

TN CRUISE K/S
Boltonvej 7
2300 København S
Business Registration No
33153066

Annual report 2019

The Annual General Meeting adopted the annual report on 08.04.2020

Chairman of the General Meeting

Name: Christian Thamdrup Lund

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Entity details

Entity

TN CRUISE K/S
Boltonvej 7
2300 København S

Central Business Registration No (CVR): 33153066

Registered in: København

Financial year: 01.01.2019 - 31.12.2019

Executive Board

Niels-Erik Thamdrup Lund
Christian Thamdrup Lund

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of TN CRUISE K/S for the financial year 01.01.2019 - 31.12.2019.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 08.04.2020

Executive Board

Niels-Erik Thamdrup Lund

Christian Thamdrup Lund

Independent auditor's report

To the shareholders of TN CRUISE K/S

Opinion

We have audited the financial statements of TN CRUISE K/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 08.04.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Sumit Sudan
State Authorised Public Accountant
Identification No (MNE) mne33716

Management commentary

Primary activities

The Company's primary activity is to be the owner of the expedition cruise vessel Sea Spirit and to charter out the vessel to various cruise operators worldwide. During 2019, the vessel was chartered out to Poseidon Expeditions.

The Company has outsourced vessel ship management, including Technical Management and Hotel Management, to Cruise Management International Inc., Miami, Florida and CMI Leisure Ltd., a sister company to Cruise Management International Inc.

Development in activities and finances

In 2019, the Company realized a profit of USD 1,503,409, which is considered satisfactory even though the vessel had tank steel replacements made, which were not expected at the beginning of the year. For the financial year 2020, Management had expected the profitability to increase, as the vessel was estimated to be on time charter for the full year without any scheduled off-hire periods. As described below under events after the balance sheet date there is a high degree of uncertainty to the financial impact of the global COVID-19 virus.

Capital position

As at 31 December 2019, the equity amounted to USD 6,629,672. Current assets exceeded current liabilities, excluding deferred revenue, by USD 376,936.

Even considering the economic uncertainties, Management expects a positive cash flow for 2020 and believes that the Company will be able to meet its obligations as they fall due. Refer to note 1 for additional information.

Events after the balance sheet date

With effect from 1 January 2020 an agreement was entered into whereby Achieva Holding A/S became the full owner of the shares in the company.

As a result of the spread of the COVID-19 virus, economic uncertainties have arisen which are likely to negatively impact net profit. While the disruption is currently expected to be temporary, the extent of the impact of the COVID-19 virus on the operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the related impact on customers and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which the COVID-19 virus may impact the financial condition or results of operations is uncertain. However, the COVID-19 virus is assessed a non-adjusting event, as the virus was not spread globally before February 2020, and therefore any impact in relation to valuation of assets have not been reflected in the annual report.

As a cash flow precaution the Company has agreed with its Bank that only interest will have to be paid on its vessel bank loan from March 2020 and at least for a six-month period.

Income statement for 2019

	<u>Notes</u>	<u>2019 USD</u>	<u>2018 USD</u>
Revenue		8.669.285	9.060.383
Cost of sales	2	(3.612.589)	(3.026.042)
Other external expenses		<u>(387.307)</u>	<u>(334.069)</u>
Gross profit/loss		4.669.389	5.700.272
Staff costs	3	(1.912.828)	(1.869.067)
Depreciation, amortisation and impairment losses		<u>(1.083.199)</u>	<u>(1.034.286)</u>
Operating profit/loss		1.673.362	2.796.919
Other financial income		31.901	0
Other financial expenses	4	<u>(201.854)</u>	<u>(233.265)</u>
Profit/loss for the year		<u>1.503.409</u>	<u>2.563.654</u>
Proposed distribution of profit/loss			
Retained earnings		<u>1.503.409</u>	<u>2.563.654</u>
		<u>1.503.409</u>	<u>2.563.654</u>

Balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 USD</u>	<u>2018 USD</u>
Ships		10.990.289	10.068.072
Property, plant and equipment	5	10.990.289	10.068.072
Fixed assets		10.990.289	10.068.072
Trade receivables		1.098.267	49.023
Other receivables		0	88.149
Prepayments		286.867	889.959
Receivables		1.385.134	1.027.131
Cash		586.300	495.202
Current assets		1.971.434	1.522.333
Assets		12.961.723	11.590.405

Balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 USD</u>	<u>2018 USD</u>
Retained earnings		6.629.672	5.126.263
Equity		<u>6.629.672</u>	<u>5.126.263</u>
Bank loans		1.402.762	2.499.923
Other payables		<u>1.000.000</u>	<u>1.000.000</u>
Non-current liabilities other than provisions	6	<u>2.402.762</u>	<u>3.499.923</u>
Current portion of long-term liabilities other than provisions	6	1.104.013	1.078.380
Trade payables		284.344	384.999
Payables to group enterprises		130.213	338.149
Other payables		75.928	76.066
Deferred income		<u>2.334.791</u>	<u>1.086.625</u>
Current liabilities other than provisions		<u>3.929.289</u>	<u>2.964.219</u>
Liabilities other than provisions		<u>6.332.051</u>	<u>6.464.142</u>
Equity and liabilities		<u>12.961.723</u>	<u>11.590.405</u>
Going concern	1		
Assets charged and collateral	7		

Statement of changes in equity for 2019

	Retained earnings USD
Equity beginning of year	5.126.263
Profit/loss for the year	<u>1.503.409</u>
Equity end of year	<u>6.629.672</u>

The contributed capital paid up in cash amounts to USD 0 (DKK 0)

The nominal limited partnership share capital which has not been paid is DKK 60.000.000 divided into 100 partnership shares of DKK 600.000 each.

Notes

1. Going concern

The current global spread of COVID-19 from February 2020 has resulted in a disruption across many industries including the cruise ship industry. This will impact the net result and cash flow negatively in 2020 and potentially onwards, but the magnitude and timing hereof is still uncertain, and will depend on the duration and spread of the outbreak.

Management is monitoring the situation closely, and have engaged with most of its key stakeholders including its bank and the charterer to take appropriate actions to ensure revised terms and agreements, which take the current market conditions of the cruise ship industry into consideration. Furthermore, the shareholders are also aware of these circumstances and have issued support letters with confirmation to inject cash as needed for the Company to honor its obligations as they are due for a period of 12 months from the date of these financial statements (i.e. through 8 April 2021).

Based on above, Management believes that the financial statements are appropriately prepared based on the going-concern principle.

2. Cost of sales

	2019	2018
	USD	USD
Maintenance, repairs and spare parts	1.286.884	834.030
Insurance	331.515	284.488
Port expenses	24.188	52.505
Hotel service expenses	1.957.461	1.855.019
	<u>3.600.048</u>	<u>3.026.042</u>

	2019	2018
	USD	USD
3. Staff costs		
Wages and salaries	1.912.828	1.869.067
	<u>1.912.828</u>	<u>1.869.067</u>

Average number of employees	<u>27</u>
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Notes

	2019	2018
	USD	USD
4. Other financial expenses		
Financial expenses from group enterprises	18.912	21.010
Financial expenses from associates	0	3.282
Other interest expenses	182.942	205.915
Exchange rate adjustments	0	3.058
	201.854	233.265

	Ships
	USD
5. Property, plant and equipment	
Cost beginning of year	15.787.430
Additions	2.005.416
Disposals	(387.239)
Cost end of year	17.405.607
Depreciation and impairment losses beginning of year	(5.719.358)
Depreciation for the year	(1.083.199)
Reversal regarding disposals	387.239
Depreciation and impairment losses end of year	(6.415.318)
Carrying amount end of year	10.990.289

	Due within 12	Due within 12	Due after more
	months	months	than 12
	2019	2018	2019
	USD	USD	USD
6. Liabilities other than provisions			
Bank loans	1.104.013	1.078.380	1.402.762
Other payables	0	0	1.000.000
	1.104.013	1.078.380	2.402.762

7. Assets charged and collateral

The following has been provided as collateral for bank loan with an unpaid balance of USD 2.506.775:

- Mortgage deed registered to the vessels owner. The book value amounts to USD 10.990.289
- Assignment of the insurance amount of the vessel
- Assignment of earnings of the vessel

Notes

- Unlimited guarantee by Niels-Erik Thamdrup Lund and Achieva Holding A/S

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

The annual report has been prepared and present in USD. A DK/USD exchange rate of 6.676 (2018: 6.519) has been applied.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Fixed assets purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

Revenue from time charters are recognized over the duration of the charters.

Cost of sales

Cost of sales comprises expenses incurred for operation of the ship.

Accounting policies

Other external expenses

Other external expenses comprises expenses incurred for the management and administration of the Company.

Staff costs

Staff costs comprise salaries related to operational crew on board.

Depreciation, amortisation and impairment losses

Depreciation and impairment losses relating to ships comprise depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of ships.

Other financial income

Other financial income comprises interest income.

Other financial expenses

Other financial expenses comprise interest to bank, group enterprises and associates as well as net realized and unrealized exchange losses.

Balance sheet

Property, plant and equipment

The ship is measured at cost less depreciation and impairment losses. Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the ship until the time when the ships is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful life of 20 years.

Dry docking expenses are capitalized and depreciated over a period of 30 months.

Ships are written down to the lower of recoverable amount and carrying amount. Estimated useful lives and residual values are reassessed annually.

Items of ships are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Accounting policies

Cash

Cash comprises bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Tax

Due to its corporate form, the Company is not taxable and therefore no tax is included in the income statement.