

HRG 4Q 2021 report

Fourth quarter report

Published 28 February 2022

Key figures Hurtigruten Group

(EUR 1 000)	4th quarter 2021	4th quarter 2020	% Change	01.01-31.12 2021	01.01-31.12 2020	% Change
Operational revenues	58,892	19,361	204.2 %	150,973	189,604	-20.4 %
Contractual revenues	16,509	19,046	-13.3 %	71,715	79,162	-9.4 %
Total revenues	75,401	38,407	96.3 %	222,688	268,765	-17.1 %
EBITDA	(48,879)	(13,920)	-251.1 %	(104,314)	(17,880)	-483.4 %
Net other gains/(losses)	(9,268)	564	-1742.6 %	3,018	(14,719)	120.5 %
EBITDA excl Other gains (losses)	(39,611)	(14,485)	-173.5 %	(107,332)	(3,161)	-3295.5 %
Normalised adjusted EBITDA	(39,611)	(14,485)	-173.5 %	(107,332)	(2,704)	-3869.0 %
Net cash flows from operating activities	(21,280)	(32,045)	33.6 %	(42,307)	(58,387)	27.5 %
Hurtigruten Norway						
PCNs	110,624	6,896	1504.3 %	281,084	367,891	-23.6 %
Gross ticket yield (EUR)	258	334	-22.8 %	256	241	6 %
Occupancy rate	42.7 %	8.4 %	34 p.p.	32.4 %	50.4 %	-18 p.p.
Hurtigruten Expeditions						
PCNs	48,188	-	-	59,372	90,268	-34.2 %
Gross ticket yield (EUR)	509	0	-	508	591	-14 %
Occupancy rate	36.8 %	p.p.	37 p.p.	37.7 %	72.7 %	-35.0 p.p.

¹ 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. The APCN presented for 2020 and 2021 is APCN adjusted for the laid-up period caused by the Covid-19 pandemic, including only capacity on ships in service but not adjusted for passenger capacity restrictions. Occupancy rate based on normal APCN was 42.7 % for the fourth quarter of 2021 for the Hurtigruten Norway segment, and 18,2 % for the fourth quarter of 2021 for the Hurtigruten Expeditions segment.

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Fourth quarter 2021 summary

- Hurtigruten Group continued to ramp up the fleet and by end of the fourth quarter Hurtigruten Group had 11 of 15 ships (including MS Santa Cruz II) back in full operation.
- Hurtigruten Norway had 7 of 7 ships in operations while Hurtigruten Expeditions had 4 of 8 ships back in operation with two additional vessels starting to operate in the first week of January 2022. MS Otto Sverdrup and MS Maud have been in full operations sailing on the Norwegian coast with turnaround port in respectively Hamburg and Dover, while MS Fram and MS Roald Amundsen started Antarctica sailings in end of November and mid-December respectively.
- Hurtigruten Group continued to further invest and develop the global distribution model throughout the quarter including establishing a HQ2 in London centered around the strengthening of the global sales, marketing and digital distribution teams. As the pandemic comes to an end, driving increased B2C sales and further developing a global CRM and loyalty program is key to the long-term development of Hurtigruten Groups business units' brand and competitive position.
- Bookings for 2022 continued to develop positively throughout the quarter especially for the second through the fourth quarter of 2022 and 2023. Short-term bookings, especially for December 2021 and the first quarter in 2022, were impacted by both the Delta and the Omicron wave. However, we are seeing a very strong development in yields across all business units which is very positive for the long-term earnings potential of Hurtigruten Group. As of 24 February 2022, the 12-month period from April 2022 to March 2023 bookings are at EUR 386 million which is 5.4% higher compared to same time two years ago for the comparable period which shows the strong desire from our guests to travel and supports a strong recovery in financial performance for Hurtigruten Group.
- 2023 had a very strong start to the pre-sale period albeit very early in the booking cycle. As of 24 February, the bookings for 2023 are at EUR 83.6 million which is 33% higher compared to same time two years ago for 2021 (pre-covid). This continues to show the underlying demand for travelling from all source markets and towards all destinations.
- Covid-19 continued to have a significant impact on the financial performance in the fourth quarter. However, there is a strong revenue growth compared to the fourth quarter of 2020 with fourth quarter 2021 revenues up 233.5% to EUR 75.4 million adjusted for the government grants recognized in fourth quarter 2020. The fourth quarter 2021 revenues are 22% higher than the third quarter of the same year.
- Reported EBITDA before other gains and losses was negative EUR 39 million (versus a negative EUR 14.5 million in the same quarter 2020) driven by i) SG&A due to marketing spend and full ramp up of the shoreside organization to pre-pandemic levels, ii) the restart of the Hurtigruten Expedition fleet and iii) short-term negative sales effects from restrictions to battle the Delta and Omicron wave in the quarter.
- Operational cash flow in the quarter was negative EUR 21.3 million which was an improvement of EUR 10.8 million compared to the fourth quarter of 2020 (negative EUR 32.1 million).
- Customer pre-payments increased through the quarter from EUR 144.5 million by end of the third quarter to EUR 161.4 million at the end of the fourth quarter of 2021.
- As of 31 December 2021, Hurtigruten Group had an available liquidity position of EUR 72.8 million including the EUR 25 million Term Loan C increase committed in December.

Hurtigruten Group – The leading global expedition travel company

Hurtigruten Group's vision is to be the undisputed global leader in sustainable inspirational adventure travel and is a catalyst for change towards a greener travel industry. Hurtigruten Group will continue to be a frontrunner in adventure tourism and expedition cruising - a niche with substantial global growth potential. Hurtigruten Group's goal is to reinforce its global position, differentiated from the rest of the cruise industry by authentic, sustainable, and active experiences on both land and sea. Hurtigruten Group has three main business segments: Hurtigruten Norway – branded as Hurtigruten in Scandinavia and Hurtigruten Norwegian Coastal Express in other markets, Hurtigruten Expeditions branded as Hurtigruten Expeditions in all markets and Hurtigruten Destinations under the Hurtigruten Svalbard brand. Over the last few years, Hurtigruten Group under the brands: Hurtigruten Expeditions, Hurtigruten Norwegian Coastal Express, and Hurtigruten Svalbard has been able to fortify its position as the leading expedition travel company focusing on sustainable expedition cruising for the global traveller.

With a fleet of 15 custom-built cruise vessels including the world's first two hybrid-powered expedition cruise ships delivered in 2019, Hurtigruten Group is the world's largest expedition travel company. In January 2022, the MS Santa Cruz II joined the Hurtigruten Expeditions fleet adding the Galapagos archipelago on the list of destinations with year-round expedition cruises.

Hurtigruten Group's strategy is to generate profitable sustainable growth in all three business segments. This will be achieved by increasing capacity through the construction of new vessels, operational initiatives to realize its substantial potential, expand and renew its customer base, and strengthen the product range.

Hurtigruten Group believes its product offerings in Hurtigruten Expeditions, Hurtigruten Norway and Hurtigruten Destinations differs significantly from other competing expedition cruise and adventure travel operators. The guest offering has been purposefully designed to reach a wide range of customer segments. Hurtigruten Group offers its guests the opportunity to get closer to nature in beautiful and remote areas and to experience local wildlife, culture, and activities while leaving a minimal footprint.

Hurtigruten's 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)	4th quarter	4th quarter	%	01.01-31.12	01.01-31.12	%
Total operating revenues	2021	2020	Change	2021	2020	Change
Hurtigruten Norway	45,700	21,528	112.3%	145,978	171,550	-14.9%
Hurtigruten Expeditions	24,522	(127)	19452.0%	30,154	53,908	44.1%
Hurtigruten Destinations	4,810	2,139	124.8%	17,547	14,472	21.2%
Group functions, Other and Elimination:	368	14,866	-97.5%	29,009	28,835	0.6%
Total	75,401	38,407	96.3%	222,688	268,766	-17.1%

Operating profit/(loss)

Hurtigruten Norway	(5,669)	(7,724)	26.6%	(21,801)	15,946	-236.7%
Hurtigruten Expeditions	(8,639)	(13,344)	35.3 %	(64,286)	(31,217)	-105.9%
Hurtigruten Destinations	(8,932)	(1,826)	-389.0 %	3,936	(2,177)	280.8%
Group functions, Other and Elimination:	(43,026)	(24,151)	-78.2 %	(114,724)	(77,383)	-48.3%
Total	(66,265)	(47,046)	-40.9%	(196,875)	(94,831)	-107.6%

EBITDA

Hurtigruten Norway	1,807	3,052	-40.8%	23,669	47,334	-50.0%
Hurtigruten Expeditions	(3,057)	(7,724)	60.4%	(36,818)	(11,782)	-212.5%
Hurtigruten Destinations	(8,085)	(734)	-1001.1%	8,133	1,315	518.7%
Group functions, Other and Elimination:	(39,544)	(8,514)	-364.4%	(99,298)	(54,746)	-81.4%
Total	(48,879)	(13,920)	-251.1%	(104,314)	(17,880)	-483.4%

EBITDA margin

Hurtigruten Norway	4.0 %	14.2 %	-10.2 p.p.	16.2 %	27.6 %	-11.4 p.p.
Hurtigruten Expeditions	-12.5 %	6095.4 %		-122.1 %	-21.9 %	-100 p.p.
Hurtigruten Destinations	-168.1 %	-34.3 %	-133.8 p.p.	46.4 %	9.1 %	37.3 p.p.
Group functions, Other and Elimination:	NM	-57.3 %		-342.3 %	-189.9 %	-152.4 p.p.
Total	-64.8%	-36.2%	.8 p.p.	-46.8%	-6.7%	604.1 %

Normalized adjusted EBITDA*

Hurtigruten Norway	1,429	171	NM	22,676	54,540	-58.4 %
Hurtigruten Expeditions	(2,957)	(7,628)	61.2 %	(37,966)	(9,152)	-314.8 %
Hurtigruten Destinations	969	(669)	244.8 %	3,368	1,310	157.1 %
Group functions, Other and Elimination:	(39,051)	(6,359)	-514.1%	(95,409)	(49,403)	-93.1%
Total	(39,611)	(14,485)	-173.5%	(107,331)	(2,704)	-3869.0%

*) 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 the fourth quarter of 2021 is not adjusted for Covid-19 effects and there are no normalizations adjustments in the quarter.

Operational review

The Group's financial performance in the fourth quarter of 2021 continues to be severely impacted by the Covid-19 pandemic, but with high vaccination rates and loosening of travel restrictions Hurtigruten has been able to welcome more guests onboard the ships. We are seeing positive developments both in bookings and travel patterns. Hurtigruten Norway resumed full service with seven ships since July, Hurtigruten Expeditions returned with one ship (MS Otto Sverdrup) in the end of August followed by a second ship (MS Maud) in the end of September. From the end of November and mid-December two additional ships resumed cruises in Antarctica (MS Roald Amundsen and MS Fram).

Operating revenues increased by 96.3 % in the fourth quarter of 2021 compared to the same period last year.

Normalized adjusted EBITDA decreased from EUR -14.5 million in the fourth quarter of 2020 to EUR -39.6 million this year, and total reported fourth quarter EBITDA decreased with EUR 34.9 million from EUR -13.9 million to EUR -48.9 million. The decrease in EBITDA compared to the same period last year is driven by increase in both selling, general and administrative (SG&A) expenses and ship operating expenses. The level of SG&A cost have increased as sales and marketing expenses are returning to pre-covid levels. Cruise operating expenses reflects the two additional ships returning to service. Ramp-up cost for preparing the ships and relocating to Chile are reflected in the fourth quarter 2021 EBITDA, but as the first cruises started late in the quarter revenues are only reflecting a third of the quarter. Fourth quarter 2020 EBITDA includes a Covid-19 compensation grant from the Norwegian government. The grant was not awarded in the third or fourth quarter of 2021.

Total Passenger Cruise Nights (PCN) for Hurtigruten Norway increased to 110,624 in the fourth quarter of 2021 compared to 6,896 same period last year. Total Passenger Cruise Nights (PCN) for Hurtigruten Expeditions was 48,188 in the fourth quarter of 2021 compared to zero same period last year.

The occupancy rate on the available capacity for the seven ships operating in Hurtigruten Norway, was 42.7% in the fourth quarter of 2021. All seven ships were back in operations from July 2021, albeit at a lower capacity due to Covid-19 restrictions. The number of international guests was increasing during the quarter, even though guests from some source markets, among other US and APAC, were prevented from entering Norway. The occupancy rate on the available capacity for the ships operating in Hurtigruten Expeditions, was 36.8% in the fourth quarter of 2021 and the available capacity was mainly MS Otto Sverdrup and MS Maud sailing from Hamburg and Dover to the Norwegian coast and the first cruises on MS Roald Amundsen and MS Fram starting in the end of November and the middle of December.

Hurtigruten Group will continue to plan for the return to full service of all its ships. By the first week of January 2022 Hurtigruten Group had 12 of the total 15, ships back in operations.

Hurtigruten Destinations resumed full operations in February 2021 on Svalbard with Radisson and Funken Lodge open for guests, while Coal Miners` Cabins has been leased to Svalbard Folkehøgskole. The fourth quarter 2021 delivered stronger occupancy than any previous years for Radisson and Funken, which is creating ripple-effect on all departments. The tourism is back on Svalbard and we are currently delivering better financial performance than pre-covid. Hurtigruten Kirkenes is operated by Radius Kirkenes but is still closed due to low activity.

Hurtigruten Norway

Hurtigruten Norway operates under the brand Hurtigruten in Scandinavia and Hurtigruten Norwegian Coastal Express in other markets. Its scheduled voyages along the beautiful Norwegian coast offers domestic and international guests a unique and immersive travel experience, connecting the international traveller with the everyday life and infrastructure of local communities.

The voyage was 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 travellers seeking authentic Norwegian experiences.

As a consequence of Covid-19, Hurtigruten Norway operated five of seven ships as of 1 January 2021 and was back to full operations with its seven ships 10 July 2021.

<i>(EUR 1 000)</i>	4th quarter 2021	4th quarter 2020	Change	01.01-31.12 2021	01.01-31.12 2020	Change
Operational revenues	29,192	2,482	1076.0 %	74,263	92,388	-19.6 %
Contractual revenues	16,509	19,046	-13.3 %	71,715	79,162	-9.4 %
Total revenue	45,700	21,528	112.3 %	145,978	171,550	-14.9 %
EBITDA	1,807	3,052	-40.8 %	23,669	47,334	-50.0 %
Net other gains/(losses)	378	2,881	-86.9 %	993	(6,795)	114.6 %
EBITDA excl other gains/(losses)	1,429	171	734.0 %	22,676	54,128	-58.1 %
Normalised adjusted EBITDA*	1,429	171	734.0 %	22,676	54,540	-58.4 %

*) 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. SG&A is not allocated to the business segment and SG&A associated to Hurtigruten Norway is reported in “Group functions, Other and Eliminations”. EBITDA for the fourth quarter of 2021 is not adjusted for Covid-19 effects and there are no normalizations adjustments in the quarter.

The calculations on 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>	4th quarter 2021	4th quarter 2020	01.01-31.12 2021	01.01-31.12 2020
PCNs	110,624	6,896	281,084	367,891
APCNs ¹⁾	259,030	81,778	867,220	729,352
Occupancy rate ¹⁾	42.7%	8.4%	32.4%	50.4%
Gross ticket revenues	28,488	2,301	71,870	88,683
Less:				
Commissions, costs of goods for flights, hotels, transportation and other passenger services	5,462	480	10,572	12,653
Food, beverage, shop, excursions	3,071	667	7,205	9,033
Net ticket revenues	19,956	1,153	54,093	66,997
Gross ticket revenues per PCN (EUR)	258	334	256	241
Net ticket revenues per PCN (EUR)	180	167	192	182
Gross cruise costs	44,272	21,357	123,302	117,422
Less:				
Commissions, costs of goods for flights, hotels, transportation and other passenger services	5,462	480	10,572	12,653
Food, beverage, shop, excursions	3,071	667	7,205	9,033
Net cruise costs	35,739	20,209	105,525	95,736
Net cruise costs per APCN (EUR)	138	247	122	131
Fuel consumption (liter/nautical mile)	82.3	129.0	83.2	101.0
Fuel cost per liter	10.10	9.05	8.55	9.12

¹⁾Occupancy rate is normally calculated based on APCN (available capacity) including any laid-up period. Due to the Covid-19 pandemic, several ships were in warm-stack from the middle of March 2020 until July 2021. The APCN presented for 2020 and 2021 is APCN adjusted for the laid-up period caused by the Covid-19 pandemic, including only capacity on ships in service but not adjusted for passenger capacity restrictions. Occupancy rate using normal APCN including laid-up period was 42,7 % for the fourth quarter of 2021 and 2 % for the fourth quarter of 2020.

Hurtigruten Norway started operating under the new State agreement valid from 2021 to 2030 in January last year and has a contract to operate seven ships out of 11 ships on the Coastal route. Operational revenue excluding the contractual income from the Norwegian state agreement, increased from EUR 2.5 million to EUR 29.2 million in the fourth quarter compared to last year as a result of having seven ships back in operation and finally welcoming back more foreign guests. Occupancy adjusted for laid-up period increased to 42.7% in the fourth quarter of 2021 compared to 8.4% same period last year.

Contractual income per ship per month increased to approx. EUR 0.8 million for the fourth quarter 2021 compared to approx. EUR 0.6 million in 2020. The fourth quarter of 2021 reflects the new state contract.

Hurtigruten Expeditions

Hurtigruten Expeditions operates expedition cruises to over 200 destinations in over 40 countries, including Norway, Antarctica, the Arctic, Alaska, Iceland, Greenland, South America, Bissagos, Galapagos and a variety of other destinations across the globe. Hurtigruten Expeditions' legacy dates back 125 years to 1896 when the first sailing from Hammerfest to the archipelago of Svalbard was introduced.

In 2019, its 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.

Over the last 6 years Hurtigruten Expeditions has increased the capacity from one ship in 2015 to seven 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). From January 2022 the 90-pax vessel MS Santa Cruz II will join the fleet and by that adding year around cruises on the Galapagos archipelago on the list of unique destinations. This will further cement Hurtigruten Expeditions' global leadership in the expedition cruising category.

<i>(EUR 1 000)</i>	4th quarter 2021	4th quarter 2020	Change	01.01-31.12 2021	01.01-31.12 2020	Change
Operational revenues	24,522	(127)	19452.0 %	30,154	53,908	-44.1 %
Total revenue	24,522	(127)	19452.0 %	30,154	53,908	-44.1 %
EBITDA	(3,057)	(7,724)	60.4 %	(36,818)	(11,782)	-212.5 %
Net other gains/(losses)	(99)	(96)	-3.4 %	1,148	(757)	251.7 %
EBITDA excl other gains/(losses)	(2,957)	(7,628)	61.2 %	(37,966)	(11,025)	-244.4 %
Normalised adjusted EBITDA*	(2,957)	(7,628)	61.2 %	(37,966)	(9,152)	-314.8 %

*) 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. SG&A is not allocated to the business segment and Hurtigruten Expeditions SG&A is reported in "Group Functions, Other and Eliminations". EBITDA for the fourth quarter of 2021 is not adjusted for Covid-19 effects and there are no normalizations adjustments in the quarter.

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<i>(EUR 1 000 Except for PCNs, APCNs, occupancy rate, fuel consumption and fuel cost per liter)</i>	4th quarter 2021	4th quarter 2020	01.01-31.12 2021	01.01-31.12 2020
PCNs	48,188	-	59,372	90,268
APCNs ¹⁾	130,956	-	157,578	124,164
Occupancy rate ¹⁾	36.8 %	-	37.7 %	72.7 %
Gross ticket revenues	24,522	(116)	30,154	53,384
Less:				
Commissions, costs of goods for flights, hotels, transportation and other passenger services	3,102	321	3,382	11,246
Food, beverage, shop, excursions	1,873	268	4,718	4,848
Net ticket revenues	19,547	(704)	22,054	37,289
Gross ticket revenues per PCN (EUR)	509	0	508	591
Net ticket revenues per PCN (EUR)	406	0	371	413
Gross cruise costs	27,479	7,501	68,120	64,933
Less:				
Commissions, costs of goods for flights, hotels, transportation and other passenger services	3,102	321	3,382	11,246
Food, beverage, shop, excursions	1,873	268	4,718	4,848
Net cruise costs	22,505	6,912	60,020	48,839
Net cruise costs per APCN (EUR)	172	0	381	393
Fuel consumption (liter/nautical mile) ²⁾	97.4	-	131.6	154.2
Fuel cost per liter	7.52	0.00	9.26	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. The APCN presented for 2020 and 2021 is APCN adjusted for the laid-up period caused by the Covid-19 pandemic, including only capacity on ships in service but not adjusted for passenger capacity restrictions. Occupancy rate using normal APCN including laid-up period was 18.2 % for the fourth quarter of 2021 and 0 % for the fourth quarter of 2020

²⁾ Fuel consumption (liter/nautical mile) for the fourth quarter of 2021 of 97.4 reflects 4 ships in operation. Fuel consumption from the full year of 2020 and 2021 is higher as the warm laid-up of ships is reflected throughout these time periods

Hurtigruten Expeditions fleet consist of eight ships of which four ships have been in operations during the fourth quarter of 2021. MS Otto Sverdrup and MS Maud has been sailing on the Norwegian coast with turnaround port in respectively Hamburg and Dover, while MS Fram and MS Roald Amundsen started Antarctica sailings in November and December. Revenues for the fourth quarter 2021 are affected by a late start up of the Antarctica season with MS Roald Amundsen starting sailings in end of November 2021 and MS Fram with the first sailing mid-December. Hurtigruten Expeditions has received good interest in the Norwegian Coast sailings especially for MS Otto Sverdrup with departure from Hamburg. Although passenger capacity is still limited due to Covid-19 restrictions which affects occupancy rates.

In Hurtigruten Expeditions the cost in the fourth quarter of 2021 reflects both ships in operations and ships in ramp up mode. The operating costs increased from EUR 7.5 million in the fourth quarter of 2020 to EUR 27.5 million in the fourth quarter of 2021. Driven by the increase in the fleet from four to eight (including Santa Cruz II) ships compared to 2020 in addition to increase in cost due to ramp up of operations. Operating costs includes ramp up and deadheading cost for MS Roald Amundsen and MS Fram sailing from Europe to Chile and cost for preparing Fridtjof Nansen for the planned start up in 2022.

Hurtigruten Destinations

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

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 in 1896 – is the largest and most diversified on Svalbard.

<i>(EUR 1 000)</i>	4th quarter 2021	4th quarter 2020	Change	01.01-31.12 2021	01.01-31.12 2020	Change
Operational revenues	4,810	2,139	124.8 %	17,547	14,472	21.2 %
Total revenue	4,810	2,139	124.8 %	17,547	14,472	21.2 %
EBITDA	(8,085)	(734)	-1001.1 %	8,133	1,315	518.7 %
Net other gains/(losses)	(9,054)	(65)	-13810.2 %	4,765	5	104289.3 %
EBITDA excl other gains/(losses)	969	(669)	244.8 %	3,368	1,310	157.1 %
Normalised adjusted EBITDA*	969	(669)	244.8 %	3,368	1,310	157.1 %

**) 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 the fourth quarter of 2021 is not adjusted for Covid-19 effects and there are no normalizations adjustments in the quarter. SG&A is not allocated to the business segment and Hurtigruten Destinations SG&A is reported in "Group Functions, Other and Eliminations".*

The Hurtigruten Destinations segment had in the fourth quarter operational revenues of EUR 4.8 million compared to EUR 2.1 million in the fourth quarter 2020 which was an increase of 124.8%. EUR 0.6 million of the revenue in the fourth quarter in 2021 is related to stimulation packages by Longyearbyen Lokalstyre. Adjusted for these subsidies, the revenue was increased by 97% from the fourth quarter 2020 to fourth quarter 2021.

In the fourth quarter of 2020 and 2021 Radisson and Funken Lodge was open for guests, while Coal Miners' Cabins was leased to Svalbard Folkehøgskole. Occupancy (guest nights) for Radisson and Funken was increased by 138% for the period, which resulted in higher revenue and

EBITDA. This is a good indication that tourism is blooming again after months of strict Covid-19 regulations.

In the second quarter of 2021 Hurtigruten Group closed the sale of real-estate portfolio on Svalbard to Store Norske, and at the same time it entered into long-term lease agreements for the real-estate portfolio. The sale of the real-estate portfolio resulted in a preliminary estimated gain of EUR 13.8 million recognized in Net other gains/losses in June 2021.

Hurtigruten Group's property in Kirkenes is operated by Radius Kirkenes but is currently closed due to the pandemic.

Group Functions, Other and Eliminations

<i>(EUR 1 000)</i>	4th quarter 2021	4th quarter 2020	Change	01.01-31.12 2021	01.01-31.12 2020	Change
Operational revenues	368	14,866	-97.5 %	29,009	28,835	0.6 %
Total revenue	368	14,866	-97.5 %	29,009	28,835	0.6 %
EBITDA	(39,544)	(8,514)	-364.4 %	(99,298)	(54,746)	-81.4 %
Net other gains/(losses)	(493)	(2,155)	77.1 %	(3,889)	(7,172)	45.8 %
EBITDA excl other gains/(losses)	(39,051)	(6,359)	-514.1 %	(95,409)	(47,574)	-100.5 %
Normalised adjusted EBITDA*	(39,051)	(6,359)	-514.1 %	(95,409)	(49,403)	-93.1 %

**) 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 the fourth quarter of 2021 is not adjusted for Covid-19 effects and there are no normalizations adjustments in the quarter.*

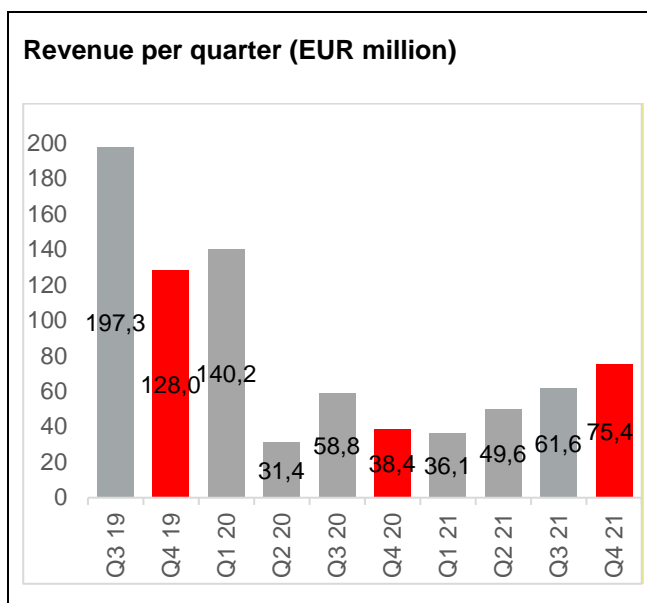
Operating revenues for the fourth quarter of 2021 amount to positive EUR 0.4 million compared to EUR 14.9 million in the same period last year. In the fourth quarter of 2020 operating revenues consisted mainly of a provision for the grant from the Norwegian Government Business Compensation Scheme for the last three months of the grant period up until December 2020, which is granted to enterprises with a significant drop in revenue due to Covid-19.

Negative EBITDA for the fourth quarter of 2021 amounts to EUR 39.1 million compared to negative EBITDA of EUR 6.4 million in the same period last year. The decrease is due to higher personnel expenses and sales and marketing expenses with

the continued ramp up in the fourth quarter of 2021. Personnel expenses has increased as the company has recalled the furloughed employees. Sales and marketing have activated marketing campaigns as we ramp up the sales efforts for 2022 and campaign planning for 2023 and 2024.

Financial review

Profit and loss



Total revenues increased by 96.3% in the fourth quarter of 2021 compared to the same period last year from EUR 38.4 million to EUR 75.4 million. The increase is mainly driven by full operations in Hurtigruten Norway. All seven ships were sailing in the fourth quarter of 2021 compared to two ships in the same quarter last year. In Hurtigruten Expeditions, four ships sailed in the fourth quarter of 2021 whereas all ships were warm stacked in the same quarter last year.

Total payroll costs were EUR 38.0 million in the quarter, an increase of 69.8% year over year. Crew costs increased by 77% due to the ramp up in activity in both Hurtigruten Norway and Hurtigruten Expeditions. SG&A payroll costs increased by 60%, also because of returning back to normal operations.

Specification of other operating costs

	4th quarter 2021	4th quarter 2020	% change	01.01-31.12 2021	01.01-31.12 2020	% change
<i>(EUR 1 000)</i>						
Operating costs (ex fuel)	(19,026)	(12,299)	54.7 %	(58,452)	(59,553)	-1.8 %
Fuel costs	(17,463)	(3,027)	476.9 %	(43,416)	(29,629)	46.5 %
Sales and administrative costs	(25,329)	(12,708)	99.3 %	(79,165)	(47,615)	66.3 %
Total	(61,819)	(28,033)	120.5 %	(181,033)	(136,797)	32.3 %

Other operating costs increased by 120.5% from the same period last year to EUR 61.8 million in the fourth quarter of 2021 compared to EUR 28.0 million for the same period last year due to the ramp up in activity.

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.

Fuel costs in the quarter increased by 476.9% to EUR 17.5 million, compared to the same quarter last year due to having more ships in operation as well as using biodiesel.

Sales and administrative costs increased by 99.3% to EUR 25.3 million in the fourth quarter compared to last year, due to an increase in sales and marketing activities and the plan for returning to service.

Fourth quarter depreciation, amortisation and impairment were EUR 17.4 million, compared to EUR 33.1 million same quarter last year. The decrease is mainly related to an impairment of intangible assets in the fourth quarter of 2020.

Net other gains and losses for the fourth quarter was a loss of EUR 9.3 million (gain of EUR 0.6 million in 2020). In second quarter 2021, Hurtigruten Group completed the sale of the real-estate portfolio on Svalbard to Store Norske, and at the same time entered into long-term lease agreements for the same properties. The transaction resulted in a gain of EUR 4.8 million recognized as other gains/losses.

Fourth quarter operating loss was EUR 66.3 million, compared to an operating loss of EUR 47.1 million in the same period last year, an increase of EUR 19.2 million due to the effects of the Covid-19 pandemic on operations.

Net financial loss was EUR 21.8 million in the fourth quarter of 2021 compared to a loss of EUR 14.0 million in the fourth quarter of 2020. Interest costs increased due to higher interest-bearing liabilities.

Income taxes expense in the fourth quarter was EUR 3.3 million, compared to an income tax income of EUR 10.2 million in 2020.

The net loss for the fourth quarter was EUR 91.3 million compared to a loss of EUR 51.0 million in 2020.

Financial position and liquidity

Cash flow

Net cash outflow from operating activities in the fourth quarter 2021 was EUR 21.3 million compared to an outflow of EUR 32.1 million in the same quarter last year. This is mainly explained by positive changes in working capital, including higher deposits from customers following strong booking levels.

Net cash outflow from investing activities in the fourth quarter 2021 was EUR 39.0 million compared to an outflow of EUR 20.2 million in the same quarter last year. The increase is mainly explained by the investment in the associated company Empresa Turistica International C.A. (ETICA), capex related to higher level of scheduled dockings and capex related to future environmental conversion projects.

Net cash inflow from financing activities in the fourth quarter 2021 was EUR 42.0 million compared to an outflow of EUR 9.4 in the same quarter last year. The

increased inflow is mainly due to the remaining EUR 55 million that were drawn from the fully committed EUR 75 million subordinated shareholder's loan facility secured in the third quarter of 2021.

Net decrease in cash and cash equivalents in the fourth quarter was EUR 18.4 million, compared to a decrease of EUR 61.7 million in the fourth quarter of 2020.

Available cash and cash equivalents in the cash flow statement totaled to EUR 48.2 million at the end of the fourth quarter of 2021, compared to EUR 17.3 million at 31 December 2020. Cash equivalents in the statement of financial position, including restricted funds, totaled EUR 57.1 million at the end of the fourth quarter in 2021 compared to EUR 72.0 million at 31 December 2020. The total available free liquidity position was EUR 72.8 million including the EUR 24.6 million term loan C increase committed in December 2021. EUR 7.7 million in restricted funds are related to travel bonding recognized as "other non-current financial assets".

Balance sheet

Total assets amounted to EUR 1,354.1 million at 31 December 2021, a decrease of EUR 8.5 million from year-end 2020.

Non-current assets decreased with EUR 19.3 million since year-end 2020 from EUR 1,224.6 million to EUR 1,243.8 million. The change is mainly coming from lower property, plant, and equipment, partially offset by an increase in right-of-use assets following the sale-leaseback of the Hurtigruten Svalbard real-estate portfolio. The increase in investment in associated companies of EUR 20.6 million is mainly related to ETICA in the last quarter of 2021.

Current asset amounted to EUR 129.5 million, an increase of EUR 10.8 million compared to 31 December 2020.

The reported equity at the end of December 2021 was negative EUR 352.0 million compared to negative EUR 102.2 million at year-end 2020. The change is mainly due to the net loss in the period.

Total non-current liabilities amount to EUR 1,453.0 million at 31 December 2021, an increase of EUR 196.5 million from EUR 1,256.4 million at year-end 2020. The increase is due to the lease liability from the sale-leaseback of the Hurtigruten Svalbard real-estate portfolio in the second quarter of 2021, and the EUR 46.5 million term loan facility secured in the first quarter of 2021. In addition, a EUR 75 million

subordinated shareholder's loan facility was secured and fully drawn in the Group in 2021. The loan facility strengthens the Group's liquidity position when returning to full operations in the coming months. Prepaid travels have increased by EUR 33.3 million compared to year-end 2020 following the strong bookings for 2022 and 2023.

Current liabilities, excluding borrowings, were EUR 228.1 million, increased by EUR 39.7 million since year-end 2020 mainly from higher prepaid travels of EUR 35.9 million.

Going concern

Bookings for the 12-month period from second quarter 2022 to first quarter 2023 are above pre-pandemic levels and at higher yields. Which supports the rapid financial recovery post the pandemic. Based on the current outlook with regards to the pandemic the Board of Directors of Hurtigruten Group expects that the financial performance is back at normal pre pandemic levels from the second quarter of 2022.

Bookings for 2023 are also off to an excellent start with bookings approximately 33% higher than same time two years ago.

It is the Board of Directors' opinion that the financial position of the Group is sound when taking into consideration current booking levels and underlying trends, which supports a strong recovery in revenues, evident support from the shareholders shown by the EUR 75 million shareholder loan provided in September 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 equity book value of the Group is negative. In the opinion of the Board of Directors, the underlying fair value of Hurtigruten Group's vessels and brands are significantly higher than the reported equity. This is further supported by the impairment tests that has been performed on Hurtigruten Group's assets in the quarter. The underlying values are further supported by the booking development for 2022 and 2023.

In accordance with the Norwegian Accounting Act, the Board of Directors confirms that the interim financial statements have been prepared in accordance with the going concern assumption, and that it is appropriate to assume this.

Outlook

Up to the date of this report, travel restrictions have been fully removed or are in the process of being removed across all key source markets and destinations which gives a strong and positive outlook for Hurtigruten Group over the coming quarters even if first quarter of 2022 will still be impacted by the pandemic.

At the date of this report all seven ships in Hurtigruten Norway are in operation and we expect that seven out of eight ships in Hurtigruten Expeditions will be in operations during the spring of 2022.

Bookings for the 12-month period from second quarter 2022 to first quarter 2023 are above pre-pandemic levels and at higher yields across all business units. Which supports the rapid financial recovery post the pandemic. Based on the current outlook with regards to the pandemic, the Board of Directors of Hurtigruten Group expects that the financial performance is back at normal pre pandemic levels from the second quarter of 2022.

Bookings for 2023 are off to an excellent start with bookings approx. 33% higher than same time two

years ago. This shows that there is a strong underlying demand for travelling from all source markets and towards all destinations.

Hurtigruten Group is closely monitoring the liquidity situation as we continue to recover our financial performance 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 and have indicated that they would be willing to consider providing additional liquidity, if necessary. The ultimate shareholders commitment to Hurtigruten Group was evident with the EUR 75 million subordinated shareholder loan facility provided in September 2021.

Risks and uncertainties

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

Additional risks and uncertainties not currently known to Hurtigruten Group or that the 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 Group 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.

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 Group 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 Group 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.

The Group may be exposed to litigation and legal claims.

Interim financial statements

Condensed consolidated income statement

Unaudited

<i>(EUR 1 000)</i>	4th quarter 2021	4th quarter 2020	01.01-31.12 2021	01.01-31.12 2020
Operating revenues	58,892	19,361	150,973	189,604
Contractual revenues	16,509	19,046	71,715	79,162
Total revenues	75,401	38,407	222,688	268,765
Direct cost of goods and services	(15,229)	(2,497)	(31,152)	(42,440)
Personel expenses	(37,965)	(22,360)	(117,834)	(92,690)
Depreciation, amortisation and impairment	(17,386)	(33,126)	(92,561)	(76,951)
Other operating costs	(61,819)	(28,034)	(181,033)	(136,797)
Net other gains/(losses)	(9,268)	564	3,018	(14,719)
Operating profit/(loss)	(66,265)	(47,046)	(196,875)	(94,831)
Financial income	1,044	1,341	2,566	3,341
Financial expenses	(23,039)	(15,615)	(82,179)	(66,493)
Net foreign exchange gains/(losses)	244	241	2,509	(5,632)
Net financial items	(21,752)	(14,033)	(77,105)	(68,785)
Share of net income from associated companies	6	(101)	39	(52)
Profit / (loss) before taxes	(88,011)	(61,180)	(273,941)	(163,668)
Income taxes	(3,305)	10,190	(8,254)	3,123
Net income	(91,316)	(50,990)	(282,195)	(160,544)
Net income attributable to:				
Owners of the parent	(91,314)	(50,331)	(282,211)	(159,226)
Non-controlling interests	(3)	(658)	16	(1,318)

Condensed consolidated statement of comprehensive income

Unaudited

<i>(EUR 1 000)</i>	4th quarter 2021	4th quarter 2020	01.01-31.12 2021	01.01-31.12 2020
Net income	(91,316)	(50,990)	(282,195)	(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	341	-	341	(2,278)
Sum	341	-	341	(2,278)
Items that may be reclassified to profit or loss in subsequent periods:				
Cash flow hedges, net of tax	-	10,212	-	2,305
Currency translation differences	(1,250)	(1,778)	(685)	(4,384)
Sum	(1,250)	8,434	(685)	(2,079)
Total other comprehensive income, net of tax	(908)	8,434	(344)	(4,357)
Total comprehensive income	(92,225)	(42,556)	(282,538)	(164,902)
Total comprehensive income attributable to				
Owners of the parent	(92,222)	(41,897)	(282,554)	(163,584)
Non-controlling interests	(3)	(658)	16	(1,318)

Condensed consolidated statement of financial position

Unaudited

<i>(EUR 1 000)</i>	<i>Note</i>	31.12 2021	31.12 2020
Property, plant and equipment		871,475	929,165
Right-of-use assets		45,589	15,149
Intangible assets		265,304	266,498
Investments in associates		21,116	506
Deferred income tax assets		2,327	1,517
Investments in other companies		2,526	2,505
Other non-current financial assets		16,259	28,503
Total non-current assets		1,224,596	1,243,843
Inventories		19,169	13,778
Trade receivables		23,922	6,193
Other current receivables		29,303	24,659
Current derivative financial instruments		1	(0)
Cash and cash equivalents		57,115	72,037
Assets held for sale		-	2,087
Total current assets		129,510	118,754
Total assets		1,354,107	1,362,597
Paid-in capital		185,205	185,197
Other equity		(537,190)	(285,932)
Total equity attribute to owners of Hurtigruten Group AS		(351,985)	(100,734)
Non-controlling interests		28	(1,438)
Total equity		(351,957)	(102,172)
Non-current interest-bearing liabilities	4	1,394,061	1,238,762
Deposits from customers, non-current		44,060	10,809
Deferred income tax liabilities		12,533	3,464
Retirement benefit obligations		2,164	2,926
Provisions for other liabilities and charges		-	406
Other non-current liabilities		135	57
Total non-current liabilities		1,452,954	1,256,424
Trade payables	6	23,496	13,949
Other current liabilities	6	82,454	84,188
Deposits from customers, current		117,286	81,362
Current income tax liabilities		1,444	583
Current interest-bearing liabilities	4	24,981	19,934
Current derivative financial debt instruments		2	4,564
Provision for other liabilities and charges		3,446	3,766
Total current liabilities		253,109	208,346
Total equity and liabilities		1,354,107	1,362,597

Condensed consolidated statement of changes in equity

Unaudited

	01.01-31.12.2021				
	Attributable to shareholders of Hurtigruten Group AS			Non- controlling interests	Total Equity
<i>(EUR 1 000)</i>	Paid-in capital	Other equity	Total		
Equity at beginning of the period	185,197	(285,932)	(100,734)	(1,438)	(102,172)
Net income	-	(282,211)	(282,211)	16	(282,195)
Other comprehensive income	-	(344)	(344)	-	(344)
Total comprehensive income	-	(282,554)	(282,554)	16	(282,538)
Capital increase parent company	5	-	5	-	5
Group contribution related parties	-	(27)	(27)	-	(27)
Effect of business combination under common control, predecessor accounting	-	32,763	32,763	-	32,763
Transactions with non-controlling interests	-	(1,438)	(1,438)	1,450	13
Equity at the end of the period	185,205	(537,190)	(351,985)	28	(351,957)

	01.01-31.12.2020				
	Attributable to shareholders of Hurtigruten Group AS			Non- controlling interests	Total Equity
<i>(EUR 1 000)</i>	Paid-in capital	Other equity	Total		
Equity at beginning of the period	185,288	(122,454)	62,834	(100)	62,734
Net income	-	(159,226)	(159,226)	(1,318)	(160,544)
Other comprehensive income	-	(4,342)	(4,342)	-15	(4,357)
Total comprehensive income	-	(163,568)	(163,568)	(1,333)	(164,902)
Transactions with non-controlling interests	-	-	-	(5)	(5)
Equity at the end of the period	185,197	(285,932)	(100,734)	(1,438)	(102,173)

Condensed consolidated statement of cash flows

<i>(EUR 1 000) Unaudited</i>	4th quarter 2021	4th quarter 2020	01.01-31.12 2021	01.01-31.12 2020
Cash flows from operating activities				
Profit/(loss) before taxes	(88,011)	(61,180)	(273,940)	(163,668)
Adjustments for:				
Depreciation, amortisation and impairment losses	17,386	33,126	92,561	76,951
Gain/loss sale of fixed assets	9,073	-	(4,556)	-
Foreign exchange gains/losses	(615)	(531)	3,076	2,899
Unrealised gains/losses derivatives	(1,505)	(2,042)	(4,564)	15,850
Net interest expenses	22,178	15,841	78,429	63,972
Share of net income from associated companies	(6)	101	(39)	52
Fair value adjustments on financial investments	(8)	356	-	999
Difference between expensed pensions and payments	(597)	1,100	(631)	(1,901)
<i>Change in working capital:</i>				
Inventories	(2,623)	(457)	(5,391)	4,004
Trade and other receivables	(940)	(6,268)	(15,588)	16,859
Trade and other payables	6,677	(15,863)	19,154	(53,258)
Change in prepaid travels	15,827	5,797	69,175	(8,217)
Settlement of financial instruments	2,034	(2,161)	-	(10,850)
Income tax paid	(152)	136	7	(2,079)
Net cash flows from (used in) operating activities	(21,280)	(32,045)	(42,307)	(58,387)
Cash flows from investing activities				
Purchase and prepayment of property, plant, equipment	(10,459)	(10,364)	(32,292)	(95,334)
Purchase of intangible assets	(4,410)	(2,088)	(7,272)	(10,014)
Proceeds from sale of fixed assets	(658)	(110)	56,902	316
Proceeds from sale of shares/(purchase of shares)	(20,570)	-	(20,570)	-
Other adjustments ¹⁾	(2,932)	(7,667)	45,877	(43,428)
Net cash flows from (used in) investing activities	(39,029)	(20,229)	42,645	(148,460)
Cash flows from financing activities				
Proceeds from borrowings	50	-	46,550	524,079
Repayment of borrowings	(4,740)	(3,053)	(25,758)	(265,851)
Payment of lease liabilities	(1,606)	(1,272)	(6,073)	(4,767)
Transactions with non controlling entities	13	-	13	-
Paid interest and transaction costs	(6,755)	(5,110)	(60,915)	(58,007)
Borrowings from other group companies	55,000	-	75,000	-
Net cash flows from (used in) financing activities	41,962	(9,435)	28,816	195,454
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(18,347)	(61,709)	29,154	(11,393)
Cash and cash equivalents at the beginning of period	66,956	77,139	17,255	35,674
Foreign exchange gains/(losses) on cash, cash equivalents and bank overdrafts	(398)	1,825	1,802	(7,026)
Cash and cash equivalents at end of period	48,210	17,255	48,211	17,255
Restricted cash	8,905	54,782	8,905	54,782
Cash and cash equivalents in the statement of financial position	57,115	72,037	57,115	72,037

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

Notes to the interim consolidated financial statements

Note 1 – General accounting principles

Hurtigruten Group consists of the parent company Hurtigruten Group AS, its subsidiaries and interests in associated companies. The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Group's Annual Report for 2020.

The accounting policies applied in the preparation of the interim consolidated financial statements are consistent with those described in the accounting policy note in the Annual Report for 2020.

The interim financial information has not been subject to audit or review.

The preparation of the interim consolidated financial statements requires Management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The actual outcome may deviate from the estimates.

Note 2 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 the end of the fourth quarter of 2021, the total guarantee amount for pre-paid travels was approximately EUR 110.8 million.

Note 3 Segments

(EUR 1 000)	Hurtigruten Norway		Hurtigruten Expeditions		Hurtigruten Destinations	
	4th quarter 2021	4th quarter 2020	4th quarter 2021	4th quarter 2020	4th quarter 2021	4th quarter 2020
Operating revenues	29,192	2,482	24,522	(127)	4,810	2,139
Contractual revenues	16,509	19,046	-	-	-	-
Total operating revenues	45,700	21,528	24,522	(127)	4,810	2,139
Direct cost of goods and services	(8,532)	(1,147)	(4,975)	(589)	(1,299)	(824)
Personell expenses	(12,016)	(8,710)	(9,587)	(3,317)	(1,824)	(1,037)
Depreciation, amortisation and impairment	(7,475)	(10,776)	(5,582)	(5,621)	(847)	(1,092)
Other operating costs	(23,724)	(11,499)	(12,918)	(3,595)	(718)	(948)
Net other gains/(losses)	378	2,881	(99)	(96)	(9,054)	(65)
Operating profit/(loss)	(5,669)	(7,724)	(8,639)	(13,344)	(8,932)	(1,826)
EBITDA	1,807	3,052	(3,057)	(7,724)	(8,085)	(734)
EBITDA excl Other gains/(losses)	1,429	171	(2,957)	(7,628)	969	(669)
Normalized adjusted EBITDA	1,429	171	(2,957)	(7,628)	969	(669)

*) 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. SG&A is not allocated to the business segments Hurtigruten Norway, Hurtigruten Expeditions and Hurtigruten Destinations, and these costs are reported within the "Group Functions, Other and Eliminations" segment. EBITDA for the fourth quarter of 2021 is not adjusted for Covid-19 effects and there are no normalizations adjustments in the quarter.

(EUR 1 000)	Group functions, Other and Eliminations		Hurtigruten Group	
	4th quarter 2021	4th quarter 2020	4th quarter 2021	4th quarter 2020
Operating revenues	368	14,866	58,892	19,361
Contractual revenues	-	-	16,509	19,046
Total operating revenues	368	14,866	75,401	38,407
Direct cost of goods and services	(422)	63	(15,229)	(2,497)
Personell expenses	(14,538)	(9,297)	(37,965)	(22,360)
Depreciation, amortisation and impairment	(3,482)	(15,637)	(17,386)	(33,126)
Other operating costs	(24,459)	(11,991)	(61,818)	(28,034)
Net other gains/(losses)	(493)	(2,155)	(9,268)	564
Operating profit/(loss)	(43,026)	(24,151)	(66,265)	(47,046)
EBITDA	(39,544)	(8,514)	(48,879)	(13,920)
EBITDA excl Other gains/(losses)	(39,051)	(6,359)	(39,611)	(14,485)
Normalized adjusted EBITDA	(39,051)	(6,359)	(39,611)	(14,485)

*) 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. SG&A is not allocated to the business segments Hurtigruten Norway, Hurtigruten Expeditions and Hurtigruten Destinations, and these costs are reported within the "Group Functions, Other and Eliminations" segment. EBITDA for the fourth quarter of 2021 is not adjusted for Covid-19 effects and there are no normalizations adjustments in the quarter.

	Hurtigruten Norway		Hurtigruten Expeditions		Hurtigruten Destinations	
	01.01-31.12	01.01-31.12	01.01-31.12	01.01-31.12	01.01-31.12	01.01-31.12
(EUR 1 000)	2021	2020	2021	2020	2021	2020
Operating revenues	74,263	92,388	30,154	53,908	17,547	14,472
Contractual revenues	71,715	79,162	-	-	-	-
Total operating revenues	145,978	171,550	30,154	53,908	17,547	14,472
Direct cost of goods and services	(17,777)	(21,686)	(8,100)	(16,094)	(4,830)	(4,780)
Personell expenses	(38,866)	(37,600)	(24,344)	(17,261)	(6,432)	(4,886)
Depreciation and impairment losses	(45,470)	(31,387)	(27,468)	(19,435)	(4,197)	(3,492)
Other operating costs	(66,660)	(58,136)	(35,677)	(31,578)	(2,917)	(3,495)
Net other gains/(losses)	993	(6,795)	1,148	(757)	4,765	5
Operating profit/(loss)	(21,801)	15,946	(64,286)	(31,217)	3,936	(2,177)
EBITDA	23,669	47,334	(36,818)	(11,782)	8,133	1,315
EBITDA excl Other gain/(losses)	22,676	54,128	(37,966)	(11,025)	3,368	1,310
Normalized adjusted EBITDA	22,676	54,540	(37,966)	(9,152)	3,368	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. SG&A is not allocated to the business segments Hurtigruten Norway, Hurtigruten Expeditions and Hurtigruten Destinations, and these costs are reported within the "Group Functions, Other and Eliminations" segment. EBITDA for the fourth quarter of 2021 is not adjusted for Covid-19 effects and there are no normalizations adjustments in the quarter.

<i>(EUR 1 000)</i>	Group functions, Other and Eliminations		Hurtigruten Group	
	01.01-31.12	01.01-31.12	01.01-31.12	01.01-31.12
	2021	2020	2021	2020
Operating revenues	29,009	28,835	150,973	189,604
Contractual revenues	-	-	71,715	79,162
Total operating revenues	29,009	28,835	222,688	268,766
Direct cost of goods and services	(445)	122	(31,152)	(42,440)
Personell expenses	(48,193)	(32,943)	(117,834)	(92,690)
Depreciation and impairment losses	(15,426)	(22,637)	(92,561)	(76,951)
Other operating costs	(75,780)	(43,588)	(181,033)	(136,797)
Net other gains/(losses)	(3,889)	(7,172)	3,018	(14,719)
Operating profit/(loss)	(114,724)	(77,383)	(196,875)	(94,831)
EBITDA	(99,298)	(54,746)	(104,314)	(17,880)
EBITDA excl Other gain/(losses)	(95,409)	(47,574)	(107,331)	(3,161)
Normalized adjusted EBITDA	(95,409)	(49,403)	(107,331)	(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. SG&A is not allocated to the business segments Hurtigruten Norway, Hurtigruten Expeditions and Hurtigruten Destinations, and these costs are reported within the "Group Functions, Other and Eliminations" segment. EBITDA for the fourth quarter of 2021 is not adjusted for Covid-19 effects and there are no normalizations adjustments in the quarter.*

Note 4 Interest-bearing liabilities

<i>(EUR 1 000)</i>	31.12 2021	31.12 2020
<i>Secured</i>		
Bond	296,696	295,625
Term loans and financial lease	869,758	836,485
Revolving credit facilities	84,311	83,964
Total secured non-current interest-bearing liabilities	1,250,765	1,216,073
<i>Unsecured</i>		
Lease liabilities ¹⁾	63,240	11,560
Other borrowings	80,056	11,129
Total unsecured non-current interest-bearing liabilities	143,295	22,689
Total non-current interest-bearing liabilities	1,394,061	1,238,762
<i>Secured</i>		
Term loans and financial lease	8,427	12,505
Total secured current interest-bearing liabilities	8,427	12,505
<i>Unsecured</i>		
Lease liabilities ¹⁾	10,822	4,261
Other borrowings	5,732	3,169
Total unsecured current interest-bearing liabilities	16,554	7,430
Total current interest-bearing liabilities	24,981	19,934

¹⁾ The accounting for lease-contracts in reference to IFRS 16 are reflected in the lease liabilities, 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>	31.12 2021	31.12 2020
Less than one year	25,349	20,082
Year 2 and 3	321,694	232,282
Year 4 and 5	941,576	728,676
More than 5 years	131,222	300,642
Total interest-bearing liabilities	1,419,842	1,281,682

Note 5 Net financial items

<i>(EUR 1 000)</i>	4th quarter 2021	4th quarter 2020	01.01-31.12 2021	01.01-31.12 2020
Interest income	388	76	661	947
Other financial income	656	1,266	1,904	2,394
Financial income	1,044	1,341	2,566	3,341
Interest expenses	(18,634)	(14,237)	(68,930)	(48,199)
Other finance expenses	(4,406)	(1,378)	(13,250)	(18,294)
Financial expenses	(23,039)	(15,615)	(82,179)	(66,493)
Net foreign exchange gains/(losses)	244	241	2,509	(5,632)
Net financial items	(21,752)	(14,033)	(77,105)	(68,785)

Note 6 Trade payables and other liabilities

<i>(EUR 1 000)</i>	31.12 2021	31.12 2020
Trade payables	23,493	13,735
Trade payables and current liabilities Group	2,260	30,130
Public duties payable	5,185	2,851
Other current liabilities	10,329	12,526
Accrued expenses	33,938	25,743
Accrued interest	24,682	14,372
Deferred revenue	10,953	3,129
Trade payables and other liabilities	110,840	102,486

Note 7 Covid-19

Our business continues to be impacted by the Covid-19 pandemic. The level of international travel has picked up but will remain below normal levels in the first quarter of 2022. The Covid-19 pandemic has created a 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 the fourth quarter of 2021, the Group has assessed the carrying values of the Group's assets for impairment according to the requirements in 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 further ramp-up in operations after the Covid-19 effects on the travel industry. The impairment tests are supported by the booking development for 2022 and 2023. 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 8 Events after the reporting period

Hurtigruten Group AS has in February 2022 successfully completed a new three-year EUR 50 million senior unsecured green bond issue with maturity date on 14 February 2025. Net proceeds from the bond issue will be used to finance green projects as defined in Hurtigruten Group's Green Bond Framework. This includes the upgrade of three ships in the Hurtigruten Norway fleet to battery-hybrid power, meaning installation of new low-emission engines equipped with Selective Catalytic Reduction and large battery packs to reduce CO2 emissions with 25% and NOX emissions with 80%.

No other events of significance have occurred after the reporting period.

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, amortisation 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, amortisation 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, amortisation and impairment, and share of profit/(loss) from associated companies, adjusted with items which is deemed extraordinary, exceptional, unusual or non-recurring. Group SG&A is not allocated to the operating segments Hurtigruten Norway and Hurtigruten Expeditions.	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 taxes	Earnings before income tax expense.	Enables comparability of profitability regardless of tax situation.
Other gains/(losses)	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 1 000)</i>	4th quarter 2021	4th quarter 2020	01.01-31.12 2021	01.01-31.12 2020
Operating profit/(loss) to EBITDA				
Operating profit/(loss)	(66,265)	(47,046)	(196,875)	(94,831)
- Depreciation, amortization and impairment	(17,386)	(33,126)	(92,561)	(76,951)
EBITDA	(48,879)	(13,920)	(104,314)	(17,880)
EBITDA to EBITDA excluding other gains/(losses)				
EBITDA	(48,879)	(13,920)	(104,314)	(17,880)
- Other (losses)/gains – net	(9,268)	564	3,018	(14,719)
EBITDA excl other gains /(losses)	(39,611)	(14,485)	(107,332)	(3,161)
EBITDA excluding other gains/(losses) to normalized adjusted EBITDA				
EBITDA excl other gains /(losses)	(39,611)	(14,485)	(107,332)	(3,161)
- Net non-recurring revenues/(expenses)	-	-	-	(457)
Normalized adjusted EBITDA	(39,611)	(14,485)	(107,332)	(2,704)

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.