

Q1 report 2021



Hurtigruten Group AS

Consolidated Interim Financial Statements

First Quarter 2021

Published 27 May 2021

Strong booking momentum for 2022

Hurtigruten Group has experienced a strong booking momentum for sailings in 2022 and 2023. 2022 bookings are, as of 25th of May, 45% higher compared to the same time two years ago for 2020 booking levels.

- The strong booking development is driven by both yield and volume in both Hurtigruten Expeditions and Hurtigruten Norway
- 2023 has also had a very strong start to the pre-sale period which shows a strong underlying demand for sailings with Hurtigruten Norway and Hurtigruten Expeditions

2H 2021 booking momentum has started to pick up over the last 30 days, but guests are still waiting to see when travel restrictions will be lifted. 2H 2021 bookings are currently 62% of what it would be in a normal year.

With the current roll out of the vaccines, the introduction of vaccination passports in the EU and subsequent lifting of travel restrictions, Hurtigruten Norway expects to be back in close to normal operations in July 2021 and Hurtigruten Expeditions expects a gradual ramp up of operations in July 2021 with the expectations to be back in normal operations in Q4 2021.

From 1st of January 2021 Hurtigruten Norway has operated 5 ships along the Norwegian Coast, while Hurtigruten Expeditions has all 7 ships in warm lay-up.

The 5-ship operation in Hurtigruten Norway is based on an agreement with the Norwegian Ministry of Transportation where they have increased the monthly payment from approx. EUR 5.2 million to EUR 6.6 million per month under the State Contract.

- This agreement with increased monthly payment has been extended to end of Q2 2021.

Travel restrictions continued to have a significant impact on the financial performance with first quarter 2021 revenue down 74.3 % to EUR 36.1 million (same period in 2020: EUR 140.2 million)

- First quarter 2021 normalized EBITDA excluding other gains and losses of negative EUR 19.2 million (same period in 2020; positive EUR 19.2 million)

Hurtigruten Group had an average monthly cash burn rate in Q1 2021 of approx. EUR 15 million per month before working capital items in line with the previous guidance

Customer prepayments increased through the quarter from EUR 92.1 million to EUR 108.8 million as of end of Q1 2021. This is driven by the increased booking momentum and the low level of refund claims related to sailings cancelled in Q1 and Q2 2021.

As of 31st of March 2021 Hurtigruten had an available liquidity position of EUR 61 million (31 December 2020 EUR 16 million)

- Hurtigruten had EUR 21 million of liquidity tied up in i) Restricted cash (EUR 6m) ii) cash collateral related to travel bonds (EUR 15 million)
- In February 2021 Hurtigruten Group secured a new EUR 46.5 million term loan facility
- In March Hurtigruten signed an agreement with Store Norske to sell the real-estate portfolio on Svalbard. The transaction is expected to be closed in June 2021 and will have a net liquidity effect of approximately EUR 47 million at closing
- On the 25th of May Hurtigruten Group increased the LOC facility with EUR 33 million to EUR 93 million to increase the financial flexibility relating to travel guarantee bonding

Key figures^{1,2,3}

<i>(EUR 1 000)</i>	1st quarter 2021	1st quarter 2020	% Change	Full year 2020
Operational revenues	17,025	119,084	-85.7 %	189,604
Contractual revenues	19,033	21,090	-9.8 %	79,162
Total revenue	36,058	140,174	-74.3 %	268,765
EBITDA	(22,396)	19,811	-213.0 %	(17,880)
Other gains/(losses) – net	(3,185)	1,038	-406.7 %	(14,719)
EBITDA excl Other gains (losses)	(19,211)	18,773	-202.3 %	(3,161)
Normalised adjusted EBITDA	(19,211)	19,230	-199.9 %	(2,704)
Hurtigruten Norway				
PCNs	8,038	227,362	-96.5 %	367,891
Gross ticket yield (EUR)	227	271	-16.3 %	241
Occupancy rate	4.8 %	68.5 %	-64 p.p.	50.4 %
Hurtigruten Expeditions				
PCNs	-	78,483	-100.0 %	90,268
Gross ticket yield (EUR)	-	643	-100.0 %	591
Occupancy rate	0.0 %	86.2 %	-86 p.p.	72.7 %

¹ The figures presented in this report are unaudited.

² Normalized adjusted EBITDA is calculated as Reported EBITDA excluding other gains and losses adjusted for cost and revenue items which is deemed extraordinary, exceptional, unusual or non-recurring. EBITDA for Q1 2021 is not adjusted for Covid-19 effects and there are no normalizations adjustments in the period.

³ Occupancy rate is normally calculated based on APCN (available capacity) including any laid-up period. From 2020, due to the Covid-19 pandemic, the majority of the ships were in warm-stack since the middle of March, and the APCN presented for 2021 is APCN adjusted for the laid-up period caused by the Covid-19 pandemic, including only the available capacity on the actual sailings. Occupancy rate based on normal APCN was 3.4% for Q1 2021 for the Hurtigruten Norway segment, and 0% for Q1 2021 for the Hurtigruten Expeditions segment.

About Hurtigruten

Hurtigruten is the world's leading expedition cruise and adventure travel company, with a fleet of 16 small-size expedition cruise vessels. The new tailor-made expedition cruise vessel MS Roald Amundsen was delivered in June 2019, followed by her sister ship MS Fridtjof Nansen in December 2019. Hurtigruten opens a unique gateway to experiences all over the world, from the Arctic to warmer waters and Antarctica, as well as the Norwegian coast to global travelers. Hurtigruten's operations builds on a rich heritage, having connected the many coastal communities in Norway since 1893, and operated expedition cruises since 1896 - with the first sailing to Svalbard. Today, Hurtigruten combines a deeply rooted desire to offer genuine local experiences while leaving a smaller footprint when shaping the future of the growing expedition cruise market. For more information on Hurtigruten, please visit <http://www.hurtigruten.no>.

Hurtigruten has three business segments:



Hurtigruten Norway

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

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

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

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

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

short-break market and to make Hurtigruten Norway’s products more accessible.

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

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

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 scheduled service Hurtigruten receives an annual fixed fee from the Norwegian government under the coastal service contract.

During the pandemic Hurtigruten Norway has operated between 2 and 7 ships on the scheduled voyages between Bergen and Kirkenes, primarily serving the local communities along the rugged Norwegian Coast with freight and transport services, which again demonstrates the close connection the service has with the everyday life. As of 1st of

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

Hurtigruten Expeditions

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

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

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

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

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

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

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

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.

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 Hurtigruten 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 Function & other

This segment includes all the cost associated with the head office including group management and other functions supporting the operational business segments with strategy, funding, liquidity and other operational support. Costs related to sales, marketing and brand building is not allocated to the different operational business segments as the commercial organisation is distributing services across all segments. In first quarter, the segment includes the government grant from the "Covid-19 relief plan" for companies severely affected by Covid-19 for the period of January-March.

Operational review

During the year 2020, Hurtigruten was in an unprecedented situation, where for the first time in 127 years, the majority of the Groups 16 ships lay idle due to the Covid-19 pandemic. The pandemic is still significantly affecting the Norwegian and Global demand for travel related services.

The pandemic has affected all of Hurtigruten's activities from March 2020 throughout the first quarter of 2021. During the first quarter of 2021, Hurtigruten Norway has operated 5 out of 7 ships on the Coastal Express. Due to strict travel restrictions the ships have sailed with limited occupancy and a high share of local transport passengers. In Hurtigruten Expeditions all 7 ships have been temporarily laid up.

When the pandemic hit us last year, the management furloughed a large number of the Group's employees, but as we are preparing for operations to resume, we are gradually taking back employees to work.

The Group's financial performance in the first quarter of 2021 has been severely impacted by the Covid-19 pandemic. Before the pandemic hit, the financial performance was strong, with substantial growth year over year. However, due to limited activity in the first months of 2021 normalized adjusted EBITDA in the first quarter decreased from EUR 19.2 million last year to EUR -19.2 million this year, and total reported first quarter EBITDA decreased with EUR 42.2 million from EUR 19.8 million to EUR -22.4 million.

Hurtigruten recognised, in the 1st quarter of 2021, a government grant of EUR 11.17 million. The grant related to January and February was paid out in April while the grant related to March is expected to be paid out by the end of May. The government has communicated that the scheme will run until the end of June 2021.

Total Passenger Cruise Nights (PCN) for the Hurtigruten Norway segment decreased by 97 % in the first quarter to 8,038 PCN compared to last year due to the Covid-19 pandemic. The Hurtigruten Expeditions segment had cancelled all sailings in the period.

The occupancy rate including only available capacity for the ships in operation for the Norwegian Coast segment, was 4.8% in the first quarter of 2021. As much of the world is regulated by strict travel restrictions, the passengers on the Norwegian Coast consists primarily of local port to port customers.

There were no material technical incidents in the period.

Hurtigruten had a strong position with record level pre-booking going into 2020 and a healthy financial outlook. Due to the Covid-19 pandemic short-term bookings have seen a negative impact though we still see an inflow of 2021 bookings especially for the 2H of 2021 and into 2022. Currently 2022 bookings are 45% higher compared to 2020 two years ago.

Results of operations

The following table presents, for the periods indicated, the revenues, operating profit, EBITDA and EBITDA margin by reporting segment and for the Group as a whole:

(EUR 1 000)	1st quarter 2021	1st quarter 2020	% Change	Full year 2020
Total operating revenues				
Hurtigruten Norway	21,357	83,964	-74.6%	171,550
Hurtigruten Expeditions	255	50,473	-99.5%	53,908
Hurtigruten Destinations	3,391	5,938	-42.9%	14,472
Group functions, Other and Eliminations	11,054	(200)	5618.7%	28,835
Total	36,058	140,174	-74.3%	268,766
Operating profit/(loss)				
Hurtigruten Norway	(3,881)	16,640	-123.3%	15,946
Hurtigruten Expeditions	(13,788)	18,687	-173.8%	(31,217)
Hurtigruten Destinations	(737)	(306)	-140.4%	(2,177)
Group functions, Other and Eliminations	(19,420)	(28,867)	32.7%	(77,383)
Total	(37,826)	6,154	-714.6%	(94,831)
EBITDA				
Hurtigruten Norway	297	22,451	-98.7%	47,334
Hurtigruten Expeditions	(7,427)	23,195	-132.0%	(11,782)
Hurtigruten Destinations	50	470	-89.3%	1,315
Group functions, Other and Eliminations	(15,316)	(26,304)	41.8%	(54,746)
Total	(22,396)	19,811	-213.0%	(17,880)
EBITDA margin				
Hurtigruten Norway	1.4 %	26.7 %	-25.3 p.p.	27.6 %
Hurtigruten Expeditions	NM	46.0 %		-21.9 %
Hurtigruten Destinations	1.5 %	7.9 %	-6.4 p.p.	9.1 %
Group functions, Other and Eliminations	NM	NM		
Total	-62.1%	14.1%	-5.4 p.p.	-6.7%
Normalized adjusted EBITDA*				
Hurtigruten Norway	720	26,937	-97.3 %	54,540
Hurtigruten Expeditions	(8,919)	18,478	-148.3 %	(9,152)
Hurtigruten Destinations	37	436	-91.5 %	1,310
Group functions, Other and Eliminations	(11,049)	(26,621)	58.5%	(49,403)
Total	(19,211)	19,230	-199.9%	(2,704)

*) Normalized adjusted EBITDA is calculated as Reported EBITDA excluding other gains and losses adjusted for cost and revenue items which is deemed extraordinary, exceptional, unusual or non-recurring. EBITDA for Q1 2021 is not adjusted for Covid-19 effects and there are no normalizations adjustments in the quarter.

Segment review

Hurtigruten Norway

<i>(EUR 1 000)</i>	1st quarter 2021	1st quarter 2020	Change	Full year 2020
Operational revenues	2,324	62,874	-96.3 %	92,388
Contractual revenues	19,033	21,090	-9.8 %	79,162
Total revenue	21,357	83,964	-74.6 %	171,550
EBITDA	297	22,451	-98.7 %	47,334
Other gain/(losses) - net	(423)	(4,074)	89.6 %	(6,795)
EBITDA excl other gains/(losses)	720	26,525	-97.3 %	54,128
Normalised adjusted EBITDA	720	26,937	-97.3 %	54,540

**) Normalized adjusted EBITDA is calculated as Reported EBITDA excluding other gains and losses adjusted for cost and revenue items which is deemed extraordinary, exceptional, unusual or non-recurring. EBITDA for Q1 2021 is not adjusted for Covid-19 effects and there are no normalizations adjustments in the quarter.*

First Quarter 2021

The following table does not include the State agreements contractual revenue, nor the goods and other operating revenue originated by the Hurtigruten Norway activity.

<i>(EUR 1 000 Except for PCNs, APCNs, occupancy rate, fuel consumption and fuel cost per liter)</i>	1st quarter 2021	1st quarter 2020	Full year 2020
PCNs	8,038	227,362	367,891
APCNs ¹⁾	166,598	331,964	729,352
Occupancy rate ¹⁾	4.8%	68.5%	50.4%
Gross ticket revenues	1,823	61,558	88,683
Less:			
Commissions, costs of goods for flights, hotels, transportation and other passenger services	171	10,350	12,653
Food, beverage, shop, excursions	252	7,539	9,033
Net ticket revenues	1,400	43,669	66,997
Gross ticket revenues per PCN (EUR)	227	271	241
Net ticket revenues per PCN (EUR)	174	192	182
Ship operating costs	20,628	57,303	117,144
Selling, general and administrative expenses	9	98	279
Gross cruise costs	20,637	57,402	117,422
Less:			
Commissions, costs of goods for flights, hotels, transportation and other passenger services	171	10,350	12,653
Food, beverage, shop, excursions	252	7,539	9,033
Net cruise costs	20,214	39,513	95,736
Net cruise costs per APCN (EUR)	121	119	131
Fuel consumption (liter/nautical mile)	88.7	91.4	101.0
Fuel cost per liter	7.70	8.34	9.12

¹⁾Occupancy rate is normally calculated based on APCN (available capacity) including any laid-up period. Due to the Covid-19 pandemic, the majority of the ships have been in warm-stack since the middle of March 2020. APCN and occupancy rate shown for 2021 is APCN adjusted for the laid-up period caused by the Covid-19 pandemic, including only the available capacity on the actual sailings. Occupancy rate using normal APCN including laid-up period was 3.4% for Q1 2021.

Hurtigruten entered into the new State agreement valid from 2021-2030 in January and now have a contract to operate 7 ships instead of 11 on the Coastal route. Operational revenue excluding the contractual income from the Norwegian state agreement, decreased from EUR 62.9 million to EUR 2.3 million in the first quarter compared to last year, as a result of warm-stacking two ships and sailing with low occupancy due to Covid-19 and strict travel restrictions. Contractual income per ship per month increased to approx. EUR 0.9 million for Q1 2021 compared to approx. EUR 0.6 million in 2020. Q1 2021 reflects the new state contract in addition to an

extraordinary payment of ca. EUR 1.4 million per month due to the global pandemic.

During the first quarter 5 ships have been sailing along the Norwegian Coast between Bergen and Kirkenes, which increased the operations with 3 ships compared to the last quarter of 2020. The two remaining ships have been warm stacked. Estimated average operating costs for ships in warm stack excluding passenger costs for Q1 was approx. EUR 0.32 million per ship per month for the Hurtigruten Norway fleet.

Hurtigruten Expeditions

<i>(EUR 1 000)</i>	1st quarter 2021	1st quarter 2020	Change	Full year 2020
Operational revenues	255	50,473	-99.5 %	53,908
Total revenue	255	50,473	-99.5 %	53,908
EBITDA	(7,427)	23,195	-132.0 %	(11,782)
Other gain/(losses) - net	1,492	6,591	-77.4 %	(757)
EBITDA excl other gains/(losses)	(8,919)	16,604	-153.7 %	(11,025)
Normalised adjusted EBITDA	(8,919)	18,478	-148.3 %	(9,152)

**) Normalized adjusted EBITDA is calculated as Reported EBITDA excluding other gains and losses adjusted for cost and revenue items which is deemed extraordinary, exceptional, unusual or non-recurring. EBITDA for Q1 2021 is not adjusted for Covid-19 effects and there are no normalizations adjustments in the quarter.*

<i>(EUR 1 000 Except for PCNs, APCNs, occupancy rate, fuel consumption and fuel cost per liter)</i>	1st quarter 2021	1st quarter 2020	Full year 2020
PCNs	0	78,483	90,268
APCNs ¹⁾	0	91,100	124,164
Occupancy rate ¹⁾	0.0 %	86.2 %	72.7 %
Gross ticket revenues	255	50,473	53,384
Less:			
Commissions, costs of goods for flights, hotels, transportation and other passenger services	(108)	10,462	11,246
Food, beverage, shop, excursions	115	3,913	4,848
Net ticket revenues	249	36,097	37,289
Gross ticket revenues per PCN (EUR)	-	643	591
Net ticket revenues per PCN (EUR)	-	460	413
Ship operating costs	8,851	33,860	64,900
Selling, general and administrative expenses	324	8	33
Gross cruise costs	9,175	33,868	64,933
Less:			
Commissions, costs of goods for flights, hotels, transportation and other passenger services	(108)	10,462	11,246
Food, beverage, shop, excursions	115	3,913	4,848
Net cruise costs	9,168	19,493	48,839
Net cruise costs per APCN (EUR)	n.m	214	393
Fuel consumption (liter/nautical mile)	0	104.7	154.2
Fuel cost per liter	6.94	7.79	6.47

¹⁾ Occupancy rate is normally calculated based on APCN (available capacity) including any laid-up period. Due to the Covid-19 pandemic, the majority of the ships have been in warm-stack since the middle of March 2020. APCN and occupancy rate shown for 2021 is APCN adjusted for the laid-up period caused by the Covid-19 pandemic, including only the available capacity on the actual sailings. Occupancy rate using normal APCN including laid-up period was 0% for Q1 2021.

All the ships within the Hurtigruten Expeditions segment have been warm stacked along different ports in Norway during the first quarter of 2021 due to the Covid-19 pandemic.

At the date of the report, 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.

The gross ticket revenue was EUR 0.3 million for the fourth quarter compared to EUR 50.5 million for the same period last year. Negative costs related to commissions, flights, hotels, and other passenger services are related to minor adjustments to accrual levels, while costs for food and beverage are costs incurred for inventory changes.

Ship operating costs of EUR 8.9 million for Q1 2021 (EUR 33.9 million in Q1 2020) are predominantly costs for maintaining the ships in warm stack in the period.

The performance of the Hurtigruten Expeditions segment in 2021 will depend on the development of the pandemic and when the Group will be able to resume operations. Currently all the ships in the segment are in warm lay-up.

Hurtigruten Destinations

The Hurtigruten Destinations segment comprises year-round hotel and restaurant activities as well as Arctic experience tourism in Svalbard in addition to a 100% ownership in Hurtigruten Barents which owns real estate used for excursions and services provided to Hurtigruten. Hurtigruten Svalbard operates three hotels, two equipment stores and one expedition operator.

<i>(EUR 1 000)</i>	1st quarter 2021	1st quarter 2020	Change	Full year 2020
Operational revenues	3,391	5,938	-42.9 %	14,472
Total revenue	3,391	5,938	-42.9 %	14,472
EBITDA	50	470	-89.3 %	1,315
Other gain/(losses) - net	13	34	-60.6 %	5
EBITDA excl other gains/(losses)	37	436	-91.5 %	1,310
Normalised adjusted EBITDA	37	436	-91.5 %	1,310

**) Normalized adjusted EBITDA is calculated as Reported EBITDA excluding other gains and losses adjusted for cost and revenue items which is deemed extraordinary, exceptional, unusual or non-recurring. EBITDA for Q1 2021 is not adjusted for Covid-19 effects and there are no normalizations adjustments in the quarter.*

The Hurtigruten Destinations segment had in the first quarter operational revenue of EUR 3.4 million compared to EUR 5.9 million in the first quarter 2020 which was a decrease of 42.9%. The decrease is mainly driven by the effects of the Covid-19 pandemic on operations with extensive travel restrictions across Europe. On Svalbard the hotel

Radisson Blu has been open for guests, while Coalminers Cabin is leased to Svalbard Folkehøgskole. Funken Lodge has been open since 04th of February 2021. Hurtigruten Group's property in Kirkenes is operated by Radius Kirkenes but is currently closed due to the Covid-19 pandemic.

Group Functions, Other and Eliminations

<i>(EUR 1 000)</i>	1st quarter 2021	1st quarter 2020	Change	Full year 2020
Operational revenues	11,054	(200)	5618.7 %	28,835
Total revenue	11,054	(200)	5618.7 %	28,835
EBITDA	(15,316)	(26,304)	41.8 %	(54,746)
Other gain/(losses) - net	(4,267)	(1,512)	-182.2 %	(7,172)
EBITDA excl other gains/(losses)	(11,049)	(24,792)	55.4 %	(47,574)
Normalised adjusted EBITDA	(11,049)	(26,621)	58.5 %	(49,403)

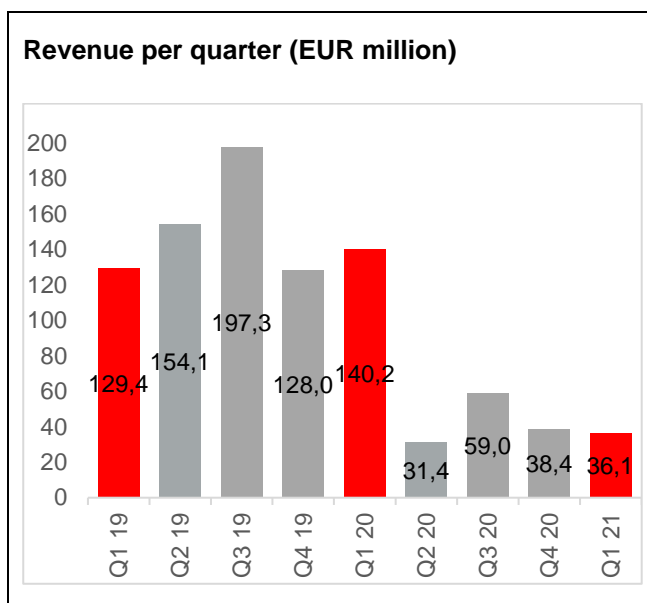
**) Normalized adjusted EBITDA is calculated as Reported EBITDA excluding other gains and losses adjusted for cost and revenue items which is deemed extraordinary, exceptional, unusual or non-recurring. EBITDA for Q1 2021 is not adjusted for Covid-19 effects and there are no normalizations adjustments in the quarter.*

Operating revenues of EUR 11.1 million in the first quarter of 2021 mainly consist of a provision for the grant from the Norwegian Government Business Compensation Scheme for the first 3 months of 2021, which is granted to enterprises with a significant drop in revenue due to Covid-19. The grant related to January and February was paid out in April (approx. EUR 7.8 million) while the grant related to March is expected to be paid out by the end of May. The government has communicated that the scheme will run until the end of June 2021.

Negative EBITDA for the quarter amounts to EUR 15.2 million compared to negative EBITDA of EUR 26.3 million in the same period of 2020. The reduction in costs is mainly due to the cost reductions program that the management put in place to mitigate the Covid-19 impact.

Financial review

Profit and loss



Group revenue decreased by 74.3% in the first quarter of 2021 compared to the same period last year from EUR 140.2 million to EUR 36.1 million. The decrease is driven by the impact from the Covid-19 pandemic on operations, where travel restrictions reduced the production substantially. Contractual revenue from the state agreement for the passenger transportation in the Hurtigruten Norway segment decreased by 9.8% in the first quarter compared to last year due to the change in the agreement with the Norwegian Government, where the agreement applies to 7 ships from 1 January 2021, a reduction from 11 ships from last year.

Total payroll costs were EUR 23.3 million in the quarter, a decrease of 24.4% year over year. Crew costs are lower than last year by 44% while SG&A payroll costs increased by 20%.

Specification of other operating costs

<i>(EUR 1 000)</i>	1st quarter 2021	1st quarter 2020	%	Full year 2020
			change	
Direct cost of good and services	(1,582)	(34,331)	-95.4 %	(42,440)
Operating costs (ex fuel)	(11,466)	(23,071)	-50.3 %	(59,553)
Fuel costs	(6,593)	(15,035)	-56.1 %	(29,629)
Sales and administrative costs	(12,297)	(18,088)	-32.0 %	(47,615)
Total	(31,939)	(90,524)	-64.7 %	(179,237)

Due to the reduced production in the period, other operating costs decreased by 64.7% from the same period last year to EUR 31.9 million in the first quarter of 2021 compared to EUR 90.5 million for the same period last year.

Direct cost of goods and services relates to direct costs from flights, hotels and transportation for passengers to and from cruise destinations, costs for food and beverage onboard the cruise vessels and commission to travel agents. The direct cost of goods

and services sold decreased due to the halt in operations in first quarter of 2021 compared to the same period last year.

Operating costs include all other cruise operating costs, harbour costs, bareboat lease costs and maintenance of the vessels, costs which are less directly variable with the level of production, and the costs in first quarter decreased by 50.8% compared to same period last year, which is relatively less than the decrease in other more directly variable

production costs, due to running costs in the quarter for maintaining the ships in warm-stack during the halt in operations.

Fuel costs in the quarter decreased by 56.1% to EUR 6.6 million, compared to the same quarter last year.

Sales and administrative costs decreased by 32% to EUR 12.3 million in the first quarter compared to last year, due to downscaling of activities and furloughs.

First quarter depreciation, amortization and impairment were EUR 15.4 million, compared to EUR 13.7 million same quarter last year. The increase is mainly due to the write-down of goodwill in Hurtigruten Onshore Operations for EUR 1.4 million in the beginning of 2021.

Net other gains and losses for the first quarter was a loss of EUR 3.2 million (gain of EUR 1.0 million in 2020). Other gains and losses primarily consist of realized gains and losses on bunker derivatives and unrealized gains and losses on working capital items translated from other currencies to EUR.

First quarter operating loss was EUR 37.7 million, compared to operating profit of EUR 6.2 million in the same period last year, a decrease of EUR 43.9 million due to the effects of the Covid-19 pandemic on operations.

Net financial loss was EUR 15.2 million in the first quarter of 2021 compared to a loss of EUR 33.3 million in the first quarter of 2020. Interests costs are higher in the first quarter 2021 due to new financing.

In February 2020 the EUR 255 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 remaining unamortized transaction costs of the old financing were expensed at the time of the refinancing, resulting in higher financial costs in Q1 2020 compared to Q1 2021. In addition, currency translation effects account for a significant part of the first quarter 2020 financial loss.

Income tax expense in the first quarter was EUR 3.4 million, compared to income tax expense of EUR 3.9 million in 2020.

The net loss for the first quarter was EUR 56.4 million compared to a loss of EUR 31.0 million in 2020.

Financial position and liquidity

Cash flow

Net cash outflow from operating activities in the first quarter was EUR 15.0 million, vs. a net inflow of EUR 38.9 million in the same period last year. The decrease for the year is primarily due to lower EBITDA and negative changes in working capital, primarily from change in trade and other payables, somewhat offset by changes in prepaid travels from customers.

Net cash inflow from investing activities was EUR 37.7 million in Q1 2021 compared to a net outflow of EUR 71.2 million in the same period last year. This is mainly explained by a change in restricted fund of EUR 46.2 million in Q1 2021 compared to the same period last year. Excluding the change in restricted funds, the net cash outflow from investing activities was EUR 11.4 million in Q1 2021 compared to EUR 74.1 million in Q1 2020, mainly explained by lower capital expenditures, where purchase of fixed assets has decreased with EUR 62.8 million compared to last year. First quarter in 2020 included the performed upgrade and refurbishment of MS Kong Harald and MS Otto Sverdrup (formerly MS Finnmarken) in the period in addition to remaining settlements for MS Fridtjof Nansen. At the end of December 2020, Hurtigruten Group AS secured EUR 60 million in letter of credit capacity which enabled Hurtigruten Group to release restricted cash in the first quarter of 2021. The letter of credit capacity increases the Group financial flexibility as Hurtigruten is planning the ramp up of operations with the successful distribution of the Covid-19 vaccines.

Net cash inflow from financing activities was EUR 17.3 million in first quarter of 2021, and EUR 122.5 million for the first quarter last year. Last year included the issue of a bond of EUR 300 million, to refinance the purchase of the vessels MS Fridtjof Nansen and MS Roald Amundsen. The bond has a 5-year tenor. At the same time, the old EUR 260 million ECA financing was repaid. In addition, the purchase of MS Richard With and MS Nordlys was financed through a finance lease obligation of EUR 60 million in January 2020. The Group also drew on the Revolving Credit Facility, with a net inflow of EUR 40 million in the first quarter of 2020.

In March 2021, the Group secured a new EUR 46.5 million term loan facility. The new facility is priced at

E+800bps, matures in June 2023 and ranks pari passu with Hurtigruten 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 Hurtigruten a solid liquidity position as the Group are working towards the startup of operations. The sale of the real-estate portfolio on Svalbard is expected to be closed in June 2021 and will have a net liquidity effect of EUR 47 million.

Paid interest expenses and transaction costs were EUR 24.9 million in the quarter, compared to EUR 23.6 million last year, the increase due to the new financing mentioned above.

Net increase in free cash in the first quarter was EUR 39.9 million, compared to an increase of EUR 90.2 million in first quarter of 2020.

Cash and cash equivalents in the cash flow statement totalled to EUR 62.0 million in the first quarter of 2021 vs. EUR 120.8 million in 2020. Cash and cash equivalents in the statement of financial position, including restricted funds, totalled EUR 67.7 million at the end of the first quarter in 2021 compared to EUR 72.0 million at December 31, 2020. In January 2021 Hurtigruten utilized a letter of Credit facility of EUR 60 million signed in December 2020 to release restricted cash.

Balance sheet

Total assets amounted to EUR 1,364.1 million at 31 March 2021, an increase of EUR 1.5 million from year end 2020. Non-current assets increased with EUR 0.7 million since year end 2020.

Current asset amounted to EUR 119.6 million, an increase of EUR 0.8 million compared to 31 December 2020.

Total reported equity at the end of the first quarter 2021 was negative EUR 157.1 million vs. negative EUR 102.2 million at year end 2020. The change in equity is due to net loss in the period.

The reported equity ratio at 31 March 2021 was negative 11.5% vs. negative 7.5% at year-end 2020.

Total non-current liabilities amount to EUR 1,309.6 million as per 31 March 2021, an increase of EUR

53.1 million from EUR 1,256.4 million at year end 2020. The increase is due to the new borrowings, where total interest-bearing debt, including the current part, has increased by EUR 44.6 million. The increase is due to the new EUR 46.5 million term loan facility which can be used for the Group and its subsidiaries' general corporate and working capital requirements.

Current liabilities excluding borrowings were EUR 189.9 million, increased by EUR 1.5 million since year end 2020.

Going concerns

Bookings for 2022 are, as of 25th of May, 45% higher compared with same time 2 years ago for 2020. This is very supportive for a strong rebound in 2022 financial performance. When travel restrictions are lifted during the summer of 2021, we expect a rapid increase in bookings for 2H 2021 as this will release pent up demand for.

It is the Board's opinion that the financial position of the Group is sound when taking into consideration i) the expected lifting of travel restrictions with the roll out of the vaccines in Q2 and Q3 2021 ii) the strong development in 2022 bookings which supports a strong recovery in 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 Q2 2021. The Board is constantly monitoring the liquidity and financial position of Hurtigruten Group and will take appropriate action if additional capital is required.

The Board of Directors acknowledge that the book equity of the Group is negative but are of the opinion that the underlying value of Hurtigruten Group's equity is significantly higher.

In the opinion of the Board of Directors, the underlying value of Hurtigruten Group's vessels and brand are significantly higher than the book value. This is further supported by the impairment tests that were performed on Hurtigruten Group's assets as of year-end 2020. The impairment tests are supported by the booking development for 2022 and 2023.

As a result, the financial accounts have been prepared in accordance with the going concern principle.

Outlook

The increased pace of the vaccines roll-out and the expected lifting of travel restrictions are creating a very positive trend in booking momentum for 2H 2021, 2022 and 2023. Over the last 30 days the inflow of bookings for 2H 2021 has increased compared to the 30-day period prior.

As of 25th of May 2021, bookings for 2022 are 45% higher compared to the same time two years ago for 2020 bookings which will support a strong rebound in financial performance for Hurtigruten Group.

The strong booking development for 2022 is driven by both yield and volume in Hurtigruten Expeditions and Hurtigruten Norway. The increased capacity transferred from Hurtigruten Norway to Hurtigruten Expeditions is very well received in the German, UK and US markets.

2023 has also had a very strong start to the pre-sale period. This shows that there is a strong underlying demand for travelling from all source markets and towards all destinations

With the current roll out of effective vaccines across our source markets and destinations, the Board of Directors expectations are that travel restrictions will

be lifted in Q3 2021. This is also supported by expected introduction of vaccination passports in EU and EEA from 1st of July to enable cross border travel.

Hurtigruten Expeditions and Hurtigruten Norway fleets consist of smaller size vessels which makes testing of passengers and crew and other risk reducing measures related to Covid-19 easier. Once travel restrictions are lifted Hurtigruten Group has the ability to rapidly return the 11 ships, which is in warm lay-up, to operations safely and with limited costs.

Hurtigruten Group is closely monitoring the liquidity situation as we move forward and believes that the liquidity resources currently available and the plans that have been put in place are sufficient to ensure the funding of the Hurtigruten Group. The ultimate shareholders of the Company have confirmed that they remain supportive of the Company and have indicated that they would be willing to consider providing additional liquidity if necessary.

Risks and uncertainties

The risks described below are not the only risks the Group faces.

Additional risks and uncertainties not currently known to the Group or that Group currently deems to be immaterial may also materially adversely affect the business, financial condition or results of operations. The global Covid-19 pandemic has had, and will continue to have, a material adverse impact on our business and results of operations. The global spread of Covid-19 and the unprecedented responses by governments and other authorities to control and contain the spread has caused significant disruptions, created new risks, and exacerbated existing risks to our business.

Hurtigruten have been, and will continue to be, negatively impacted by the Covid-19 pandemic, including impacts that resulted from actions taken in response to the outbreak. Examples of these include, but are not limited to, travel bans, restrictions on the movement and gathering of people, social distancing measures, shelter-in-place/stay-at-home orders, and disruptions to businesses in our supply chain. In addition to the imposed restrictions affecting our business, 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. Hurtigruten has temporarily suspended the operations of 11 of our 16 ships, which is expected to continue to at least July 2021 with the risk of a prolonged suspension.

An increase in port taxes or fees or other adverse change of the terms of business with the authorities operating the ports in which Hurtigruten calls could increase the operating costs and adversely affect the business, financial condition, results of operations and prospects.

As the rest of the cruise and maritime industry, Hurtigruten is subject to complex laws and regulations, including environmental, health and safety laws and regulations, which could adversely affect the operations and any change in the current laws and regulations could lead to increased costs or decreased revenue.

Interim financial statements

Condensed consolidated income statement

Unaudited

<i>(EUR 1 000)</i>	<i>Note</i>	1st quarter 2021	1st quarter 2020	Full year 2020
Operating revenues		17,025	119,084	189,604
Contractual revenues		19,033	21,090	79,162
Total revenues		36,058	140,174	268,765
Payroll costs		(23,330)	(30,876)	(92,690)
Depreciation, amortisation and impairment		(15,430)	(13,657)	(76,951)
Other operating costs		(31,938)	(90,525)	(179,237)
Other (losses)/gains – net		(3,185)	1,038	(14,719)
Operating profit/(loss)		(37,826)	6,154	(94,831)
Finance income		2,695	542	3,341
Finance expenses		(17,923)	(33,881)	(72,125)
Net financial items	6	(15,228)	(33,340)	(68,785)
Share of net income from associated companies		17	93	(52)
Profit / (loss) before taxes		(53,037)	(27,093)	(163,668)
Income taxes		(3,410)	(3,859)	3,123
Net income		(56,448)	(30,952)	(160,544)
Net income attributable to:				
Owners of the parent		(56,286)	(30,788)	(159,226)
Non-controlling interests		(162)	(164)	(1,318)

Condensed consolidated statement of comprehensive income

Unaudited

<i>(EUR 1 000)</i>	1st quarter 2021	1st quarter 2020	Full year 2020
Net income	(56,448)	(30,952)	(160,544)
Other comprehensive income, net of tax:			
Items that will not be reclassified to profit or loss in subsequent periods:			
Actuarial gain/loss on defined benefit obligations	-	-	(2,278)
Sum	-	-	(2,278)
Items that may be reclassified to profit or loss in subsequent periods:			
Cash flow hedges, net of tax	-	(12,917)	2,305
Currency translation differences	1,490	(3,387)	(4,384)
Sum	1,490	(16,304)	(2,080)
Total comprehensive income	(54,958)	(47,256)	(164,902)
Total comprehensive income attributable to			
Owners of the parent	(54,796)	(47,092)	(163,569)
Non-controlling interests	(162)	(164)	(1,333)

Condensed consolidated statement of financial position

Unaudited

<i>(EUR 1 000)</i>	<i>Note</i>	31.3. 2021	31.3. 2020	31.12. 2020
Property, plant and equipment		929,224	948,657	929,165
Right-of-use assets		15,980	13,715	15,149
Intangible assets		265,838	276,025	266,498
Deferred income tax assets		1,468	593	1,517
Other non-current assets		32,004	17,846	31,514
Total non-current assets		1,244,514	1,256,837	1,243,843
Inventories		14,437	13,822	13,778
Trade receivables		11,161	18,485	6,834
Other current receivables		24,196	29,208	24,018
Assets held for sale		2,087	-	2,087
Cash and cash equivalents		67,708	129,233	72,037
Total current assets		119,589	190,747	118,754
Total assets		1,364,103	1,447,585	1,362,597
Paid-in capital		185,200	185,288	185,200
Other equity		(342,169)	(169,546)	(285,935)
Non-controlling interests		(99)	(264)	(1,438)
Total equity		(157,068)	15,478	(102,172)
Non-current interest-bearing liabilities	5	1,281,640	1,134,719	1,238,762
Prepaid travels non-current		17,813	11,664	10,809
Derivative financial instruments		-	1,998	-
Other non-current liabilities		10,111	15,271	6,853
Total non-current liabilities		1,309,564	1,163,652	1,256,424
Trade payables	7	10,533	45,543	13,735
Prepaid travels current		90,942	100,475	81,362
Current interest-bearing liabilities	5	21,677	15,958	19,934
Derivative financial instruments		2,432	14,384	4,564
Other current liabilities	7	86,024	92,094	88,751
Total current liabilities		211,608	268,454	208,346
Total equity and liabilities		1,364,103	1,447,584	1,362,597

Condensed consolidated statement of changes in equity

Unaudited

01.01-31.03.2021

<i>(EUR 1 000)</i>	Attributable to shareholders of Hurtigruten Group AS			Non- controlling interests	Total Equity
	Paid -in capital	Other equity	Total		
Equity at beginning of the period	185,200	(285,935)	(100,734)	(1,438)	(102,172)
Net income	-	(56,286)	(56,286)	(162)	(56,448)
Other comprehensive income	-	1,490	1,490	-	1,490
Total comprehensive income	-	(54,796)	(54,796)	(162)	(54,958)
Transactions with non-controlling interests	-	(1,438)	(1,438)	1,500	63
Equity at the close of the period	185,200	(342,169)	(156,969)	(99)	(157,068)

01.01-31.03.2020

<i>(EUR 1 000)</i>	Attributable to shareholders of Hurtigruten			Non- controlling interests	Total Equity
	Paid -in capital	Other equity	Total		
Equity at beginning of the period	185,288	(122,454)	62,834	(100)	62,734
Net income	-	(30,788)	(30,788)	(164)	(30,952)
Other comprehensive income	-	(16,304)	(16,304)	-	(16,304)
Total comprehensive income	-	(47,092)	(47,092)	(164)	(47,256)
Equity at the close of the period	185,288	(169,546)	15,743	(264)	15,479

Condensed consolidated statement of cash flows

Unaudited

<i>(EUR 1 000)</i>	<i>Note</i>	1st quarter 2021	1st quarter 2020	Full year 2020
Cash flows from operating activities				
Profit/(loss) before taxes		(53,037)	(27,093)	(163,668)
Adjustments for:				
Depreciation, amortisation and impairment losses		15,430	13,657	76,951
Other gains/(losses) - net		(14)	-	-
Foreign exchange gains/losses		2,342	9,999	2,899
Unrealised gains/losses derivatives		(1,312)	2,347	15,850
Net interest expenses	6	17,401	19,990	63,972
Share of net income from associated companies		(17)	(93)	52
Fair value adjustments on financial investments		-	983	999
Difference between expensed pensions and payments		(35)	(3,170)	(1,901)
<i>Change in working capital:</i>				
Inventories		(659)	3,960	4,004
Trade and other receivables		(4,870)	(425)	16,859
Trade and other payables		(5,088)	11,907	(53,258)
Change in prepaid travels		16,584	9,809	(8,217)
Settlement of financial instruments		(1,108)	(1,246)	(10,850)
Income tax paid		(625)	(1,715)	(2,079)
Net cash flows from (used in) operating activities		(15,006)	38,910	(58,387)
Cash flows from investing activities				
Purchase and prepayment of property, plant, equipment		(10,491)	(69,574)	(95,334)
Purchase of intangible assets		(908)	(4,601)	(10,014)
Other adjustments ¹⁾		49,076	2,930	(43,112)
Net cash flows from (used in) investing activities		37,677	(71,245)	(148,460)
Cash flows from financing activities				
Proceeds from borrowings	5	46,500	405,000	524,079
Repayment of borrowings	5	(3,255)	(257,336)	(265,851)
Payment of lease liabilities	5	(1,049)	(1,595)	(4,767)
Paid interest and transaction costs	6	(24,938)	(23,579)	(58,007)
Net cash flows from (used in) financing activities		17,257	122,490	195,454
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		39,928	90,156	(11,393)
Free cash and cash equivalents at the beginning of period		17,255	35,674	35,674
Foreign exchange gains/(losses) on cash, cash equivalents and bank overdrafts		4,779	(5,070)	(7,026)
Free cash and cash equivalents at end of period		61,962	120,759	17,255
Restricted cash		5,746	8,474	54,782
Cash and cash equivalents in the statement of financial position		67,708	129,233	72,037

¹⁾ Other adjustments in cash flow from Investing activities relates to changes in restricted funds.

Notes to the condensed consolidated financial Statements

Note 1 Accounting policies

The interim financial report for the Group includes Hurtigruten Group AS with subsidiaries and associated companies. The interim financial report is prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial report does not include all information which will appear in the annual financial report, which is prepared in accordance with all effective IFRS-standards and should therefore be read in connection with the consolidated annual report for Hurtigruten Group AS for 2020.

The annual report for 2020 for the company can be obtained through a request to the company's main office. The accounting policies applied in the interim financial reporting are described in the note of accounting policies in the annual report for 2020.

In the preparation of the interim financial report, estimates and assumptions have been applied, which has affected assets, liabilities, revenues and costs. Actual figures can deviate from estimates applied.

Note 2 Financial risk management

There are potential risks and uncertainties that can affect the operations of the companies in the Group. This may lead to actual results deviating from expected and historical results. 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 Hurtigruten 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.

The Hurtigruten Coastal segment is influenced by seasonal factors with the main season traditionally from May through August. In recent years the Group has developed seasonal concepts, "Hunting the light" for the winter season, "Arctic Awakening" in the spring, "Midnight Sun" in the summer and "Autumn Gold" in the fall. This has increased the number of cruise nights in the months outside the traditional main season. The itinerary and fleet of the Group is according to the Hurtigruten Group public procurement contract, which involves daily departures from Bergen all year through.

Expedition cruises are cyclical because the cruises are concentrated around four geographic areas (different parts of the year); the Antarctic, Arctic Canada, Svalbard, Greenland and cruise between the Antarctic and the Arctic. The land-based Svalbard operation has a main season reaching from March through August. This activity is operated by the subsidiary Hurtigruten Svalbard AS within the Hurtigruten Destination segment.

The Group has entered into bunker fuel hedging relationships that were designated as cash flow hedges, and profits and losses were recognized in other comprehensive income. 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 Covid-19 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, and hence the hedge accounting were discontinued in the third quarter of 2020.

Further information concerning the most important risks and uncertainties is disclosed in the latest annual report.

Note 3 Contingencies

Travel bonds

In accordance with legislation for pre-arranged packaged holidays, subsidiaries of Hurtigruten 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. As of end of Q1 2021, the total guarantee amount for prepaid travels was approximately EUR 98 million and is expected to increase to EUR 113 million by the end of Q2 2021.

Membership in the industrial fund for nitrogen oxides

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.

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, Hurtigruten 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 Hurtigruten Group.

Note 4 Segments

<i>(in EUR 1 000)</i>	Hurtigruten Norway		Hurtigruten Expeditions		Hurtigruten Destinations	
	1st quarter	1st quarter	1st quarter	1st quarter	1st quarter	1st quarter
	2021	2020	2021	2020	2021	2020
Operating revenues	2,324	62,874	255	50,473	3,391	5,938
Contractual revenues	19,033	21,090	-	-	-	-
Total operating revenues	21,357	83,964	255	50,473	3,391	5,938
Payroll costs	(8,218)	(14,555)	(3,278)	(5,720)	(1,439)	(1,934)
Depreciation and impairment losses	(4,178)	(5,810)	(6,361)	(4,508)	(787)	(777)
Other operating costs	(12,419)	(42,884)	(5,897)	(28,149)	(1,915)	(3,567)
Other (losses)/gains – net	(423)	(4,074)	1,492	6,591	13	34
Operating profit/(loss)	(3,881)	16,640	(13,788)	18,687	(737)	(306)
EBITDA	297	22,451	(7,427)	23,195	50	470
Other (losses)/gains – net	(423)	(4,074)	1,492	6,591	13	34
EBITDA excl Other gain/(losses)	720	26,525	(8,919)	16,604	37	436
Normalized adjusted EBITDA	720	26,525	(8,919)	16,604	37	436

<i>(in EUR 1 000)</i>	Group functions, Other and Eliminations		Hurtigruten Group	
	1st quarter	1st quarter	1st quarter	1st quarter
	2021	2020	2021	2020
Operating revenues	11,054	(200)	17,025	119,084
Contractual revenues	-	-	19,033	21,090
Total operating revenues	11,054	(200)	36,058	140,174
Payroll costs	(10,396)	(8,666)	(23,330)	(30,876)
Depreciation and impairment losses	(4,104)	(2,562)	(15,430)	(13,657)
Other operating costs	(11,612)	(15,926)	(31,843)	(90,525)
Other (losses)/gains – net	(4,267)	(1,512)	(3,185)	1,038
Operating profit/(loss)	(19,324)	(28,867)	(37,731)	6,154
EBITDA	(15,220)	(26,304)	(22,300)	19,811
Other (losses)/gains – net	(4,267)	(1,512)	(3,185)	1,038
EBITDA excl Other gain/(losses)	(10,953)	(24,792)	(19,116)	18,773
Normalized adjusted EBITDA	(10,953)	(24,792)	(19,116)	18,773

Note 5 Interest-bearing liabilities

<i>(EUR 1 000)</i>	31.3. 2021	31.3. 2020	31.12. 2020
<i>Secured</i>			
Bond	295,893	294,621	295,625
Term loans and financial lease	878,983	743,992	836,485
Revolving credit facilities	84,046	83,673	83,964
Total secured non-current interest-bearing liabilities	1,258,922	1,122,286	1,216,073
<i>Unsecured</i>			
Lease liabilities ¹⁾	12,502	10,431	11,560
Other borrowings	10,216	2,002	11,129
Total unsecured non-current interest-bearing liabilities	22,718	12,433	22,689
Total non-current interest-bearing liabilities	1,281,640	1,134,719	1,238,762
<i>Secured</i>			
Term loans and financial lease	13,172	11,908	12,505
Total secured current interest-bearing liabilities	13,172	11,908	12,505
<i>Unsecured</i>			
Lease liabilities ¹⁾	4,208	4,049	4,261
Other borrowings	4,296	-	3,169
Total unsecured current interest-bearing liabilities	8,505	4,049	7,430
Total current interest-bearing liabilities	21,677	15,958	19,934

¹⁾ The accounting for lease-contracts in reference to IFRS 16 are reflected in the financial lease, while items that are classified as borrowings according to IFRS 9 are reflected within term loans and financial lease.

The above amounts state borrowings at amortized cost, as in the Statement of Financial Position.

Maturity Profile

The below maturity schedule reflects the borrowings at nominal values.

<i>(EUR 1 000)</i>	31.3. 2021	31.3. 2020	31.12. 2020
Less than one year	21,826	11,247	20,082
Year 2 and 3	277,570	122,367	232,282
Year 4 and 5	985,184	722,538	728,676
More than 5 years	42,700	312,673	300,642
Total interest-bearing liabilities	1,327,280	1,168,824	1,281,682

Note 6 Net financial items

<i>(EUR 1 000)</i>	1st quarter 2021	1st quarter 2020
Interest income	(1,046)	429
Foreign exchange gains	2,168	-
Other financial income	1,573	113
Finance income	2,695	542
Interest expenses	(15,171)	(10,543)
Foreign exchange losses	-	(12,450)
Other finance expenses	(2,752)	(10,888)
Finance expenses	(17,923)	(33,881)
Net Financial items	(15,228)	(33,340)

Note 7 Trade and other liabilities

<i>(EUR 1 000)</i>	31.3. 2021	31.3. 2020	31.12. 2020
Trade payables	10,533	45,543	13,735
Trade payables and current liabilities Group	31,610	31,179	30,130
Public duties payable	5,030	2,973	2,851
Other current liabilities	11,771	11,907	12,526
Accrued expenses	22,997	36,648	25,743
Accrued interest	8,028	3,571	14,372
Deferred revenue	6,588	5,815	3,129
Trade payables and other liabilities	96,557	137,637	102,486

Trade payables and current liabilities Group of EUR 31.6 million is related to the purchase of the vessels MS Richard With and MS Nordlys in 2020. The vessels were previously owned by the Coastal Holding Group, a sister Group to the Hurtigruten Group. The amount is expected to be settled in 2021.

Note 8 Covid-19

From the latter part of March in 2020 and through first 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 Group, these events are impairment triggers, and as such, as of the end of fourth quarter of 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. Net present value is calculated based on a weighted discount rate for Hurtigruten Group at 12.5%. As of year-end, the estimated value in use was equal to or higher than the carrying value of the assets, and no impairment were recognized in the financial statements.

Note 9 Events after the balance sheet date

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

On the 26th of May, Hurtigruten 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.

Definitions

Alternative Performance Measures

Hurtigruten Group's financial information is prepared in accordance with International Reporting Standards (IFRS). In addition, the Group presents alternative performance measures (APM) to enhance the stakeholders understanding of the Group's performance. The APMs are regularly reviewed by management, are calculated consistently over time and are based on financial data presented in accordance with IFRS and other operational data as described below.

Measure	Description	Reason for including
Operating profit/(loss) before depreciation, amortisation and impairment losses (EBITDA)	Earnings before net financial items, income tax expense, depreciation, amortization and impairment, and share of profit/(loss) from associated companies	A measure useful for evaluating operating profitability on a more variable cost basis, and enables comparison to competitors
EBITDA margin	EBITDA divided by total operating revenue	Enables comparability of profitability relative to operating revenue.
EBITDA excl. other gains and losses	Earnings before other gains and losses, net financial items, income tax expense, depreciation, amortization and impairment, and share of profit/(loss) from associated companies	A measure of operating profitability, excluding the effects of volatile operating expenses relating to hedging and effects of non-cash balance sheet currency revaluation.
Normalized adjusted EBITDA	Earnings before other gains and losses, net financial items, income tax expense, depreciation, amortization and impairment, and share of profit/(loss) from associated companies, adjusted with items which is deemed extraordinary, exceptional, unusual or non-recurring	A measure of underlying long-term operating profitability excluding effects of volatile, extraordinary or non-recurring items.
Operating profit (EBIT)	Earnings before net financial items, income tax expense and share of profit/loss from associated companies.	Enables comparability of profitability regardless of capital structure or tax situation
Profit (loss) before tax	Earnings before income tax expense.	Enables comparability of profitability regardless of tax situation
Other losses/(gains)	Gains and losses from bunker fuel forward contracts, and currency translation effects of working capital in foreign currency.	To separate certain volatile effects from other operating expenses.

Alternative performance measures – reconciliation

<i>(EUR 1000)</i>	1st quarter 2021	1st quarter 2020
Operating profit/(loss) to EBITDA		
Operating profit/(loss)	(37,731)	6,154
- Depreciation, amortization and impairment	(15,430)	(13,657)
EBITDA	(22,300)	19,811
EBITDA to EBITDA excluding other gains/(losses)		
EBITDA	(22,300)	19,811
- Other (losses)/gains – net	(3,185)	1,038
EBITDA excl other gains /(losses)	(19,116)	18,773
EBITDA excluding other gains/(losses) to normalized adjusted EBITDA		
EBITDA excl other gains /(losses)	(19,116)	18,773
- Net non-recurring revenues/(expenses)	-	(457)
Normalized adjusted EBITDA	(19,116)	19,230

Other definitions

Item	Description
APCN	Available passenger Cruise Nights (cabin capacity*2) including operating days from ships in lay-up
Adjusted APCN	Available passenger Cruise Nights (cabin capacity*2), excluding operating days ships are in lay-up.
PCN	Passenger Cruise night, defined as one occupied berth per night
Occupancy rate	The ratio of passengers (PCN) by available capacity (APCN)
Gross ticket revenues per PCN	Ticket revenues per Passenger Cruise night
Net ticket revenue per PCN	Ticket revenue less expenses for commission, flights, hotel, other passenger services, food, beverage, shop and excursions, per passenger cruise night.
Net cruise cost per APCN	Total cost excluding commission, flights, hotel, other passenger services, food, beverage, shop and excursions, per available passenger cruise night.
Fuel consumption	Bunker fuel consumed, presented in litre per nautical mile sailed
Fuel cost per litre	The average expense per litre bunker fuel.