



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 913 811 720  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: SILK TOPCO AS  
Forretningsadresse: Langkaia 1  
0150 OSLO

### Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

### Konsern

Mørselskap i konsern: Ja  
Konsernregnskap lagt ved: Ja

### Regnskapsregler

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

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Torleif Ernsten  
Dato for fastsettelse av årsregnskapet: 24.06.2021

### Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert  
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 05.07.2022



### Resultatregnskap

Beløp i: EUR	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Sum inntekter		0	0
<b>Kostnader</b>			
Operating costs	11	286 000	956 000
Other (gains)/losses - net			33 000
Sum kostnader		286 000	990 000
<b>Driftsresultat</b>		<b>-286 000</b>	<b>-990 000</b>
<b>Finansinntekter og finanskostnader</b>			
Other finance income	9	52 000	
Renteinntekt fra foretak i samme konsern	9		1 000
Foreign exchange gains	9	193 000	
Sum finansinntekter	9	245 000	1 000
Rentekostnad til foretak i samme konsern	9	544 000	105 000
Other financial costs	9		24 000
Sum finanskostnader		544 000	129 000
<b>Netto finans</b>		<b>-299 000</b>	<b>-129 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-585 000</b>	<b>-1 118 000</b>
Income taxes	3	1 386 000	-238 000
<b>Ordinært resultat etter skattekostnad</b>		<b>-1 971 000</b>	<b>-880 000</b>
<b>Årsresultat</b>		<b>-1 971 000</b>	<b>-880 000</b>
<b>Årsresultat etter minoritetsinteresser</b>		<b>-1 971 000</b>	<b>-880 000</b>
<b>Overføringer og disponeringer</b>			
Transferred to other equity	7	-1 971 000	-880 000
Sum overføringer og disponeringer		-1 971 000	-880 000



### Balanse

Beløp i: EUR	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Utsatt skattefordel	3		1 386 000
<b>Sum immaterielle eiendeler</b>			<b>1 386 000</b>
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	4	187 005 000	187 005 000
<b>Sum finansielle anleggsmidler</b>		<b>187 005 000</b>	<b>187 005 000</b>
<b>Sum anleggsmidler</b>		<b>187 005 000</b>	<b>188 390 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Konsernfordringer	10	107 000	7 000
<b>Sum fordringer</b>		<b>107 000</b>	<b>7 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Cash and cash equivalents	6	15 542 000	2 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>15 542 000</b>	<b>2 000</b>
<b>Sum omløpsmidler</b>		<b>15 649 000</b>	<b>9 000</b>
<b>SUM EIENDELER</b>		<b>202 653 000</b>	<b>188 399 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Share capital	7	27 723 000	27 723 000
Overkurs	7	161 904 000	161 904 000
<b>Sum innskutt egenkapital</b>		<b>189 627 000</b>	<b>189 627 000</b>



## Balanse

Beløp i: EUR	Note	2020	2019
<b>Opptjent egenkapital</b>			
Udekket tap	7	6 817 000	4 847 000
<b>Sum opptjent egenkapital</b>		<b>-6 817 000</b>	<b>-4 847 000</b>
<b>Sum egenkapital</b>		<b>182 809 000</b>	<b>184 779 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Langsiktig konserngjeld	10	19 772 000	3 600 000
<b>Sum annen langsiktig gjeld</b>		<b>19 772 000</b>	<b>3 600 000</b>
<b>Sum langsiktig gjeld</b>		<b>19 772 000</b>	<b>3 600 000</b>
<b>Kortsiktig gjeld</b>			
Kortsiktig konserngjeld	10	5 000	
Trade and other liabilities		67 000	20 000
<b>Sum kortsiktig gjeld</b>		<b>72 000</b>	<b>20 000</b>
<b>Sum gjeld</b>		<b>19 844 000</b>	<b>3 620 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>202 653 000</b>	<b>188 399 000</b>



### Konsernets resultatregnskap

Beløp i: EUR	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Operating revenues	21	238 582 000	608 786 000
Other revenues	21	30 155 000	
<b>Sum inntekter</b>		<b>268 737 000</b>	<b>608 786 000</b>
<b>Kostnader</b>			
Direct cost of goods and services	22	42 440 000	158 570 000
Payroll costs	23,24	92 701 000	134 325 000
Depreciation, amortisation and impairment losses	7,8	75 569 000	52 130 000
Other operating costs	25	137 954 000	189 165 000
Other losses and gains	26	13 687 000	2 083 000
<b>Sum kostnader</b>		<b>362 351 000</b>	<b>536 273 000</b>
<b>Driftsresultat</b>		<b>-93 614 000</b>	<b>72 514 000</b>
<b>Finansinntekter og finanskostnader</b>			
Finance income	28	12 871 000	26 231 000
<b>Sum finansinntekter</b>		<b>12 871 000</b>	<b>26 231 000</b>
Finance expenses	28	82 801 000	53 372 000
Share of net income from associates	9	52 000	-129 000
<b>Sum finanskostnader</b>		<b>82 853 000</b>	<b>53 243 000</b>
<b>Netto finans</b>		<b>-69 982 000</b>	<b>-27 012 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-163 596 000</b>	<b>45 502 000</b>
Income taxes	16	102 000	63 262 000
<b>Ordinært resultat etter skattekostnad</b>		<b>-163 698 000</b>	<b>-17 760 000</b>
<b>Årsresultat</b>		<b>-163 698 000</b>	<b>-17 760 000</b>
<b>Årsresultat etter minoritetsinteresser</b>		<b>-163 698 000</b>	<b>-17 760 000</b>
Actuarial gain/loss on retirement benefit obligations	17	-2 900 000	372 000
Change in fair value of equity investments	10		-260 000



## Konsernets resultatregnskap

<b>Beløp i: EUR</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
Income tax	16	622 000	-124 000
Currency translation differences		-3 793 000	652 000
Change in fair value of cash flow hedge instruments	10	2 483 000	10 273 000
Sum resultatkomponenter for IFRS-foretak		-3 588 000	10 913 000
<b>Totalresultat</b>		<b>-167 286 000</b>	<b>-6 847 000</b>
<b>Overføringer og disponeringer</b>			
Transferred to other equity		-167 286 000	-6 847 000
<b>Sum overføringer og disponeringer</b>		<b>-167 286 000</b>	<b>-6 847 000</b>



### Konsernets balanse

Beløp i: EUR	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Intangible assets	8	266 498 000	276 305 000
Utsatt skattefordel	17	1 522 000	929 000
<b>Sum immaterielle eiendeler</b>		<b>268 020 000</b>	<b>277 234 000</b>
<b>Varige driftsmidler</b>			
Property, plant and equipment	7	907 853 000	888 456 000
<b>Sum varige driftsmidler</b>		<b>907 853 000</b>	<b>888 456 000</b>
<b>Finansielle anleggsmidler</b>			
Investeringer i tilknyttet selskap	9	506 000	631 000
Investments in other companies	10	2 505 000	2 557 000
Other financial assets, non-current	10,11	191 000	209 000
Right of use assets	7	15 149 000	15 800 000
<b>Sum finansielle anleggsmidler</b>		<b>18 351 000</b>	<b>19 197 000</b>
<b>Sum anleggsmidler</b>		<b>1 194 223 000</b>	<b>1 184 887 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Inventories	12	13 778 000	17 782 000
<b>Sum varer</b>		<b>13 778 000</b>	<b>17 782 000</b>
<b>Fordringer</b>			
Trade and other receivables	11	30 911 000	45 986 000
Current derivative financial instruments	10		827 000
<b>Sum fordringer</b>		<b>30 911 000</b>	<b>46 813 000</b>
<b>Investeringer</b>			
Assets held for sale	7	2 087 000	
<b>Sum investeringer</b>		<b>2 087 000</b>	
<b>Bankinnskudd, kontanter og lignende</b>			
Cash and cash equivalents	13	87 628 000	50 933 000



### Konsernets balanse

Beløp i: EUR	Note	2020	2019
Sum bankinnskudd, kontanter og lignende		87 628 000	50 933 000
Sum omløpsmidler		134 404 000	115 529 000
<b>SUM EIENDELER</b>		<b>1 328 627 000</b>	<b>1 300 415 000</b>

### BALANSE - EGENKAPITAL OG GJELD

#### Egenkapital

##### Innskutt egenkapital

Share capital	14	27 723 000	27 723 000
Share premium	14	161 904 000	161 904 000
<b>Sum innskutt egenkapital</b>		<b>189 627 000</b>	<b>189 627 000</b>

##### Opptjent egenkapital

Retained earnings		-288 228 000	-123 308 000
Other reserves		-5 643 000	-4 610 000
Minoritetsinteresser		-1 438 000	-100 000
<b>Sum opptjent egenkapital</b>		<b>-295 309 000</b>	<b>-128 018 000</b>

##### Sum egenkapital

**-105 682 000**      **61 609 000**

#### Gjeld

##### Langsiktig gjeld

Pensjonsforpliktelser	17	2 926 000	4 681 000
Utsatt skatt	16	3 808 000	4 507 000
Deposits from customers, non-current	21	10 809 000	11 832 000
Provision for other liabilities and charges	18	406 000	458 000
<b>Sum avsetninger for forpliktelser</b>		<b>17 949 000</b>	<b>21 478 000</b>

##### Annen langsiktig gjeld

Borrowings	15	1 238 762 000	972 970 000
Derivative financial instruments	10		768 000
Other non-current liabilities		57 000	
<b>Sum annen langsiktig gjeld</b>		<b>1 238 819 000</b>	<b>973 738 000</b>

##### Sum langsiktig gjeld

**1 256 768 000**      **995 216 000**



## Konsernets balanse

<b>Beløp i: EUR</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld	20	66 686 000	113 375 000
Current income tax liabilities	16	1 229 000	1 591 000
Current borrowings	15	19 934 000	30 491 000
Provision for other liabilities and charges	18	3 766 000	3 859 000
Current derivative financial debt instruments	10	4 564 000	2 543 000
Deposits from customers, current	21	81 362 000	91 732 000
<b>Sum kortsiktig gjeld</b>		<b>177 542 000</b>	<b>243 591 000</b>
<b>Sum gjeld</b>		<b>1 434 310 000</b>	<b>1 238 807 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>1 328 627 000</b>	<b>1 300 415 000</b>



Silk Topco AS

Parent Company  
Financial  
Statements

2020



Silk Topco AS

Annual Financial Statements 2020

STATEMENT OF PROFIT AND LOSS

<i>(in EUR 1,000)</i>	<i>Note</i>	<b>2020</b>	2019
Operating costs	11	<b>(286)</b>	(956)
Other gains/(losses) – net		<b>(0)</b>	(33)
<b>Operating profit/(loss)</b>		<b>(286)</b>	(990)
Financial income	9	<b>245</b>	1
Financial expenses	9	<b>(544)</b>	(129)
<b>Net financial items</b>		<b>(299)</b>	(129)
<b>Profit/(loss) before income taxes</b>		<b>(585)</b>	(1,118)
Income taxes	3	<b>(1,386)</b>	238
<b>Net income</b>		<b>(1,971)</b>	(880)



## Silk Topco AS

## Annual Financial Statements 2020

### STATEMENT OF FINANCIAL POSITION

<i>(in EUR 1,000)</i>	<i>Note</i>	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Deferred income tax assets	3	-	1,386
Investments in subsidiaries	4	<b>187,005</b>	187,005
<b>Total non-current assets</b>		<b>187,005</b>	188,390
<b>CURRENT ASSETS</b>			
Trade and other receivables intercompany	10	<b>107</b>	7
Cash and cash equivalents	6	<b>15,542</b>	2
<b>Total current assets</b>		<b>15,649</b>	9
<b>Total assets</b>		<b>202,653</b>	188,399
<b>EQUITY</b>			
Share capital	7	<b>27,723</b>	27,723
Share premium	7	<b>161,904</b>	161,904
Retained earnings	7	<b>(6,817)</b>	(4,847)
<b>Total equity</b>		<b>182,809</b>	184,779
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings, intercompany	10	<b>19,772</b>	3,600
<b>Total non-current liabilities</b>		<b>19,772</b>	3,600
<b>Current liabilities</b>			
Trade and other liabilities		<b>67</b>	20
Trade and other liabilities intercompany	10	<b>5</b>	-
<b>Total current liabilities</b>		<b>72</b>	20
<b>Total equity and liabilities</b>		<b>202,653</b>	188,399

Oslo, 24 June 2021

Trygve Hegnar  
Chairman

Jonathan Barlow Rosen  
Director

Daniel Skjeldam  
CEO

Petter Stordalen  
Director

Matthew John Lenczner  
Director



## Silk Topco AS

## Annual Financial Statements 2020

### CASH FLOW STATEMENT

<i>(in EUR 1,000)</i>	<i>Note</i>	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities</b>			
Profit/(loss) before income taxes		<b>(585)</b>	(1,118)
Adjustments for:			
Currency gains / losses		<b>(192)</b>	-
Interest expenses		<b>544</b>	-
Change in working capital:			
Trade and other receivables		<b>(99)</b>	33
Trade and other payables		<b>(298)</b>	9
Intercompany borrowings		-	506
<b>Net cash flows from (used in) operating activities</b>		<b>(631)</b>	(570)
<b>Cash flows from investing activities</b>			
Changes in restricted funds	6	<b>(15,541)</b>	-
<b>Net cash flows from (used in) investing activities</b>		<b>(15,541)</b>	-
<b>Cash flows from financing activities</b>			
Proceeds from recent borrowings (long term and short term), group companies	10	<b>16,172</b>	-
<b>Net cash flows from (used in) financing activities</b>		<b>16,172</b>	-
Exchange gains / (losses) on cash and cash equivalents		-	17
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		<b>(0)</b>	(570)
Cash and cash equivalents at 1 January		<b>2</b>	553
<b>Cash and cash equivalents at 31 December</b>		<b>1</b>	2
Restricted bank deposits		15,541	-
<b>Cash and cash equivalents in statement of financial position</b>		<b>15,542</b>	2



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### NOTE 1 GENERAL INFORMATION AND ACCOUNTING PRINCIPLES

#### 1.1 GENERAL INFORMATION

Silk Topco AS is the parent in the Silk Topco Group, operating as a holding company, with the purpose to invest in other companies. The headquarter is at Langkaia 1 in Oslo. The consolidated financial statements can be downloaded from the following website: [www.hurtigruten.com](http://www.hurtigruten.com).

The information provided in the consolidated financial statements covers the company to a significant degree. Please refer to the consolidated financial statement of the Group for a description of the operative activities within the Group. The financial statements of Silk Topco AS for the year ended 31 December 2020 were authorized for issue by the Board of Directors on 24 June 2021.

#### 1.2 BASIS OF PREPARATION

The financial statements of Silk Topco AS have been prepared in accordance with Norwegian Accounting Act and generally accepted accounting principles. The accounting principles set out below have been applied in preparing the financial statements for the year ended 31 December 2020 and the comparative information presented in these financials.

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

#### 1.3 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 ultimate values realised may deviate from these estimates.

##### B) FOREIGN CURRENCY TRANSLATION

The financial statements are presented in euro (EUR) which is the functional currency of the parent company since January 1<sup>st</sup>, 2020. The change was made to reflect that EUR has become the predominant currency in the company, counting for a significant part of the cash flow and financing. The change has been implemented with prospective effect. The change of presentation currency is applied retrospectively for comparative figures for 2019. Currency translation effects for the comparative figures from functional currency to presentation currency in EUR in 2019 are booked as translation differences towards equity. Comparison figures statement of profit and loss, statement of changes in equity and statement of cash flows have been re-presented to reflect the currency rates of transactions in foreign currencies at average currency rates for the period. The re-presentation of the statement of cash flow impacts the classification between currency translation adjustments and other components of cash flow.

All foreign currency translations are converted to EUR at the date of the transaction. All monetary items denominated in foreign currency are translated at the exchange rate at the balance sheet date. Derivates designated as hedging instruments in fair values hedges are measured at fair value. Other non-monetary items in foreign currencies recognised in accordance with the cost method are translated to EUR using the exchange



## Silk Topco AS

## Annual Financial Statements 2020

rate applicable on the transaction date. Changes to exchange rates are recognised in the statement of profit and loss as they occur during the accounting period.

### C) INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries 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) ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES

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

### F) 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.

### G) 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.



## Silk Topco AS

## Annual Financial Statements 2020

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### H) 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 FINANCIAL RISK

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

#### MARKET RISK

##### a) Currency risk

The Company has significant loans payable in NOK (intercompany loans payables to Hurtigruten AS and Hurtigruten Cruise AS). Its functional currency is EUR and is thus exposed to currency risk.

##### b) Price risk

The company has limited business activities, hence no significant price risk.

##### c) Interest rate risk

The company's borrowings and draws of the Group bank accounts are made at floating rates. Loans subject to a variable interest rate present a risk to the Group's overall cash flow, while 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.

#### CREDIT AND LIQUIDITY RISK

The Company has no significant concentration of credit risk.

Liquidity risk management includes maintaining a sufficient level of liquid assets geared to operational and investment plans and ensuring the availability of sufficient funding from committed credit facilities. The Company takes part of the Group's group account that ensures that part of the Group's unrestricted liquidity is available to the parent company, and which also optimises availability and flexibility in liquidity management. The Finance function has overall responsibility for managing the Group's liquidity risk. Rolling liquidity forecasts are prepared so as to ensure that the Group has sufficient liquidity reserves to satisfy the Group's obligations and financial loan covenants. See the Group financial statements, note 4 for more detail.



Silk Topco AS

Annual Financial Statements 2020

NOTE 3 INCOME TAXES

The income tax gain / (expense) can be broken down as follows:

INCOME TAX EXPENSE

<i>(in EUR 1,000)</i>	2020	2019
Change in deferred tax, current year	(1,386)	261
Change in deferred tax, tax rate changes and adjustments regarding previous years	-	(23)
<b>Total income taxes</b>	<b>(1,386)</b>	<b>238</b>

TAX BASE CALCULATION

<i>(in EUR 1,000)</i>	2020	2019
<b>Profit/(loss) before income taxes</b>	<b>(585)</b>	<b>(1,118)</b>
Tax rate	22 %	22 %
Calculated tax expense at nominal tax rate	129	238
Change in the income tax expense as a result of:		
– gifts, representation and other non-deductable expenses	(122)	-
– valuation allowance	(1,414)	-
– permanent differences	21	-
<b>Total income taxes</b>	<b>(1,386)</b>	<b>238</b>

Valuation allowance in 2020 consists of the write-down of deferred tax asset arising from tax losses carried forward.

SPECIFICATION OF CHANGES IN DEFERRED TAX ASSETS (+) / LIABILITIES (-)

2020

<i>(in EUR 1 000)</i>	Opening balance	Tax expense	Recognised in equity	Conversion effect	Closing balance
Tax loss carry forwards	1,363	51	0	-	1,414
Interest carry forwards	23	-23	-	-	-0
Valuation allowance	-	-1,414	-	-	-1,414
<b>Total deferred tax asset / (liability)</b>	<b>1,386</b>	<b>(1,386)</b>	<b>0</b>		<b>(0)</b>
<b>Carrying value of deferred tax asset</b>	<b>1,386</b>				<b>(0)</b>

The deferred income tax assets relating to tax loss carry forward 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.

2019

<i>(in EUR 1 000)</i>	Opening balance	Tax expense	Recognised in equity	Conversion effect	Closing balance
Tax loss carry forwards	1,133	216	-	14	1,363
Interest carry forwards	-	23	-	(0)	23
<b>Total deferred tax asset / (liability)</b>	<b>1,133</b>	<b>239</b>	<b>-</b>	<b>14</b>	<b>1,386</b>
<b>Carrying value of deferred tax asset</b>	<b>1,133</b>				<b>1,386</b>



## Silk Topco AS

## Annual Financial Statements 2020

### NOTE 4 INVESTMENTS IN SUBSIDIARIES

(EUR 1,000)	Registered office	Ownership/voting share	Total Equity		Carrying value
			as of 31 December 2020	Net result for the year 2020	
Silk Midco AS	Tromsø, Norway	100.0 %	185,220	0	185,276
Kirberg Shipping AS	Tromsø, Norway	100.0 %	1,630	(27)	1,723
Coastal Holding AS	Tromsø, Norway	100.0 %	24,676	(2,387)	5
<b>Total</b>					<b>187,005</b>

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.

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 continuously 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 of investments in subsidiaries has been recognized in the financial statements of Silk Topco AS per 31 December 2020.



## Silk Topco AS

## Annual Financial Statements 2020

### NOTE 5 RECEIVABLES AND LIABILITIES

#### TRADE AND OTHER CURRENT RECEIVABLES

<i>(in EUR 1 000)</i>	2020	2019
Intercompany trade receivables (see note 10)	54	7
Other current receivables, group companies (see note 10)	52	-
<b>Total trade and other current receivables</b>	<b>107</b>	<b>7</b>

#### TRADE AND OTHER CURRENT PAYABLES

<i>(in EUR 1 000)</i>	2020	2019
Trade payables	58	20
Trade payables, group companies (see note 10)	5	-
Accrued expenses	9	-
<b>Total trade and other current payables</b>	<b>72</b>	<b>20</b>

#### PAYABLES THAT MATURE IN MORE THAN ONE YEAR

<i>(in EUR 1 000)</i>	2020	2019
Debt to group companies (see note 10)	19,772	3,600
<b>Total payables that mature in more than one year</b>	<b>19,772</b>	<b>3,600</b>

### NOTE 6 CASH AND CASH EQUIVALENTS

The company holds the following balances categorised as cash and cash equivalents

<i>(in EUR 1 000)</i>	2020	2019
Restricted bank deposits	15,541	
Cash and bank deposits outside cash pool	1	
Cash and bank deposits in cash pool		2
<b>Cash and cash equivalents in the balance sheet</b>	<b>15,542</b>	<b>2</b>
Restricted bank deposits <sup>1</sup>	(15,541)	-
<b>Total cash and cash equivalents in the cash flow statement</b>	<b>1</b>	<b>2</b>

Restricted bank deposits mainly comprise of travel guarantees and various other guarantees provided by Tryg.



## Silk Topco AS

## Annual Financial Statements 2020

### NOTE 7 EQUITY

SHARE CAPITAL	2020	2019
Total number of shares as of 01.01	273,449,989	273,449,989
Shared issued during the year	-	-
<b>Total number of shares as of 31.12</b>	<b>273,449,989</b>	<b>273,449,989</b>
<b>Nominal value as of 31.12 (NOK)</b>	<b>1</b>	<b>1</b>
Share capital (total number of shares at nominal value) in EUR 1 000	27,723	27,723
Other paid in capital (in EUR 1 000)	-	-
<b>Total paid in equity (in EUR 1 000)</b>	<b>27,723</b>	<b>27,723</b>

Please refer to note 14 in the Consolidated Annual Financial statements.

Silk Topco AS has an agreement with the management in Hurtigruten AS, employed in one of Silk Topco AS' indirect subsidiaries. The executives in Hurtigruten have purchased shares in Silk Topco AS at the same price Hurtigruten Group AS (former Silk Bidco AS) paid for the shares in Hurtigruten AS in 2014. The agreement contains an incentive scheme that gives management a right to bonus-shares in different pre-defined exit scenarios.

### SHARES AND SHAREHOLDERS INFORMATION AS PER 31 DECEMBER 2020

	Number of A shares	Number of B shares	Number of C shares	Number of D shares	Number of E shares
Silk Holdings S. ar.l.	221,009,204	-	-	-	-
Strawberry Equities AS	31,585,704	-	-	-	-
Periscopos AS	13,381,965	-	-	-	-
Hornsund Invest AS	-	2,364,285	-	-	-
A.Y Invest AS	-	1,071,428	-	-	-
Stay Tuned Invest AS	-	571,428	-	-	-
Bjørnflaten Invest AS	-	285,714	-	-	-
Mfortitude AS	-	285,714	-	-	-
Superstocks AS	1,662,405	-	-	-	-
Estera Trust Limited	-	593,229	-	-	-
Rypestrand Sjøbad AS	-	-	357,142	-	-
HMH Consulting AS	-	-	-	108,695	-
MIMS Advice AS	-	-	-	-	57,692
Benmar Invest AS	-	-	-	-	115,384
<b>Total number of shares</b>	<b>267,639,278</b>	<b>5,171,798</b>	<b>357,142</b>	<b>108,695</b>	<b>173,076</b>



## Silk Topco AS

## Annual Financial Statements 2020

	Number of shares	Shareholding (%)
Silk Holdings S. ar.l.	221,009,204	80.8 %
Strawberry Equities AS	31,585,704	11.55 %
Periscopos AS	13,381,965	4.89 %
Hornsund Invest AS	2,364,285	0.86 %
A.Y Invest AS	1,071,428	0.39 %
Stay Tuned Invest AS	571,428	0.21 %
Bjørnflaten Invest AS	285,714	0.10 %
Mfortitude AS	285,714	0.10 %
Superstocks AS	1,662,405	0.61 %
Estera Trust Limited	593,229	0.22 %
Rypestrand Sjøbad AS	357,142	0.13 %
HMH Consulting AS	108,695	0.04 %
MIMS Advice AS	57,692	0.02 %
Benmar Invest AS	115,384	0.04 %
<b>Total number of shares</b>	<b>273,449,989</b>	<b>100.0 %</b>

## RECONCILIATION OF EQUITY AS PER 31 DECEMBER 2020

(in EUR 1,000)	Note	Share capital including treasury shares	Share premium	Retained earnings	Total Equity
<b>Balance at 1 January 2019</b>		27,487	160,529	(3,952)	<b>184,064</b>
Profit/(loss) for the year		-	-	(880)	<b>(880)</b>
Reversal of issue cost		-	-	-	-
Translation effect <sup>1)</sup>		235	1,375	(15)	<b>1,595</b>
<b>Balance at 31 December 2019</b>		<b>27,722</b>	<b>161,904</b>	<b>(4,847)</b>	<b>184,780</b>
<b>Balance at 1 January 2020</b>		<b>27,723</b>	<b>161,904</b>	<b>(4,846)</b>	<b>184,780</b>
Profit/(loss) for the year		-	-	(1,971)	<b>(1,971)</b>
<b>Balance at 31 December 2020</b>		<b>27,723</b>	<b>161,904</b>	<b>(6,817)</b>	<b>182,810</b>

<sup>1)</sup>As described in note 1, the functional currency has been changed to EUR from January 1<sup>st</sup>, 2020. The presentation currency has also been changed, with retrospective effect on 2019. Equity per January 1<sup>st</sup>, 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.



## Silk Topco AS

## Annual Financial Statements 2020

### NOTE 8 REMUNERATION

#### BOARD OF DIRECTORS

Silk Topco AS does not have separate management. Remuneration for the Board of Directors is settled from the Silk Topco AS' indirect subsidiary Hurtigruten Group AS, as the members of the Board in Hurtigruten Group AS is identical to the members of the Board of Directors of Silk Topco AS. For remuneration to the Board of Directors in Hurtigruten Group, please refer to note 25 in the Consolidated Annual Financial Statements.

#### AUDITORS REMUNERATION

<i>(in EUR 1,000)</i>	<b>2020</b>	<b>2019</b>
Statutory audit	<b>52</b>	<b>47</b>
<b>Total</b>	<b>52</b>	<b>47</b>

VAT is not included in the fees specified above.

### NOTE 9 NET FINANCIAL ITEMS

<i>(in EUR 1,000)</i>	<b>2020</b>	<b>2019</b>
Interest income intragroup	<b>0</b>	<b>1</b>
Other finance income	<b>52</b>	<b>-</b>
Foreign exchange gains	<b>193</b>	<b>-</b>
<b>Total financial income</b>	<b>245</b>	<b>1</b>

<i>(in EUR 1,000)</i>	<b>2020</b>	<b>2019</b>
Intragroup interest expenses	<b>(544)</b>	<b>(105)</b>
Other financial costs	<b>(0)</b>	<b>(24)</b>
<b>Total financial expenses</b>	<b>(544)</b>	<b>(129)</b>
<b>Net financial items</b>	<b>(299)</b>	<b>(128)</b>



## Silk Topco AS

## Annual Financial Statements 2020

### NOTE 10 RELATED PARTIES

Transactions with related parties are carried out in accordance with the arm's length principle. Related parties are defined as shareholders and subsidiaries, directly or indirectly owned.

#### BALANCES AND TRANSACTIONS WITH GROUP COMPANIES

<i>(in EUR 1,000)</i>	<b>2020</b>	<b>2019</b>
<b>Trade and other current receivables from Group companies</b>		
Hurtigruten Eiendom AS	<b>52</b>	-
Hurtigruten AS	<b>54</b>	7
<b>Total trade and other current receivables from Group companies</b>	<b>107</b>	7
<b>Non-current payables due to Group companies</b>		
Kirberg Shipping AS	<b>1,624</b>	1,723
Hurtigruten Cruise AS	<b>4,560</b>	-
Hurtigruten AS	<b>13,589</b>	1,877
<b>Total non-current payables due to Group companies</b>	<b>19,772</b>	3,600
<b>Trade payables and other current payables to Group companies</b>		
Hurtigruten Pluss AS	<b>4</b>	-
<b>Total trade payables and other current payables to Group companies</b>	<b>5</b>	0
<i>(in EUR 1,000)</i>		
<b>Purchase of services from Group companies</b>		
Hurtigruten Pluss AS	<b>4</b>	6
<b>Purchase of accounting services from Group companies</b>	<b>4</b>	6
<b>Fee borrowings due to Group companies</b>		
Hurtigruten AS	<b>290</b>	105
Hurtigruten Cruise AS	<b>254</b>	-
<b>Total fee borrowings due to Group companies</b>	<b>544</b>	105

#### TRANSACTION AND BALANCES WITH SHAREHOLDERS

The majority shareholder in Silk Topco AS, Silk Holding SARL, is 100% owned by an investment fund managed by TDR Capital LLP. Board members of Silk Topco AS, Matthew Lenczner and Jonathan Rosen, are partners in TDR Capital LLP. According to the investment agreement between Silk Topco AS and its shareholders, Silk Topco AS reimburses travel and other third-party expenses related to their Hurtigruten investment.

<i>(in EUR 1,000)</i>	<b>2020</b>	<b>2019</b>
<b>Other operating costs</b>		
Travel and other third party expenses reimbursement to TDR Capital	-	335



**Silk Topco AS**

**Annual Financial Statements 2020**

NOTE 11 OTHER OPERATING COSTS

<i>(in EUR 1,000)</i>	<b>2020</b>	<b>2019</b>
Legal services	<b>78</b>	610
Other external services	<b>106</b>	331
Services, intragroup	<b>4</b>	6
Other charges	<b>98</b>	9
<b>Total other operating costs</b>	<b>286</b>	956

NOTE 12 EVENTS AFTER BALANCE SHEET DATE

There are no material events after balance sheet date related to Silk Topco AS. For events after balance sheet date related to the Group, please see note 30 in the Consolidated Annual Financial Statements.



To the General Meeting of Silk Topco AS

## *Independent Auditor's Report*

### *Report on the Audit of the Financial Statements*

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#### *Opinion*

We have audited the financial statements of Silk Topco AS, which comprise:

- The financial statements of the parent company Silk Topco AS (the Company), 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, and
- The consolidated financial statements of Silk Topco AS and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2020, the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements 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.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

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#### *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 and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in

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authorised accounting firm*



## Independent Auditor's Report - Silk Topco AS



accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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### *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.

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### *Responsibilities of the Board of Directors for the Financial Statements*

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

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

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### *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>

(2)



Independent Auditor's Report - Silk Topco AS



### *Report on Other Legal and Regulatory Requirements*

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#### *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.

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#### *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, 24 June 2021  
**PricewaterhouseCoopers AS**

Stig Arild Lund  
State Authorised Public Accountant

(This document is signed electronically)

(3)



 Securely signed with Brevio

Revisjonsberetning

**Signers:**

<b>Name</b>	<b>Method</b>	<b>Date</b>
Lund, Stig Arild	BANKID_MOBILE	2021-06-24 21:38

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of the document.



# ANNUAL REPORT 2020



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Silk Topco AS - Group

## Directors' Report 2020

Silk Topco Group – The leading global expedition cruise operator

Silk Topco Group's vision is to be the leading expedition travel company by offering authentic and accessible experiences around the world to travelers who wish to explore and travel in a sustainable way. Silk Topco Group will continue to be a frontrunner in adventure tourism and expedition cruising, a niche with substantial global growth potential. Silk Topco 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. Silk Topco Group has three main business segments, Hurtigruten Norway – branded as Hurtigruten in Scandinavia and Hurtigruten – Norwegian Coastal Express in other markets, Hurtigruten Expeditions branded as Hurtigruten Expeditions in all markets – Hurtigruten Destinations with the Hurtigruten Svalbard brand. Over the last years, the brands, Hurtigruten Expeditions, Hurtigruten Norwegian Coastal Express, and Hurtigruten Svalbard 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, Silk Topco Group is the world's largest expedition cruise company.

Silk Topco 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.

Silk Topco 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. Silk Topco 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, Silk Topco 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 Silk Topco Group's business segments allows the guests to experience being a part of the destination – rather than simply viewing it from the ship.

Silk Topco 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. Silk Topco Group's operation builds on a rich and proud Norwegian Expedition Cruises heritage having offered scheduled voyages along the Norwegian coast since 1893 and offering the first Expedition cruises to Svalbard as early as 1896. Today, Silk Topco 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. Silk Topco 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 Silk Topco Group's market will need to invest heavily before it will



## Silk Topco AS - Group

be able compete with Silk Topco Group's business segments.

Silk Topco 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. Silk Topco Group has been deemed Germany's "Brand of the year (travel)" for 4 consecutive years (2017-2020). Cruise Critic UK has rated Silk Topco Group the best Adventure Cruise line of the year over the period of 2012-2020. Recently Silk Topco Group was voted Best Expedition Cruise line of the year 2019 – Australian Travel awards and Globe Travel awards – Best Specialist Cruise Company 2020.

Silk Topco 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 Silk Topco 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 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



## Silk Topco AS - Group

- 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 1<sup>st</sup> of January 2021 Hurtigruten Norway was operating 5 of 7 ships. Hurtigruten Norway expects to be back in full operations by 1<sup>st</sup> 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 Silk Topco Group business over the next 3 to 5-year period.

## Hurtigruten Destinations

Hurtigruten Destination's main operations is through Hurtigruten Svalbard which owns and operates the Radisson Blu Polar Hotel, Funken Lodge and the Coal Miners' Cabins, as well as arctic adventure tourism on Svalbard. The archipelago of Svalbard is the Northernmost settlement in the world and one of the most remote and unique destinations in the world where there are more polar bears than people living.



## Silk Topco AS - Group

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

Over the last 3 years Hurtigruten Svalbard has invested heavily in the product and the hotels. In February 2018, Funken Lodge was re-opened with 88 brand-new rooms, new bar and lounge areas, a new reception and a refurbished Funktionærmessen gourmet restaurant. In February 2019 the Radisson Blu opened after a full refurbishment of the public areas including a new restaurant and pub concept.

This investment underlines Hurtigruten Svalbard's ambitions for year-round expedition-based experiences for individual guests, as well as for groups of travelers.

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

### Extraordinary events

Over the last 5 years Silk Topco 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 Silk Topco Group in the twelve months ending February 2020. The period after that after has been severely influenced by the Covid-19 pandemic. This led to a reduction in 2020 revenue of approx. EUR 340 million (-56%) compared to 2019. 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 Silk Topco 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 short-term financial effect of the outbreak on MS Roald Amundsen was approx. EUR 3 million with limited effect on future bookings or cancellation rates.

On 14th of December 2020, Silk Topco's global IT infrastructure was attacked by ransomware virus, resulting in several IT systems being unavailable for several days. Silk Topco managed to restore most systems within few weeks. The costs related to the attack is estimated be approx. EUR 2 million, with the costs mainly associated re installation of servers and systems that was affected by the attack.

### Market development

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

From March 2020 the pandemic restricted travel significantly across the globe with Silk Topco Group reducing operations by warm stacking most of its fleet which has continued through 2020 and into 1H 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 Silk Topco 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 traveling.

Silk Topco Group had experienced a significant growth before the pandemic, and we expect this to continue with the development and roll out of vaccines in the first half of 2021. Silk Topco 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



## Silk Topco AS - Group

destinations will increase. Silk Topco 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.

Silk Topco 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 Silk Topco Group's unique and authentic product in the global cruise and tourism market will be essential. Silk Topco 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 Silk Topco Group brands have historically had lower relative market penetration compared to the Nordics and Germany.

As we 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 Silk Topco 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 Silk Topco Group's supply chain. This could also adversely impact the Silk Topco 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 Silk Topco 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, Silk Topco Group is the leading company in this segment. With its strong focus on sustainability and the environment, Silk Topco 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.

## Explanation of the accounts

### *Profit and loss statement*

The Group'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 the Group 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 this continued throughout the summer and into last half year.

Consolidated operating profit in 2020 ended up at negative EUR 93.6 million, compared to last year's operating profit of positive EUR 72.5 million. Silk Topco Group's loss for the year before income taxes were EUR 163.6 million, compared to a profit before income taxes of EUR 45.5 million last year. The net loss for the year was EUR 163.7 million compared to EUR 17.8 million last year. Income tax was increased due mainly due to that 2019 had a tax cost due to changing tax regime. Further- more during 2020 the Group expensed prior period interest rate deduction due to loss of probability to utilise. When the Covid-19 pandemic hit Europe in March 2020, Silk Topco Group rapidly introduced several cost saving initiatives to reduce the loss from the pandemic, including temporarily lay-offs, limited marketing spending and reduction of consultants. Other initiatives included warm stacking of a large part of the fleet and cancellations of all non-critical capital expenditure projects.

Operating revenues were down from EUR 608.8 million in 2019 to EUR 238.6 million in 2020, which equals a decrease of 61%. Silk Topco Group has received contractual revenues of EUR 79.2 million (EUR 72.6 million last year) from the existing agreement with the Norwegian government through the Ministry of Transport and Communications. The agreement applies to the Bergen-Kirkenes route for the period 1 January 2012 through 31 December 2020. From 1 January 2021 Silk Topco Group has entered into a new agreement that applies to 7 ships, a reduction from 11 ships in the current agreement.

The decrease in revenue is driven by the impact from the Covid-19 pandemic on operations, Silk Topco Group



## Silk Topco AS - Group

revenue streams is mainly driven by international travel and with the introduction of travel restrictions reduced international travel volume to close to zero. As a result of the decline in the revenues, Silk Topco Group applied for a cash compensation scheme from the Norwegian Government Business Compensation scheme, where EUR 30.2 million was recognized as other revenue in 2020. The scheme was set up to support enterprises with a significant drop in revenue caused by Covid-19. The scheme will run until at least June 2021 and may be prolonged if seen as necessary by the Norwegian government.

Direct cost of goods and services decreased by 73% in 2020 compared to 2019 (from EUR 158.6 million in 2019 to EUR 42.4 million in 2020), while other operating costs went down from EUR 189.2 million to EUR 138.0 million, both mainly driven by the halt in operations. Total payroll costs were EUR 92.7 million, which is a decrease of 31% compared to last year. The decrease was due to the furloughs caused by the Covid-19 pandemic.

The depreciations, amortization and impairment losses increased with 45% compared to last year, from EUR 52.1 million to EUR 75.6 million. The increase is due to the addition of MS Fridtjof Nansen to the fleet in addition to an impairment on intangible assets in the fourth quarter of 2020. In preparing for the ramp-up in operations in 2021, the Group recognizes that some of its IT software capitalizations will not be utilized in the new organization and future operations, and as such recognized an impairment of EUR 11.6 million in 2020. No further impairment losses were recognized for the trademarks, goodwill and the fleet, as the value in use is assessed higher than the carrying value for these assets.

All internal research is expensed as incurred. Development costs are only capitalized if the criteria are met. In 2020, all development costs have been expensed.

The parent company, Silk Topco AS's net loss in 2020 was EUR 2.0 million (2019: EUR 0.9 million).

### *Balance and financial position*

Consolidated non-current assets totalled EUR 1,194.2 million at 31 December 2020 (2019: EUR 1,184.9 million).

Total current assets in the Group were EUR 134.4 million (2019: EUR 115.5 million), the increase was mainly due to the added cash and cash-equivalent by the increased loans for the Group. This was offset by the reduction in trade and other receivables which is mostly due to the reduced activity during and not least end of 2020.

Total non-current liabilities were EUR 1,256.8 million (2019: EUR 995.2 million). The increase is due to debt facility of EUR 105 million in the loan Term Loan C (TLC) and the full utilization of the Rolling Credit Facility of EUR 85 million, also some smaller increase of the issuance of bond for EUR 300 million from the subsidiary Explorer II AS which was used to repay the loan facility connected to the building of MS Roald Amundsen and MS Fridtjof Nansen.

Total current liabilities for the Group ended at EUR 177.5 million compared to EUR 243.6 million in 2019. The main reason for the reduction is the change in trade and other current liabilities that is interconnected with the reduction in activity due to the halt of cruise operations in Hurtigruten Expedition segment and only 2 ships of 11 in operation in the Hurtigruten Norway segment.

Consolidated equity at 31 December was negative EUR 105.7 million (2019: positive EUR 61.6 million). The equity ratio was -8.0% (2019: 4.7%). The year 2020 was severely impacted by the Covid-19 pandemic which led to global travel restrictions being introduced in March 2020. As the pandemic broke out, Silk Topco Group initiated a company-wide cost and capex cutting program which included: i) postponing all non-critical capex projects ii) temporary lay-off of non-critical personnel iii) reduced spending on marketing cost, non-critical consultants and non-essential travel. This together with securing additional financing enabled Silk Topco Group to have a financially sound position throughout 2020.

Taking into consideration i) the expected lifting of travel restrictions with the roll out of the vaccines in 2021 ii) the strong development in 2022 bookings which will drive growth in operations and revenues iii) the additional liquidity which has been raised through issuance of new debt iv) the liquidity effect of the sale of the real-estate portfolio in Hurtigruten Destinations in 2021, it is the Board's opinion that the financial position of the Group is sound. The Board is constantly monitoring the liquidity and financial position of Silk Topco Group and will take appropriate action if additional capital is required.



## Silk Topco AS - Group

Based on publicly available information on vaccine roll out programs in key markets, the Board of Directors are of the opinion that normal operations will most likely commence in 2H of 2021. This will be connected to the lifting of the travel restrictions imposed by the Norwegian Government. The majority of the Hurtigruten Norway and Hurtigruten Expeditions passengers who is affected by cancelled sailings are rebooking their voyages to 2021 and 2022 which supports the long-term operations of the company. Bookings for 2022 are, as of 25th of May, 45% higher compared to the same time two years ago for 2020 booking levels. This is very supportive for a rebound in 2022 as travel restrictions are lifted. If travel restrictions are lifted during the summer of 2021, we expect a surge in bookings for 2H 2021 as this will release pent up demand for adventure travel.

The Board of Directors is confident that Silk Topco Group will have a sound fair-valued equity also in 2021. In the opinion of the Board of Directors, the underlying value of Silk Topco Group's vessels and brand are significantly higher than the book value. The sale of the Hurtigruten Destinations real estate assets to approximately 2.5 times the book value of the assets also supports the underlying value of Silk Topco Group's assets.

In the opinion of the Board of Directors, the consolidated financial statements provide a true and fair view of the Group's financial performance during 2020, and financial position at 31 December 2020. The Board confirms that the consolidated financial statements and the financial statements of the parent company have been prepared based on the going concern assumption, and this is supported by strong demand for future sailings and the expected development of the pandemic including vaccine roll out.

The equity ratio for the parent company was 90.2% at 31 December 2020, compared to 98.1% at 31 December 2019, mainly explained by the net loss of EUR 2.0 million in 2020. The net loss for the parent company Silk Topco AS is proposed to be transferred to retained earnings.

### *Cash flow*

Cash and cash equivalents in the cash flow statement totalled EUR 17.3 million at 31 December 2020 (2019: EUR 39.6 million), not including restricted cash. Including restricted cash, the cash and cash equivalent was EUR 87.6 million compared to EUR 50.9 million in 2019.

The net cash flow from operating activities was highly affected by the Covid-19 pandemic and ended with a net cash outflow from operating activities of EUR 45.1 million, vs. a net inflow of EUR 135.9 million in 2019. The decrease for the year is primarily due to lower operating result following the Covid-19 pandemic and negative changes in working capital due to lower level of working capital including prepaid travels.

Net cash outflow used in investment activities was EUR 164.0 million (2019: EUR 395.3 million). The main driver for outflow in 2020 is connected to the last payments connected to the delivery of MS Fridtjof Nansen in 2019 and some capital expenditures on maintenance and refurbishments of the ships. Compared to 2019 the amount was lower, mainly due to no other newbuilding's during 2020.

Net cash inflow from financing activities was EUR 193.8 million (2019: EUR 251.3 million), consisting of the TLC financing with EUR 105 million, the EUR 300 million in issued bond, while the Group also had a repayment of loan connected to the bond issuance. Furthermore, at year-end 2020, the Group had fully drawn on available liquidity through the EUR 85 million Revolving Credit Facility. The reduction compared to 2019 was due to the repayment of borrowings connected to the building of MS Roald Amundsen and MS Fridtjof Nansen, but also increased repayments and interest paid during 2020.

The parent company reported an outflow of EUR 0.6 million from operating activities, outflow of EUR 15.5 million from investing activities and an inflow of EUR 16.2 million from financing activities. The outflow from the investing activities is explained by a change in restricted funds, and the inflow from the financing activities is mainly explained by an inflow from borrowings to group companies.

### *Going concern*

As of 31 December 2020, the carrying value of the equity in the Group was negative EUR 105.7 million (2019: positive EUR 61.6 million). The outbreak of Covid-19 and the subsequent suspension of operations have led to a significantly lower short-term profitability which has resulted in a negative net income in 2020 of EUR 163.7 million. The Board of Directors expects that when travel restrictions are lifted there will be a significant increase in bookings driven by pent up demand which will support a quick rebound in 2H of 2021 and return to



## Silk Topco AS - Group

profitability.

Future bookings for 2022 are, as of 25<sup>th</sup> of May 45% higher compared with same time 2 years ago. This is very supportive for a rebound in 2H of 2021 and into 2022 as travel restrictions are lifted.

In the opinion of the Board of Directors, the underlying value of Silk Topco Group's vessels and brand are significantly higher than the book value which is supported by the above mentioned future booking numbers and the recovering of the equity value and the enterprise value of stock exchange listed expedition cruise and contemporary cruise companies. As a result of this it is the Board of Directors opinion that the fair value of Silk Topco Group is significantly higher than the current book equity.

In order to preserve its liquidity position in 2020, Silk Topco Group initiated a company-wide cost and capex cutting program which includes: i) postponing all non-critical capex projects ii) temporary lay-off of up to 90% of the personnel iii) stopping all spending on marketing cost, non-critical consultants and non-essential travel. Furthermore, Silk Topco Group has executed two capital market transactions raising a total of EUR 105 million in liquidity in Q2 2020 and EUR 46.5 million in Q1 2021.

As of 31st of March 2021, Silk Topco Group had approximately EUR 62 million in available liquidity, in addition to EUR 20.6 million tied up in restricted cash (EUR 5.6 million) and cash collateral related to travel bonds (EUR 15 million). This available liquidity together with the sale of the real-estate portfolio in Hurtigruten Destinations, which will generate EUR 47 million in liquidity, with the expected closing in Q2 2021 gives Silk Topco Group a satisfactory liquidity position based on the expected lifting of travel restrictions in July 2021. On May 26th, 2021 Silk Topco Group increased the LOC facility with EUR 33 million to EUR 93 million to increase the financial flexibility relating to travel guarantee bonding. If the lifting of travel restrictions takes longer than anticipated and additional liquidity is required, the shareholders of Silk Topco Group have confirmed that they remain supportive of Silk Topco Group and have indicated that they would be willing to consider providing additional liquidity if necessary.

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

## Financial Risk

The Group has exposure to the following risk from its use of financial instruments: market risk (including currency, bunker price, fair-value interest rate and variable interest rate risk), credit risk and liquidity risk. The Group's overarching risk management goal is to increase predictability for the Group's operations and to minimise the impact of fluctuations in macro conditions on the Group's results and financial position. The Group has defined overarching principles for risk management which encompass guidelines for specific areas such as currency, interest rate, bunker price, credit risk and the use of financial derivatives. The Board of Directors approves the Group's risk management strategy and reviews it annually. The 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.

The Silk Topco Groups approach to managing liquidity is to secure that it will always have sufficient liquidity to meet its liabilities, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

As of 31st of March 2021, Silk Topco Group had approximately EUR 62 million in available liquidity, in addition to EUR 20.6 million tied up in restricted cash (EUR 5.6 million) and cash collateral related to travel bonds (EUR 15 million). This available liquidity together with the sale of the real-estate portfolio in Hurtigruten Destinations, which will generate EUR 47 million in liquidity, with the expected closing in Q2 2021 gives Silk Topco Group a satisfactory liquidity position based on the expected lifting of travel restrictions in July 2021.

For a detailed assessment of financial risk, see "note 4 - Financial Risk Management".



Silk Topco AS - Group

## Responsible operations

Silk Topco Group is the leading exploration travel company, and the world's largest expedition cruise company. 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 Silk Topco Group's operations.

Being a world leader in exploration travel comes with a responsibility. Sustainability lies at the core of every part of the Silk Topco Group operation and experience. Silk Topco 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 Silk Topco Group's operations have a direct influence on the natural environment through its vessels' fuel consumption. Silk Topco 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 Silk Topco 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 YE 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 (CO<sub>2</sub>) and nitrogen oxides (NO<sub>x</sub>). The choice of fuel is therefore a critical element in efforts to reduce the risk of emission. Silk Topco 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, Silk Topco 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 Silk Topco Group business unites. The higher price of these environmental fuels is offset by their significant positive environmental properties compared to heavier grades of fuel.

Silk Topco 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, Silk Topco Group was working on new methods in its maritime activities to further reduce emissions of the greenhouse gases SO<sub>2</sub>, CO<sub>2</sub> and NO<sub>x</sub>. 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.

In 2019 Silk Topco Group started the preparations for technical upgrades on up to six 90-class vessels to significantly reduce CO<sub>2</sub> emissions and increase the use of environmentally friendly biofuel. A key feature has been ensuring that vessels are compatible with climate-neutral biofuel, paving the way for low emissions service. These are ground-breaking projects, demanding significant research and development prior to docking. The conversion will reduce the CO<sub>2</sub> emissions from these vessels by above 25 per cent, while the NO<sub>x</sub> emissions will be reduced by approx. 90 per cent.

Shore power connection is an important environmental initiative, both for Silk Topco Group and the ports of call. Silk Topco 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 our 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 Silk Topco 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



## Silk Topco AS - Group

areas. Furthermore, our 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.

## Organisation

The global pandemic resulted in an extraordinary situation and year for Silk Topco Group. The very sudden and significant reduction in Silk Topco Group's operations and activity, had a major impact on our manning. The company saw no alternative other than to temporary furlough a significant number of employees for both our sea and land organization. Throughout the pandemic we have worked close with our employee representatives continually assessing the level of furloughs and whether it was possible to find alternatives.

When the pandemic hit in March, a dramatic 78% of our workforce was furloughed, the numbers have developed throughout the year reflecting both operation and the scale of activity. Coming to end December we see the activity has gradually picked up and the furloughs reduced to 21% of the workforce.

Including our furloughed staff, the company has a headcount of 2,154 as of 31 December 2020. Where 1,776 are permanent employees – including subsidiaries, of which 442 of our employees are located in our offices in Hamburg, London, Seattle, Tallinn, Paris, Hong Kong, Melbourne and Svalbard. Temporary employees accounts for a headcount of 378.

Silk Topco Group is an expertise-based company and training plays a key role. Unfortunately, the pandemic also affected our apprenticeship position, but Hurtigruten Norway still had 72 apprentices on its ships at 31 December 2020, still making us one of the largest apprentice companies in the maritime sector of the Confederation of Norwegian Enterprise (NHO).

Silk Topco Group takes its vital role in the education of Norwegian seafarers seriously. Silk Topco Group strongly emphasizes professional expertise in the workforce, but also local knowledge in its recruitment processes. Our crew members are mainly recruited from along the Norwegian coast and the various ports at which the 11 ships call. Through this, Hurtigruten Norway and Hurtigruten Expeditions contribute to maintaining local and regional employment, combined with objectives such as ensuring knowledge, local expertise and flexible shift arrangements for its employees.

The Hurtigruten Expeditions vessels The MS Fram, MS Midnatsol, MS Spitsbergen and MS Roald Amundsen also offer trainee positions in the expedition teams to newly qualified nature guides from selected institutions. Our expedition teams are some of the most experienced in the industry. Their members have formal skills as scientists and are experts about the locations to be visited and the local wildlife. Hurtigruten Expeditions requires all expedition personnel for the Antarctic to take and pass the IAATO field staff online assessment once a year.

## Working environment

Silk Topco Group is an inclusive workplace company, where we actively aim to reduce total sick leave throughout the organization. However, this year has been an extraordinary challenging year, something we also see is reflected in our sick leave statistics, especially on sea where we also have had most furloughs. Average sickness absence in 2020 has increased to 8.3 % for seagoing personnel. The sick leave statistic for land has been fairly stable, where we have seen a slight decrease to 1.3%.

Silk Topco Group will continue its efforts to keep sick leave as low as possible.

The Board of Directors consider the working environment in the Group to be good and will continue to maintain a sharp focus on working conditions and safety culture. The Group executes frequent employee surveys to monitor changes to employee satisfaction. In order to maintain a good working environment during the Covid-



## Silk Topco AS - Group

19 pandemic various measures have been introduced depending on physical presence or working from home. Meetings are conducted digitally, using equipment such as Teams, and new forms of collaboration across platforms have been introduced. The increased use of digital tools for information and document sharing has had a positive effect on the working environment in the company.

### Equal opportunities and discrimination

Silk Topco Group aspires to be an attractive employer for people from different backgrounds, regardless of ethnicity, gender, religion or age. Diversity is a desired and positive part of the corporate culture, which strengthens Silk Topco Group's ability to operate under varying conditions and operating parameters. Any kind of discrimination is incompatible with Silk Topco Group's code of ethics. Silk Topco Group was in 2020 part of the Norwegian SHE index, which were launched in 2018 by the gender equality company called SHE Community. It measures how well Norwegian companies perform in gender balance and is carried out in cooperation with the advisory and auditing company EY. Silk Topco Group ranked as number 48 out of 98 in the survey for 2020. The results showed that Silk Topco Group has come relatively far regarding gender diversity, but still has work to do and aim to rank higher in 2021.

54 different nationalities are represented in Silk Topco Group and female employees account for 41% of the workforce.

For our seagoing personnel, female employees account for 37% of Silk Topco Group's permanent seagoing workforce and are mostly employed in the hotel department. Of the senior officers on board – master, first officer, hotel manager, chief engineer and first engineer – 91 % are male. Silk Topco Group works continuously to create a better balance in seagoing management posts. As of 31<sup>st</sup> of December two of the four members of the corporate management team, reporting to the Group CEO, are female. After the reorganisation of the Group management team which was effective from 1<sup>st</sup> of March 2021, three of the five members of the corporate management team, reporting to the Group CEO, are female.

The goal of Silk Topco Group is to attract female applicants for positions that have traditionally been held by men, and measures have been put in place to enable this goal to be achieved. There is an increasing share of women applying for historical male dominated positions and active steps are being taken to recruit women through internal promotions in maritime positions.

### Corporate social responsibility (CSR)

For 127 years, Silk Topco Group has explored some of the world's most pristine, vulnerable and awe-inspiring waters. Silk Topco 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 Silk Topco Group, it is important that the guests of tomorrow can enjoy the same meaningful travel experiences as the guests of today. Therefore, Silk Topco 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 Silk Topco Group. Trust and good relations with partners and stakeholders are crucial for optimum operation and profitability. By virtue of Silk Topco Group's position in Norwegian tourism, as well as its extensive business activities and social significance, Silk Topco Group both encourages and requires the same level of commitment from its partners and stakeholders. Silk Topco Group aims to raise and set standards for the whole industry to follow, as we enter a new era of expedition cruising and adventure travel driven by sustainability.

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



Silk Topco AS - Group

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.

Silk Topco 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, Silk Topco Group contributes to the livelihoods and welfare of small coastal societies. Silk Topco 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](http://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. Silk Topco 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. Silk Topco 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.

Silk Topco 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.

Silk Topco 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 Silk Topco Group's profitability but also for the environment.



## Silk Topco AS - Group

As part of the effort to raise awareness the Hurtigruten Foundation was established to address the opportunities and challenges in the areas Silk Topco Group 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.

### Share capital and shareholders

As of 31 December 2020, Silk Topco AS had fourteen (14) shareholders and a total paid in equity of NOK 1,870.4 million spread over 273,449,989 shares with a nominal value of NOK 1.00 each and a share premium of NOK 1,597.0 million. With the change of functional currency at 1 January 2020, the share capital and premium were EUR 189.6 million. The shares have equal voting rights, see note 14 for more information.

### Events after balance sheet date

On 1 March 2021, Silk Topco Group AS secured a new €46.5 million term loan facility which can be used for its and its subsidiaries' general corporate and working capital requirements. The new facility is priced at E+800bps, matures in June 2023 and ranks pari passu with Silk Topco Group's existing Senior Term and Revolving Facilities originally dated 9 February 2018 and Senior Term Facility dated 12 June 2020.

On 29 March 2021, Silk Topco Group announced the signing of an agreement with Store Norske to sell the real-estate portfolio on Svalbard. The real-estate portfolio is c. 40 000 square meters, including three hotels, office facilities, 40 apartments and two large retail premises. The total value of the transaction is NOK 690 million of which NOK 105 million is dependent on Hurtigruten Svalbard's sales performance. The transaction is expected to be closed during Q2 2021 and will have a net liquidity effect of approx. EUR 47 million at closing.

On 26 May 2021, Silk Topco Group announced that the Group has secured an addition of EUR 33 million in letter of credit capacity up to a total of EUR 93 million.

On 27 May 2021, Silk Topco Group announced that the lenders of the Senior Term and Revolving Facilities has agreed to reduce the minimum available liquidity requirement from EUR 25 million to EUR 15 million.

### Outlook

Before the Covid-19 pandemic broke out in 2020 Silk Topco 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 Silk Topco 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, Silk Topco 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 Silk Topco 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 Q3 2021.

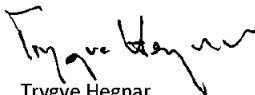


## Silk Topco AS - Group

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 be back in close to normal operations in Q3 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 Q3 2021 with the expectations to be back in normal operations with 7 ships in Q4 2021.

Customer feedback during the pandemic have be very good over the last year and Silk Topco Group continue to bring home key international travel awards strengthening Silk Topco Group's brand position and awareness across all key travel markets. The improvement in Silk Topco 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, 24 June 2021  
Board of Directors of Silk Topco AS



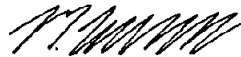
Trygve Hegnar  
Chairman



Petter Anker Stordalen  
Director



Jonathan Barlow Rosen  
Director



Matthew John Lenczner  
Director



Daniel Skjeldam  
CEO



Silk Topco AS

Consolidated  
Financial  
Statements

2020



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### STATEMENT OF INCOME

<i>(in EUR 1,000)</i>	<i>Note</i>	<b>2020</b>	<b>2019</b>
Operating revenues	21	<b>238,582</b>	608,786
Other revenues	21	<b>30,155</b>	-
Direct cost of goods and services	22	<b>(42,440)</b>	(158,570)
Payroll costs	23, 24	<b>(92,701)</b>	(134,325)
Depreciation, amortisation and impairment losses	7, 8	<b>(75,569)</b>	(52,130)
Other operating costs	25	<b>(137,954)</b>	(189,165)
Other gains/(losses) - net	26	<b>(13,687)</b>	(2,083)
<b>Operating profit/(loss)</b>		<b>(93,614)</b>	72,514
Finance income	28	<b>12,871</b>	26,231
Finance expenses	28	<b>(82,801)</b>	(53,372)
<b>Net financial items</b>		<b>(69,930)</b>	(27,141)
Share of net income from associates	9	<b>(52)</b>	129
<b>Profit/(loss) before taxes</b>		<b>(163,596)</b>	45,502
Income taxes	16	<b>(102)</b>	(63,262)
<b>Net income</b>		<b>(163,698)</b>	(17,760)
<b>Net income attributable to</b>			
Owners of Silk Topco AS		<b>(162,380)</b>	(17,013)
Non-controlling interests		<b>(1,318)</b>	(748)



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### STATEMENT OF COMPREHENSIVE INCOME

<i>(in EUR 1,000)</i>	<i>Note</i>	<b>2020</b>	<b>2019</b>
<b>Net income</b>		<b>(163,698)</b>	<b>(17,760)</b>
<b>Other comprehensive income, net of tax:</b>			
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>			
<b>Change in fair value of equity investments recognized in OCI</b>	10	-	(260)
<b>Actuarial gain/loss on retirement benefit obligations</b>	17	<b>(2,900)</b>	372
<b>Income tax relating to these items</b>	16	<b>622</b>	(124)
<b>Sum</b>		<b>(2,278)</b>	<b>(12)</b>
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>			
<b>Change in fair value of cash flow hedge instruments</b>	10	<b>2,483</b>	<b>10,273</b>
- fair value adjustment taken to equity		10,954	8,489
- transferred to profit and loss		(8,471)	5,409
- tax transferred to profit and loss		-	(3,624)
<b>Currency translation differences</b>		<b>(3,793)</b>	<b>652</b>
- currency translation taken to equity		(3,793)	652
<b>Sum</b>		<b>(1,310)</b>	10,925
<b>Total other comprehensive income, net of tax</b>		<b>(3,588)</b>	<b>10,913</b>
<b>Total comprehensive income</b>		<b>(167,286)</b>	<b>(6,847)</b>
<b>Total comprehensive income attributable to</b>			
Owners of Silk Topco AS		<b>(165,953)</b>	(6,089)
Non-controlling interests		<b>(1,333)</b>	(758)



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### STATEMENT OF FINANCIAL POSITION

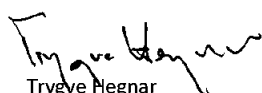
<i>(in EUR 1,000)</i>	<i>Note</i>	<b>2020</b>	2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	<b>907,853</b>	888,456
Right of use assets	7	<b>15,149</b>	15,800
Intangible assets	8	<b>266,498</b>	276,305
Investments in associates	9	<b>506</b>	631
Deferred income tax assets	17	<b>1,522</b>	929
Investments in other companies	10	<b>2,505</b>	2,557
Other financial assets, non-current	10, 11	<b>191</b>	209
<b>Total non-current assets</b>		<b>1,194,223</b>	1,184,887
<b>CURRENT ASSETS</b>			
Inventories	12	<b>13,778</b>	17,782
Trade and other receivables	11	<b>30,911</b>	45,986
Current derivative financial instruments	10	-	827
Cash and cash equivalents	13	<b>87,628</b>	50,933
Assets held for sale	7	<b>2,087</b>	-
<b>Total current assets</b>		<b>134,404</b>	115,529
<b>Total assets</b>		<b>1,328,627</b>	1,300,415




## Silk Topco AS - Group

## Consolidated Financial Statements 2020

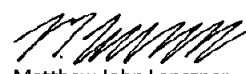
<i>(in EUR 1,000)</i>	<i>Note</i>	<b>2020</b>	<b>2019</b>
<b>EQUITY</b>			
Total equity attributable to the shareholders in Silk Topco AS		<b>(104,244)</b>	61,709
Non-controlling interests		<b>(1,438)</b>	(100)
<b>Total equity</b>		<b>(105,682)</b>	61,609
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	15	<b>1,238,762</b>	972,970
Deposits from customers, non-current	21	<b>10,809</b>	11,832
Deferred income tax liabilities	16	<b>3,808</b>	4,507
Retirement benefit obligations	17	<b>2,926</b>	4,681
Non-current derivative financial instruments	10	-	768
Provisions for other liabilities and charges	18	<b>406</b>	458
Other non-current liabilities		<b>57</b>	-
<b>Total non-current liabilities</b>		<b>1,256,768</b>	995,216
<b>Current liabilities</b>			
Trade and other current liabilities	20	<b>66,686</b>	113,375
Deposits from customers, current	21	<b>81,362</b>	91,732
Current income tax liabilities	16	<b>1,229</b>	1,591
Current borrowings	15	<b>19,934</b>	30,491
Current derivative financial debt instruments	10	<b>4,564</b>	2,543
Provision for other liabilities and charges	18	<b>3,766</b>	3,859
<b>Total current liabilities</b>		<b>177,542</b>	243,591
<b>Total equity and liabilities</b>		<b>1,328,627</b>	1,300,416

  
Trygve Hegnar  
Chairman

Oslo, 24 June 2021

  
Petter Anker Stordalen  
Director

  
Jonathan Barlow Rosen  
Director

  
Matthew John Lenczner  
Director

  
Daniel Skjeldam  
CEO



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### STATEMENT OF CHANGES IN EQUITY

<i>(in EUR 1,000)</i>	Attributable to shareholders of Silk Topco AS				Non-controlling interests	Total Equity
	Share capital and premium	Other reserves	Retained earnings	Total		
<b>Balance at 1 January 2020</b>	189,627	(4,610)	(123,308)	<b>61,708</b>	(100)	<b>61,609</b>
<i>Comprehensive income</i>						
Net income	-	-	(162,380)	<b>(162,380)</b>	(1,318)	<b>(163,698)</b>
Other comprehensive income	-	(1,034)	(2,539)	<b>(3,573)</b>	(15)	<b>(3,588)</b>
<b>Total comprehensive income</b>	-	<b>(1,034)</b>	<b>(164,919)</b>	<b>(165,953)</b>	<b>(1,333)</b>	<b>(167,286)</b>
<i>Transactions with owners</i>						
Transactions with non-controlling interests	-	-	-	-	(5)	(5)
<b>Balance at 31 December 2020</b>	189,627	(5,643)	(288,228)	<b>(104,245)</b>	(1,438)	<b>(105,682)</b>

<i>(in EUR 1,000)</i>	Attributable to shareholders of Silk Topco AS				Non-controlling interests	Total Equity
	Share capital and premium	Other reserves	Retained earnings	Total		
<b>Balance at 1 January 2019</b>	188,016	(15,200)	(105,018)	<b>67,798</b>	-	<b>67,798</b>
<i>Comprehensive income</i>						
Net income	-	-	(17,013)	<b>(17,013)</b>	(748)	<b>(17,760)</b>
Other comprehensive income	-	10,591	-	<b>10,591</b>	-	<b>10,591</b>
Translation effect <sup>1)</sup>	1,611	-	(1,278)	<b>333</b>	(10)	<b>323</b>
<b>Total comprehensive income</b>	<b>1,611</b>	<b>10,591</b>	<b>(18,290)</b>	<b>(6,089)</b>	<b>(758)</b>	<b>(6,847)</b>
<i>Transactions with owners</i>						
Transactions with non-controlling interests	-	-	-	-	658	658
<b>Balance at 31 December 2019</b>	189,627	(4,610)	(123,308)	<b>61,708</b>	(100)	<b>61,609</b>

<sup>1)</sup> As described in note 2, 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 is shown as a separate item in the table above for 2019.



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### STATEMENT OF CASH FLOW

<i>(in EUR 1,000)</i>	<i>Note</i>	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities</b>			
Profit/(loss) before taxes		<b>(163,596)</b>	45,502
Adjustments for:			
Depreciation, a mortisation and impairment losses	7, 8	75,569	52,130
Foreign exchange gains/losses	26, 28	1,022	(5,589)
Unrealised gains/losses derivatives		15,850	-
Net interest expenses		64,571	30,421
Share of net income from associates		52	(125)
Fair value adjustments on financial investments		999	-
Difference between expensed pension and payments	17	(1,901)	(6,843)
<i>Change in working capital:</i>			
Inventories	12	4,004	1,013
Trade and other receivables	11	15,546	(5,639)
Trade and other payables	20	(36,697)	11,705
Change in deposits from customers	21	(8,217)	20,367
Other changes		-	(1,341)
Settlement of financial instruments		(10,850)	-
Income tax paid	16	(1,437)	(5,672)
<b>Net cash flows from (used in) operating activities</b>		<b>(45,085)</b>	135,930
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment (PPE)	7	(95,334)	(385,879)
Proceeds from sale of property, plant, equipment (PPE)		362	54
Purchases of intangible assets	8	(10,014)	(13,765)
Cash effect from business combinations, net of cash in acquiree		-	(2,390)
Change in restricted funds	13	(58,969)	6,680
<b>Net cash flows from (used in) investing activities</b>		<b>(163,955)</b>	(395,301)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	15	524,079	311,847
Repayment of borrowings	15	(265,851)	(23,852)
Payment of lease liabilities	29	(4,767)	(4,527)
Paid interest and finance fees		(59,628)	(32,220)
<b>Net cash flows from (used in) financing activities</b>		<b>193,832</b>	251,248
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		(15,208)	(8,124)
Cash and cash equivalents at 1 January		39,579	47,438
Foreign exchange gains/(losses) on cash, cash equivalents and bank overdrafts		(7,065)	264
<b>Cash and cash equivalents at 31 December</b>	13	<b>17,306</b>	39,579
Restricted cash	13	70,323	11,354
<b>Cash and cash equivalents in statement of financial position</b>	13	<b>87,628</b>	50,933



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1 GENERAL INFORMATION

The consolidated financial statements of Silk Topco Group (the Group) consists of Silk Topco AS and its subsidiaries, headquartered at Langkaia 1 in Oslo, Norway. The main Group activities are conducted in the subsidiaries Hurtigruten AS and Hurtigruten Cruise AS, which both are private limited liability companies registered and domiciled in Norway. The Group has offices in Oslo, Tromsø and Kirkenes, wholly owned foreign sales companies in Hamburg, London, Paris, Hong Kong, Melbourne and Seattle, a reservations centre in Tallinn as well as activities in Longyearbyen. The consolidated financial statements can be downloaded from Silk Topco Groups' website [www.hurtigruten.no](http://www.hurtigruten.no).

Silk Topco Group is the world's leading expedition cruise and adventure travel company, with a fleet of 16 expedition cruise vessels. Silk Topco Group opens a unique gateway to experiences in the Arctic, Antarctica, Greenland and along the Norwegian coast to travellers from all over the world. The Group's operating segments are organised into the following three product areas: Norwegian Norway, Hurtigruten Expeditions and Hurtigruten Destinations.

Hurtigruten Norway (*renamed from Hurtigruten Norwegian Coast in the annual report for 2019*) was in 2020 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. From 2021 Hurtigruten Norway will operate 7 ships in this segment under a new 10-year contract with the Norwegian Ministry of transportation, compared to 11 ships in 2020. The vessel schedule and infrastructure are leveraged to provide a combination of local transport and freight services on top of the unique small-ship cruise offering. For this schedules service Hurtigruten Norway receives an annual fixed fee from the Norwegian government under the coastal service contract.

Hurtigruten Expeditions (*renamed Expedition Cruises in the annual report for 2019*) is the second largest segment, offering unique expedition cruises on board the small-size (250-500 beds) vessels MS Fritjof Nansen, MS Roald Amundsen, MS Fram, MS Spitsbergen and MS Midnatsol (the latter two vessels alternating between the Norwegian Coast and the Expedition cruises segments), as well as MS Nordstjernen which through a charter agreement operates shorter expedition cruises on the archipelago of Svalbard in the summer season. The Expedition cruises segment was strengthened in 2019 with the two new purpose-built 530 passenger polar cruise vessels MS Roald Amundsen and MS Fridtjof Nansen, the latter commercial sailing in June. From 2021/2022 the Hurtigruten Expeditions segment will be Silk Topco Groups' largest segment when three of the largest vessels from the Hurtigruten Norway segment will be transferred to the Hurtigruten Expeditions segment as mentioned above.

Hurtigruten Destinations (*renamed from Landbased in the annual report for 2019*) comprises year-round hotel and restaurant activities as well as arctic experience tourism in Svalbard and Kirkenes. Hurtigruten Svalbard operates three hotels, one equipment store and one sport-retail store. In addition, the segment also includes the 50% ownership in Hurtigruten Barents which owns real estate in Kirkenes.

Activities that do not naturally fall within these three segments are bundled in Group functions & other. These operating segments are reported in the same way as internal reporting to the Board of Directors and Group management.

The Group's presentation currency for 2020 is Euro.

The consolidated financial statements were approved by the company's Board of Directors on 24 June 2021.



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

The following companies are included in the consolidated financial statements

	Registered office	Ownership/voting share
<b>Owned by Silk Topco AS (parent company)</b>		
Silk Midco AS	Tromsø, Norway	100 %
Coastal Holding AS	Tromsø, Norway	100 %
Kirberg Shipping AS	Tromsø, Norway	100 %
<b>Owned by Kirberg Shipping AS</b>		
KVE Holding AS	Tromsø, Norway	100 %
<b>Owned by Coastal Holding AS</b>		
Coastal 1 AS <sup>1)</sup>	Oslo, Norway	100 %
Coastal 2 AS <sup>1)</sup>	Oslo, Norway	100 %
Kirberg Shipping KS <sup>1)</sup>	Tromsø, Norway	100 %
<b>Owned by Silk Midco AS</b>		
Hurtigruten Group AS <sup>2)</sup>	Oslo, Norway	100 %
<b>Owned by Hurtigruten Group AS</b>		
Hurtigruten AS	Tromsø, Norway	100 %
Hurtigruten Explorer AS	Tromsø, Norway	100 %
Hurtigruten Onshore Operations AS	Tromsø, Norway	100 %
Hurtigruten Expedition Fleet AS	Tromsø, Norway	100 %
Hurtigruten Coastal Fleet AS	Tromsø, Norway	100 %
Hurtigruten Offshore Excursion AS <sup>3)</sup>	Tromsø, Norway	100 %
<b>Owned by Hurtigruten AS</b>		
HRG Eiendom AS	Tromsø, Norway	100 %
Hurtigruten Estonia OÜ	Tallinn, Estonia	100 %
Hurtigruten GmbH	Hamburg, Germany	100 %
Hurtigruten Inc.	Seattle, USA	100 %
Norwegian Coastal Voyage Ltd	London, UK	100 %
Hurtigruten Pluss AS	Tromsø, Norway	100 %
Hurtigruten SAS	Paris, France	100 %
Hurtigruten Sjø AS	Kirkenes, Norway	100 %
Hurtigruten Svalbard AS	Longyearbyen, Svalbard, Norway	100 %
Explorer II AS <sup>1)</sup>	Tromsø, Norway	100 %
Hurtigruten Cruise AS	Tromsø, Norway	100 %
Hurtigruten Australia Pty Ltd	Melbourne, Australia	100 %
<b>Owned by Norwegian Coastal Voyage Ltd</b>		
Hurtigruten Ltd	London, UK	100 %
Hurtigruten Asia Pacific	Hong Kong	100 %
<b>Owned by Hurtigruten Svalbard AS</b>		
Green Dog Svalbard AS	Longyearbyen, Svalbard, Norway	50 %



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### Owned by Hurtigruten Explorer AS

Explorer I AS <sup>1)</sup> Tromsø, Norway 100 %

### Owned by Hurtigruten Onshore Operations AS

Hurtigruten Barents AS Kirkenes, Norway 50 %

### Owned by Hurtigruten Barents AS

Arctic Secret Holding AS Kirkenes, Norway 100 %

Sollia Gjestegård AS Jarfjord, Norway 100 %

Gapahuken Drift AS <sup>4)</sup> Jarfjord, Norway 100 %

### Owned by Hurtigruten Coastal Fleet AS

MS Richard With AS Tromsø, Norway 100 %

MS Nordlys AS Tromsø, Norway 100 %

<sup>1)</sup> SPE (Special Purpose Entity)

<sup>2)</sup> Hurtigruten Group AS changed its corporate name from Silk Bidco AS on 19 February 2019

<sup>3)</sup> Hurtigruten Offshore Excursions AS changed its corporate name from Hurtigruten Ship Holding AS on 2 July 2020

<sup>4)</sup> Gapahuken Drift AS were put under bankruptcy proceedings March 3, 2020

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 2.1 BASIC POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretation Committee (IFRIC), as endorsed by the European Union. The consolidated financial statements have been prepared under the historical cost convention, modified to include

- revaluation to fair value of certain financial assets and financial derivatives
- revaluation to fair value of defined benefit plan assets
- present value calculation of defined benefit liabilities
- use of the equity method on investments in associated companies

The preparation of financial statements in accordance with IFRS requires the use of estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Areas that involve a high degree of such judgments, or are highly complex, and areas in which assumptions and estimates are of material importance for the consolidated financial statements are described in more detail in Note 3.

The Group's consolidated financial statements have been prepared according to uniform accounting policies for similar transactions and events under similar conditions.



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### GOING CONCERN BASIS OF ACCOUNTING

The Group has recognised a net loss of EUR 163.7 million for the year ended 31 December 2020 and a pre-tax loss of EUR 163.6 million. From the latter part of March and through the rest of the year, the Group's performance was impacted by the global spread of Covid-19, as mobility restrictions and lockdown measures were implemented throughout the world. Thus, the Covid-19 pandemic have created a challenging business environment for the Group, and an unprecedented uncertainty of potential negative impact on the financial performance. In addition to the imposed restrictions affecting the operations, the extent, duration, and magnitude of the Covid-19 pandemic's effect on the economy and consumer demand for cruising and travel is still rapidly fluctuating and difficult to predict. Silk Topco Group has temporary suspended the operations of 11 of the 16 vessels, which is expected to continue to the end of June 2021 with the risk of a prolonged suspension.

As of 31 December 2020, the carrying value of the equity in the Group was negative EUR 105.7 million (2019: positive EUR 61.6 million). The outbreak of Covid-19 and the subsequent suspension of operations have led to a significantly lower short-term profitability which has resulted in a negative net profit in 2020 of EUR 163.7 million. The Board of Directors expects that when travel restrictions are lifted there will be a significant increase in bookings driven by pent up demand which will support a quick rebound in 2H of 2021 and return to profitability.

Future bookings for 2022 are, as of 25<sup>th</sup> of May 45% higher compared with same time 2 years ago. This is very supportive for a rebound in 2H of 2021 and into 2022 as travel restrictions are lifted.

In the opinion of the Board of Directors, the underlying value of Silk Topco Group's vessels and brand are significantly higher than the book value which is supported by the above mentioned future booking numbers and the recovering of the equity value and the enterprise value of stock exchange listed expedition cruise and contemporary cruise companies. As a result of this it is the Board of Directors opinion that the fair value of Silk Topco Group is significantly higher than the current book equity.

In order to preserve its liquidity position in 2020, Silk Topco Group initiated a company-wide cost and capex cutting program which includes: i) postponing all non-critical capex projects ii) temporary lay-off of up to 90% of the personnel iii) stopping all spending on marketing cost, non-critical consultants and non-essential travel. Furthermore, Silk Topco Group has executed two capital market transactions raising a total of EUR 105 million in liquidity in Q2 2020 and EUR 46.5 million in Q1 2021.

As of 31<sup>st</sup> of March 2021, Silk Topco Group had approximately EUR 62 million in available liquidity, in addition to EUR 20.6 million tied up in restricted cash (EUR 5.6 million) and cash collateral related to travel bonds (EUR 15 million). This available liquidity together with the sale of the real-estate portfolio in Hurtigruten Destinations, which will generate EUR 47 million in liquidity, with the expected closing in Q2 2021 gives Silk Topco Group a satisfactory liquidity position based on the expected lifting of travel restrictions in July 2021. On May 26<sup>th</sup>, 2021 Silk Topco Group increased the LOC facility with EUR 33 million to EUR 93 million to increase the financial flexibility relating to travel guarantee bonding. If the lifting of travel restrictions takes longer than anticipated and additional liquidity is required, the shareholders of Silk Topco Group have confirmed that they remain supportive of Silk Topco Group and have indicated that they would be willing to consider providing additional liquidity if necessary.

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



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### 2.2 CONSOLIDATION POLICIES

The consolidated financial statements include the financial statements of the parent company and its subsidiaries from 1 January 2020 to 31 December 2020, including comparable numbers for the previous year.

Subsidiaries constitute all companies (including structured companies) over which the Group exercises control. Control over an entity arises when the Group is exposed to variability in the return from the entity and can impact this return by virtue of its influence over the entity. Subsidiaries are consolidated from the time a controlling influence is established and until the controlling influence ceases to exist.

All intra-Group balances, transactions and unrealised gains and losses on transactions between Group companies are eliminated.

#### A) SUBSIDIARIES AND CONSOLIDATION

Subsidiaries constitute all companies (including structured companies) over which the Group 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 the controlling influence ceases to exist.

All intra-Group balances, transactions and unrealised gains and losses on transactions between Group companies are eliminated.

#### B) ASSOCIATED COMPANIES

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

### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A) SEGMENT REPORTING

An operating segment is a component of the business:

- (i) that engages in business activities of which the company receives operating revenues and incurs costs;
- (ii) whose operating results are regularly reviewed by the company's ultimate decision-maker to determine which resources should be allocated to the separate segments.

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

#### B) TRANSLATION OF FOREIGN CURRENCIES

##### (I) FUNCTIONAL AND PRESENTATION CURRENCY

On 1 January 2020, Silk Topco Group changed the presentation currency of the Group from Norwegian kroner (NOK) to euro (EUR), with retrospective application on comparative figures according to IAS 8 and IAS 21 to the extent practicable. The change was made to reflect that EURO is the predominant currency in the Group, accounting for a significant amount of the net cash flow. EURO is also the main financing currency for the Group. The change in presentation currency were applied retrospectively for comparable figures for 2019.

For the parent company and some other subsidiaries in the Group, EURO is the functional currency from 1 January 2020. The change was made to reflect that EURO is the predominant currency in some of the companies,



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

counting for a significant part of the cash flow and financing. The change was implemented with prospective effect. Note that this change was only made for subsidiaries where EURO was the predominant currency. For the other subsidiaries in the Group, the functional currency is their local currencies.

Hence, for 2020 the consolidated financial statements are presented in EURO, which is both the parent company's functional currency and the Group's presentation currency.

### (II) TRANSACTIONS AND BALANCE SHEET ITEMS

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

### (III) GROUP COMPANIES

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

- The balance sheet is translated at the currency rate in force at the balance sheet date
- The income statement is translated at the transaction date currency rate. Monthly average rates are used as an approximation of the transaction rate.
- Translation differences are recognised in other comprehensive income.

### C) REVENUE RECOGNITION

Revenue is recognised in the income statement as follows:

#### (I) REVENUE FROM SALE OF SERVICES AND TRAVEL

Sales of services are recognised in the accounting period when the service is rendered and/or delivered to the customer. For ship voyages, revenue is recognised over the days the passenger is on board. For voyages currently in route on the reporting date, revenues are accrued based on the number of days the voyage lasts before the end of the accounting period. Revenue recognition is performed based on reports from the booking system, providing detailed information regarding the sailings. Tickets, meals and excursions are primarily pre-sold before the journey commences, but for travellers along the Norwegian coast, it is also possible to purchase tickets in the port right before the ship sails. Onboard sales of food, beverages, shop and excursions accounts for approximately nine percent of the total revenue. Travellers pay their journey up-front, and these payments are accounted for as deposits from customers (liabilities). See note 22 for a reconciliation of changes in this liability.

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

#### (II) REVENUE FROM SALE OF GOODS

The Group's sales of goods primarily relate to sales of food, souvenirs and other kiosk products onboard the ships. Sales are recognised 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 recognised in the income statement including the credit card fees incurred for the transaction. The fees are recorded as costs to sell.



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### (III) PUBLIC PROCUREMENT

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

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

### (IV) INCREMENTAL COSTS

Incremental costs of obtaining a contract are those costs incurred to obtain a contract with a customer that would not have been incurred if the contract had not been obtained, for example, a sales commission. The Group incur commissions to several sales commissioners, selling tickets to Silk Topco Group 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 Group will have to make a provision for prepaid or accrued commission if the payment is performed at another time than the travel. The expenses are presented as Direct cost of goods and services in the Statement of Income.

### (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".

No provision for guarantees has been accounted for in the statement of financial position as at 31 December 2020 and 2019.

### D) PROPERTY, PLANT AND EQUIPMENT

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

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

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

Land	Indefinite
Buildings	25 – 40 years
Ships	20 – 40 years
Other	5 – 10 years



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

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

One of the Group's subsidiaries, Hurtigruten Svalbard AS, receives a government grant for the buildings on Svalbard. This is booked as a cost reduction against depreciations and the net effect is presented as *Other* in accumulated depreciations in note 7.

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

The cost of ships under construction include progress payments for the construction of new ships, as well as design and engineering fees, capitalised interest, construction oversight costs and various owner supplied items.

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### E) INTANGIBLE ASSETS

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#### (I) GOODWILL

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

Goodwill is allocated to the cash-generating unit or groups of cash-generating units that are expected to benefit from the acquisition at the time of acquisition (section F).

Goodwill is not amortised but is tested annually for impairment.

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#### (II) TRADEMARK

Trademarks acquired in a business combination are recognised at fair value at the acquisition date. The trademark Silk Topco Group has an indefinite useful life and is tested annually for impairment.

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#### (III) OTHER INTANGIBLE ASSETS

Intangible assets consist mainly of development costs for computer systems recognised in the balance sheet at cost, if the criteria for recognition in the balance sheet are met. Expenses recognised in the balance sheet as custom developed computer systems largely comprise 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 Group to be able to complete the development and to use the completed intangible asset.
- Development costs for the asset can be reliably measured



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

Intangible assets are considered to have a limited life span and are amortised over their expected useful life. Other development expenditures that do not meet the criteria for recognition in the balance sheet are expensed as they are incurred.

### F) IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets with indefinite useful life and goodwill are not amortised but are tested annually or more frequently if there are indications of impairment. Depreciated property, plant and equipment and amortised intangible assets are assessed for impairment when there is any indication that the book value may not be recoverable.

An impairment loss is recognised for the amount by which the asset's book value exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. In assessing impairments, non-current assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each reporting date the possibility of reversing previous impairment of non-financial assets (except goodwill) is assessed.

### G) FINANCIAL ASSETS

#### (I) CLASSIFICATION

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

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

#### (II) RECOGNITION AND MEASUREMENT

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

All financial assets that are not recognised at fair value through profit or loss are initially recognised at fair value plus transaction costs. Financial assets recognised at fair value through profit or loss are initially recognised at



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

fair value and transaction costs are expensed in the income statement. Subsequent measurement depends on the classification as referred to under Section F, point I.

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

Gains or losses from changes in fair value of assets classified as "financial assets at fair value through profit or loss", including interest income and dividends, are included in the income statement under other (loss) / gains – net in the period in which they arise. Dividends from financial assets at fair value through profit or loss are included in other (loss) / gains – net when the Group's right to receive payments is established.

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### H) OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

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

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### I) IMPAIRMENT OF FINANCIAL ASSETS

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

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

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### J) DERIVATIVES AND HEDGING

The Group uses derivatives to hedge exposure against foreign currency risk and bunker oil prices. Some of these derivatives are designated as hedging instruments by management. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value on an ongoing basis. The changes are generally recognised in profit or loss. However, the method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group classifies derivatives that are part of a hedging instrument as either:

- (i) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair-value hedge) or
- (ii) hedges of variable cash flows with a particular risk associated with a recognised asset, liability or a highly probable forecast transaction (cash flow hedge).

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



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

The fair value of derivatives used for hedging purposes are presented in note 10C. Changes in the equity item from hedging are presented in the statement of equity.

### *Cash flow hedging*

The effective portion of changes in the fair value of derivatives that are designated and qualify as hedging instruments in cash flow hedges is recognised directly in other comprehensive income in cash flow hedge reserve. Losses and profits on the ineffective portion are recognised in the income statement.

Hedge gains or losses recognised in other comprehensive income and accumulated in equity are recycled over profit and loss in the period during which the hedged item affects the income statement (for example, when the highly forecasted probable sales transaction is taking place).

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as property, plant and equipment or inventory, the amount accumulated in the cash flow hedge reserve is included directly in the initial cost of the non-financial item when it is recognised, and not recycled from other comprehensive income to profit and loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is recognised in the income statement. When a hedged transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement as a reclassification adjustment.

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### K) TRADE RECEIVABLES

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

Trade receivables are measured at the invoice amount, as long as there is no significant financing component. For trade receivables, an amount equal to the lifetime expected credit losses is recognised as a loss allowance.

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### L) CASH AND CASH EQUIVALENTS

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

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### M) TRADE PAYABLES

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

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



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### N) BORROWINGS

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

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

### O) BORROWING COSTS

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

### P) CURRENT AND DEFERRED INCOME TAXES

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

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

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

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

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

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



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

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

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

#### (I) PENSION LIABILITIES

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

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

The cost of pension entitlements for the period are recognised in payroll costs. This expense includes an increase in the pension liability due to earnings from previous years, changes, curtailments and settlements.

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

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

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

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

#### (II) PROFIT-SHARING AND BONUS SCHEMES

The group recognises a liability and an expense for bonuses and profit-sharing plans at the time the specific criteria for performing the payment are fulfilled. The accrual is including social security tax.

#### (III) SHARE-VALUE-BASED REMUNERATION

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

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



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### (IV) TERMINATION BENEFITS

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

### R) PROVISIONS

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

### S) LEASES

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

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

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

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

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

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

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

- fixed payments



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

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

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

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

The largest impact for the Group leases related to ships, rental of office space, apartments and office machinery.

In case of a sale and leaseback transaction, the Group must apply the requirements in IFRS 15 for determining when a performance obligation is satisfied to assess whether the transfer of an asset is accounted for as a sale of that asset. Silk Topco Group leases two vessels that are recognised as property, plant and equipment with a corresponding loan classified as secured borrowings.

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### T) DIVIDENDS

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

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### U) GOVERNMENT GRANTS

Silk Topco Group 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.

The Group receives material grants in the form of grants for trainee schemes and net salary subsidies. These grants are recognised net (as a cost reduction) together with the other payroll costs.

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## 2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

In the current year, the Group has consistently applied the accounting policies presented in these consolidated financial statements. There have been no new standards, amendments to standards or approved IFRSs and IFRICs with future effective date that are expected to affect the Group accounts significantly.



## NOTE 3 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

### 3.1 KEY ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions about the future. Thus, by their very nature, the accounting estimates that are made because of the above processes will rarely fully correspond with the outcome.

Estimates and assumptions that have a significant risk of causing a material adjustment to the book values of assets and liabilities within the next financial year are outlined below.

#### (A) ESTIMATED IMPAIRMENT OF GOODWILL AND TRADEMARK

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

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

#### (B) SHIPS

##### *Useful economic lifetime*

The level of depreciation depends on the estimated economic lifetime of the ships. These estimates are based on history and experience relating to the Group's vessels. The estimates are reviewed at regular intervals. A change in the estimate will affect depreciation in future periods.

##### *Estimated impairment of ships*

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

#### (C) DEFERRED INCOME TAX ASSETS

The recognition of deferred income tax assets is based mainly on the utilisation of tax loss carry forwards against future taxable income in the Group. The assessment is made based on management's estimates of future profits in the Group and includes an assessment of the Group's future strategy, economic developments in the markets in which the Group operates, future tax regimes and the Group's ability to deliver forecast synergies. In preparing the financial statements, management has found the future taxable income to be sufficient to utilise the recognised deferred income tax assets. Please refer to note 16 for more information on deferred income tax assets recognised in the balance sheet.

#### (D) FAIR VALUE OF DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The fair value of financial instruments not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques and information from the contract counterparty. The Group uses its



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

judgment to select a variety of methods and to make assumptions based mainly on market conditions existing at each balance sheet date. Please refer to note 10 for further information.

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### (E) PENSION ASSUMPTIONS

The Group has both defined contribution and defined benefit pension schemes. Measurement of pension costs and pension obligations for defined benefit plans involves the application of a number of assumptions and estimates, including the discount rate, future salary levels, expected employee turnover rate, the return on plan assets, annual pension increases, expected adjustments to G (the National Insurance Scheme basic amount) and demographic factors.

The Group has pension obligations in Norway and Germany. The discount rate used to calculate pension obligations in Norway is based on 15-year corporate covered bonds, with an additional provision to adjust for applicable risk and maturity relevant for the pension obligations. Covered bonds are primarily issued by credit institutions to listed Norwegian commercial and savings banks and are secured against loans directly owned by the credit institution. The Group has applied economic assumptions in line with the recommendation of the Norwegian Accounting Standards Board. For obligations in Germany, the discount rate is determined based on the interest rates on high quality corporate bonds denominated in the currency in which the benefits will be paid, with terms to maturity approximating to the term of the related pension obligation.

Changes in pension assumptions will affect the pension obligations and pension cost for the period. Pension obligations are significantly affected by changes in the discount rate, life expectancy and expected salary and pension adjustments. Please refer to note 17 for more information about pensions.

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### (F) INCOME TAX

Income tax is calculated based on results in the individual Group companies. The Group is subject to income taxes in several jurisdictions. Calculation of the period's tax expense and distribution of tax payable and deferred income tax for the period requires a discretionary assessment of complex tax regulations in several countries. Consequently, uncertainty attaches to the final tax liability for many transactions and calculations. Where there is a discrepancy between the final tax outcome and the amounts that were initially recognised, this discrepancy will affect the recognised tax expense and provision for deferred income tax assets and liabilities in the period in which such determination is made. Please refer to note 16 for more information about income tax.

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### (G) LEASES

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

## NOTE 4 FINANCIAL RISK MANAGEMENT

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### 4.1 FINANCIAL RISK FACTORS

The Group has exposure to the following risk from its use of financial instruments: market risk (including currency, bunker price, fair-value interest rate and variable interest rate risk), credit risk and liquidity risk. The Group's overarching risk management goal is to increase predictability for the Group's operations and to minimise the impact of fluctuations in macro conditions on the Group's results and financial position.



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

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

### (A) MARKET RISK

#### (I) CURRENCY RISK

The Group changed the presentation currency as of 01.01.2020 from NOK to EUR, to reflect the underlying transactions and foreign exchange exposure for the Group. As the Group operates internationally, it is exposed to currency risk in multiple currencies, in particular USD, GBP and NOK. The subsidiaries in the Group has EUR as its presentation and functional currency in the main Group companies, however some subsidiaries have NOK, USD, GBP as presentation/functional currency for its reporting and consolidation for the Group. 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 Group purchases bunker fuel in NOK and USD. The risk can therefore be split into a currency element and a product element. The currency element is partially aligned with the Group's cash flow exposure in USD, and the product risk is hedged separately.

The Group has some investments in foreign subsidiaries whose net assets are exposed to currency translation risk.

The table below shows the Group's sensitivity to potential changes in the exchange rate for EUR against relevant currencies in relation to the exchange rate as of 31 December 2020, with all other variables held constant. The potential sensitivity effect below will impact the finance income/expense, but not operating profit/loss in the consolidated statement of profit and loss. Changes mainly relate to foreign exchange gains/losses on translation of financial derivatives, borrowings, trade and other receivables, trade and other payables and cash and cash equivalents and other investments.

<i>(in EUR million)</i>	Impact on net	Impact on
	profit/loss after tax	equity
	2020	2020
Change NOK/EUR 5%	0.6	0.6
Change USD/EUR 5%	0.1	0.1
Change GBP/EUR 5%	0.7	0.7

The calculations assume that the EUR depreciates by 5% against the relevant currencies. With an equivalent appreciation of the EUR, the amounts would have an equal and opposite value.

#### (II) PRICE RISK

The Group 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 Group has implemented a fuel hedging policy that follows the booking curve: the key principle in the bunker hedging policy is based on the company's ability to obtain visibility on earnings, hence the company has established a hedging policy linked to the development in the booking curve (actual vs. budgeted Passenger Cruise Nights (PCN) booked). For example, if at any given time 75% of the volume



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

for one season is sold, a minimum of 50% of the bunker cost associated with the PCN volume sold are hedged. Additionally, the policy allows for some flexibility if market conditions are viewed as attractive.

The table below shows the Group's sensitivity to potential price increases of bunker fuel, with all other variables held constant.

<i>(in EUR million)</i>	Impact on net profit/loss after tax <b>2020</b>	Impact on equity <b>2020</b>
Change bunker price -20% on contracts from 2020, expiring in the period 2020-2022	(2.0)	-
<b>Total impact</b>	<b>(2.0)</b>	<b>-</b>

These calculations are based on the average hedged bunker oil volume and indicate how a decrease of 20 % in bunker oil prices would impact the financial instruments valuation, which is hedging our exposure to bunker oil prices, and ultimately on the 2021 financial statements.

The purchase of physical bunker oil would be affected in the opposite way and accounted for as a variation on operating expense.

### (III) CASH FLOW AND FAIR-VALUE INTEREST RATE RISK

The Group's interest rate risk is associated with current and non-current borrowings. Loans subject to a variable interest rate present a risk to the Group's overall cash flow. Fixed interest rates expose the Group to fair-value interest rate risk. Most of the Group's interest-bearing debt has variable interest rate. The Group has no specific hedging strategy to reduce variable interest rate risk. The following impact shows an increase of interest rate of 50bp and the effect for the full year:

<i>(in EUR million)</i>	Impact on net profit/loss after tax <b>2020</b>	Impact on equity <b>2020</b>
Change in interest rate level with +50 basis points	4.2	4.2

### (B) CREDIT RISK

The Group has no significant concentration of credit risk. Sales to end users are settled in cash or with recognised credit cards. Sales to external agents are made either through prepayment/credit cards or through invoicing. The Group has routines to ensure that credit is only extended to agents with a satisfactory credit rating. Individual risk exposure limits are 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 Group has routines that limit exposure to credit risk relating to individual financial institutions. During 2020 the company had no material losses due to default

### (C) LIQUIDITY RISK

Liquidity risk management includes maintaining a sufficient level of liquid assets geared to operational and investment plans and ensuring the availability of sufficient funding from committed credit facilities. The Group has a group cash-pool that ensures that part of the Group'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 Group's liquidity risk. Rolling liquidity forecasts are prepared



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

to ensure that the Group has sufficient liquidity reserves to satisfy the Group's obligations and financial loan covenants.

During Q1 2020 the Group further increased the liquidity with two new facilities. One was connected to the repayment of the loan facility for the purchase of MS Roald Amundsen and MS Fridtjof Nansen of EUR 255 million with issuance of a Bond loan of EUR 300 million, and the second was a sale leaseback of MS Nordlys and MS Richard With of total EUR 60 million in total, divided equally on both ship-owning companies.

As the covid-19 impacted the world and not least the cruise industry, the group managed to secure a further EUR 105 million term loan facility during Q2 2020 to secure more long-term liquidity. As time progressed and the uncertainty of when normal operations would commence, the group secured also a EUR 60 million letter of credit to be able to free the similar amount of restricted cash, and during Q1 2021 managed to secure a EUR 46.5 million term loan facility to even more strengthen the future available liquidity.

As of 31<sup>st</sup> of March 2021, Silk Topco Group had approximately EUR 62 million in available liquidity, in addition to EUR 20.6 million tied up in restricted cash (EUR 5.6 million) and cash collateral related to travel bonds (EUR 15 million). This available liquidity together with the sale of the real-estate portfolio in Hurtigruten Destinations, which will generate EUR 47 million in liquidity, with the expected closing in Q2 2021 gives Silk Topco Group a satisfactory liquidity position based on the expected lifting of travel restrictions in July 2021. On May 26<sup>th</sup>, 2021 Silk Topco Group increased the LOC facility with EUR 33 million to EUR 93 million to increase the financial flexibility relating to travel guarantee bonding. If the lifting of travel restrictions takes longer than anticipated and additional liquidity is required, the shareholders of Silk Topco Group have confirmed that they remain supportive of Silk Topco Group and have indicated that they would be willing to consider providing additional liquidity if necessary.

The table below provides an indicative debt repayment schedule over the coming 5-year period.

	2021	2022-2023	2024-2025	2026-->
(in EUR 1,000)	Less than one year	Year two and three	Year four and five	More than five years
<b>31. December 2020</b>				
Borrowings	20 082	232 282	728 676	300 642
Estimated interest expenses on Bank loans	26 353	96 189	45 951	9 457
<b>Total impact on liquidity</b>	<b>46 435</b>	<b>328 471</b>	<b>774 627</b>	<b>310 099</b>

## 4.2 HEDGE ACCOUNTING

In 2018, 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 556 to 747 \$/MT) and different expiry dates during the years 2019-2022. 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 29,000 MT bunker fuel volume is hedged at an average price, of USD 645/MT during 2020-2021.

The forward swaps have monthly settlements, and the Group will be compensated if the market price of bunker oil is above the strike, and similarly must make a payment to the counterparty if the market price is below strike. Hedge effectiveness is the extent to which changes in the cash flows of the hedging instrument offset changes in the cash flows of the hedged item. As there is a one-to-one relationship between the risk of price-fluctuations in bunker oil (hedged item) and the effect from the forward swaps, the forward swaps are effectively locking the



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

purchase price of the bunker oil purchased, provided that the quantity purchased is equal to or larger than the quantity covered by the swap.

Hedge ineffectiveness is the extent to which the changes in the fair value or the cash flows of the hedging instrument are greater or less than those on the hedged item. If the purchased and consumed bunker oil quantities are greater than those included in the forward swaps, the hedge is effective. If the quantities included in the hedge is higher than the purchased and consumed bunker oil, then the excess quantities represent an ineffective hedge, with gains/losses recorded in profit/loss. If an entity expects that all or a portion of a loss recognized in other comprehensive income will not be recovered in one or more future periods, it shall reclassify into profit or loss the amount that is not expected to be recovered. Given the current situation with the Covid19 pandemic affecting the certainty and timing of future profits, the Group does not expect the cumulative loss on bunker derivatives at balance sheet date to be recovered within the future hedging period. Therefore, the Group reclassified EUR 8.7 million from other comprehensive income to profit and loss at 30 September 2020. Realised gains and losses are recognised in Other gains/(losses). In 2019 a loss of EUR 5.4 million was recognised, while in 2020 a loss of EUR 15 million was recognised in the income statement, including the transfer from other comprehensive income of EUR 8.7 million due to the discontinuing of hedge accounting.

The movement in the cash-flow hedge reserve recognised in other comprehensive income is as follows:

<i>(in EUR 1,000)</i>	2020	2019
Opening balance	<b>(2,483)</b>	(12,756)
Reclassified into profit / loss	<b>(8,471)</b>	1,789
Change in fair value of hedging instruments	<b>10,954</b>	8,608
Currency translation differences	-	(124)
<b>Closing balance</b>	<b>(0)</b>	<b>(2,483)</b>

The carrying value of the derivatives is as follows:

<i>(in EUR 1,000)</i>	2020	2019
Current assets	-	827
Non-current liabilities	-	768
Current liabilities	<b>4,564</b>	2,543
<b>Net asset/(liability)</b>	<b>(4,564)</b>	<b>(2,483)</b>

### 4.3 THE GROUP'S CAPITAL MANAGEMENT

The Group's objective for management of capital is to ensure the ability to continue as a going concern in order to grow the business and to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital, including compliance with covenants in the loan agreements. 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 very large focus. 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. See 4.1(c) in this note and note 15 Borrowings for details around amounts, terms and conditions.



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### NOTE 5 CONTINGENCIES

As of 31 December 2020, the Group 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 with the exception of the provisions that have already been provided for in the financial statements (note 19).

### STATE-CONTRACT GUARANTEE

Silk Topco Group has issued a guarantee to the Ministry of Transportation in the amount of NOK 155 Million in connection with the coastal agreement for purchase of capacity on the coastal voyages in Norway (Kyststruten).

### TAX BOND

Silk Topco Group has issued a tax bond for EUR 7.9 million to ensure that the tax authorities have security on claim of payroll tax.

### TRAVEL BONDS

In accordance with legislation for pre-arranged packaged holidays, subsidiaries of Silk Topco Group are members of different travel guarantee schemes in United Kingdom, United States, Germany, France and Norway and are required to post guarantees for pre-paid travels. Silk Topco Group has issued such travel bonds for approximately EUR 81.7 million.

### MEMBERSHIP IN THE INDUSTRIAL FUND FOR NITROGEN OXIDES

Silk Topco's subsidiary, Hurtigruten 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 March 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 2019–2025 was signed between the business organisations and the Norwegian Authorities. The extension was approved by ESA on 22 February 2019.

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 Silk Topco Group's consolidated financial statements for 2020 compared to EUR 3.4 million in 2019.

### OTHER CONSTRUCTION CONTRACTS

As of the balance date 2020 the Group does not have any material construction contracts that have been signed and agreed. There are one construction contract pending legal matters; however, it is the managements opinion that the outcome will be in the Group's favour, with no material effects on the financial statements of the Group.



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### 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 Group.

In December 2020, Silk Topco Group was exposed to a data security incident. A limited amount of personal data connected to some guests and employees was compromised. The Group has continually informed the Norwegian Data Protection Authority (Norwegian; Datatilsynet) of the progress of the investigation and the data that was compromised. Affected guests and employees have also been notified. No legal proceeding has been initiated against Silk Topco Group.

The Silk Topco Group is subject to certain disputes and claims related to the Group's business. While acknowledging the uncertainties related to these matters, the management is of the opinion that based on the information currently available, these matters will be resolved without any material adverse effect individually or in the aggregate on the Group's financial position.



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### NOTE 6 SEGMENT INFORMATION

#### (A) PRIMARY REPORTING FORMAT – OPERATING SEGMENTS (PRODUCT AREAS)

The operating segments are identified based on the same reporting that Group management and the board apply to their evaluations of performance and profitability at a strategic level. The 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 and Hurtigruten Expedition. Activities that do not naturally fall within these three segments as well as group functions are bundled in Group functions, Other and Eliminations.

<i>(in EUR 1,000)</i>	Hurtigruten Norway		Hurtigruten Expedition		Hurtigruten Destinations	
	2020	2019	2020	2019	2020	2019
Operating revenues	<b>92,388</b>	370,823	<b>53,908</b>	135,958	<b>12,470</b>	30,297
Contractual revenues	<b>79,162</b>	72,576	-	-	-	-
Other revenues <sup>1)</sup>	-	-	-	-	<b>2,002</b>	-
<b>Total revenues (note 21)</b>	<b>171,550</b>	443,399	<b>53,908</b>	135,958	<b>14,472</b>	30,297
Direct cost of goods and services	<b>(21,686)</b>	(105,019)	<b>(16,094)</b>	(42,968)	<b>(4,780)</b>	(11,375)
Crew costs, ship	<b>(37,549)</b>	(68,734)	<b>(17,243)</b>	(14,368)	-	-
Other operating cruise costs	<b>(57,935)</b>	(94,917)	<b>(31,563)</b>	(30,601)	<b>(4,299)</b>	(1,203)
Personnel costs, non-ship	<b>(50)</b>	(28)	<b>(18)</b>	(33)	<b>(4,886)</b>	(9,399)
Selling, general and admin expens.	<b>(229)</b>	(1,049)	<b>(15)</b>	(371)	<b>804</b>	(3,864)
Other gains/(losses) – net	<b>(8,483)</b>	(5,545)	<b>(757)</b>	3,657	<b>5</b>	21
<b>Operating profit/(loss) before depreciation, amortisation and impairment losses (EBITDA)</b>	<b>45,618</b>	168,107	<b>(11,782)</b>	51,275	<b>1,315</b>	4,478
Depreciation and impairment losses	<b>(29,172)</b>	(29,805)	<b>(19,594)</b>	(10,462)	<b>(3,492)</b>	(3,171)
<b>Operating profit/(loss)</b>	<b>16,446</b>	138,301	<b>(31,376)</b>	40,814	<b>(2,177)</b>	1,307
Net financial items	-	-	-	-	-	-
Share of net income from associates	-	-	-	-	<b>(52)</b>	129
<b>Profit/(loss) before taxes</b>	<b>16,446</b>	138,301	<b>(31,376)</b>	40,814	<b>(2,229)</b>	1,436



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

<i>(in EUR 1,000)</i>	Group functions, other and eliminations		Silk Topco Group	
	2020	2019	2020	2019
Operating revenues	654	(868)	159,420	536,210
Contractual revenues	-	-	79,162	72,576
Other revenues <sup>1)</sup>	28,153		30,155	
<b>Total revenues (note 21)</b>	<b>28,806</b>	<b>(868)</b>	<b>268,737</b>	<b>608,786</b>
Direct cost of goods and services	122	792	(42,439)	(158,570)
Crew costs, ship	126	564	(54,666)	(82,538)
Other operating cruise costs	1,954	380	(91,842)	(126,341)
Personnel costs, non-ship	(33,081)	(42,328)	(38,035)	(51,788)
Selling, general and admin expens.	(46,671)	(57,540)	(46,111)	(62,824)
Other gains/(losses) – net	(4,451)	(216)	(13,687)	(2,083)
<b>Operating profit/(loss) before depreciation, amortisation and impairment losses (EBITDA)</b>	<b>(53,194)</b>	<b>(99,217)</b>	<b>(18,044)</b>	<b>124,643</b>
Depreciation and impairment losses	(23,312)	(8,691)	(75,569)	(52,130)
<b>Operating profit/(loss)</b>	<b>(76,506)</b>	<b>(107,908)</b>	<b>(93,614)</b>	<b>72,514</b>
<b>Net financial items</b>	<b>(69,930)</b>	<b>(27,141)</b>	<b>(69,930)</b>	<b>(27,141)</b>
<b>Share of net income from associates</b>	<b>-</b>	<b>-</b>	<b>(52)</b>	<b>129</b>
<b>Profit/(loss) before taxes</b>	<b>(146,436)</b>	<b>(135,049)</b>	<b>(163,596)</b>	<b>45,502</b>

<sup>1)</sup> Other revenues in 2020 consists of the grant from the Norwegian Government Business Compensation Scheme, which were granted to enterprises with a significant drop in revenues due to Covid-19.

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

Numbers from 2019 has been converted to EUR due to the change of functional currency as of 01.01.2020.

### 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. The Hurtigruten Norwegian Coastal Express 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 our Hurtigruten Norway guests. Excursions and experiences have been a



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

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 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 1<sup>st</sup> of January 2021 Hurtigruten was operating 5 of 7 ships. Hurtigruten Norway expects to be back in full operations by 1<sup>st</sup> of July 2021.

### HURTIGRUTEN EXPEDITION

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



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

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 Silk Topco Group business over the next 3 to 5-year period.

### HURTIGRUTEN DESTINATIONS

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Hurtigruten Destination's main operations is through Hurtigruten Svalbard which owns and operates the Radisson Blu Polar Hotel, Funken Lodge and the Coal Miners' Cabins, as well as arctic adventure tourism on Svalbard. The archipelago of Svalbard is the Northernmost settlement in the world and one of the most remote and unique destinations in the world where there are more polar bears than people living.

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

Over the last 3 years Hurtigruten Svalbard has invested heavily in the product and the hotels. In February 2018, Funken Lodge was re-opened with 88 brand-new rooms, new bar and lounge areas, a new reception and a refurbished Funktionærmessen gourmet restaurant. In February 2019 the Radisson Blu opened after a full refurbishment of the public areas including a new restaurant and pub concept.

This investment underlines Hurtigruten Svalbard's ambitions for year-round expedition-based experiences for individual guests, as well as for groups of travelers.

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

### GROUP FUNCTIONS, OTHER AND ELIMINATION

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This area mainly includes Personnel costs, non-ship and Selling, general and administration expenses as these costs no longer are allocated to the segments Hurtigruten Norway and Hurtigruten Expedition. In addition, the Group have a minor portfolio of properties and smaller activities that cannot naturally be classified in the other areas.



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

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

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

2020

<i>(in EUR 1,000)</i>	Ticket revenue	Flights, hotel and trans- portation	Presold food, beverages, shop and excursions	Contractual revenue	Other revenue	Total operating revenue
Nordic market / onboard sales / Spitsbergen segment	24,134	3,297	4,166	79,162	34,068	<b>144,828</b>
Germany	17,661	6,097	4,894	-	5,283	<b>33,934</b>
France	2,511	784	758	-	1,070	<b>5,124</b>
United Kingdom	11,318	4,064	5,027	-	1,017	<b>21,426</b>
Rest of Europe	5,752	562	1,657	-	582	<b>8,554</b>
United States and Canada	7,253	1,518	1,412	-	1,052	<b>11,235</b>
Asia / Pacific	11,350	326	1,312	-	494	<b>13,482</b>
<b>Totals</b>	<b>79,980</b>	<b>16,648</b>	<b>19,225</b>	<b>79,162</b>	<b>43,567</b>	<b>238,582</b>

2019

<i>(in EUR 1,000)</i>	Ticket revenue	Flights, hotel and trans- portation	Presold food, beverages, shop and excursions	Contractual revenue	Other revenue	Total operating revenue
Nordic market / onboard sales / Spitsbergen segment	47,155	3,362	12,722	72,576	84,578	<b>220,393</b>
Germany	96,726	30,413	36,909	-	2,298	<b>166,346</b>
France	18,766	3,638	6,575	-	1,859	<b>30,838</b>
United Kingdom	38,933	9,882	15,956	-	1,701	<b>66,472</b>
Rest of Europe	32,559	2,244	9,790	-	628	<b>45,221</b>
United States and Canada	33,743	4,094	9,690	-	1,586	<b>49,113</b>
Asia / Pacific	22,692	2,772	4,666	-	274	<b>30,404</b>
<b>Totals</b>	<b>290,574</b>	<b>56,404</b>	<b>96,308</b>	<b>72,576</b>	<b>92,924</b>	<b>608,786</b>

In 2020, Silk Topco Group received EUR 30.2 million in grant from the Norwegian Government Business Compensation Scheme, which were granted to enterprises with a significant drop in revenues due to Covid-19. This revenue is presented as Other revenue in the Income Statement and is not classified as part of operating revenues.



Silk Topco AS - Group

Consolidated Financial Statements 2020

NOTE 7 PROPERTY, PLANT AND EQUIPMENT

(in EUR 1,000)	Land and buildings	Ships	Prepayments ships and Assets under construction	Other property, plant and equipment	Right of use assets	Total
<b>Acquisition cost</b>						
As at 1 January 2019	24,717	548,158	77,331	10,454	19,627	680,288
Additions	3,979	34,150	373,354	2,713	6,065	420,261
Additions through investments in subsidiaries	2,335	-	-	182	-	2,516
Disposals	(109)	-	(14,068)	(968)	-	(15,146)
Transfers and reclassifications	-	375,856	(375,856)	-	-	-
Remeasurement right of use assets	-	-	-	-	10,634	10,634
Currency translation differences	203	2,371	1,867	245	169	4,856
<b>As at 31 December 2019</b>	<b>31,125</b>	<b>960,534</b>	<b>62,629</b>	<b>12,625</b>	<b>36,495</b>	<b>1,103,409</b>
As at 1 January 2020	31,125	960,534	62,629	12,625	36,495	1,103,409
Reclassification previous years <sup>1)</sup>	7,088	251,994	386	5,577	(0)	265,045
As at 1 January 2020	38,212	1,212,528	63,015	18,202	36,495	1,368,454
Additions	2,310	27,052	46,965	4,306	5,793	86,426
Reclassification to asset held for sale	-	(2,086)	-	-	-	(2,086)
Disposals	(1,042)	(23,430)	(51,156)	(501)	-	(76,129)
Remeasurement right of use assets	-	-	-	-	(1,164)	(1,164)
Currency translation differences	(2,087)	(1,065)	(2,032)	(1,026)	(920)	(7,131)
<b>As at 31 December 2020</b>	<b>37,394</b>	<b>1,212,999</b>	<b>56,793</b>	<b>20,981</b>	<b>40,204</b>	<b>1,368,370</b>
<b>Accumulated depreciation and impairment</b>						
As at 1 January 2019	(2,777)	(131,203)	-	(4,202)	(5,012)	(143,195)
Depreciation	(1,064)	(36,549)	-	(2,004)	(5,009)	(44,626)
Depreciation disposals	-	(7)	-	605	-	598
Remeasurement right of use assets	-	-	-	-	(10,629)	(10,629)
Other	(80)	-	-	-	-	(80)
Currency translation differences	(23)	(1,059)	-	(94)	(46)	(1,222)
<b>As at 31 December 2019</b>	<b>(3,944)</b>	<b>(168,819)</b>	<b>-</b>	<b>(5,695)</b>	<b>(20,696)</b>	<b>(199,153)</b>
As at 1 January 2020	(3,944)	(168,819)	-	(5,695)	(49,862)	(228,320)
Reclassification previous years <sup>1)</sup>	(7,008)	(251,806)	-	(5,964)	29,166	(235,611)
As at 1 January 2020	(10,952)	(420,625)	-	(11,658)	(20,696)	(463,931)
Depreciation	(1,437)	(47,491)	-	(2,080)	(4,597)	(55,605)
Depreciation disposals	41	74,221	-	840	-	75,102
Impairment losses	-	(2,215)	-	-	-	(2,215)
Other	(97)	-	-	-	-	(97)
Currency translation differences	545	17	-	577	238	1,377
<b>As at 31 December 2020</b>	<b>(11,899)</b>	<b>(396,093)</b>	<b>-</b>	<b>(12,322)</b>	<b>(25,055)</b>	<b>(445,369)</b>
<b>Book value 31 December 2019</b>	<b>27,181</b>	<b>791,716</b>	<b>62,629</b>	<b>6,930</b>	<b>15,800</b>	<b>904,256</b>
<b>Book value 31 December 2020</b>	<b>25,495</b>	<b>816,906</b>	<b>56,793</b>	<b>8,659</b>	<b>15,149</b>	<b>923,001</b>

Useful economic lifetime 25 - 40 years <sup>2)</sup> 20 - 40 years N/A 5 - 10 years

<sup>1)</sup> Reclassification previous years relates to accumulated depreciations from previous years included in the acquisition costs of property plant and equipment.

<sup>2)</sup> Land has indefinite useful economic lifetime; hence it is not subject to depreciations. Land and buildings primarily comprise the hotel properties at the Group's operations at Svalbard.



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

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

Capitalised interest amounted to EUR 2.9 million in 2019. The interest capitalisation rate is based on the weighted average interest rates applicable to borrowings within the Group during each period. During 2019, the average capitalisation rate was 4.23%. There was no capitalization of interest in 2020 as the newbuild vessels were completed and delivered in 2019.

In 2020, the Group operated 16 cruise ships, however, due to the ongoing Covid-19 pandemic, most of the ships have been laid up in warm stack since March 2020. The Group reviews the long-lived assets for impairment whenever events or circumstances indicate potential impairment.

As at year end 2020, the Group has assessed the carrying values of the Groups assets for impairment according to IAS 36. The value in use has been estimated for the Groups 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. As of quarter end, the estimated value in use 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. See note 8 for further information.

### ASSET HELD FOR SALE

In November 2020, Silk Topco Group announced that it had signed a Letter of Intent to sell the ship MS Lofoten to the Foundation for Maritime High School, Southern Norway. The intended transaction is planned for the summer of 2021. The carrying value of the ship as per 31 December 2020 is reclassified as asset held for sale.



Silk Topco AS - Group

Consolidated Financial Statements 2020

NOTE 8 INTANGIBLE ASSETS

<i>(in EUR 1,000)</i>	Goodwill	Trademark	Intangible assets under construction	Other intangible assets	Total
<b>Acquisition cost</b>					
As at 1 January 2019	195,567	45,234	-	124,927	365,728
Additions	-	-	-	13,673	13,673
Additions through investments in subsidiaries	1,457	-	-	-	1,457
Currency translation differences	1,673	388	-	1,051	3,112
<b>As at 31 December 2019</b>	<b>198,697</b>	<b>45,621</b>	<b>-</b>	<b>139,651</b>	<b>383,969</b>
As at 1 January 2020	198,697	45,621	-	139,651	383,969
Reclassification previous years <sup>1)</sup>	(0)	0	24,134	(92,409)	(68,275)
As at 1 January 2020	198,697	45,621	24,134	47,242	315,695
Additions	-	-	9,872	142	10,014
Disposals	-	-	(23,276)	10,198	(13,078)
Currency translation differences	(84)	-	(1,545)	(1,918)	(3,547)
<b>As at 31 December 2020</b>	<b>198,613</b>	<b>45,621</b>	<b>9,185</b>	<b>55,664</b>	<b>309,084</b>
<b>Accumulated depreciation and impairment</b>					
As at 1 January 2019	-	-	-	(99,026)	(99,026)
Amortisation	-	-	-	(7,504)	(7,504)
Depreciation disposals	-	-	-	(294)	(294)
Currency translation differences	-	-	-	(840)	(840)
<b>As at 31 December 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(107,665)</b>	<b>(107,665)</b>
As at 1 January 2020	-	-	-	(107,665)	(107,665)
Reclassification previous years <sup>1)</sup>	-	-	-	68,275	68,275
As at 1 January 2020	-	-	-	(39,390)	(39,390)
Amortisation	-	-	-	(6,179)	(6,179)
Depreciation disposals	-	-	-	12,956	12,956
Impairment losses	-	-	-	(11,570)	(11,570)
Currency translation differences	-	-	-	1,597	1,597
<b>As at 31 December 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(42,586)</b>	<b>(42,586)</b>
<b>Book value 31 December 2019</b>	<b>198,697</b>	<b>45,621</b>	<b>-</b>	<b>31,986</b>	<b>276,305</b>
<b>Book value 31 December 2020</b>	<b>198,613</b>	<b>45,621</b>	<b>9,185</b>	<b>13,078</b>	<b>266,498</b>
Useful economic lifetime	Indefinite	Indefinite	-	3 - 10 years	-

<sup>1)</sup> Reclassification previous years relates to accumulated depreciations from previous years included in the acquisition costs of intangible assets

In 2014, Silk Topco Group AS acquired 100 % of the outstanding shares of Hurtigruten AS. As a result of the acquisition, Goodwill of NOK 1 919 million and an excess value of NOK 590 million related to contracts and trademarks were recognised.

Other intangible assets primarily comprise of capitalised development expenses related to ICT systems (booking, inventories, etc.) with a limited lifespan. The assets are amortised on a straight-line basis over 3–10 years. Amortisation is presented under amortisation in the income statements. In preparing for the ramp-up in operations in 2021, the Group recognizes that some of its IT software capitalizations will not be utilized in the new organization and future operations, and as such recognised an impairment of EUR 11.6 million in 2020.



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

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

Goodwill relates to the following cash-generating units:

<i>(in EUR 1,000)</i>	2020	2019
Hurtigruten Norway	71,607	160,092
Hurtigruten Expeditions	119,545	31,090
Hurtigruten Destinations	7,461	7,515
<b>Sum</b>	<b>198,613</b>	<b>198,697</b>

The change in the allocation from the segment Hurtigruten Norway to Hurtigruten Destination is due to the new contract with the Norwegian Ministry of transportation from 1 January 2021, where the Hurtigruten Norway segment will operate 7 ships in this segment compared to 11 ships in 2020. Hence, three of the ships will be moved to the Hurtigruten Expedition segment in 2021, giving a shift in the allocation between these two segments.

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

Assumptions applied when calculating the recoverable amount:

	Hurtigruten Norway	Hurtigruten Expedition	Hurtigruten Destinations
Growth rate	2.0 %	2.0 %	2.0 %
Discount rate after tax	12.0 %	13.0 %	10.0 %

The recoverable amount has been calculated based on the latest updated forecast for EBITDA for 2021 and the next five years. The forecast represents managements best estimate for the ramp up in operations after the Covid-19 pandemic, including estimates for the range of economic conditions that will exist over the period, including expectations regarding occupancy rate, fuel prices and salary development. Expected future cash flows are based on forecasted EBITDA deducted for capex, tax effects of depreciation and changes in net working capital (NWC). Subsequently the terminal value is used. For the period beyond 2025, cash flow is estimated by extrapolating the projections based on the forecasts, using a steady growth rate of 2 % for subsequent years, equal to assumptions in inflation.

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

### Sensitivities

The 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 continuously 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



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

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.

On the bases of this analysis, management believes that there is no need for impairment of the carrying value of goodwill and trademarks and no impairment has been recognized in the financial statements as per 31 December 2020.

### NOTE 9 INVESTMENTS IN ASSOCIATES

This table presents the associates and joint ventures of the Group as at 31 December 2020 and 2019 which are material to the Group. Green Dog Svalbard AS has share capital consisting solely of ordinary shares, which are held directly by the Group and the proportion of ownership interest is the same as the proportion of voting rights held. Associates are accounted for using the equity method.

#### 31 DECEMBER 2020

Company	<b>Green Dog Svalbard AS</b>
Registered office	Longyearbyen, Svalbard
Shareholding	50.0 %
<i>(in EUR 1,000)</i>	
Acquisition cost	5
Accumulated share of profits, 1 January 2020	876
Accumulated equity distributions, 1 January 2020	(251)
Items recorded against other comprehensive income	2
<b>Carrying value, 1 January 2020</b>	<b>631</b>
Share of profit/(loss) after tax	(52)
Currency effect	(73)
<b>Carrying value, 31 December 2020</b>	<b>507</b>

#### 31 DECEMBER 2019

Company	<b>Green Dog Svalbard AS</b>
Registered office	Longyearbyen, Svalbard
Shareholding	50.0 %
<i>(in EUR 1,000)</i>	
Acquisition cost	5
Accumulated share of profits, 1 January 2019	746
Accumulated equity distributions, 1 January 2019	(251)
Items recorded against other comprehensive income	2
<b>Carrying value, 1 January 2019</b>	<b>502</b>
Share of profit/(loss) after tax	129
<b>Carrying value, 31 December 2019</b>	<b>631</b>

Green Dog Svalbard AS offers dog-related activities on Svalbard. These include dog sledding, overnight trips with teams of dogs and similar.



Silk Topco AS - Group

Consolidated Financial Statements 2020

NOTE 10A FINANCIAL INSTRUMENTS BY CATEGORY

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

AS AT 31 DECEMBER 2020

		Financial assets and liabilities					
		Amortised	Financial	Financial	Derivatives	Non-financial	
(in EUR 1,000)	Note	through	instruments	instruments	used for	assets and	Total
		cost	at fair value	at fair value	hedging	liabilities	
			profit and loss	through OCI			
<b>Non-current assets</b>							
Other financial assets, non-current	11	191	-	-	-	-	191
Investments in other companies		-	274	2,230	-	-	2,505
<b>Current assets</b>							
Trade receivables and other receivables	11	26,506	-	-	-	4,405	30,911
Derivatives	10c	-	-	-	-	-	-
Cash and cash equivalents	13	87,511	117	-	-	-	87,628
<b>Non-current liabilities</b>							
Borrowings	15	(1,238,762)	-	-	-	-	(1,238,762)
Derivatives		-	-	-	-	-	-
<b>Current liabilities</b>							
Current borrowings	15	(19,934)	-	-	-	-	(19,934)
Derivatives	10c	-	-	-	(4,564)	-	(4,564)
Trade and other current payables	20	(29,920)	-	-	-	(36,766)	(66,686)
<b>Total</b>		<b>(1,174,408)</b>	<b>392</b>	<b>2,230</b>	<b>(4,564)</b>		
Fair value <sup>1)</sup>		<b>(1,158,844)</b>	<b>392</b>	<b>2,230</b>	<b>(4,564)</b>		

<sup>1)</sup> Difference in fair value is related to borrowings, and mainly the bond. For the rest the carrying amount has been assessed and does not differ materially from fair value.

AS AT 31 DECEMBER 2019

		Financial assets and liabilities					
		Amortised	Financial	Financial	Derivatives	Non-financial	
(in EUR 1,000)	Note	through	instruments	instruments	used for	assets and	Total
		cost	at fair value	at fair value	hedging	liabilities	
			profit and loss	through OCI			
<b>Non-current assets</b>							
Other financial assets, non-current	11	209	-	-	-	-	209
Investments in other companies		-	326	2,230	-	-	2,557
<b>Current assets</b>							
Trade receivables and other receivables	11	31,138	-	-	-	14,848	45,986
Derivatives	10c	-	-	-	827	-	827
Cash and cash equivalents	13	50,816	117	-	-	-	50,933
<b>Non-current liabilities</b>							
Borrowings	15	(972,970)	-	-	-	-	(972,970)
Derivatives		-	-	-	(768)	-	(768)
<b>Current liabilities</b>							
Current borrowings	15	(30,491)	-	-	-	-	(30,491)
Derivatives	10c	-	-	-	(2,543)	-	(2,543)
Trade and other current payables	20	(42,466)	-	-	-	(70,909)	(113,375)
<b>Total</b>		<b>(963,763)</b>	<b>443</b>	<b>2,230</b>	<b>(2,483)</b>		
Fair value <sup>1)</sup>		<b>(985,157)</b>	<b>443</b>	<b>2,230</b>	<b>(2,483)</b>		

<sup>1)</sup> Difference in fair value is related to borrowings. For the rest the carrying amount has been assessed and does not differ materially from fair value.



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### CLASSIFICATION BY IFRS FAIR VALUE HIERARCHY

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

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

### ASSETS AND LIABILITIES MEASURED AT FAIR VALUE AS PER 31 DECEMBER 2020

<i>(in EUR 1,000)</i>	<i>Note</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>					
Investments in other companies		-	-	2,505	<b>2,505</b>
Cash and cash equivalents	13	117	-	-	<b>117</b>
<b>Liabilities</b>					
Derivatives	10c	-	(4,564)	-	<b>(4,564)</b>
<b>Total</b>		<b>117</b>	<b>(4,564)</b>	<b>2,505</b>	<b>(1,942)</b>

There were no transfers between level 1, 2 or 3 in 2020.

### ASSETS AND LIABILITIES MEASURED AT FAIR VALUE AS PER 31 DECEMBER 2019

<i>(in EUR 1,000)</i>	<i>Note</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>					
Investments in other companies		-	-	2,557	<b>2,557</b>
Derivatives	10c	-	827	-	<b>827</b>
Cash and cash equivalents	13	117	-	-	<b>117</b>
<b>Liabilities</b>					
Derivatives	10c	-	(3,311)	-	<b>(3,311)</b>
<b>Total</b>		<b>117</b>	<b>(2,483)</b>	<b>2,557</b>	<b>190</b>

There were no transfers between level 1, 2 or 3 in 2019.

### RECONCILIATION OF MOVEMENT IN LEVEL 3 FINANCIAL INSTRUMENTS

<i>(in EUR 1,000)</i>	<b>2020</b>	<b>2019</b>
<b>Opening balance</b>	<b>2,557</b>	<b>2,767</b>
Purchases	-	2
Sales	(51)	-
Decrease due to business disposal	(2)	-
Gains/(losses) recognised in the statement of income	24	-
Gains/(losses) recognised in other comprehensive income	-	(236)
Currency effect	(24)	24
<b>Closing balance</b>	<b>2,505</b>	<b>2,557</b>

Gains/(losses) recognised in the statement of income is presented as part of "Other financial income".

### SPECIFICATION OF INVESTMENTS IN OTHER COMPANIES

<i>(in EUR 1,000)</i>	<b>Ownership share</b>	<b>2020</b>	<b>2019</b>
Myklebust Verft Invest AS	15.90 %	2,230	2,230
Other minor investments	-	274	326
<b>Totals</b>		<b>2,505</b>	<b>2,557</b>



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### NOTE 10B CREDIT QUALITY OF FINANCIAL ASSETS

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

<i>(in EUR 1,000)</i>	<i>Note</i>	<b>2020</b>	<b>2019</b>
Counterparties without external credit ratings:		<b>30,911</b>	<b>45,986</b>
<b>Total trade receivables and other receivables</b>	<b>11</b>	<b>30,911</b>	<b>45,986</b>
<b>Cash bank and short-term bank deposits</b>			
Rating A (S&P)		<b>87,133</b>	<b>50,312</b>
<b>Total bank deposits</b>		<b>87,133</b>	<b>50,312</b>
Cash on hand		<b>378</b>	<b>504</b>
<b>Total cash and short-term bank deposits</b>	<b>13</b>	<b>87,511</b>	<b>50,816</b>
<b>Market based investments</b>			
Money market fund (SICAV-France)		<b>117</b>	<b>117</b>
<b>Total market based investments</b>	<b>13</b>	<b>117</b>	<b>117</b>
<b>Derivatives</b>			
Rating AA (S&P)		<b>(0)</b>	<b>827</b>
<b>Total derivatives</b>	<b>10c</b>	<b>(0)</b>	<b>827</b>



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### NOTE 10C FAIR VALUE OF DERIVATIVES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. If the derivative is not classified as a hedging instrument, subsequent re-measurements are recognised in profit or loss.

The Group has one type of derivatives as of 31 December 2020:

- Bunker oil derivatives that previous was used for in cash flow hedge in order to hedge the future market risk of bunker oil purchases.

#### 2020

(in EUR 1,000)

	Assets	Liabilities
<b>Classification of derivatives</b>		
Forward bunker oil contracts - cash flow hedge	-	4,564
<b>Total fair value of derivatives</b>	-	<b>4,564</b>
Current	-	4,564
Non-current	-	-

#### 2019

(in EUR 1,000)

	Assets	Liabilities
<b>Classification of derivatives</b>		
Forward bunker oil contracts - cash flow hedge	827	3,310
<b>Total fair value of derivatives</b>	<b>827</b>	<b>3,310</b>
Current	827	2,543
Non-current	(0)	768

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

### FORWARD BUNKER OIL CONTRACTS

The hedged quantum was initiated in 2018, and the purchase transactions of bunker oil was expected to occur at various dates over the period of 36 months, where the unrealized gains/losses were recognised in other comprehensive income. The forward contracts mature monthly. However, if an entity expects that all or a portion of a loss recognized in other comprehensive income will not be recovered in one or more future periods, it shall reclassify into profit or loss the amount that is not expected to be recovered. Given the current situation with the Covid19 pandemic affecting the certainty and timing of future profits, the Group does not expect the cumulative loss on bunker derivatives at balance sheet date to be recovered within the future hedging period. Therefore, the Group reclassified the hedging from other comprehensive income to profit and loss in 2020. Realised gains and losses are recognised in Other gains/(losses). In 2019 a loss of EUR 5.4 million was recognised, while in 2020 a loss of EUR 15 million was recognised in the income statement, including the transfer from other comprehensive income of EUR 8.7 million due to the discontinuing of hedge accounting.



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### NOTE 11 TRADE AND OTHER RECEIVABLES

<i>(in EUR 1,000)</i>	2020	2019
Trade receivables	6,891	15,927
Provision for impairment of trade receivables	(642)	(449)
<b>Trade receivables – net</b>	<b>6,249</b>	<b>15,478</b>
Prepaid expenses	4,405	14,848
Net wages claims	4,016	5,034
Other miscellaneous receivables	15,376	10,441
Prepaid income tax	864	185
<b>Total other receivables</b>	<b>24,662</b>	<b>30,508</b>
<b>Total current trade and other receivables</b>	<b>30,911</b>	<b>45,986</b>
Other financial assets, non-current	191	209
<b>Total other receivables, non-current</b>	<b>191</b>	<b>209</b>

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

### AGEING OF OVERDUE TRADE RECEIVABLES

<i>(in EUR 1,000)</i>	2020	2019
Up to three months	1,254	2,504
Three to six months	404	221
Over six months	354	108
<b>Total ageing of overdue trade receivables</b>	<b>2,012</b>	<b>2,833</b>

### PROVISION FOR IMPAIRMENT OF TRADE RECEIVABLES

<i>(in EUR 1,000)</i>	2020	2019
Provision for impairment of receivables as of 1 January	449	422
Provision for impairment of receivables during the year	619	110
Receivables written off during the year	(414)	(81)
Currency translation effects	(13)	(1)
<b>Provision for impairment of receivables as of 31 December</b>	<b>642</b>	<b>449</b>

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



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### NOTE 12 INVENTORIES

Inventories comprise the following types of goods:

<i>(In EUR 1,000)</i>	2020	2019
Goods purchased for resale	10,733	13,993
Spare parts	874	494
Bunkers and lubrication oil	2,171	3,295
<b>Total inventories</b>	<b>13,778</b>	<b>17,782</b>

The inventories are measured at lowest of cost and net realisable value in accordance with the FIFO principle.

### NOTE 13 CASH AND CASH EQUIVALENTS

<i>(in EUR 1,000)</i>	Note	2020	2019
Cash at bank and on hand	10a	87,511	50,816
Market-based investments <sup>1)</sup>	10a	117	117
<b>Cash and cash equivalents in the balance sheet</b>		<b>87,628</b>	<b>50,933</b>
Restricted bank deposits <sup>2)</sup>		(70,323)	(11,354)
<b>Total cash and cash equivalents in the cash flow statement</b>		<b>17,305</b>	<b>39,579</b>

<sup>1)</sup> Funds owned by a foreign subsidiary.

<sup>2)</sup> Restricted bank deposits primarily comprise deposits for guarantees, pledged bank deposits, and tax withholding funds.

### NOTE 14 SHARE CAPITAL

<b>SHARE CAPITAL</b>	2020	2019
Total number of shares as of 01.01	273,449,989	273,449,989
Shared issued during the year	-	-
<b>Total number of shares as of 31.12</b>	<b>273,449,989</b>	<b>273,449,989</b>
<b>Nominal value as of 31.12 (NOK)</b>	<b>1</b>	<b>1</b>
Share capital (total number of shares at nominal value) in EUR million	27,723	27,723
Other paid in capital (EUR million)	161,904	161,904
<b>Total paid in equity (EUR million)</b>	<b>189,627</b>	<b>189,627</b>

All shares have equal voting rights and refund of any invested capital. In an event of sale, listing, or similar, the return will be different between the classes, where the return is based on the time of issue, giving A-shares will receive higher return than B-shares, B-shares receiving higher than C-shares, down to E-shares, as the latest share-class issue.



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### SHAREHOLDER INFORMATION AS AT 31 DECEMBER 2020

	Number of A shares	Number of B shares	Number of C shares	Number of D shares	Number of E shares
Silk Holdings S. ar.l.	221,009,204	-	-	-	-
Strawberry Equities AS	31,585,704	-	-	-	-
Periscopos AS	13,381,965	-	-	-	-
Hornsund Invest AS	-	2,364,285	-	-	-
A.Y Invest AS	-	1,071,428	-	-	-
Stay Tuned Invest AS	-	571,428	-	-	-
Bjørnflaten Invest AS	-	285,714	-	-	-
Mfortitude AS	-	285,714	-	-	-
Superstocks AS	1,662,405	-	-	-	-
Estera Trust Limited	-	593,229	-	-	-
Rypestrand Sjøbad AS	-	-	357,142	-	-
HMH Consulting AS	-	-	-	108,695	-
MIMS Advice AS	-	-	-	-	57,692
Benmar Invest AS	-	-	-	-	115,384
<b>Total number of shares</b>	<b>267,639,278</b>	<b>5,171,798</b>	<b>357,142</b>	<b>108,695</b>	<b>173,076</b>

	Number of shares	Shareholding (%)
Silk Holdings S. ar.l.	221,009,204	80.8 %
Strawberry Equities AS	31,585,704	11.6 %
Periscopos AS	13,381,965	4.9 %
Hornsund Invest AS	2,364,285	0.9 %
A.Y Invest AS	1,071,428	0.4 %
Stay Tuned Invest AS	571,428	0.2 %
Bjørnflaten Invest AS	285,714	0.1 %
Mfortitude AS	285,714	0.1 %
Superstocks AS	1,662,405	0.6 %
Estera Trust Limited	593,229	0.2 %
Rypestrand Sjøbad AS	357,142	0.1 %
HMH Consulting AS	108,695	0.0 %
MIMS Advice AS	57,692	0.0 %
Benmar Invest AS	115,384	0.0 %
<b>Total number of shares</b>	<b>273,449,989</b>	<b>100.0 %</b>



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### SHARES HELD BY ELECTED OFFICERS IN HURTIGRUTEN AS OF 31 DECEMBER 2020

#### Board of Directors

Trygve Hegnar, Chair, through Persicopus AS	4.9 %
Petter Anker Stordalen, Director, through Strawberry Equities AS	11.6 %
Jonathan Barlow, Director	0.00 %
Matthew Lenczner, Director	0.00 %

#### Management

Daniel A. Skjeldam, CEO, through Hornsund Invest AS	0.9 %
Asta Lassesen, CCO, through A. Y. Invest AS	0.4 %
Torleif Ernstsen, CFO, through Rypestrand Sjøbad AS	0.1 %
Ole-Marius Moe-Helgesen, CDO, through HMH Consulting AS	0.04 %
Stine Børke Steffensen, CMO, through MIMS Advice AS	0.02 %

### SHAREHOLDER INFORMATION AS AT 31 DECEMBER 2019

	Number of A shares	Number of B shares	Number of C shares	Number of D shares	Number of E shares
Silk Holdings S. ar.l.	221,009,204	-	-	-	-
Strawberry Equities AS	31,585,704	-	-	-	-
Persicopus AS	13,381,965	-	-	-	-
Hornsund Invest AS	-	2,364,285	-	-	-
A.Y Invest AS	-	1,071,428	-	-	-
Stay Tuned Invest AS	-	571,428	-	-	-
Bjørnflaten Invest AS	-	285,714	-	-	-
Mfortitude AS	-	285,714	-	-	-
Superstocks AS	1,662,405	-	-	-	-
Estera Trust Limited	-	650,921	-	-	-
Rypestrand Sjøbad AS	-	-	357,142	-	-
HMH Consulting AS	-	-	-	108,695	-
Benmar Invest AS	-	-	-	-	115,384
<b>Total number of shares</b>	<b>267,639,278</b>	<b>5,229,490</b>	<b>357,142</b>	<b>108,695</b>	<b>115,384</b>

	Number of shares	Shareholding (%)
Silk Holdings S. ar.l.	221,009,204	80.8 %
Strawberry Equities AS	31,585,704	11.6 %
Persicopus AS	13,381,965	4.9 %
Hornsund Invest AS	2,364,285	0.9 %
A.Y Invest AS	1,071,428	0.4 %
Stay Tuned Invest AS	571,428	0.2 %
Bjørnflaten Invest AS	285,714	0.1 %
Mfortitude AS	285,714	0.1 %
Superstocks AS	1,662,405	0.6 %
Estera Trust Limited	650,921	0.2 %
Rypestrand Sjøbad AS	357,142	0.1 %
HMH Consulting AS	108,695	0.04 %
Benmar Invest AS	115,384	0.04 %
<b>Total number of shares</b>	<b>273,449,989</b>	<b>100 %</b>



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### SHARES HELD BY ELECTED OFFICERS IN HURTIGRUTEN AS OF 31 DECEMBER 2019

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

### Management

Daniel A. Skjeldam, CEO, through Hornsund Invest AS	0.9 %
Asta Lassen, CCO, through A. Y. Invest AS	0.4 %
Anne Marit Bjørnflaten, SVP, Corporate Communications, through Bjørnflaten Invest AS	0.1 %
Thomas Westergaard, SVP, Hotel Operations & Product Development, through Stay Tuned Invest AS	0.2 %
Marit Finnanger, SVP, People and Org. Development through Mfortitude AS (until 10.12.2019)	0.1 %
Torleif Ernsten, CFO, through Rypestrand Sjøbad AS	0.1 %
Ole-Marius Moe-Helgesen through HMM Consulting AS	0.04 %
Bent Martini through BenMar Invest AS	0.04 %

The company's auditor does not own any shares in Silk Topco AS.

### DIVIDEND PER SHARE

No dividend is proposed for the fiscal years 2020 or 2019.

### NOTE 15 BORROWINGS

#### NOMINAL VALUE AT 31 DECEMBER 2020

<i>(in EUR 1,000)</i>	Nominal value	Unamortized transaction costs	Carrying value
<i>Secured</i>			
Bond	300,000	(4,375)	295,625
Term loans and financial lease vessels	866,470	(17,481)	848,989
Revolving credit facilities	85,000	(1,036)	83,964
<b>Total secured borrowings</b>	<b>1,251,470</b>	<b>(22,892)</b>	<b>1,228,578</b>
<i>Unsecured</i>			
Lease liabilities	15,821	-	15,821
Other borrowings	14,391	(93)	14,298
<b>Total unsecured borrowings</b>	<b>30,212</b>	<b>(93)</b>	<b>30,119</b>
<b>Total borrowings</b>	<b>1,281,682</b>	<b>(22,985)</b>	<b>1,258,696</b>



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

NOMINAL VALUE AT 31 DECEMBER 2019

<i>(in EUR 1,000)</i>	Nominal value	Unamortized transaction costs	Carrying value
<b>Secured</b>			
Term loans and financial lease vessels	968,043	(21,393)	946,650
Revolving credit facilities	40,040	-	40,040
<b>Total secured borrowings</b>	<b>1,008,083</b>	<b>(21,393)</b>	<b>986,689</b>
<b>Unsecured</b>			
Lease liabilities	16,661	-	16,661
Other borrowings	111	-	111
<b>Total unsecured borrowings</b>	<b>16,772</b>	<b>-</b>	<b>16,772</b>
<b>Total borrowings</b>	<b>1,024,855</b>	<b>(21,393)</b>	<b>1,003,461</b>

### CLASSIFICATION OF BORROWINGS

<i>(in EUR 1,000)</i>	2020	2019
<b>Non-current borrowings</b>		
Bond	295,625	-
Term loans and financial lease vessels	836,485	920,982
Revolving credit facilities	83,964	40,040
Lease liabilities	11,560	11,856
Other borrowings	11,129	92
<b>Total non-current borrowings</b>	<b>1,238,762</b>	<b>972,970</b>
<b>Current borrowings</b>		
Term loans and financial lease vessels	12,505	25,668
Lease liabilities	4,261	4,806
Other borrowings	3,169	18
<b>Total current borrowings</b>	<b>19,934</b>	<b>30,491</b>
<b>Total borrowings</b>	<b>1,258,696</b>	<b>1,003,461</b>

### MATURITY PROFILE OF NOMINAL BORROWINGS

<i>(in EUR 1,000)</i>	2020	2019
Less than one year	20,082	30,491
Between 1 and 2 years	232,282	57,038
Between 3 and 5 years	728,676	202,714
More than 5 years	300,642	734,611
<b>Total</b>	<b>1,281,682</b>	<b>1,024,855</b>

### BORROWINGS SPECIFIED BY CURRENCY

<i>(in 1,000)</i>	2020	2019
NOK	405,511	255,794
EUR	1,218,836	998,365
GBP	111	315
USD	935	235



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### FAIR VALUE CALCULATIONS

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

<i>(in EUR 1,000)</i>	Carrying value		Fair value	
	2020	2019	2020	2019
Bond	295,625	-	261,450	-
Term loans and financial lease vessels	848,989	946,650	866,470	968,043
Revolving credit facilities	83,964	40,040	85,000	40,040
Lease liabilities	15,821	16,661	15,821	16,661
Other borrowings	14,298	111	14,391	111
<b>Total</b>	<b>1,258,696</b>	<b>1,003,461</b>	<b>1,243,132</b>	<b>1,024,855</b>

The bond was listed on the Oslo Stock Exchange with ISIN: NO 0010874548 10<sup>th</sup> July 2020.

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

### PLEDGES

Silk Topco Group have agreed to pledge the Group's assets in favour of the secured loans. The security package includes the vessels in the Group, as well as land and buildings in Svalbard and Finnmark. Furthermore, the relevant Group entities (subsidiaries) established pledge of shares in subsidiaries and assignment of intercompany loans.

<i>(in EUR 1,000)</i>	2020	2019
<b>Borrowings secured by mortgage</b>		
Bond	295,625	-
Term loans and financial lease vessels	848,989	946,650
Revolving credit facilities	83,964	40,040
<b>Total borrowings secured by mortgage</b>	<b>1,228,578</b>	<b>986,689</b>
<b>Book value of assets pledged as security</b>	<b>919,465</b>	<b>1,132,462</b>
<b>Total assets pledged as security</b>	<b>919,465</b>	<b>1,132,462</b>

The Group's main source of financing is a EUR 655 million Term Loan B with EURIBOR floating interest + margin and a 7-year tenor. The loan was issued in February 2018 (EUR 575 million) and increased in November 2018 (EUR 80 million) to repay an outstanding NOK bond in Coastal Holding AS and for general corporate purposes (incl. further investments in the fleet). The loan is secured against 10 of the Group's vessels.

The Group has a Revolving Credit Facility of EUR 85 million with EURIBOR floating interest + margin and a 6-year tenor. As of 31 December 2020, the facility was fully drawn. The loan is secured against 10 of the Group's vessels and ranks parri passu with the Term Loan B.

The Group has a sale and lease-back agreement with Jiaye International Ship Lease Co. Limited for the vessel MS Spitsbergen, which was entered into in June 2016. The leasing period is 12 years and expires on 30 June 2028. The agreed sale price was EUR 55 million.

On 10 January 2020, the wholly (indirectly) owned subsidiaries of Silk Topco Group AS, MS Richard With AS and MS Nordlys AS completed a sale and leaseback transaction with Bank of Communications Financial Leasing Co. Ltd for the two vessels MS Nordlys and MS Richard With. The total committed lease amount is EUR 55 million



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

per vessel, of which EUR 30 million on closing and additional EUR 25 million committed upon completion of planned LNG conversions. The leasing period is 10 years.

In February 2020 the EUR 260 million Export Credit Agency facility put in place to finance the Group's two new expedition vessels, MS Roald Amundsen and MS Fridtjof Nansen was refinanced with a EUR 300 million 5-year senior secured bond with a coupon of 3,375%. The bond is secured against the two vessels MS Roald Amundsen and MS Fridtjof Nansen. The bond was listed on Oslo Stock Exchange on 10<sup>th</sup> July 2020.

In late June 2020, the Group further added a senior secured Term Loan C of EUR 105 million to secure additional liquidity funding. The facility is priced at E+800bps, has a maturity of 3 years and ranks pari passu with the Term Loan B and the Revolving Credit Facility.

In July 2020, the Group also secured a 3-year state guaranteed bank loan of NOK 150 million, as part of the government relief package for Covid-19 affected businesses in Norway.

### COVENANTS

#### Term Loan B and Term loan C

There are no financial maintenance covenants.

#### Revolving credit facility

In June 2020 certain amendments were made to the Facility Agreement including, among other things, suspension of the Consolidated Senior Secured Leverage Ratio Financial covenant (not greater than 7.7:1) until 31 December 2021. During the suspension period a Minimum liquidity test and a Consolidated EBITDA test will apply. The Available Liquidity (comprising cash, cash equivalents and amounts available to be drawn under the Revolving Facility, any Ancillary Facility and any Incremental Facility) to be at least €25,000,000 (tested monthly or, if Available Liquidity is less than €45,000,000, bi-monthly). Consolidated EBITDA in respect of the Quarter Period ending 30 June 2021 to be not less than €17,040,000, and in respect of the six-month period from 1 April 2021 to 30 September 2021 not less than €68,250,000. Both tests to be subject to equity cure rights and to apply for the benefit of Lenders under the Revolving Facility only.

In February 2021 certain additional amendments were made to the Facility Agreement. The suspension period for the Consolidated Senior Secured Leverage Ratio Financial covenant (not greater than 7.7:1) was extended until 31 December 2022. The minimum liquidity test was adjusted such that for the purposes of determining Available Liquidity cash constituting cash collateral in favor of third parties is excluded. The requirement that Available Liquidity be at least €25,000,000 continues to apply during the Suspension Period (tested monthly or, if Available Liquidity is less than €45,000,000, bi-monthly) and increases to €30,000,000 on and following 30 September 2021. The minimum Consolidated EBITDA test that applies during the Suspension Period has been adjusted such that Consolidated EBITDA in respect of the Quarter Period ending 31 March 2022 shall be not less than €23,918,000 (or its equivalent); in respect of the Quarter Period ending 30 June 2022 not less than €35,914,000 (or its equivalent) and in respect of the Quarter Period ending 30 September 2022 not less than €59,695,000 (or its equivalent).

#### EUR 300 million bond

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



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### Limitations on indebtedness

The Group can only incur new debt provided that it (1) meets a Fixed Charge Coverage Ratio (the ratio of Consolidated EBITDA to Consolidated Financial Interest Expense as defined in Term Loan B, RCF and Term loan C documentation) or (2) fits into a specified exception to the ratio test. Non-Guarantor Restricted Subsidiaries are not permitted to incur indebtedness exceeding EUR 50.0 million. Debt incurrence is only measured at the time debt is incurred. As a result, no violation occurs if, at a date subsequent to the incurrence, the Group or its Restricted Subsidiaries would not meet the incurrence ratios.

In June 2020 as part of the amendments made to the Facility Agreement during the suspension period the amount of Indebtedness maturing inside the maturity of the Revolving Facility that may be incurred under the Ratio Debt basket, Credit Facilities basket or General Debt basket during the Suspension Period was restricted to EUR 120 million. As part of the amendments made to the Facility Agreement in February 2021 the amount of Indebtedness maturing inside the maturity of the Revolving Facility that may be incurred under the Ratio Debt basket, Credit Facilities basket or General Debt basket during the Suspension Period was increased from €120,000,000 to €166,500,000.

### Incremental facilities

The Group can establish an Incremental Facility without consent from any Finance Party provided that no Event of Default is continuing and that the Incremental Facility rank pari passu with or junior to the other Facilities under the Finance Documents. If the Incremental Facility is a term loan the amount may not exceed, the Accordion Amount (being an amount equal to 100% of Consolidated EBITDA plus the amount which does not cause (i) in respect of Senior Secured Indebtedness, the Consolidated Senior Secured Leverage Ratio to exceed 5.0:1.0, and (ii) in respect of any indebtedness that is not Senior Subordinated Indebtedness, the Fixed Charge Coverage Ratio to be less than 2.0:1.0.

## NOTE 16 INCOME TAX

### INCOME TAX EXPENSE

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

<i>(in EUR 1,000)</i>	2020	2019
Income tax payable, current year	(641)	(4,031)
Income tax payable, adjustments regarding previous years	(240)	(302)
Change in deferred tax, current year	(407)	(58,918)
Change in deferred tax, tax rate changes and adjustments regarding previous years	1,187	(11)
<b>Income tax expense</b>	<b>(102)</b>	<b>(63,262)</b>

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



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### RECONCILIATION OF INCOME TAX EXPENSE TO PROFIT / LOSS BEFORE TAX

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

<i>(in EUR 1,000)</i>	2020	2019
<b>Profit/(loss) before income tax</b>	<b>(163,596)</b>	<b>45,502</b>
Expected income taxes at statutory tax rate in Norway (22 %)	35,991	(9,865)
Shipping company tax schemes - NO Tax Act only	(16,161)	19,801
Change in tax regime <i>(to shipping company tax scheme)</i>	-	(71,451)
Non-taxable income	8,288	1,325
Gifts, representation and other non-deductible expenses	(8,872)	(1,619)
Effect from difference in tax rate from nominal tax rate in Norway	(1,127)	(678)
Effect from change in tax rate and tax provisions from previous years	(244)	(313)
Effect from change in valuation allowance, tax losses	(18,833)	(201)
Share of profit from associates (equity method)	(817)	-
Other permanent differences	1,673	(261)
<b>Income tax expense</b>	<b>(102)</b>	<b>(63,262)</b>
Weighted average tax rate	0 %	141 %

Other permanent differences in 2020 is mainly related to the change in functional currency from NOK to EUR from January 1, 2020 as described in note 2. Mostly all the borrowings in the Group are nominated in EUR, giving no revaluation effect in the separate subsidiaries. However, the tax papers are filed in NOK, which gives high revaluation effects in the P&L in NOK for the borrowings. This in return creates a material difference in profit/(loss) before taxes in EUR vs NOK in the respective companies.

The low effective tax rate for the Group in 2020 is mainly related to valuation allowances for tax losses carried forward. The high effective tax rate for the Group in 2019 were related to change in tax regime to shipping company tax scheme.

### INCOME TAX EXPENSE FOR ITEMS RECOGNISED IN OTHER COMPREHENSIVE INCOME

<i>(in EUR 1,000)</i>	2020			2019		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Actuarial gains/losses, pensions	(2,900)	622	(2,278)	372	(124)	248
Cash flow hedging	2,483	-	2,483	13,898	(3,624)	10,273
Change in fair value of equity investments	-	-	-	(260)	-	(260)
Currency translation differences	(3,793)	-	(3,793)	652	-	652
<b>Other comprehensive income</b>	<b>(4,210)</b>	<b>622</b>	<b>(3,588)</b>	<b>14,661</b>	<b>(3,748)</b>	<b>10,913</b>

### 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 Group can utilise the tax loss carry-forward against future taxable income.



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

2020

<i>(in EUR 1,000)</i>	Opening balance	Tax expense	Recognised in other compr. income	Acquisitions and disposals	Foreign currency translation effects	Closing balance
<b>Non-current items</b>						
Intangible and fixed assets	(91,560)	17,456	-	-	25	(74,079)
Leasing	0	71	-	-	1	71
Pensions	1,767	(946)	622	-	(45)	1,398
Other non-current items	(2,698)	(1,297)	-	-	-	(3,995)
<b>Totals</b>	<b>(92,492)</b>	<b>15,284</b>	<b>622</b>	<b>-</b>	<b>(19)</b>	<b>(76,605)</b>
<b>Current items</b>						
Provisions	1,005	(682)	-	-	(5)	319
Other current items	68	229	-	-	0	297
<b>Totals</b>	<b>1,073</b>	<b>(453)</b>	<b>-</b>	<b>-</b>	<b>(4)</b>	<b>616</b>
<b>Tax losses</b>						
Tax loss carry forwards	70,041	12,017	-	(357)	(272)	81,430
Interest carry forwards	18,418	(5,243)	-	-	(2)	13,173
Valuation allowance	(618)	(20,826)	-	357	187	(20,900)
<b>Total deferred tax asset / (liability)</b>	<b>(3,578)</b>	<b>780</b>	<b>622</b>	<b>-</b>	<b>(110)</b>	<b>(2,286)</b>
Carrying value of deferred tax asset	929					1,522
Carrying value of deferred tax liability	4,507					3,808
<b>Net asset/(liability)</b>	<b>(3,578)</b>					<b>(2,286)</b>

2019

<i>(in EUR 1,000)</i>	Opening balance	Tax expense	Recognised in other compr. income	Acquisitions and disposals	Foreign currency translation effects	Closing balance
<b>Non-current items</b>						
Intangible and fixed assets	(55,851)	(35,760)	-	-	50	(91,560)
Leasing	1,203	(1,231)	-	-	29	-
Pensions	3,569	(1,783)	(124)	-	104	1,767
Other non-current items	(2,967)	299	-	-	(30)	(2,698)
<b>Totals</b>	<b>(54,046)</b>	<b>(38,476)</b>	<b>(124)</b>	<b>-</b>	<b>153</b>	<b>(92,492)</b>
<b>Current items</b>						
Derivatives	4,371	(792)	(3,624)	-	45	-
Provisions	773	228	-	-	4	1,005
Other current items	106	(39)	-	-	1	68
<b>Totals</b>	<b>5,250</b>	<b>(602)</b>	<b>(3,624)</b>	<b>-</b>	<b>50</b>	<b>1,073</b>
<b>Tax losses</b>						
Tax loss carry forwards	96,695	(27,974)	-	-	1,320	70,041
Interest carry forwards	13,100	5,284	-	-	34	18,418
Valuation allowance	(3,308)	2,838	-	-	(148)	(618)
<b>Total deferred tax asset / (liability)</b>	<b>57,691</b>	<b>(58,930)</b>	<b>(3,748)</b>	<b>-</b>	<b>1,409</b>	<b>(3,578)</b>
Carrying value of deferred tax asset	68,532					929
Carrying value of deferred tax liability	10,841					4,507
<b>Net asset/(liability)</b>	<b>57,691</b>					<b>(3,578)</b>

54



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### RECONCILIATION OF MOVEMENT IN TAXES PAYABLE

<i>(in EUR 1,000)</i>	2020	2019
Current income tax payables, opening balance	1,406	2,815
New provision, income tax payable	881	4,333
New provision, income tax payable related to shipping company tax scheme	18	32
Taxes paid (-)	(1,770)	(5,839)
Currency translation effects	(170)	65
<b>Current income tax payable, closing balance net</b>	<b>365</b>	<b>1,406</b>
Carrying value of current prepaid taxes	864	185
Carrying value of current income tax payables	1,229	1,591
<b>Net income tax payable</b>	<b>365</b>	<b>1,406</b>

### NOTE 17 PENSIONS

The Group operates both defined contribution and defined benefit pension schemes. For the defined contribution plans the cost is equal to the contributions to the employee's pension savings during the period. Future pensions are dependent on the size of the contributions and the return on the pension plans.

The Group has defined benefit plans in Norway and Germany. For the Norwegian defined benefit plans, the employer is responsible for paying an agreed pension to the employee based on his/her final salary. Future defined benefits are mainly dependent on the number of contribution years, salary level upon reaching retirement age and the size of National Insurance benefits. These obligations are covered through an insurance company. The largest scheme, that was in the subsidiary Hurtigruten Sjø AS was closed and discontinued in May 2020. The employees received a paid-up policy (fripolise). In addition to the pension obligations that are covered through insurance schemes, the company has unfunded pension obligations that are funded from operations, primarily for former key management personnel. Pension fund assets managed by insurance companies are regulated by local legislation and practice. The relationship between the company and the insurance company is regulated by applicable legislation. The boards of the insurance companies are responsible for managing the plans, including making investment decisions and determining premium levels. An agreed fixed sum per month is paid as a pension for the German pension plan, from which most beneficiaries receive the same agreed amount, while three former directors receive a considerably higher payment. The German plan is organised as a CTA (contractual trust arrangement), in which the plan assets are earmarked for the pension fund, but the company's management determines how the assets are to be invested.

The new Contractual Early Retirement (AFP) Scheme Act adopted by the Norwegian Parliament in 2010 entailed the derecognition and recognition in the income statement of provisions related to the old contractual early retirement scheme. Provisions were set aside to cover the assumed underfunding of the old contractual early retirement scheme. The new AFP early retirement scheme is based on a tri-parties collaboration between employer, employee organisations and the government. The government covers one-third of the pension expenses for the early retirement scheme, while affiliated enterprises cover the remaining two-thirds. The scheme is recognised as a defined benefit multi-entity plan in the financial statements. This means that each individual company shall account for its proportional share of the scheme's pension obligations, plan assets and pension costs. Until reliable and consistent information is available for allocation, the new contractual early retirement scheme will be accounted for as a defined contribution plan. This is consistent with the Ministry of Finance's conclusion concerning the new AFP early retirement plan published in connection with the presentation of the Norwegian State Budget on 14 October 2013. The only members of the scheme are the Hurtigruten Pluss permanent employees, of whom there were 289 as of 31 December 2020. AFP is earned at the rate of 0.314% of pensionable income up to 7.1 G for every year worked between the ages of 13 and 62. A total



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

of EUR 229 thousand (NOK 2.6 million) was paid into the scheme in 2020. For the other employees in Norway there is also a defined contribution plan where the contribution amount is a fixed percentage of salary, 5 % of salary between 1 and 7.1 G and 10 % of salary between 7.1 and 12 G.

The established pension plans cover 1,747 Group employees and 81 pensioners and 28 former employees. The pension costs for the period illustrate the agreed future pension entitlements earned by employees in the financial year.

### FINANCIAL ASSUMPTIONS

	2020	2019
<b>Norway</b>		
Discount rate	2.30 %	2.30 %
Expected annual wage adjustment	2.30 %	2.30 %
Expected annual pension adjustment	2.25 %	2.25 %
Expected annual National Insurance basic amount (G) adjustment	2.00 %	2.00 %
Table book used for estimating liabilities	K2013 BE	K2013 BE
Table book used for estimating disabilities	IR02	IR02
<b>Germany</b>		
Discount rate	0.40 %	1.60 %
Expected annual wage adjustment	N/A	N/A
Expected annual pension adjustment	1.60 %	1.90 %
Expected annual National Insurance basic amount (G) adjustment	N/A	N/A
<b>Average expected years of service until retirement age</b>	<b>13.4 Years</b>	<b>14.6 years</b>

### PENSION COSTS RECOGNISED IN THE STATEMENT OF INCOME

<i>(in EUR 1,000)</i>	2020	2019
Present value of accrued pension entitlements for the year	473	214
Defined contribution plan	5,848	6,414
Interest expenses (income)	47	192
Discontinuation and plan changes	(2,935)	-
Payroll tax	155	169
<b>Total pension costs included in payroll costs (Note 24)</b>	<b>3,587</b>	<b>6,989</b>

### SPECIFICATION OF NET PLAN ASSETS/OBLIGATIONS

<i>(in EUR 1,000)</i>	2020	2019
Present value of funded pension obligation	8 745	24 809
Present value of unfunded pension obligations	2 056	1 957
<b>Total pension obligation 31 December</b>	<b>10 801</b>	<b>26 766</b>
<b>Estimated fair value of plan assets as of 31 December</b>	<b>7 875</b>	<b>22 085</b>
<b>Net pension obligations at 31 December</b>	<b>2 926</b>	<b>4 681</b>



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### CHANGE IN THE DEFINED BENEFIT PENSION OBLIGATIONS DURING THE YEAR

<i>(in EUR 1,000)</i>	2020	2019
Pension obligations as of 1 January	26,766	29,563
Present value of accrued pension entitlements for the year	428	1,203
Correction previous years taken to P/L	-	(1,049)
Interest expenses	152	664
<i>Effect of recalculation:</i>		
Changes in financial assumptions	328	(1,546)
Changes in demographic assumptions	-	-
Estimate deviations	1,812	(863)
Currency translation differences – obligations	(63)	253
Discontinuation of pension plans (plan changes)	(17,658)	-
Pension benefits paid	(958)	(1,453)
Change in payroll tax on net pension obligations	(6)	(6)
<b>Pension obligations as of 31 December</b>	<b>10,801</b>	<b>26,766</b>

### CHANGE IN THE FAIR VALUE OF THE PLAN ASSETS

<i>(in EUR 1,000)</i>	2020	2019
Fair value as of 1 January	22,085	18,283
Return on plan assets	12	410
Actual return on assets re interest income recognised in income statement	(921)	(1,898)
Paid-up policies and disbursements due to discontinuation of plans (plan changes)	(14,433)	-
Employer contributions	1,803	6,199
Currency translation differences – assets	(188)	114
Pension benefits paid	(483)	(1,022)
<b>Fair value as of 31 December</b>	<b>7,875</b>	<b>22,085</b>

### COMPOSITION OF PENSION FUND ASSETS

	2020	2019
Shares	18.9 %	10.1 %
Current bonds	11.6 %	10.7 %
Money market	42.7 %	34.3 %
Non-current bonds	15.2 %	24.9 %
Property	5.1 %	8.8 %
Other	6.5 %	11.3 %
<b>Total</b>	<b>100.0 %</b>	<b>100.0 %</b>
Actual return on plan assets Norway	-3.3 %	-10.75 %
Actual return on plan assets Germany	7.70 %	0.00 %

### THE GEOGRAPHICAL ALLOCATION OF THE OBLIGATIONS AND PLAN ASSETS FOR THE DEFINED BENEFIT PLANS IS AS FOLLOWS:

<i>(in EUR 1,000)</i>	2020			2019		
	Norway	Germany	Total	Norway	Germany	Total
Present value of obligations	5 173	5 628	10 801	21 092	5 674	26 766
Fair value of plan assets	2 958	4 917	7 875	17 519	4 566	22 085
<b>Net pension obligations (assets)</b>	<b>2 215</b>	<b>711</b>	<b>2 926</b>	<b>3 573</b>	<b>1 108</b>	<b>4 681</b>



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### RISK

The Group is exposed to several risks through the defined benefit pension schemes, the most significant of which are as follows.

#### Investment volatility

The pension obligations are calculated using a discount rate based on the interest rate on bonds. If the investment in the pension fund assets provides a lower return than the bond interest rate, this gives rise to a deficit. All the plans comprise shares that are expected to give a higher return than interest on bonds over the long term, but which may, however, result in increased volatility and risk over the short term. As the pension plans' obligations mature, the target will be to reduce the share of risky investments to better match the obligations.

#### Changes in interest rates on bonds

A reduction in interest rates on bonds would increase the pension plans' obligations. However, this would be partially offset by an increase in the return on the investments in bonds.

#### Inflation risk

The defined benefit pension plans' obligations are exposed to inflation risk. An increase in inflation could result in higher obligations. The key assets of the pension plans are either unaffected by inflation (fixed-interest bonds) or loosely correlated with inflation (shares). A rise in inflation could therefore increase deficits in the plans.

#### Life expectancy

The payment obligation only applies to the remaining life expectancy of the plan beneficiaries. A rise in life expectancy would increase the plans' obligations. This is particularly important for the Norwegian plan, in which the adjustment for inflation results in higher sensitivity to changes in life expectancy. A new mortality table, K2013, was introduced in 2013 to reflect the rising average life expectancy of the Norwegian population. The effect of the above is shown in changes in demographic assumptions under recalculations of the change in the pension obligation.

### ASSET MANAGEMENT

A basic intention of asset management of plans organised through pension insurance companies is to secure cover of the non-current obligations by delivering a competitive annual return at least equal to the guaranteed interest rate. Asset management is based on a long-term arrangement of investment portfolios, tailored to the company's long-term obligations. Norwegian legislation imposes restrictions on concentration risk in the investment of all plan assets. The investments are made in collective portfolios with cautious, moderate risk. The assets in the German plan are currently invested in a listed fund that is managed by a professional asset manager. The fund follows a multi-asset strategy with a conservative risk profile. The composition of the fund is regularly changed to accommodate optimal returns and risk management. At the reporting date 50% of the assets were invested in shares in various markets. Consequently, these shares are exposed to risk attaching to the performance of global equity markets. While company management cannot influence the fund's investments, it may at any time elect to exit fund investments.

<i>(in EUR 1,000)</i>	2021	2020
The company's expected contributions to funded plans in the next year	678	6 959



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

EXPECTED MATURITY DATE OF PENSION SCHEMES AS OF 31 DECEMBER 2020

<i>(in EUR 1,000)</i>	< 1 year	1-2 years	2-5 years	>5 years	Total
<b>Defined benefit pension</b>	687	1 105	2 028	7 301	11 121

The Group has established mandatory occupational pension plans in the companies where this is required. These plans for Norwegian companies satisfy the requirements stipulated in the Norwegian Mandatory Occupational Pension Act.

TABLE OF THE HISTORICAL PRESENT VALUES OF PENSION OBLIGATIONS AND ASSETS AS OF 31 DECEMBER

<i>(in EUR 1,000)</i>	2020	2019	2018
<b>Present value of defined benefit pension obligations</b>	<b>10,801</b>	<b>26,766</b>	<b>29,563</b>
<b>Fair value of plan assets</b>	<b>7,875</b>	<b>22,085</b>	<b>18,283</b>
<b>Deficit/(surplus)</b>	<b>2,926</b>	<b>4,681</b>	<b>11,280</b>

SENSITIVITY ANALYSIS FOR CHANGES IN THE ASSUMPTIONS

	Germany		Norway	
	Discount rate		Discount rate	
	+ 1 per cent	- 1 per cent	+ 1 per cent	- 1 per cent
Increase (+) reduction (-) in the net pension costs for the period	(5)	7	(5)	0
Increase (+) reduction (-) in the net pension obligations as of 31 December	(670)	841	(165)	0
	Pension adjustment		Pension adjustment	
	+ 1 per cent	- 1 per cent	+ 1 per cent	- 1 per cent
Increase (+) reduction (-) in the net pension costs for the period	3	(3)	-	-
Increase (+) reduction (-) in the net pension obligations as of 31 December	649	(553)	-	-
	Change in the annual salary growth			
	+ 1 per cent		- 1 per cent	
Increase (+) reduction (-) in the net pension costs for the period	-		-	
Increase (+) reduction (-) in the net pension obligations as of 31 December	-		-	
	Change in National Insurance basic amount (G) adjustment			
	+ 1 per cent		- 1 per cent	
Increase (+) reduction (-) in the net pension costs for the period	5		-	
Increase (+) reduction (-) in the net pension obligations as of 31 December	212		-	

The sensitivity analysis above is based on a change in one of the assumptions, with all other assumptions remaining unchanged. In practice this would not happen as more than one assumption could vary simultaneously. The sensitivity calculation is performed applying the same method as the actuarial calculation used to determine the pension obligation in the statement of financial position.



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

The method and the assumptions in the sensitivity analysis have not been changed compared with the previous year. The Group has only one open defined benefit plan under which beneficiaries have entitlements.

Consequently, this is the only plan affected by changes in annual salary growth and adjustments to G.

### NOTE 18 PROVISIONS

<i>(in EUR 1,000)</i>	Management			Total
	Bonuses	incentive plan	Other	
<b>Book value as of 1 January 2019</b>	1,327	1,833	431	<b>3,591</b>
Reclassification from trade and other liabilities <sup>1)</sup>	72	(0)	49	<b>120</b>
Provisions for the year	1,466	547	-	<b>2,013</b>
Utilisation of provisions from the prior year	(1,412)	-	(25)	<b>(1,437)</b>
Currency translation effects	11	15	4	<b>30</b>
<b>Book value as of 31 December 2019</b>	<b>1,464</b>	<b>2,395</b>	<b>458</b>	<b>4,317</b>
Provisions for the year	1,356	-	454	<b>1,811</b>
Utilisation of provisions from the prior year	(21)	(1,831)	(1)	<b>(1,852)</b>
Currency translation effects	(76)	(1)	(27)	<b>(104)</b>
<b>Book value as of 31 December 2020</b>	<b>2,724</b>	<b>563</b>	<b>885</b>	<b>4,172</b>

### CLASSIFICATION IN THE STATEMENT OF FINANCIAL POSITION

<i>(in EUR 1,000)</i>	2020	2019
Non-current liabilities	<b>406</b>	<b>458</b>
Current liabilities	<b>3,766</b>	<b>3,859</b>

### BONUSES

A performance-related bonus was introduced for Hurtigruten AS management from 2013. The bonus scheme includes the CEO and certain personnel in Group management. No payment was done during 2019 towards these managers due to Covid-19 result decrease in 2020. See note 24A Remuneration of board of directors and executive management for details on the executive management. There is also bonus scheme for certain level of employees. All bonuses towards other eligible managers for general bonuses were also cancelled for 2019 due to Covid-19.

### MANAGEMENT INCENTIVE PLANS

The management in Silk Topco Group has entered an incentive plan to purchase shares in the parent company, Silk Topco AS. For further information regarding the Management incentive plan, see note 20.

### DEFERRED GOVERNMENT GRANT

A line-by-line recognition has been carried out with respect to an investment contribution received, including a possible repayment obligation. Revenue recognition of the investment contribution occurs in conjunction with depreciation and amortisation of the associated asset. EUR 23.1 thousand was recognised as a reduction in depreciation during the year 2020 (EUR 25.5 thousand in 2019).

### CONTINGENT LIABILITIES

The group recognises a provision if it is probable that an outflow of cash or other economic resources will be required to settle the provision. If an outflow is not probable, the item is treated as a contingent liability. The group has not recognised any provisions for 2020 or 2019, see also note 5 Contingencies for further information.



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### NOTE 19 SHARE-BASED PAYMENT

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

The incentive scheme has two market-based vesting conditions:

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

The number of bonus shares depends on the aggregated exit value and can give a range of bonus shares from 0.38 per share up to 12 times per share. Management's 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:	EUR 0.42 million (NOK 4.5 million)
Accrued amount as of 31.12.2020:	EUR 0.43 million (NOK 4.5 million)
Accrued amount as of 31.12.2019:	EUR 2.39 million (NOK 23.6 million)

As of 31. December 2020, the provision for employer's contribution related to the management incentive programme was EUR 0.24 million (NOK 2.5 million) and EUR 1.43 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.



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### NOTE 20 TRADE AND OTHER CURRENT LIABILITIES

<i>(in EUR 1,000)</i>	2020	2019
Trade payables	13,801	11,394
Public duties payable	2,851	9,135
Other current liabilities	13,268	21,317
<b>Total trade and other current liabilities</b>	<b>29,920</b>	<b>41,845</b>
Accrued expenses	19,467	47,418
Accrued interest	14,170	8,925
<b>Total accrued expenses</b>	<b>33,637</b>	<b>56,343</b>
Deferred revenue	3,129	15,187
<b>Total deferred revenue</b>	<b>3,129</b>	<b>15,187</b>
<b>Total trade and other liabilities</b>	<b>66,686</b>	<b>113,375</b>

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

### NOTE 21 OPERATING REVENUES

#### REVENUE BY CATEGORY

<i>(in EUR 1,000)</i>	2020	2019
Ticket revenue	79,980	290,574
Revenue from flights, hotel & transportation	16,638	56,404
Presold food, beverages and excursions	25,143	96,308
Onboard sales of food, beverages, shop and excursions	15,495	53,678
Other passenger revenue	8,835	10,380
Cargo-freight revenue	1,686	5,760
Contractual revenues	79,162	72,576
Other operating revenue	11,643	23,105
<b>Total operating revenues</b>	<b>238,582</b>	<b>608,786</b>
Government grant compensation scheme (Covid-19)	30,155	-
<b>Total other revenues</b>	<b>30,155</b>	<b>-</b>

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 2.2.C (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 revenues relate to the Norwegian Governmental Business Compensation scheme due to Covid-19 relief of EUR 30.2 million in 2020 for the period from March to December.



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### RECONCILIATION OF MOVEMENT IN DEPOSITS FROM CUSTOMERS:

<i>(in EUR 1,000)</i>	2020	2019
<b>Deposits from customers, opening balance</b>	<b>103 564</b>	81 620
New sales	<b>113 519</b>	96 375
Recognised in revenue	<b>(121 803)</b>	(75 500)
Currency translation effects	<b>(3 109)</b>	1 069
<b>Deposits from customers, closing balance</b>	<b>92 171</b>	103 564

### DEPOSITS FROM CUSTOMERS ARE EXPECTED TO BE RECOGNISED IN INCOME AS FOLLOWS:

<i>(in EUR 1,000)</i>	2020	2019
During the first twelve months	<b>81 362</b>	91 732
During the second year	<b>10 809</b>	11 832
<b>Total deposits from customers</b>	<b>92 171</b>	103 564

### NOTE 22 DIRECT COST OF GOODS AND SERVICES

<i>(in EUR 1,000)</i>	2020	2019
Commissions	<b>11,721</b>	51,265
Direct CoGS regarding flights, hotel and transportation	<b>11,580</b>	46,111
Direct CoGS regarding food, beverages, shops and excursions	<b>15,541</b>	51,954
Direct other CoGS	<b>3,597</b>	9,239
<b>Total direct cost of goods and services</b>	<b>42,440</b>	158,570

### NOTE 23 PAYROLL COSTS

<i>(in EUR 1,000)</i>	Note	2020	2019
Wages and salaries		<b>76,610</b>	111,149
Payroll tax		<b>8,050</b>	6,204
Pension costs	17	<b>3,587</b>	6,989
Other benefits	19	<b>4,453</b>	9,983
<b>Total payroll costs</b>		<b>92,701</b>	134,325

Average number of full-time equivalents **1,381** 2,489

Seamen hired by Silk Topco Group are included in the "Net Wages" – scheme, where the Norwegian government reimburses to shipping companies an amount corresponding to the sum of the income tax paid, social security contributions and employer's national insurance contributions (payroll tax) for crew within the scheme. The government grant is recorded as a reduction in payroll costs. During 2020, the Group has recognised EUR 1.1 million (NOK 11.6 million) in government grants through this arrangement (EUR 1.5 million or NOK 15.1 million in 2019).

The Norwegian government reimburses parts of the salary to new seamen apprentices. The government grant is recognised as a reduction in payroll costs. During 2020, the Group has recognised EUR 0.9 million (NOK 9.2 million) in government grants through this arrangement (EUR 1.0 million or NOK 9.5 million in 2019).



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

The Covid-19 effect was high for number of full-time equivalents due to furloughing employees during the warm-stacking of ships and pause of operations of cruises until expected start of normal operations. The group has had similar number of employees in 2020 as 2019.

### NOTE 24A REMUNERATION OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

#### TOTAL COMPENSATION YEAR 2020

#### BOARD OF DIRECTORS

The board of directors have waived their annual compensation for 2020.

#### EXECUTIVE MANAGEMENT

<i>(in EUR 1,000)</i>	Position	Salary	Pension cost	Other <sup>1)</sup>	Fees	Total remuneration
	Daniel Skjeldam	541	71	10	-	621
	Torleif Ernsts en	271	26	-	-	296
	Asta Lassesen	180	25	94	-	299
	Bent Martini	358	22	7	-	387
	Stine Steffensen Børke	180	12	8	-	200
	Ole-Marius Moe-Helgesen	203	15	-	-	218
	Organizational Development					
<b>Total</b>		<b>1,733</b>	<b>171</b>	<b>118</b>	<b>-</b>	<b>2,022</b>

<sup>1)</sup> Including bonus, car allowance and severance benefits for outgoing managers.

The Group'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 Group'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 Group's management from 2013. The bonus payments are established applying pre-determined targets/parameters, some of which relate to the Group's



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

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 in 2020.

### TOTAL COMPENSATION YEAR 2019

#### BOARD OF DIRECTORS

<i>(in EUR 1,000)</i>	Position	Salary	Pension cost	Other	Fees remuneration	Total	
	Trygve Hegnar	Chair	-	-	-	33	33
	Petter Anker Stordalen	Director	-	-	-	14	14
	Jonathan Barlow	Director	-	-	-	-	-
	Matthew Lenczner	Director	-	-	-	-	-
	<b>Total</b>		-	-	-	47	47

#### EXECUTIVE MANAGEMENT

<i>(in EUR 1,000)</i>	Position	Salary	Pension cost	Other <sup>1)</sup>	Fees remuneration	Total	
	Daniel Skjeldam	Chief Executive Officer	609	91	772	-	1,471
	Torleif Ernstsens	Chief Financial Officer	298	34	188	-	520
	Asta Lassenen	Chief Commercial Officer	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	SVP Communications	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	Chief Digital Officer	205	16	30	-	251
	Tor Geir Engebretsen <sup>2)</sup>	Chief Operating Officer/SVP Maritime Operations (Until April 1st 2019)	-	-	-	139	139
	<b>Total</b>		<b>2,211</b>	<b>249</b>	<b>1,482</b>	<b>139</b>	<b>4,082</b>

<sup>1)</sup> Including bonus, car allowance and severance benefits for outgoing managers.

<sup>2)</sup> Tor Geir Engebretsen is an external consultant, and fees stated is excluding VAT.



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### NOTE 24B AUDITOR REMUNERATION

<i>(in EUR 1,000)</i>	2020	2019
Statutory audit	552	464
Other assurance services	78	85
Other non-assurance services	1	22
Tax consultant services	203	609
<b>Total</b>	<b>834</b>	<b>1,181</b>

VAT is not included in the fees specified above.

Tax consulting services in 2019 were primarily fees for tax assistance in relation with the entry into the Norwegian tax tonnage regime.

### NOTE 25 OTHER OPERATING COSTS

<i>(in EUR 1,000)</i>	2020	2019
Other operating cruise costs	<b>89,209</b>	126,445
Sales and administrative costs	<b>48,745</b>	62,720
<b>Total other operating costs</b>	<b>137,954</b>	189,165

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

### NOTE 26 OTHER GAINS/ (LOSSES) – NET

Other gains/(losses) -net consists of the following items:

<i>(in EUR 1,000)</i>	2020	2019
Net gain (loss) on the sale of property, plant and equipment	<b>(942)</b>	(12)
Net unrealised foreign currency loss on balance sheet items	<b>3,106</b>	(282)
Net gains (loss) on forward currency exchange contracts	-	3,389
Net gains (loss) on forward bunker contracts	<b>(15,850)</b>	(5,179)
<b>Total other (losses)/gains</b>	<b>(13,687)</b>	<b>(2,083)</b>

Other gains/(losses) – net consists of gains and losses that results from revaluation of balance sheet items denominated in foreign currencies to functional currencies at balance sheet date, realised gains/(losses) on forward bunker fuel contracts, and realised and unrealised gains and losses on fair value adjustments on forward currency contracts.



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### NOTE 27 TRANSACTIONS WITH 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 associates. Associates in 2020 include Green Dog Svalbard AS in which the Group has a 50 per cent shareholding. Green Dog supplies dog-related services on Spitsbergen to Hurtigruten Svalbard AS.

The Group conducted the following transactions with related parties:

#### TRANSACTIONS WITH ASSOCIATES

<i>(in EUR 1,000)</i>	<b>2020</b>	<b>2019</b>
<b>Operating revenues</b>		
Sale of services to Green Dog Svalbard	<b>35</b>	59
<b>Operating costs</b>		
Purchase of services from Green Dog Svalbard AS	<b>381</b>	877
<b>Balances with Green Dog Svalbard AS at year-end</b>		
Current receivables	<b>423</b>	2
Current liabilities	<b>(423)</b>	(28)
<b>Net balances with Green Dog Svalbard AS as of 31 December</b>	<b>-</b>	<b>(26)</b>
<b>Balances with Namdalen Wilderness Lodge AS at year-end</b>		
Current receivables	<b>1</b>	7
Current liabilities	<b>(2)</b>	-
<b>Net balances with Namdalen Wilderness Lodge AS as of 31 December</b>	<b>(1)</b>	<b>7</b>

#### TRANSACTIONS WITH SHAREHOLDERS

##### TRANSACTION WITH TDR CAPITAL LLP

The majority shareholder Silk Holding S.A.R.L is 100% owned by an investment fund managed by TDR Capital LLP. Board members of Silk Topco AS, Matthew Lenczner and Jonathan Rosen, are partners in TDR Capital LLP. Silk Topco AS reimburses travel expenses and other third-party expenses to TDR Capital related to their Hurtigruten investment, according to investment agreement between Silk Topco AS and its shareholders.

<i>(in EUR 1,000)</i>	<b>2020</b>	<b>2019</b>
<b>Other operating costs</b>		
Travel and other third party expenses reimbursement to TDR Capital	-	(201)



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### NOTE 28 FINANCE INCOME AND EXPENSES

<i>(in EUR 1,000)</i>	2020	2019
Interest income on current bank deposits	1,198	532
Foreign exchange gains	11,491	25,481
Dividends	49	6
Other finance income	133	212
<b>Finance income</b>	<b>12,871</b>	<b>26,231</b>
Interest expenses		
– Borrowings	(46,863)	(27,506)
– Capitalised interest on prepayments	-	2,945
– Interest expenses IFRS 16	(585)	(709)
– Other interest expenses	(750)	(102)
– Borrowing fees	(17,439)	(5,181)
Foreign exchange losses	(15,618)	(19,929)
Other finance expenses	(1,545)	(2,891)
<b>Finance expenses</b>	<b>(82,801)</b>	<b>(53,372)</b>
<b>Net financial items</b>	<b>(69,930)</b>	<b>(27,141)</b>

### NOTE 29 LEASES

The Group as adopted IFRS 16 from 1. January 2019 using the retrospective approach.

#### RIGHT-OF-USE ASSETS

<i>(in EUR 1,000)</i>	Ships	Buildings	Office - and other machinery	Total
<b>2019</b>				
Balance at 1 January	2,784	10,884	942	14,610
<b>Balance at 31 December</b>	<b>1,404</b>	<b>13,688</b>	<b>708</b>	<b>15,800</b>
<b>2020</b>				
Balance at 1 January	1,404	13,688	708	15,800
<b>Balance at 31 December</b>	<b>-</b>	<b>10,665</b>	<b>4,483</b>	<b>15,149</b>

Modifications to right-of-use assets during 2020 were EUR 5.8 million (2019: EUR 6.1 million).

Refer to note 7 for movements in right-of-use assets.



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

### LEASE LIABILITY

<i>(in EUR 1,000)</i>	2020	2019
<b>Maturity analysis - Contractual undiscounted cash flows</b>		
<b>Short-term liability</b>		
Less than one year	4,861	5,419
<b>Long-term liability</b>		
One to five years	10,433	9,729
More than five years	2,195	3,550
<b>Total undiscounted lease liability at 31 December</b>	<b>17,489</b>	<b>18,698</b>
<b>Lease liabilities in the statement of financial position at 31 December</b>	<b>15,821</b>	<b>16,661</b>
Current	4,261	4,806
Non-current	11,560	11,856

### AMOUNT RECOGNISED IN PROFIT OR LOSS

<i>(in EUR 1,000)</i>	2020	2019
Amortisation for the year	(4,597)	(5,005)
Interest on lease liabilities	(585)	(717)
<b>Total amount recognised in profit or loss</b>	<b>(5,183)</b>	<b>(5,722)</b>

Leasing expenses relating to variable payments are not included in lease liabilities, expenses related to short-term leases or low-value assets is immaterial in the profit or loss statement as per year end 2020 and 2019.

### AMOUNT RECOGNISED IN THE STATEMENT OF CASH FLOWS

<i>(in EUR 1,000)</i>	2020	2019
<b>Total cash outflow for leases</b>	<b>(4,767)</b>	<b>(4,522)</b>

### NOTE 30 EVENTS AFTER THE BALANCE SHEET DATE

#### NEW LIQUIDITY FINANCING

On 1 March 2021, Silk Topco Group announced that it has secured a new Euro 46.5 million term loan facility which can be used for its and its subsidiaries' general corporate and working capital requirements. The new facility is priced at E+800bps, matures in June 2023 and ranks pari passu with Silk Topco Group's existing Senior Term and Revolving Facilities originally dated 9 February 2018 and Senior Term Facility dated 12 June 2020. This transaction together with the expected sale of the real estate portfolio on Svalbard gives Silk Topco Group a solid liquidity position as we are working towards the start-up of operations. With the new facility Silk Topco Group has as of 1st of March approximately EUR 80 million in available liquidity and undrawn facilities and approx. EUR 6 million in restricted cash excluding the expected liquidity effect from the sale of the real estate portfolio on Svalbard.

#### NEW EUR 93 MILLION LETTER OF CREDIT CAPACITY

On 28 December 2020, Silk Topco Group announced that the company had secured EUR 60 million in letter of credit capacity which would enable the Group to release up to EUR 60 million in restricted cash. In the first week of January 2021, the Group drew on the available letter of credit to release approximately net EUR 47 million in restricted cash to free liquidity.

On 26 May 2021, Silk Topco Group announced that the Group has secured an addition of EUR 33 million in letter of credit capacity up to a total of EUR 93 million.



## Silk Topco AS - Group

## Consolidated Financial Statements 2020

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### SALE OF REAL ESTATE PORTFOLIO ON SVALBARD

On 29 March 2021, Silk Topco Group announced that the Group has signed an agreement with Store Norske to sell the real-estate portfolio on Svalbard. The real-estate portfolio is c. 40 000 square meters, including three hotels, office facilities, 40 apartments and two large retail premises. The total value of the transactions is NOK 690 million of which NOK 105 million is dependent on Hurtigruten Svalbard's sales performance. The transaction is expected to be closed during Q2 2021 and will have a net liquidity effect of approximately EUR 47 million at closing.

At closing, Hurtigruten Svalbard will enter into a 30-year operating lease agreement for the real estate portfolio. The operating lease agreement substantiates Silk Topco Group's long-term strategic commitment to a land-based Svalbard operation, and Silk Topco Group will continue to develop Svalbard as a marquee destination for adventure travel in the Arctic.

Carnegie AS acted as financial advisor to Silk Topco Group in the transaction.

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### GOVERNMENT GRANT APPLICATION IN GERMANY

In April 2021, Hurtigruten GmbH applied for government grant amounting to EUR 9 million for the period November 2020 to June 2021. The grant will be recognized when, and if, the conditions for reasonable assurance are fulfilled.

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### COVENANT WAIVER SECURED

On 27 May 2021, Silk Topco Group announced that the lenders of the Senior Term and Revolving Facilities has agreed to reduce the minimum available liquidity requirement from EUR 25 million to EUR 15 million.

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### LAUNCH OF NEW SAILINGS TO GALAPAGOS

On 22 June 2021, Hurtigruten Expeditions announced that it from January 2022 will expand its global offering to include the Galapagos Islands off the coast of Ecuador, one of the most iconic destinations on the planet. Hurtigruten Expedition has entered into a long-term strategic partnership with Ecuador-based Metropolitan Touring, the largest cruise operator in the Galapagos Islands, and will offer expedition cruises onboard the fully upgraded 90 pax MS Santa Cruz II.



To the General Meeting of Silk Topco AS

## *Independent Auditor's Report*

### *Report on the Audit of the Financial Statements*

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#### *Opinion*

We have audited the financial statements of Silk Topco AS, which comprise:

- The financial statements of the parent company Silk Topco AS (the Company), 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, and
- The consolidated financial statements of Silk Topco AS and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2020, the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements 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.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

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#### *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 and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in

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State authorised public accountants, members of The Norwegian Institute of Public Accountants, and  
authorised accounting firm*



## Independent Auditor's Report - Silk Topco AS



accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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### *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.

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### *Responsibilities of the Board of Directors for the Financial Statements*

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

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

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### *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>

(2)



Independent Auditor's Report - Silk Topco AS



### *Report on Other Legal and Regulatory Requirements*

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#### *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.

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#### *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, 24 June 2021  
**PricewaterhouseCoopers AS**

Stig Arild Lund  
State Authorised Public Accountant

(This document is signed electronically)



 Securely signed with Brevio

Revisjonsberetning

**Signers:**

<b>Name</b>	<b>Method</b>	<b>Date</b>
Lund, Stig Arild	BANKID_MOBILE	2021-06-24 21:38

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**Skattedirektoratet**

Saksbehandler Torstein Kinden Helleland	Deres dato 23.11.2015	Vår dato 09.12.2015
Telefon 22078139	Deres referanse Trygve Hegnar	Vår referanse 2015/1111971

HURTIGRUTEN AS  
Postboks 6144 Langnes  
9291 TROMSØ

**Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk**

Vi viser til deres brev av 23. november 2015 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper;

<b>Silk Topco AS</b>	<b>org. nr. 913 811 720</b>
<b>Silk Midco AS</b>	<b>org. nr. 914 172 861</b>
<b>Silk Bidco AS</b>	<b>org. nr. 914 148 324</b>
<b>Hurtigruten AS</b>	<b>org. nr. 914 904 633</b>

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

**Bakgrunn**

Hurtigruten AS er eid av Silk Bidco AS som eies 100 prosent av Silk Midco AS som igjen er heleid av Silk Topco AS. Silk Topco AS og Silk Midco AS er holdingselskaper uten øvrig drift utover eie av aksjer og Silk Bidco AS eier aksjene i driftsselskapet Hurtigruten AS.

Silk Topco AS eies med 90 prosent gjennom et holding selskap av det engelske private equity selskapet TDR Capital LLP. De øvrige aksjonærene er to norske profesjonelle aktører med en eierandel på 4,9 prosent hver, samt ansatte i Hurtigrutens konsernledelse som eier 1,8 prosent.

Konsernet er finansiert gjennom et obligasjonslån på 455 millioner euro samt en kortsiktig trekkfasilitet på 65 millioner euro, utstedt av Goldman Sachs. Obligasjonslånet er notert på Luxemburg børs og det er et krav at løpende finansiell rapportering til obligasjonseiere og Goldman Sachs skal skje på engelsk. Obligasjonslånet er utstedt av Silk Bidco AS, dette medfører at konsernet må avgi konsernregnskap i underkonsernet Silk Bidco AS i tillegg til konsernregnskap med den norske konsernspissen Silk Topco AS. Hurtigruten AS har også en stor internasjonal

Postadresse Postboks 9200 Grønland 0134 Oslo	Besøksadresse: Se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a> Org.nr: 996250318 E-post: <a href="mailto:skatteetaten.no/sendepost">skatteetaten.no/sendepost</a>	Sentralbord 800 80 000 Telefaks 22 17 08 60
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virksomhet i form av datterselskaper (salg og markedsføring) og kunder i utlandet som medfører at en stor del av selskapets kommunikasjon foregår på engelsk. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

#### **Skattedirektoratets vurdering**

Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

*"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."*

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at hovedaksjonær med 90 % av selskapene er et engelsk selskap. Eierkretsen er begrenset. Konsernet har obligasjonslån notert på utenlandsk børs der det er et krav at regnskapene avlegges på engelsk språk. Videre er det vektlagt at konsernet driver virksomhet i en internasjonal bransje der alle sentrale aktører og samarbeidspartnere behersker og benytter engelsk.



2015/1111971 Side 3 av 3

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad  
*seniorrådgiver*  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

Torstein Kinden Helleland

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer*