Fridtjof Nansen has been a great success.

Over the last 3 years Hurtigruten Group has experienced an increased willingness to pay for Expedition cruises and Hurtigruten Expeditions and Hurtigruten Norway have been able to increase average prices on the capacity sold. We have seen this trend continue into 2022 despite the Covid-19 pandemic. Pre-bookings for 2022 have started out materially higher compared to the same time last year and compared with same time two years ago. This is driven by a strong underlying demand for unique travel experiences. Our core demographics in our main markets as the EU, UK US and APAC have fared well during the pandemic in terms of economic impact. Our core customer groups are ready to travel again with the lifting of travel restrictions as vaccines are rolled out. As demand picks up, Hurtigruten Group will reap the benefits from the significant investments made in our commercial team, product-improvement initiatives, including refurbishments, and additional capacity in the Hurtigruten Expedition.

In 2020 Hurtigruten Group initiated activities to cut costs and reorganize the corporate governance in order to increase the efficiency in the Group and we are now seeing the benefits of this when we are ramping up operations into third quarter of 2021.

Hurtigruten Norway is currently running 5 ships in the segment and Hurtigruten Expedition has all 7 ships in warm lay-up. Hurtigruten Norway expects to resume close to normal operations in third quarter this year with the current expected roll out of the vaccines and the expected lifting of travel restrictions. Hurtigruten Expeditions expects a gradual ramp up of operations in the same quarter, with the expectations to be back in normal operations with 7 ships in fourth quarter of 2021.

Customer feedback during the pandemic have be very good over the last year and Hurtigruten Group continue to bring home key international travel awards strengthening Hurtigruten Group's brand position and awareness across all key travel markets. The improvement in Hurtigruten Group's brand position and awareness with increased ability to attract new customers has driven a significant increase in 2022 bookings in the UK and US market compared pre-pandemic levels. This supports a v-shaped recovery as the vaccines are rolled out and travel restrictions are lifted.

Oslo, 21 April 2020



Daniel Andreas Skjeldam
Chairman



Torleif Ernstsen
Director



Asta Sofie Lassesen
CEO

Hurtigruten AS

ANNUAL
FINANCIAL
STATEMENTS

2020

STATEMENT OF PROFIT AND LOSS

<i>(in EUR 1,000)</i>	<i>Note</i>	2020	2019
Operating revenues	15	90,497	344,462
Other revenues	15	5,851	-
Direct cost of goods and services	19	(96,414)	(304,439)
Payroll costs	16	3,496	(1,247)
Depreciation, amortisation and impairment losses	5, 6	(1,943)	(1,600)
Other operating costs	20	(17,314)	(25,544)
Other (losses) / gains – net	21	6,018	(1,082)
Operating profit/(loss)		(9,809)	10,550
Finance income	18	25,198	20,948
Finance expenses	18	(11,954)	(28,340)
Finance expenses - net		13,244	(7,392)
Profit/(loss) before income tax		3,435	3,159
Income tax expense/ (income)	7	(2,329)	(73,643)
Profit/(loss) for the year		1,106	(70,484)

STATEMENT OF FINANCIAL POSITION

<i>(in EUR 1,000)</i>	<i>Note</i>	2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	5	5,689	3,399
Intangible assets	6	1,998	3,360
Investments in subsidiaries	8	556,287	447,467
Investment in other companies		279	324
Other non-current receivables	9	49,960	159,505
Total non-current assets		614,213	614,055
CURRENT ASSETS			
Inventories	10	3,950	4,871
Trade and other receivables	9, 19	23,643	64,933
Cash and cash equivalents	11	4,325	4,499
Total current assets		31,918	74,302
Total assets		646,131	688,357

<i>(in EUR 1,000)</i>	<i>Note</i>	2020	2019
EQUITY			
Share capital	12	43,740	43,339
Share premium	12	615,671	410,431
Retained earnings		(124,211)	(125,317)
Total equity		535,200	328,454
LIABILITIES			
Non-current liabilities			
Non-current interest bearing debt	13	-	43,584
Other non-current liabilities		943	3,505
Deferred income tax liabilities	7	43,849	41,453
Total non-current liabilities		44,792	88,542
Current liabilities			
Trade and other liabilities	9, 19	42,032	118,940
Intercompany liabilities	11, 13	11,716	147,649
Provision for other liabilities and charges	9	12,391	4,773
Total current liabilities		66,139	271,362
Total equity and liabilities		646,131	688,357

Oslo, 21 April 2021



Daniel Andreas Skjeldam
Chairman



Torleif Ernsten
Director



Asta Sofie Lassesen
CEO

CASH FLOW STATEMENT

<i>(in EUR 1,000)</i>	<i>Note</i>	2020	2019
Cash flows from operating activities			
Profit/(loss) before income tax		3,435	3,159
Adjustments for:			
Depreciation, amortisation and impairment losses	5, 6	1,943	1,600
Currency gains / losses		(5,199)	2,900
Dividends and group contribution		(21,435)	(8,575)
Interest expenses	19	3,460	(3,726)
Loss on lending		-	17,098
Change in working capital:			
Inventories	10	921	1,865
Trade and other receivables	9	161,757	(37,841)
Trade and other payables	9	(155,342)	47,631
Deposits from customers		4,482	1,707
Income tax paid	7	-	(177)
Effects from conversion to EUR		-	(488)
Net cash flows from (used in) operating activities		(5,979)	25,152
Cash flows from investing activities			
Purchase of property, plant, equipment (PPE)	5	(3,765)	2,017
Loans to associates and other companies, net		-	(74,885)
Dividends received		5,034	2,852
Change in restricted funds	12	105	9,851
Net cash flows from (used in) investing activities		1,373	(60,165)
Cash flows from financing activities			
Proceeds from borrowings	13	4,536	36,739
Interest received (paid)		-	(759)
Net cash flows from (used in) financing activities		4,536	35,979
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		(70)	967
Cash and cash equivalents at 1 January		700	614
Foreign exchange gains/(losses) on cash, cash equivalents and bank overdrafts		-	(881)
Cash and cash equivalents at 31 December	11	631	700
Restricted cash	11	3,694	3,799
Cash and cash equivalents in statement of financial position	11	4,326	4,499

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

NOTE 1 GENERAL INFORMATION

Hurtigruten AS is the main sales and travel-package entity in the Silk Topco Group (the Group), and through its subsidiary Hurtigruten Cruise AS, including the brand Hurtigruten, is the world leader in exploration travel, operating a fleet of 16 expedition cruise vessels. Hurtigruten opens a unique gateway to experiences in the Arctic, Antarctica and along the Norwegian coast to travellers from all over the world. The head quarter of the ultimate parent company Silk Topco AS is at Langkaia 1 in Oslo. The consolidated financial statements can be downloaded from the following website: www.hurtigruten.com.

Hurtigruten Norwegian Coast is the largest segment with 11 ships providing expedition cruises along the Norwegian coast between Bergen and Kirkenes making 33 northbound and 32 southbound port calls on an 11-day round trip. The segment's customers are predominantly international leisure travellers.

On 1 January 2019, Hurtigruten AS transferred all of its cruise-related business to the 100 % owned subsidiary Hurtigruten Cruise AS to facilitate entry into the Norwegian tax tonnage regime. The business which is non-cruise-related remains within Hurtigruten AS, which will continue to act as a package travel provider to its customers and from 2019 purchase all cruise-related operations from the subsidiary Hurtigruten Cruise AS. The transaction was transferred to book value as equity in kind transaction. The main change in the financial statements due to the transaction are an increase in cost of sales, and decrease in other operating costs, as Hurtigruten purchase cruises from Hurtigruten Cruise AS. Since the transaction was performed at fair value for tax purposes, the transaction generated a taxable profit in Hurtigruten AS. This profit will utilise the previously unrecognised tax loss carry forwards and as such, at 31 December 2019 and 2020, the deferred tax asset related to the tax loss carry forwards has been recognised in the financial statements.

The financial statements of Hurtigruten AS for the year ended December 31, 2020 were authorized for issue by the Board of Directors on 21 April 2021.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

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

2.1 BASIS OF PREPARATION

The financial statement of Hurtigruten AS has been prepared in accordance with Norwegian Accounting Act and generally accepted accounting principles. The accounting principles set out below have been applied in preparing the financial statements for the year ended 31 December 2020 and comparative periods.

On 1 January 2020, Hurtigruten AS changed its functional currency from Norwegian kroner (NOK) to euro (EUR), with prospective effects. The change is made to reflect that EUR is now the predominant currency in the Company, accounting for a significant amount of the net cash flow. The change in presentation currency has been applied retrospectively for comparable figures for 2019.

2.2 ACCOUNTING PRINCIPLES

A) USE OF ESTIMATES

Preparation of the accounts in accordance with generally accepted accounting principles requires that management make estimates and assumptions which have an effect on the value of assets and liabilities on the

balance sheet and reported revenues and expenses for the accounting year. The results realised may deviate from these estimates.

B) FOREIGN CURRENCY TRANSLATION

All foreign currency translations are converted to EUR at the date of the transaction. All monetary items denominated in foreign currency are translated at the exchange rate at the balance sheet date. Non-monetary items in foreign currencies recognised in accordance with the cost method are translated to EUR using the exchange rate applicable on the transaction date. Changes to exchange rates are recognised in the statement of profit and loss as they occur.

C) INVESTMENT IN SUBSIDIARIES AND ASSOCIATED COMPANIES

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

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

D) CLASSIFICATION PRINCIPLES

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

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

E) REVENUE RECOGNITION

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

Revenue is recognised in the income statement as follows:

(I) REVENUE FROM SALES OF SERVICES AND TRAVEL

Sales of services are recognised in the income statement when the service is rendered and/or delivered to the customer. For ship voyages, revenue is recognised over the days the passenger is on board. For voyages currently in route on the reporting date, revenues are accrued based on the number of days the voyage lasts before the end of the accounting period. Revenue recognition is performed based on reports from the booking system, providing detailed information regarding the sailings. Tickets, meals and excursions are primarily pre-sold before the journey commences, but for travellers along the Norwegian coast, it is also possible to purchase tickets in the port before boarding the ship. Pre-paid cruises and deposits are accounted for as prepayments from customers (liabilities) until revenue is recognized in the income statement.

(II) REVENUE FROM SALE OF GOODS AND SERVICES

The Company's sales of goods primarily relate to retail products and excursions onboard the ships. Sales are recognised in income when the customer has received and paid for the goods. Payment for goods and services are usually made in the form of cash or by credit card. The revenue is recognised in the income statement including the credit card fees incurred for the transaction. The fees are recorded as costs to sell.

the periods in which they occur.

(III) GOVERNMENT GRANTS

Hurtigruten AS has in connection with the Government COVID-19 relief package, received grants to compensate for the reduction in revenues during 2020. The grant is recognized when there is reasonable assurance that 1) the entity will comply with the conditions, and 2) that the grant will be received. The grant is recognized as other revenue over the same periods in which the reduction in operating revenue is occurring.

(IV) INCREMENTAL COSTS

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

(V) CANCELLATIONS, GUARANTEES ETC.

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

Cancellation fees incurred when the customer cancels the travel within the defined terms and conditions for the cruise travel package, is recognized as other income in the income statement at the time of cancellation. Any compensation to the customer following the EU directive, will be expensed as incurred as other operating costs.

F) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognised at cost less depreciation and any impairments. Cost includes costs directly associated with the acquisition of the asset.

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

Transportation equipment	3 – 30 years
Other	5 – 10 years

The useful life and residual value of operating assets are assessed on every balance sheet date and amended as necessary. At the end of each accounting period operating assets are assessed for indications of lasting impairment and, in the event of such impairment, the asset's recoverable amount is estimated. When the book value of an operating asset is higher than the estimated recoverable amount, it is written down to the recoverable amount.

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

G) INTANGIBLE ASSETS

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

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

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

Intangible assets are considered to have a limited life span and are amortised over their expected useful life. Assessments are made at the end of each accounting period for indications of impairment of intangible assets. If there are indications of impairment, the intangible asset's recoverable amount is estimated and compared to its carrying amount. In the event that the carrying amount is exceeding the recoverable amount, the carrying value is written down to the recoverable amount. Other development expenditures that do not meet the criteria for recognition in the balance sheet are expensed as they are incurred.

H) ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES

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

I) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank deposits and other short-term liquid investments with original maturities of three months or less. Bank overdrafts are included within borrowings in current liabilities in the balance sheet. Cash and cash equivalents are defined differently in the balance sheet and cash flow presentation. Restricted cash is included in the balance sheet presentation but not in the cash flow presentation. The difference is reconciled below the cash flow statement.

J) INCOME TAX

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

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

Temporary differences are differences between taxable profit and results that occur in one period and reverse in future periods. Deferred tax is calculated applying the nominal tax rate to temporary differences and accumulated tax losses carried forward. Deferred tax assets are recorded in the balance sheet when it is more

likely than not that the tax assets will be utilized. Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.

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

K) LEASES

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

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

L) CASH FLOW STATEMENT

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

NOTE 3 FINANCIAL RISK MANAGEMENT

FINANCIAL RISK FACTORS

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

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

MARKET RISK

A) CURRENCY RISK

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

B) PRICE RISK

The Company is exposed to fluctuations in prices in local currency and in changes in market prices such as cost connected to flights and hotel accommodations. Hurtigruten uses several suppliers and differentiate in the timing of committing to contracts, reduce the future economic uncertainty. In addition, the margins and market prices are carefully monitored to ensure reduction of risk.

C) INTEREST RISK

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

D) CREDIT RISK

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

E) LIQUIDITY RISK

Liquidity risk management includes maintaining a sufficient level of liquid assets geared to operational and investment plans and ensuring the availability of sufficient funding from committed credit facilities. The Company has a group cash-pool that ensures that part of the Company's unrestricted liquidity is available to the parent company, and which also optimises availability and flexibility in liquidity management. The Company's finance function has overall responsibility for managing the Company's liquidity risk. Rolling liquidity forecasts are prepared so as to ensure that the Company has sufficient liquidity reserves to satisfy the Company's obligations.

THE COMPANY'S CAPITAL MANAGEMENT

The Company's objective for asset management are to ensure the ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital, including compliance with covenants in the loan agreements. Due to Covid-19 impact on the cruise industry as a whole and not least the group, the capital management and liquidity management has been in particular focus in 2020. The group has in 2020 initiated several initiatives and during the year secured several loan facilities to make sure that the group is well funded and has enough liquidity to continue as a going concern.

NOTE 4 BUSINESS INFORMATION

This note presents the business information about segments in the Hurtigruten Group. The segments are compiled based on the consolidated financial statements of the Hurtigruten Group which include the financial statements of the parent company Hurtigruten AS and its subsidiaries as of 31 December 2020 with comparative numbers for 2019. Subsidiaries are all companies over which Hurtigruten AS exercises control. Control over an entity arises when the Group is exposed to variability in the return from the entity and has the ability to impact this return by virtue of its influence over the entity. Subsidiaries are consolidated from the time a controlling influence is established and until such time as the controlling influence ceases to exist. We refer to note 8 "Investments in subsidiaries" for a full disclosure of the subsidiaries.

The operating segments are identified based on the same reporting that Hurtigruten Group management and the board apply to their evaluations of performance and profitability at a strategic level. The company's ultimate decision-maker, which are responsible for allocation of resources to and assessment of earnings generated by the operating segments, is defined as the Board and Group management. The classification is broken down into the product areas Hurtigruten Norway (previously Hurtigruten Norwegian Coast), Hurtigruten Expeditions (previously Expedition cruises), and Hurtigruten Destinations (previously Landbased). Activities that do not naturally fall within these three segments are bundled in Other business.

As the segments comprise numbers for the consolidated Hurtigruten AS with subsidiaries, comparative numbers for the parent company Hurtigruten AS are also presented.

<i>(in EUR 1,000)</i>	Hurtigruten Norway		Hurtigruten Expeditions		Hurtigruten Destinations	
	2020	2019	2020	2019	2020	2019
Operating revenues	112,864	371,896	62,378	135,289	13,792	29,287
Contractual revenues	79,162	72,563	-	-	-	-
Total operating revenues	192,026	444,459	62,378	135,289	13,792	29,287
Cost of goods sold	(21,612)	(105,318)	(16,064)	(42,704)	(4,642)	(11,046)
Crew costs, ship	(37,459)	(68,351)	(17,207)	(14,200)	(2,379)	(5,499)
Other operating cruise costs	(68,871)	(95,382)	(29,627)	(30,366)	(988)	(1,546)
Personnel costs, non-ship	(23,563)	(33,496)	(9,575)	(8,866)	(2,237)	(3,071)
Selling, general and admin exp.	(31,528)	(44,250)	(12,921)	(11,779)	(1,734)	(2,057)
Other (losses)/gains – net	(13,697)	(5,496)	(177)	385	52	22
Operating profit/(loss) before depreciation, amortisation and impairment losses (EBITDA)	(4,703)	92,165	(23,192)	27,759	1,864	6,091
Depreciation and amortisations	(43,374)	(39,989)	(27,016)	(12,974)	(3,243)	(3,166)
Operating profit/(loss)	(48,078)	52,176	(50,208)	14,785	(1,380)	2,925

<i>(in EUR 1,000)</i>	Other business and eliminations		Hurtigruten AS including subsidiaries		Hurtigruten AS	
	2020	2019	2020	2019	2020	2019
Operating revenues	(59)	(1,174)	188,974	535,298	95,324	344,596
Contractual revenues	-	-	79,162	72,563	1,024	(134)
Total operating revenues	(59)	(1,174)	268,136	607,861	96,347	344,462
Cost of goods sold	17	877	(42,301)	(158,190)	(96,414)	(304,439)
Crew costs, ship	-	-	(57,045)	(88,050)	(2,374)	(3,370)
Other operating cruise costs	43	238	(99,443)	(127,057)	(314)	(0)
Personnel costs, non-ship	0	(0)	(35,375)	(45,433)	(5,941)	(9,439)
Selling, general and admin exp.	6	60	(46,178)	(58,027)	(5,189)	(13,982)
Other (losses)/gains – net	(0)	(485)	(13,822)	(5,574)	6,018	(1,082)
Operating profit/(loss) before depreciation, amortisation and impairment losses (EBITDA)	6	(485)	(26,027)	125,530	(7,866)	12,150
Depreciation and amortisations	-	-	(73,633)	(56,129)	(1,943)	(1,600)
Operating profit/(loss)	6	(485)	(99,661)	69,401	(9,809)	10,550

HURTIGRUTEN NORWAY

Hurtigruten Norway is the Group's largest segment. Through this segment, the Group offers voyages along the Norwegian coast to an adventure-seeking international customer base. The segment offers a number of shore-based activities for its cruise passengers, including dog sledding, kayaking, inflatable boat adventures, local food tours, Lapland cultural tours, visits to land-based sites, mountain hiking and snowmobile excursions, skiing

and whale safaris. 11 of the Group's ships provide services along the Norwegian coast under this segment (with MS Midnatsol and MS Spitsbergen alternating between the Hurtigruten Norway and Hurtigruten Expeditions segments), making 33 northbound and 32 southbound daily departures from ports located between Bergen in the south and Kirkenes in the north. It also offers freight and local passenger transport services along the coast, for which it receives a fixed fee from the Norwegian government each year under the Coastal Service Contract.

In March 2020, due to the Covid-19 pandemic, most of the voyages along the Norwegian Coast were cancelled due to the travel restrictions imposed in Norway and the rest of the world. From March 2020 the ships have been in warm stack, with only 5 ships in operation during the summer months, being reduced to 2 ships in operation between Bodø and Kirkenes for the remaining part of the year.

HURTIGRUTEN EXPEDITIONS

The Expeditions segment is the Group's second largest and fastest growing segment, through which the Group offers exploration-based adventure cruises to the Arctic (including Svalbard, Greenland, Iceland, Canada and the Northwest Passage) and the Antarctic together with sailings to Europe, UK and Atlantic Islands, North America and South America.

As part of the Group's Expedition cruises segment, customers are offered a wide array of excursions and expeditions designed to provide them with an unforgettable experience. The Group's purpose-built fleet includes five ice-class ships, MS Fram, MS Midnatsol, MS Spitsbergen, MS Roald Amundsen and MS Fridtjof Nansen. MS Midnatsol and MS Spitsbergen alternate between Hurtigruten Norway and Hurtigruten Expeditions segments and the Group leases and operates MS Nordstjernen around Svalbard during the summer months. MS Roald Amundsen and MS Fridtjof Nansen, which are 530 pax. polar cruise ship was set in operation in Q3 2019 and Q1 2020 respectively. These new builds are optimal for expedition cruises, with size and technical specifications permitting the Group to sail global expedition itineraries.

Due to the Covid-19 pandemic with the worldwide travel restrictions, cruises were cancelled from March 2020, the passengers on board at the time were transported to their home countries, and the ships were transferred to warm stack. In the summer months, MS Fridtjof Nansen and MS Roald Amundsen, sailed cruises between UK and Norway, and Tromsø and Svalbard, respectively, but all cruises were cancelled after an incident of Covid-19 outbreak on MS Roald Amundsen in in July 2020. The ships have been in warm stack for the remainder of the year.

HURTIGRUTEN DESTINATIONS

The destinations segment comprises year-round hotel and restaurant activities as well as Arctic experience tourism on Svalbard, a Norwegian archipelago in the Arctic ocean. Through this land-based segment, the Group owns and operates three hotels with a total of 258 rooms and an equipment store and offers activities such as snowmobile trips, boat trips, dog sledding, tundra safaris and others – all with observation of local fauna (including polar bears, walruses, seals and arctic birds). During 2019, the segment was strengthened through the addition of Hurtigruten Barents which owns assets for production of activities and accommodation in Kirkenes. In 2020, due to the Covid-19 travel restrictions, tourism on Svalbard has been severely affected, causing the temporary close-down of several of the hotels, and activities for a large part of the year.

OTHER BUSINESS

The segment consists primarily of items related to other minor business such as rental income from smaller properties and other gains and losses that cannot be allocated to other segments.

ELIMINATIONS

Eliminations is primarily related to sales from Hurtigruten Svalbard AS to Hurtigruten AS (Expeditions segment).

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

<i>(in EUR 1,000)</i>	Ships	Financial lease, ships	Trans- portation equipment	Assets under construction	Other property, plant and equipment	Total
Acquisition cost						
As at 1 January 2019	700,673	68,152	-	-	335	769,160
Transfer to subsidiary 1)	(698,711)	(68,152)	-	-	(338)	(767,201)
Additions	-	-	151	1,870	-	2,020
Transfers and reclassifications	(1,981)	-	1,981	-	-	-
Currency translation differences	20	-	(3)	(3)	3	17
As at 31 December 2019	0	-	2,129	1,867	-	3,996
As at 1 January 2020	0	-	2,129	1,867	-	3,996
Transfer to subsidiary ¹⁾	-	-	-	-	-	-
Additions	-	-	-	(767)	3,704	2,937
Transfers and reclassifications	-	-	4	(58)	54	-
Currency translation differences	-	-	-	(66)	-	(66)
As at 31 December 2020	0	-	2,133	977	3,757	6,867
Accumulated depreciation and impairment						
As at 1 January 2019	(383,868)	(16,038)	-	-	(232)	(400,138)
Transfer to subsidiary ¹⁾	383,509	16,038	-	-	234	399,782
Depreciation	-	-	(236)	-	-	(236)
Transfers and reclassifications	362	-	(362)	-	-	-
Currency translation differences	(4)	-	1	-	(2)	(5)
As at 31 December 2019	(0)	-	(597)	-	-	(597)
As at 1 January 2020	(0)	-	(597)	-	-	(597)
Depreciation	-	-	(246)	-	(331)	(577)
Impairment losses	-	-	(4)	-	-	(4)
As at 31 December 2020	(0)	-	(847)	-	(331)	(1,178)
Book value 31 December 2019	0	-	1,532	1,867	-	3,399
Book value 31 December 2020	0	-	1,286	977	3,427	5,689
Useful economic lifetime	N/A	N/A	3 - 30 years	N/A	5 - 10 years	

¹⁾ On January 1, 2019, Hurtigruten AS transferred all of its cruise-related business to the 100 % owned subsidiary Hurtigruten Cruise AS to facilitate entry into the Norwegian tax tonnage regime. The business which is non-cruise-related remains in Hurtigruten AS, which will continue to act as a package travel provider to its customers and from 2019 purchase all cruise-related operations from the subsidiary Hurtigruten Cruise AS.

NOTE 6 INTANGIBLE ASSETS

<i>(in EUR 1,000)</i>	Other intangible assets
Acquisition cost	
As at 1 January 2019	12,425
Transfer to subsidiary ¹⁾	(1,621)
Currency translation differences	93
As at 31 December 2019	10,896
As at 1 January 2020	10,897
Reclassification	(8)
As at 31 December 2020	10,888
Accumulated depreciation and impairment	
As at 1 January 2019	(7,431)
Transfer to subsidiary ¹⁾	1,309
Amortisation	(1,350)
Currency translation differences	(64)
As at 31 December 2019	(7,537)
As at 1 January 2020	(7,537)
Reclassification	8
Amortisation	(1,362)
As at 31 December 2020	(8,891)
Book value 31 December 2019	3,360
Book value 31 December 2020	1,998

Useful economic lifetime 3 - 10 years

¹⁾ On January 1, 2019, Hurtigruten AS transferred all of its cruise-related business to the 100 % owned subsidiary Hurtigruten Cruise AS to facilitate entry into the Norwegian tax tonnage regime. The business which is non-cruise-related remains in Hurtigruten AS, which will continue to act as a package travel provider to its customers and from 2019 purchase all cruise-related operations from the subsidiary Hurtigruten Cruise AS.

NOTE 7 INCOME TAX

INCOME TAX EXPENSE

<i>(in EUR 1,000)</i>	2020	2019
Income tax payable, current year	(2,213)	-
Change in deferred tax, current year	4,542	73,643
Total income tax expense/ (income)	2,329	73,643

RECONCILIATION OF THE INCOME TAX EXPENSE FOR THE YEAR

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

<i>(in EUR 1,000)</i>	2020	2019
Profit/(loss) before tax from operations	3,435	3,159
Expected income taxes at statutory tax rate in Norway (22%)	756	583
Effect from transfer to subsidiary ¹⁾	-	69,092
Non-taxable income (-)	(4,983)	-
Gifts, representation and other non-deductible expenses (+) ²⁾	847	3,913
Effect from change in tax rate or provisions from previous years	(3,251)	-
Effect from change in valuation allowance, tax losses	12,318	-
Other permanent differences (+/-)	(3,357)	54
Income tax expense /(income)	2,329	73,643

Weighted average tax rate	67.8 %	2778.0 %
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¹⁾ The high effective tax rate for the company in 2019 is related to the transfer of all cruise related business to the 100 % owned subsidiary Hurtigruten Cruise AS to facilitate entry into the Norwegian tax tonnage regime. The business which is non-cruise-related remains in Hurtigruten AS, which will continue to act as a package travel provider to its customers and from 2019 purchase all cruise-related operations from the subsidiary Hurtigruten Cruise AS. The transaction was carried through at fair value for the tax positions.

The item '*Gifts, representation and other non-deductible expenses*' in 2019 includes a write-down of a long-term loan to the related party KVE Holding in 2019 at MEUR 16.8, treated as a non-deductible expense for tax purposes.

Non-taxable income in 2020 consists of dividend received from subsidiaries.

Other permanent differences in 2020 is related to currency translation effects from EUR functional currency in financial statements to NOK tax returns. The tax papers are filed in NOK, which gives other revaluation effects in the P&L than in the EUR denominated profit and loss. This in return creates a material difference in profit/(loss) before taxes in EUR vs NOK.

INCOME TAX EXPENSE FOR ITEMS RECOGNISED IN EQUITY

<i>(in EUR 1,000)</i>	2020			2019		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Cash flow hedging	-	-	-	16,316	(3,629)	12,687
Total revaluation reserves	-	-	-	16,316	(3,629)	12,687

DEFERRED INCOME TAX ASSETS (+) AND LIABILITIES (-)

Deferred income tax assets and liabilities are recognised on a net basis if the differences that are reversible can be offset.

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

2020

<i>(in EUR 1,000)</i>	Opening balance	Tax expense	Foreign currency translation effects	Closing balance
Non-current items				
Intangible assets and fixed assets	(416)	62	-	(353)
Account for gains and losses (NO Tax Act only)	(90,722)	19,874	-	(70,849)
Leasing	-	(1)	-	(1)
Non-current receivables/loans		-		-
Totals	(91,138)	19,936	-	(71,202)
Current items				
Inventory	-	187	-	187
Receivables	55	18	-	73
Derivatives and financial instruments	-	-	-	-
Current provisions	932	(775)	-	158
Totals	988	(569)	-	418
Tax loss carry forwards	35,439	(10,651)	2,146	26,934
Interest carry forwards	13,259	(941)	-	12,318
Valuation allowance	-	(12,318)	-	(12,318)
Total def. tax asset / (liability)	(41,453)	(4,543)	2,146	(43,850)

2019

<i>(in EUR 1,000)</i>	Opening balance	Tax expense	Recognised in equity	Foreign currency translation effects	Closing balance
Non-current items					
Intangible assets and fixed assets	(43,645)	42,796	-	433	(416)
Account for gains and losses (NO Tax Act only)	(1,039)	(88,014)	-	(1,669)	(90,722)
Leasing	1,203	(1,191)	-	(12)	-
Other non-current items	-	-	-	-	-
Totals	(43,482)	(46,409)	-	(1,248)	(91,138)
Current items					
Inventory	22	(22)	-	(0)	-
Receivables	71	(16)	-	0	55
Derivatives and financial instruments	3,598	-	(3,629)	31	-
Current provisions	693	229	-	10	932
Totals	4,384	191	(3,629)	41	988
Tax loss carry forwards	62,889	(27,471)	-	21	35,439
Interest carry forwards	13,100	45	-	113	13,259
Valuation allowance	-	-	-	-	-
Total def. tax asset / (liability)	36,891	(73,643)	(3,629)	(1,073)	(41,453)

RECONCILIATION OF CHANGE IN PAYABLE INCOME TAX PROVISIONS

<i>(in EUR 1 000)</i>	2020	2019
Current income tax payables, opening balance	-	173
New provision, income tax payable (+)	(2,213)	
Taxes paid (-)	2,127	(173)
Current income tax payables, closing balance	(86)	-

NOTE 8 INVESTMENTS IN SUBSIDIARIES

<i>(In EUR 1,000)</i>	Registered office	Ownership / voting share	Equity	Net profit / loss 2020	Book value
Hurtigruten Pluss AS	Tromsø, Norway	100 %	(27)	(3,006)	5,644
Hurtigruten Sjø AS	Tromsø, Norway	100 %	(1,480)	(262)	10,411
HRG Eiendom AS	Tromsø, Norway	100 %	3,103	9	39
Hurtigruten Cruise AS	Tromsø, Norway	100 %	300,525	(119,704)	400,231
Explorer II AS	Tromsø, Norway	100 %	116,609	11,734	105,005
Hurtigruten GmbH	Hamburg, Germany	100 %	(2,803)	(3,093)	4,951
Norwegian Coastal Voyage Limited	London, UK	100 %	6,211	(3,307)	1,208
Hurtigruten Inc.	Seattle, USA	100 %	(9,826)	(1,458)	0
Hurtigruten SAS	Paris, France	100 %	2,903	355	32
Hurtigruten Estonia OÜ	Tallinn, Estonia	100 %	2,378	102	2
Hurtigruten Svalbard AS	Longyearbyen, Norway	100 %	35,197	(1,501)	28,764
Hurtigruten Australia Pty Ltd	Melbourne, Australia	100 %	79	37	-
Total					556,288

The ongoing Covid-19 pandemic has affected all the companies in the Hurtigruten Group. From the latter part of March and through second and fourth quarter this year, we have seen impact from the global spread of Covid-19 on our performance, as mobility restrictions and lockdown measures were implemented throughout the world. Thus, the Covid-19 pandemic has created challenging business environment for the Group, and an unprecedented uncertainty of potential negative impact on the financial performance.

For the Company, these events are impairment triggers, and as such, as of year-end 2020, management has assessed the carrying values of the entire Groups assets for impairment. The value in use has been estimated for the assets on a cash generating unit level and has been calculated based on the present value of estimated future cash flows. The projected cash flows represent managements best estimate for future ramp-up in operations after the COVID-19 effects on the travel industry.

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

As of 31 December 2020, the estimated value in use for the assets in the Company is equal to or higher than the carrying value of the assets, and no impairment of investments in subsidiaries has been recognized in the financial statements of Hurtigruten AS as per 31 December 2020.

NOTE 9 RECEIVABLES AND LIABILITIES

RECEIVABLES

<i>(in EUR 1,000)</i>	2020	2019
Trade receivables	382	718
Less provision for impairment of trade receivables	(308)	(251)
Trade receivables – net	74	467
Intercompany receivables, current (see note 19)	23,610	57,393
Prepaid expenses	369	4,601
Other miscellaneous receivables	(411)	2,471
Other receivables	23,569	64,466
Total current trade and other receivables	23,643	64,933
Intercompany receivables, non-current (see note 19)	49,960	159,495
Other non-current receivables	-	10
Total other receivables, non-current	49,960	159,505

LIABILITIES

<i>(in EUR 1,000)</i>	2020	2019
Trade payables	181	1,164
Public duties	241	1,367
Accrued expenses	870	5,243
Intercompany liabilities, current (see note 19)	40,741	111,166
Trade and other liabilities	42,032	118,940
Provision for other liabilities and charges	12,391	4,773
Total Provisions, trade and other liabilities	54,423	123,713

NOTE 10 INVENTORIES

INVENTORIES CONSIST OF THE FOLLOWING TYPES OF GOODS

<i>(In EUR 1,000)</i>	2020	2019
Goods purchased for resale	3,950	4,871
Total inventories	3,950	4,871

The inventory is measured at cost in accordance with the FIFO principle. If the fair value is deemed to be lower than the cost price, the value of the inventory is written to fair value.

NOTE 11 CASH AND CASH EQUIVALENTS

<i>(in EUR 1,000)</i>	2020	2019
Bank accounts	3,962	3,799
Cash on hand	363	699
Total cash and cash equivalents	4,325	4,499
Draw downs group cash pool	(11,716)	(147,649)
Total cash and cash equivalents after drawdowns on group cashpool	(7,391)	(143,150)

CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT

Cash at bank and on hand	4,325	4,499
Restricted bank deposits	(3,694)	(3,799)
Cash and cash equivalents in the cash flow statement	631	699

Restricted bank deposits mainly comprise of a licence guarantee to the Ministry of Transport and Communications and other smaller guarantees withholding funds.

Hurtigruten AS is the Group account holder in the Group's group account scheme. Other Group companies are subaccount owners or participants. Cash at bank includes deposits both within and outside the group account scheme. Restricted funds are not included in the group account scheme.

NOTE 12 EQUITY

SHARES AND SHAREHOLDERS AS PER 31 DECEMBER 2020

<i>(in EUR 1,000 unless otherwise indicated)</i>	Number of ordinary shares	Nominal value (NOK)	Nominal value of ordinary shares	Share premium and other paid-in capital	Total
As of 1 January 2020	423,259,163	1.01	43,339	410,431	453,771
Conversion of debt, 7. dec. 2020	-	0.01	401	205,240	205,640
As of 31 December 2020	423,259,163	1.02	43,740	615,671	659,411

All ordinary shares have equal rights.

Shareholder as of 31 December 2020	Number of shares	Shareholding (%)
Hurtigruten Group AS	423,259,163	100

In the Extraordinary general assembly held on November 30th 2020, the nominal value of the shares were increased by NOK 0,01, increasing share capital to NOK 431,724,346,02 by contribution in kind. At the same time, the assembly approved a reduction in share capital to NOK 1,020,000 by redemption of a total of 422.259.163 shares in the company. The redeemed amount of NOK 430,704,346.26 will be transferred to other equity. The reduction in share capital was registered in the Norwegian Business Register on 29 January 2021.

RECONCILIATION OF EQUITY

<i>(in EUR 1,000)</i>	Share capital	Share premium	Reserve for valuation variations	Retained earnings	Total Equity
Balance at 1 January 2019	42,971	406,945	(12,580)	(52,536)	384,801
Profit/(loss) for the year	-	-	-	(70,484)	(70,484)
Other items recognized in equity					
Cash flow hedges, net of tax	-	-	12,705	-	12,705
Total	-	-	12,705	(70,484)	(57,779)
Translation effect ¹⁾	368	3,486	(125)	(2,296)	1,433
Balance at 31 December 2019	43,339	410,431	0	(125,317)	328,454
Balance at 1 January 2020	43,339	410,431	0	(125,317)	328,454
Profit/(loss) for the year	-	-	-	1,106	1,106
Transactions with owners					
Conversion of debt to equity	401	205,240	-	-	205,640
Total transactions with owners	401	205,240	-	-	205,640
Balance at 31 December 2020	43,740	615,671	0	(124,211)	535,200

¹⁾ As described in note 1, the functional currency has been changed to EUR from January 1, 2020. The presentation currency has also been changed, with retrospective effect on 2019. Equity per January 1, 2019 has been translated to EUR using the EUR/NOK closing rate applicable for the same date. As a result, a translation effect occurs for each component of equity. The translation effect related to the paid-in equity is shown as a separate item in the table above for 2019.

NOTE 13 INTEREST BEARING DEBT

<i>(in EUR 1,000)</i>	Note	2020	2019
Non-current interest bearing debt			
Non-current interest bearing debt - intragroup	19	-	43,584
Total non-current interest bearing debt		-	43,584
Non-current interest bearing debt			
Negative cash inside cash-pool	11	11,716	147,649
Total current interest bearing debt		11,716	147,649
Total current interest bearing debt		11,716	191,233

BOOK VALUE OF COLLATERISED ASSETS

<i>(in NOK 1,000)</i>	2020	2019
Book value of collateralized assets	513,022	663,406

The Term loan B/Term Loan C and RCF of EUR 845 million in the parent company Hurtigruten Group AS, is secured with pledge of the assets in Hurtigruten AS, including intercompany receivables, cash and cash equivalents and shares in its subsidiaries Hurtigruten Pluss AS, Hurtigruten Sjø AS, Hurtigruten Svalbard AS and Hurtigruten Cruise AS.

NOTE 14 GUARANTEES

In addition to pledging all the assets mentioned in note 13, Hurtigruten AS has guaranteed for the repayment of Term loan B, Term Loan C and RCF of EUR 845 million drawn in the parent company Hurtigruten Group AS.

Hurtigruten AS guarantor for the Bond loan of EUR 300 million in the subsidiary Explorer II AS.

In its ongoing business activities, the parent company Hurtigruten AS assumes a conditional liability through guarantees issued directly to or on behalf of its subsidiaries/associates, such as travel bonds required in the relevant national jurisdiction the Group is operating in. The overall purpose of these guarantees is to protect the consumers in the case of bankruptcy. No amounts have been recognised in the balance sheet as of 31 December 2020, as the contingent liabilities do not qualify for recognition.

NOTE 15 REVENUES

REVENUE BY CATEGORY

<i>(in EUR 1,000)</i>	2020	2019
Ticket revenue	49,595	196,309
Revenue from flights, hotel & transportation	6,529	16,500
Presold food, beverages and excursions	21,894	95,316
Onboard sales of food, beverages, shop and excursions	5,589	25,457
Other passenger revenue	2,169	4,012
Contractual revenues	1,024	(134)
Other operating revenue	3,697	7,002
Total operating revenues	90,497	344,462
<i>Of which is intragroup (see note 19):</i>	<i>59,895</i>	<i>247,115</i>
Government grant compensation scheme (Covid-19)	5,851	-
Total other revenues	5,851	-

REVENUE BY COUNTRY OF SALES

<i>(in EUR 1,000)</i>	2020	2019
Norway	31,870	102,519
Germany	21,992	100,948
England	31,042	96,144
The United States of America	3,220	24,984
France	2,368	19,854
Estonia	5	14
	90,497	344,462

Contractual revenues relating to the Bergen-Kirkenes coastal service, based on the existing agreement with the Norwegian government through the Ministry of Transport and Communications, was transferred to Hurtigruten Cruise AS as of 1 January 2019. Contractual revenues in Hurtigruten AS after January 1st 2019 relates to rental income.

Other income is related to the Government Covid-19 relief grant received for the period March through December 2020. The grant is given to businesses with substantial reductions in revenues due to the Covid-19 imposed restrictions on businesses.

NOTE 16 REMUNERATION

Hurtigruten AS had no employees in 2019. The company hires administrative staff from the subsidiary Hurtigruten Pluss AS and ship's crew from its subsidiary Hurtigruten Sjø AS. Accordingly, the company's executives receive their salaries and other remuneration from Hurtigruten Pluss AS.

<i>(In EUR 1,000)</i>	2020	2019
Wages and salaries	(18)	104
Payroll tax	(1,604)	559
Other benefits	(1,874)	584
Total payroll costs	(3,496)	1,247

Negative payroll costs in 2020 relates to adjustments in management incentive scheme.

Set out below is summarised information regarding fees paid to company's board members and auditors.

TOTAL COMPENSATION YEAR 2020

BOARD OF DIRECTORS

The members of the board of directors are executive managers in the Hurtigruten Group and does not receive any compensation for their role other than ordinary compensation for their position and responsibility.

EXECUTIVE MANAGEMENT

<i>(in EUR 1000)</i>	Position	Salary	Pension cost	Other ²⁾	Fees	Total remuneration
Daniel Skjeldam	Chief Executive Officer	541	71	10	-	621
Torleif Ernstsén	Chief Financial Officer	271	26	-	-	296
Asta Lassésen	Chief Commercial Officer	180	25	94	-	299
Bent Martini	Chief Operating Officer (until 9th of October 2020)	358	22	7	-	387
Stine Steffensen Børke	Chief Marketing Officer	180	12	8	-	200
Ole-Marius Moe-Helgesen	CDO, Digital, People and Organizational Development	203	15	-	-	218
Total		1,733	171	118	-	2,022

1) Including bonus, car allowance and severance benefits for outgoing managers.

The company's CEO receives an annual fixed salary of NOK 6 million, however for May and June 2020 the executive management decided on a one month cut of 20% during 2020 due to Covid-19 for the executive management group. Other benefits include bonus, fixed car remuneration and ordinary phone expenses, Internet, newspaper and home computer allowance. The CEO has a time-limited agreement on a performance-related bonus linked to the operating result before depreciation, amortisation and impairments, in which performance is indexed against the adjusted budgeted operating result before depreciation, amortisation and impairments. This bonus agreement gives the right to a payment of maximum NOK 4 million. The CEO also has an agreement whereby the Board decides the bonus, factoring all the various activities and circumstances during the year. This bonus agreement gives the right to a maximum bonus payment of up to NOK 1/3 of annual fixed salary.

The CEO is included in the company's ordinary defined contribution pension scheme for salaries up to 12G and the defined contribution scheme that provides a pension basis for salaries over 12G. The CEO's conditions of employment do not include any personal pension obligations.

The company's management are members of the company's defined contribution plan. In addition, a supplementary defined contribution pension plan has been established, which provides a pension for any salary in excess of 12 times the National Insurance basic amount (G). The scheme applies to the entire company and covers all employees with salaries over 12G, including members of the executive management and the CEO. The pension costs for the executive management have been included under pension costs above.

A performance-based bonus scheme was introduced for the company's management from 2013. The bonus payments are established applying pre-determined targets/parameters, some of which relate to the Group's overall performance and others to results within managers' individual spheres of responsibility. The maximum bonus for an individual manager is NOK 2 million. The bonus scheme covers certain members of Group management. The CEO has a separate performance-related bonus scheme as described above.

Due to the COVID-19 pandemic and the needed temporary lay-offs, the company decided to cancel any bonuses achieved in 2019 that would have been paid in 2020.

TOTAL COMPENSATION YEAR 2019

BOARD OF DIRECTORS

The members of the board of directors are executive managers in the Hurtigruten Group and does not receive any compensation for their role other than ordinary compensation for their position and responsibility.

EXECUTIVE MANAGEMENT

<i>(in EUR 1,000)</i>	Position	Salary	Pension cost	Other ³	Fees	Total remuneration
	Daniel Skjeldam	609	91	772	-	1,471
	Torleif Ernstsén	298	34	188	-	520
	Asta Lassén	203	34	261	-	498
	Thomas Westergaard					
	SVP Product Innovation and Hotel Operations (Until December 10th 2019)	190	14	87	-	292
	Bent Martini					
	Chief Operating Officer (From April 1st 2019)	228	22	77	-	328
	Anne-Marit Bjørnflaten	160	9	50	-	219
	Stine Steffensen Børke					
	Chief Marketing Officer (From March 1st)	169	15	7	-	191
	Marit Finnanger					
	SVP People and Organizational Development (Until December 12th 2019)	149	14	9	-	172
	Ole-Marius Moe-Helgesen	205	16	30	-	251
	Tor Geir Engebretsen ⁴					
	Chief Operating Officer/SVP Maritime Operations (Until April 1st 2019)	-	-	-	139	139
Total		2,211	249	1,482	139	4,082

1) Including bonus, car allowance and severance benefits for outgoing managers.

2) Tor Geir Engebretsen is external consultant, and fees stated is excluding VAT

AUDITOR REMUNERATION

<i>(in EUR 1,000)</i>	2020	2019
Statutory audit	123	163
Other assurance services	51	34
Tax consultant services	185	600
Total	359	798

VAT is not included in the fees specified above.

NOTE 17 LEASES

OPERATIONAL LEASES

<i>(in EUR 1,000)</i>	2020	2019
Nominal value of future minimum lease payments is as follows:		
Within one year	39	33
Later than one year but not later than five years	21	33
Later than five years	-	-
Minimum lease payments	59	67

Operational leases consist of leases for cars, trucks, office premises and office machinery.

NOTE 18 FINANCIAL INCOME AND EXPENSES

<i>(in EUR 1,000)</i>	2020	2019
Interest income	831	4,682
Foreign exchange gains	-	7,896
Dividends	70	2,784
Group Contribution	24,296	5,586
Finance income	25,198	20,948
Interest expenses		
– External Borrowings	1,031	-
– Interest expenses group account	(7,988)	(99)
– Interest expenses to group companies (see note 19)		(706)
– Other interest expenses		68
Borrowing fees paid to group companies (see note 19)	-	-
Foreign exchange losses	(4,802)	(10,666)
Loss on lending	0	(16,634)
Other finance expenses	(196)	(303)
Total financial expenses	(11,954)	(28,340)
Finance expenses – net	13,244	(7,392)

Foreign exchange gains and losses are related to the Company's EUR denominated borrowings and intercompany items. The loss on lending is against KVE Holding AS, an affiliated company as a subsidiary within Silk Topco Group.

NOTE 19 TRANSACTIONS WITH RELATED PARTIES AND INTRAGROUP BALANCES

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

The Group conducted the following transactions with related parties:

TRANSACTIONS WITH GROUP COMPANIES

<i>(in EUR 1,000)</i>	2020	2019
Sale of goods and services to Group companies		
Hurtigruten GmbH	21,992	100,948
Hurtigruten Ltd.	31,042	96,144
Hurtigruten Inc.	3,220	24,984
Hurtigruten SAS	2,368	19,854
Hurtigruten Cruise AS	1,034	5,077
Hurtigruten Pluss AS	103	49
Hurtigruten Sjø AS	128	39
Hurtigruten Estonia OÜ	5	14
Hurtigruten Svalbard AS	4	7
Purchase of goods and services from Group companies		
Purchase of services from Hurtigruten Sjø AS	2,329	3,712
Purchase of administrative services from Hurtigruten Pluss AS	9,437	8,192
Hurtigruten Cruise	86,203	264,106
Hurtigruten Estonia OÜ	29	65
Hurtigruten GmbH	-	0
Hurtigruten Svalbard AS	69	1,221
Hurtigruten Ltd.	-	4
Hurtigruten Inc.	-	3
Interest income from Group companies		
Explorer II AS	1,010	3,028
KVE Holding AS	1,195	276
Kirberg Shipping KS	-	629
Coastal 1 AS	10	571
Coastal 2 AS	2	2
Silk TopCo AS	290	102
Silk Midco AS	1	1
Explorer 1 AS	-	2
Kirberg Shipping AS	10	44
Hurtigruten GmbH	9	-
Hurtigruten Group AS	14	-
Hurtigruten Explorer AS	2	-
Hurtigruten Onshore Operations AS	318	-
Interest and fees paid to Group companies		
Hurtigruten Group AS	7,988	818

INTRAGROUP BALANCES

<i>(in EUR 1,000)</i>	2020	2019
Non-current receivables due from Group companies		
KVE Holding AS	2,729	-
Hurtigruten Explorer 2	18,094	132,904
Hurtigruten Onshore operations AS	3,458	1,115
Silk Topco AS	13,589	1,877
Silk Midco AS	22	18
Hurtigruten GmbH	7,700	
Hurtigruten Group AS	4,270	
Kirberg Shipping KS	-	12,936
Kirberg Shipping AS	68	723
Coastal 1 AS	-	9,841
Coastal 2 AS	-	49
Hurtigruten Explorer AS	31	31
Total non-current receivables from Group companies	49,960	159,495
<i>(in EUR 1,000)</i>	2020	2019
Trade and other current receivables from Group companies		
Hurtigruten Cruise AS	17,142	7,941
Hurtigruten Ltd.	(1,642)	20,015
Hurtigruten Inc.	(1,107)	6,673
Hurtigruten GmbH	1,416	11,195
Coastal 1 AS	-	26
Hurtigruten SAS	(798)	2,499
Kirberg Shipping AS	-	658
Hurtigruten Svalbard AS	14	19
Hurtigruten Group AS	11	-
Hurtigruten Pluss AS	3,145	5,693
Hurtigruten Sjø AS	4,143	1,083
Hurtigruten Coastal Fleet AS	11	8
Hurtigruten Ship Holding AS	-	8
Hurtigruten Onshore Operations AS	-	1,006
Gapahuken Drift AS	-	103
Hurtigruten Eiendom AS	22	115
Explorer 1 AS	389	288
Richard With AS	306	-
Nordlys AS	302	-
Other group companies combined	256	64
Total trade and other current receivables from Group companies	23,610	57,393
<i>(in EUR 1,000)</i>	2020	2019
Other non-current liabilities to Group companies		
Hurtigruten Group AS	-	43,584
Total non-current liabilities to Group companies	-	43,584

<i>(in EUR 1,000)</i>	2020	2019
Trade payables and other current payables to Group companies		
Hurtigruten Pluss AS	5,488	4,696
Hurtigruten Cruise AS	16,286	93,018
Hurtigruten Sjø AS	8,046	2,643
Hurtigruten Svalbard AS	195	-
Hurtigruten GmbH	2,166	4,725
Hurtigruten SAS	(22)	314
Hurtigruten Estonia OÜ	21	16
Hurtigruten Inc.	281	2,057
Hurtigruten Ltd.	2,747	2,726
Hurtigruten Group AS	313	268
Explorer 2 AS	4,268	507
Silk Topco AS	54	7
Gapahuken Drift AS	-	50
Coastal Holding AS	0	1
Kirberg Shipping KS	485	-
Hurtigruten Australia Pty	190	-
Other group companies combined	222	136
Total trade payables and other current payables to Group companies	40,741	111,166

NOTE 20 OTHER OPERATING COSTS

<i>(in EUR 1,000)</i>	2020	2019
Crew on ships, external	44	73
Crew on ships, intra-group (see note 19)	2,329	3,297
Other operating cruise costs, external	214	0
Other operating cruise costs, intra-group (see note 19)	100	0
Sales and administrative costs, external	2,426	1,999
Sales and administrative costs, intra-group (see note 19)	12,200	20,175
Total other operating costs	17,314	25,544

NOTE 21 OTHER LOSSES / GAINS - NET

<i>(In EUR 1,000)</i>	2020	2019
Net gain (loss) on the sale of property, plant and equipment	4	-
Net unrealised foreign currency gains (loss) on balance sheet items	6,014	(1,082)
Total other (losses)/gains	6,018	(1,082)

NOTE 22 SHARE-BASED PAYMENT

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

The incentive scheme has two market-based vesting conditions:

- (i) The internal rate of return at the time of the sale, calculated from the time of the share-purchase, must be more than 8%
- (ii) The exit value must be at least 150% of the aggregated invested amount

The number of bonus shares depends on the aggregated exit value and can give a range of bonus shares from 0.38 per share up to 12 times per share. Management's investment at 31 December 2020 was NOK 41.0 million (NOK 42.5 million at 31 December 2019).

When estimating the fair value of the incentive scheme at grant date, the main factors influencing the fair value that had to be estimated by management were as follows:

- (i) The probability of different exit values that then give different levels of bonus shares,
- (ii) The expected time to exit
- (iii) Discount rate.

The agreement was signed on 23. June 2015.

Expected life of the agreement:	5 years
Fair value at initial recognition:	NOK 17.3 million
Expected time to exit:	5 years*
Annual amortisation:	NOK 4.5 million
Accrued amount as of 31.12.2020:	NOK 4.5 million
Accrued amount as of 31.12.2019:	NOK 23.6 million

As of 31. December 2020, the provision for employer's contribution related to the management incentive programme was NOK 2.5 million (NOK 14.1 million at 31 December 2019).

* As of 31. December 2020 expected time to exit has been increased to 9 years, to 2024, representing managements best estimate given the current situation with the pandemic affecting the industry.

NOTE 23 CONTINGENCIES

As of 31 December 2020, the Company had contingent liabilities relating to bank guarantees and other guarantees, in addition to other matters in the course of ordinary operations. No significant liabilities are expected to arise with respect to contingencies except for the provisions that have already been provided for in the financial statements.

NOTE 24 EVENTS AFTER THE BALANCE SHEET DATE

There are no material events after balance sheet date that would materially affect the financial statements of the company.



To the General Meeting of Hurtigruten AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hurtigruten AS, which comprise the statement of financial position as at 31 December 2020, the statement of profit and loss and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and 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

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including 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>

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.



Oslo, 21 April 2021
PricewaterhouseCoopers AS

Stig Arild Lund
State Authorised Public Accountant

(This document is signed electronically)