

Fourth quarter report 2020



Hurtigruten Group AS Consolidated Interim Financial Statements Fourth quarter 2020

Published 25 February 2021

Summary

With the second wave of the Covid-19 pandemic increasing in magnitude and new travel restrictions being imposed, Hurtigruten temporarily suspended most of the operations in Q4 2020. From October 2020 we only operated 2 ships on the Norwegian coast in a shortened route in Northern Norway. From 1st of January Hurtigruten has been operating 5 ships along the Norwegian Coast in the normal Norwegian Coastal Express operation.

Revenue for 2020 was down 56.0 % to EUR 268.8 million (same period in 2019: EUR 608.8 million)

- 2020 normalized EBITDA excluding other gains and losses of negative EUR 2,7 million (same period in 2019; EUR 145 million)

Revenue in Q4 2020 was EUR 38.4 million (Q4 2019: EUR 128.0 million).

- Q4 2020 normalized EBITDA before other gains and losses of negative EUR 14.5 million (Q4 2019; EUR 7.88 million)

Hurtigruten had an average monthly cash burn rate in Q4 2020 of approx. EUR 13 million per month before working capital

Refund levels, in Q4 2020, was low with prepayments from customers increasing to EUR 92.1 million from 86.4 million as of end of Q3 2020

As of 31st of December Hurtigruten had a liquidity position of approximately EUR 72 million of cash of which restricted cash was EUR 54.7 million

- In December Hurtigruten signed a Letter of Credit operating facility of EUR 60 million which was utilized in January 2021 to release the restricted cash

With the distribution of vaccines we are of the opinion that the travel pattern will resume gradually in Q3 2021 and that we are back to a more normal state of operations in 2H 2021

We still see a net inflow of bookings for 2H of 2021. 2022 is developing very strongly and the booking levels are 43% higher compared to the same time last year for 2021

In October 2020 Hurtigruten initiated the sales process of the real-estate portfolio on the archipelago of Svalbard and we expect that a transaction will be announced in the near future

Key figures^{1,2,3,4}

EUR 1 000	4th quarter 2020	4th quarter 2019	% Change	01.01-31.12 2020	01.01-31.12 2019	% Change
Operational revenues	19,361	110,693	-82.5 %	189,604	536,252	-64.6 %
Contractual revenues	19,046	17,316	10.0 %	79,162	72,563	9.1 %
Total revenue	38,407	128,008	-70.0 %	268,765	608,815	-55.9 %
EBITDA	(13,920)	(1,243)	-1019.5 %	(17,880)	123,169	-114.5 %
Other gains/(losses) – net	564	(2,009)	128.1 %	(14,719)	(5,619)	-162.0 %
EBITDA excl Other gains (losses)	(14,485)	766	-1991.2 %	(3,161)	128,788	-102.5 %
Normalised adjusted EBITDA	(14,485)	7,882	-283.8 %	(2,704)	144,989	-101.9 %
Hurtigruten Norway						
PCNs	6,896	267,267	-97.4 %	367,891	1,313,956	-72.0 %
Gross ticket yield (EUR)	334	222	50.1 %	241	278	-13 %
Occupancy rate	8.4 %	66.1 %	-58 p.p.	50.4 %	79.1 %	-29 p.p.
Hurtigruten Expeditions						
PCNs	-	68,254	-100.0 %	90,268	221,591	-59.3 %
Gross ticket yield (EUR)	-	673	-100.0 %	591	610	-3 %
Occupancy rate	0.0 %	76.8 %	-77 p.p.	72.7 %	75.8 %	-3.1 p.p.

¹ The figures presented in this report are unaudited.

² Normalized adjusted EBITDA is calculated as Reported EBITDA excluding other gains and losses adjusted for cost and revenue items which is deemed extraordinary, exceptional, unusual or non-recurring. EBITDA for Q4 2020 is not adjusted for Covid-19 effects and the remaining normalizations are immaterial in the period.

³ Occupancy rate is normally calculated based on APCN (available capacity) including any laid up period. In 2020, due to the Covid-19 pandemic, the majority of the ships were in warm-stack since the middle of March, and the APCN presented for 2020 is APCN adjusted for the laid-up period caused by the Covid-19 pandemic, including only the available capacity on the actual sailings. Occupancy rate based on normal APCN was 1.6% for Q4 2020 and 22.6% for YTD 2020 for the Hurtigruten Norway segment, and 0% for Q4 2020 and 17.1 % for YTD 2020 for the Hurtigruten Expeditions segment.

⁴ On January 1st 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 small-size expedition cruise vessels. The new tailor-made expedition cruise vessel MS Roald Amundsen was delivered in June 2019, followed by her sister ship MS Fridtjof Nansen in December 2019. Hurtigruten opens a unique gateway to experiences all over the world, from the Arctic to warmer waters and Antarctica, as well as the Norwegian coast to global travelers. Hurtigruten's operations builds on a rich heritage, having connected the many coastal communities in Norway since 1893, and operated expedition cruises since 1896 - with the first sailing to Svalbard. Today, Hurtigruten combines a deeply rooted desire to offer genuine local experiences while leaving a smaller footprint when shaping the future of the growing expedition cruise market. For more information on Hurtigruten, please visit <http://www.hurtigruten.no/>.

Hurtigruten has three business segments:

Hurtigruten Norway



Hurtigruten Expeditions



Hurtigruten Destinations



Hurtigruten Norway

The largest segment with 11 ships providing expedition cruises along the Norwegian coast between Bergen and Kirkenes through 34 northbound and 33 southbound port calls on an 11-day round trip, the Norwegian Coastal Express (Hurtigruten). The segments' guests are predominantly international adventure and expedition cruise travellers.

From 2021 Hurtigruten will operate 7 ships in this segment under a new 10 year contract with the Norwegian Ministry of transportation, compared to 11 ships today. The segment accounted for 73% of group revenues for the full year of 2019 and 64% of revenues for the full year of 2020.

The vessel schedule and infrastructure are leveraged to provide a combination of local transport and freight services on top of the unique small-ship cruise offering. For this scheduled service Hurtigruten receives an annual fixed fee from the Norwegian government under the coastal service contract.

Hurtigruten Expeditions

The second largest segment, offering unique expedition cruises on board the small-size (250-500 beds) 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 through a charter agreement operates shorter expedition cruises on the archipelago of Svalbard during the summer season. The Expedition cruises segment was strengthened in 2019 with the two new

purpose-built 530 passenger polar cruise vessels MS Roald Amundsen and MS Fridtjof Nansen, the latter commercial sailing in June. The segment accounted for 22% of group revenues for the full year 2019 and 20% of revenues year to date per December 2020. From 2021 the Hurtigruten Expeditions segment will be Hurtigruten's largest segment when three of the largest vessels from the Hurtigruten Norway segment will be transferred to the Hurtigruten Expeditions segment.

Hurtigruten Destinations

Comprises year-round hotel and restaurant activities as well as Arctic experience tourism in Svalbard and Kirkenes. Hurtigruten Svalbard operates three hotels, one equipment store, one sports retail store. In addition, the segment also included the 50% ownership in Hurtigruten Barents which owns real-estate in Kirkenes. This segment accounted for 5% of the total revenues for the full year of 2019, and 5% of the revenues in full year of 2020.

Group Function & other

This segment includes all the cost associated with the head office including group management and other functions supporting the operational business segments with strategy, funding, liquidity and other operational support. Costs related to sales, marketing and brand building is not allocated to the different operational business segments as the commercial organisation is distributing services across all segments. In 2020, the segment includes the government grant from the "Covid-19 relief plan" for companies severely affected by Covid-19 for the period of March-December.

Operational review

During the year 2020, Hurtigruten has been in an unprecedented situation, where for the first time in 127 years, the majority of the Group's 16 ships lay idle due to the Covid-19 pandemic. The pandemic has significantly affected the Norwegian and Global demand for travel related services.

In the middle of March, Hurtigruten had to terminate most ongoing cruises, send the passengers on board home, and cancel the subsequent planned cruises. Operations were gradually resumed in June, with the first sailing in the Hurtigruten Norway segment starting 16th of June, gradually increasing to 6 ships in operation on the Norwegian Coast during the summer and fourth quarter. In July, sailings on MS Amundsen, MS Nansen and MS Spitsbergen resumed. On the 31st of July, there was an outbreak of Covid-19 on MS Roald Amundsen, which led to the temporary suspension of the Expedition sailings. The short-term financial effect of the outbreak on MS Roald Amundsen is estimated to be EUR 2.1 million. As the Covid-19 pandemic situation around the world has escalated during second half of 2020, the Group has seen it necessary to downscale the number of vessels in operation, and as of end of the year 2020, there are 2 ships operating the Hurtigruten Norway segment on a shortened route between Bodø and Kirkenes, and all expedition ships are temporary laid up. In Q1 2021, production along the Norwegian Coast is increased to 5 ships sailing from Bergen to Kirkenes, in line with the supplementary agreement with the Norwegian Ministry of Transportation.

Further, the management has temporarily laid off a large number of the Group's employees, but as operations resume, we will gradually take back employees.

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

The Group's financial performance in the fourth quarter of 2020 has been severely impacted by the Covid-19 pandemic. Before the pandemic hit, the financial performance was strong, with substantial growth year over year. However, since operations almost fully stopped in the last weeks of March and this continued throughout the summer and into last half year, Normalized adjusted EBITDA in the fourth quarter decreased from EUR 7.9 million last year to EUR -14.5 million this year, and total reported fourth quarter EBITDA decreased with EUR 12.7 million from negative EUR 1.2 million to negative EUR 14.0 million compared to same period last year. Hurtigruten recognised, in the 4th quarter a government grant of EUR 15.8 million. This grant was paid out in January and February. The government has communicated that the scheme will run until end of June 2021.

Total Passenger Cruise Nights (PCN) for the Hurtigruten Norway segment decreased by 97 % in the fourth quarter to 6,896 PCN compared to last year due to the Covid-19 pandemic. The Hurtigruten Expeditions segment had cancelled all sailings in the period.

The occupancy rate including only available capacity for the ships in operation for the Norwegian Coast segment, was 8.4% in the fourth quarter of 2020. As much of the world is regulated by strict travel restrictions, the passengers on the Norwegian Coast consists primarily of local port to port customers.

There were no material technical incidents in the period.

Hurtigruten had a strong position with record level pre-booking going into 2020 and a healthy financial outlook. Due to the Covid-19 pandemic short-term bookings have seen a negative impact though we still see an inflow of 2021 bookings especially for the 2H of 2021 and into 2022. Currently 2022 bookings are 44% higher compared to 2021 one year ago.

Results of operations

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

(in EUR 1 000)	4th quarter	4th quarter	%	01.01-31.12	01.01-31.12	%
Total operating revenues	2020	2019	Change	2020	2019	Change
Hurtigruten Norway	21,528	78,045	-72.4%	171,550	444,040	-61.4%
Hurtigruten Expeditions	(127)	45,927	-100.3%	53,908	135,190	-60.1%
Hurtigruten Destinations	2,139	3,694	-42.1%	14,472	30,432	-52.4%
Group functions, Other and Elimination:	14,866	342	4240.5%	28,835	(848)	3502.3%
Total	38,407	128,008	-70.0%	268,766	608,815	-55.9%

Operating profit/(loss)

Hurtigruten Norway	(7,724)	9,486	-181.4%	15,946	132,009	-87.9%
Hurtigruten Expeditions	(13,344)	11,146	-219.7%	(31,217)	39,112	-179.8%
Hurtigruten Destinations	(1,826)	(2,580)	29.2%	(2,177)	1,392	-256.4%
Group functions, Other and Elimination:	(24,151)	(34,263)	29.5%	(77,383)	(104,931)	26.3%
Total	(47,046)	(16,211)	-190.2%	(94,831)	67,582	-240.3%

EBITDA

Hurtigruten Norway	3,052	19,609	-84.4%	47,334	168,156	-71.9%
Hurtigruten Expeditions	(7,724)	12,453	-162.0%	(11,782)	47,571	-124.8%
Hurtigruten Destinations	(734)	(1,487)	50.6%	1,315	4,558	-71.2%
Group functions, Other and Elimination:	(8,514)	(31,818)	73.2%	(54,746)	(97,116)	43.6%
Total	(13,920)	(1,243)	-1019.5%	(17,880)	123,169	-114.5%

EBITDA margin

Hurtigruten Norway	14.2 %	25.1 %	-10.9 p.p.	27.6 %	37.9 %	-10.3 p.p.
Hurtigruten Expeditions	NM	27.1 %		-21.9 %	35.2 %	-57.0 p.p.
Hurtigruten Destinations	-34.3 %	-40.3 %	5.9 p.p.	9.1 %	15.0 %	-5.9 p.p.
Group functions, Other and Elimination:	NM	NM		NM	NM	
Total	-36.2%	-1.0%	36.3 p.p.	-6.7%	20.2%	-132.9 %

Normalized adjusted EBITDA

Hurtigruten Norway	171	21,992	-99.2 %	54,540	176,352	-69.1 %
Hurtigruten Expeditions	(7,628)	15,848	-148.1 %	(9,152)	55,671	-116.4 %
Hurtigruten Destinations	(669)	(1,703)	60.7 %	1,310	4,325	-69.7 %
Group functions, Other and Elimination:	(6,359)	(28,255)	77.5%	(49,403)	(91,359)	45.9%
Total	(14,485)	7,882	-283.8%	(2,704)	144,989	-101.9%

*) 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 Q4 2020 is not adjusted for Covid-19 effects and the remaining normalizations are immaterial in the quarter.

Segment review

Hurtigruten Norway

<i>EUR 1 000</i>	4th quarter 2020	4th quarter 2019	Change	01.01-31.12 2020	01.01-31.12 2019	Change
Operational revenues	2,482	60,729	-95.9 %	92,388	371,477	-75.1 %
Contractual revenues	19,046	17,316	10.0 %	79,162	72,563	9.1 %
Total revenue	21,528	78,045	-72.4 %	171,550	444,040	-61.4 %
EBITDA	3,052	19,609	-84.4 %	47,334	168,156	-71.9 %
Other gain/(losses) - net	2,881	(1,050)	374.4 %	(6,795)	(5,826)	-16.6 %
EBITDA excl other gains/(losses)	171	20,659	-99.2 %	54,128	173,982	-68.9 %
Normalised adjusted EBITDA	171	21,992	-99.2 %	54,540	176,352	-69.1 %

*) 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. 2020 EBITDA is not adjusted for Covid-19 effects and the remaining normalizations are immaterial in the quarter.

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 2020	4th quarter 2019	01.01-31.12 2020	01.01-31.12 2019
PCNs	6,896	267,267	367,891	1,313,956
APCNs ¹⁾	81,778	404,248	729,352	1,662,022
Occupancy rate ¹⁾	8.4%	66.1%	50.4%	79.1%
Gross ticket revenues	2,301	59,403	88,683	365,744
Less:				
Commissions, costs of goods for flights, hotels, transportation and other passenger services	480	10,644	12,653	63,511
Food, beverage, shop, excursions	667	8,325	9,033	41,725
Net ticket revenues	1,153	40,434	66,997	260,508
Gross ticket revenues per PCN (EUR)	334	222	241	278
Net ticket revenues per PCN (EUR)	167	151	182	198
Ship operating costs	21,299	56,953	117,144	268,975
Selling, general and administrative expenses	57	393	279	1,072
Gross cruise costs	21,357	57,346	117,422	270,047
Less:				
Commissions, costs of goods for flights, hotels, transportation and other passenger services	480	10,644	12,653	63,511
Food, beverage, shop, excursions	667	8,325	9,033	41,725
Net cruise costs	20,209	38,376	95,736	164,811
Net cruise costs per APCN (EUR)	247	95	131	99
Fuel consumption (liter/nautical mile)	129.0	82.1	101.0	80.3
Fuel cost per liter	9.05	7.04	9.12	7.22

¹Occupancy rate is normally calculated based on APCN (available capacity) including any laid-up period. In 2020, due to the Covid-19 pandemic, the majority of the ships were in warm-stack since the middle of March. APCN and occupancy rate shown for 2020 is APCN adjusted for the laid-up period caused by the Covid-19 pandemic, including only the available capacity on the actual sailings. Occupancy rate using normal APCN including laid-up period was 1.6% for Q4 2020 and 22.6% for year to date December 31st 2020.

Operational revenue excluding the contractual income from the Norwegian state agreement, decreased from EUR 60.7 million to EUR 2.5 million in the fourth quarter compared to last year, as a result of warm-stacking several ships due to Covid-19 and sailing with lower occupancy. During the fourth quarter only 2 ships have been sailing between Bodø and Kirkenes. The remaining ships have been warm stacked along different ports in Norway. Estimated average operating costs for ships in warm-stack

excluding passenger costs for Q4 was approx. EUR 0.32 million per ship per month for the Hurtigruten Norway fleet.

From January 2021, the Group is increasing the production on the Norwegian Coast, in agreement with the Ministry of Transportation. 5 ships will be sailing from Bergen to Kirkenes, and the agreement will apply throughout first quarter 2021.

Hurtigruten Expeditions

<i>EUR 1 000</i>	4th quarter 2020	4th quarter 2019	Change	01.01-31.12 2020	01.01-31.12 2019	Change
Operational revenues	(127)	45,927	-100.3 %	53,908	135,190	-60.1 %
Total revenue	(127)	45,927	-100.3 %	53,908	135,190	-60.1 %
EBITDA	(7,724)	12,453	-162.0 %	(11,782)	47,571	-124.8 %
Other gain/(losses) - net	(96)	(342)	71.9 %	757	298	-353.9 %
EBITDA excl other gains/(losses)	(7,628)	12,795	-159.6 %	(11,025)	47,273	-123.3 %
Normalised adjusted EBITDA	(7,628)	15,848	-148.1 %	(9,152)	55,671	-116.4 %

**) 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. EBITDA for Q4 2020 is not adjusted for Covid-19 effects and the remaining normalizations are immaterial in the quarter.*

<i>EUR 1 000 Except for PCNs, APCNs, occupancy rate, fuel consumption and fuel cost per liter</i>	4th quarter 2020	4th quarter 2019	01.01-31.12 2020	1.01-31.12 2019
PCNs	0	68,254	90,268	221,591
APCNs ¹⁾	0	88,843	124,164	292,418
Occupancy rate ¹⁾	0.0 %	76.8 %	72.7 %	75.8 %
Gross ticket revenues	(116)	45,916	53,384	135,205
Less:				
Commissions, costs of goods for flights, hotels, transportation and other passenger services	321	14,169	11,246	35,103
Food, beverage, shop, excursions	268	2,677	4,848	7,594
Net ticket revenues	(704)	29,070	37,289	92,508
Gross ticket revenues per PCN (EUR)	-	673	591	610
Net ticket revenues per PCN (EUR)	-	426	413	417
Ship operating costs	7,488	32,817	64,900	87,521
Selling, general and administrative expenses	13	315	33	396
Gross cruise costs	7,501	33,132	64,933	87,917
Less:				
Commissions, costs of goods for flights, hotels, transportation and other passenger services	321	14,169	11,246	35,103
Food, beverage, shop, excursions	268	2,677	4,848	7,594
Net cruise costs	6,912	16,286	48,839	45,220
Net cruise costs per APCN (EUR)	n.m	183	393	155
Fuel consumption (liter/nautical mile)	0.0	95.3	154.2	87.3
Fuel cost per liter	5.00	7.66	6.47	6.81

¹⁾Occupancy rate is normally calculated based on APCN (available capacity) including any laid-up period. In 2020, due to the Covid-19 pandemic, the majority of the ships were in warm-stack since the middle of March. APCN and occupancy rate shown for 2020 is APCN adjusted for the laid-up period caused by the Covid-19 pandemic, including only the available capacity on the actual sailings. Occupancy rate using normal APCN including laid-up period was 0% for Q4 2020 and 17.1% for year to date December 31st 2020.

Hurtigruten Expeditions had a very strong start in the first months of 2020, and the growth was set to continue with the introduction of MS Fridtjof Nansen in March. However, given the Covid-19 impact, all expedition sailings were suspended in the second quarter, but operations were resumed in end of June with MS Fridtjof Nansen sailing from Hamburg to the Norwegian Coast. In July, MS Roald Amundsen were sailing between Tromsø and Svalbard, and MS Spitsbergen were sailing around Svalbard. The increased level of infections in Northern Europe in July and August which also included a Covid-19 virus outbreak on MS Roald Amundsen caused Hurtigruten to suspend all Hurtigruten Expeditions

cruises from the beginning of August and throughout the year 2020.

The gross ticket revenue was EUR -0.1 million for the fourth quarter compared to EUR 45.9 million for the same period last year. Negative revenues are related to refunds to customers from previous months. Costs related to commissions, flights, hotels, and other passenger services are related to losses the group incurred on previously booked on 3rd party providers, while costs for food and beverage are costs incurred for inventory changes.

Ship operating costs are costs for maintaining the ships in warm-stack in the period.

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

Hurtigruten Destinations

The Hurtigruten Destinations segment comprises year-round hotel and restaurant activities as well as Arctic experience tourism in Svalbard in addition to a 50% ownership in Hurtigruten Barents which owns real estate used for excursions and services provided to Hurtigruten. Hurtigruten Svalbard operates three hotels, two equipment stores and one expedition operator.

<i>EUR 1 000</i>	4th quarter 2020	4th quarter 2019	Change	01.01-31.12 2020	01.01-31.12 2019	Change
Operational revenues	2,139	3,694	-42.1 %	14,472	30,432	-52.4 %
Total revenue	2,139	3,694	-42.1 %	14,472	30,432	-52.4 %
EBITDA	(734)	(1,487)	50.6 %	1,315	4,558	-71.2 %
Other gain/(losses) - net	(65)	5	-1473.1 %	5	23	-79.7 %
EBITDA excl other gains/(losses)	(669)	(1,492)	55.2 %	1,310	4,536	-71.1 %
Normalised adjusted EBITDA	(669)	(1,703)	60.7 %	1,310	4,325	-69.7 %

**) 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 Q4 2020 is not adjusted for Covid-19 effects and the remaining normalizations are immaterial in the quarter.*

The Hurtigruten Destinations segment had in the fourth quarter operational revenue of EUR 2.1 million compared to EUR 3.7 million in 2019 which was a decrease of 42.1%. The decrease is mainly driven by the effects of the Covid-19 pandemic on operations with extensive travel restrictions across Europe in all

of the fourth quarter. On Svalbard the hotel Radisson Blu has been open for guests, while Coalminers Cabin is leased to Svalbard Folkehøgskole and Funken Lodge has been closed. Our property in Kirkenes is operated by Radius Kirkenes but is currently closed due to the Covid-19 pandemic.

Group Functions, Other and Eliminations

<i>EUR 1 000</i>	4th quarter 2020	4th quarter 2019	Change	01.01-31.12 2020	01.01-31.12 2019	Change
Operational revenues	14,866	342	n.m.	28,835	(848)	3502.3 %
Total revenue	14,866	342	n.m.	28,835	(848)	3502.3 %
EBITDA	(8,514)	(31,818)	73.2 %	(54,746)	(97,116)	43.6 %
Other gain/(losses) - net	(2,155)	(622)	-246.5 %	(7,172)	(113)	-6233 %
EBITDA excl other gains/(losses)	(6,359)	(31,196)	79.6 %	(47,574)	(97,002)	51.0 %
Normalised adjusted EBITDA	(6,359)	(28,255)	77.5 %	(49,403)	(91,359)	45.9 %

**) 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 Q4 2020 is not adjusted for Covid-19 effects and the remaining normalizations are immaterial in the quarter.*

Operating revenues of EUR 14.9 million in the fourth quarter of 2020 mainly consist of a provision for the grant from the Norwegian Government Business Compensation Scheme for the last 3 months of the grant period up until December 2020, which is granted to enterprises with a significant drop in revenue due to Covid-19.

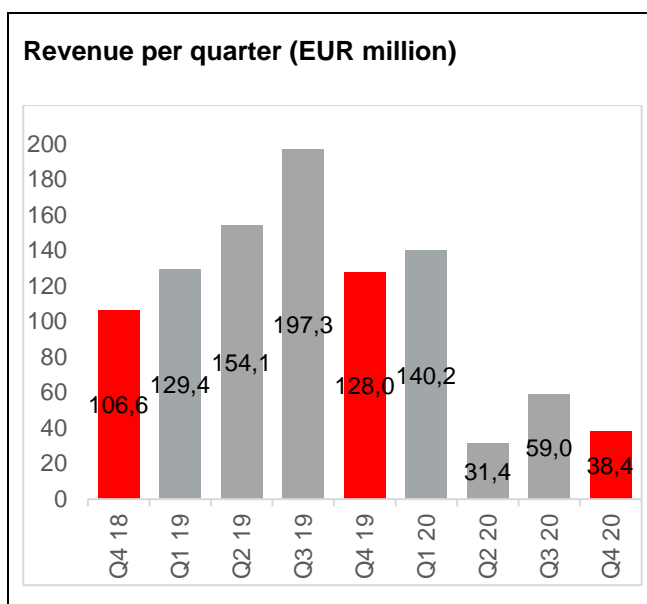
reduction in costs is mainly due to the cost reductions program that the management put in place to mitigate the Covid-19 impact.

Negative EBITDA for the quarter amounts to EUR 8,5 million compared to negative EBITDA of EUR 31.8 million in the same period of 2019. The

Financial review

The financial information for the three months ended 31 December 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 December 2019.

Profit and loss



Group revenue decreased by 70.0% in the fourth quarter of 2020 compared to the same period last year from EUR 128.0 million to EUR 38.4 million. The decrease is driven by the impact from the Covid-19 pandemic on operations, where travel restrictions reduced the production substantially. Contractual revenue from the state agreement for the passenger transportation in the Hurtigruten Norway segment increased by 10.0% in the fourth quarter compared to last year.

Total payroll costs were EUR 22.4 million in the quarter, a decrease of 35.7% year over year. Both crew and SG&A expenses are lower than last year due to the furloughs caused by Covid-19 pandemic. In the fourth quarter SG&A payroll cost was down 22%, while crew costs decreased by 44%.

Specification of other operating costs

	4th quarter	4th quarter	%	01.01-31.12	01.01-31.12	%
(EUR 1 000)	2020	2019	change	2020	2019	change
Cost of goods sold ¹	(2,497)	(37,678)	-93.4 %	(42,440)	(158,570)	-73.2 %
Operating costs (ex fuel) ¹	(12,299)	(16,790)	-26.7 %	(59,553)	(65,101)	-8.5 %
Fuel costs	(3,027)	(15,253)	-80.2 %	(29,629)	(61,201)	-51.6 %
Sales and administrative costs	(12,708)	(22,734)	-44.1 %	(47,615)	(60,830)	-21.7 %
Total	(30,531)	(92,454)	-67.0 %	(179,237)	(345,701)	-48.2 %

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 are restated.

Due to the reduced production in the period, other operating costs decreased by 67.0% from the same period last year to EUR 30.5 million in the fourth quarter of 2020.

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

onboard the cruise vessels and commission to travel agents. The cost of goods sold decreased due to the halt in operations in fourth quarter.

Operating costs include all other cruise operating costs, harbour costs, bareboat lease costs and maintenance of the vessels, costs which are less directly variable with the level of production, and the

costs in fourth quarter decreased by 26.7% compared to same period last year, which is relatively less than the decrease in other more directly variable production costs, due to running costs in the quarter for maintaining the ships in warm-stack during the halt in operations.

Fuel costs in the quarter decreased by 80.2% to EUR 3.0 million, compared to the same quarter last year.

Sales and administrative costs decreased by 44.1% to EUR 12.7 million in the fourth quarter compared to last year, due to downscaling of activities and furloughs.

Fourth quarter depreciation, amortization and impairment was EUR 33.1 million, compared to EUR 15.0 million same quarter last year. The increase is due to the addition of MS Fridtjof Nansen to the fleet in addition to an impairment on intangible assets in the fourth quarter of 2020. In preparing for the ramp-up in operations in 2021, the Group recognizes that some of its IT software capitalizations will not be utilized in the new organization and future operations, and as such recognized an impairment of these assets in the fourth quarter of 2020. The increase in depreciations is offset by relatively higher depreciation in fourth quarter of 2019 due to depreciations on the vessels MS Nordlys and MS Richard With that was classified as right of use assets in 2019. The ownership of these ships was transferred to within the Hurtigruten Group in the beginning of 2020.

Net other gains and losses for the fourth quarter was a gain of EUR 0.6 million (loss of EUR 2.0 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 translated from other currencies to EUR.

Fourth quarter operating loss was EUR 47.0 million, compared to operating loss of EUR 16.2 million in the same period last year, a decrease of EUR 30.8 million due to the effects of the Covid-19 pandemic on operations.

Net financial loss was EUR 14.0 million in the fourth quarter of 2020 compared to a loss of EUR 1.6 million in the fourth quarter of 2019. The increase in cost is primarily driven by higher interest costs due to refinancing and new borrowings during 2020 as well as currency translation effects. 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 income in the fourth quarter was EUR 10.2 million, compared to a tax income of EUR 6.0 million in 2019.

The net loss for the fourth quarter was EUR 60.0 million compared to a loss of EUR 11.9 million in 2019.

Financial position and liquidity

Cash flow

Net cash outflow from operating activities in the fourth quarter was EUR 29.9 million, vs. a net inflow of EUR 10.1 million in the same period last year. The decrease for the year is primarily due to lower EBITDA and negative changes in working capital due to lower level of working capital including prepaid travels.

Net cash outflow used in investing activities was EUR 22.4 million in Q4 2020 compared to EUR 189.2 million in same period last year. Investments in assets has decreased with EUR 188 million compared to last year, as fourth quarter in 2019 included the purchase of MS Fridtjof Nansen, and most investment activities were brought to a minimum in fourth quarter this year to only performing critical investments, given the current environment. Other adjustments in the quarter of EUR 9,9 million are primarily increases in restricted funds, which is driven by temporary increased cash collateral requirements under the different travel guarantee schemes as a result of the Covid-19 pandemic.

The Group expects normalized annual maintenance capital expenditures for the vessels to be around EUR 25 million when the fleet is back in normal operations.

Net cash outflow from financing activities was EUR 9.4 million in fourth quarter of 2020, and EUR 168.1 million for the fourth quarter last year. Last year included draw-down of EUR 173 million on the ECA loan to purchase MS Fritjof Nansen. 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 first quarter. In late June 2020, the company further added a Term Loan C of EUR 105 million to secure liquidity funding for at least 2020 and also into 2021 even with reduced operations. In July 2020, the Group also secured a state guaranteed bank loan of NOK 150 million, as part of the government relief package for Covid-19 affected businesses in Norway.

Paid interest expenses and transaction costs was EUR 5.1 million in the quarter, compared to EUR 2.4 million last year, the increase due to the new financing mentioned above.

Net decrease in free cash in the fourth quarter was EUR 61.7 million, compared to a decrease of EUR 10.9 million in fourth quarter of 2019.

Cash and cash equivalents in the cash flow statement totalled to EUR 17.3 million at the end of 2020 vs. EUR 35.6 million in 2019. Cash and cash equivalents in the statement of financial position, including restricted funds, totalled EUR 72.0 million at the end of the quarter in 2020 compared to EUR 47.0 million at the same time last year. At year-end 2020, the Group had fully drawn on available liquidity through the EUR 85 million Revolving Credit Facility.

Balance sheet

Total assets amounted to EUR 1,362.6 million at the end of the year, a decrease of EUR 31.1 million from year end 2019. Non-current assets decreased with EUR 37.0 million since year end 2019 primarily due to reduction in loans to group companies in Silk Topco Group, which are slightly offset by the investments in MS Finnmarken and MS Kong Harald.

Current asset amounted to EUR 118.7 million, an increase of EUR 5.8 million 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 negative EUR 102.2 million vs. positive EUR 62.7 million at year end 2019. The change in equity is due to net loss in the period, effects of currency translation differences on investments in subsidiaries, and actuarial losses on retirement benefit obligations.

The book equity ratio at 30 September 2020 was -7.5% vs. 4.5% at year-end 2019.

In October Hurtigruten initiated a sales process of the real-estate portfolio on Svalbard which will be a significant liquidity event. The current liquidity situation is stable and was further strengthened by the EUR 60m Letter of Credit that was signed in December. The management and the Board of Directors will assess the funding situation continuously. The Company are of the opinion that the liquidity resources and the plans that has been made to further strengthened the liquidity position are sufficient to ensure the funding of the Hurtigruten Group through the expected timeframe of the covid-19 pandemic and allow it to be well positioned for the recovery.

The Board of Directors acknowledge that the book equity of the Group is negative but are of the opinion that the underlying value of Hurtigruten is significantly higher. See note 10 to the financial statements for information on the Groups impairment testing of assets as per fourth quarter 2020.

The booking trends for 2H 2021 and 2022 indicate that when international travel resumes post the Covid-19 restrictions the company will generate positive net profit. The majority of our customers have decided to re-book their travel to a later time rather than cancelling. This is shown by a good momentum in booking numbers for second half of 2021 and onwards. There is a very good inflow of bookings for 2022 and the booking levels are currently 44% higher compared with same time last year.

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

Total non-current liabilities amount to EUR 1,256.4 million as per 31 December 2020, an increase of EUR 259.0 million from EUR 997.5 million at year end 2019. The increase is due to the new borrowings, where total interest bearing debt, including short term part, has increased by EUR 255.2 million. The increase is due to the financing of the purchase of MS Richard With and MS Nordlys, the newly issued EUR bond of 300 million to refinance the ECA facility of EUR 258 million related to the purchase of MS Fridtjof Nansen, Term Loan C of EUR 105 million and NOK 150 million in increased bank financing.

Current liabilities excluding borrowings were EUR 188.4 million, decreased by EUR 114,6 million since year end 2019. The decrease is primarily due to reduction in trade and other liabilities.

Outlook

The Covid-19 pandemic has caused travel restrictions to be implemented worldwide temporarily reducing the level of travel and the entire cruise industry has more or less laid up their fleet until Q2 2021, with sporadic efforts to resume cruising. There have been some companies that have started up operations again, but this has partly been reversed due to the increased level of infections.

There is still a lot of uncertainty around the duration and magnitude of the Covid-19 pandemic, but positive signs has emerged with the roll out of approved vaccines that gives protection against Covid-19.

As a result of this the company cannot estimate the impact of Covid-19 with reasonable certainty, but we expect travel to gradually pick up with the distribution of Covid-19 vaccines.

We still see booking inflow for second half of 2021 and strong inflow for 2022 and we expect this to continue. There is good demand for Hurtigruten Expeditions cruises and the classical Norwegian Coastal Express when travel is expected to resume. We are of the opinion that the travel pattern will resume gradually in 2021 with the projected distribution of vaccines and that we are back to a more normal state of operations in 2H 2021.

We will monitor the development of the Covid-19 pandemic continuously and evaluate whether we are of the opinion that it is safe to sail. We will always put the safety of our guests and crew first.

Hurtigruten's fleet consist of smaller size vessels which makes testing of passengers and crew and other risk reducing measures related to Covid-19 easier. Once travel restrictions are lifted Hurtigruten have the ability to rapidly return the fleet to operations safely and with limited costs.

Hurtigruten estimates its cash burn to be, on average, in the range of EUR 13 million to EUR 15

Off-balance sheet items

Hurtigruten has no material off-balance sheet items as per end of the year 2020.

million per month before working capital items in the current operating environment. This range includes all interest expenses, ongoing ship operating expenses, administrative expenses, hedging costs, expected necessary capital expenditures and excludes cash refunds of customer deposits, commissions and cash inflows from new and existing bookings.

The Board of Directors acknowledge that the book equity of the Group is negative, but are of the opinion that the underlying value of Hurtigruten's vessels and brand are significantly higher which supports the group fair value of the equity. This is further supported by the impairment tests that has been performed on Hurtigruten's assets in the quarter. The impairment tests are supported by the booking development for 2H of 2021 and 2022.

We still see a net inflow of bookings for 2H of 2021. 2022 is developing very strongly and the booking levels are 43% higher compared to the same time last year for 2021.

The Company believes that the liquidity resources currently available and the plans that has been put in place are sufficient to ensure the funding of the Hurtigruten Group through the expected timeframe of the covid-19 pandemic and allow it to be well positioned for the recovery.

Nevertheless, Hurtigruten is currently exploring raising or putting in place additional liquidity facilities in order to provide additional headroom in the event the current pandemic situation deteriorates. The ultimate shareholders of the Company have confirmed that they remain supportive of the Company and have indicated that they would be willing to consider providing additional liquidity if necessary.

In October Hurtigruten initiated the sales process of the real-estate portfolio on the archipelago of

Svalbard. A transaction is expected to be announced in the near future.

Risks and uncertainties

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

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

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

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

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

laws and regulations could lead to increased costs or decreased revenue.

Interim financial statements

Condensed consolidated income statement

Unaudited

<i>(EUR 1 000)</i>	<i>Note</i>	4th quarter 2020	4th quarter 2019	01.01-31.12 2020	01.01-31.12 2019
Operating revenues		19,361	110,693	189,604	536,252
Contractual revenues		19,046	17,316	79,162	72,563
Total Revenues		38,407	128,008	268,765	608,815
Payroll costs		(22,360)	(34,787)	(92,690)	(134,325)
Depreciation, amortisation and impairment		(33,126)	(14,967)	(76,951)	(55,587)
Other operating costs		(30,531)	(92,455)	(179,237)	(345,701)
Other (losses)/gains – net		564	(2,009)	(14,719)	(5,619)
Operating profit/(loss)		(47,046)	(16,211)	(94,831)	67,582
Operating profit/(loss) before depreciation, amortisation and impairment losses (EBITDA)		(13,920)	(1,243)	(17,880)	123,169
Finance income		4,322	23,271	6,238	36,209
Finance expenses		(18,355)	(24,883)	(75,022)	(54,656)
Net financial items	6	(14,033)	(1,612)	(68,785)	(18,446)
Share of profit/(loss) of associates		(101)	(67)	(52)	129
Profit/(loss) before income tax		(61,180)	(17,890)	(163,668)	49,265
Income tax expense		10,190	6,029	3,123	(67,086)
Profit/(loss) for the period		(50,990)	(11,861)	(160,544)	(17,821)
Profit/(loss) for the year attribute to					
Owners of the parent		(50,331)	(11,470)	(159,226)	(17,073)
Non-controlling interests		(658)	(391)	(1,318)	(748)

Condensed consolidated statement of comprehensive income

Unaudited

<i>(EUR 1 000)</i>	<i>Note</i>	4th quarter 2020	4th quarter 2019	01.01-31.12 2020	01.01-31.12 2019
Profit/(loss) for the period		(50,990)	(11,861)	(160,544)	(17,821)
Other comprehensive income, net of tax:					
Items that will not be reclassified to profit or loss in subsequent periods:					
Actuarial gain/loss on retirement benefit obligations		(3)	(251)	(2,278)	372
Fair value adjustments on financial instruments		-	-	-	(359)
Sum		(3)	(251)	(2,278)	13
Items that will be reclassified to profit or loss in subsequent periods:					
Cash flow hedges, net of tax		-	4,216	2,305	10,383
Currency translation differences		2,100	2,140	(4,384)	325
Sum		2,100	6,356	(2,080)	10,708
Total comprehensive income for the period		(48,893)	(5,756)	(164,902)	(7,100)
Total comprehensive income for the period attribute to					
Owners of the parent		(48,181)	(5,473)	(163,569)	(6,350)
Non-controlling interests		(711)	(283)	(1,333)	(750)

Condensed consolidated statement of financial position

Unaudited

<i>(EUR 1 000)</i>	<i>Note</i>	31.12. 2020	31.12. 2019
ASSETS			
Non-current assets			
Property, plant and equipment including right of use asse	9	944,314	927,640
Intangible assets	9	266,498	276,305
Deferred income tax assets		1,517	929
Other non-current assets		31,514	75,921
Total non-current assets		1,243,843	1,280,795
CURRENT ASSETS			
Inventories		13,778	17,782
Trade and other receivables	7	30,852	47,240
Derivative financial instruments	7	(0)	827
Assets held for sale		2,087	-
Cash and cash equivalents	7	72,037	47,028
Total current assets		118,754	112,878
Total assets		1,362,597	1,393,673
EQUITY			
Paid -in capital		185,197	185,288
Other equity not recognized in the income statement		(5,640)	(5,082)
Retained earnings		(280,292)	(117,373)
Other equity		(285,932)	(122,455)
Non-controlling interests		(1,438)	(100)
Total equity		(102,172)	62,733
LIABILITIES			
Non-current liabilities			
Interest-bearing debt	5,7	1,238,762	972,970
Prepaid travels with departure dates beyond one year		10,809	11,832
Derivative financial instruments	7	-	768
Other non-current liabilities		6,853	11,890
Total non-current liabilities		1,256,424	997,459
Current liabilities			
Trade and other liabilities	8,7	98,137	203,269
Prepaid travels with departure date within one year		81,362	91,732
Interest-bearing debt	5,7	19,934	30,491
Derivative financial instruments	7	4,564	2,543
Other current liabilities		4,349	5,445
Total current liabilities		208,346	333,480
Total equity and liabilities		1,362,597	1,393,674

Condensed consolidated statement of changes in equity

Unaudited

	01.01-31.12.2020				
	Attributable to shareholders of Hurtigruten Group AS				
<i>(in EUR 1 000)</i>	Paid -in capital	Other equity	Total	Non- controlling interests	Total Equity
Equity at beginning of the period	185,288	(122,454)	62,834	(100)	62,734
Reclassification previous years group contribution *	-91	91			
Equity at beginning of the period -	185,198	-122,363	62,834	-100	62,734
Profit/(loss) for the year	-	(159,226)	(159,226)	(1,318)	(160,544)
Other comprehensive income	-	-4,342	(4,342)	-15	(4,358)
Non-controlling interests	-	-	-	(5)	(5)
Equity at the close of the period	185,198	(285,932)	(100,735)	(1,438)	(102,172)

*) Reclassification relates to group contribution from Silk Topco AS to Hurtigruten AS in 2015, classified as paid-in capital in the financial statements of Hurtigruten AS. The Group contribution should have been classified as other equity in the consolidated statements of Hurtigruten Group.

Condensed consolidated statement of cash flows

Unaudited

<i>(in EUR 1 000)</i>	<i>Note</i>	4th quarter 2020	4th quarter 2019	01.01-31.12 2020	01.01-31.12 2019
Cash flows from operating activities					
Profit/(loss) before income tax		(61,180)	(17,890)	(163,668)	49,265
Adjustments for:					
Depreciation, amortisation and impairment losses		33,126	14,967	76,951	55,587
Interest expenses	6	15,841	1,730	63,972	27,593
Change in working capital		(22,587)	8,985	(32,395)	13,147
Change in prepaid travels		5,797	12,989	(8,217)	20,762
Other adjustments ¹		(881)	(10,430)	15,820	(24,303)
Non-cash effects of transition to EUR functional currency		-	(234)	-	(626)
Net cash flows from (used in) operating activities		(29,884)	10,118	(47,537)	141,425
Cash flows from investing activities					
Purchase and prepayment of property, plant, equipment (PPE)		(10,364)	(196,625)	(95,334)	(391,510)
Purchase of intangible assets		(2,088)	(4,283)	(10,014)	(13,870)
Loans to Group companies		-	8,265	-	4,519
Other adjustments ²		(9,937)	3,477	(53,961)	4,286
Net cash flows from (used in) investing activities		(22,389)	(189,167)	(159,309)	(396,575)
Cash flows from financing activities					
Proceeds from borrowings	5	-	173,419	524,079	314,313
Repayment of borrowings	5	(3,053)	3,384	(265,851)	(24,222)
Payment of lease liabilities	5	(1,272)	(5,662)	(4,767)	(5,662)
Transactions with non controlling entities		-	(637)	-	(10)
Paid interest and transaction costs	6	(5,110)	(2,355)	(58,007)	(32,487)
Net cash flows from (used in) financing activities		(9,435)	168,149	195,454	251,933
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		(61,709)	(10,900)	(11,393)	(3,217)
Free cash and cash equivalents at the beginning of period		77,139	44,843	35,674	38,658
Foreign exchange gains/(losses) on cash, cash equivalents and bank overdrafts		1,825	1,731	(7,026)	233
Free cash and cash equivalents at end of period		17,255	35,674	17,255	35,674
Restricted cash		54,782	11,354	54,782	11,354
Cash and cash equivalents in the statement of financial position		72,037	47,029	72,037	47,029

¹ Other adjustments in operating cash flow include agio/disagio, adjustment for financial assets, accruals and paid income taxes.

² Other adjustments in cash flow from Investing activities relates to changes in restricted funds and settlement of financial instruments.

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 was hedged at an average price of USD 656/MT during 2020-2021. At the end of fourth quarter 2020, a total of 26,400 MT bunker fuel volume is hedged at an average price of USD 646/MT.

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 NOx

Agreement for the period 2019-2025 was signed between the business organisations and the Norwegian Authorities. The extension was approved by ESA on 22 February 2019.

The Norwegian Environment Agency monitors whether individual reduction targets have been achieved. Deviations of more than 3% of emission targets trigger a collective fine, under which businesses must pay the nitrogen oxide tax for the pro rata share of the target that has not been met. However, businesses will never pay more than the official government rate for nitrogen oxide tax.

EUR 2.0 million in nitrogen dioxide tax is recognised in financial statements in 2020, and EUR 3.2 million in 2019.

Note 4 Segments

Unaudited

	Hurtigruten Norway		Hurtigruten Expeditions		Hurtigruten Destinations	
	4th quarter 2020	4th quarter 2019	4th quarter 2020	4th quarter 2019	4th quarter 2020	4th quarter 2019
<i>(in EUR 1 000)</i>						
Operating revenues	2,482	60,729	(127)	45,927	2,139	3,694
Contractual revenues	19,046	17,316	-	-	-	-
Total operating revenues	21,528	78,045	(127)	45,927	2,139	3,694
Payroll costs	(8,710)	(16,566)	(3,317)	(4,890)	(1,037)	(2,044)
Depreciation and impairment losses	(10,776)	(10,123)	(5,621)	(1,306)	(1,092)	(1,092)
Other operating costs	(12,647)	(40,820)	(4,184)	(28,242)	(1,772)	(3,142)
Other (losses)/gains – net	2,881	(1,050)	(96)	(342)	(65)	5
Operating profit/(loss)	(7,724)	9,486	(13,344)	11,146	(1,826)	(2,580)
EBITDA	3,052	19,609	(7,724)	12,453	(734)	(1,487)
Other (losses)/gains – net	2,881	(1,050)	(96)	(342)	(65)	5
EBITDA excl Other gain/(losses)	171	20,659	(7,628)	12,795	(669)	(1,492)
Normalized adjusted EBITDA	171	21,992	(7,628)	15,848	(669)	(1,703)

<i>(in EUR 1 000)</i>	Group functions, Other and Eliminations		Hurtigruten Group	
	4th quarter	4th quarter	4th quarter	4th quarter
	2020	2019	2020	2019
Operating revenues	14,866	342	19,361	110,692
Contractual revenues	-	-	19,046	17,316
Total operating revenues	14,866	342	38,407	128,008
Payroll costs	(9,297)	(11,288)	(22,360)	(34,787)
Depreciation and impairment losses	(15,637)	(2,446)	(33,126)	(14,967)
Other operating costs	(11,928)	(20,250)	(30,531)	(92,454)
Other (losses)/gains – net	(2,155)	(622)	564	(2,009)
Operating profit/(loss)	(24,151)	(34,263)	(47,046)	(16,211)
EBITDA	(8,514)	(31,818)	(13,920)	(1,243)
Other (losses)/gains – net	(2,155)	(622)	564	(2,009)
EBITDA excl Other gain/(losses)	(6,359)	(31,196)	(14,485)	766
Normalized adjusted EBITDA	(6,359)	(28,255)	(14,485)	7,882

<i>(in EUR 1 000)</i>	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
	2020	2019	2020	2019	2020	2019
Operating revenues	92,388	371,477	53,908	135,190	14,472	30,432
Contractual revenues	79,162	72,563	-	-	-	-
Total operating revenues	171,550	444,040	53,908	135,190	14,472	30,432
Payroll costs	(37,600)	(68,816)	(17,261)	(14,348)	(4,886)	(9,412)
Depreciation and impairment losses	(31,387)	(36,146)	(19,435)	(8,459)	(3,492)	(3,166)
Other operating costs	(79,823)	(201,243)	(47,673)	(73,569)	(8,276)	(16,485)
Other (losses)/gains – net	(6,795)	(5,826)	(757)	298	5	23
Operating profit/(loss)	15,946	132,009	(31,217)	39,112	(2,177)	1,392
EBITDA	47,334	168,156	(11,782)	47,571	1,315	4,558
Other (losses)/gains – net	(6,795)	(5,826)	(757)	298	5	23
EBITDA excl Other gain/(losses)	54,128	173,982	(11,025)	47,273	1,310	4,536
Normalized adjusted EBITDA	54,540	176,352	(9,152)	55,671	1,310	4,325

<i>(in 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
	2020	2019	2020	2019
Operating revenues	28,835	(848)	189,604	536,252
Contractual revenues	-	-	79,162	72,563
Total operating revenues	28,835	(848)	268,766	608,815
Payroll costs	(32,943)	(41,750)	(92,690)	(134,325)
Depreciation and impairment losses	(22,637)	(7,815)	(76,951)	(55,587)
Other operating costs	(43,466)	(54,404)	(179,237)	(345,701)
Other (losses)/gains – net	(7,172)	(113)	(14,719)	(5,619)
Operating profit/(loss)	(77,383)	(104,931)	(94,831)	67,582
EBITDA	(54,746)	(97,116)	(17,880)	123,169
Other (losses)/gains – net	(7,172)	(113)	(14,719)	(5,619)
EBITDA excl Other gain/(losses)	(47,574)	(97,002)	(3,161)	128,788
Normalized adjusted EBITDA	(49,403)	(91,359)	(2,704)	144,989

Note 5 Interest-bearing Debt

Unaudited

	31.12.	31.12.
<i>(Figures stated in EUR 1000)</i>	2020	2019
Long term interest-bearing debt		
Bond	295,625	-
Collateralized borrowings	834,670	918,731
Financial lease ¹	11,560	11,856
Credit facilities	83,964	42,290
Other borrowings	12,943	92
Total	1,238,762	972,970
Short term interest bearing debt		
Collateralized borrowings	12,531	25,668
Financial lease ¹	4,261	4,806
Other borrowings	3,142	18
Total	19,934	30,491
Total outstanding interest-bearing debt	1,258,696	1,003,461

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

	31.12.	31.12.
<i>(Figures stated in EUR 1000)</i>	2020	2019
Less than one year	19,934	30,491
Year 2 and 3	232,282	57,038
Year 4 and 5	728,676	202,714
More than 5 years	300,642	734,611
Total Interest-bearing debt	1,281,535	1,024,855

Note 6 Net Financial items

Unaudited

	4th quarter	4th quarter	01.01-31.12	01.01-31.12
<i>(EUR 1000)</i>	2020	2019	2020	2019
Interest income on current bank deposits	76	(503)	947	548
Foreign exchange gains	2,981	22,867	2,897	31,539
Other financial income	1,266	907	2,394	4,123
Finance income	4,322	23,271	6,238	36,209
Interest expense and amortized borrowing fees	(14,237)	(6,193)	(48,199)	(32,048)
Foreign exchange losses	(2,740)	(18,221)	(8,529)	(21,784)
Other finance expenses	(1,378)	(470)	(18,294)	(824)
Finance expenses	(18,355)	(24,883)	(75,022)	(54,656)
Net Financial items	(14,033)	(1,612)	(68,785)	(18,446)

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 December 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	Total
Assets as per balance sheet					
Other receivables, non-current	28,502	274	-	-	28,777
Investment in other companies	-	-	2,230	-	2,230
Trade and other receivables	26,447	-	-	-	26,447
Total derivatives	-	-	-	-	-
Cash at bank, cash on hand and market-based investments in the balance sheet	71,920	117	-	-	72,037
Total	126,869	392	2,230	-	129,492

	Liabilities at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
Liabilities as per balance sheet				
Total interest-bearing debt	-	-	1,258,696	1,258,696
Total derivatives	4,564	-	-	4,564
Accounts payable and other short term payables	-	-	46,716	46,716
Total	4,564	-	1,305,412	1,309,976

At 31 December 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	Total
Assets as per balance sheet					
Other receivables, non-current	72,739	326	-	-	73,065
Investment in other companies	-	-	2,230	-	2,230
Trade and other receivables	33,153	-	-	-	33,153
Total derivatives	-	-	-	827	827
Cash at bank, cash on hand and market-based investments in the balance sheet	46,911	117	-	-	47,028
Total	152,804	443	2,230	827	156,304

	Liabilities at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
Liabilities as per balance sheet				
Total interest bearing debt	-	-	1,003,461	1,003,461
Total derivatives	-	3,310	-	3,310
Accounts payable and other short term payables	-	-	109,231	109,231
Total	-	3,310	1,112,692	1,116,002

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 December 2020 was EUR 1,282 million (EUR 1,025 million 31 December 2019).

Derivatives

The Group has entered into bunker fuel hedging relationships that were designated as cash flow hedges, and profits and losses were recognized in other comprehensive income according to IFRS 39. According to IFRS 39.97, if an entity expects that all or a portion of a loss recognized in other comprehensive income will not be recovered in one or more future periods, it shall reclassify into profit or loss the amount that is not expected to be recovered. Given the current situation with the Covid19 pandemic affecting the certainty and timing of future profits, the Group does not expect the cumulative loss on bunker derivatives at balance sheet date to be recovered within the future hedging period. EUR 8.7 million were reclassified from OCI to profit and loss at 30 September 2020.

Note 8 Trade and other liabilities

<i>(EUR 1000)</i>	31.12. 2020	31.12. 2019
Trade payables	13,735	13,824
Trade payables and current liabilities Group	30,130	86,272
Public duties payable	2,851	9,135
Other current liabilities	8,177	22,105
Accrued expenses	25,743	47,875
Accrued interest	14,372	8,872
Deferred revenue	3,129	15,187
Trade and other liabilities	98,137	203,269

Trade payables and current liabilities Group of EUR 30.1 million is related to the purchase of the vessels MS Richard With and MS Nordlys in 2020. The vessels were previously owned by the Coastal Holding Group, a sister Group to the Hurtigruten Group. The amount is expected to be settled in 2021.

Note 9 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 Covid-19

From the latter part of March and through second and fourth quarter this year, we have seen impact from the global spread of Covid-19 on our performance, as mobility restrictions and lockdown measures were implemented throughout the world. Thus, the Covid-19 pandemic has created challenging business environment for the Group, and an unprecedented uncertainty of potential negative impact on the financial performance. For the Group, these events are impairment triggers, and as such, as of the end of fourth quarter of 2020, the Group has assessed the carrying values of the Groups assets for impairment according to IAS 36. The value in use has been estimated for the Groups ships on a cash generating unit level and has been calculated based on the present value of estimated future cash flows. The projected cash flows represent managements best estimate for future ramp-up in operations after the Covid-19 effects on the travel industry. Net present value is calculated based on a weighted discount rate for Hurtigruten Group at 12.5%. As of quarter end, the estimated value in use is equal to or higher than the carrying value of the assets, and no impairment has been recognized in the financial statements as per 31 December 2020.

Note 11 Events after the balance sheet date

There are no events after balance sheet date that would materially affect the financial statements of Hurtigruten Group.

Definitions

Alternative Performance Measures

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

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

Alternative performance measures – reconciliation

<i>(EUR 1000)</i>	4th quarter 2020	4th quarter 2019	01.01-31.12 2020	01.01-31.12 2019
Operating profit/(loss) to EBITDA				
Operating profit/(loss)	(47,046)	(16,211)	(94,831)	67,582
- Depreciation, amortization and impairment	(33,126)	(14,967)	(76,951)	(55,587)
EBITDA	(13,920)	(1,243)	(17,880)	123,169
EBITDA to EBITDA excluding other gains/(losses)				
EBITDA	(13,920)	(1,243)	(17,880)	123,169
- Other (losses)/gains – net	564	(2,009)	(14,719)	(5,619)
EBITDA excl other gains /(losses)	(14,485)	766	(3,161)	128,788
EBITDA excluding other gains/(losses) to normalized adjusted EBITDA				
EBITDA excl other gains /(losses)	(14,485)	766	(3,161)	128,788
- Net non-recurring revenues/(expenses)	-	(7,116)	(457)	(16,201)
Normalized adjusted EBITDA	(14,485)	7,882	(2,704)	144,989

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.