



Hurtigruten Group AS

Interim report

January - June 2021

Published 27 August 2021

Key figures Hurtigruten Group

| (EUR 1 000) | 2nd quarter 2021 | 2nd quarter 2020 | % Change | 01.01-30.06 2021 | 01.01-30.06 2020 | % Change | Full year 2020 |
|---|---------------------|---------------------|-------------|---------------------|---------------------|-------------|-------------------|
| Operational revenues | 29,466 | 12,253 | 140.5 % | 46,491 | 131,337 | -64.6 % | 189,604 |
| Contractual revenues | 20,153 | 19,098 | 5.5 % | 39,186 | 40,189 | -2.5 % | 79,162 |
| Total revenues | 49,619 | 31,352 | 58.3 % | 85,677 | 171,526 | -50.1 % | 268,765 |
| EBITDA | (7,267) | (11,048) | 34.2 % | (29,662) | 8,764 | -438.5 % | (17,880) |
| Net other gains/(losses) | 14,595 | (7,072) | 306.4 % | 11,410 | (6,034) | 289.1 % | (14,719) |
| EBITDA excl Other gains (losses) | (21,862) | (3,975) | -449.9 % | (41,073) | 14,798 | -377.6 % | (3,161) |
| Normalised adjusted EBITDA | (21,862) | (3,975) | -449.9 % | (41,073) | 15,254 | -369.3 % | (2,704) |
| Net cash flows from operating activities | 197 | (35,400) | 100.6 % | (14,808) | 3,511 | -521.8 % | (58,387) |
| Hurtigruten Norway | | | | | | | |
| PCNs | 30,044 | 21,194 | 41.8 % | 38,082 | 248,556 | -84.7 % | 367,891 |
| Gross ticket yield (EUR) | 238 | 106 | 124.3 % | 236 | 257 | -8 % | 241 |
| Occupancy rate | 16.4 % | 26.8 % | -10 p.p. | 10.9 % | 60.5 % | -50 p.p. | 50.4 % |
| Hurtigruten Expeditions | | | | | | | |
| PCNs | - | 735 | -100.0 % | - | 79,218 | -100.0 % | 90,268 |
| Gross ticket yield (EUR) | - | 77 | -100.0 % | - | 636 | -100 % | 591 |
| Occupancy rate | 0.0 % | 27.7 % | -28 p.p. | 0.0 % | 84.5 % | -84.5 p.p. | 72.7 % |

¹ The figures presented in this report are unaudited.

² Normalized adjusted EBITDA is calculated as Reported EBITDA excluding other gains and losses adjusted for cost and revenue items which is deemed extraordinary, exceptional, unusual or non-recurring. EBITDA for Q2 2021 is not adjusted for Covid-19 effects and there are no normalizations adjustments in the period.

³ Occupancy rate is normally calculated based on APCN (available capacity) including any laid-up period. From 2020, due to the Covid-19 pandemic, the majority of the ships were in warm-stack since the middle of March, and the APCN presented for 2021 is APCN adjusted for the laid-up period caused by the Covid-19 pandemic, including only the available capacity on the actual sailings. Occupancy rate based on normal APCN was 12.8% for Q2 2021 for the Hurtigruten Norway segment, and 0% for Q2 2021 for the Hurtigruten Expeditions segment.

Second quarter 2021 summary

- Strong booking momentum for 2022 and 2023 with 2022 bookings, as of 16 August 2021, are 31% higher compared with the same time two years ago. The growth is driven by Hurtigruten Expeditions bookings
- Vaccines continued to be rolled out during Q2 and vaccination passports were introduced in the EU/EEA area in early July enabling quarantine free travel across the borders in Q3
- In June, Hurtigruten Expeditions announced a new partnership with Ecuador-based Metropolitan Touring which includes the chartering of the 90-bed MS Santa Cruz II on the Galapagos Islands from 2022 onwards
- Q2 concluded Hurtigruten Norway's limited operation of five ships at sea and saw it return to its full operation of seven ships in July
- Hurtigruten Expeditions continued to plan for the return to service of its seven ships

Second quarter and first half report 2021

- Travel restrictions continued to have a significant impact on the financial performance. However, there is a positive trend compared to Q2 2020 with second quarter 2021 revenues up 58.3 % to EUR 49.6 million (EUR 31.4 million in 2020).
- Reported EBITDA negative EUR 7.267 million (negative EUR 11.0 million in 2020) driven by increased marketing spend and the ramp up of the land organization that has been in furlough throughout the pandemic.
- Cash flow from operations for the second quarter of 2021 was positive EUR 0.2 million in compared to negative EUR 35.4 million in Q2 2020 and turned positive for the first time since the pandemic.
- Customer prepayments increased through the quarter from EUR 92.1 million at year-end 2020 to EUR 135.8 million at the end of Q2 2021. This is driven by increased booking momentum and low level of refunds claims.
- In Q2, Hurtigruten Group closed the sale of real estate portfolio on Svalbard to Store Norske with a net liquidity effect of approximately EUR 46 million.
- As of June 30th, 2021 Hurtigruten, had an available liquidity position of EUR 85.8 million (31 March 2021 EUR 62.0 million)
- As of June 30th, 2021, Hurtigruten had EUR 12 million tied up in i) Restricted cash (EUR 6m) ii) cash collateral related to travel bonds (EUR 6m) which is recognized in other non-current financial assets.

Hurtigruten Group – The leading global expedition travel company

Hurtigruten Group's vision is to be the world's leading expedition travel company by offering authentic and accessible experiences to travellers who wish to explore in a sustainable and meaningful way. 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, the brands: Hurtigruten Expeditions, Hurtigruten Norwegian Coastal Express, and Hurtigruten Svalbard have 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 16 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.

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 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) | 2nd quarter | 2nd quarter | % | 01.01-30.06 | 01.01-30.06 | % | Full year |
|---|-----------------|-----------------|----------------|-----------------|-----------------|-----------------|-----------------|
| | 2021 | 2020 | Change | 2021 | 2020 | Change | 2020 |
| Total operating revenues | | | | | | | |
| Hurtigruten Norway | 27,868 | 21,495 | 29.6% | 49,225 | 105,459 | -53.3% | 171,550 |
| Hurtigruten Expeditions | 385 | (30) | 1166.7% | 640 | 50,442 | -98.7% | 53,908 |
| Hurtigruten Destinations | 3,552 | 1,137 | 212.4% | 6,944 | 7,086 | -2.0% | 14,472 |
| Group functions, Other and Eliminations | 17,814 | 8,750 | 103.6% | 28,868 | 8,539 | 238.1% | 28,835 |
| Total | 49,619 | 31,352 | 58.3% | 85,677 | 171,526 | -50.1% | 268,766 |
| Operating profit/(loss) | | | | | | | |
| Hurtigruten Norway | (20,347) | 1,494 | -1462.0% | (24,229) | 18,134 | -233.6% | 15,946 |
| Hurtigruten Expeditions | (22,529) | (15,208) | -248.1% | (36,317) | 3,479 | -1143.9% | (31,217) |
| Hurtigruten Destinations | 13,081 | (1,228) | -1165.0% | 12,345 | (1,535) | 904.4% | (2,177) |
| Group functions, Other and Eliminations | (17,306) | (11,513) | -50.3% | (36,726) | (40,380) | 9.0% | (77,383) |
| Total | (47,101) | (26,455) | -78.0% | (84,927) | (20,301) | -318.3% | (94,831) |
| EBITDA | | | | | | | |
| Hurtigruten Norway | 5,328 | 9,211 | -42.2% | 5,625 | 31,661 | -82.2% | 47,334 |
| Hurtigruten Expeditions | (14,462) | (10,448) | -38.4% | (21,889) | 12,747 | -271.7% | (11,782) |
| Hurtigruten Destinations | 14,247 | (495) | 2979.8% | 14,298 | (25) | 58323.0% | 1,315 |
| Group functions, Other and Eliminations | (12,380) | (9,315) | -32.9% | (27,696) | (35,620) | 22.2% | (54,746) |
| Total | (7,267) | (11,048) | 34.2% | (29,662) | 8,764 | -438.5% | (17,880) |
| EBITDA margin | | | | | | | |
| Hurtigruten Norway | 19.1 % | 42.8 % | -23.7 p.p. | 11.4 % | 30.0 % | -18.6 p.p. | 27.6 % |
| Hurtigruten Expeditions | NM | 34397.4 % | | -3419.6 % | 25.3 % | -3444.8 p.p. | -21.9 % |
| Hurtigruten Destinations | 401.1 % | -43.5 % | 444.6 p.p. | 205.9 % | -0.3 % | 206.3 p.p. | 9.1 % |
| Group functions, Other and Eliminations | -69.5 % | NM | | -95.9 % | NM | | NM |
| Total | -14.6% | -35.2% | -6 p.p. | -34.6% | 5.1% | -777.6 % | -6.7% |
| Normalized adjusted EBITDA* | | | | | | | |
| Hurtigruten Norway | 4,362 | 11,553 | -62.2 % | 5,082 | 38,490 | -86.8 % | 54,540 |
| Hurtigruten Expeditions | (14,375) | (10,812) | -33.0 % | (23,295) | 7,665 | -403.9 % | (9,152) |
| Hurtigruten Destinations | 441 | (536) | 182.4 % | 479 | (100) | 580.2 % | 1,310 |
| Group functions, Other and Eliminations | (12,290) | (4,180) | -194.0% | (23,338) | (30,801) | 24.2% | (49,403) |
| Total | (21,862) | (3,975) | -449.9% | (41,072) | 15,254 | -369.2% | (2,704) |

*) Normalized adjusted EBITDA is calculated as Reported EBITDA excluding other gains and losses adjusted for cost and revenue items which is deemed extraordinary, exceptional, unusual or non-recurring. EBITDA for Q2 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 second quarter of 2021 continues to be severely impacted by the Covid-19 pandemic, but we see positive developments both in bookings and travel patterns. Hurtigruten Norway resumed full service since July and we are currently planning for the return to full service of Hurtigruten Expeditions.

Normalized adjusted EBITDA in the second quarter decreased from EUR -4.0 million in the second quarter of 2020 quarter to EUR -21.9 million the second quarter this year, and total reported second quarter EBITDA decreased with EUR 3.8 million from EUR -11.1 million to EUR -7.3 million. The decrease in EBITDA compared to the same period last year is mainly driven by higher SG&A costs related to sales and marketing due to normal level of sales and marketing activities in Q2. In Q2 Hurtigruten Group has recognized EUR 21.9 million in Covid-19 related compensation grants.

Total Passenger Cruise Nights (PCN) for Hurtigruten Norway increased by 42% in the second quarter to 30,044 PCN compared to the same quarter last year. Hurtigruten Expeditions did not perform any sailings in Q2.

The occupancy rate on the available capacity for the five ships operating in Hurtigruten Norway, was 16.4% in the second quarter of 2021. Due to travel restrictions, passengers travelling on Hurtigruten Norway's vessels consisted primarily of local port to port customers and a limited number of Norwegian tourists.

There were no material technical incidents during this period.

Hurtigruten Group will continue to plan for the return to full service of all its ships by the end of 2021. Hurtigruten Norway resumed full operations in July 2021 by operating seven of seven ships albeit at a lower capacity due to Covid-19 restrictions. Hurtigruten Expeditions is expected to resume operations in Q3 and Q4. Hurtigruten Destinations resumed full operations in June 2021.

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 of January 1st, 2021, Hurtigruten Norway operated five of seven ships and as of July 10th, 2021, it was back to full operations with its seven ships.

| <i>(EUR 1 000)</i> | 2nd quarter 2021 | 2nd quarter 2020 | Change | 01.01-30.06 2021 | 01.01-30.06 2020 | Change | Full year 2020 |
|---|-----------------------------|---------------------|---------|-----------------------------|---------------------|---------|-------------------|
| Operational revenues | 7,715 | 2,397 | 221.9 % | 10,038 | 65,270 | -84.6 % | 92,388 |
| Contractual revenues | 20,153 | 19,098 | 5.5 % | 39,186 | 40,189 | -2.5 % | 79,162 |
| Total revenue | 27,868 | 21,495 | 29.6 % | 49,225 | 105,459 | -53.3 % | 171,550 |
| EBITDA | 5,328 | 9,211 | -42.2 % | 5,625 | 31,661 | -82.2 % | 47,334 |
| Net other gains/(losses) | 966 | (2,342) | 141.3 % | 543 | (6,416) | 108.5 % | (6,795) |
| EBITDA excl other gains/(losses) | 4,362 | 11,553 | -62.2 % | 5,082 | 38,077 | -86.7 % | 54,128 |
| Normalised adjusted EBITDA | 4,362 | 11,553 | -62.2 % | 5,082 | 38,490 | -86.8 % | 54,540 |

**) Normalized adjusted EBITDA is calculated as Reported EBITDA excluding other gains and losses adjusted for cost and revenue items which is deemed extraordinary, exceptional, unusual or non-recurring. 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 Q2 2021 is not adjusted for Covid-19 effects and there are no normalizations adjustments in the quarter.*

Second quarter and first half report 2021

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> | 2nd quarter 2021 | 2nd quarter 2020 | 01.01-30.06 2021 | 01.01-30.06 2020 | Full year 2020 |
|---|-----------------------------|---------------------|-----------------------------|---------------------|-------------------|
| PCNs | 30,044 | 21,194 | 38,082 | 248,556 | 367,891 |
| APCNs ¹⁾ | 183,044 | 79,038 | 349,642 | 411,002 | 729,352 |
| Occupancy rate ¹⁾ | 16.4% | 26.8% | 10.9% | 60.5% | 50.4% |
| Gross ticket revenues | 7,160 | 2,252 | 8,983 | 63,810 | 88,683 |
| Less: | | | | | |
| Commissions, costs of goods for flights, hotels, transportation and other passenger services | 427 | 268 | 598 | 10,618 | 12,653 |
| Food, beverage, shop, excursions | 837 | (1,735) | 1,089 | 5,804 | 9,033 |
| Net ticket revenues | 5,896 | 3,719 | 7,295 | 47,388 | 66,997 |
| Gross ticket revenues per PCN (EUR) | 238 | 106 | 236 | 257 | 241 |
| Net ticket revenues per PCN (EUR) | 196 | 175 | 192 | 191 | 182 |
| Gross cruise costs | 23,506 | 9,939 | 44,143 | 67,382 | 117,422 |
| Less: | | | | | |
| Commissions, costs of goods for flights, hotels, transportation and other passenger services | 427 | 268 | 598 | 10,618 | 12,653 |
| Food, beverage, shop, excursions | 837 | (1,735) | 1,089 | 5,804 | 9,033 |
| Net cruise costs | 22,242 | 11,406 | 42,456 | 50,960 | 95,736 |
| Net cruise costs per APCN (EUR) | 122 | 144 | 121 | 124 | 131 |
| Fuel consumption (liter/nautical mile) | 81.8 | 123.2 | 85.0 | 97.8 | 101.0 |
| Fuel cost per liter | 7.23 | 14.56 | 7.46 | 9.92 | 9.12 |

¹⁾Occupancy rate is normally calculated based on APCN (available capacity) including any laid-up period. Due to the Covid-19 pandemic, the majority of the ships have been in warm-stack since the middle of March 2020. APCN and occupancy rate shown for 2021 is APCN adjusted for the laid-up period caused by the Covid-19 pandemic, including only the available capacity on the actual sailings. Occupancy rate using normal APCN including laid-up period was 12.8% for Q2 2021 and 5.3 % for Q2 2020.

Hurtigruten Norway started operating under the new State agreement valid from 2021 to 2030 in January and now has a contract to operate seven ships instead of 11 on the Coastal route. Operational revenue excluding the contractual income from the Norwegian state agreement, increased from EUR 2.4 million to EUR 7.7 million in the second quarter compared to last year as a result of having five ships in operation from Bergen to Kirkenes compared to last year when only two ships were in operation between Bodø and Kirkenes. Contractual income per ship per month increased to approx. EUR 0.9 million for Q2 2021 compared to approx. EUR 0.6 million in 2020. Q2 2021 reflects the new state contract in

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

During the second quarter five ships have been sailing along the Norwegian Coast between Bergen and Kirkenes. The two remaining ships have been warm stacked. Estimated average operating costs for ships in warm stack excluding passenger costs for Q1 was approx. EUR 0.32 million per ship per month for the Hurtigruten Norway fleet. From July 10th, all seven ships were back in operation.

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, 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 four years Hurtigruten Expeditions has increased 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). This will further cement Hurtigruten Expeditions' global leadership in the expedition cruising category.

| <i>(EUR 1 000)</i> | 2nd quarter | | Change | 01.01-30.06 | | Change | Full year |
|---|-----------------|-----------------|-----------------|-----------------|---------------|-----------------|-----------------|
| | 2021 | 2020 | | 2021 | 2020 | | 2020 |
| Operational revenues | 385 | (30) | 1366.7 % | 640 | 50,442 | -98.7 % | 53,908 |
| Total revenue | 385 | (30) | 1366.7 % | 640 | 50,442 | -98.7 % | 53,908 |
| EBITDA | (14,462) | (10,448) | -38.4 % | (21,889) | 12,747 | -271.7 % | (11,782) |
| Net other gains/(losses) | (87) | 364 | -123.8 % | 1,405 | 6,955 | -79.8 % | (757) |
| EBITDA excl other gains/(losses) | (14,375) | (10,812) | -33.0 % | (23,295) | 5,792 | -502.2 % | (11,025) |
| Normalised adjusted EBITDA | (14,375) | (10,812) | -33.0 % | (23,295) | 7,665 | -403.9 % | (9,152) |

**) Normalized adjusted EBITDA is calculated as Reported EBITDA excluding other gains and losses adjusted for cost and revenue items which is deemed extraordinary, exceptional, unusual or non-recurring. SG&A is not allocated to the business segment and Hurtigruten Expeditions SG&A is reported in "Group Functions, Other and Eliminations". EBITDA for Q2 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> | 2nd quarter 2021 | 2nd quarter 2020 | 01.01-30.06 2021 | 01.01-30.06 2020 | Full year 2020 |
|---|-----------------------------|---------------------|-----------------------------|---------------------|-------------------|
| PCNs | - | 735 | - | 79,218 | 90,268 |
| APCNs ¹⁾ | - | 2,650 | - | 93,750 | 124,164 |
| Occupancy rate ¹⁾ | 0.0 % | 27.7 % | 0.0 % | 84.5 % | 72.7 % |
| Gross ticket revenues | 359 | (56) | 614 | 50,416 | 53,384 |
| Less: | | | | | |
| Commissions, costs of goods for flights, hotels, transportation and other passenger services | 22 | (35) | (87) | 10,428 | 11,246 |
| Food, beverage, shop, excursions | 2,195 | 690 | 2,310 | 4,604 | 4,848 |
| Net ticket revenues | (1,858) | (712) | (1,609) | 35,385 | 37,289 |
| Gross ticket revenues per PCN (EUR) | - | (77) | - | 636 | 591 |
| Net ticket revenues per PCN (EUR) | - | (969) | - | 447 | 413 |
| Gross cruise costs | 14,760 | 10,782 | 23,935 | 44,650 | 64,933 |
| Less: | | | | | |
| Commissions, costs of goods for flights, hotels, transportation and other passenger services | 22 | (35) | (87) | 10,428 | 11,246 |
| Food, beverage, shop, excursions | 2,195 | 690 | 2,310 | 4,604 | 4,848 |
| Net cruise costs | 12,543 | 10,126 | 21,711 | 29,619 | 48,839 |
| Net cruise costs per APCN (EUR) | n.m | 3,821 | 0 | 316 | 393 |
| Fuel consumption (liter/nautical mile) | 1,851 | 445.2 | 3,028.1 | 142.6 | 154.2 |
| Fuel cost per liter | 8.37 | 5.67 | 7.64 | 7.05 | 6.47 |

¹⁾ Occupancy rate is normally calculated based on APCN (available capacity) including any laid-up period. Due to the Covid-19 pandemic, the majority of the ships have been in warm-stack since the middle of March 2020. APCN and occupancy rate shown for 2021 is APCN adjusted for the laid-up period caused by the Covid-19 pandemic, including only the available capacity on the actual sailings. Occupancy rate using normal APCN including laid-up period was 0% for Q2 2021 and 0.5 % for Q2 2020

Hurtigruten Expeditions seven ships have been warm stacked along different ports in Norway during the first half of 2021 due to the pandemic.

The operating costs increased from EUR 10.8 million in Q2 2020 to EUR 15.1 million in Q2 2021 driven by the increase in the fleet from four to seven ships and the decision to increase the number of crew on deck and machine compared to earlier periods. In Hurtigruten Expeditions the cost are predominantly expenses for maintaining the ships in the warm stack period.

The performance of the Hurtigruten Expeditions segment in 2021 will depend on return to service. Currently, all the ships in the segment are in warm

lay-up. At the date of the report, Hurtigruten Expeditions expects a gradual ramp up of operations from Q3 2021 with MS Otto Sverdrup embarking its first sailing with 300 guests departing Hamburg on the 24th of August. We expect six of the eight ships to be in operations by end of the year.

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> | 2nd quarter | 2nd quarter | | 01.01-30.06 | 01.01-30.06 | | Full year |
|---|--------------------|-------------|-----------|--------------------|-------------|-----------|-----------|
| | 2021 | 2020 | Change | 2021 | 2020 | Change | 2020 |
| Operational revenues | 3,552 | 1,137 | 212.4 % | 6,944 | 7,086 | -2.0 % | 14,472 |
| Total revenue | 3,552 | 1,137 | 212.4 % | 6,944 | 7,086 | -2.0 % | 14,472 |
| EBITDA | 14,247 | (495) | 2979.8 % | 14,298 | (25) | 58323.0 % | 1,315 |
| Net other gains/(losses) | 13,806 | 41 | 33541.4 % | 13,819 | 75 | 18303.4 % | 5 |
| EBITDA excl other gains/(losses) | 441 | (536) | 182.4 % | 479 | (100) | 580.2 % | 1,310 |
| Normalised adjusted EBITDA | 441 | (536) | 182.4 % | 479 | (100) | 580.2 % | 1,310 |

**) Normalized adjusted EBITDA is calculated as Reported EBITDA excluding other gains and losses adjusted for cost and revenue items which is deemed extraordinary, exceptional, unusual or non-recurring. EBITDA for Q2 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 second quarter operational revenues of EUR 3.6 million compared to EUR 1.1 million in the second quarter 2020 which was an increase of 212.4%. In Q2 2020 all three hotels on Svalbard was closed from the middle of March due to the Covid-19 pandemic. Both Radisson and Funken Lodge have been open in Q2 2021, while Coalminers Cabin has been leased to Svalbard Folkehøgskole.

In Q2 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 recognised in Net other gains/losses.

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> | 2nd quarter 2021 | 2nd quarter 2020 | Change | 01.01-30.06 2021 | 01.01-30.06 2020 | Change | Full year 2020 |
|---|---------------------|---------------------|----------|---------------------|---------------------|---------|-------------------|
| Operational revenues | 17,814 | 8,750 | 103.6 % | 28,868 | 8,539 | 238.1 % | 28,835 |
| Total revenue | 17,814 | 8,750 | 103.6 % | 28,868 | 8,539 | 238.1 % | 28,835 |
| EBITDA | (12,380) | (9,315) | -32.9 % | (27,696) | (35,620) | 22.2 % | (54,746) |
| Net other gains/(losses) | (91) | (5,136) | 98.2 % | (4,357) | (6,648) | 34.5 % | (7,172) |
| EBITDA excl other gains/(losses) | (12,290) | (4,180) | -194.0 % | (23,338) | (28,972) | 19.4 % | (47,574) |
| Normalised adjusted EBITDA | (12,290) | (4,180) | -194.0 % | (23,338) | (30,801) | 24.2 % | (49,403) |

**) Normalized adjusted EBITDA is calculated as Reported EBITDA excluding other gains and losses adjusted for cost and revenue items which is deemed extraordinary, exceptional, unusual or non-recurring. EBITDA for Q2 2021 is not adjusted for Covid-19 effects and there are no normalizations adjustments in the quarter.*

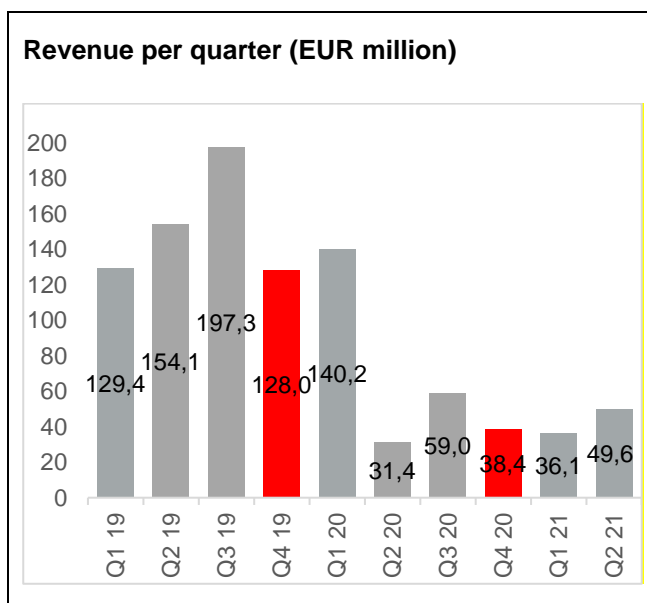
Operating revenues of EUR 28.9 million in the first half year of 2021 mainly consist of a provision of EUR 10.95 million compensation grant from the German Scheme, in addition to EUR 10.0 million from the Norwegian scheme, to compensate companies for damages suffered due to the coronavirus outbreak covering the period March-June 2021. The grant from Germany covers 2020 and 2021 and will be paid out in Q3 2021, while the Norwegian Grant covers the period January to June 2021.

Negative EBITDA for the quarter amounts to EUR 12.4 million compared to negative EBITDA of EUR 9.3 million in the same period of 2020. The increase is due to an increase in costs mainly related to personnel expenses and sales and marketing

expenses which has been ramping up over the last months. Personnel expenses has increased as the company has recalled most of 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



Group revenue increased by 58.3% in the second quarter of 2021 compared to the same period last year from EUR 31.4 million to EUR 49.6 million. The increase is mainly driven by the grant received from the German government for EUR 10.95 million. Contractual revenue from the state agreement for the passenger transportation in the Hurtigruten Norway segment increased by 5.5% in the second quarter compared to last year.

Total payroll costs were EUR 26.7 million in the quarter, an increase of 96.7% year over year. Crew costs are higher than last year by 125% and SG&A payroll costs increased by 70% driven by recalling of furloughed employees.

Specification of other operating costs

| (EUR 1 000) | 2nd quarter 2021 | 2nd quarter 2020 | % change | 01.01-30.06 2021 | 01.01-30.06 2020 | % change | Full year 2020 |
|--------------------------------|---------------------|---------------------|-------------|---------------------|---------------------|-------------|-------------------|
| Operating costs (ex fuel) | (14,262) | (10,490) | 36.0 % | (25,728) | (33,561) | -23.3 % | (59,553) |
| Fuel costs | (7,113) | (4,327) | 64.4 % | (13,706) | (19,362) | -29.2 % | (29,629) |
| Sales and administrative costs | (18,996) | (7,176) | 164.7 % | (31,293) | (25,265) | 23.9 % | (47,615) |
| Total | (40,371) | (21,992) | 83.6 % | (70,728) | (78,188) | -9.5 % | (136,797) |

Other operating costs increased by 83.6% from the same period last year to EUR 40.4 million in the second quarter of 2021 compared to EUR 22.0 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, and the costs in second quarter increased by 36% compared to same period last year due to having five ships in operations in the Hurtigruten Norway segment compared to two ships in Q2 2021.

Fuel costs in the quarter increased by 64.4% to EUR 7.1 million, compared to the same quarter last year due to having more ships in operation.

Sales and administrative costs increased by 164.7% to EUR 19.0 million in the second quarter compared to last year, due to increase in sales and marketing activities and the plan for returning to service.

Second quarter depreciation, amortisation and impairment were EUR 39.8 million, compared to EUR 15.4 million same quarter last year. The increase is related to impairment of technical equipment on the Hurtigruten Norway fleet following the green engine upgrade decision.

Net other gains and losses for the second quarter was a gain of EUR 14.6 million (loss of EUR 7.1 million in 2020). In Q2 2021 a preliminary estimated gain of EUR 13.8 million was recognised from the sale of the real-estate portfolio on Svalbard. The remainder of the 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.

Second quarter operating loss was EUR 47.1 million, compared to operating loss of EUR 26.5 million in the same period last year, an increase of EUR 20.6 million due to the effects of the Covid-19 pandemic on operations.

Net financial loss was EUR 19.6 million in the second quarter of 2021 compared to a loss of EUR 6.0 million in the second quarter of 2020. Interests costs are higher in the second quarter 2021 due to new financing compared to the same period last year.

Income tax expense in the second quarter was EUR 4.3 million, compared to income tax expense of EUR 2.4 million in 2020.

The net loss for the second quarter was EUR 70.9 million compared to a loss of EUR 34.9 million in 2020.

Financial position and liquidity

Cash flow

Net cash inflow from operating activities in the second quarter was EUR 0.2 million, vs. an outflow of EUR 35.4 million in the same period last year. This trend in operating cashflow has been positive in Q1 and Q2.

This is driven by positive changes in working capital mostly in trade and other payables and deposits from customers as we ramp up our return to service due to easing of travel restrictions.

Net cash inflow from investing activities was EUR 45.2 million in Q2 2021 compared to a net outflow of EUR 15.3 million in the same period last year. The increase is driven by the proceeds from the sale the real estate portfolio on Svalbard to Store Norske for the gross amount of approximately EUR 56.1 million.

Net cash outflow from financing activities was EUR 20.6 million in the second quarter of 2021, compared

to an inflow of EUR 92.1 for the same period last year. In late June 2020 Hurtigruten Group further added a Term Loan C of EUR 105 million to secure liquidity funding for 2020 and 2021 with reduced operations. In addition, the repayment of borrowings and paid interest expenses are higher in 2021 with EUR 19.4 million compared to EUR 12.2 million in the same period last year due to the new financing.

Net increase in free cash in the second quarter was EUR 24.7 million, compared to an increase of EUR 41.4 million in the second quarter of 2020.

Available cash and cash equivalents in the cash flow statement totalled to EUR 85.8 million in the second quarter of 2021 compared to EUR 17.3 million at 31 December 2020, and cash equivalents in the statement of financial position, including restricted funds, totalled EUR 91.8 million at the end of the second quarter in 2021 compared to EUR 72.0 million at December 31, 2020. Currently Hurtigruten Group has EUR 6 million in restricted cash related to travel bonding which is recognized in the "other non-current financial assets".

Balance sheet

Total assets amounted to EUR 1,381.3 million at 30 June 2021, an increase of EUR 18.7 million from year end 2020.

Non-current assets decreased with EUR 24.3 million since year end 2020 from EUR 1,243.8 million to EUR 1,219.6 million. The decrease in property, plant, and equipment of EUR 48.9 million and the increase in right-of-use assets of EUR 32.7 million are mainly explained by the sale-leaseback of the Hurtigruten Svalbard real-estate portfolio.

Current asset amounted to EUR 161.7 million, an increase of EUR 43.0 million compared to 31 December 2020. The main reason is an increase in cash and cash equivalents of EUR 19.8 million coming from the EUR 22 million release of cash collateral related to travel bonds, in addition to Covid-19 compensation grants of EUR 21 million in Germany and Norway.

Total reported equity at the end of June 2021 was negative EUR 228.3 million vs. negative EUR 102.2 million at year end 2020. The change in equity is due to net loss in the period.

The reported equity ratio at 30th of June 2021 was negative 16.5% vs. negative 7.5% at year-end 2020.

Total non-current liabilities amount to EUR 1,380.2 million as per 30 June 2021, an increase of EUR 123.8 million from EUR 1,256.4 million at year end 2020. The increase is due to the new 30-year operating lease agreement for the real estate portfolio that Hurtigruten Svalbard entered into with Store Norske for approximately EUR 45.0 million and the EUR 46.5 million term loan facility which was secured in the first quarter of 2021 and can be used for the Group and its subsidiaries' general corporate and working capital requirements. In addition, prepaid travels have increased by EUR 28.2 million compared to year end 2020 following the strong booking trend for 2022 and 2023.

Current liabilities excluding borrowings were EUR 203.2 million, increased by EUR 14.8 million since year end 2020 mainly due to an increase in prepaid travels for EUR 15.4 million.

Going concern

Bookings for 2022 are, as of 16 August 2021 31% higher compared with the same period two years ago for 2020. This is very supportive for a strong rebound in the 2022 financial performance.

It is the Board's opinion that the financial position of the Group is sound when taking into consideration i)

the easing of travel restrictions with the continuous roll out of vaccines and the introduction of vaccination passports in 2H 2021 ii) the strong development in 2022 bookings which supports a strong recovery in revenues iii) the liquidity effect of the sale of the real estate portfolio in Hurtigruten Destinations in Q2 2021 iv) The gradual improvements in operating cashflow which is Q2 turned positive for the first time since the pandemic.

The Board is constantly monitoring the liquidity and financial position of Hurtigruten Group and will take appropriate action if additional capital is required.

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

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

Outlook

The increased pace of the vaccines roll-out and the introduction of the EU Digital COVID Certificate passport enabling quarantine free travel for vaccinated guests are creating a positive outlook for Hurtigruten Group.

At the date of this report all 7 ships in Hurtigruten Norway are in operation and we expect that 6 of 8 ships in Hurtigruten Expeditions to be in operations by year end 2021.

As of 16th August 2021, bookings for 2022 are 31% higher compared to the same period two years ago for 2020 bookings, which will support a strong rebound in financial performance for Hurtigruten Group.

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

2023 has also had a very strong start to the pre-sale period. This shows that there is a strong underlying

demand for travelling from all source markets and towards all destinations.

With the current roll out of effective vaccines and vaccination passports across our source markets and destinations, the Board of Directors expectations are that travel will gradually resume in 2H of 2021.

Hurtigruten Expeditions and Hurtigruten Norway fleets consist of smaller size vessels which makes testing of passengers and crew and other risk reducing measures related to Covid-19 easier.

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

Risks and uncertainties

The risks described below are not the only risks 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. Hurtigruten Group has in Q2 temporary suspended the operations of nine of our 14 ships, as of the date of this report seven of the Groups ships is temporarily suspended. We expect the Groups vessels to be back in operation by the end of 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 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.

Interim financial statements

Condensed consolidated income statement

Unaudited

| <i>(EUR 1 000)</i> | 2nd quarter 2021 | 2nd quarter 2020 | 01.01-30.06 2021 | 01.01-30.06 2020 | Full year 2020 |
|--|-----------------------------|---------------------|-----------------------------|---------------------|-------------------|
| Operating revenues | 29,466 | 12,253 | 46,491 | 131,337 | 189,604 |
| Contractual revenues | 20,153 | 19,098 | 39,186 | 40,189 | 79,162 |
| Total revenues | 49,619 | 31,352 | 85,677 | 171,526 | 268,765 |
| Direct cost of goods and services | (4,399) | 246 | (5,981) | (34,085) | (42,440) |
| Personel expenses | (26,710) | (13,580) | (50,041) | (44,456) | (92,690) |
| Depreciation, amortisation and impairment | (39,834) | (15,407) | (55,265) | (29,065) | (76,951) |
| Other operating costs | (40,371) | (21,993) | (70,728) | (78,188) | (136,797) |
| Net other gains/(losses) | 14,595 | (7,072) | 11,410 | (6,034) | (14,719) |
| Operating profit/(loss) | (47,101) | (26,455) | (84,927) | (20,301) | (94,831) |
| Financial income | 409 | 912 | 936 | 1,453 | 3,341 |
| Financial expenses | (19,153) | (11,465) | (37,076) | (32,897) | (66,493) |
| Net foreign exchange gains/(losses) | (814) | 4,510 | 1,354 | (7,940) | (5,632) |
| Net financial items | (19,558) | (6,044) | (34,786) | (39,383) | (68,785) |
| Share of net income from associated companies | 59 | (38) | 75 | 55 | (52) |
| Profit / (loss) before taxes | (66,601) | (32,537) | (119,638) | (59,629) | (163,668) |
| Income taxes | (4,274) | (2,403) | (7,685) | (6,263) | 3,123 |
| Net income | (70,875) | (34,940) | (127,323) | (65,892) | (160,544) |
| Net income attributable to: | | | | | |
| Owners of the parent | (71,048) | (34,492) | (127,334) | (65,280) | (159,226) |
| Non-controlling interests | 173 | (448) | 11 | (612) | (1,318) |

Condensed consolidated statement of comprehensive income

Unaudited

| <i>(EUR 1 000)</i> | 2nd quarter 2021 | 2nd quarter 2020 | 01.01-30.06 2021 | 01.01-30.06 2020 | Full year 2020 |
|---|-----------------------------|---------------------|-----------------------------|---------------------|-------------------|
| Net income | (70,875) | (34,940) | (127,323) | (65,892) | (160,544) |
| Other comprehensive income, net of tax: | | | | | |
| Items that will not be reclassified to profit or loss in subsequent periods: | | | | | |
| Actuarial gain/loss on defined benefit obligations | - | (2,275) | - | (2,275) | (2,278) |
| Sum | - | (2,275) | - | (2,275) | (2,278) |
| Items that may be reclassified to profit or loss in subsequent periods: | | | | | |
| Cash flow hedges, net of tax | - | 5,010 | - | (7,907) | 2,305 |
| Currency translation differences | (343) | (1,238) | 1,147 | (4,625) | (4,384) |
| Sum | (343) | 3,772 | 1,147 | (12,532) | (2,080) |
| Total other comprehensive income, net of tax | (343) | 1,497 | 1,147 | (14,807) | (4,358) |
| Total comprehensive income | (71,218) | (33,443) | (126,176) | (80,699) | (164,902) |
| Total comprehensive income attributable to | | | | | |
| Owners of the parent | (71,391) | (32,995) | (126,187) | (80,699) | (163,569) |
| Non-controlling interests | 173 | (448) | 11 | - | (1,333) |

Condensed consolidated statement of financial position

Unaudited

| <i>(EUR 1 000)</i> | <i>Note</i> | 30.6. 2021 | 30.6. 2020 | 31.12. 2020 |
|---|-------------|-----------------------|---------------|----------------|
| Property, plant and equipment | | 880,252 | 945,005 | 929,165 |
| Right-of-use assets | | 47,860 | 13,075 | 15,149 |
| Intangible assets | | 262,824 | 278,361 | 266,498 |
| Investments in associates | | 608 | 593 | 506 |
| Deferred income tax assets | | 1,794 | 929 | 1,517 |
| Investments in other companies | | 2,509 | 2,555 | 2,505 |
| Other non-current financial assets | | 23,709 | 11,761 | 28,503 |
| Total non-current assets | | 1,219,555 | 1,252,280 | 1,243,843 |
| Inventories | | 14,936 | 14,057 | 13,778 |
| Trade receivables | | 16,890 | 12,666 | 6,193 |
| Other current receivables | | 36,004 | 32,258 | 24,659 |
| Cash and cash equivalents | | 91,823 | 173,733 | 72,037 |
| Assets held for sale | | 2,087 | - | 2,087 |
| Total current assets | | 161,741 | 232,715 | 118,754 |
| Total assets | | 1,381,295 | 1,484,995 | 1,362,597 |
| Paid-in capital | | 185,205 | 185,288 | 185,200 |
| Other equity | | (413,560) | (202,566) | (285,935) |
| Total equity attribute to owners of Hurtigruten Group AS | | (228,354) | (17,278) | (100,734) |
| Non-controlling interests | | 74 | (687) | (1,438) |
| Total equity | | (228,280) | (17,965) | (102,172) |
| Non-current interest-bearing liabilities | 4 | 1,326,796 | 1,228,480 | 1,238,762 |
| Deposits from customers, non-current | | 39,016 | 26,060 | 10,809 |
| Deferred income tax liabilities | | 11,383 | 12,336 | 3,464 |
| Retirement benefit obligations | | 2,991 | 3,228 | 2,926 |
| Non-current derivative financial instruments | | 44 | 995 | - |
| Provisions for other liabilities and charges | | - | 403 | 406 |
| Other non-current liabilities | | - | - | 57 |
| Total non-current liabilities | | 1,380,230 | 1,271,502 | 1,256,424 |
| Trade payables | 6 | 16,811 | 25,279 | 13,949 |
| Other current liabilities | 6 | 85,606 | 89,831 | 84,188 |
| Deposits from customers, current | | 96,781 | 90,688 | 81,362 |
| Current income tax liabilities | | 1,218 | (198) | 583 |
| Current interest-bearing liabilities | 4 | 26,168 | 15,789 | 19,934 |
| Current derivative financial debt instruments | | 509 | 9,394 | 4,564 |
| Provision for other liabilities and charges | | 2,253 | 675 | 3,766 |
| Total current liabilities | | 229,346 | 231,458 | 208,346 |
| Total equity and liabilities | | 1,381,295 | 1,484,995 | 1,362,597 |

Condensed consolidated statement of changes in equity

Unaudited

| | 01.01-30.06.2021 | | | | |
|---|---|------------------|------------------|----------------------------------|------------------|
| | Attributable to shareholders of Hurtigruten Group AS | | | | |
| <i>(EUR 1 000)</i> | Paid-in capital | Other equity | Total | Non- controlling interests | Total Equity |
| Equity at beginning of the period | 185,200 | (285,935) | (100,734) | (1,438) | (102,172) |
| Net income | - | (127,334) | (127,334) | 11 | (127,323) |
| Other comprehensive income | - | 1,147 | 1,147 | - | 1,147 |
| Total comprehensive income | - | (126,187) | (126,187) | 11 | (126,176) |
| Capital increase parent company | 5 | - | 5 | - | 5 |
| Transactions with non-controlling interests | - | (1,438) | (1,438) | 1,500 | 63 |
| Equity at the end of the period | 185,206 | (413,560) | (228,354) | 74 | (228,280) |

| | 01.01-30.06.2020 | | | | |
|--|---|------------------|-----------------|----------------------------------|-----------------|
| | Attributable to shareholders of Hurtigruten Group AS | | | | |
| <i>(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 |
| Net income | - | (65,304) | (65,304) | (587) | (65,892) |
| Other comprehensive income | - | (14,807) | (14,807) | - | (14,807) |
| Total comprehensive income | - | (80,111) | (80,111) | (587) | (80,699) |
| Equity at the end of the period | 185,288 | (202,567) | (17,277) | (687) | (17,965) |

Condensed consolidated statement of cash flows

Unaudited

| <i>(EUR 1 000)</i> | 2nd quarter 2021 | 2nd quarter 2020 | 01.01-30.06 2021 | 01.01-30.06 2020 | Full year 2020 |
|---|---------------------|---------------------|---------------------|---------------------|-------------------|
| Cash flows from operating activities | | | | | |
| Profit/(loss) before taxes | (66,600) | (32,537) | (119,637) | (59,630) | (163,668) |
| Adjustments for: | | | | | |
| Depreciation, amortisation and impairment losses | 39,834 | 15,407 | 55,265 | 29,065 | 76,951 |
| Gain/loss sale of fixed assets | (13,666) | - | (13,680) | - | - |
| Foreign exchange gains/losses | 1,459 | (3,805) | 3,802 | 6,194 | 2,899 |
| Unrealised gains/losses derivatives | (1,436) | 4,651 | (2,748) | 6,998 | 15,850 |
| Net interest expenses | 18,745 | 11,473 | 36,146 | 31,462 | 63,972 |
| Share of net income from associated companies | (59) | 38 | (75) | (55) | 52 |
| Fair value adjustments on financial investments | - | (183) | - | 800 | 999 |
| Difference between expensed pensions and payments | 1 | 94 | (34) | (3,076) | (1,901) |
| <i>Change in working capital:</i> | | | | | |
| Inventories | (500) | (235) | (1,158) | 3,725 | 4,004 |
| Trade and other receivables | (7,942) | 2,135 | (12,812) | 1,710 | 16,859 |
| Trade and other payables | 2,615 | (33,308) | (867) | (21,401) | (53,258) |
| Change in prepaid travels | 28,645 | 5,940 | 43,625 | 15,749 | (8,217) |
| Settlement of financial instruments | (614) | (4,803) | (1,722) | (6,048) | (10,850) |
| Income tax paid | (285) | (267) | (910) | (1,982) | (2,079) |
| Net cash flows from (used in) operating activities | 197 | (35,400) | (14,808) | 3,511 | (58,387) |
| Cash flows from investing activities | | | | | |
| Purchase and prepayment of property, plant, equipment | (9,895) | (9,824) | (20,386) | (79,398) | (95,334) |
| Purchase of intangible assets | (737) | (2,792) | (1,645) | (7,393) | (10,014) |
| Proceeds from sale of fixed assets | 56,082 | 110 | 56,122 | 159 | 316 |
| Other adjustments ¹⁾ | (305) | (2,793) | 48,732 | 88 | (43,428) |
| Net cash flows from (used in) investing activities | 45,145 | (15,299) | 82,822 | (86,544) | (148,460) |
| Cash flows from financing activities | | | | | |
| Proceeds from borrowings | - | 105,000 | 46,500 | 510,000 | 524,079 |
| Repayment of borrowings | (13,129) | (2,407) | (16,384) | (259,743) | (265,851) |
| Payment of lease liabilities | (1,475) | (724) | (2,525) | (2,319) | (4,767) |
| Paid interest and transaction costs | (6,038) | (9,753) | (30,976) | (33,331) | (58,007) |
| Net cash flows from (used in) financing activities | (20,642) | 92,117 | (3,385) | 214,607 | 195,454 |
| Net (decrease)/increase in cash, cash equivalents and bank overdrafts | 24,700 | 41,417 | 64,629 | 131,573 | (11,393) |
| Free cash and cash equivalents at the beginning of period | 61,963 | 120,759 | 17,255 | 35,674 | 35,674 |
| Foreign exchange gains/(losses) on cash, cash equivalents and bank overdrafts | (890) | 291 | 3,888 | (4,780) | (7,026) |
| Free cash and cash equivalents at end of period | 85,773 | 162,467 | 85,772 | 162,467 | 17,255 |
| Restricted cash | 6,050 | 11,266 | 6,050 | 11,266 | 54,782 |
| Cash and cash equivalents in the statement of financial position | 91,823 | 173,733 | 91,823 | 173,733 | 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 consolidated financial statements are unaudited.

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 end of Q2 2021, the total guarantee amount for prepaid travels was approximately EUR 116.8 million.

Other legal items

The Norwegian authorities' investigation into the Covid-19 outbreak on MS Roald Amundsen is still pending. It is management's assessment that any conclusion on the investigation will not have any material financial effect for the Group.

Note 3 Segments

| | Hurtigruten Norway | | Hurtigruten Expeditions | | Hurtigruten Destinations | |
|---|--------------------|-------------|-------------------------|-------------|--------------------------|-------------|
| | 2nd quarter | 2nd quarter | 2nd quarter | 2nd quarter | 2nd quarter | 2nd quarter |
| (EUR 1 000) | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Operating revenues | 7,715 | 2,397 | 385 | (30) | 3,552 | 1,137 |
| Contractual revenues | 20,153 | 19,098 | - | - | - | - |
| Total operating revenues | 27,868 | 21,495 | 385 | (30) | 3,552 | 1,137 |
| Direct cost of goods and services | (1,264) | 1,467 | (2,217) | (656) | (911) | (478) |
| Personell expenses | (9,159) | (2,926) | (5,039) | (3,424) | (1,487) | (689) |
| Depreciation, amortisation and impairment | (25,675) | (7,717) | (8,067) | (4,760) | (1,166) | (734) |
| Other operating costs | (13,083) | (8,484) | (7,504) | (6,702) | (713) | (507) |
| Net other gains/(losses) | 966 | (2,342) | (87) | 364 | 13,806 | 41 |
| Operating profit/(loss) | (20,347) | 1,494 | (22,529) | (15,208) | 13,081 | (1,228) |
| EBITDA | 5,328 | 9,211 | (14,462) | (10,448) | 14,247 | (495) |
| EBITDA excl Other gains/(losses) | 4,362 | 11,553 | (14,375) | (10,812) | 441 | (536) |
| Normalized adjusted EBITDA | 4,362 | 11,553 | (14,375) | (10,812) | 441 | (536) |

| | Group functions, Other and Eliminations | | Hurtigruten Group | |
|---|---|-------------|-------------------|-------------|
| | 2nd quarter | 2nd quarter | 2nd quarter | 2nd quarter |
| (EUR 1 000) | 2021 | 2020 | 2021 | 2020 |
| Operating revenues | 17,814 | 8,750 | 29,466 | 12,253 |
| Contractual revenues | - | - | 20,153 | 19,098 |
| Total operating revenues | 17,814 | 8,750 | 49,619 | 31,352 |
| Direct cost of goods and services | (7) | (88) | (4,399) | 246 |
| Personell expenses | (11,025) | (6,542) | (26,710) | (13,580) |
| Depreciation, amortisation and impairment | (4,926) | (2,197) | (39,834) | (15,407) |
| Other operating costs | (19,071) | (6,300) | (40,371) | (21,993) |
| Net other gains/(losses) | (91) | (5,136) | 14,595 | (7,072) |
| Operating profit/(loss) | (17,306) | (11,513) | (47,101) | (26,455) |
| EBITDA | (12,380) | (9,315) | (7,267) | (11,048) |
| EBITDA excl Other gains/(losses) | (12,290) | (4,180) | (21,862) | (3,975) |
| Normalized adjusted EBITDA | (12,290) | (4,180) | (21,862) | (3,975) |

*) 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 Q2 2021 is not adjusted for Covid-19 effects and there are no normalizations adjustments in the quarter.

Second quarter and first half report 2021

| (EUR 1 000) | Hurtigruten Norway | | Hurtigruten Expeditions | | Hurtigruten Destinations | |
|--|--------------------|-------------|-------------------------|-------------|--------------------------|-------------|
| | 01.01-30.06 | 01.01-30.06 | 01.01-30.06 | 01.01-30.06 | 01.01-30.06 | 01.01-30.06 |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Operating revenues | 10,038 | 65,270 | 640 | 50,442 | 6,944 | 7,086 |
| Contractual revenues | 39,186 | 40,189 | - | - | - | - |
| Total operating revenues | 49,225 | 105,459 | 640 | 50,442 | 6,944 | 7,086 |
| Direct cost of goods and services | (1,687) | (16,422) | (2,224) | (15,031) | (2,059) | (2,678) |
| Personell expenses | (17,377) | (17,481) | (8,317) | (9,144) | (2,926) | (2,623) |
| Depreciation and impairment losses | (29,854) | (13,527) | (14,428) | (9,268) | (1,953) | (1,510) |
| Other operating costs | (25,079) | (33,479) | (13,395) | (20,475) | (1,480) | (1,884) |
| Net other gains/(losses) | 543 | (6,416) | 1,405 | 6,955 | 13,819 | 75 |
| Operating profit/(loss) | (24,229) | 18,134 | (36,317) | 3,479 | 12,345 | (1,535) |
| EBITDA | 5,625 | 31,661 | (21,889) | 12,747 | 14,298 | (25) |
| EBITDA excl Other gain/(losses) | 5,082 | 38,077 | (23,295) | 5,792 | 479 | (100) |
| Normalized adjusted EBITDA | 5,082 | 38,490 | (23,295) | 7,665 | 479 | (100) |

| (EUR 1 000) | Group functions, Other and Eliminations | | Hurtigruten Group | |
|--|---|-------------|-------------------|-------------|
| | 01.01-30.06 | 01.01-30.06 | 01.01-30.06 | 01.01-30.06 |
| | 2021 | 2020 | 2021 | 2020 |
| Operating revenues | 28,868 | 8,539 | 46,491 | 131,338 |
| Contractual revenues | - | - | 39,186 | 40,189 |
| Total operating revenues | 28,868 | 8,539 | 85,677 | 171,526 |
| Direct cost of goods and services | (11) | 47 | (5,981) | (34,085) |
| Personell expenses | (21,421) | (15,208) | (50,041) | (44,456) |
| Depreciation and impairment losses | (9,030) | (4,760) | (55,265) | (29,065) |
| Other operating costs | (30,774) | (22,350) | (70,728) | (78,188) |
| Net other gains/(losses) | (4,357) | (6,648) | 11,410 | (6,034) |
| Operating profit/(loss) | (36,726) | (40,380) | (84,927) | (20,301) |
| EBITDA | (27,696) | (35,620) | (29,662) | 8,764 |
| EBITDA excl Other gain/(losses) | (23,338) | (28,972) | (41,072) | 14,798 |
| Normalized adjusted EBITDA | (23,338) | (30,801) | (41,072) | 15,254 |

*) 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 Q2 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> | 30.6. 2021 | 30.6. 2020 | 31.12. 2020 |
|---|-----------------------|---------------|----------------|
| <i>Secured</i> | | | |
| Bond | 296,161 | 295,143 | 295,625 |
| Term loans and financial lease | 867,781 | 837,578 | 836,485 |
| Revolving credit facilities | 84,130 | 83,750 | 83,964 |
| Total secured non-current interest-bearing liabilities | 1,248,072 | 1,216,471 | 1,216,073 |
| <i>Unsecured</i> | | | |
| Lease liabilities ¹⁾ | 70,532 | 10,141 | 11,560 |
| Other borrowings | 8,193 | 1,869 | 11,129 |
| Total unsecured non-current interest-bearing liabilities | 78,724 | 12,010 | 22,689 |
| Total non-current interest-bearing liabilities | 1,326,796 | 1,228,480 | 1,238,762 |
| <i>Secured</i> | | | |
| Term loans and financial lease | 12,118 | 12,103 | 12,505 |
| Total secured current interest-bearing liabilities | 12,118 | 12,103 | 12,505 |
| <i>Unsecured</i> | | | |
| Lease liabilities ¹⁾ | 7,497 | 3,686 | 4,261 |
| Other borrowings | 6,554 | (0) | 3,169 |
| Total unsecured current interest-bearing liabilities | 14,051 | 3,686 | 7,430 |
| Total current interest-bearing liabilities | 26,168 | 15,789 | 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> | 30.6. 2021 | 30.6. 2020 | 31.12. 2020 |
|---|-----------------------|---------------|----------------|
| Less than one year | 26,278 | 15,789 | 20,082 |
| Year 2 and 3 | 279,689 | 217,061 | 232,282 |
| Year 4 and 5 | 987,929 | 744,928 | 728,676 |
| More than 5 years | 80,914 | 291,944 | 300,642 |
| Total interest-bearing liabilities | 1,374,810 | 1,269,722 | 1,281,682 |

Note 5 Net financial items

| <i>(EUR 1 000)</i> | 2nd quarter 2021 | 2nd quarter 2020 | 01.01-30.06 2021 | 01.01-30.06 2020 | Full year 2020 |
|-------------------------------------|-----------------------------|---------------------|-----------------------------|---------------------|-------------------|
| Interest income | 1,072 | 353 | 26 | 781 | 947 |
| Other financial income | (663) | 559 | 909 | 672 | 2,394 |
| Financial income | 409 | 912 | 936 | 1,453 | 3,341 |
| Interest expenses | (16,887) | (11,097) | (32,058) | (21,640) | (48,199) |
| Other finance expenses | (2,266) | (368) | (5,018) | (11,256) | (18,294) |
| Financial expenses | (19,153) | (11,465) | (37,076) | (32,897) | (66,493) |
| Net foreign exchange gains/(losses) | (814) | 4,510 | 1,354 | (7,940) | (5,632) |
| Net financial items | (19,558) | (6,044) | (34,786) | (39,383) | (68,785) |

Note 6 Trade payables and other liabilities

| <i>(EUR 1 000)</i> | 30.6. 2021 | 30.6. 2020 | 31.12. 2020 |
|--|-----------------------|---------------|----------------|
| Trade payables | 16,791 | 22,134 | 13,735 |
| Trade payables and current liabilities Group | 389 | 29,409 | 30,130 |
| Public duties payable | 4,985 | 3,686 | 2,851 |
| Other current liabilities | 32,835 | 9,225 | 12,526 |
| Accrued expenses | 25,406 | 24,319 | 25,743 |
| Accrued interest | 18,793 | 12,846 | 14,372 |
| Deferred revenue | 6,690 | 13,968 | 3,129 |
| Trade payables and other liabilities | 105,888 | 115,587 | 102,486 |

Note 7 Covid-19

Our business continues to be impacted by the Covid-19 pandemic. New waves of outbreaks have emerged during 2021, driven by mutants of the virus. The low level of international travel will likely remain until restrictions are further eased and mass-vaccination has gained traction. Thus, 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 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. The impairment tests are supported by the booking development for 2022 and 2023As 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

No 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> | 2nd quarter 2021 | 2nd quarter 2020 | 01.01-30.06 2021 | 01.01-30.06 2020 |
|--|-----------------------------|---------------------|-----------------------------|---------------------|
| Operating profit/(loss) to EBITDA | | | | |
| Operating profit/(loss) | (47,101) | (26,455) | (84,927) | (20,301) |
| - Depreciation, amortization and impairment | (39,834) | (15,407) | (55,265) | (29,065) |
| EBITDA | (7,267) | (11,048) | (29,662) | 8,764 |
| EBITDA to EBITDA excluding other gains/(losses) | | | | |
| EBITDA | (7,267) | (11,048) | (29,662) | 8,764 |
| - Other (losses)/gains – net | 14,595 | (7,072) | 11,410 | (6,034) |
| EBITDA excl other gains /(losses) | (21,862) | (3,975) | (41,073) | 14,798 |
| EBITDA excluding other gains/(losses) to normalized adjusted EBITDA | | | | |
| EBITDA excl other gains /(losses) | (21,862) | (3,975) | (41,073) | 14,798 |
| - Net non-recurring revenues/(expenses) | - | - | - | (457) |
| Normalized adjusted EBITDA | (21,862) | (3,975) | (41,073) | 15,254 |

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. |