

# First quarter report 2020



## Hurtigruten Group AS Consolidated Financial Statements

Published 26 May 2020

## All time high reported EBITDA in spite of the COVID-19 pandemic

### Suspension of operations from 18 of March

#### Highlights

- Prior to suspension of operations as a result of COVID-19, Hurtigruten achieved all-time high results:
  - Revenue growth in first quarter of 2020 with total revenue increase of 8.3% to EUR 140.2 million (first quarter 2019; EUR 129.4 million) driven by higher capacity from and higher gross yield per cruise night
  - First quarter 2020 normalized adjusted EBITDA before other gains and losses of EUR 19.2 million (first quarter 2019; EUR 19.7 million), down -2.5% driven by COVID-19 effects in March.
    - The negative impact of COVID-19 on normalized adjusted EBITDA was approximately EUR 5.8 million.
  - First quarter 2020 reported EBITDA EUR 19.8 million (2019; EUR 15.7 million) which is an increase of 26.2% or EUR 4.1 million
    - Gross yield per cruise night increasing with 15.3% and 29% for the Coastal and Expedition segments respectively
    - Net yield per cruise night increasing with 20.7% and 33.3% for the Coastal and Expedition segments respectively
- Although Hurtigruten has had no suspected or confirmed cases of Covid-19 on our ships, operations were suspended from 18<sup>th</sup> March due to travel restrictions:
- Currently operating only 2 vessels on a shortened route in Northern Norway serving local communities with a freight and local transport services
  - Receiving the entirety of the payment of the government contract of approx. EUR 6.5 million per month
  - 14 of 16 vessels placed in “warm stack” layup and temporary layoff of a large majority of the staff to cut operating costs
  - Expected to resume operations with 4 ships in the Coastal segment on the 16<sup>th</sup> of June
  - Based on current signals from the Norwegian government they expect the Nordics to open up in mid-June and Germany in mid-July or mid-August.
- 2021 Pre-booking levels for 2021 are very strong: as of 22 of May they are 3.8% higher compared with same time last year for 2020 driven by a significant amount of re-bookings from 2020 sailings
- Solid liquidity position of EUR 100m as of 19<sup>th</sup> of May with only approx. 10m EUR in refund requests from cancelled sailings (20% of associated customer deposits)

Key figures<sup>1,2,3</sup>

EUR 1 000	1st quarter 2020	1st quarter 2019	% Change	Full year 2019
Operational revenues	119,084	110,867	7.4 %	536,252
Contractual revenues	21,090	18,563	13.6 %	72,563
<b>Total revenue</b>	<b>140,174</b>	<b>129,430</b>	<b>8.3 %</b>	<b>608,815</b>
<b>EBITDA</b>	<b>19,811</b>	<b>15,697</b>	<b>26.2 %</b>	<b>123,169</b>
Other gains/(losses) – net	1,038	(1,891)	-154.9 %	(5,619)
<b>EBITDA excl Other gains (losses)</b>	<b>18,773</b>	<b>17,588</b>	<b>6.7 %</b>	<b>128,788</b>
<b>Normalised adjusted EBITDA</b>	<b>19,230</b>	<b>19,717</b>	<b>-2.5 %</b>	<b>144,989</b>
<b>Norwegian Coast</b>				
PCNs	227,362	324,349	-29.9 %	1,313,956
Gross ticket yield	271	235	15.3 %	278
Occupancy rate	59.9 %	82.4 %	-23 p.p.	81.2 %
<b>Expedition</b>				
PCNs	78,483	51,434	52.6 %	221,591
Gross ticket yield	643	498	29.1 %	610
Occupancy rate	75.1 %	93.2 %	-18 p.p.	77.0 %

<sup>1</sup> The figures presented in this report are unaudited

<sup>2</sup> 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.

<sup>3</sup> On January 1<sup>st</sup> 2020, the Group changed reporting currency to EUR, at the same time as the parent company and the major subsidiaries in the Group changed the functional currency to EUR. See note 1 to the Interim Financial Statements.

## About Hurtigruten

Hurtigruten is the world's leading expedition cruise and adventure travel company, with a fleet of 16 expedition cruise vessels, where the new tailor-made expedition cruise vessels MS Roald Amundsen was delivered in June 2019, and MS Fridtjof Nansen was delivered in December 2019. Hurtigruten opens a unique gateway to experiences all over the world from the Arctic to warmer waters and down to Antarctica and along the Norwegian coast to travelers from all over the world. Hurtigruten's operations builds on a rich heritage, having connected the many coastal communities in Norway since 1893 and has operated expedition cruises since 1896 with the first sailing from Hammerfest 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 Norwegian Coast



### Expedition cruises



### Landbased



## Hurtigruten Norwegian Coast

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 segments customers are predominantly international adventure and expedition cruise travellers.

The vessel schedule and infrastructure are leveraged to provide local transport and freight services on top of the expedition cruise offering where Hurtigruten receives an annual fixed fee from the Norwegian government under the coastal service contract.

From 2021 this segment will operate 7 ships under the new State agreement compared to 11 ships today. The segment accounted for 73% of group revenues for the full year of 2019 and 60% of revenues in the first quarter of 2020.

## Expedition cruises

The second largest segment offering unique expedition cruises using the vessels MS Fridtjof Nansen, MS Roald Amundsen, MS Fram, MS Spitsbergen and MS Midnatsol (the latter two vessels alternating between the Norwegian Coast and Expedition cruises segments) as well as MS Nordstjernen which is leased and operated 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 having its first showcase sailings in March 2020.

The segment accounted for 22% of group revenues for the full year 2019 and 36% of revenues in the first quarter of this year. From 2021 the Expedition Cruises segment will be Hurtigruten's largest segment when three of the largest vessels from the Hurtigruten Norwegian Coast segment will be transferred to the Expedition Cruises segment.

## Landbased

Comprises year-round hotel and restaurant activities as well as Arctic experience tourism in Svalbard and Kirkenes. Hurtigruten Svalbard operates three hotels and an equipment store and Hurtigruten Barents the Landbased operation in Kirkenes. This segment accounted for 5% of the total revenues for the full year of 2019, and 4% of the revenues in the first quarter.

## Group Function & other

This segment includes all the cost associated with the head office including group management and all cost associated with 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 the operational segments.

## Operational review

In the end of first quarter of 2020, Hurtigruten is in an unprecedented situation, where for the first time in 127 years, 14 of the 16 ships lay idle due to the COVID-19 pandemic that has significantly affected the Norwegian and Global demand for travel related services.

In the middle of March, Hurtigruten had to terminate the majority of ongoing cruises, send the passengers on board home, and cancel the subsequent planned cruises. As of now, cruises on the Norwegian coast are cancelled up until June 15, while all the expedition cruises are temporarily suspended. Two vessels, MS Richard With and MS Vesterålen have been servicing the Norwegian Coast between Bodø and Kirkenes, to ensure local transportation and transfer of goods, in agreement with the Norwegian Department of Transportation. The remaining 14 ships are temporarily warm-stacked in clusters along the Norwegian coast. Further, the management has temporarily laid off a large majority of the Group's employees, cancelled all non-critical projects and cut all other non-critical costs.

The Groups financial performance in the first quarter is severely impacted by the COVID-19 pandemic. Before the pandemic hit the travel industry with full force, the operations were strong, with substantial improvements over first quarter last year.

Although operations almost fully stopped in the last weeks of the first quarter, normalized adjusted EBITDA decreased only by 2.5% to EUR 19.2 million. There was an underlying growth in the quarter 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 Expedition and Coastal segment. However, the results in the first quarter is heavily impacted by reduced revenue the last weeks of the quarter, as well as costs related to the repatriation of guests onboard the cruise vessels when the Covid-19 pandemic shut down the operations. The negative net impact of COVID-19 on reported EBITDA before other gains and losses for the first quarter results was approximately EUR 8 million, which includes cancelled voyages, other voyage related disruptions and cost savings implemented as a response to COVID-19. Net normalized

EBITDA impact is at EUR 5.8 million (adjusted for COVID-19 related passenger costs).

Total reported EBITDA increased by EUR 4.1 million (26.2%) compared to same quarter last year. The increase is mainly driven by the inclusion of MS Roald Amundsen in late 2019 and strong performance in the expedition segment in Q1.

Furthermore, Hurtigruten has invested in SG&A through marketing and increased FTEs within the sales and marketing departments and increasing our inhouse digital distribution capabilities to support the growing business. With the long presale period the sales and marketing department has to be scaled today for the capacity we are selling in 2020, 2021 and 2022 and as a result the SG&A is front loaded compared to the revenue.

Total Passenger Cruise Nights (PCN) for the two cruise segments decreased with 18.6% in the first quarter of 2020 compared to the same period last year due to the Covid-19 pandemic. Adjusted for the Covid-19 effect Hurtigruten experienced a decreased volume from low yielding shorter duration trips volume in the Coastal segment which was offset by the increased volume in the Expedition segment due to the addition of MS Roald Amundsen.

In the first quarter, the occupancy decreased 20.6 pp. to 63.2% driven by the suspension of operations in March due to Covid 19. Adjusted for the effect of Covid-19 the occupancy was down 5.7%. The reduction in occupancy is driven by a lower level of full ship charters in Antarctica and lower volume of low yielding short voyages in the Coastal segment. However, we saw a strong increase in net yield with 20.7% and 33.3% for the Coastal and Expedition segments respectively that more than offset the drop in occupancy. This was driven by the introduction of the MS Roald Amundsen and a price increase of the popular Northern Light cruise product on the Norwegian Coast in combination with a larger share of higher yielding voyages. We expect the yield levels to continue when operations resume post the Covid-19 outbreak.

In the Expedition segment in the first quarter of 2020, the vessels MS Fram, MS Midnatsol and MS Roald Amundsen operated in the Antarctica with sailings along the South-American coast and Antarctica.

Maritime operations continued to perform well across the company and there were no material incidents in the first quarter. A total of 345 missed port calls (excluding Covid-19) in the Coastal segment were registered in the first quarter, primarily due to adverse weather conditions in addition to unplanned maintenance.

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 see a good inflow of 2021 bookings. We have temporary suspended operations and is evaluating when we are going to re-start operations. Pre-booking levels for 2021 as of 24<sup>nd</sup> of May are 3.8% higher compared with same time last year for 2020 driven by a significant amount of re-bookings from 2020 sailings.



## 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:

(in EUR 1 000)	1st quarter 2020	1st quarter 2019	% Change	Full year 2019
<b>Total operating revenues</b>				
Hurtigruten Norwegian Coast	83,964	96,186	-12.7%	444,040
Expedition	50,473	25,615	97.0%	135,190
Landbased	5,948	7,643	-22.2%	30,432
Group functions, Other and Eliminations	(211)	(15)	1303.4%	(847)
<b>Total</b>	<b>140,174</b>	<b>129,430</b>	<b>8.3%</b>	<b>608,815</b>
<b>Operating profit/(loss)</b>				
Hurtigruten Norwegian Coast	16,640	20,789	-20.0%	132,009
Expedition	18,687	7,866	137.6%	39,112
Landbased	(306)	1,000	-130.6%	1,392
Group functions, Other and Eliminations	(25,486)	(26,638)	-4.3%	(105,113)
<b>Total</b>	<b>9,535</b>	<b>3,017</b>	<b>-216.0%</b>	<b>67,400</b>
<b>EBITDA</b>				
Hurtigruten Norwegian Coast	22,451	28,472	-21.1%	168,156
Expedition	23,195	10,335	124.4%	47,571
Landbased	470	1,764	-73.3%	4,558
Group functions, Other and Eliminations	(26,304)	(24,874)	5.8%	(97,116)
<b>Total</b>	<b>19,811</b>	<b>15,697</b>	<b>26.2%</b>	<b>123,169</b>
<b>EBITDA margin</b>				
Hurtigruten Norwegian Coast	26.7 %	29.6 %	-2.9 p.p.	37.9 %
Expedition	46.0 %	40.3 %	5.6 p.p.	35.2 %
Landbased	7.9 %	23.1 %	-15.2 p.p.	15.0 %
Group functions, Other and Eliminations	NM	NM		
<b>Total</b>	<b>14.1%</b>	<b>12.1%</b>	<b>.2 p.p.</b>	<b>20.2%</b>
<b>Normalized adjusted EBITDA</b>				
Hurtigruten Norwegian Coast	26,937	31,300	-13.9 %	176,352
Expedition	18,478	9,845	87.7 %	55,671
Landbased	436	1,756	-75.2 %	4,325
Group functions, Other and Eliminations	(26,621)	(23,184)	14.8%	(91,359)
<b>Total</b>	<b>19,230</b>	<b>19,717</b>	<b>-2.5%</b>	<b>144,988</b>

## Segment review

### Hurtigruten Norwegian Coast

EUR 1 000	1st quarter 2020	1st quarter 2019	Change	Full year 2019
Operational revenues	62,874	77,623	-19.0 %	371,477
Contractual revenues	21,090	18,563	13.6 %	72,563
<b>Total revenue</b>	<b>83,964</b>	<b>96,186</b>	<b>-12.7 %</b>	<b>444,040</b>
<b>EBITDA</b>	<b>22,451</b>	<b>28,472</b>	<b>-21.1 %</b>	<b>168,156</b>
Other gain/(losses) - net	(4,074)	(2,597)	56.9 %	(5,826)
<b>EBITDA excl other gains/(losses)</b>	<b>26,525</b>	<b>31,068</b>	<b>-14.6 %</b>	<b>173,982</b>
<b>Normalised adjusted EBITDA</b>	<b>26,937</b>	<b>31,300</b>	<b>-13.9 %</b>	<b>176,352</b>

The following table does not include the State Contract's contractual revenue, nor the goods and other operating revenue originated by the Norwegian Coast activity.

EUR 1 000 Except for PCNs, APCNs, occupancy rate, fuel consumption and fuel cost per liter	1st quarter 2020	1st quarter 2019	Full year 2019
PCNs	227,362	324,349	1,313,956
APCNs	379,778	393,524	1,619,108
Occupancy rate	59.9%	82.4%	81.2%
<b>Gross ticket revenues</b>	<b>61,558</b>	<b>76,183</b>	<b>365,744</b>
Less:			
Commissions, costs of goods for flights, hotels, transportation and other passenger services	10,350	14,499	63,511
Food, beverage, shop, excursions	7,539	10,153	41,725
<b>Net ticket revenues</b>	<b>43,669</b>	<b>51,531</b>	<b>260,508</b>
Gross ticket revenues per PCN (EUR)	271	235	278
Net ticket revenues per PCN (EUR)	192	159	198
Ship operating costs	57,303	64,885	268,975
Selling, general and administrative expenses	136	246	1,072
<b>Gross cruise costs</b>	<b>57,439</b>	<b>65,132</b>	<b>270,047</b>
Less:			
Commissions, costs of goods for flights, hotels, transportation and other passenger services	10,350	14,499	63,511
Food, beverage, shop, excursions	7,539	10,153	41,725
<b>Net cruise costs</b>	<b>39,550</b>	<b>40,480</b>	<b>164,811</b>
Net cruise costs per APCN (EUR)	104	103	102
Fuel consumption (liter/nautical mile)	91.4	79.1	80.3
Fuel cost per liter	0.80	0.76	0.73



Operational revenue excluding the contractual income from the Norwegian state agreement, decreased by EUR 15 million, or 19%, to EUR 63 million in first quarter compared to same quarter last year. The decreased occupancy in first quarter is mainly due to the pandemic Covid-19 and halted operations from mid-March. Based on pre-booking levels as of mid-March the estimated negative COVID-19 revenue effect for first quarter 2020 is approximately 11 percentage points in occupancy and revenue effect of EUR 13.9m. Occupancy in January and February were also slightly lower due to higher yields than previous year as a result of a strategic decision to raise price on the attractive winter cruise product.

Gross ticket revenue per PCN increased by 15.3% to EUR 271 in first quarter compared to same quarter

last year. The increase is driven by a combination of passenger mix, higher prices and increased sales of excursions. Net ticket revenue per PCN increased with 20.9% to EUR 192 in the first quarter compared to same quarter last year.

Net cruise cost per Available Passenger Cruise Night (APCN) increased with 1.2% to EUR 104 in first quarter compared to same period last year, driven primarily by costs in relation to the stop in operations and repatriation of guests.

## Expedition cruises

<i>EUR 1 000</i>	1st quarter 2020	1st quarter 2019	Change	Full year 2019
Operational revenues	50,473	25,615	97.0 %	135,190
<b>Total revenue</b>	<b>50,473</b>	<b>25,615</b>	<b>97.0 %</b>	<b>135,190</b>
<b>EBITDA</b>	<b>23,195</b>	<b>10,335</b>	<b>124.4 %</b>	<b>47,571</b>
Other gain/(losses) - net	6,591	876	652.5 %	298
<b>EBITDA excl other gains/(losses)</b>	<b>16,604</b>	<b>9,459</b>	<b>75.5 %</b>	<b>47,273</b>
<b>Normalised adjusted EBITDA</b>	<b>18,478</b>	<b>9,845</b>	<b>87.7 %</b>	<b>55,671</b>

<i>EUR 1 000 Except for PCNs, APCNs, rate, fuel consumption and fuel cost per</i>	1st quarter 2020	1st quarter 2019	Full year 2019
PCNs	78,483	51,434	221,591
APCNs	104,509	55,189	287,696
Occupancy rate	75.1 %	93.2 %	77.0 %
<b>Gross ticket revenues</b>	<b>50,473</b>	<b>25,615</b>	<b>135,205</b>
Less:			
Commissions, costs of goods for flights, hotels, transportation and other passenger services	10,462	6,589	35,103
Food, beverage, shop, excursions	3,913	1,293	7,594
<b>Net ticket revenues</b>	<b>36,097</b>	<b>17,733</b>	<b>92,508</b>
Gross ticket revenues per PCN (EUR)	643	498	610
Net ticket revenues per PCN (EUR)	460	345	417
Ship operating costs	33,860	16,129	87,521
Selling, general and administrative expenses	8	27	396
<b>Gross cruise costs</b>	<b>33,868</b>	<b>16,156</b>	<b>87,917</b>
Less:			
Commissions, costs of goods for flights, hotels, transportation and other passenger services	10,462	6,589	35,103
Food, beverage, shop, excursions	3,913	1,293	7,594
<b>Net cruise costs</b>	<b>19,493</b>	<b>8,274</b>	<b>45,220</b>
Net cruise costs per APCN (EUR)	187	150	157
Fuel consumption (liter/nautical mile)	104.7	92.2	87.3
Fuel cost per liter	0.75	0.71	0.69

The Expedition segment had a very strong performance on all parameters which is driven by the introduction of MS Roald Amundsen in second half of 2019. This state-of-the-art vessel had her first sailing 2<sup>nd</sup> of July. Available Passenger Cruise Nights (APCN) increased with 89.4%, while Passenger Cruise nights (PCN) increased with 52.6%, resulting in a decrease in occupancy of 18.1 ppt. The decrease is driven by having fewer 100% occupancy full block charters in Q1 2020 than in 2019, and the effects of the COVID-19 pandemic on operations for the last sailings in March (Adjusted for Covid-19 the occupancy was 84%).

The gross ticket revenue was EUR 50.5 million in the first quarter of 2020, an increase of 24.9 million, or 97.0% compared with first quarter of 2019. Net ticket revenue per PCN increased with 33.4% to EUR 460 in first quarter compared with same period last year.

Net cruise cost per available passenger cruise night (APCN) increased by 24.4% to EUR 187 in the first quarter, compared to last year, in particular due to increase in passenger cost related to the pandemic crisis which amounted to EUR 2 million.

First quarter segment EBITDA was EUR 23.2 million, an increase of 124.4% from EUR 10.3 million in the same period in 2019.

The performance of the Expedition segment in 2020 will depend on the development of the pandemic and when we will be able to resume operations. As of now, the situation is still changing at a high pace, but our ambition is to continue our sailings as soon as the situation allows it. However, there is no doubt that the performance in 2020 will be highly impacted by COVID-19.

## Landbased

*The Landbased segment comprises year-round hotel and restaurant activities as well as Arctic experience tourism in Svalbard in addition operations in Hurtigruten Barents which is excursions and other services in our turn around port of Kirkenes. Hurtigruten Svalbard operates three hotels and an equipment store.*

EUR 1 000	1st quarter 2020	1st quarter 2019	Change	Full year 2019
Operational revenues	5,948	7,643	-22.2 %	30,432
<b>Total revenue</b>	<b>5,948</b>	<b>7,643</b>	<b>-22.2 %</b>	<b>30,432</b>
<b>EBITDA</b>	<b>470</b>	<b>1,764</b>	<b>-73.3 %</b>	<b>4,558</b>
Other gain/(losses) - net	34	8	308.3 %	23
<b>EBITDA excl other gains/(losses)</b>	<b>436</b>	<b>1,756</b>	<b>-75.2 %</b>	<b>4,536</b>
<b>Normalised adjusted EBITDA</b>	<b>436</b>	<b>1,756</b>	<b>-75.2 %</b>	<b>4,325</b>

The Landbased segment had first quarter operational revenue of EUR 5.9 million, against EUR 7.6 million in first quarter last year. The decrease is mainly driven by the effects of the COVID-19 pandemic on operations. In March, tourism in Svalbard was temporarily stopped, and the segment had no revenues for the last few weeks of the quarter.

EBITDA decreased with EUR 1.3 million compared to last year, driven by the close down of operations.

## Group Functions, Other and Eliminations

<i>EUR 1 000</i>	1st quarter 2020	1st quarter 2019	Change	Full year 2019
Operational revenues	(211)	(15)	1303.4 %	(847)
<b>Total revenue</b>	<b>(211)</b>	<b>(15)</b>	<b>1303.4 %</b>	<b>(847)</b>
<b>EBITDA</b>	<b>(26,304)</b>	<b>(24,874)</b>	<b>5.8 %</b>	<b>(97,298)</b>
Other gain/(losses) - net	(1,512)	(179)	746.8 %	(113)
<b>EBITDA excl other gains/(losses)</b>	<b>(24,792)</b>	<b>(24,696)</b>	<b>0.4 %</b>	<b>(97,185)</b>
<b>Normalised adjusted EBITDA</b>	<b>(26,621)</b>	<b>(23,184)</b>	<b>14.8 %</b>	<b>(91,541)</b>

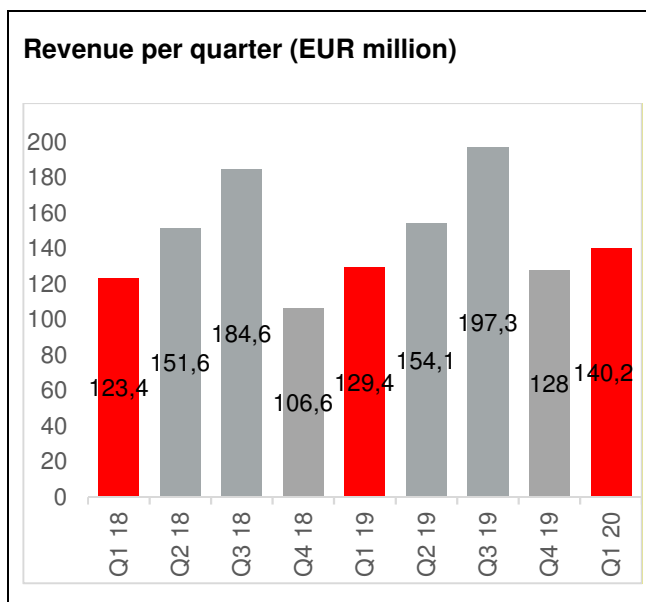
The supporting segment Group Functions has a net negative EBITDA of EUR 26.3 million in first quarter, which is an increased loss of 5.8% from same period last year. The quarter over quarter increase is driven by investment in the organization and marketing efforts to support the growing business. Due to the long presale period the sales and marketing

department had to be scaled in 2019 and 2020 for the capacity we are selling in 2020, 2021 and 2022. This growth is then partly offset by the massive cost reductions, furloughs and stops in sales and marketing and development projects that was immediately initiated when the operations were reduced to a minimum in March.

## Financial review

The financial information for the three months ended 31 March 2020 discussed below is derived from the unaudited consolidated financial statements of Hurtigruten Group AS as of this date, and the unaudited consolidated financial statements for the three months ended at 31 March 2019.

### Profit and loss



Group revenue increased by EUR 8.3%, or EUR 10.7 million to EUR 140,2 million in the first quarter of 2020, compared to last year. The increase in revenue was mainly due to the inclusion of MS Roald Amundsen to Hurtigruten's portfolio. Contractual revenue from the state agreement for the passenger transportation on the Norwegian coast increased by 13.6%.

Total personnel expense was EUR 30.9 million, a decrease of 4.8% year over year. Crew expenses are in line with last year driven by an increase due to the introduction of Amundsen and Nansen offset by a costs reduction due to COVID-19. SG&A Personnel expense was down EUR 2 million, driven by COVID-19 cost reductions (furloughs) in March. The decrease this year is driven by reduction in costs for administrative and sales and marketing resources, driven by the initiatives to reduce cost in relation to the stop in operations.

### Specification of other operating costs

(EUR 1 000)	1st quarter 2020	1st quarter 2019	% change	Full year 2019
Cost of goods sold <sup>1</sup>	(34,331)	(35,379)	-3.0 %	(158,570)
Operating costs (ex fuel) <sup>1</sup>	(23,071)	(14,228)	62.2 %	(65,101)
Fuel costs	(15,035)	(15,024)	0.1 %	(61,201)
Sales and administrative costs	(18,088)	(14,774)	22.4 %	(60,830)
<b>Total</b>	<b>(90,525)</b>	<b>(79,404)</b>	<b>14.0 %</b>	<b>(345,701)</b>

1) Commission expenses was previously included in Operating costs. From first quarter 2020, expenses for commission is included in cost of goods sold. Previous quarters and full year 2019 is restated.

Other operating costs were EUR 90.5 million in the first quarter of 2020 (EUR 79.4 million), an increase of 14.0% from the same period last year.

Cost of goods sold relates to direct costs from flights, hotels and transportation for passengers to and from cruise destinations, costs for food and beverage aboard the cruise vessels and commission to travel

agents. The Cost of goods sold decreased with 3.0% compared to same quarter last year, driven by the stop in cruises due to the pandemic effects in March.

Operating costs include all other cruise operating costs, harbour costs, bareboat lease costs and maintenance of the vessels. The costs in first quarter increased with 62.2% compared to same period last

year, mainly due to expansion of the fleet with our two new expedition vessels, MS Roald Amundsen from July last year and MS Fridtjof Nansen, which started sailings in the end of February.

Fuel costs in the quarter increased with 0.1% to EUR 15.0 million, compared to the same quarter last year. The quarter included one more vessel in the fleet but the stop in operations in mid- March decreased consumption compared to last year.

Sales and administrative costs increased with 22.4% to EUR 18.1 in the first quarter compared to last year, due to the ramp up on activities related to the two new vessels that were planned for operations in 2020, as well as expenses for investment in future growth in capacity.

First quarter depreciation, amortization and impairment increased with EUR 1.0 million to EUR 13.7 million in the quarter. The main reason for the increase is the introduction of MS Roald Amundsen and the newly refurbished vessels.

Net other gains and losses for the first quarter was a gain of EUR 1.0 million (loss of EUR 1.9 million in 2019). Other gains and losses primarily consist of realized gains and losses on bunker derivatives and unrealized gains and losses on working capital items.

First quarter operating profit was EUR 6.2 million, compared to EUR 3.0 million in the same period last year, an increase of 104.0%. The substantial increase is driven primarily by the increased revenues from the introduction of MS Roald Amundsen to the expedition fleet. The operating profit in Q1 would have been higher with approximately EUR 8 million, had we not been hit by the effects of the COVID-19 pandemic.

Net financial items were EUR -33.3 million (EUR 15.1 million) in the first quarter. The higher cost this year is primarily driven by foreign exchange effects on cash, slightly higher interest costs due to refinancing of borrowings in the first quarter of 2020, as well as amortization of finance fees on the refinanced loans. The majority of the Groups liquidity is in EUR, and the foreign exchange effects are due to the inclusion of subsidiaries with NOK as functional currency into the EUR reporting Group. The offsetting effects are in the currency translation differences in the Groups Other Comprehensive Income.

Income tax in the period was a tax expense of EUR 3.9 million (compared to a tax expense of EUR 73.5 million in 2019). The tax expense in 2019 relates to the implementation of the tax tonnage regime in the subsidiary Hurtigruten Cruise AS in the first quarter of 2019.

Net loss for the quarter was EUR 30.9 million compared to a net loss of EUR 55.3 million in 2019.

## Financial position and liquidity

### Cash flow

Net cash flow from operating activities in the first quarter was EUR 40.2 million, vs. EUR 23.3 million in the same period last year. The increase for the year is primarily due to increased growth in EBITDA offset by the ordinary fluctuations to the working capital in the period.

Net cash flow used in investing activities was EUR 72.5 million compared to EUR 18.8 million in same period last year. The increased investment level in current quarter is due to the performed upgrade and refurbishment of MS Kong Harald and MS Finnmarken in the period in addition to remaining settlements for MS Fridtjof Nansen.

The Group expects normalized annual maintenance capital expenditures for the vessels to be around EUR 20 million based on normal operations increasing to EUR 23 million when MS Fridtjof Nansen is fully in operations.

Net cash inflow from financing activities was EUR 122.5 million in first quarter. In February, the Group issued a EUR bond of 300 million, to refinance the purchase of the vessels MS Fridtjof Nansen and MS Roald Amundsen. The bond has a 5-year tenor. The EUR 260 million ECA financing was repaid. The purchase of MS Richard With and MS Nordlys, was financed through a finance lease obligation of EUR 60 million. In addition, the Group drew on the Revolving Credit Facility, with a net inflow of EUR 40 million in the quarter.

In addition, interest and finance fees of EUR 23.6 million were paid in the quarter, compared to EUR 12.8 million last year. The increase is due to fees paid in relation to the new financing in the quarter.

Net increase in cash in the quarter was EUR 90.2 million, compared to an increase of EUR 4.5 million in the same period last



Cash and cash equivalents in the cash flow statement totalled EUR 120.8 million at 31st of March 2020 (EUR 43.0 million in 2019). Cash and cash equivalents in the statement of financial position, including restricted funds, totalled EUR 129.2 million at 31 March 2020 compared to EUR 64.7 million at the same time last year, and EUR 47.0 million at year end 2019. At 31 March 2020, the Group had fully drawn on available liquidity through the EUR 85 million Revolving Credit Facility.

**Balance sheet**

Total assets amounted to EUR 1,447.6 million at 31 March 2020, an increase of EUR 53.9 million from year end 2019. Non-current assets increased with EUR 24.0 million since year end 2019 primarily due to the investments in MS Finnmarken and MS Kong Harald.

Current asset amounted to EUR 190.1 million, an increase of EUR 77.9 compared to 31 December 2019. The increase is related to increase in cash and cash equivalents.

Total book equity at the end of the year was EUR 15.5 million vs. EUR 62.7 million at year end 2019. The change in equity is due to net profit in the period, and negative changes in the Groups cash flow hedges.

The book equity ratio at 31 March 2019 was 1.1% vs. 4.5% at year-end 2019.

The Group has at the end of the first quarter a good liquidity situation, but depending on how long-lasting the effects of the COVID-19 pandemic will be, the

management has initiated several measures to safeguard the future of the company. Running costs have been reduced substantially, the contractual revenues from the state agreement will still be in effect and the state aid in relation to the COVID-19 pandemic of fixed cost coverage will be utilized. Further, to ensure sound liquidity position going forward, the management and the Board of Directors will assess the funding situation continuously and evaluate all options available to secure sufficient liquidity to manage the business through the Covid-19 crisis.

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

Total non-current liabilities amount to EUR 1,163.7 million as per 31 March 2020, an increase of EUR 166.2 million from EUR 997.5 million at year end 2019. The increase is due to the new borrowings to finance the purchase of MS Richard With and MS Nordlys and the newly issued EUR bond of 300 million to refinance the ECA facility of EUR 258 related to the purchase of MS Fridtjof Nansen.

Current liabilities excluding borrowings were EUR 252.5 million, decreased by EUR 50.5 million since year end 2019. The decrease is primarily due to reduction in trade and other liabilities.

**Off-balance sheet items**

Hurtigruten Group AS has no material off-balance sheet items.

## Outlook

For the 12-month period leading up to the 12th of March 2020 Hurtigruten experienced a strong positive underlying increase in demand for expedition cruises. There was strong demand for the increased capacity offered under the Expedition Cruises segment in both Antarctica and the Arctic. Hurtigruten also experienced increasing yield in all segments supporting the long-term growth prospects for the company.

Prior to the outbreak of COVID-19, Hurtigruten started the year in a strong position in terms of bookings at higher yields compared to last year driven by the successful introduction of the MS Roald Amundsen and MS Fridtjof Nansen. Given the impact of COVID-19 and the cancellations of Q2 sailings, booking volumes for the remainder of 2020 are meaningfully lower than the same time last year.

Customer satisfaction where at the end of Q1 2020 at an all-time high. This is a result of the pro-active Covid-19 sanitation routines implemented in our operations. In Q1 we did not have a single suspected or confirmed case of Covid-19 on our vessels.

The booking trend for 2021 has shown a strong trend over the last 30 days and 2021 is currently 3.9% higher compared to bookings levels for 2020 same time last year. This is driven by both rebooking's from 2020 and new bookings especially for the Expedition segment. As of 24th of May EUR 133 million was booked for 2021 compared to EUR 128 million for 2020 at the same time last year.

Hurtigruten has introduced a very flexible rebooking policy in order to best serve our guests: for cancelled cruises, guests are offered the choice of future cruise credits valued at 125% of the initial cruise fare paid as an alternative to a cash refunds. These future cruise credits can be redeemed on any sailing on or before December 31, 2021. For cruises not

cancelled, Hurtigruten has introduced a flexible rebooking policy offering our guest the ability to rebook to a future voyage without any cancellation fee. Out of the total cancelled bookings, guests have requested cash refunds for approximately EUR 8.7 million as of May 19<sup>th</sup>, 2020 which is a refund share of 20% of pre-payments related to cancelled sailings. 80% of the prepayments of cancelled sailings is either converted to a voucher or rebooked to future sailings.

As of May 15<sup>th</sup>, the Norwegian government stated that they are evaluating the opening of the Norwegian border for travellers from the Nordic countries from 15th of June without quarantines and stated that the same evaluation will be conducted for visitors from other Northern European countries like Germany in July. Approx. 60% of our guest originates from the Nordics and Germany which means that we are positive to resuming operations in 2020. Based on current signals from the Norwegian government they expect the Nordics to open up in mid-June and Germany in mid-July or mid-August.

As of 18th of May 2020, the Company had liquidity of approximately EUR 100 million all in the form of cash and cash equivalents. In response to the financial impacts of COVID-19, the Company has taken pre-emptive actions that focus on strengthening liquidity through significant cost and capital reductions, cash conservation and additional financing sources. The Company estimates that its average ongoing ship operating expenses and administrative expenses net of the Government contract are approximately EUR 5-6 million per month during a prolonged suspension of operations. The Company may seek to further reduce this average monthly requirement under a further prolonged non-revenue scenario.

## 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 14 of our 16 ships, which is expected to continue until at least June 15, 2020. As such, these impacts may persist for an extended period of time or even become more pronounced, even after we are permitted to and/or begin to resume operations.

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.

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>	<b>1st quarter 2020</b>	<b>1st quarter 2019</b>	<b>% Change</b>	<b>Full year 2019</b>
Operating revenues		<b>119,084</b>	110,867	7.4 %	536,252
Contractual revenues		<b>21,090</b>	18,563	13.6 %	72,563
<b>Total Revenues</b>		<b>140,174</b>	129,430	8.3 %	608,815
Payroll costs		<b>(30,876)</b>	(32,437)	-4.8 %	(134,325)
Depreciation, amortisation and impairment		<b>(13,657)</b>	(12,680)	7.7 %	(55,587)
Other operating costs		<b>(90,525)</b>	(79,405)	14.0 %	(345,701)
Other (losses)/gains – net		<b>1,038</b>	(1,891)		(5,619)
<b>Operating profit/(loss)</b>		<b>6,154</b>	3,017	104.0 %	67,582
<b>Operating profit/(loss) before depreciation, amortisation and impairment losses (EBITDA)</b>		<b>19,811</b>	15,697	26.2 %	123,169
Finance income		<b>1,771</b>	25,155	93.0 %	36,209
Finance expenses		<b>(35,110)</b>	(10,018)	250.5 %	(54,656)
<b>Net financial items</b>	<b>6</b>	<b>(33,340)</b>	15,137		(18,446)
Share of profit/(loss) of associates		<b>93</b>	99	6.6 %	129
<b>Profit/(loss) before income tax</b>		<b>(27,093)</b>	18,253	-248.4 %	49,265
Income tax expense		<b>(3,859)</b>	(73,519)	94.8 %	(67,086)
<b>Profit/(loss) for the period</b>		<b>(30,952)</b>	(55,266)	44.0 %	(17,821)
<b>Profit/(loss) for the year attribute to</b>					
Owners of the parent		<b>(30,788)</b>	(55,266)		(17,821)
Non-controlling interests		<b>(164)</b>	-		-

## Condensed consolidated statement of comprehensive income

### Unaudited

<i>(EUR 1 000)</i>	<i>Note</i>	1st quarter 2020	1st quarter 2019	Full year 2019
<b>Profit/(loss) for the period</b>		<b>(30,952)</b>	(55,266)	(17,821)
<b>Other comprehensive income, net of tax:</b>				
<b>Items that will not be reclassified to profit or loss in subsequent periods:</b>				
Actuarial gain/loss on retirement benefit obligations				372
Fair value adjustments on financial instruments			(241)	(359)
<b>Sum</b>		<b>-</b>	(241)	13
<b>Items that will be reclassified to profit or loss in subsequent periods:</b>				
Cash flow hedges, net of tax		(12,917)	12,758	10,383
Currency translation differences		(3,387)	102	325
<b>Sum</b>		<b>(16,304)</b>	12,860	10,708
<b>Total comprehensive income for the period</b>		<b>(47,256)</b>	(42,647)	(7,100)

## Condensed consolidated statement of financial position

### Unaudited

(EUR 1 000)	Note	31.3. 2020	31.3. 2019	31.12. 2019
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment including right of use asset		962,373	500,749	927,640
Intangible assets		276,025	275,414	276,305
Deferred income tax assets		593	486	929
Other non-current assets		17,846	75,166	75,921
<b>Total non-current assets</b>		<b>1,256,837</b>	<b>851,814</b>	<b>1,280,795</b>
<b>CURRENT ASSETS</b>				
Inventories		13,822	17,961	17,782
Trade and other receivables	7	47,692	41,904	47,240
Derivative financial instruments	7	(0)	463.00	827
Cash and cash equivalents	7	129,233	64,669	47,028
<b>Total current assets</b>		<b>190,747</b>	<b>124,997</b>	<b>112,878</b>
<b>Total assets</b>		<b>1,447,584</b>	<b>976,811</b>	<b>1,393,673</b>
<b>EQUITY</b>				
Paid -in capital		185,288	189,217	185,288
Other equity		(169,546)	(161,415)	(122,454)
Non-controlling interests		(264)	-	-100
<b>Total equity</b>		<b>15,478</b>	<b>27,801</b>	<b>62,734</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Interest-bearing debt	5,7	1,134,719	731,881	972,970
Prepaid travels with departure dates beyond one year		11,664	15,469	11,832
Derivative financial instruments	7	1,998	1,750.37	768
Other non-current liabilities		15,271	22,924	11,890
<b>Total non-current liabilities</b>		<b>1,163,652</b>	<b>772,024</b>	<b>997,459</b>
<b>Current liabilities</b>				
Trade and other liabilities	7	136,809	89,961	203,269
Prepaid travels with departure date within one year		100,475	67,447	91,732
Interest-bearing debt	5,7	15,958	11,956	30,491
Derivative financial instruments		14,384	2,336	2,543
Other current liabilities		828	5,284	5,445
<b>Total current liabilities</b>		<b>268,454</b>	<b>176,984</b>	<b>333,480</b>
<b>Total equity and liabilities</b>		<b>1,447,584</b>	<b>976,811</b>	<b>1,393,674</b>



## Condensed consolidated statement of changes in equity

Unaudited<sup>1</sup>

	01.01-31.03.2020				
	Attributable to shareholders of Hurtigruten Group AS			Non- controlling interests	Total Equity
(in EUR 1 000)	Paid -in capital	Other equity	Total		
<b>Equity at beginning of the period</b>	<b>185,288</b>	<b>(122,454)</b>	<b>62,834</b>	<b>(100)</b>	<b>62,734</b>
Total comprehensive income	-	(47,092)	(47,092)	(164)	(47,256)
Other changes	-	-	-	-	-
Non-controlling interests	-	-	-	-	-
<b>Equity at the close of the period</b>	<b>185,288</b>	<b>(169,546)</b>	<b>15,742</b>	<b>(264)</b>	<b>15,478</b>

## Condensed consolidated statement of cash flows

### Unaudited

<i>(in EUR 1 000)</i>	<i>Note</i>	<b>1st quarter 2020</b>	<b>1st quarter 2019</b>	<b>Full year 2019</b>
<b>Cash flows from operating activities</b>				
Profit/(loss) before income tax		<b>(27,093)</b>	18,253	49,265
Adjustments for:				
Depreciation, amortisation and impairment losses		<b>13,657</b>	12,680	55,587
Interest expenses	6	<b>19,990</b>	7,435	27,593
Change in working capital <sup>2</sup>		<b>15,442</b>	11,115	13,147
Change in prepaid travels		<b>9,809</b>	(377)	20,762
Other adjustments <sup>1</sup>		<b>8,351</b>	(26,965)	(24,303)
Non-cash effects of transition to EUR functional currency		-	1,169	(626)
<b>Net cash flows from (used in) operating activities</b>		<b>40,156</b>	23,311	141,425
<b>Cash flows from investing activities</b>				
Purchase of property, plant, equipment (PPE)		<b>(69,574)</b>	(6,986)	(382,648)
Purchase of intangible assets		<b>(4,601)</b>	(2,660)	(13,870)
Advance payment of PPE		-	(6,520)	(8,862)
Loans to Group companies		-	502	4,519
Other adjustments		<b>1,684</b>	(3,159)	4,286
<b>Net cash flows from (used in) investing activities</b>		<b>(72,491)</b>	(18,823)	(396,575)
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	5	<b>405,000</b>	14,379	314,313
Repayment of borrowings	5	<b>(257,336)</b>	(1,542)	(24,222)
Payment of lease liabilities	5	<b>(1,595)</b>		(5,662)
Transactions with non controlling entities		-	-	(10)
Interest paid	6	<b>(23,579)</b>	(12,811)	(32,487)
<b>Net cash flows from (used in) financing activities</b>		<b>122,490</b>	26	251,933
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		<b>90,156</b>	4,514	(3,216)
Cash and cash equivalents at the beginning of period		<b>35,674</b>	38,658	38,658
Foreign exchange gains/(losses) on cash, cash equivalents and bank overdrafts		<b>(5,070)</b>	(178)	233
<b>Cash and cash equivalents at end of period</b>		<b>120,759</b>	42,994	35,675

<sup>1</sup> Other adjustments include agio/disagio, adjustment for financial assets, accruals and paid income taxes

# 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 (previously Silk Bidco Group) for 2019.

The annual report for 2019 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 2019.

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.

On 1 January 2020, Hurtigruten 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 is made to reflect that EUR is now the predominant currency in the Group, accounting for a significant amount of the net cash flow. EUR is also the main financing currency for the Group. The change in presentation currency will be applied retrospectively for comparable figures for 2019.

For the parent company and other subsidiaries in the Group, EUR is the functional currency from 1 January 2020. The change is made to reflect that EUR has become the predominant currency in the companies, counting for a significant part of the cash flow and financing. The change will be implemented with prospective effect.

## 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. Information concerning the most important risks and uncertainties is disclosed in the latest annual report.

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 PCNs booked). For example, if at any given time 75% of the volume 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.

In 2016, the Group purchased fuel derivatives contracts hedging estimated bunker oil consumption for the period 2017 until March 2019. In July 2019, October 2019, and November 2019, the Group entered into additional derivative contracts with expiration in 2019 through 2021. At year-end 2019, a total of 142,350 MT bunker fuel volume is hedged at an average price of USD 656/MT during 2019-2021.

## Note 3 Contingencies

### 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 NO<sub>x</sub> 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 0.8 million in nitrogen dioxide tax is recognised in financial statements in the first quarter of 2020, the same as in the same period in 2019.

## Note 4 Segments

Unaudited

	Norwegian Coast		Expedition cruises		Landbased	
	1st quarter	1st quarter	1st quarter	1st quarter	1st quarter	1st quarter
(in EUR 1 000)	2020	2019	2020	2019	2020	2019
Operating revenues	62,874	77,623	50,473	25,615	5,948	7,643
Contractual revenues	21,090	18,563	-	-	-	-
<b>Total operating revenues</b>	<b>83,964</b>	<b>96,186</b>	<b>50,473</b>	<b>25,615</b>	<b>5,948</b>	<b>7,643</b>
Payroll costs	(14,555)	(16,891)	(5,720)	(2,742)	(1,934)	(2,254)
Depreciation and impairment losses	(5,810)	(7,683)	(4,508)	(2,470)	(777)	(764)
Other operating costs	(42,884)	(48,227)	(28,149)	(13,414)	(3,578)	(3,633)
Other (losses)/gains – net	(4,074)	(2,597)	6,591	876	34	8
<b>Operating profit/(loss)</b>	<b>16,640</b>	<b>20,789</b>	<b>18,687</b>	<b>7,866</b>	<b>(306)</b>	<b>1,000</b>
<b>EBITDA</b>	<b>22,451</b>	<b>28,472</b>	<b>23,195</b>	<b>10,335</b>	<b>470</b>	<b>1,764</b>

	Group functions, Other and Eliminations		Hurtigruten Group	
	1st quarter	1st quarter	1st quarter	1st quarter
(in EUR 1 000)	2020	2019	2020	2019
Operating revenues	(211)	(15)	119,084	110,867
Contractual revenues	-	-	21,090	18,563
<b>Total operating revenues</b>	<b>(211)</b>	<b>(15)</b>	<b>140,174</b>	<b>129,430</b>
Payroll costs	(8,666)	(10,550)	(30,876)	(32,437)
Depreciation and impairment losses	(2,562)	(1,764)	(13,657)	(12,680)
Other operating costs	(15,915)	(14,130)	(90,525)	(79,405)
Other (losses)/gains – net	(1,512)	(179)	1,038	(1,891)
<b>Operating profit/(loss)</b>	<b>(28,866)</b>	<b>(26,638)</b>	<b>6,155</b>	<b>3,017</b>
<b>EBITDA</b>	<b>(26,304)</b>	<b>(24,874)</b>	<b>19,811</b>	<b>15,697</b>

## Note 5 Interest-bearing Debt

Unaudited

	31.3. 2020	31.3. 2019	31.12. 2019
<i>(Figures stated in EUR 1000)</i>			
<b>Long term interest-bearing debt</b>			
Bond	294,621	-	-
Collateralized borrowings	743,992	650,706	918,731
Financial lease <sup>1</sup>	10,431	66,089	11,856
Credit facilities	83,673	15,000	42,290
Other borrowings	2,002	86	92
<b>Total</b>	<b>1,134,719</b>	<b>731,881</b>	<b>972,970</b>
<b>Short term interest bearing debt</b>			
Collateralized borrowings	11,908	3,605	25,668
Financial lease <sup>1</sup>	4,049	8,351	4,806
<b>Total</b>	<b>15,958</b>	<b>11,956</b>	<b>30,491</b>
<b>Total outstanding interest-bearing debt</b>	<b>1,150,677</b>	<b>743,837</b>	<b>1,003,461</b>

<sup>1</sup> The accounts for lease-contracts in reference to IFRS 16 are reflected in the financial lease, while items that are classified as borrowings according to IFRS9 are reflected within borrowings and credit facilities.

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

## Maturity Profile

The below maturity schedule reflects the borrowings at nominal values.

	31.3. 2020	31.3. 2019	31.12. 2019
<i>(Figures stated in EUR 1000)</i>			
Less than one year	11,247	11,956	30,491
Year 2 and 3	122,367	22,188	57,038
Year 4 and 5	722,538	31,131	202,714
More than 5 years	312,673	692,026	734,611
<b>Total Interest-bearing debt</b>	<b>1,168,824</b>	<b>757,301</b>	<b>1,024,855</b>



## Note 6 Net Financial items

Unaudited

<i>(EUR 1000)</i>	1st quarter 2020	1st quarter 2019
Interest income on current bank deposits	429	45
Foreign exchange gains	874	24,231
Other financial income	468	880
<b>Finance income</b>	<b>1,771</b>	<b>25,155</b>
Interest expense and amortized borrowing fees	(10,543)	(7,392)
Foreign exchange losses	(12,966)	(2,609)
Other finance expenses	(11,601)	(18)
<b>Finance expenses</b>	<b>(35,110)</b>	<b>(10,018)</b>
<b>Net Financial items</b>	<b>(33,340)</b>	<b>15,137</b>

## Note 7 Financial assets and liabilities at fair value

The following principles have been applied for the subsequent measurement of financial assets and liabilities:

**At 31 March 2020:**

Unaudited

<i>(Figures stated in EUR 1000)</i>	Amortised Cost (AC)	Assets at fair value through profit and loss	Assets at fair value through OCI	Derivatives used for hedging	<b>Total</b>
<b>Assets as per balance sheet</b>					
Other receivables, non-current	12,523	324	-	-	<b>12,848</b>
Investment in other companies	-	-	2,230	-	<b>2,230</b>
Trade and other receivables	31,265	-	-	-	<b>31,265</b>
Total derivatives	-	-	-	-	<b>-</b>
Cash at bank, cash on hand and market-based investments in the balance sheet	129,116	117	-	-	<b>129,233</b>
<b>Total</b>	<b>172,905</b>	<b>442</b>	<b>2,230</b>	<b>-</b>	<b>175,577</b>

	Liabilities at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities at amortised cost	<b>Total</b>
<b>Liabilities as per balance sheet</b>				
Total interest-bearing debt	-	-	1,150,677	<b>1,150,677</b>
Total derivatives	-	16,382	-	<b>16,382</b>
Accounts payable and other short term payables	-	-	79,696	<b>79,696</b>
<b>Total</b>	<b>-</b>	<b>16,382</b>	<b>1,230,373</b>	<b>1,246,755</b>

**At 31 March 2019:**

Unaudited

<i>(Figures stated in EUR 1000)</i>	Amortised Cost (AC)	Assets at fair value through profit and loss	Assets at fair value through OCI	Derivatives used for hedging	<b>Total</b>
<b>Assets as per balance sheet</b>					
Other receivables, non-current	71,943	331	-	-	<b>72,274</b>
Available for sale financial instruments	-	-	2,278	-	<b>2,278</b>
Trade and other receivables	20,821	-	-	-	<b>20,821</b>
Total derivatives	-	-	-	463	<b>463</b>
Cash at bank, cash on hand and market-based investments in the balance sheet	64,552	117	-	-	<b>64,669</b>
<b>Total</b>	<b>157,316</b>	<b>448</b>	<b>2,278</b>	<b>463</b>	<b>160,505</b>

	Liabilities at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities at amortised cost	<b>Total</b>
<b>Liabilities as per balance sheet</b>				
Total interest bearing debt	-	-	743,837	<b>743,837</b>
Total derivatives	-	4,086	-	<b>4,086</b>
Accounts payable and other short term payables	-	-	30,582	<b>30,582</b>
<b>Total</b>	<b>-</b>	<b>4,086</b>	<b>774,418</b>	<b>778,504</b>

The carrying amount for the financial assets and liabilities has been assessed and does not differ materially from fair value, except for total borrowings. Fair value of total borrowings at 31 March 2020 was EUR 1,153 million (EUR 757.3 million 31 March 2019).

**Note 8 Business influenced by seasonal factors**

The Hurtigruten coastal service is influenced by seasonal factors with the main season traditionally from May through August. In recent years the company 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 company is according to the Hurtigruten 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.

**Note 10 Events after the balance sheet date**

On the 18th of March Hurtigruten decided to temporary suspend operations. This suspension has been prolonged until 15th of June. Our decision to suspend sailings of our fleet will materially impacted the results of our operations in 2020 compared to 2019. The Group's management will continue to monitor the situation and take appropriate action as and when new information is available or more actions are needed.