

ANNUAL REPORT 2020



Hurtigruten Cruise AS
c/o Hurtigruten AS, Storgata 70,
P.O. Box 6144 Langnes, 9291 Tromsø, Norway
Booking: +47 810 30 000, Switchboard: +47 970 57 030
Business register number: NO 918 704 981 VAT

DIRECTORS' REPORT 2020

Hurtigruten Cruise AS

Hurtigruten Group – The leading global expedition cruise operator

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 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 rates 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.

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 approximately 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 operating revenue of EUR 191.6 million from EUR 177.7 million in 2020 compared to EUR 369.3 million in 2019 for Hurtigruten Cruise 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 Cruise 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.

The global cruise and travel industry have substantial exposure to fluctuations in the world economy, which also applies to Hurtigruten Group.

From March 2020 the pandemic restricted travel significantly across the globe with the Hurtigruten Group reducing operations by withdrawing 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 Cruise 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, and Hurtigruten Cruise AS entered 2020 with good prospects. 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.

Hurtigruten Cruise had its first year of activity in 2019, as the company started its operational cruise activity through a capital injection in kind from the parent company Hurtigruten AS. Total operating revenues for Hurtigruten Cruise AS was EUR 177.6 million in 2020 compared to EUR 369.3 in 2019. Net operating loss in 2020 was EUR 115.8 million compared to an operating profit of EUR 35.5 million in 2019. Net loss for the year ended at EUR 113.9 compared to a net profit in 2019 of EUR 33.8 million.

Net Cash flow

Net cash flow inflow from operating activities amounted to EUR 59.7million in 2020, compared to EUR 112.7 in 2019. The change is mainly explained by cash inflow from group receivables.

Net cash outflow used in investing activities was EUR 67.2 million in 2020 (2019: 69.0), where the cash outflow in both years are mainly due to upgrades, periodic maintenance and new investments on the current fleet.

Net cash outflow from financing activities amounted to EUR 11.2 million in 2020 (2019: EUR 20.9), where the outflow in both years is due to repayments of loans from other group companies.

Balance sheet and liquidity

Total non-current assets as of 31 December 2020, were EUR 430.3 million, consisting primarily of the company's investments in ships (2019: EUR 391.3 million). Total current assets as of 31 December 2020 were EUR 91.0 million (2019: EUR 167.4 million). Cash and cash equivalents amounted to EUR 35.4 million compared to EUR 54.1 million in 2019. Hurtigruten Cruise AS had at the end of December 2020 total non-current liabilities at EUR 42.1

million (2019: EUR 46.0 million), mainly consisting of lease financing. Current liabilities amounted to EUR 178.2 million as of 31 December 2020 (2019: EUR 100.3 million). Current liabilities include current income tax and derivatives for cash-flow hedges in addition to trade and other liabilities.

The company total equity in 2020 amounted to EUR 301.0 million compared to EUR 412.4 million in 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 loss for the company for 2020 of EUR 113,9 million is proposed to be transferred to other equity (uncovered losses).

Share capital and shareholders

As of 31 December 2020, Hurtigruten Cruise AS had one shareholder and a total paid in equity of EUR 400.2 million spread over 30 shares with a nominal value of NOK 10,000 each and a share premium of EUR 400.2 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 Group 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 Group's operations.

Being a world leader in exploration travel comes with a responsibility. Sustainability lies at the core of every part of the Hurtigruten Group 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 unites 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 Cruise AS hires both administrative staff and ship's crew from other subsidiaries within Hurtigruten Group, 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, Hurtigruten Group 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.

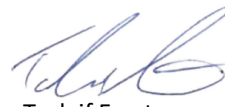
Hurtigruten Norway is currently running 5 ships in the segment and Hurtigruten Expedition has all 7 ships in warm lay-up. Hurtigruten Norway expects to resume close to normal operations in third quarter this year with the current expected roll out of the vaccines and the expected lifting of travel restrictions.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



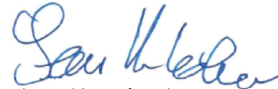
Asta Lassesen
Chairman /CEO



Torleif Ernstsen
Deputy Chairman



Tove Hansen
Director



Jørn Henning Lorentzen
Director

Hurtigruten Cruise AS

ANNUAL
FINANCIAL
STATEMENTS

2020

STATEMENT OF PROFIT AND LOSS

<i>(in EUR 1,000)</i>	<i>Note</i>	2020	2019
Operating revenues	2	177,653	369,264
Other revenues	2	22,180	-
Cost of goods sold		(9,357)	(24,007)
Depreciation, amortisation and impairment losses	8	(36,147)	(33,036)
Other operating costs	3,4	(250,685)	(272,313)
Other (losses) / gains – net	5	(19,486)	(4,412)
Operating profit/(loss)		(115,842)	35,496
Finance income	6	6,682	6,229
Finance expenses	6	(4,025)	(7,756)
Finance expenses - net		2,658	(1,527)
Profit/(loss) before income tax		(113,184)	33,969
Income tax expense	7	(673)	(126)
Profit/(loss) for the year		(113,858)	33,843
Dividend		-	(18,871)
Retained earnings/(uncovered losses)		113,858	(14,972)

STATEMENT OF FINANCIAL POSITION

<i>(in EUR 1,000)</i>	<i>Note</i>	2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	8	422,000	391,095
Intangible assets	8	307	209
Other non-current receivables	9	8,027	15
Total non-current assets		430,335	391,319
Current assets			
Inventories	10	6,656	8,501
Trade and other receivables	9	48,977	104,451
Derivative financial instruments	13	-	414
Cash and cash equivalents	11	35,389	54,050
Total current assets		91,023	167,416
Total assets		521,358	558,735

<i>(in EUR 1,000)</i>	<i>Note</i>	2020	2019
EQUITY			
Share capital		30	30
Share premium		400,199	400,199
Reserve for valuation variations		-	(2,483)
Retained earnings		(99,201)	14,657
Total equity	12	301,029	412,403
LIABILITIES			
Non-current liabilities			
Leasing liabilities	15	42,097	45,276
Derivative financial instruments	13	-	768
Total non-current liabilities		42,097	46,043
Current liabilities			
Trade and other liabilities	9	172,962	98,010
Current income tax liabilities	7	706	149
Derivative financial instruments	13	4,564	2,129
Total current liabilities		178,232	100,288
Total equity and liabilities		521,358	558,735

Oslo, 21 April 2021



Asta Lassen
Chairman /CEO



Torleif Ernstsen
Deputy Chairman



Tove Hansen
Director



Jørn Henning Lorentzen
Director

CASH FLOW STATEMENT

<i>(in EUR 1,000)</i>	<i>Note</i>	2020	2019
Cash flows from operating activities			
Profit/(loss) before income tax		(113,185)	33,969
Depreciation, amortisation and impairment losses		36,147	33,036
Currency gains/losses		1,856	(5,290)
Gains/losses on derivatives	13	15,850	(5,416)
Settlement of financial instruments	5	(10,850)	5,416
Interest expense	6	3,631	3,182
Change in inventories	10	1,845	1,427
Change in trade receivables	9	4,700	5,430
Change in trade payables	9	(30,518)	(8,258)
Change in net receivables/payables to Group companies	14	150,325	50,818
Other changes			(1,611)
Taxes paid	7	(122)	-
Net cash flows from (used in) operating activities		59,681	112,702
Cash flows from investing activities			
Purchase of property, plant, equipment (PPE)	8	(66,907)	(68,981)
Purchase of Intangible assets	8	(243)	-
Change in restricted cash	11	(3)	3
Net cash flows from (used in) investing activities		(67,153)	(68,978)
Cash flows from financing activities			
Net borrowings to/from other Group companies	14	(11,191)	(20,905)
Net cash flows from (used in) financing activities		(11,191)	(20,905)
Net change in cash and cash equivalents		(18,664)	22,819
Cash and cash equivalents at 1 January		54,050	31,231
Cash and cash equivalents at 31 December	11	35,386	54,050

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

NOTE 1 GENERAL INFORMATION AND ACCOUNTING PRINCIPLES

Hurtigruten Cruise AS is 100% owned by Hurtigruten AS. The ultimate parent company is Silk Topco AS, which has its headquarter at Langkaia 1 in Oslo. The consolidated financial statements can be downloaded from the following website: www.hurtigruten.com.

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

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

INTRA-GROUP BUSINESS TRANSACTION IN CONNECTION WITH ENTRY INTO TAX TONNAGE

On 1 January 2019, Hurtigruten AS transferred all of its cruise-related business to Hurtigruten Cruise AS to facilitate entry into the Norwegian tax tonnage regime. The business which is non-cruise-related is still a part of Hurtigruten AS, which continues to act as a package travel provider to its customers and from 2019 purchase all cruise-related operations from the subsidiary Hurtigruten Cruise AS. For Hurtigruten Cruise the transaction was a contribution in kind, measured at book value at the time of transfer.

1.1 BASIS OF PREPARATION

The financial statement of Hurtigruten Cruise AS has been prepared in accordance with Norwegian Accounting Act and generally accepted accounting principles.

On 1 January 2020, Hurtigruten Cruise 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.

1.2 ACCOUNTING PRINCIPLES

A) USE OF ESTIMATES

Preparation of the accounts in accordance with generally accepted accounting principles requires that management make estimates and assumptions which have an effect on the value of assets and liabilities on the balance sheet and reported revenues and expenses for the accounting year. The results realised may deviate from these estimates.

B) FOREIGN CURRENCY TRANSLATION

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

C) CLASSIFICATION PRINCIPLE

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

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

D) REVENUE RECOGNITION

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

Revenue is recognised in the income statement as follows:

(I) REVENUE FROM SALES OF SERVICES AND TRAVEL

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

Revenue from freight of cargo along the Norwegian coast is recognised based on monthly invoicing of available cargo space, as the customer has rented all the cargo space and pays a daily hire regardless of whether the space is used or not.

(II) REVENUE FROM SALE OF GOODS

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

(III) PUBLIC PROCUREMENT

The Company has an agreement with the Ministry of Transport and Communications to operate the Bergen–Kirkenes coastal route.

Revenues received from public procurement are recognized in the income statement on a continuous basis over the year on the basis of existing contracts. These contracts are primarily based on a tender, where the company has a fixed contract sum for planned (annual) production. There are specific conditions and calculation methods for the indexation of the contract sum. Any changes beyond the planned production are compensated/deducted utilising agreed-upon rates set out in the agreements and recognised in the periods in which they occur.

(IV) GOVERNMENT GRANTS

Hurtigruten Cruise 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.

E) PROPERTY, PLANT AND EQUIPMENT

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

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

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

Expected useful life is:

Ships	20–40 years
Other	3–10 years

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

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

F) INTANGIBLE ASSETS

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

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

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

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

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

G) DERIVATIVES AND HEDGING

The company uses derivatives to hedge exposure against bunker oil prices (cash flow hedge). The derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value on an ongoing basis. Changes are recognized directly in equity, as long as the hedging relationship is deemed to be efficient.

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

Due to the ongoing Covid-19 pandemic, operations in 2020 were reduced to a minimum, and the hedge accounting was discontinued. Accumulated gains and losses recognized in equity were transferred to Profit and loss, and subsequent changes in fair value is recognized in profit and loss.

H) INVENTORY

Inventories are recognised at the lowest of cost and net selling price. The net selling price is the estimated selling price in the case of ordinary operations minus the estimated completion, marketing and distribution costs. The cost is arrived at using the FIFO method and includes the costs incurred in acquiring the goods and the costs of bringing the goods to their current state and location.

I) TRADE RECEIVABLES

Accounts receivables and other receivables are recorded in the balance sheet at nominal value less a provision for doubtful accounts. Provision for doubtful accounts is determined based on an assessment of individual receivables.

J) CASH AND CASH EQUIVALENTS

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

K) CURRENT AND DEFERRED INCOME TAXES

Vessel owning companies are subject to taxation under the Norwegian tonnage tax regime pursuant to chapter 8 of the Taxation Act. Under the tonnage tax regime, profit from qualifying operations are exempt from taxes. Financial results are not exempt from taxation. Taxable profit is calculated on the basis of financial income after deduction of a portion of financial expenses. The portion is calculated as financial assets in percent of total assets. Financial losses can be carried forward against positive financial income in later years. Tonnage tax is payable based on the net tonnage of vessels. Tonnage tax is classified as an operating expense.

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

L) LEASES

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

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

M) CASH FLOW STATEMENT

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

NOTE 2 REVENUES

REVENUE BY CATEGORY

<i>(in EUR 1,000)</i>	2020	2019
Ticket revenue	65,940	193,017
Presold food and beverages	19,377	63,243
Onboard sales of food and beverages	7,133	23,381
Other passenger revenue	1,864	1,985
Cargo-freight revenue	1,686	5,759
Contractual revenues	79,162	72,694
Other operating revenue	2,492	9,185
Total operating revenues	177,653	369,264
 <i>Of which is intragroup (see note 14):</i>	 86,339	 269,000
 Government grant compensation scheme (Covid-19)	 22,180	 -
Total other revenues	22,180	-

Contractual revenues relating to the Bergen-Kirkenes coastal service is based on the existing agreement with the Norwegian government through the Ministry of Transport and Communications (see Note 1.2.D (iii) Public Procurement). The agreement applies to the Bergen-Kirkenes route for the period 1 January 2012 through 31 December 2020. From 1 January 2021 the agreement applies to 7 ships, a reduction from 11 ships which applies in the current agreement.

Other revenue in 2020 includes the Government grant for Covid-19 relief given for the period March to December 2020 to businesses in Norway with substantial reductions in revenues as a result of restrictions imposed due to Covid-19.

REVENUE BY SALES COUNTRY

<i>(in EUR 1,000)</i>	2020	2019
Norway	177,653	369,264
	177,653	369,264

NOTE 3 REMUNERATION

REMUNERATION TO BOARD OF DIRECTORS AND MANAGEMENT

BOARD OF DIRECTORS

The employee elected Directors (in 2020 and 2019: Regina Mari Aasli Paulsen and Jørn Henning Lorentzen) received an annual fee of 136.500 in compensation. The remainder of the board does not receive any compensation for their role other than normal wage and bonuses connected to their day to day role and responsibility in Hurtigruten.

COMPENSATION TO EXECUTIVE MANAGEMENT

Executive management is employed in Hurtigruten Pluss AS, and receive their compensation from Hurtigruten Pluss AS. Hurtigruten Cruise AS is charged its share of management services performed for the company. Costs for management services is recognised in sales and administrative costs in the statement of profit and loss.

AUDITOR REMUNERATION

<i>(in EUR 1,000)</i>	2020	2019
Auditor's fee - statutory accounts	88	48
Other assurance services	-	-
Tac consultant services	-	-
Total	88	48

NOTE 4 OTHER OPERATING COSTS

<i>(in EUR 1,000)</i>	2020	2019
Crew on ships, external	(9,244)	(8,950)
Crew on ships, intra-group (see note 14)	(48,055)	(78,193)
Other operating cruise costs, external	(32,987)	(37,407)
Other operating cruise costs, intra-group (see note 14)	(55,813)	(17,000)
Sales and administrative costs, external	(49,988)	(72,902)
Sales and administrative costs, intra-group (see note 14)	(54,599)	(57,861)
Total other operating costs	(250,685)	(272,313)

Operating cruise costs consists of costs such as bunker fuel, harbour costs and repair and maintenance in addition to operating lease costs for ships leased from other Hurtigruten Companies (see note 15 for lease commitments).

NOTE 5 OTHER GAINS AND LOSSES

<i>(In EUR 1,000)</i>	2020	2019
Net gain (loss) on bunker hedge derivatives	(15,850)	(5,415)
Net gain (loss) on sale of non-current assets	(42)	-
Net unrealised foreign currency gains (loss) on balance sheet items	(3,594)	1,004
Total other (losses)/gains	(19,486)	(4,412)

Net gain/(loss) on bunker hedge derivatives in 2020 includes EUR 8.5 million in losses reclassified from equity due to discontinuation of hedge accounting. (See Note 1.2 G).

NOTE 6 FINANCIAL INCOME AND EXPENSES

<i>(in EUR 1,000)</i>	2020	2019
Financial Income		
Other financial income Group	393	-
Foreign exchange gains	6,289	6,229
Financial Income	6,682	6,229
Financial expenses		
Interest expense	1,262	284
Interest expense, group	2,678	2,973
Foreign exchange loss	-	4,432
Other financial expenses	85	67
Financial expenses	4,025	7,756
Net financial items	2,658	(1,527)

NOTE 7 TAX

INCOME TAX EXPENSE

<i>(in EUR 1 000)</i>	2020	2019
Income tax payable, current year	679	124
Income tax payable, adj. from previous years	(62)	-
Change in deferred tax, current year	57	2
Total income tax expense	673	126
Tonnage tax payable related to the shipping company tax schemes	12	23

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

RECONCILIATION OF ANNUAL INCOME TAX

<i>(in EUR 1 000)</i>	2020	2019
Profit/(loss) before tax from operations	(113,184)	33,969
Expected income taxes at statutory tax rate in Norway (22 %)	(24,901)	7,213
Shipping company tax schemes - NO Tax Act only (+/-)	24,798	(7,087)
Non-taxable income (-)	(1,578)	-
Gifts, representation and other non-deductable expenses (+)	811	-
Effect from change in tax provisions from previous years	(62)	-
Other permanent differences (+/-)	1,605	-
Total income tax expense	673	126

As at 31 December 2020 the company does not have any tax loss carryforward, temporary differences or any other items causing deferred tax assets or liabilities.

Other permanent differences are caused by currency translation effects as tax papers are filed in NOK, which gives other revaluation effects in the profit and loss than in the EUR denominated profit and loss. This in return creates a difference in profit/(loss) before taxes in EUR vs NOK .

NOTE 8 PROPERTY PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

<i>(in EUR 1,000)</i>	Ships	Asset under construction	Machinery and equipment	Intangible assets	Total
Acquisition cost					
As at 1 January 2018	-	-	-	-	-
Additions	6,568	60,846	174	1,488	67,588
Addition from intragroup companies	646,110	-	42	-	646,152
Currency translation differences	5,526	(84)	0	(2)	5,442
As at December 31 2019	658,204	60,762	216	1,486	720,669
As at January 1 2020	658,204	60,762	216	1,486	720,669
Additions	20,996	47,732	134	243	69,105
Transfers	69,526	(52,841)	(202)	(319)	16,163
As at December 31 2020	748,726	55,653	149	1,411	805,938
Accumulated depreciation and impairment					
As at 1 January 2018	-	-	-	-	-
Depreciation	(32,910)	-	-	(126)	(33,036)
Addition from intragroup companies	(295,748)	-	(31)	(1,154)	(295,779)
Currency translation differences	601	-	0	2	602
As at December 2019	(328,056)	-	(31)	(1,277)	(329,365)
As at 1 January 2020	(328,056)	-	(31)	(1,277)	(329,365)
Depreciation	(33,778)	-	(68)	(90)	(33,936)
Impairment losses	(2,211)	-	-	-	(2,211)
Transfers	(18,585)	-	202	264	(18,119)
As at December 31 2020	(382,630)	-	103	(1,103)	(383,630)
Booked value 31 December 2019	330,148	60,762	185	209	391,304
Booked value 31 December 2020	366,096	55,653	251	307	422,308

Useful economic lifetime	20 - 40 years	N/A	3 - 10 years	3 - 10 years
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¹⁾ On January 1, 2019, Hurtigruten AS transferred all of its cruise-related business and tax tonnage related assets to Hurtigruten Cruise AS to facilitate entry into the Norwegian tax tonnage regime. The business and assets which are non-cruise-related remains in Hurtigruten AS.

At 31 December 2020, ships include the Hurtigruten ships MS Lofoten, MS Fram, MS Kong Harald, MS Maud, MS Nordkapp, MS Nordnorge, MS Otto Sverdrup, MS Polarlys, MS Trollfjord and MS Vesterålen. In addition, the ship MS Spitsbergen is leased from a group company, Explorer I AS, on a financial lease contract, and its financial lease value is included in the above items. See note 15 for lease overview.

The ships MS Roald Amundsen, MS Fridtjof Nansen, MS Richard With and MS Nordlys is owned by other Hurtigruten companies and rented on a bareboat lease contract (see note 15).

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

IMPAIRMENT ASSESSMENT

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

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

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

The long long-term assumptions are assessed on an ongoing basis and the assumptions applied in future impairments test may vary from those applied in 2020. The Group has a continuous review process, which includes sensitivity analysis and analysis of actual results achieved compared to long-term assumptions, to assess whether the long-term base case assumptions continue to correctly reflect expectations. In a scenario with a prolonged Covid-19 pandemic and associated travel restrictions which lasts through at least 2021 there is still sufficient headroom to the carrying value of the Group's assets not to lead to an impairment situation.

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 has been recognized in the financial statements as per 31 December 2020.

NOTE 9 RECEIVABLES AND LIABILITIES

<i>(in EUR 1,000)</i>	2020	2019
Receivables		
Trade receivables	8,715	8,944
Trade receivables	8,715	8,944
Intercompany receivables, current (see note 14)	39,080	89,853
Prepaid expenses	1,110	4,061
Other miscellaneous receivables	72	1,593
Other receivables	40,262	95,506
Trade and other receivables	48,977	104,451
Intercompany receivables, non-current (see note 14)	8,013	-
Other non-current receivables	15	15
Total other receivables, non-current	8,027	15
Liabilities		
Trade liabilities	2,945	4,283
Intercompany trade liabilities (see note 14)	154,348	67,813
Accrued expenses	8,772	16,783
Other current liabilities	6,897	9,131
Trade and other liabilities	172,962	98,011
Long term liabilities		
Leasing liabilities from Group companies (See note 14 and 15)	42,097	45,276
Total long term liabilities (more than five years maturity)	42,097	45,276

NOTE 10 INVENTORIES

<i>(in EUR 1,000)</i>	2020	2019
Goods purchased for resale	3,991	4,712
Spare parts	494	494
Bunkers and lubrication oil	2,171	3,295
Total inventories	6,656	8,501

NOTE 11 CASH AND CASH EQUIVALENTS

<i>(in EUR 1,000)</i>	2020	2019
Bank accounts	35,387	54,050
Cash on hand	3	-
Total cash and cash equivalents	35,389	54,050

NOTE 12 SHARE CAPITAL AND EQUITY

SHAREHOLDER AS OF 31 DECEMBER 2020

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

All ordinary shares have equal rights.

EQUITY

(in EUR 1,000)	Share capital	Share premium	Reserve for valuation variations	Retained earnings	Total Equity
Balance at 1 January 2019	3	-	-	(8)	(5)
Profit/(loss) for the year				33,843	33,843
Cash flow hedges attributed directly to equity	-	-	(2,486)	-	(2,486)
Transactions with owners					
Capital injection with contribution of kind	27	396,799	-	-	396,827
Dividend	-	-	-	(18,484)	(18,484)
Total transactions with owners	27	396,799	-	(18,484)	378,342
Translation effect ¹⁾	-	3,399	3	(694)	2,709
Balance at 31 December 2019	30	400,198	(2,483)	14,657	412,403
Balance at 1 January 2020	30	400,198	(2,483)	14,657	412,403
Profit/(loss) for the year				(113,858)	(113,858)
Cash flow hedges attributed directly to equity	-	-	2,483	-	2,483
Balance at 31 December 2020	30	400,198	(0)	(99,201)	301,029

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 and 2018. 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 FINANCIAL INSTRUMENTS

In 2018, Hurtigruten Group decided to designate a hedging relationship between bunker oil hedging instruments and the forecasted bunker oil purchases. The Group entered into 6 commodity forward swaps with Goldman Sachs and DnB Markets. These contracts have different strike prices (from 634 to 747 \$/MT) and different expiry dates through the years 2019-2021. The contracts hedge forecasted future bunker oil purchase transactions. At the time the contracts were initiated, approximately 100 % of the forecasted oil consumption in 2019 and 50 % of the forecasted consumption in 2020 and 2021 are covered by the contracts. At year-end 2020, a total of 26,400 MT bunker fuel volume is hedged at an average price, incl. credit margin, of USD 646/MT (per 31 December 2019: 79,400 MT bunker fuel volume was hedged of USD 630/MT).

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

2020*(in EUR 1,000)*

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

2019*(in EUR 1,000)*

	Assets	Liabilities
Classification of derivatives		
Forward bunker oil contracts - cash flow hedge	414	2,897
Total fair value of derivatives	414	2,897
Short term	414	2,129
Long term	-	768

The derivatives that will mature within the next 12 months are classified as short term, while the derivatives maturing after 12 months are classified as long term.

Hurtigruten Group AS is the formal counterparty to the external derivative contract, but has a back-to-back agreement with Hurtigruten Cruise AS, as it is Hurtigruten Cruise AS that is responsible for the Bunker expenses in the Hurtigruten Group.

NOTE 14 RELATED PARTIES

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

TRANSACTION WITH OTHER GROUP COMPANIES

<i>(in EUR 1000)</i>	2020	2019
Sale of goods and services to Group companies		
Hurtigruten AS	86,339	269,000
Total Sale of goods and services to Group companies	86,339	269,000
Purchase of goods and services from Group companies		
Coastal Holding AS	-	7,352
Silk Topco AS	-	
Hurtigruten AS	1,113	11,401
Hurtigruten Pluss AS	53,486	46,417
Hurtigruten Sjø AS	48,055	78,193
Hurtigruten Svalbard AS	-	10
HRG Eiendom AS	-	33
Explorer I AS	-	1,371
Explorer II AS	44,833	7,815
MS Richard With AS	5,490	231
MS Nordlys AS	5,490	231
Total Purchase of goods and services from Group companies	158,467	153,054

INTRAGROUP BALANCES

<i>(in EUR 1,000)</i>	2020	2019
Non-current receivables from Group companies		
Silk Topco AS	4,560	-
MS Richard With AS	2,029	-
MS Nordlys AS	1,424	-
Total non-current liabilities to Group companies	8,013	-
Trade and other current receivables from Group companies		
Hurtigruten AS	16,292	88,513
Hurtigruten Pluss AS	22,779	-
Explorer II AS	8	-
Coastal I AS	-	41
Kirberg Shipping AS	-	1,300
Total trade and other current receivables from Group companies	39,080	89,853
Other non-current liabilities to Group companies		
Explorer I AS (see note 15)	42,097	45,276
Total non-current liabilities to Group companies	42,097	45,276
Trade payables and other current payables to Group companies		
Coastal Holding AS	-	2,459
Hurtigruten AS	17,167	8,221
Hurtigruten Pluss AS	27,506	12,448
Hurtigruten Sjø AS	55,625	36,551
Explorer II AS	54,044	7,664
MS Richard With AS	-	231
MS Nordlys AS	-	231
HRG Eiendom	-	8
Hurtigruten Svalbard AS	5	1
Total trade payables and other current payables to Group companies	154,348	67,813

NOTE 15 LEASES

FINANCIAL LEASE AGREEMENTS

The Company has entered into financial lease agreements for the ship MS Spitsbergen. In addition to the rental payments, the Group is committed to maintenance and insurance of the ship.

<i>(in EUR 1000)</i>	2020	2019
Aquisition cost financial lease asset	67,292	63,292
Accumulated depreciations 1 January	(15,268)	(10,692)
Current year depreciation	(4,683)	(4,580)
Carrying value 31 December	47,341	48,020

OVERVIEW OF FUTURE MINIMUM LEASE

Within 1 year	5,840
1 to 5 years	23,376
After 5 years	14,592
Future minimum lease:	43,808
Average interest rate	6.24 %
Present value of future minimum lease	35,117
Of which	
- current liabilities	5,652
- long-term liabilities	29,465

OPERATING LEASE AGREEMENTS

The Group has entered into several operating lease agreements for lease of the ships MS Fridtjof Nansen, MS Roald Amundsen, MS Rickard With and MS Nordlys. In addition, the company has some smaller operating leases for machinery and equipment.

<i>(in EUR 1000)</i>	2020	2019
Ordinary lease payments	62,693	55,928
Annual lease payments	62,693	55,928

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

	2020	2019
Within 1 year	62,693	55,928
1 to 5 years	208,977	217,020
After 5 years	47,450	48,736
Total	319,120	321,683

NOTE 16 CONTINGENCIES

MEMBERSHIP OF THE NOX FUND

Hurtigruten Cruise AS is a member of the Confederation of Norwegian Enterprise's (NHO) NOx Fund. The main objective of the Environmental Agreement concerning reductions of NOx and the NHO's NOx Fund is to reduce emissions of nitrogen oxide. The Fund is a joint venture to which affiliated businesses can apply for support for emission-reducing measures. Payment to the Fund replaces the nitrogen oxide tax for affiliated businesses.

The Environmental Agreement for 2011–2017 was signed on 14 December 2010 by 15 industry organisations and the Ministry of the Environment and was approved by EFTA's Monitoring Body (ESA) on 19 May 2011. The Fund has reported that the targets for 2011-2016 were met. On 24 May 2017, an extension to the NOx Agreement for the period 2018-2025 was signed between the business organisations and the Norwegian Authorities. The extension was approved by ESA on 22nd February 2018.

The Norwegian Environment Agency monitors whether individual reduction targets have been achieved. Deviations of more than 3 % of emission targets trigger a collective fine, under which businesses must pay the nitrogen oxide tax for the pro rata share of the target that has not been met. However, businesses will never pay more than the official government rate for nitrogen oxide tax.

EUR 2.0 million in nitrogen dioxide tax was recognised in financial statements for 2020 (EUR 3.4 million in 2019).

OTHER LEGAL ITEMS

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.

NOTE 17 GUARANTEES AND COLLATERALIZED ASSETS

BOOK VALUE OF COLLATERIZED ASSETS

<i>(in EUR 1000)</i>	2020	2019
Book value of collateralized assets	512,946	494,452
Total	512,946	494,452

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.

GUARANTEES

Hurtigruten Cruise 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.

The Company is also a guarantor for the Bond loan of EUR 300 million in the sister company Explorer II as.

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

NOTE 18 FINANCIAL RISK MANAGEMENT

FINANCIAL RISK FACTORS

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

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

MARKET RISK

A) CURRENCY RISK

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

The price of oil, and thus bunker fuel, is internationally traded in USD, while the Company purchases bunker fuel in NOK. The risk can therefore be split into a currency element and a product element. The currency element is partially aligned with the Company's cash flow exposure in USD, and the product risk is hedged separately.

B) PRICE RISK

The Company is exposed to fluctuations in the price of bunker fuel, which is used to operate the ships. In order to reduce the risk related to the fuel price the Company has implemented a fuel hedging policy that follows the booking curve. Given the current situation with the Covid-19 pandemic effect on operations, management has suspended any further fuel hedging until operations resume as normal, but still has price risk for the derivatives that were entered into before the hedging program were discontinued.

C) CASH FLOW AND FAIR-VALUE INTEREST RATE RISK

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

D) INTEREST RISK

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

CREDIT RISK

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

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

LIQUIDITY RISK

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

THE COMPANY'S ASSET MANAGEMENT

The Company's objective for asset management are to ensure the ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital, including compliance with covenants in the Groups loan agreements.

NOTE 19 EVENTS AFTER THE BALANCE SHEET DATE

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



To the General Meeting of Hurtigruten Cruise AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hurtigruten Cruise 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)