HURTIGRUTEN

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HURTIGRUTEN EXPEDITIONS

SUSTAINALYTICS
Best ESG Ranking of a Cruise Company in '23

Business Update

28th November 2024

HURTIGRUTEN

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Executive Summary

A

Recent Business Performance

- Group revenues in Q3'24 were up 2% YoY, mainly supported by a strong like-for-like growth in the HX business
  - HX's performance was driven by APAC and US markets (~40% growth YoY), partially offset by the performance of Norway and UK. Revenues from Germany increased by 2% YoY
- As a result of the recent booking trends, management has updated its HRN and HX mid-term and long-term outlook (presented on pages 5 and 7)

B

Project Split

- Management is pleased to confirm that the operational separation of the HRN and HX business groups commenced in June 2023 has been successfully completed according to plan ("**Project Split**"). From 1st November 2024, HX is a standalone business and operates separately from the Hurtigruten Group in relation to its major functions
- The recapitalisation transaction (as described below) will facilitate implementation of the full legal capital structure separation of the HRN and HX groups. Starting from early 2025, the HRN group and HX group will constitute two independent legal groups with revamped business plans, independent management teams, and separate ownership and capital structures

C

Transaction Update

- The Group has reached an agreement on a milestone transaction with existing investors (the "**Lead Investors**") committing more than €500m of new capital into the two businesses (the "**Transaction**")
- The Transaction is supported by a significant majority of existing creditors of the Group, which is testament to the continuing support for, and strong conviction in, the HRN and HX businesses from the Group's key stakeholders
- The Transaction includes €50m of interim financing which will provide the Group with sufficient time to implement the Transaction in January 2025 ("**Transaction Close**"). Key terms of the Transaction are presented on pages 10-13

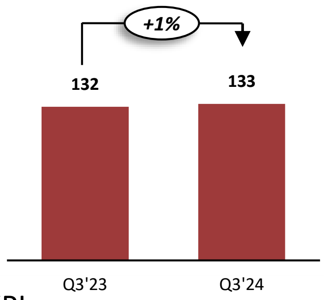
A Recent Business Performance

A Recent Business Performance

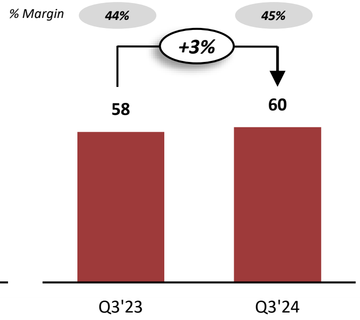
Hurtigruten (incl. HRD[3]) – Q3'24 Performance

Key Financials (€m)

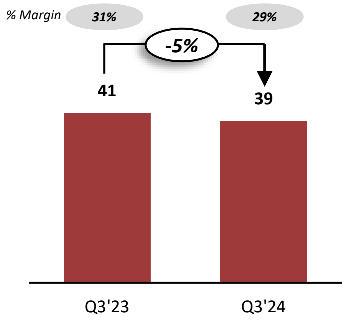
Revenue[7]



Contribution[7]

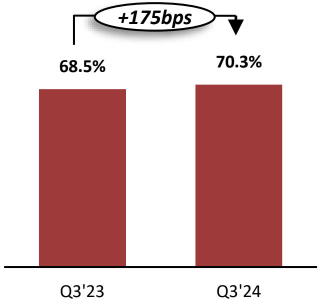


Normalized Adj. EBITDA[7]

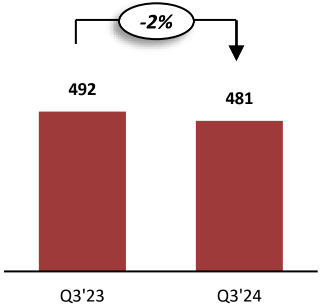


KPIs

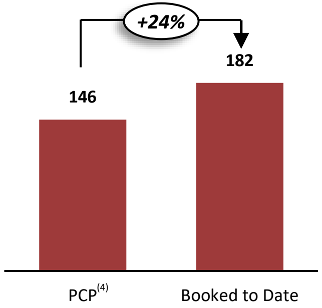
Occupancy (%)[1][7]



Yield (€/PCN)[1][2][7]



2025 Bookings to Date (€m)[1][5][6]



Commentary

- As of 24-Nov-24, prebooked ticket revenues for 2024 sailings were €350m[1][6] (+4% vs PCP[4]) as a result of strong YoY growth from all the products and source markets, except for Norway and Germany
- Pre-booked ticket revenues for 2025 sailings at the same date amounted to €182m[1][6], which implied a +24% growth vs. PCP[4] driven by guest volumes. All the markets/products outperformed PCP[4], with a particularly strong performance in the key European markets (incl. UK and Nordics) and significant growth in the Signature product
- Revenue up 11% YoY (1% on a like-for-like basis) driven by the strategic placement of the Hamburg route in Jan-24. As 2024 is Signature's first full year of operations, the Company have yet to achieve the product's full potential
- Occupancy was in line with previous year, supported by strong growth in PCNs in US and UK offsetting some of the slow pace in Germany
- Decrease in average yields reflected discounts provided to stimulate demand in the late part of the booking curve. Over the mid-term, yields are expected to be supported by new products launched in 2024 (e.g. the new Northern Light experience) and premium onboard offerings, which will further differentiate the Coastal product from the increasing competition on the Norwegian coast
- Normalised adjusted EBITDA reduced mainly due to increased marketing and personnel costs. Underlying vessel contribution increasing by 3% vs PCP[4]
- Q3'24 CFADS of €15.6m is €2.2m lower than Q3'23 primarily driven by working capital outflow, mainly due to reduced EBITDA
- To implement the final steps of Project Split in November 2024, the fair market value of the Group and certain legal entities was refreshed by the Group. A subsequent impairment assessment resulted in a €116m impairment recognised at HRN

Notes: PCN is defined as Passenger Cruise Nights. APCN is defined as Available Passenger Cruise Nights. (1) Excludes Destinations. (2) Yield = Total Revenue / PCN. (3) Hurtigruten Destinations. (4) Prior Comparable Period. (5) As of 24-Nov-24. (6) Amounts gross of VAT, excludes contractual revenue and other operating income. (7) Q3'23 adjusted to include MS Otto Sverdrup.

HURTIGRUTEN

A Recent Business Performance

Hurtigruten – Revised Outlook

	Medium Term	Long-Term	Commentary
Revenue	**€520-580m**	**€595-655m**	• 2024E projected revenue in the range of €430m - €450m • Top-line drivers largely in line with previous guidance with management targeting continued growth in capacity, occupancy and yields with forecast performance adjusted to reflect the latest bookings trends – Total yield (EUR/PCN)[(2)] expected to grow from ~440 in 2024E to ~460 in the medium term and to ~490 in the long term – Occupancy[(3)] expected to grow from ~64% in 2024E to ~69% in the medium term and to ~71% in the long term – APCN (k) expected to grow from ~1,580 in 2024E to ~1,750 in the medium term and to ~1,800 in the long term
Contribution Margin (%)[(1)]	**37%**	**39%**	• 2024E projected contribution margin of ~33% • HRN's cost rationalisation programme continues to be implemented and is expected to support further margin uplift in the mid-term. In Q3 several cost initiatives were executed such as occupancy adjusted manning and delay of new recruitments amounting to a cost saving for the quarter of ~ €1.5m
EBITDA	**€95-140m**	**€130-175m**	• 2024E projected EBITDA in the range of €55m – €70m • EBITDA growth to be supported by top-line increase as well as targeted SG&A cost saving initiatives
CFADS	**€70-110m**	**€100-140m**	• 2024E projected CFADS in the range of negative €25m – negative €5m. Q4'24 CFADS impacted by €11m of one-off working capital outflow, mainly driven by reduction in unsecured guarantees • HRN's capex programme largely aligned with previous guidance. Key capex item over the plan is MS Nordlys' hybridisation, which is expected to complete in H1'25 and will cause a ~€20m outflow across Q1'25 • Pro-forma for the Transaction, HRN is expected to have €55m - €65m of liquidity on Transaction Close and sufficient buffer over its minimum liquidity covenant level at all times. Due to seasonality and programmed capex, the HRN business is expected to reach its liquidity low point in the range of €30m - €35m in Feb-25

Source: Company Information

Notes: (1) Contribution margin calculated as EBITDA contribution margin before SG&A. Specifically calculated as (total revenue – total direct costs – total cruise operating expenses) / total revenue. (2) Total yield is calculated as total revenue / total passenger cruise nights. (3) Occupancy rate is calculated as total passenger cruise nights / APCN (available capacity) including any laid-up periods.

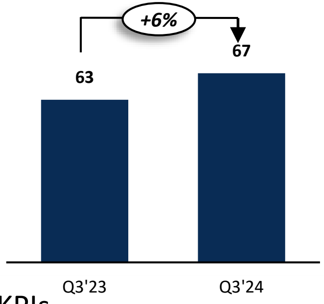
HURTIGRUTEN

A Recent Business Performance

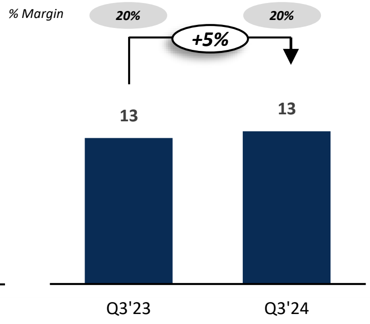
HX – Q3’24 Performance

Key Financials (€m)

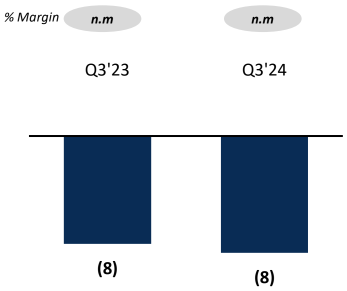
Revenue[5]



Contribution[5]

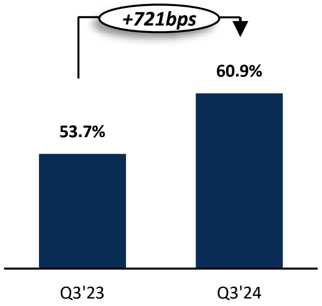


Normalized Adj. EBITDA[5]

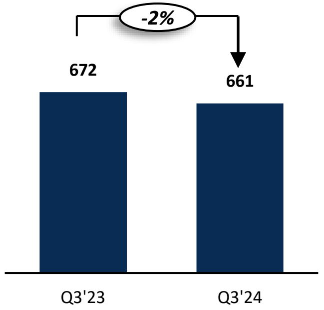


KPIs

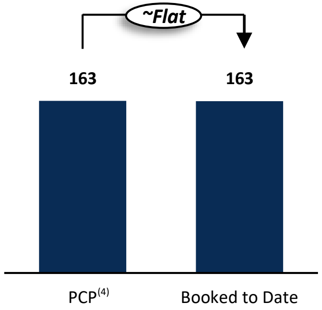
Occupancy(%)[5]



Yield(€/PCN)[1][5]



2025 Bookings to Date(€m)[2][3]



Commentary

- As of 24-Nov-24, bookings for 2024 and 2025 sailings were broadly in line with corresponding bookings at the same time last year at €231m and €163m as the increase in average yields is compensated by slightly lower volumes booked. On a market level, the new commercial strategy resulted in an increase in bookings from US and APAC which compensated for lower sales in some European markets such as Germany and UK
- Revenue increasing 6% YoY linked to increase both in occupancy and yields
- Occupancy has increased by 721bps YoY driven by the Svalbard, Greenland and Northwest Passage voyages
- Yield overall decreased by 2% YoY due to a change in product mix, with higher occupancy on the lower yield Alaska and Central America voyages and lower occupancy on the higher yield Northwest passage voyage
- Excluding MS Otto Sverdrup in 2023, Normalized adjusted EBITDA for Q3 2024 was -€8.3m compared to -€7.7m last year. Normalization items consist predominantly of advisory costs for various workstreams including ongoing recapitalisation process and Project Split. Underlying vessel contribution was in line with prior year at 20%
- Q3’24 CFADS of -€25.6m is €18.4m lower than Q3’23, primarily driven by lower EBITDA and net working capital development
- To implement the final steps of Project Split in November 2024, the fair market value of the Group and certain legal entities was refreshed by the Group. A subsequent impairment assessment resulted in a €213m impairment recognised in HX

Notes: (1) Yield = Total Revenue / PCN (2): Prepared on a LFL basis given MS Otto Sverdrup moving to HRN in 2024. (3) As of 24-Nov-24. (4) Prior Comparable Period. (5) Q3’23 adjusted to exclude MS Otto Sverdrup.

HURTIGRUTEN

A Recent Business Performance

HX – Revised Outlook

	Medium Term	Long-Term	Commentary
Revenue	**€300-370m**	**€400-470m**	• 2024E projected revenue in the range of €235m - €255m • HX Management continues to focus on the implementation on the turnaround plan built around brand, distribution and deployment. The latest forecasts reflects the most recent bookings trends and reshaped distribution networks across new growth markets (US, UK, APAC) – Total yield (EUR/PCN)(2) expected to grow from ~695 in 2024E to ~960 in the medium term and to ~1,120 in the long term – Occupancy(3) expected to grow from ~66% in 2024E to ~72% in the medium term and to ~79% in the long term – APCN (k) expected to grow from ~537 in 2024E to ~480 in the medium term and to ~485 in the long term
Contribution Margin (%)(1)	**33%**	**41%**	• 2024E projected contribution margin of ~17% • Margin enhancement driven by optimised vessel deployment and cost rationalisation supported by enhanced operational oversight and formal cost management processes
EBITDA	**€15-65m**	**€80-130m**	• 2024E projected EBITDA in the range of negative €60m to negative €45m • Increase in EBITDA margin driven by a combination of strong topline increase and SG&A cost savings in the mid-term
CFADS(2)	**€0-50m**	**€50-100m**	• 2024E projected CFADS in the range of negative €110m – negative €90m • Due to the recent refurbishment of the HX fleet, HX has minimal extraordinary capex requirements across the forecast period with the exception of MS Spitsbergen's upgrade refurbishment in Q4'25, which is estimated at €5m • HX is forecast to have €130m - €140m of cash on balance sheet on Transaction Close and ample liquidity headroom over its liquidity covenants for the entire business plan period. Due to business seasonality, the HX group is expected to reach its minimum cash balance in the range of €70m - €95m in Aug-25

Source: Company Information

Notes: (1) Contribution margin calculated as EBITDA contribution margin before SG&A. Specifically calculated as (total revenue – total direct costs – total cruise operating expenses) / total revenue. (2) CFADS includes lease debt service of approx. €5m p.a. (3) Total yield is calculated as total revenue / total passenger cruise nights. (4) Occupancy rate is calculated as total passenger cruise nights / APCN (available capacity) including any laid-up periods.

HURTIGRUTEN

B

Project Split Update

B Project Split Update

Overview

Operational Separation	• In Jun-23, the Group commenced a reorganisation process aimed at separating the Group's Hurtigruten Expeditions business ("**HX**") and the traditional Hurtigruten Norway business ("**HRN**") • Since 1st November 2024, the HX and HRN businesses have been operating as independent divisions under the Hurtigruten Group umbrella for all major aspects of their operations (including separate sales function, booking entities, material licenses and ships operations) • Certain functions (such as global customer service centers) will continue to be operated by HRN on behalf of HX under a transitional services arrangement until the end of 2025. However, the two businesses are already operated independently by their respective management teams and are marketed to, and perceived as, separate propositions by customers and key operating partners
Legal Structure	• While the ultimate ownership of both the HRN and HX businesses is unchanged currently under Hurtigruten Group AS, the operations of both businesses have now been separated • The operational reorganisation of the Group has been a key step towards reaching full separation of the HRN and HX businesses and has facilitated the change of ownership that will take place as part of the Transaction at Transaction Close

C Transaction Overview

C Transaction Overview

Overview

Overview	• The Group has reached an agreement on the Transaction, as part of which the Lead Investors will commit more than €500m of new capital across HRN and HX. The capital structures of both HRN and HX will not have significant maturities before 2030 • The Transaction is supported by existing lenders of the Group representing the majority of commitments under the Group's existing term loan facilities under its Opco Facilities Agreement (including greater than 75% of Existing Facility B commitments) and the majority of commitments under its senior secured notes ("**Existing SSNs**") • HRN and HX will emerge from implementation of the Transaction as independent legal corporate groups which are well-capitalised with sustainable, long-term capital structures
New Ownership	• Post-Transaction, HRN and HX will be led by independent management teams and will have separate ownership structures • At Transaction Close, Hurtigruten NewCo AS ("**NewCo**") will cease to be parent company of HX and HRN(1), pro forma ownership of which will be: – ***HX:*** 100% by a consortium of investors that will, among other services, provide and backstop the new money contribution – ***HRN:*** 100% by a consortium of investors and Participating Facility B lenders that will, among other services, provide their consent to the Transaction, backstop and / or participate in the new money contributions • Existing NewCo creditors will be offered, for a period following Transaction Close, the opportunity to acquire the new HRN Group and HX Group. Please contact the Company for further details
Timeline	• €50m New Facility A to be funded immediately • The Transaction is expected to close in January 2025

Notes: (1) NewCo (and other holding companies sitting above Newco) to be wound-down after Transaction Close.

C Transaction Overview

Key Transaction Highlights

1 >€500m of New Capital Contribution

- Greater than €250m of new money provided by a consortium of Lead Investors (which backstop the new money contribution) as well as being offered to Existing Facility B lenders so they have the opportunity to participate in the Transaction
- Conversion of €365m Existing Facility B debt into 5%[(1)] equity interest in HRN
- Well-funded businesses for each of the HRN Group and HX Group, targeting approx. €60m and €140m day-1 cash on balance sheet respectively as at Transaction Close

2 No maturities before 2030

- Long-term, holistic solution to the Existing SSNs' maturity (currently due in Feb-25), with no significant debt maturities before 2030 providing runway for implementation of the HRN Group's and HX Group's respective turnaround and growth plans

3 Completion of Project Split

- The Transaction enables Project Split to be legally and commercially implemented

4 New Ownership Structure

- At Transaction Close, the HRN Group and the HX Group will be sold to new owners which will result in independent legal and governance structures at each business, led by sophisticated investors with a long-term investment horizon
- Shortly after Transaction Close, the existing holding companies will be wound down as required under the limited recourse provisions within the existing debt documents

Notes: (1) 2.5% to all existing lenders and 2.5% to all Existing Facility B lenders who accede to the Transaction before the early bird deadline of 13 December 2024.

C Transaction Overview

Key Post-Transaction Capital Structure Terms

	HRN		HX		
Key Terms	**New HRN Facility A**	**New HRN Facility B**	**Exchanged Senior SSNs**	**New Junior SSNs**	**HX Cross-Funding Facility**
Overview	Refinancing the Existing Facility A (incl. Nov-24 upsize[1])	HRN New Money	Exchanged Senior Secured Notes	New 2nd Lien Senior Secured Notes	Junior Facility
Issuer/Borrower	Hurtigruten Group AS	Hurtigruten Group AS	HX Holdco Ltd	HX Holdco Ltd	HX Holdco Ltd
Ranking / Security	Super Senior Facility (1st Lien Security over HRN material assets)	Senior Secured Facility (2nd ranking behind New HRN Facility A over HRN collateral)	Senior Secured (1st Lien Security over Existing SSN collateral and certain material assets[4]), with recourse to the entire HX Group	Senior Secured (1st Lien Security over certain assets[5], 2nd Lien over Exchanged Senior SSN collateral)	Junior (3rd lien security)
Amount Outstanding	€315m[6]	€90m	€255m[2]	€100m	€40m
Maturity	Jan-30	Jul-30	Jan-30	Jul-30	Jan-35
Interest Rate	E + 7.50%[3]	E + 8.00% PIYC[7]	7.00%	12.50% PIK	5.00% PIK
Amortisation	Bullet	Bullet	Bullet	Bullet	Bullet
Original Lenders	Eligible Consenting Facility B Lenders & Facility A Lenders (subject to take-up)	Participating Facility B Lenders & Lead Investors	Existing SSN Holders	Participating Exchanged Senior SSNs Holders, Participating Facility B Lenders & Lead Investors	Hurtigruten Group AS
Other	n.a.	Participating lenders allocated 45% pro forma HRN equity ownership	n.a.	n.a.	n.a.

Notes: Existing Facility B to be written down and allocated pro forma equity in HRN. (1) €50m existing Facility upsize at Nov-24 based on Existing Facility A plus a 2.0x Minimum Cash-on-Cash Return Threshold on any prepayment events except the deemed refinancing at Transaction Close. (2) Excludes accrued interest as at Transaction Close. Accrued interest to be paid at first IPD. (3) 99% PIK election during the first year after issuance and 50% PIK election during the second-year post issuance, in line with Existing Facility A. (4) Existing Collateral, 1st Lien security over certain assets (includes material bank accounts and IP) and (subject to consent of lender under the Spitsbergen lease) first-ranking pledge against all the shares in the parent of the borrowing entity under the outstanding Spitsbergen lease. (5) 1st Lien security over ETICA stake and MS Fram, 2nd Lien security over Exchanged HX Senior SSN Security. (6) Amount dependent on the HRN Facility A Backstop OID. A Backstop Commitment in excess of its pro rata entitlement based on holdings of Existing Facility B debt shall be subject to a 5.00% gross-up OID. (7) Pay if you can ("PIYC") permitted across the life of debt at borrower's discretion.