

# Third quarter report 2020



Hurtigruten Group AS  
Consolidated Interim Financial Statements  
Third quarter 2020

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## Summary

From 16th of June, operations were gradually resumed when 4 ships started operating in the Coastal segment and another 2 ships added in July and August. 1 Expedition ship starting operations out of Hamburg on the 26th of June while 2 others started operations end of July.

With the second wave of the Covid-19 pandemic increasing in magnitude and new travel restrictions being imposed Hurtigruten have temporarily suspend most of the operations. From October 2020 we have only operate 2 ships in a shortened route in Northern Norway.

Revenue ytd. September 30th 2020 was down 52.1% to EUR 230.4 million (same period in 2019: EUR 480.8 million)

- Ytd. September 30th 2020 normalized EBITDA excluding other gains and losses of EUR 11.78 million (same period in 2019; EUR 137.107 million)

Revenue in Q3 2020 was EUR 58.8 million (Q3 2019: EUR 197.3 million).

- Q3 2020 normalized EBITDA before other gains and losses of negative EUR 3.47 million (Q3 2019; EUR 72.69 million)

Hurtigruten had a cash burn rate in Q3 of approx. EUR 12m per month before working capital and customer refunds

As of 30th of September Hurtigruten had a liquidity position of approximately EUR 124 million of cash

- In Q3 Hurtigruten received EUR 8m in Covid-19 grants and EUR 14m in Covid-19 government backed loans
- In Q4 2020 and Q1 2021 Hurtigruten is expected to receive additional grants from the Norwegian Government from Covid-19 compensation schemes of a total of EUR 27m

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

2021 Pre-booking levels for 2H 2021 is developing better than planned and is as of 25st of November at the same time as last year. 2022 bookings are up 112% compared to same time last year. Though numbers for 2022 are still small, this indicates that people want to travel again post-Covid

In October Hurtigruten initiated the sales process of the real-estate portfolio on the archipelago of Svalbard. The transaction is expected to be closed in Q1 and will further enhance the liquidity position

## Key figures<sup>1,2,3,4</sup>

EUR 1 000	3rd quarter	3rd quarter	%	01.01-30.09	01.01-30.09	%	Full year
	2020	2019	Change	2020	2019	Change	2019
Operational revenues	<b>38,905</b>	179,076	-78.3 %	<b>170,243</b>	425,559	-60.0 %	536,252
Contractual revenues	<b>19,928</b>	18,220	9.4 %	<b>60,116</b>	55,248	8.8 %	72,563
<b>Total revenue</b>	<b>58,833</b>	197,295	-70.2 %	<b>230,359</b>	480,807	-52.1 %	608,815
<b>EBITDA</b>	<b>(12,723)</b>	70,219	-118.1 %	<b>(3,960)</b>	124,413	-103.2 %	123,169
Other gains/(losses) – net	<b>(9,249)</b>	(623)	-1384.4 %	<b>(15,283)</b>	(3,610)	-323.4 %	(5,619)
<b>EBITDA excl Other gains (losses)</b>	<b>(3,474)</b>	70,842	-104.9 %	<b>11,324</b>	128,022	-91.2 %	128,788
<b>Normalised adjusted EBITDA</b>	<b>(3,474)</b>	72,689	-104.8 %	<b>11,780</b>	137,107	-91.4 %	144,989
<b>Norwegian Coast</b>							
PCNs	<b>112,439</b>	368,229	-69.5 %	<b>360,995</b>	1,046,689	-65.5 %	1,313,956
Gross ticket yield (EUR)	<b>201</b>	329	-38.9 %	<b>239</b>	293	-18 %	278
Occupancy rate	<b>47.5 %</b>	83.8 %	-36 p.p.	<b>55.7 %</b>	83.2 %	-27 p.p.	79.1 %
<b>Expedition</b>							
PCNs	<b>11,050</b>	75,039	-85.3 %	<b>90,268</b>	153,337	-41.1 %	221,591
Gross ticket yield (EUR)	<b>279</b>	644	-56.7 %	<b>593</b>	582	2 %	610
Occupancy rate	<b>36.3 %</b>	78.8 %	-42 p.p.	<b>72.7 %</b>	75.3 %	-2.6 p.p.	75.8 %

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

<sup>2</sup> Normalized adjusted EBITDA is calculated as Reported EBITDA excluding other gains and losses adjusted for cost and revenue items which is deemed extraordinary, exceptional, unusual or non-recurring. EBITDA for Q3 2020 is not adjusted for Covid-19 effects and the remaining normalizations are immaterial in the period.

<sup>3</sup> 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 26.5% for Q3 2020 and 29.9% for YTD 2020 for the Norwegian Coast segment, and 8.7% for Q3 2020 and 23.0 % for YTD 2020 for the Expedition segment.

<sup>4</sup> On January 1<sup>st</sup> 2020, the Group changed reporting currency to EUR, at the same time as the parent company and the major subsidiaries in the Group changed the functional currency to EUR. See note 1 to the Interim Financial Statements.

## About Hurtigruten

Hurtigruten is the world's leading expedition cruise and adventure travel company, with a fleet of 16 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 Norwegian Coast**



**Expedition cruises**



**Landbased**



### **Hurtigruten Norwegian Coast**

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

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

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 65% of revenues year to date per September 30th 2020.

### **Expedition cruises**

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 24% of revenues year to date per September 2020. From 2021 the Expedition Cruises segment will be Hurtigruten's largest segment when three of the largest vessels from the Hurtigruten Norwegian Coast segment will be transferred to the Expedition Cruises segment.

### **Landbased**

Comprises year-round hotel and restaurant activities as well as Arctic experience tourism in Svalbard and Kirkenes. Hurtigruten Svalbard operates three hotels, 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 the first nine months 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-August.

## Operational review

So far in 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 Coastal segment starting 16<sup>th</sup> of June, gradually increasing to 6 ships in operation on the Norwegian Coast during the summer and third 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 out of which EUR 1.9 million is included in the financial statements for the third quarter of 2020. As the Covid-19 pandemic situation around the world has escalated during Q3 and into Q4, the Group has seen it necessary to again downscale the number of vessels in operation, and as of end of November 2020, there are 2 ships operating the coastal segment on a shortened route between Bodø and Kirkenes, and all expedition ships are temporary laid up.

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.

The Group's financial performance in the third 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 third quarter. Normalized adjusted EBITDA in the third quarter decreased from EUR 72.7 million last year to EUR -3.5 million this year, and total reported third quarter EBITDA decreased with EUR 82.9 million from EUR 70.2 million to negative EUR 12.7 million

compared to same period last year. Hurtigruten also accounted for government grant of EUR 7.8 million in September. These funds were paid out in the beginning of November. The government has communicated that the scheme will run until February 2021 estimated to approximately EUR 20 million of additional government grant.

Total Passenger Cruise Nights (PCN) for the Norwegian Coast segment decreased with 70 % in the third quarter to 112,439 compared to last year due to the Covid-19 pandemic. For the Expedition segment, PCN decreased by 85% to 11,050 in the third quarter.

The occupancy rate including only available capacity for the ships in operation for the Norwegian Coast segment, was 48% in the third quarter of 2020. During the Norwegian summer holiday in July, the ships operating the coast had good occupancy relative to the capacity restrictions due to Covid-19. However, the lack of international guests caused very low occupancy on the remaining sailings in the quarter.

The occupancy rate including only available capacity for ship in operation for the Expedition segment in the third quarter was 36%, driven by the same reason. In the quarter, all ships in the expedition segment were warm-stacked from the beginning of August.

During Q3 2020 Hurtigruten had a charter agreement with a third party, leasing two of the fleet ships for one month returning EUR 1.4 million in revenue.

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 period Q2-Q4 2021. Pre-booking levels for 2H 2021 as of 11<sup>th</sup> of November are 1.3% higher compared with same time last year for 2020, driven by both re-bookings and new bookings. Booking levels for 2022 are up 111% compared to same time last year for 2021 bookings.

# 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)	3rd quarter 2020	3rd quarter 2019	% Change	01.01-30.09 2020	01.01-30.09 2019	Full year 2019
<b>Total operating revenues</b>						
Hurtigruten Norwegian Coast	<b>44,563</b>	140,657	-68.3%	<b>150,022</b>	365,995	444,040
Expedition	<b>3,592</b>	48,326	-92.6%	<b>54,035</b>	89,263	135,190
Landbased	<b>5,247</b>	9,145	-42.6%	<b>12,333</b>	26,738	30,432
Group functions, Other and Elimination:	<b>5,430</b>	(833)	752.0%	<b>13,969</b>	(1,190)	(848)
<b>Total</b>	<b>58,833</b>	197,296	-70.2%	<b>230,359</b>	480,807	608,815
<b>Operating profit/(loss)</b>						
Hurtigruten Norwegian Coast	<b>5,536</b>	57,224	-90.3%	<b>23,671</b>	122,523	132,009
Expedition	<b>(21,352)</b>	19,373	-210.2%	<b>(17,873)</b>	27,965	39,112
Landbased	<b>1,184</b>	909	30.2%	<b>(351)</b>	3,972	1,392
Group functions, Other and Elimination:	<b>(12,852)</b>	(22,022)	41.6%	<b>(53,231)</b>	(70,668)	(104,931)
<b>Total</b>	<b>(27,484)</b>	55,484	149.5%	<b>(47,785)</b>	83,793	67,582
<b>EBITDA</b>						
Hurtigruten Norwegian Coast	<b>12,620</b>	65,991	-80.9%	<b>44,282</b>	148,546	168,156
Expedition	<b>(16,805)</b>	22,660	-174.2%	<b>(4,058)</b>	35,118	47,571
Landbased	<b>2,073</b>	1,498	38.4%	<b>2,049</b>	6,046	4,558
Group functions, Other and Elimination:	<b>(10,612)</b>	(19,930)	46.8%	<b>(46,231)</b>	(65,298)	(97,116)
<b>Total</b>	<b>(12,723)</b>	70,219	-118.1%	<b>(3,960)</b>	124,413	123,169
<b>EBITDA margin</b>						
Hurtigruten Norwegian Coast	<b>28.3 %</b>	46.9 %	-18.6 p.p.	<b>29.5 %</b>	40.6 %	37.9 %
Expedition	<b>-467.8 %</b>	46.9 %	-514.7 p.p.	<b>-7.5 %</b>	39.3 %	35.2 %
Landbased	<b>39.5 %</b>	16.4 %	23.1 p.p.	<b>16.6 %</b>	22.6 %	15.0 %
Group functions, Other and Elimination:	<b>NM</b>	NM		<b>NM</b>	NM	
<b>Total</b>	<b>-21.6%</b>	35.6%	-1.6 p.p.	<b>-1.7%</b>	25.9%	20.2%
<b>Normalized adjusted EBITDA</b>						
Hurtigruten Norwegian Coast	<b>15,879</b>	67,076	-76.3 %	<b>54,369</b>	154,360	176,352
Expedition	<b>(9,190)</b>	23,982	-138.3 %	<b>(1,524)</b>	39,822	55,671
Landbased	<b>2,079</b>	1,498	38.8 %	<b>1,979</b>	6,028	4,325
Group functions, Other and Elimination:	<b>(12,243)</b>	(19,866)	38.4%	<b>(43,044)</b>	(63,104)	(91,359)
<b>Total</b>	<b>(3,474)</b>	72,689	-104.8%	<b>11,780</b>	137,107	144,988

\*) 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 Q3 2020 is not adjusted for Covid-19 effects and the remaining normalizations are immaterial in the quarter.

# Segment review

## Hurtigruten Norwegian Coast

EUR 1 000	3rd quarter	3rd quarter	Change	01.01-30.09	01.01-30.09	Change	Full year
	2020	2019		2020	2019		2019
Operational revenues	24,636	122,438	-79.9 %	89,906	310,748	-71.1 %	371,477
Contractual revenues	19,928	18,220	9.4 %	60,116	55,248	8.8 %	72,563
<b>Total revenue</b>	<b>44,563</b>	<b>140,657</b>	<b>-68.3 %</b>	<b>150,022</b>	<b>365,995</b>	<b>-59.0 %</b>	<b>444,040</b>
<b>EBITDA</b>	<b>12,620</b>	<b>65,991</b>	<b>-80.9 %</b>	<b>44,282</b>	<b>148,546</b>	<b>-70.2 %</b>	<b>168,156</b>
Other gain/(losses) - net	(3,259)	(978)	233.1 %	(9,675)	(4,777)	102.6 %	(5,826)
<b>EBITDA excl other gains/(losses)</b>	<b>15,879</b>	<b>66,970</b>	<b>-76.3 %</b>	<b>53,957</b>	<b>153,323</b>	<b>-64.8 %</b>	<b>173,982</b>
<b>Normalised adjusted EBITDA</b>	<b>15,879</b>	<b>67,076</b>	<b>-76.3 %</b>	<b>54,369</b>	<b>154,360</b>	<b>-64.8 %</b>	<b>176,352</b>

\*) 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 Q3 2020 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 Norwegian Coast activity.

EUR 1 000 Except for PCNs, APCNs, occupancy rate, fuel consumption and fuel cost per liter	3rd quarter	3rd quarter	01.01-30.09	01.01-30.09	Full year
	2020	2019	2020	2019	2019
PCNs	112,439	368,229	360,995	1,046,689	1,313,956
APCNs <sup>1)</sup>	236,572	439,492	647,574	1,257,774	1,662,022
Occupancy rate <sup>1)</sup>	47.5%	83.8%	55.7%	83.2%	79.1%
<b>Gross ticket revenues</b>	<b>22,572</b>	<b>120,972</b>	<b>86,382</b>	<b>306,341</b>	<b>365,744</b>
Less:					
Commissions, costs of goods for flights, hotels, transportation and other passenger services	1,555	18,710	12,173	52,867	63,511
Food, beverage, shop, excursions	2,562	11,897	8,366	33,399	41,725
<b>Net ticket revenues</b>	<b>18,455</b>	<b>90,365</b>	<b>65,843</b>	<b>220,074</b>	<b>260,508</b>
Gross ticket revenues per PCN (EUR)	201	329	239	293	278
Net ticket revenues per PCN (EUR)	164	245	182	210	198
Ship operating costs	28,654	73,517	95,844	212,023	268,975
Selling, general and administrative expenses	30	157	221	636	1,072
<b>Gross cruise costs</b>	<b>28,684</b>	<b>73,674</b>	<b>96,066</b>	<b>212,659</b>	<b>270,047</b>
Less:					
Commissions, costs of goods for flights, hotels, transportation and other passenger services	1,555	18,710	12,173	52,867	63,511
Food, beverage, shop, excursions	2,562	11,897	8,366	33,399	41,725
<b>Net cruise costs</b>	<b>24,567</b>	<b>43,067</b>	<b>75,527</b>	<b>126,393</b>	<b>164,811</b>
Net cruise costs per APCN (EUR)	104	98	117	100	99
Fuel consumption (liter/nautical mile)	97.2	81.0	97.6	79.7	80.3
Fuel cost per liter	7.66	7.34	9.13	7.27	7.22

<sup>1</sup>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 26.5% for Q3 2020 and 29.9% for year to date September 30<sup>th</sup> 2020.

Operational revenue excluding the contractual income from the Norwegian state agreement, decreased from EUR 122.4 million to EUR 24.6 million in the third quarter compared to last year, as a result of warm-stacking several ships due to Covid-19 and sailing with lower occupancy. During the third quarter only 6 ships have been sailing between Bergen and Kirkenes. The remaining ships have been warm stacked along different ports in Norway. Estimated average cost for ships in warm stack excluding passenger costs for Q3 was approx. EUR 0.23 million per ship per month for the Coastal fleet.

In August and September, the ships MS Vesterålen and MS Finnmarken were chartered to a third party for 4 and 3 weeks respectively, and revenues of EUR 1.4 million are included in the quarter.

As the Covid-19 pandemic situation around the world has escalated during the fall, the Group has seen it necessary to again downscale the operations. From the 2<sup>nd</sup> of October only 2 ships are operating the coastal segment on a shortened route between Bodø and Kirkenes. This is in agreement with the Ministry of Transportation and will apply throughout December 2020.

## Expedition cruises

EUR 1 000	3rd quarter	3rd quarter		01.01-30.09	01.01-30.09		Full year 2019
	2020	2019	Change	2020	2019	Change	
Operational revenues	3,592	48,326	-92.6 %	54,035	89,263	-39.5 %	135,190
<b>Total revenue</b>	<b>3,592</b>	<b>48,326</b>	<b>-92.6 %</b>	<b>54,035</b>	<b>89,263</b>	<b>-39.5 %</b>	<b>135,190</b>
<b>EBITDA</b>	<b>(16,805)</b>	<b>22,660</b>	<b>-174.2 %</b>	<b>(4,058)</b>	<b>35,118</b>	<b>-111.6 %</b>	<b>47,571</b>
Other gain/(losses) - net	(7,616)	(183)	4060.2 % -	661	640	-203.2 %	298
<b>EBITDA excl other gains/(losses)</b>	<b>(9,190)</b>	<b>22,843</b>	<b>-140.2 %</b>	<b>(3,398)</b>	<b>34,478</b>	<b>-109.9 %</b>	<b>47,273</b>
<b>Normalised adjusted EBITDA</b>	<b>(9,190)</b>	<b>23,982</b>	<b>-138.3 %</b>	<b>(1,524)</b>	<b>39,822</b>	<b>-103.8 %</b>	<b>55,671</b>

<sup>1</sup>) Normalized adjusted EBITDA is calculated as Reported EBITDA excluding other gains and losses adjusted for cost and revenue items which is deemed extraordinary, exceptional, unusual or non-recurring. EBITDA for Q3 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>	<b>3rd quarter 2020</b>	<b>3rd quarter 2019</b>	<b>01.01-30.09 2020</b>	<b>01.01-30.09 2019</b>	<b>Full year 2019</b>
PCNs	<b>11,050</b>	75,039	<b>90,268</b>	153,337	221,591
APCNs <sup>1)</sup>	<b>30,414</b>	95,278	<b>124,164</b>	203,575	292,418
Occupancy rate <sup>1)</sup>	<b>36.3 %</b>	78.8 %	<b>72.7 %</b>	75.3 %	75.8 %
<b>Gross ticket revenues</b>	<b>3,083</b>	48,352	<b>53,499</b>	89,289	135,205
Less:					
Commissions, costs of goods for flights, hotels, transportation and other passenger services	<b>498</b>	10,688	<b>10,925</b>	20,934	35,103
Food, beverage, shop, excursions	<b>-23</b>	2,433	<b>4,580</b>	4,917	7,594
<b>Net ticket revenues</b>	<b>2,609</b>	35,230	<b>37,994</b>	63,438	92,508
Gross ticket revenues per PCN (EUR)	<b>279</b>	644	<b>593</b>	582	610
Net ticket revenues per PCN (EUR)	<b>236</b>	469	<b>421</b>	414	417
Ship operating costs	<b>12,785</b>	25,456	<b>57,412</b>	54,704	87,521
Selling, general and administrative expenses	<b>-3</b>	26	<b>20</b>	81	396
<b>Gross cruise costs</b>	<b>12,782</b>	25,482	<b>57,432</b>	54,785	87,917
Less:					
Commissions, costs of goods for flights, hotels, transportation and other passenger services	<b>498</b>	10,688	<b>10,925</b>	20,934	35,103
Food, beverage, shop, excursions	<b>-23</b>	2,433	<b>4,580</b>	4,917	7,594
<b>Net cruise costs</b>	<b>12,308</b>	12,361	<b>41,927</b>	28,934	45,220
Net cruise costs per APCN (EUR)	<b>405</b>	130	<b>338</b>	142	155
Fuel consumption (liter/nautical mile)	<b>141.9</b>	79.6	<b>142.4</b>	83.8	87.3
Fuel cost per liter	<b>4.97</b>	6.04	<b>6.59</b>	6.38	6.81

<sup>1)</sup>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 8.7% for Q3 2020 and 23.0% for year to date September 30<sup>th</sup> 2020.

The Expedition segment 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 Expedition cruises from the beginning of August.

In August and September, the ship MS Fridtjof Nansen was chartered by a 3<sup>rd</sup> party for a period of 4 weeks, however, the charter was switched to MS Finnmarken from September 14<sup>th</sup>, and revenues in third quarter of 2020 includes two weeks of charter hire.

The gross ticket revenue was EUR 3 million for the third quarter compared to EUR 48 million for the same period last year, while net cruise costs were in line with the same period last year, of EUR 12 million. Cost related to food, beverage, shop and excursions

amounted to negative EUR 0.23 million in Q3 2020 compared to EUR 2.4 million in Q3 2019. The reason for the negative cost in the period is the low activity level combined with a clean-up of goods receipts causing a cost increase.

The performance of the Expedition segment in 2020 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.

## Landbased

*The Landbased 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 and two equipment stores.*

EUR 1 000	3rd quarter	3rd quarter	Change	01.01-30.09	01.01-30.09	Change	Full year
	2020	2019		2020	2019		2019
Operational revenues	5,247	9,145	-42.6 %	12,333	26,738	-53.9 %	30,432
<b>Total revenue</b>	<b>5,247</b>	<b>9,145</b>	<b>-42.6 %</b>	<b>12,333</b>	<b>26,738</b>	<b>-53.9 %</b>	<b>30,432</b>
<b>EBITDA</b>	<b>2,073</b>	<b>1,498</b>	<b>38.4 %</b>	<b>2,049</b>	<b>6,046</b>	<b>-66.1 %</b>	<b>4,558</b>
Other gain/(losses) - net	(5)	-	n.m.	70	18	292.0 %	23
<b>EBITDA excl other gains/(losses)</b>	<b>2,079</b>	<b>1,498</b>	<b>38.8 %</b>	<b>1,979</b>	<b>6,028</b>	<b>-67.2 %</b>	<b>4,536</b>
<b>Normalised adjusted EBITDA</b>	<b>2,079</b>	<b>1,498</b>	<b>38.8 %</b>	<b>1,979</b>	<b>6,028</b>	<b>-67.2 %</b>	<b>4,325</b>

*\*) 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 Q3 2020 is not adjusted for Covid-19 effects and the remaining normalizations are immaterial in the quarter.*

The Landbased segment had in the third quarter operational revenue of EUR 5 million compared to EUR 9 million in 2020 which was a decrease of 42.6%. The decrease is mainly driven by the effects of the Covid-19 pandemic on operations with Svalbard being closed for visitors until June, and

travel restrictions across Europe were extensive in all of the third quarter. Q3 2019 was heavily impacted by investments and start-up costs at Kirkenes, contributing to an increase in EBITDA with 39% to EUR 2 million in third quarter 2020.

## Group Functions, Other and Eliminations

EUR 1 000	3rd quarter	3rd quarter	Change	01.01-30.09	01.01-30.09	Change	Full year
	2020	2019		2020	2019		2019
Operational revenues	5,430	(833)	n.m.	13,969	(1,190)	1273.9 %	(848)
<b>Total revenue</b>	<b>5,430</b>	<b>(833)</b>	n.m.	<b>13,969</b>	<b>(1,190)</b>	1273.9 %	<b>(848)</b>
<b>EBITDA</b>	<b>(10,612)</b>	<b>(19,930)</b>	46.8 %	<b>(46,231)</b>	<b>(65,298)</b>	29.2 %	<b>(97,116)</b>
Other gain/(losses) - net	1,631	538	203.1 %	(5,017)	509	1086 %	(113)
<b>EBITDA excl other gains/(losses)</b>	<b>(12,243)</b>	<b>(20,469)</b>	40.2 %	<b>(41,215)</b>	<b>(65,807)</b>	37.4 %	<b>(97,003)</b>
<b>Normalised adjusted EBITDA</b>	<b>(12,243)</b>	<b>(19,866)</b>	38.4 %	<b>(43,044)</b>	<b>(63,104)</b>	31.8 %	<b>(91,359)</b>

\*) 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 Q3 2020 is not adjusted for Covid-19 effects and the remaining normalizations are immaterial in the quarter.

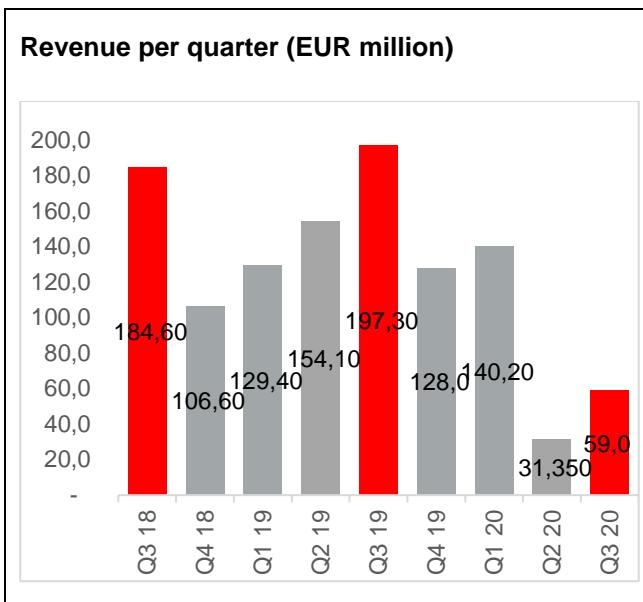
Operating revenues of EUR 5.5 million in the third quarter of 2020 mainly consist of a provision for the grant from the Norwegian Government Business Compensation Scheme for the last 3 months of the grant period up until August 2020, which is granted to enterprises with a significant drop in revenue due to Covid-19. The grant for the first three months beginning in March was accrued in second quarter and received in third quarter of 2020. Negative EBITDA for the quarter amounts to EUR 12.2 million compared to negative EBITDA of EUR 20.5 million in the same period of 2019. The reduction in costs is

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

## Financial review

The financial information for the three months ended 30 September 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 30 September 2019.

### Profit and loss



Group revenue decreased by 70.2% in the third quarter of 2020 compared to the same period last year from EUR 197.3 million to EUR 58.9 million. The decrease is because of the Covid-19 pandemic on operations, where travel restrictions reduced the summer production substantially. Contractual revenue from the state agreement for the passenger transportation on the Norwegian coast increased by 9.4% in the third quarter compared to last year.

Total payroll costs were EUR 25.9 million in the quarter, a decrease of 24.5% year over year. Crew expenses are lower than last year as the costs associated with the introduction of MS Amundsen and MS Nansen has been offset by a cost reduction due to Covid-19. SG&A payroll cost was down 18%, driven by Covid-19 cost reductions (furloughs).

### Specification of other operating costs

(EUR 1 000)	3rd quarter		3rd quarter 2019	% change	01.01-30.09		01.01-30.09 2019	% change	Full year 2019
	2020	2020			2020	2019			
Cost of goods sold <sup>1</sup>	(5,857)	(46,550)	-87.4 %	(39,942)	(120,891)	-67.0 %	(158,570)		
Operating costs (ex fuel) <sup>1</sup>	(13,693)	(18,227)	-24.9 %	(47,254)	(48,311)	-2.2 %	(65,101)		
Fuel costs	(7,240)	(16,517)	-56.2 %	(26,602)	(45,948)	-42.1 %	(61,201)		
Sales and administrative costs	(9,643)	(10,904)	-11.6 %	(34,907)	(38,096)	-8.4 %	(60,830)		
<b>Total</b>	<b>(36,433)</b>	<b>(92,197)</b>	<b>-60.5 %</b>	<b>(148,706)</b>	<b>(253,247)</b>	<b>-41.3 %</b>	<b>(345,701)</b>		

<sup>1)</sup>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 with 60.5% from the same period last year to EUR 36.4 million in the third 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 aboard the cruise vessels and commission to travel

agents. The Cost of goods sold decreased due to the halt in operations in third 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 third quarter decreased with 24.9% compared to same period last year, which is

relatively less than the decrease in other more directly variable production costs.

Fuel costs in the quarter decreased with 56.2% to EUR 7.2 million, compared to the same quarter last year.

Sales and administrative costs decreased with 11.6% to EUR 9.6 million in the third quarter compared to last year, due to downscaling of activities and furloughs.

Third quarter depreciation, amortization and impairment was EUR 14.8 million, in line with same quarter last year. The increased depreciations due to the addition of MS Fridtjof Nansen to the fleet is offset by relatively higher depreciation in third 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 third quarter was a loss of EUR 9.2 million (loss of EUR 0.6 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. In addition, third quarter of 2020, net other gains and losses includes EUR 8.5 million in unrealized loss on bunker derivatives. The Group has accounted for the bunker derivatives according to IAS 39, hedge accounting, and has according to IAS 39.97, reclassified unrealized bunker loss from other comprehensive income to profit and loss, as the amounts are not expected to be recovered in future periods.

Third quarter operating loss was EUR 27.5 million, compared to operating profit of EUR 55.5 million in the same period last year, a decrease of EUR 83 million due to the effects of the Covid-19 pandemic on operations.

Net financial loss was EUR 15.4 million in the third quarter of 2020 compared to a loss of EUR 24.1 million in the third quarter of 2019. The reduction in cost is primarily driven by foreign exchange effects, offset by higher interest costs due to refinancing of borrowings in the first quarter of 2020. 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 expense in the third quarter was EUR 0.8 million, compared to a tax income of EUR 0.5 million in 2019.

The net loss for the third quarter was EUR 43.7 million compared to a gain of EUR 31.9 million in 2019.

## Financial position and liquidity

### Cash flow

Net cash outflow from operating activities in the third quarter was EUR 27.2 million, vs. a net inflow of EUR 42.2 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 44.3 million in Q3 2020 compared to EUR 23.0 million in same period last year. Investments in assets has decreased with EUR 16 million compared to last year, as third quarter in 2019 included expenses for the construction of MS Fridtjof Nansen, and most investment activities were brought to a minimum in third quarter this year to only performing critical investments, given the current environment. Other adjustments in the quarter of EUR 38.2 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 9.7 million in third quarter of 2020, and EUR 21.2 million for the third quarter last year. In February, the Group issued a EUR bond of 300 million, to refinance the purchase of the vessels MS Fridtjof Nansen and MS Roald Amundsen. The bond has a 5-year tenor. The EUR 260 million ECA financing was repaid. The purchase of MS Richard With and MS Nordlys, was financed through a finance lease obligation of EUR 60 million. In addition, the Group drew on the Revolving Credit Facility, with a net inflow of EUR 40

million in the quarter. In 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.

Increased interest costs and related fees in the third quarter, are offset by proceeds from borrowings of EUR 14.0 million. In July 2020, the Group secured a state guaranteed bank loan of NOK 130 million, as part of the government relief package for Covid-19 affected businesses in Norway.

Net decrease in free cash in the third quarter was EUR 81.3 million, compared to a decrease of EUR 2.0 million in third quarter of 2019.

Cash and cash equivalents in the cash flow statement totalled to EUR 77.1 million at 30<sup>th</sup> of September 2020 vs. EUR 44.8 million in 2019. Cash and cash equivalents in the statement of financial position, including restricted funds, totalled EUR 124.3 million at the end of the quarter in 2020 compared to EUR 59.7 million at the same time last year. At 30<sup>th</sup> of September 2020, the Group had fully drawn on available liquidity through the EUR 85 million Revolving Credit Facility.

### **Balance sheet**

Total assets amounted to EUR 1,418.8 million at 30 September 2020, an increase of EUR 25.1 million from year end 2019. Non-current assets decreased with EUR 23.8 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 161.8 million, an increase of EUR 48.9 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 53.2 million vs. positive EUR 62.7 million at year end 2019. The change in equity is due to net profit in the period, effects of currency translation differences on investments in subsidiaries, and changes in the Groups cash flow hedges and the closing of the pension scheme for sailors in Hurtigruten Sjø AS.

The book equity ratio at 30 September 2020 was -3.7% 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 good after the additional EUR 105 million loan that was raised in June 2019, and the additional NOK 130 million loan in July. The management and the Board of Directors will assess the funding situation continuously. The Company believes that the liquidity resources currently available to the Company 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's vessels and brand are significantly higher. See note 10 to the financial statements for information on the Groups impairment testing of assets as per third quarter 2020.

The booking trends for 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 strong booking numbers for second half of 2021 and onwards. There are also strong numbers in new bookings for both second half of 2021 and 2022.

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

Total non-current liabilities amount to EUR 1,266.2 million as per 30 September 2020, an increase of EUR 268.7 million from EUR 997.5 million at year end 2019. The increase is due to the new borrowings to finance the purchase of MS Richard With and MS Nordlys and the newly issued EUR bond of 300 million to refinance the ECA facility of EUR 258 million related to the purchase of MS Fridtjof Nansen, Term Loan C of EUR 105 million and NOK 130 million in increased bank financing.

Current liabilities excluding borrowings were EUR 205.8 million, decreased by EUR 127.7 million since year end 2019. The decrease is primarily due to reduction in trade and other liabilities.

### Off-balance sheet items

In July Hurtigruten received notification of legal proceedings related to the final settlement of certain projects carried out by Hurtigruten at Fosen Yard AS

in 2019 and 2020. The total disputed amount is approx. EUR 7 million. Hurtigruten disputes the claim from Fosen Yard AS. The arbitration has been held and results are expected by the end of the year.

## 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 have emerged with news flow regarding vaccines that is expected to give 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 a good booking momentum for second half of 2021 and beyond and we expect this to continue. There is good demand for Expedition cruises and the classical Hurtigruten voyage 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.

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 Expedition cruises from the beginning of August. Currently we have only 2 ships operating in the Coastal fleet similar to the route we operated in Q2. 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 12 million to EUR 15 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.

The Company believes that the liquidity resources currently available to the Company 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.

2021 Pre-booking levels for 2H 2021 is developing better than planned and is as of 25st of November at the same time as last year. 2022 bookings are up 112% compared to same time last year. Though numbers for 2022 are still small, this indicates that people want to travel again post-Covid

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

## 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 temporary suspended the operations of 14 of our 16 ships, which is expected to continue to at least January 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.

Svalbard. The transaction is expected to be closed in Q1 and will further enhance the liquidity position of Hurtigruten

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.

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# Interim financial statements

## Condensed consolidated income statement

### Unaudited

(EUR 1 000)	Note	3rd quarter 2020	3rd quarter 2019	01.01-30.09 2020	01.01-30.09 2019	Full year 2019
Operating revenues		38,905	179,076	170,243	425,559	536,252
Contractual revenues		19,928	18,220	60,116	55,248	72,563
<b>Total Revenues</b>		<b>58,833</b>	<b>197,295</b>	<b>230,359</b>	<b>480,807</b>	<b>608,815</b>
Payroll costs		(25,873)	(34,255)	(70,329)	(99,538)	(134,325)
Depreciation, amortisation and impairment		(14,761)	(14,735)	(43,825)	(40,620)	(55,587)
Other operating costs		(36,433)	(92,198)	(148,706)	(253,247)	(345,701)
Other (losses)/gains – net		(9,249)	(623)	(15,283)	(3,610)	(5,619)
<b>Operating profit/(loss)</b>		<b>(27,484)</b>	<b>55,484</b>	<b>(47,785)</b>	<b>83,793</b>	<b>67,582</b>
<b>Operating profit/(loss) before depreciation, amortisation and impairment losses (EBITDA)</b>		<b>(12,723)</b>	<b>70,219</b>	<b>(3,960)</b>	<b>124,413</b>	<b>123,169</b>
Finance income		(2,537)	(13,542)	1,916	12,938	36,209
Finance expenses		(12,832)	(10,569)	(56,668)	(29,772)	(54,656)
<b>Net financial items</b>	<b>6</b>	<b>(15,369)</b>	<b>(24,111)</b>	<b>(54,752)</b>	<b>(16,835)</b>	<b>(18,446)</b>
Share of profit/(loss) of associates		(6)	17	49	197	129
<b>Profit/(loss) before income tax</b>		<b>(42,859)</b>	<b>31,390</b>	<b>(102,488)</b>	<b>67,155</b>	<b>49,265</b>
Income tax expense		(804)	488	(7,067)	(73,115)	(67,086)
<b>Profit/(loss) for the period</b>		<b>(43,663)</b>	<b>31,878</b>	<b>(109,555)</b>	<b>(5,960)</b>	<b>(17,821)</b>
<b>Profit/(loss) for the year attribute to</b>						
Owners of the parent		(43,615)	32,160	(108,895)	(5,603)	(17,073)
Non-controlling interests		(48)	(281)	(660)	(356)	(748)

## Condensed consolidated statement of comprehensive income

**Unaudited**

(EUR 1 000)	Note	3rd quarter 2020	3rd quarter 2019	01.01-30.09 2020	01.01-30.09 2019	Full year 2019
<b>Profit/(loss) for the period</b>		<b>(43,663)</b>	31,878	<b>(109,555)</b>	(5,960)	(17,821)
<b>Other comprehensive income, net of tax:</b>						
<b>Items that will not be reclassified to profit or loss in subsequent periods:</b>						
Actuarial gain/loss on retirement benefit obligations		-	-	<b>(2,275)</b>	-	372
Fair value adjustments on financial instruments		-	-	-	(241)	(359)
<b>Sum</b>		-	-	<b>(2,275)</b>	-	13
<b>Items that will be reclassified to profit or loss in subsequent periods:</b>						
Cash flow hedges, net of tax		<b>10,212</b>	(1,448)	<b>2,305</b>	9,831	10,383
Currency translation differences		<b>(1,778)</b>	(336)	<b>(6,371)</b>	(600)	325
<b>Sum</b>		<b>8,434</b>	(1,784)	<b>(4,066)</b>	9,231	10,708
<b>Total comprehensive income for the period</b>		<b>(35,230)</b>	30,094	<b>(115,896)</b>	3,272	(7,100)
<b>Total comprehensive income for the period attributed to:</b>						
Owners of the parent		<b>(35,195)</b>	30,377	<b>(115,274)</b>	3,630	(6,350)
Non-controlling interests		<b>(34)</b>	(283)	<b>(622)</b>	(359)	(750)

## Condensed consolidated statement of financial position

**Unaudited**

(EUR 1 000)	Note	30.9. 2020	30.9. 2019	31.12. 2019
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment including right of use assets	9	<b>948,612</b>	639,883	927,640
Intangible assets	9	<b>277,251</b>	273,280	276,305
Deferred income tax assets		<b>929</b>	3,265	929
Other non-current assets		<b>30,207</b>	89,145	75,921
<b>Total non-current assets</b>		<b>1,256,999</b>	1,005,573	1,280,795
<b>CURRENT ASSETS</b>				
Inventories		<b>13,321</b>	17,061	17,782
Trade and other receivables	7	<b>24,229</b>	38,087	47,240
Derivative financial instruments	7	<b>(0)</b>	-	827
Cash and cash equivalents	7	<b>124,254</b>	59,736	47,028
<b>Total current assets</b>		<b>161,804</b>	114,884	112,878
<b>Total assets</b>		<b>1,418,803</b>	1,120,457	1,393,673
<b>EQUITY</b>				
Paid -in capital		<b>185,197</b>	184,695	185,288
Other equity		<b>(237,637)</b>	(111,464)	(122,454)
Non-controlling interests		<b>(726)</b>	279	(100)
<b>Total equity</b>		<b>(53,166)</b>	73,510	62,734
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Interest-bearing debt	5,7	<b>1,238,152</b>	825,047	972,970
Prepaid travels with departure dates beyond one year		<b>11,442</b>	12,968	11,832
Derivative financial instruments	7	<b>281</b>	4,081	768
Other non-current liabilities		<b>16,275</b>	22,598	11,890
<b>Total non-current liabilities</b>		<b>1,266,150</b>	864,694	997,459
<b>Current liabilities</b>				
Trade and other liabilities	8,7	<b>105,276</b>	88,381	203,269
Prepaid travels with departure date within one year		<b>75,004</b>	76,796	91,732
Interest-bearing debt	5,7	<b>16,642</b>	10,276	30,491
Derivative financial instruments	7	<b>8,190</b>	3,291	2,543
Other current liabilities		<b>707</b>	3,507	5,445
<b>Total current liabilities</b>		<b>205,819</b>	182,252	333,480
<b>Total equity and liabilities</b>		<b>1,418,803</b>	1,120,457	1,393,674

## Condensed consolidated statement of changes in equity

**Unaudited**

	<u>01.01-30.09.2020</u>				
	<u>Attributable to shareholders of Hurtigruten Group AS</u>				
<u>(in EUR 1 000)</u>	<u>Paid -in capital</u>	<u>Other equity</u>	<u>Total</u>	<u>Non-controlling interests</u>	<u>Total Equity</u>
<b>Equity at beginning of the period</b>	<b>185,288</b>	<b>(122,454)</b>	<b>62,834</b>	<b>(100)</b>	<b>62,734</b>
Reclassification previous years group contribution *	-91	91			
<b>restated</b>	<b>185,198</b>	<b>-122,363</b>	<b>62,834</b>	<b>-100</b>	<b>62,734</b>
Profit/(loss) for the year	-	(108,895)	(108,895)	(660)	(109,555)
Other comprehensive income	-	-6,379	(6,379)	38	(6,341)
Non-controlling interests	-	-	-	(5)	(5)
<b>Equity at the close of the period</b>	<b>185,198</b>	<b>(237,637)</b>	<b>(52,440)</b>	<b>(726)</b>	<b>(53,166)</b>

*\*) 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

	Note	3rd quarter 2020	3rd quarter 2019	01.01-30.09 2020	01.01-30.09 2019	Full year 2019
(in EUR 1 000)						
<b>Cash flows from operating activities</b>						
Profit/(loss) before income tax		<b>(42,858)</b>	31,390	<b>(102,488)</b>	67,155	49,265
Adjustments for:						
Depreciation, amortisation and impairment losses		<b>14,761</b>	14,735	<b>43,825</b>	40,620	55,587
Interest expenses	6	<b>16,669</b>	9,280	<b>48,131</b>	25,863	27,593
Change in working capital		<b>6,158</b>	(15,137)	<b>(9,808)</b>	4,163	13,147
Change in prepaid travels		<b>(29,762)</b>	(12,834)	<b>(14,014)</b>	7,772	20,762
Other adjustments <sup>1</sup>		<b>7,821</b>	16,348	<b>16,700</b>	(13,873)	(24,303)
Non-cash effects of transition to EUR functional currency		-	(1,577)	-	(392)	(626)
<b>Net cash flows from (used in) operating activities</b>		<b>(27,212)</b>	42,205	<b>(17,653)</b>	131,307	141,425
<b>Cash flows from investing activities</b>						
Purchase and prepayment of property, plant, equipment (PPE)		<b>(5,572)</b>	(18,812)	<b>(84,970)</b>	(194,884)	(391,510)
Purchase of intangible assets		<b>(533)</b>	(3,413)	<b>(7,926)</b>	(9,587)	(13,870)
Loans to Group companies		-	(3,748)	-	(3,746)	4,519
Other adjustments <sup>2</sup>		<b>(38,222)</b>	2,933	<b>(44,024)</b>	810	4,286
<b>Net cash flows from (used in) investing activities</b>		<b>(44,327)</b>	(23,041)	<b>(136,920)</b>	(207,408)	(396,575)
<b>Cash flows from financing activities</b>						
Proceeds from borrowings	5	<b>14,079</b>	620	<b>524,079</b>	140,895	314,313
Repayment of borrowings	5	<b>(3,055)</b>	(5,460)	<b>(262,798)</b>	(27,606)	(24,222)
Payment of lease liabilities	5	<b>(1,175)</b>	-	<b>(3,495)</b>	-	(5,662)
Transactions with non controlling entities		-	<b>995</b>	-	627	(10)
Paid interest and transaction costs	6	<b>(19,566)</b>	(17,359)	<b>(52,897)</b>	(30,132)	(32,487)
<b>Net cash flows from (used in) financing activities</b>		<b>(9,718)</b>	(21,205)	<b>204,889</b>	83,784	251,933
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		<b>(81,257)</b>	(2,041)	<b>50,316</b>	7,684	(3,217)
Free cash and cash equivalents at the beginning of period		<b>162,467</b>	46,966	<b>35,674</b>	38,658	38,658
Foreign exchange gains/(losses) on cash, cash equivalents and bank overdrafts		<b>(4,071)</b>	(82)	<b>(8,851)</b>	(1,499)	233
<b>Free cash and cash equivalents at end of period</b>		<b>77,139</b>	44,843	<b>77,139</b>	44,843	35,674
Restricted cash		<b>47,115</b>	14,893	<b>47,115</b>	14,893	11,354
<b>Cash and cash equivalents in the statement of financial position</b>		<b>124,254</b>	59,736	<b>124,254</b>	59,736	47,029

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

<sup>2</sup> 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 third quarter 2020, a total of 8,850 MT bunker fuel volume is hedged at an average price of USD 650/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 1.8 million in nitrogen dioxide tax is recognised in financial statements in the first nine months of 2020, and EUR 2.8 million in the first nine months of 2019.

#### Note 4 Segments

Unaudited

	Norwegian Coast		Expedition cruises		Landbased	
	3rd quarter	3rd quarter	3rd quarter	3rd quarter	3rd quarter	3rd quarter
	(in EUR 1 000)	2020	2019	2020	2019	2020
Operating revenues	24,636	122,438	3,592	48,326	5,247	9,145
Contractual revenues	19,928	18,220	-	-	-	-
<b>Total operating revenues</b>	<b>44,563</b>	<b>140,657</b>	<b>3,592</b>	<b>48,326</b>	<b>5,247</b>	<b>9,145</b>
Payroll costs	(11,409)	(17,039)	(4,800)	(4,161)	(1,226)	(2,653)
Depreciation and impairment losses	(7,084)	(8,767)	(4,547)	(3,288)	(890)	(588)
Other operating costs	(17,275)	(56,648)	(7,982)	(21,321)	(1,942)	(4,995)
Other (losses)/gains – net	(3,259)	(978)	(7,616)	(183)	(5)	-
<b>Operating profit/(loss)</b>	<b>5,536</b>	<b>57,224</b>	<b>(21,352)</b>	<b>19,373</b>	<b>1,184</b>	<b>909</b>
<b>EBITDA</b>	<b>12,620</b>	<b>65,991</b>	<b>(16,805)</b>	<b>22,660</b>	<b>2,073</b>	<b>1,498</b>
Other (losses)/gains – net	(3,259)	(978)	(7,616)	(183)	(5)	-
<b>EBITDA excl Other gain/(losses)</b>	<b>15,879</b>	<b>66,970</b>	<b>(9,190)</b>	<b>22,843</b>	<b>2,079</b>	<b>1,498</b>
<b>Normalized adjusted EBITDA</b>	<b>15,879</b>	<b>67,076</b>	<b>(9,190)</b>	<b>23,982</b>	<b>2,079</b>	<b>1,498</b>
				<b>Group functions, Other and Eliminations</b>	<b>Hurtigruten Group</b>	
				3rd quarter	3rd quarter	3rd quarter
				(2020)	(2019)	(2020)
						2019
Operating revenues		5,430	(833)	38,905	179,076	
Contractual revenues		-	-	19,928	18,220	
<b>Total operating revenues</b>		<b>5,430</b>	<b>(833)</b>	<b>58,833</b>	<b>197,296</b>	
Payroll costs		(8,439)	(10,402)	(25,874)	(34,255)	
Depreciation and impairment losses		(2,240)	(2,091)	(14,761)	(14,735)	
Other operating costs		(9,234)	(9,234)	(36,433)	(92,198)	
Other (losses)/gains – net		1,631	538	(9,249)	(623)	
<b>Operating profit/(loss)</b>		<b>(12,852)</b>	<b>(22,022)</b>	<b>(27,484)</b>	<b>55,484</b>	
<b>EBITDA</b>		<b>(10,612)</b>	<b>(19,930)</b>	<b>(12,723)</b>	<b>70,219</b>	
Other (losses)/gains – net		1,631	538	(9,249)	(623)	
<b>EBITDA excl Other gain/(losses)</b>		<b>(12,243)</b>	<b>(20,469)</b>	<b>(3,474)</b>	<b>70,842</b>	
<b>Normalized adjusted EBITDA</b>		<b>(12,243)</b>	<b>(19,866)</b>	<b>(3,474)</b>	<b>72,689</b>	

	Norwegian Coast		Expedition cruises		Landbased	
	01.01-30.09 (in EUR 1 000)	01.01-30.09 2020	01.01-30.09 2020	01.01-30.09 2019	01.01-30.09 2020	01.01-30.09 2019
Operating revenues	<b>89,906</b>	310,748	<b>54,035</b>	89,263	<b>12,333</b>	26,738
Contractual revenues	<b>60,116</b>	55,248	-	-	-	-
<b>Total operating revenues</b>	<b>150,022</b>	365,995	<b>54,035</b>	89,263	<b>12,333</b>	26,738
Payroll costs	(28,890)	(52,250)	(13,943)	(9,458)	(3,850)	(7,367)
Depreciation and impairment losses	(20,611)	(26,023)	(13,814)	(7,153)	(2,400)	(2,074)
Other operating costs	(67,176)	(160,423)	(43,489)	(45,327)	(6,504)	(13,343)
Other (losses)/gains – net	(9,675)	(4,777)	(661)	640	70	18
<b>Operating profit/(loss)</b>	<b>23,671</b>	122,523	<b>(17,873)</b>	27,965	<b>(351)</b>	3,972
<b>EBITDA</b>	<b>44,282</b>	148,546	<b>(4,058)</b>	35,118	<b>2,049</b>	6,046
Other (losses)/gains – net	(9,675)	(4,777)	(661)	640	70	18
<b>EBITDA excl Other gain/(losses)</b>	<b>53,957</b>	153,323	<b>(3,398)</b>	34,478	<b>1,979</b>	6,028
<b>Normalized adjusted EBITDA</b>	<b>54,369</b>	154,360	<b>(1,524)</b>	39,822	<b>1,979</b>	6,028
<b>Group functions, Other and Eliminations</b>						
<b>Hurtigruten Group</b>						
(in EUR 1 000)		01.01-30.09 2020	01.01-30.09 2019	01.01-30.09 2020	01.01-30.09 2019	
Operating revenues		<b>13,969</b>	(1,190)	<b>170,243</b>	425,559	
Contractual revenues		-	-	<b>60,116</b>	55,248	
<b>Total operating revenues</b>		<b>13,969</b>	(1,190)	<b>230,359</b>	480,807	
Payroll costs		(23,646)	(30,463)	(70,329)	(99,538)	
Depreciation and impairment losses		(7,000)	(5,370)	(43,825)	(40,620)	
Other operating costs		(31,538)	(34,154)	(148,706)	(253,247)	
Other (losses)/gains – net		(5,017)	509	(15,283)	(3,610)	
<b>Operating profit/(loss)</b>		<b>(53,231)</b>	(70,668)	<b>(47,785)</b>	83,793	
<b>EBITDA</b>		<b>(46,231)</b>	(65,298)	<b>(3,960)</b>	124,413	
Other (losses)/gains – net		(5,017)	509	(15,283)	(3,610)	
<b>EBITDA excl Other gain/(losses)</b>		<b>(41,215)</b>	(65,807)	<b>11,324</b>	128,022	
<b>Normalized adjusted EBITDA</b>		<b>(43,044)</b>	(63,104)	<b>11,780</b>	137,107	

## Note 5 Interest-bearing Debt

Unaudited

	30.9. 2020	30.9. 2019	31.12. 2019
<i>(Figures stated in EUR 1000)</i>			
<b>Long term interest-bearing debt</b>			
Bond	<b>295,408</b>	-	-
Collateralized borrowings	835,757	771,605	918,731
Financial lease <sup>1</sup>	9,395	50,943	11,856
Credit facilities	83,829	2,427	42,290
Other borrowings	13,764	72	92
<b>Total</b>	<b>1,238,152</b>	825,047	972,970
<b>Short term interest bearing debt</b>			
Collateralized borrowings	13,537	3,681	25,668
Financial lease <sup>1</sup>	3,105	6,596	4,806
<b>Total</b>	<b>16,642</b>	10,277	30,491
<b>Total outstanding interest-bearing debt</b>	<b>1,254,794</b>	835,324	1,003,461

<sup>1</sup>The accounts for lease-contracts in reference to IFRS 16 are reflected in the financial lease, while items that are classified as borrowings according to IFRS9 are reflected within borrowings and credit facilities, except for the period 30.9.2019 where financial lease borrowings were included in the line Financial lease.

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.

	30.9. 2020	30.9. 2019	31.12. 2019
<i>(Figures stated in EUR 1000)</i>			
Less than one year	16,642	10,276	30,491
Year 2 and 3	230,695	12,788	57,038
Year 4 and 5	729,204	12,316	202,714
More than 5 years	303,363	821,543	734,611
<b>Total Interest-bearing debt</b>	<b>1,279,905</b>	856,924	1,024,855

**Note 6 Net Financial items**

Unaudited

(EUR 1000)	3rd quarter	3rd quarter	01.01-30.09	01.01-30.09
	2020	2019	2020	2019
Interest income on current bank deposits	90	(332)	871	1,051
Foreign exchange gains	(2,999)	(14,628)	0	8,672
Other financial income	456	1,418	1,128	3,216
Finance income	(2,453)	(13,542)	2,000	12,938
Interest expense and amortized borrowing fees	(12,321)	(9,293)	(33,962)	(25,855)
Foreign exchange losses	5,066	(843)	(5,874)	(3,563)
Other finance expenses	(5,660)	(433)	(16,916)	(354)
Finance expenses	(12,916)	(10,569)	(56,752)	(29,772)
<b>Net Financial items</b>	<b>(15,369)</b>	<b>(24,111)</b>	<b>(54,752)</b>	<b>(16,835)</b>

**Note 7 Financial assets and liabilities at fair value**

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

**At 30 September 2020:**

Unaudited

(Figures stated in EUR 1000)	Assets at fair value through Amortised Cost (AC)	Assets at fair value through profit and loss	Assets at fair value through OCI	Derivatives used for hedging	<b>Total</b>
<b>Assets as per balance sheet</b>					
Other receivables, non-current	27,040	324	-	-	<b>27,364</b>
Investment in other companies	-	-	2,230	-	<b>2,230</b>
Trade and other receivables	16,838	-	-	-	<b>16,838</b>
Total derivatives	-	-	-	-	-
Cash at bank, cash on hand and market-based investments in the balance sheet	124,137	117	-	-	<b>124,254</b>
<b>Total</b>	<b>168,014</b>	<b>442</b>	<b>2,230</b>	-	<b>170,686</b>

	Liabilities at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities at amortised cost	<b>Total</b>
<b>Liabilities as per balance sheet</b>				
Total interest-bearing debt	-	-	1,254,794	<b>1,254,794</b>
Total derivatives	8,471	-	-	<b>8,471</b>
Accounts payable and other short term payables	-	-	52,592	<b>52,592</b>
<b>Total</b>	<b>8,471</b>	-	<b>1,307,387</b>	<b>1,315,858</b>

**At 30 September 2019:**

Unaudited

(Figures stated in EUR 1000)	Amortised Cost (AC)	Assets at fair value through profit and loss		Assets at fair value through OCI	Derivatives used for hedging	<b>Total</b>
		Assets at fair value through profit and loss	Assets at fair value through OCI			
<b>Assets as per balance sheet</b>						
Other receivables, non-current	85,799	325	-	-	-	<b>86,124</b>
Available for sale financial instruments	-	-	2,223	-	-	<b>2,223</b>
Trade and other receivables	19,633	-	-	-	-	<b>19,633</b>
Total derivatives	-	-	-	-	-	-
Cash at bank, cash on hand and market-based investments in the balance sheet	59,619	117	-	-	-	<b>59,736</b>
<b>Total</b>	<b>165,050</b>	<b>442</b>	<b>2,223</b>	-	-	<b>167,716</b>

	Liabilities at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities at amortised cost	<b>Total</b>
<b>Liabilities as per balance sheet</b>				
Total interest bearing debt	-	-	835,324	<b>835,324</b>
Total derivatives	-	7,372	-	<b>7,372</b>
Accounts payable and other short term payables	-	-	37,781	<b>37,781</b>
<b>Total</b>	<b>-</b>	<b>7,372</b>	<b>873,104</b>	<b>880,476</b>

The carrying amount for the financial assets and liabilities has been assessed and does not differ materially from fair value, except for total borrowings. Fair value of total borrowings at 30 September 2020 was EUR 1,279 million (EUR 856.9 million 30 September 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**

(EUR 1000)	30.9. 2020	30.9. 2019	31.12. 2019
Trade payables	19,772	27,634	13,824
Trade payables and current liabilities Group	30,766	(40)	86,272
Public duties payable	2,054	10,187	9,135
Other current liabilities	8,613	1,902	22,105
Accrued expenses	24,296	38,336	47,875
Accrued interest	6,358	2,074	8,872
Deferred revenue	13,418	8,289	15,187
<b>Trade and other liabilities</b>	<b>105,276</b>	<b>88,381</b>	<b>203,269</b>

**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 third 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 third 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 12.0%. 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 30 September 2020.

**Note 11 Events after the balance sheet date**

On October 22nd, Hurtigruten announced cancellation of remaining Antarctica 20/21 season and reduced capacity on the Norwegian Coast, due to the challenging circumstances following the worldwide travel restrictions and quarantine requirements due to the Covid-19 pandemic. Many of the guests who have

booked expedition cruises with Hurtigruten that have been cancelled, have chosen to postpone their trips rather than request a refund and the level of refund claims continue to be significantly below the industry average. With the escalating uncertainties, very low number of national and international travellers, and the impact the pandemic has on our operations on the Norwegian Coast; Hurtigruten has also decided to reduce capacity on the coastal service. From November until year end, Hurtigruten will only operate a limited service between Bodø and Kirkenes with two ships. This is at the request of the Norwegian Ministry of Transportation.

On October 15, 2020, Hurtigruten announced it will establish two separate operating entities, Hurtigruten Norway (Coastal) and Hurtigruten Expedition (Expedition). This operating reorganization will not impact the financial reporting as we have historically reported the Expedition cruise business (Hurtigruten Expedition) and the Costal business (Hurtigruten Norway) separately.

On October 13th, Hurtigruten announced that the wholly owned subsidiary Hurtigruten Svalbard AS is considering strategic alternatives for the real-estate portfolio on Svalbard. During the process, the Company will engage with interested parties in Norway and internationally and review various options for partnerships. Hurtigruten Group's long term strategic commitment to a land-based Svalbard operation through Hurtigruten Svalbard will not be changed as a result of this process. The process is expected to be closed in Q1 2021.

# 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**

	3rd quarter 2020	3rd quarter 2019	01.01-30.09 2020	01.01-30.09 2019
<b>Operating profit/(loss) to EBITDA</b>				
Operating profit/(loss)	(27,484)	55,484	(47,785)	83,793
- Depreciation, amortization and impairment	(14,761)	(14,735)	(43,825)	(40,620)
EBITDA	(12,723)	70,219	(3,960)	124,413
<b>EBITDA to EBITDA excluding other gains/(losses)</b>				
EBITDA	(12,723)	70,219	(3,960)	124,413
- Other (losses)/gains – net	(9,249)	(623)	(15,283)	(3,610)
EBITDA excl other gains /(losses)	(3,474)	70,842	11,324	128,022
<b>EBITDA excluding other gains/(losses) to normalized adjusted EBITDA</b>				
EBITDA excl other gains /(losses)	(3,474)	70,842	11,324	128,022
- Net non-recurring revenues/(expenses)	-	(1,847)	(457)	(9,085)
Normalized adjusted EBITDA	(3,474)	72,689	11,780	137,107

**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.