

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2023

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-35898

LINDBLAD EXPEDITIONS HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

27-4749725

(I.R.S. Employer
Identification No.)

96 Morton Street, 9th Floor, New York, New York, 10014
(Address of principal executive offices) (Zip Code)

(212) 261-9000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:
Trading Symbol(s)

Title of each class

Name of each exchange on which registered

Common Stock, par value \$0.0001 per share

LIND

The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of October 31, 2023, 53,388,276 shares of common stock, par value \$0.0001 per share, were outstanding.

LINDBLAD EXPEDITIONS HOLDINGS, INC.

Quarterly Report On Form 10-Q
For The Quarter Ended September 30, 2023

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LINDBLAD EXPEDITIONS HOLDINGS, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(In thousands, except share and per share data)

	September 30, 2023 (unaudited)	December 31, 2022
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 168,015	\$ 87,177
Restricted cash	36,802	28,847
Short-term securities	-	13,591
Marine operating supplies	6,528	9,961
Inventories	3,087	1,965
Prepaid expenses and other current assets	44,722	41,778
Total current assets	<u>259,154</u>	<u>183,319</u>
Property and equipment, net	530,337	539,406
Goodwill	42,017	42,017
Intangibles, net	9,864	11,219
Deferred tax asset	2,305	2,167
Right-to-use lease assets	3,271	4,345
Other long-term assets	4,657	5,502
Total assets	<u>\$ 851,605</u>	<u>\$ 787,975</u>
LIABILITIES		
Current Liabilities:		
Unearned passenger revenues	\$ 250,568	\$ 245,101
Accounts payable and accrued expenses	66,701	71,019
Long-term debt - current	46	23,337
Lease liabilities - current	1,718	1,663
Total current liabilities	<u>319,033</u>	<u>341,120</u>
Long-term debt, less current portion	620,888	529,452
Deferred tax liabilities	1,454	-
Lease liabilities	1,807	2,961
Other long-term liabilities	89	88
Total liabilities	<u>943,271</u>	<u>873,621</u>
Commitments and contingencies	-	-
Series A redeemable convertible preferred stock, 165,000 shares authorized; 62,000 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	72,397	69,143
Redeemable noncontrolling interests	34,232	27,886
	<u>106,629</u>	<u>97,029</u>
STOCKHOLDERS' DEFICIT		
Preferred stock, \$0.0001 par value, 1,000,000 shares authorized; 62,000 Series A shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	-	-
Common stock, \$0.0001 par value, 200,000,000 shares authorized; 53,379,750 and 53,177,437 issued, 53,321,818 and 53,110,132 outstanding as of September 30, 2023 and December 31, 2022, respectively	5	5
Additional paid-in capital	92,549	83,850
Accumulated deficit	(290,849)	(266,530)
Total stockholders' deficit	<u>(198,295)</u>	<u>(182,675)</u>
Total liabilities, mezzanine equity and stockholders' deficit	<u>\$ 851,605</u>	<u>\$ 787,975</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

LINDBLAD EXPEDITIONS HOLDINGS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(In thousands, except share and per share data)
(unaudited)

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Tour revenues	\$ 175,989	\$ 144,783	\$ 444,183	\$ 303,540
Operating expenses:				
Cost of tours	95,590	87,576	245,293	208,023
General and administrative	30,015	24,535	85,589	68,882
Selling and marketing	19,387	16,025	55,197	41,193
Depreciation and amortization	10,521	10,839	33,660	33,193
Total operating expenses	<u>155,513</u>	<u>138,975</u>	<u>419,739</u>	<u>351,291</u>
Operating income (loss)	<u>20,476</u>	<u>5,808</u>	<u>24,444</u>	<u>(47,751)</u>
Other (expense) income:				
Interest expense, net	(11,482)	(8,369)	(33,593)	(26,500)
(Loss) gain on foreign currency	(455)	(872)	46	(1,417)
Other (expense) income	(77)	(333)	(3,773)	84
Total other expense	<u>(12,014)</u>	<u>(9,574)</u>	<u>(37,320)</u>	<u>(27,833)</u>
Income (loss) before income taxes	8,462	(3,766)	(12,876)	(75,584)
Income tax expense	3	1,732	1,587	619
Net income (loss)	8,459	(5,498)	(14,463)	(76,203)
Net income attributable to noncontrolling interest	2,821	3,228	3,742	3,000
Net income (loss) attributable to Lindblad Expeditions Holdings, Inc.	5,638	(8,726)	(18,205)	(79,203)
Series A redeemable convertible preferred stock dividend	1,098	1,036	3,255	3,618
Net income (loss) available to stockholders	<u>\$ 4,540</u>	<u>\$ (9,762)</u>	<u>\$ (21,460)</u>	<u>\$ (82,821)</u>
Weighted average shares outstanding				
Basic	53,309,336	53,045,329	53,227,642	51,665,912
Diluted	53,401,799	53,045,329	53,227,642	51,665,912
Undistributed income (loss) per share available to stockholders:				
Basic	\$ 0.08	\$ (0.18)	\$ (0.40)	\$ (1.60)
Diluted	\$ 0.08	\$ (0.18)	\$ (0.40)	\$ (1.60)

The accompanying notes are an integral part of these condensed consolidated financial statements.

LINDBLAD EXPEDITIONS HOLDINGS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income (Loss)
(In thousands)
(unaudited)

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Net income (loss)	\$ 8,459	\$ (5,498)	\$ (14,463)	\$ (76,203)
Other comprehensive income:				
Cash flow hedges:				
Reclassification adjustment, net of tax	-	-	-	634
Total other comprehensive income	-	-	-	634
Total comprehensive income (loss)	8,459	(5,498)	(14,463)	(75,569)
Less: comprehensive income attributable to non-controlling interest	2,821	3,228	3,742	3,000
Comprehensive income (loss) attributable to stockholders	<u>\$ 5,638</u>	<u>\$ (8,726)</u>	<u>\$ (18,205)</u>	<u>\$ (78,569)</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

LINDBLAD EXPEDITIONS HOLDINGS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Stockholders' Deficit
(In thousands, except share data)
(unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount			
Balance as of June 30, 2023	53,320,546	\$ 5	\$ 89,601	\$ (294,491)	\$ (204,885)
Stock-based compensation	-	-	2,953	-	2,953
Net activity related to equity compensation plans	59,204	-	(5)	-	(5)
Redeemable noncontrolling interest	-	-	-	(898)	(898)
Series A preferred stock dividend	-	-	-	(1,098)	(1,098)
Net income attributable to Lindblad Expeditions Holdings, Inc	-	-	-	5,638	5,638
Balance as of September 30, 2023	53,379,750	\$ 5	\$ 92,549	\$ (290,849)	\$ (198,295)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount			
Balance as of December 31, 2022	53,177,437	\$ 5	\$ 83,850	\$ (266,530)	\$ (182,675)
Stock-based compensation	-	-	9,245	-	9,245
Net activity related to equity compensation plans	202,313	-	(546)	-	(546)
Redeemable noncontrolling interest	-	-	-	(2,859)	(2,859)
Series A preferred stock dividend	-	-	-	(3,255)	(3,255)
Net loss attributable to Lindblad Expeditions Holdings, Inc	-	-	-	(18,205)	(18,205)
Balance as of September 30, 2023	53,379,750	\$ 5	\$ 92,549	\$ (290,849)	\$ (198,295)

The accompanying notes are an integral part of these condensed consolidated financial statements.

LINDBLAD EXPEDITIONS HOLDINGS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Stockholders' Deficit
(In thousands, except share data)
(unaudited)

	Common Stock		Additional Paid-In	Accumulated	Accumulated Other Comprehensive	Total Stockholders'
	Shares	Amount	Capital	Deficit	Loss	Deficit
Balance as of June 30, 2022	\$ 53,064,077	\$ 5	\$ 80,812	\$ (218,695)	\$ -	\$ (137,878)
Stock-based compensation	-	-	1,632	-	-	1,632
Net activity related to equity compensation plans	68,593	-	(12)	-	-	(12)
Redeemable noncontrolling interest	-	-	-	(8,760)	-	(8,760)
Series A preferred shares dividend	-	-	-	(1,036)	-	(1,036)
Net loss attributable to Lindblad Expeditions Holdings, Inc.	-	-	-	(8,726)	-	(8,726)
Balance as of September 30, 2022	<u>53,132,670</u>	<u>\$ 5</u>	<u>\$ 82,432</u>	<u>\$ (237,217)</u>	<u>\$ -</u>	<u>\$ (154,780)</u>

	Common Stock		Additional Paid-In	Accumulated	Accumulated Other Comprehensive	Total Stockholders'
	Shares	Amount	Capital	Deficit	Loss	Deficit
Balance as of December 31, 2021	50,800,786	\$ 5	\$ 58,485	\$ (136,439)	(634)	\$ (78,583)
Stock-based compensation	-	-	5,283	-	-	5,283
Net activity related to equity compensation plans	222,323	-	(766)	-	-	(766)
Issuance of stock for conversion of preferred stock	2,109,561	-	19,430	-	-	19,430
Other comprehensive income, net	-	-	-	-	634	634
Redeemable noncontrolling interest	-	-	-	(17,957)	-	(17,957)
Series A preferred shares dividend	-	-	-	(3,618)	-	(3,618)
Net loss attributable to Lindblad Expeditions Holdings, Inc.	-	-	-	(79,203)	-	(79,203)
Balance as of September 30, 2022	<u>53,132,670</u>	<u>\$ 5</u>	<u>\$ 82,432</u>	<u>\$ (237,217)</u>	<u>\$ -</u>	<u>\$ (154,780)</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

LINDBLAD EXPEDITIONS HOLDINGS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(In thousands)
(unaudited)

	For the nine months ended September 30,	
	2023	2022
Cash Flows From Operating Activities		
Net loss	\$ (14,463)	\$ (76,203)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	33,660	33,193
Amortization of deferred financing costs and other, net	2,444	1,988
Amortization of right-to-use lease assets	1,074	626
Stock-based compensation	9,245	5,283
Deferred income taxes	1,241	759
Change in fair value of contingent acquisition consideration	-	111
(Gain) loss on foreign currency	(46)	1,417
Write-off of unamortized issuance costs related to debt refinancing	3,860	9,004
Changes in operating assets and liabilities		
Marine operating supplies and inventories	2,311	(1,195)
Prepaid expenses and other current assets	(2,944)	(19,575)
Unearned passenger revenues	5,467	34,407
Other long-term assets	(1,165)	3,242
Other long-term liabilities	-	844
Accounts payable and accrued expenses	(4,272)	7,526
Operating lease liabilities	(1,099)	(658)
Net cash provided by operating activities	<u>35,313</u>	<u>769</u>
Cash Flows From Investing Activities		
Purchases of property and equipment	(22,723)	(29,566)
Sale of short-term securities	15,163	-
Net cash used in investing activities	<u>(7,560)</u>	<u>(29,566)</u>
Cash Flows From Financing Activities		
Proceeds from long-term debt	275,000	360,000
Repayments of long-term debt	(205,704)	(346,301)
Payment of deferred financing costs	(7,455)	(10,859)
Repurchase under stock-based compensation plans and related tax impacts	(801)	(766)
Net cash provided by financing activities	<u>61,040</u>	<u>2,074</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	88,793	(26,723)
Cash, cash equivalents and restricted cash at beginning of period	<u>116,024</u>	<u>172,693</u>
Cash, cash equivalents and restricted cash at end of period	<u>\$ 204,817</u>	<u>\$ 145,970</u>
Supplemental disclosures of cash flow information:		
Cash paid during the period:		
Interest	\$ 30,369	\$ 22,159
Income taxes	388	226
Non-cash investing and financing activities:		
Non-cash preferred stock dividend	3,255	3,618

The accompanying notes are an integral part of these condensed consolidated financial statements.

Lindblad Expeditions Holdings, Inc.
Notes to the Unaudited Condensed Consolidated Financial Statements
(Unaudited)

NOTE 1—BUSINESS AND BASIS OF PRESENTATION

Business

Lindblad Expeditions Holdings, Inc.'s and its consolidated subsidiaries' (collectively, the "Company" or "Lindblad") mission is offering life-changing adventures around the world and pioneering innovative ways to allow its guests to connect with exotic and remote places. The Company currently operates a fleet of ten owned expedition ships and five seasonal charter vessels under the Lindblad brand, operates land-based, eco-conscious expeditions and active nature focused tours under the Natural Habitat, Inc. ("Natural Habitat") and Off the Beaten Path, LLC ("Off the Beaten Path") brands, designs handcrafted walking tours under the Classic Journeys, LLC ("Classic Journeys") brand and operates luxury cycling and adventure tours under the DuVine Cycling + Adventure Company ("DuVine") brand.

The Company's common stock is listed on the NASDAQ Capital Market under the symbol "LIND".

The Company operates the following two reportable business segments:

Lindblad Segment. The Lindblad segment primarily provides ship-based expeditions aboard customized, nimble and intimately-scaled vessels that are able to venture where larger cruise ships cannot, thus allowing Lindblad to offer up-close experiences in the planet's wild and remote places and capitals of culture. Each expedition ship is fully equipped with state-of-the-art tools for in-depth exploration, and the majority of expeditions involve travel to remote places with limited infrastructure and ports, such as Antarctica and the Arctic, or places that are best accessed by a ship, such as the Galápagos Islands, Alaska, Baja California's Sea of Cortez and Panama, and foster active engagement by guests. The Company has an alliance with National Geographic Partners, LLC ("National Geographic"), which provides for lecturers and National Geographic experts, including photographers, writers, marine biologists, naturalists, field researchers and film crews, to join many of the Company's expeditions.

Land Experiences Segment. The Land Experiences segment includes our four primarily land-based brands, Natural Habitat, DuVine, Off the Beaten Path and Classic Journeys.

- *Natural Habitat* specializes in conservation-oriented adventures, providing life-enhancing forays into the natural world that feature wild habitats and the animals and people who live there. Natural Habitat's travel adventures provide unparalleled access to the planet's most extraordinary wildlife, landscapes and cultures. Natural Habitat's unique itineraries include access to private wildlife reserves, remote corners of national parks and distinctive, secluded, and remote lodges and camps situated where wildlife viewing is best, such as polar bear tours in Churchill, Canada, Alaskan grizzly bear adventures, small-group Galápagos Islands tours and African safaris. Natural Habitat has partnered with World Wildlife Fund ("WWF") to offer conservation travel, which is sustainable travel that contributes to the protection of nature and wildlife.
- *DuVine* specializes in luxury cycling and adventure tours around the world, providing immersive cultural and culinary experiences through thoughtfully designed itineraries led by expert local guides. Offerings primarily include tours throughout Europe, the United States and South America. Examples of DuVine's tours include cycling and culinary tours throughout the Bordeaux and Burgundy wine making regions, Tuscan truffle, porcini and chestnut harvest regions, Napa and Sonoma wine making regions and lakes and volcanos throughout Patagonia. DuVine's trips include top-quality gear and support and are tailored to riders of all abilities with an emphasis on exceptional food and wine experiences, along with boutique accommodations.
- *Off the Beaten Path* provides active small-group and private custom journeys around the world with a long-standing focus on offering unique adventures and experiences throughout United States ("U.S.") National Parks. In addition to other U.S.-based adventures such as ranch vacations and fly-fishing expeditions, Off the Beaten Path's small-group product offerings include international expeditions across Europe, Africa, Australia, Central and South America and the South Pacific, such as hiking through the Dolomites, family adventures in Patagonia's Lake District and experiencing the culture of Morocco. All Off the Beaten Path expeditions are defined by a focus on outdoor activity led by experienced, friendly guides.
- *Classic Journeys* offers highly curated active small-group and private custom journeys centered around cinematic walks focused on engaging experiences that immerse guests into the history and culture of the places they are exploring and the people who live there, led by expert local guides in over 50 countries around the world. Classic Journeys' tours are highlighted by luxury boutique accommodations and handcrafted itineraries curated through years of local connections such as experiencing Tuscan farmhouse kitchens, exploring Minoan ruins in Crete, or eating and dancing around a Berber encampment campfire.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements and notes to the unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and applicable rules and regulations of the Securities and Exchange Commission (the “SEC”) regarding unaudited interim financial information and include the accounts and transactions of the Company. In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the Company’s financial statements for the periods presented. Operating results for the periods presented are not necessarily indicative of the results of operations to be expected for the full year due to seasonality and other factors. Certain information and note disclosures normally included in the consolidated financial statements in accordance with GAAP have been omitted in accordance with the rules and regulations of the SEC for interim reporting. All intercompany balances and transactions have been eliminated in these unaudited condensed consolidated financial statements. These unaudited condensed consolidated financial statements and notes should be read in conjunction with the audited consolidated financial statements and accompanying notes thereto for the year ended December 31, 2022 contained in the Company’s Annual Report on Form 10-K filed with the SEC on March 10, 2023 (the “2022 Annual Report”).

There have been no significant changes to the Company’s accounting policies from those disclosed in the 2022 Annual Report.

NOTE 2—EARNINGS PER SHARE

Earnings (loss) per Common Share

Earnings (loss) per common share is computed using the two-class method related to its Series A Redeemable Convertible Preferred Stock, par value of \$0.0001 (“Preferred Stock”). Under the two-class method, undistributed earnings available to stockholders for the period are allocated on a pro rata basis to the common stockholders and to the holders of the Preferred Stock based on the weighted average number of common shares outstanding and number of shares that could be issued upon conversion of the Preferred Stock.

Diluted earnings per share is computed using the weighted average number of common shares outstanding and, if dilutive, potential common shares outstanding during the period. Potential common shares consist of the dilutive incremental common shares associated with restricted stock awards and shares issuable upon the exercise of stock options, using the treasury stock method, and the potential common shares that could be issued from conversion of the Preferred Stock, using the if-converted method. When a net loss occurs, potential common shares have an anti-dilutive effect on earnings per share and such shares are excluded from the diluted earnings per share calculation.

For the nine months ended September 30, 2023 and three and nine months ended September 30, 2022, the Company incurred net losses available to stockholders, therefore basic and diluted net loss per share are the same in each respective period. For the nine months ended September 30, 2023, 0.8 million unvested restricted shares, 1.3 million shares issuable upon exercise of options and 7.8 million common shares issuable upon the conversion of the Preferred Stock were excluded from the calculation of dilutive potential common shares for the period as they were anti-dilutive. For the three months ended September 30, 2023, 7.8 million common shares issuable upon the conversion of the Preferred Stock were excluded from the calculation of dilutive potential common shares for the period as they were anti-dilutive. For the three and nine months ended September 30, 2022, 0.8 million unvested restricted shares, 1.4 million shares issuable upon exercise of options and 7.4 million common shares issuable upon conversion of the Preferred Stock were excluded from the calculation of dilutive potential common shares for the period as they were anti-dilutive.

Earnings (loss) per share was calculated as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
	(unaudited)		(unaudited)	
(In thousands, except share and per share data)				
Net income (loss) attributable to Lindblad Expeditions Holdings, Inc.	\$ 5,638	\$ (8,726)	\$ (18,205)	\$ (79,203)
Series A redeemable convertible preferred stock dividend	1,098	1,036	3,255	3,618
Undistributed income (loss) available to stockholders	<u>\$ 4,540</u>	<u>\$ (9,762)</u>	<u>\$ (21,460)</u>	<u>\$ (82,821)</u>
Weighted average shares outstanding:				
Total weighted average shares outstanding, basic	53,309,336	53,045,329	53,227,642	51,665,912
Dilutive potential common shares	91,365	-	-	-
Dilutive potential options	1,098	-	-	-
Total weighted average shares outstanding, diluted	<u>53,401,799</u>	<u>53,045,329</u>	<u>53,227,642</u>	<u>51,665,912</u>
Undistributed income (loss) per share available to stockholders:				
Basic	\$ 0.08	\$ (0.18)	\$ (0.40)	\$ (1.60)
Diluted	\$ 0.08	\$ (0.18)	\$ (0.40)	\$ (1.60)

NOTE 3—REVENUES

Customer Deposits and Contract Liabilities

The Company's guests remit deposits in advance of tour embarkation. Guest deposits consist of guest ticket revenues as well as revenues from the sale of pre- and post-expedition excursions, hotel accommodations, land-based expeditions and certain air transportation. Guest deposits represent unearned revenues and are reported as unearned passenger revenues when received and are subsequently recognized as tour revenue over the duration of the expedition. Contract liabilities represent the Company's obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. The Company does not consider guest deposits to be a contract liability until the guest no longer has the right, resulting from the passage of time, to cancel their reservation and receive a full refund. In conjunction with the suspension or rescheduling of expeditions primarily related to the COVID-19 pandemic, the Company provided guests an option of either a refund or future travel certificates, which in some instances exceeded the original cash deposit. The value of future travel certificates in excess of cash received is being recognized as a discount to tour revenues at the time the related expedition occurs. Future travel certificates are valued based on the Company's expectation that a guest will travel again. As of September 30, 2023 and December 31, 2022, the Company has \$250.6 million and \$245.1 million, related to unearned passenger revenue, respectively.

	Contract Liabilities
(In thousands)	
Balance as of December 31, 2022	\$ 178,198
Recognized in tour revenues during the period	(427,958)
Additional contract liabilities in period	365,392
Balance as of September 30, 2023	<u>\$ 115,632</u>

The following table disaggregates our tour revenues by the sales channel it was derived from:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
	(unaudited)		(unaudited)	
Guest ticket revenue:				
Direct	58%	56%	53%	51%
National Geographic	11%	12%	12%	15%
Agencies	19%	19%	19%	19%
Affinity	3%	4%	7%	5%
Guest ticket revenue	<u>91%</u>	<u>91%</u>	<u>91%</u>	<u>90%</u>
Other tour revenue	9%	9%	9%	10%
Tour revenues	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

NOTE 4—FINANCIAL STATEMENT DETAILS

The following is a reconciliation of cash, cash equivalents and restricted cash to the statement of cash flows:

	As of September 30,	
	2023	2022
(In thousands)	(unaudited)	
Cash and cash equivalents	\$ 168,015	\$ 116,446
Restricted cash	36,802	29,524
Total cash, cash equivalents and restricted cash as presented in the statement of cash flows	<u>\$ 204,817</u>	<u>\$ 145,970</u>

Restricted cash consists of the following:

	As of September	As of December 31,
	30, 2023	2022
(In thousands)	(unaudited)	
Credit card processor reserves	\$ 20,850	\$ 20,400
Federal Maritime Commission and other escrow	14,270	6,882
Certificates of deposit and other restricted securities	1,682	1,565
Total restricted cash	<u>\$ 36,802</u>	<u>\$ 28,847</u>

Prepaid expenses and other current assets are as follows:

	As of September	As of December 31,
	30, 2023	2022
(In thousands)	(unaudited)	
Prepaid tour expenses	\$ 23,580	\$ 20,605
Other	21,142	21,173
Total prepaid expenses and other current assets	<u>\$ 44,722</u>	<u>\$ 41,778</u>

Accounts payable and accrued expenses are as follows:

	As of September	As of December 31,
	30, 2023	2022
(In thousands)	(unaudited)	
Accrued other expense	\$ 50,783	\$ 54,418
Accounts payable	15,918	16,601
Total accounts payable and accrued expenses	<u>\$ 66,701</u>	<u>\$ 71,019</u>

NOTE 5—LONG-TERM DEBT

(In thousands)	As of September 30, 2023			As of December 31, 2022		
	(unaudited)					
	Principal	Deferred Financing Costs, net	Balance	Principal	Deferred Financing Costs, net	Balance
6.75% Notes	\$ 360,000	\$ (7,322)	\$ 352,678	\$ 360,000	(8,968)	351,032
9.00% Notes	275,000	(6,833)	268,167	-	-	-
Other	89	-	89	955	-	955
First Export Credit Agreement	-	-	-	94,794	(1,829)	92,965
Second Export Credit Agreement	-	-	-	110,044	(2,207)	107,837
Total long-term debt	635,089	(14,155)	620,934	565,793	(13,004)	552,789
Less current portion	(46)	-	(46)	(23,337)	-	(23,337)
Total long-term debt, non-current	\$ 635,043	\$ (14,155)	\$ 620,888	\$ 542,456	\$ (13,004)	\$ 529,452

For the three and nine months ended September 30, 2023, \$0.9 million and \$2.4 million, respectively, of deferred financing costs were charged to interest expense, and for the three and nine months ended September 30, 2022, \$0.7 million and \$2.1 million, respectively, of deferred financing costs were charged to interest expense. During the three months ended June 30, 2023, \$3.9 million of deferred financing costs related to the repayment of the Company’s prior senior secured credit agreements (the “Export Credit Agreements”) were written-off to other expense. During the three months ended March 31, 2022, \$9.0 million of deferred financing costs related to the repayment of the Company’s prior credit agreement, including the term facility, Main Street Loan and revolving credit facility were written-off to other expense.

6.75% Notes

On February 4, 2022, the Company issued \$360.0 million aggregate principal amount of 6.75% senior secured notes due 2027 (the “6.75% Notes”) in a private offering. The 6.75% Notes bear interest at a rate of 6.75% per year, and interest is payable semiannually in arrears on February 15 and August 15 of each year. The 6.75% Notes will mature on February 15, 2027, subject to earlier repurchase or redemption. The Company used the net proceeds from the offering to prepay in full all outstanding borrowings under its prior credit agreement, including the term facility, Main Street Loan, and revolving credit facility, to pay any related premiums and to terminate in full its prior credit agreement and the commitments thereunder. The 6.75% Notes are senior secured obligations of the Company and are guaranteed on a senior secured basis by the Company and certain of the Company’s subsidiaries (collectively, the “Guarantors”) and secured by first-priority *pari passu* liens, subject to permitted liens and certain exceptions, on substantially all the assets of the Company and the Guarantors. The 6.75% Notes may be redeemed by the Company, at set redemption prices and premiums, plus accrued and unpaid interest, if any.

The 6.75% Notes contain covenants that, among other things, restrict the Company’s ability, and the ability of the Company’s restricted subsidiaries, to incur certain additional indebtedness and make certain dividend payments, distributions, investments and other restricted payments. These covenants are subject to a number of important exceptions and qualifications set forth in the 6.75% Notes.

Revolving Credit Facility

On February 4, 2022, the Company entered into a senior secured revolving credit facility (the “Revolving Credit Facility”), which provides for an aggregate principal amount of commitments of \$45.0 million, maturing February 2027, including a letter of credit sub-facility in an aggregate principal amount of up to \$5.0 million. The obligations under the Revolving Credit Facility are guaranteed by the Company and the Guarantors and are secured by first-priority *pari passu* liens, subject to permitted liens and certain exceptions, on substantially all the assets of the Company and the Guarantors. Borrowings under the Revolving Credit Facility, if any, will bear interest at a rate per annum equal to, at the Company’s option, an adjusted Secured Overnight Financing Rate (“SOFR”) rate plus a spread or a base rate plus a spread. As of September 30, 2023, the Company had no borrowings under the Revolving Credit Facility.

The Revolving Credit Facility contains customary affirmative and negative covenants, as well as financial covenants and event of default provisions.

9.00% Notes

On May 2, 2023, the Company issued \$275.0 million aggregate principal amount of 9.00% senior secured notes due 2028 (the “9.00% Notes”) in a private offering. The 9.00% Notes bear interest at a rate of 9.00% per year, accruing from May 2, 2023, and interest is payable semiannually in arrears on May 15 and November 15 of each year, beginning on November 15, 2023. The 9.00% Notes will mature on May 15, 2028, subject to earlier repurchase or redemption. The Company used the net proceeds from the offering to prepay in full all outstanding borrowings under its prior senior secured credit agreements, to pay any related premiums and to terminate in full its prior senior secured credit agreements and the commitments thereunder. The 9.00% Notes are senior unsecured obligations of the Company and are guaranteed (i) on a senior secured basis by certain of the Company’s subsidiaries (collectively, the “Secured Guarantors”) and secured by a first-priority lien, subject to permitted liens and certain exceptions, on the equity and substantially all the assets of the Secured Guarantors, and (ii) on a senior unsecured basis by certain other subsidiaries of the Company. The 9.00% Notes may be redeemed by the Company, at set redemption prices and premiums, plus accrued and unpaid interest, if any.

The 9.00% Notes contain covenants that, among other things, restrict the Company’s ability, and the ability of the Company’s restricted subsidiaries, to incur certain additional indebtedness and make certain dividend payments, distributions, investments and other restricted payments. These covenants are subject to a number of important exceptions and qualifications set forth in the 9.00% Notes.

Other

The Company’s Off the Beaten Path subsidiary’s original \$0.3 million loan for the purchase of guest transportation vehicles was repaid during June 2023 and its \$0.8 million loan under the Main Street Expanded Loan Facility, which originated on December 11, 2020, was repaid during May 2023.

The Company’s DuVine subsidiary has a EUR 0.1 million State Assistance Loan related to the financial consequences of the COVID-19 pandemic, for the purpose of employment preservation. This loan matures August 2025, with monthly payments, and bears an interest rate of 0.53% annually.

Prior Senior Secured Credit Agreements

In January 2018, the Company entered into a senior secured credit agreement (the “First Export Credit Agreement”), for the purpose of providing financing for up to 80% of the purchase price of the Company’s new ice class vessel, the *National Geographic Endurance*, and borrowed \$107.7 million upon delivery in March 2020. The First Export Credit Agreement was repaid in full on May 2, 2023 with the proceeds of the 9.00% Notes.

In April 2019, the Company entered into a senior secured credit agreement (the “Second Export Credit Agreement”), under which the Company borrowed \$122.8 million for the purpose of providing pre- and post-delivery financing for up to 80% of the purchase price of the Company’s new expedition ice-class cruise vessel, the *National Geographic Resolution*, delivered in September 2021. The Company borrowed \$30.5 million in 2019, \$30.6 million in 2020 and \$61.7 million in 2021. The Second Export Credit Agreement was repaid in full on May 2, 2023 with the proceeds of the 9.00% Notes.

Covenants

The Company’s 6.75% Notes, Revolving Credit Facility and 9.00% Notes contain covenants that include, among others, limits on additional indebtedness and limits on certain investments. The Company was in compliance with its covenants in effect as of September 30, 2023.

NOTE 6—FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

Derivative Instruments and Hedging Activities

The Company’s derivative assets and liabilities consist principally of foreign exchange forward contracts and are carried at fair value based on significant observable inputs (Level 2 inputs). Derivatives entered into by the Company are typically executed over-the-counter and are valued using internal valuation techniques, as quoted market prices are not readily available. The valuation technique and inputs depend on the type of derivative and the nature of the underlying exposure. The Company principally uses discounted cash flows along with fair value models that primarily use market observable inputs. These models take into account a variety of factors including, where applicable, maturity, currency exchange rates, interest rate yield curves and counterparty credit risks.

Currency Risk. The Company uses currency exchange forward contracts to manage its exposure to changes in currency exchange rates associated with certain of its non-U.S. dollar denominated receivables and payables. The Company primarily economically hedges a portion of its current-year currency exposure to the Canadian and New Zealand dollars, the Euro and the British pound sterling. The fluctuations in the value of these forward contracts largely offset the impact of changes in the value of the underlying risk they economically hedge.

The Company held the following derivative instruments with absolute notional values as of September 30, 2023:

(In thousands)	Absolute Notional Value
Foreign exchange contracts	16,731

Estimated fair values (Level 2) of derivative instruments were as follows:

(In thousands)	As of September 30, 2023		As of December 31, 2022	
	(unaudited)			
	Fair Value, Asset Derivatives	Fair Value, Liability Derivatives	Fair Value, Asset Derivatives	Fair Value, Liability Derivatives
Derivative instruments not designated as cash flow hedging instruments:				
Interest rate cap (a)	\$ -	\$ -	\$ 683	\$ -
Foreign exchange forward (b)	-	407	-	572
Total	\$ -	\$ 407	\$ 683	\$ 572

(a) Recorded in prepaid expenses and other current assets. The interest rate cap matured during May 2023.

(b) Recorded in accounts payable and accrued expenses.

Changes in the fair value of the Company's hedging instruments are recorded in accumulated other comprehensive income. The effects of derivatives recognized in the Company's condensed consolidated financial statements were as follows:

(In thousands)	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
	(unaudited)		(unaudited)	
Derivative instruments not designated as cash flow hedging instruments:				
Interest rate cap (a)	\$ -	\$ 1,046	\$ (683)	\$ 749
Foreign exchange forward (b)	(455)	(872)	46	(1,417)
Total	\$ (455)	\$ 174	\$ (637)	\$ (668)

(a) The interest rate cap matured during May 2023. Recognized in interest expense, net, for the three and nine months ended September 30, 2023 and the three months ended September 30, 2022. For the nine months ended September 30, 2022, \$1.3 million was recognized as income in interest expense net, and \$0.6 million was reclassified from other comprehensive income (loss) to interest expense, net.

(b) Gains (losses) related to derivative instruments are expected to be largely offset by (losses) gains on the underlying exposures being hedged and recognized in gain (loss) on foreign currency.

The carrying amounts of cash and cash equivalents, accounts payable and accrued expenses, approximate fair value due to the short-term nature of these instruments. The Company estimates the approximate fair value of its long-term debt as of September 30, 2023 to be \$613.3 million based on the terms of the agreements and comparable market data as of September 30, 2023. As of September 30, 2023 and December 31, 2022, the Company had no other significant liabilities that were measured at fair value on a recurring basis.

NOTE 7—STOCKHOLDERS' EQUITY

Stock Repurchase Plan

The Company's Board of Directors approved a stock and warrant repurchase plan ("Repurchase Plan") in November 2015 and increased the Repurchase Plan to \$35.0 million in November 2016. The Repurchase Plan authorizes the Company to purchase, from time to time, the Company's outstanding common stock and previously outstanding warrants. Any shares purchased will be retired. The Repurchase Plan has no time deadline and will continue until otherwise modified or terminated at the sole discretion of the Company's Board of Directors. These repurchases exclude shares repurchased to settle statutory employee tax withholding related to the exercise of stock options and vesting of stock awards. The Company has cumulatively repurchased 875,218 shares of common stock for \$8.3 million and 6,011,926 warrants for \$14.7 million, since plan inception. The remaining balance for the Repurchase Plan was \$12.0 million as of September 30, 2023.

Preferred Stock

In August 2020, the Company issued and sold 85,000 shares of Preferred Stock for \$1,000 per share for gross proceeds of \$85.0 million. The Preferred Stock has senior and preferential ranking to the Company's common stock. The Preferred Stock is entitled to cumulative dividends of 6.00% per annum, and for the first two years the dividends were required to be paid-in-kind. After the second anniversary of the issuance date, the dividends may be paid-in-kind or be paid in cash at the Company's option. During 2023, the Company thus far has continued to pay Preferred Stock dividends in-kind. At any time after the third anniversary of the issuance, the Company may, at its option, convert all, but not less than all, of the Preferred Stock into common stock if the closing price of shares of common stock is at least 150% of the conversion price for 20 out of 30 consecutive trading days. The Preferred Stock is convertible at any time, at the holder's election, into a number of shares of common stock of the Company equal to the quotient obtained by dividing the then-current accrued value by the conversion price of \$9.50. The Preferred Stock deferred issuance costs were \$2.1 million as of September 30, 2023, recorded as reduction to preferred stock. The Company recorded accrued dividends for Preferred Stock of \$1.1 million and \$3.3 million for the three and nine months ended September 30, 2023, respectively, and \$1.0 million and \$3.6 million for the three and nine months ended September 30, 2022, respectively. As of September 30, 2023, the 62,000 shares of Preferred Stock outstanding and accumulated dividends could be converted at the option of the holders into 7.8 million shares of the Company's common stock.

NOTE 8—STOCK BASED COMPENSATION

The Company is authorized to issue up to 4.7 million shares of common stock under the 2021 Long-Term Incentive Plan ("the Plan") which was approved by shareholders in September 2021. As of September 30, 2023, 3.8 million shares were available to be granted under the Plan.

The Company recorded stock-based compensation expense of \$3.0 million and \$9.2 million during the three and nine months ended September 30, 2023, respectively, and \$1.6 million and \$5.3 million during the three and nine months ended September 30, 2022, respectively.

Long-Term Incentive Compensation

During the nine months ended September 30, 2023, the Company granted 553,871 restricted stock units ("RSUs") with a weighted average grant price of \$9.78. The RSUs will primarily vest equally over three years on the anniversary of the grant date, subject to the recipient's continued employment or service with the Company on the applicable vesting date. The number of shares were determined based upon the closing price of our common stock on the date of the award.

During the nine months ended September 30, 2023, the Company awarded 96,757 performance-based restricted share units ("PSUs") with a weighted average grant price of \$9.56. The PSUs generally vest three years following the date of grant based on the attainment of performance- or market-based goals, all of which are subject to a service condition. The Company does not deliver the shares associated with the PSUs to the employee, non-employee director or other service providers until the performance and vesting conditions are met.

Options

During the nine months ended September 30, 2023, the Company granted 500,000 options, with an average exercise price of \$9.56. The options vest ratably over four years with a term of ten years.

	Stock Option Grants	
	2023	
Stock price	\$	9.56
Exercise price	\$	9.56
Dividend yield		0.00%
Expected Volatility		64.6%
Risk-free interest rate		3.63%
Expected term (in years)		6.25

As of September 30, 2023 and December 31, 2022, options to purchase an aggregate of 1.3 million and 1.4 million shares of the Company's common stock, respectively, with a weighted average exercise price of \$12.36 and \$15.10, respectively, were outstanding. As of September 30, 2023, 638,115 options were exercisable.

Natural Habitat Contingent Arrangement

In connection with the 2016 acquisition of Natural Habitat, Mr. Bressler's employment agreement, as amended, provides Mr. Bressler, President of Natural Habitat, with an equity incentive opportunity to earn an award of options based on the future financial performance of Natural Habitat, effective as of December 31, 2025, subject to certain conditions. Mr. Bressler has a one-time right to elect an early option award of 50% at December 31, 2023, subject to certain conditions.

NOTE 9—INCOME TAXES

As of September 30, 2023 and December 31, 2022, the Company had no unrecognized tax benefits recorded. The Company's effective tax rate for the three and nine months ended September 30, 2023 was an expense of 0.0% and 12.3%, respectively, versus an expense of 46.0% and 0.8% for the three and nine months ended September 30, 2022, respectively. In 2023, the effective income tax expense differs from the statutory rate primarily due to the valuation allowance and for the nine months ended September 30, 2023 was also impacted by a \$1.5 million discrete tax expense. In 2022, the effective income tax expense differs from the statutory rate primarily due to the expected results for the year and the impact of taxes from foreign jurisdictions.

NOTE 10—COMMITMENTS AND CONTINGENCIES

Redeemable Non-Controlling Interest

The Company has controlling interests in its Natural Habitat, Off the Beaten Path, DuVine and Classic Journeys consolidated subsidiaries. The noncontrolling interests are subject to put/call agreements. The put options enable the minority holders, but do not obligate them, to sell the remaining interests to the Company. The Company has call options which enable it, but does not obligate it, to acquire the remaining interests in the subsidiaries, subject to certain dates, expirations and similar redemption value purchase measurements as the put options.

Since the redemption of the noncontrolling interests are not solely in the Company's control, the Company is required to record the redeemable noncontrolling interest outside of stockholders' equity but after its total liabilities. In addition, if it is probable that the instrument will become redeemable, solely due to the passage of time, the redeemable noncontrollable interest should be adjusted to the redemption value via one of two measurement methods. The Company elected the income classification-excess adjustment and accretion methods for recognizing changes in the redemption value of the put options. Under this methodology, a calculation of the present value of the redemption value is compared to the carrying value of the redeemable noncontrolling interest, and the carrying value of the redeemable noncontrolling interest is adjusted to the redemption value's present value. Any adjustments to the carrying value of the redeemable noncontrolling interest, up to the redemption value of the noncontrolling interest, are classified to retained earnings. Adjustments in excess of the redemption value of the noncontrolling interest are treated as a decrease to net income available to common stockholders.

The redemption value of the put options were determined using a discounted cash flow model. The redemption values were adjusted to their present value using the Company's weighted average cost of capital.

The following is a rollforward of redeemable non-controlling interest:

(In thousands)	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
	(unaudited)		(unaudited)	
Beginning balance	\$ 30,513	\$ 19,595	\$ 27,886	\$ 10,626
Net income attributable to noncontrolling interest	2,821	3,228	3,742	3,000
Redemption value adjustment of put option	898	8,760	2,859	17,957
Distribution	-	-	(255)	-
Ending balance	<u>\$ 34,232</u>	<u>\$ 31,583</u>	<u>\$ 34,232</u>	<u>\$ 31,583</u>

Royalty Agreement – National Geographic

The Company is party to an alliance and license agreement with National Geographic, which allows the Company to use the National Geographic name and logo. In return for these rights, the Company is charged a royalty fee. The royalty fee is included within selling and marketing expense. The fee is calculated based upon a percentage of certain ticket revenues less travel agent commission, including the revenues received from cancellation fees and any revenues received from the sale of pre- and post-expedition extensions. Royalty expense for the three and nine months ended September 30, 2023 was \$2.0 million and \$5.9 million, respectively, and was \$1.9 million and \$4.5 million for the three and nine months ended September 30, 2022, respectively.

The royalty balance payable to National Geographic as of September 30, 2023 and December 31, 2022 was \$1.9 million and \$1.8 million, respectively, and is included in accounts payable and accrued expenses.

Royalty Agreement – World Wildlife Fund

Natural Habitat has a license agreement with WWF, which allows it to use the WWF name and logo. In return for these rights, Natural Habitat is charged a royalty fee and a fee based on annual gross sales. The fees are included within selling and marketing expense. This royalty fee expense was \$0.4 million and \$0.9 million for the three and nine months ended September 30, 2023, respectively, and \$0.4 million and \$1.0 million for the three and nine months ended September 30, 2022, respectively.

Charter Commitments

From time to time, the Company enters into agreements to charter vessels onto which it holds its tours and expeditions. Future minimum payments on its charter agreements as of September 30, 2023 are as follows:

For the years ended December 31,	Amount
(In thousands)	(unaudited)
2023 (three months)	\$ 207
2024	18,558
2025	7,026
Total	<u>\$ 25,791</u>

NOTE 11—SEGMENT INFORMATION

The Company is primarily a specialty cruise and experiential travel operator with operations in two reportable segments, Lindblad and Land Experiences. The Company evaluates the performance of the business based largely on the results of its operating segments. The chief operating decision maker and management review operating results monthly and base operating decisions on the total results at a consolidated level, as well as at a segment level. The reports provided to the Board of Directors are at a consolidated level and contain information regarding the separate results of both segments.

The Company evaluates the performance of its business segments based largely on tour revenues and operating income without allocating other income and expenses, net, income taxes and interest expense, net. Operating results for the Company's reportable segments were as follows:

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
(In thousands)	(unaudited)		(unaudited)	
Tour revenues:				
Lindblad	\$ 108,750	\$ 83,741	\$ 311,660	\$ 198,063
Land Experiences	67,239	61,042	132,523	105,477
Total tour revenues	<u>\$ 175,989</u>	<u>\$ 144,783</u>	<u>\$ 444,183</u>	<u>\$ 303,540</u>
Operating income (loss):				
Lindblad	\$ 7,501	\$ (7,142)	\$ 8,576	\$ (60,380)
Land Experiences	12,975	12,950	15,868	12,629
Total operating income (loss)	<u>\$ 20,476</u>	<u>\$ 5,808</u>	<u>\$ 24,444</u>	<u>\$ (47,751)</u>

For the three and nine months ended September 30, 2023, there was \$2.3 million and \$6.3 million, respectively, of intercompany tour revenues between the Lindblad and Land Experiences reportable segments, which were eliminated in consolidation. For the three and nine months ended September 30, 2022, there was \$1.7 million and \$5.3 million, respectively, of intercompany tour revenues between the Lindblad and Land Experiences reportable segments eliminated in consolidation.

Depreciation and amortization are included in segment operating income as shown below:

(In thousands)	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
	(unaudited)		(unaudited)	
Depreciation and amortization:				
Lindblad	\$ 9,665	\$ 10,090	\$ 31,155	\$ 31,087
Land Experiences	856	749	2,505	2,106
Total depreciation and amortization	<u>\$ 10,521</u>	<u>\$ 10,839</u>	<u>\$ 33,660</u>	<u>\$ 33,193</u>

The following table presents our total assets, intangibles, net and goodwill by segment:

(In thousands)	As of September	As of December 31,
	30, 2023	2022
	(unaudited)	
Total Assets:		
Lindblad	\$ 692,119	\$ 662,683
Land Experiences	159,486	125,292
Total assets	<u>\$ 851,605</u>	<u>\$ 787,975</u>
Intangibles, net:		
Lindblad	\$ 1,614	\$ 1,680
Land Experiences	8,250	9,539
Total intangibles, net	<u>\$ 9,864</u>	<u>\$ 11,219</u>
Goodwill:		
Lindblad	\$ -	\$ -
Land Experiences	42,017	42,017
Total goodwill	<u>\$ 42,017</u>	<u>\$ 42,017</u>

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following discussion and analysis addresses material changes in the financial condition and results of operations of the Company for the periods presented. This discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements and related notes included in this Quarterly Report on Form 10-Q ("Form 10-Q"), as well as the audited consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 10, 2023 (the "2022 Annual Report"). Unless the context otherwise requires, in this Form 10-Q, "Company," "Lindblad," "we," "us," "our," and "ours" refer to Lindblad Expeditions Holdings, Inc., and its subsidiaries.

Cautionary Note Regarding Forward-Looking Statements

Any statements in this Form 10-Q about our expectations, beliefs, plans, objectives, prospects, financial condition, assumptions or future events or performance are not historical facts and are "forward-looking statements" as that term is defined under the federal securities laws. These statements are often, but not always, made through the use of words or phrases such as "believe," "anticipate," "should," "intend," "plan," "will," "expects," "estimates," "projects," "positioned," "strategy," "outlook" and similar words. You should read the statements that contain these types of words carefully. Such forward-looking statements are subject to a number of risks, uncertainties and other factors that could cause actual results to differ materially from what is expressed or implied in such forward-looking statements. There may be events in the future that we are not able to predict accurately or over which we have no control. Potential risks and uncertainties include, but are not limited to:

- events and conditions around the world, including war and other military actions, such as the Israel-Hamas war, the current conflict between Russia and Ukraine, inflation, higher fuel prices, higher interest rates and other general concerns about the state of the economy or other events impacting the ability or desire of people to travel;
- suspended operations, cancelling or rescheduling of voyages and other potential disruptions to our business and operations related to the COVID-19 virus, the Russia-Ukraine conflict, political unrest in destinations we visit, outbreak of disease in any destination we visit or another unexpected event;
- the Israel-Hamas war, impacts of inflation, the COVID-19 virus and/or the Russia-Ukraine conflict on our financial condition, liquidity, results of operations, cash flows, employees, plans and growth;
- increases in fuel prices, changes in fuels consumed and availability of fuel supply in the geographies in which we operate or in general;
- the impacts of inflation and negative economic conditions or negative economic outlooks on the demand for expedition travel;
- the loss of key employees, our inability to recruit or retain qualified shoreside and shipboard employees and increased labor costs;
- the impact of delays or cost overruns with respect to anticipated or unanticipated drydock, maintenance, modifications or other required construction related to any of our vessels;
- unscheduled disruptions in our business due to civil unrest, travel restrictions, weather events, mechanical failures, pandemics or other events;
- any change in state classifications of our workforce;
- changes adversely affecting the business in which we are engaged:
- management of our growth and our ability to execute on our planned growth, including our ability to successfully integrate acquisitions;
- our business strategy and plans;

- our ability to maintain or renew (on favorable terms or at all) our relationship with National Geographic and/or World Wildlife Fund;
- compliance with new and existing laws and regulations, including environmental regulations and travel advisories and restrictions;
- compliance with the financial and/or operating covenants in our debt arrangements;
- the impact of severe or unusual weather conditions, including climate change, on our business;
- adverse publicity regarding the travel and cruise industry in general;
- loss of business due to competition;
- the inability to meet or achieve our sustainability related goals, aspirations, initiatives, and our public statements and disclosures regarding them;
- the result of future financing efforts; and
- those risks discussed herein and in Item 1A. Risk Factors in our 2022 Annual Report and in Part II - Item 1A. Risk Factors in our Form 10-Q for the quarterly period ended June 30, 2023.

We urge you not to place undue reliance on these forward-looking statements, which speak only as of the date of this Form 10-Q. We do not undertake any obligation to release publicly any revisions to such forward-looking statements to reflect events or uncertainties after the date hereof or to reflect the occurrence of unanticipated events.

Business Overview

We provide expedition cruising and land-based adventure travel fostering a spirit of exploration and discovery, using itineraries featuring up-close encounters with wildlife and nature, history and culture and promote guest empowerment, human connections and interactivity. Our mission is to offer life-changing adventures around the world and pioneer innovative ways to allow our guests to connect with exotic and remote places.

We currently operate a fleet of ten owned expedition ships and five seasonal charter vessels under the Lindblad brand. Each expedition ship is fully equipped with state-of-the-art tools for in-depth exploration and the majority of our expeditions involve travel to remote places, such as voyages to the Arctic, Antarctic, the Galápagos Islands, Alaska, Baja's Sea of Cortez, the South Pacific, Costa Rica and Panama. We have a longstanding relationship with the National Geographic Society ("National Geographic") dating back to 2004, which is based on a shared interest in exploration, research, technology and conservation. This relationship includes a co-selling, co-marketing and branding arrangement whereby our owned vessels carry the National Geographic name and National Geographic sells our expeditions through its internal travel division. We collaborate with National Geographic on voyage planning to enhance the guest experience by having National Geographic experts, including photographers, writers, marine biologists, naturalists, field researchers and film crews, join our expeditions. Guests are able to interface with these experts through lectures, excursions, dining and other experiences throughout their voyage.

We operate land-based nature adventure travel expeditions around the globe, with unique itineraries designed to offer intimate encounters with nature and the planet's wild destinations and the animals and people who live there.

Natural Habitat, Inc. ("Natural Habitat") provides eco-conscious expeditions and nature-focused, small-group experiences that include polar bear tours in Churchill, Canada, Alaskan grizzly bear adventures, small-group Galápagos Islands tours and African safaris. Natural Habitat partners with World Wildlife Fund ("WWF") to offer conservation travel, which is sustainable travel that contributes to the protection of nature and wildlife.

DuVine Cycling + Adventure Company ("DuVine") provides intimate cycling adventures and travel experiences, led by expert guides, with a focus on connecting with local character and culture, including high-quality local cuisine and accommodations. International cycling tours include the exotic Costa Rican rainforests, the rocky coasts of Ireland and the vineyards of Spain, while cycling adventures in the United States include cycling beneath the California redwoods, pedaling through Vermont farmland and wine tastings in the world-class vineyards of Napa and Sonoma.

Off the Beaten Path, LLC (“Off the Beaten Path”) provides small group travel, led by local, experienced guides, with distinct focus on wildlife, hiking national parks and culture. Off the Beaten Path offerings include insider national park experiences in the Rocky Mountains, Desert Southwest, and Alaska, as well as unique trips across Europe, Africa, Australia, Central and South America and the South Pacific.

Classic Journeys, LLC (“Classic Journeys”) offers highly curated active small-group and private custom journeys centered around cinematic walks led by expert local guides in over 50 countries around the world. These walking tours are highlighted by luxury boutique accommodations and handcrafted itineraries that immerse guests into the history and culture of the places they are exploring and the people who live there.

We operate two segments including the Lindblad segment, which consists of the operations of our Lindblad brand, and the Land Experiences segment, consisting of our Natural Habitat, DuVine, Off the Beaten Path and Classic Journeys brands.

2023 Highlights

During 2023, we provided immersive expeditions to our guests across all of our ships including voyages to Antarctica, the Arctic, Alaska, Australia, Baja California’s Sea of Cortez, the Baltic Sea, British Columbia, Eastern Canada, Central America, Europe, the Galápagos Islands, Greenland, Iceland, Indonesia, Japan, New Zealand, through the Northwest Passage, the Pacific Northwest, Patagonia, the South Pacific and elsewhere, as well as African safaris, trips and tours through the U.S. National Parks, our Alaska Bear Camp, the Scotland Highlands, bike tours of Portugal, the French wine country, Tuscany and Spain.

During May 2023, we issued \$275.0 million of 9.00% senior secured notes, maturing 2028, with proceeds used primarily to pay the outstanding borrowings under our prior senior secured credit agreements (the “Export Credit Agreements”).

During June 2023, Natural Habitat renewed its partnership agreement with WWF through December 31, 2028.

We have substantial advanced reservations for future travel with bookings for the full year 2023 42% ahead of the bookings for 2019 at the same point in 2019.

The discussion and analysis of our results of operations and financial condition are organized as follows:

- a description of certain line items and operational and financial metrics we utilize to assist us in managing our business;
- results and a comparable discussion of our consolidated and segment results of operations;
- a discussion of our liquidity and capital resources, including future capital and contractual commitments and potential funding sources; and
- a review of our critical accounting policies.

Financial Presentation

Description of Certain Line Items

Tour revenues

Tour revenues consist of the following:

- Guest ticket revenues recognized from the sale of guest tickets; and
- Other tour revenues from the sale of pre- or post-expedition excursions, hotel accommodations, air transportation to and from the ships and excursions, goods and services rendered onboard that are not included in guest ticket prices, trip insurance, and cancellation fees.

Cost of tours

Cost of tours includes the following:

- Direct costs associated with revenues, including cost of pre- or post-expedition excursions, hotel accommodations, and land-based expeditions, air and other transportation expenses, and cost of goods and services rendered onboard;

- Payroll costs and related expenses for shipboard and expedition personnel;
- Food costs for guests and crew, including complimentary food and beverage amenities for guests;
- Fuel costs and related costs of delivery, storage and safe disposal of waste; and
- Other tour expenses, such as land costs, port costs, repairs and maintenance, equipment expense, drydock, ship insurance, and charter hire costs.

Selling and marketing

Selling and marketing expenses include commissions, royalties and a broad range of advertising and promotional expenses.

General and administrative

General and administrative expenses include the cost of shoreside vessel support, reservations and other administrative functions, including salaries and related benefits, credit card commissions, professional fees and rent.

Operational and Financial Metrics

We use a variety of operational and financial metrics, including non-GAAP financial measures, such as Adjusted EBITDA, Net Yields, Occupancy and Net Cruise Costs, to enable us to analyze our performance and financial condition. We utilize these financial measures to manage our business on a day-to-day basis and believe that they are the most relevant measures of performance. Some of these measures are commonly used in the cruise and tourism industry to evaluate performance. We believe these non-GAAP measures provide expanded insight to assess revenue and cost performance, in addition to the standard GAAP-based financial measures. There are no specific rules or regulations for determining non-GAAP measures, and as such, they may not be comparable to measures used by other companies within the industry.

The presentation of non-GAAP financial information should not be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. You should read this discussion and analysis of our financial condition and results of operations together with the condensed consolidated financial statements and the related notes thereto also included within.

Adjusted EBITDA is net income (loss) excluding depreciation and amortization, net interest expense, other income (expense), income tax (expense) benefit, (gain) loss on foreign currency, (gain) loss on transfer of assets, reorganization costs, and other supplemental adjustments. Other supplemental adjustments include certain non-operating items such as stock-based compensation, executive severance costs, the National Geographic fee amortization, debt refinancing costs, acquisition-related expenses and other non-recurring charges. We believe Adjusted EBITDA, when considered along with other performance measures, is a useful measure as it reflects certain operating drivers of the business, such as sales growth, operating costs, selling and administrative expense, and other operating income and expense. We believe Adjusted EBITDA helps provide a more complete understanding of the underlying operating results and trends and an enhanced overall understanding of our financial performance and prospects for the future. Adjusted EBITDA is not intended to be a measure of liquidity or cash flows from operations or a measure comparable to net income as it does not take into account certain requirements, such as unearned passenger revenues, capital expenditures and related depreciation, principal and interest payments, and tax payments. Our use of Adjusted EBITDA may not be comparable to other companies within the industry.

The following metrics apply to our Lindblad segment:

Adjusted Net Cruise Cost represents Net Cruise Cost adjusted for non-GAAP other supplemental adjustments which include certain non-operating items such as stock-based compensation, the National Geographic fee amortization, and acquisition-related expenses.

Available Guest Nights is a measurement of capacity and represents double occupancy per cabin (except single occupancy for a single capacity cabin) multiplied by the number of cruise days for the period. We also record the number of guest nights available on our limited land programs in this definition.

Gross Cruise Cost represents the sum of cost of tours plus, selling and marketing expenses, and general and administrative expenses.

Gross Yield per Available Guest Night represents tour revenues less insurance proceeds divided by Available Guest Nights.

Guest Nights Sold represents the number of guests carried for the period multiplied by the number of nights sailed within the period.

Maximum Guests is a measure of capacity and represents the maximum number of guests in a period and is based on double occupancy per cabin (except single occupancy for a single capacity cabin).

Net Cruise Cost represents Gross Cruise Cost excluding commissions and certain other direct costs of guest ticket revenues and other tour revenues.

Net Cruise Cost Excluding Fuel represents Net Cruise Cost excluding fuel costs.

Net Yield represents tour revenues less insurance proceeds, commissions and direct costs of other tour revenues.

Net Yield per Available Guest Night represents Net Yield divided by Available Guest Nights.

Number of Guests represents the number of guests that travel with us in a period.

Occupancy is calculated by dividing Guest Nights Sold by Available Guest Nights.

Voyages represent the number of ship expeditions completed during the period.

Foreign Currency Translation

The U.S. dollar is the functional currency in our foreign operations and re-measurement adjustments and gains or losses resulting from foreign currency transactions are recorded as foreign exchange gains or losses in the condensed consolidated statements of operations.

Seasonality

Traditionally, our Lindblad brand tour revenues are mildly seasonal, historically larger in the first and third quarters. The seasonality of our operating results fluctuates due primarily to our vessels being taken out of service for scheduled maintenance or drydocking, which is typically during nonpeak demand periods, in the second and fourth quarters. Our drydock schedules are subject to cost and timing differences from year-to-year due to the availability of shipyards for certain work, drydock locations based on ship itineraries, operating conditions experienced especially in the polar regions and the applicable regulations of class societies in the maritime industry, which require periodically more extensive reviews. Drydocking impacts operating results by reducing tour revenues and increasing cost of tours. Our Natural Habitat, DuVine, Off the Beaten Path and Classic Journeys brands are seasonal businesses, with the majority of Natural Habitat's tour revenue recorded in the third and fourth quarters from its summer season departures and polar bear tours, while the majority of Off the Beaten Path, DuVine and Classic Journeys' revenues recorded during the second and third quarters from their spring and summer season departures.

Results of Operations — Consolidated

(In thousands)	For the three months ended September 30,				For the nine months ended September 30,			
	2023	2022	Change	%	2023	2022	Change	%
Tour revenues	\$ 175,989	\$ 144,783	\$ 31,206	22%	\$ 444,183	\$ 303,540	\$ 140,643	46%
Cost of tours	95,590	87,576	8,014	9%	245,293	208,023	37,270	18%
General and administrative	30,015	24,535	5,480	22%	85,589	68,882	16,707	24%
Selling and marketing	19,387	16,025	3,362	21%	55,197	41,193	14,004	34%
Depreciation and amortization	10,521	10,839	(318)	(3)%	33,660	33,193	467	1%
Operating income (loss)	\$ 20,476	\$ 5,808	\$ 14,668	253%	\$ 24,444	\$ (47,751)	\$ 72,195	NM
Net income (loss)	\$ 8,459	\$ (5,498)	\$ 13,957	NM	\$ (14,463)	\$ (76,203)	\$ 61,740	81%
Undistributed income (loss) per share available to stockholders:								
Basic	\$ 0.08	\$ (0.18)	\$ 0.26		\$ (0.40)	\$ (1.60)	\$ 1.20	
Diluted	\$ 0.08	\$ (0.18)	\$ 0.26		\$ (0.40)	\$ (1.60)	\$ 1.20	

Comparison of the Three and Nine Months Ended September 30, 2023 to the Three and Nine Months Ended September 30, 2022 — Consolidated

Tour Revenues

Tour revenues for the three months ended September 30, 2023 increased \$31.2 million, or 22%, to \$176.0 million, compared to \$144.8 million for the three months ended September 30, 2022. The Lindblad segment tour revenues increased by \$25.0 million, or 30%, and the Land Experiences segment increased \$6.2 million, or 10%, primarily due to operating additional expeditions and trips, and from higher pricing.

Tour revenues for the nine months ended September 30, 2023 increased \$140.6 million, or 46%, to \$444.2 million, compared to \$303.5 million for the nine months ended September 30, 2022. The Lindblad segment tour revenues increased by \$113.6 million, or 57%, and the Land Experiences segment increased \$27.0 million, or 26%, primarily due to operating additional expeditions and trips, and from higher pricing.

Cost of Tours

Total cost of tours for the three months ended September 30, 2023 increased \$8.0 million, or 9%, to \$95.6 million, compared to \$87.6 million for the three months ended September 30, 2022. The Lindblad segment cost of tours increased by \$3.7 million, or 7%, and the Land Experiences segment increased \$4.3 million, or 12%, primarily due to operating additional expeditions and trips.

Total cost of tours for the nine months ended September 30, 2023 increased \$37.3 million, or 18%, to \$245.3 million, compared to \$208.0 million for the nine months ended September 30, 2022. The Lindblad segment cost of tours increased by \$22.2 million, or 15%, and the Land Experiences segment increased \$15.1 million, or 24%, primarily due to operating additional expeditions and trips.

General and Administrative

General and administrative expenses for the three months ended September 30, 2023 increased \$5.5 million, or 22%, to \$30.0 million, compared to \$24.5 million for the three months ended September 30, 2022. At the Lindblad segment, general and administrative expenses increased \$4.3 million, or 25%, from the prior year period, primarily due to higher personnel costs associated with the ramp in operations, higher credit card commissions due to the strong booking environment and increased stock compensation expense. At the Land Experiences segment, general and administrative expenses increased \$1.2 million, or 16%, primarily due to increased personnel costs related to operating additional trips and higher credit card commissions due to the strong booking environment.

General and administrative expenses for the nine months ended September 30, 2023 increased \$16.7 million, or 24%, to \$85.6 million, compared to \$68.9 million for the nine months ended September 30, 2022. At the Lindblad segment, general and administrative expenses increased \$11.9 million, or 25%, from the prior year period, primarily due to higher personnel costs and sales tax costs associated with the ramp in operations, higher credit card commissions due to the strong booking environment and increased stock compensation expense. At the Land Experiences segment, general and administrative expenses increased \$4.8 million, or 24%, primarily due to increased personnel costs related to operating additional trips and higher credit card commissions due to the strong booking environment.

Selling and Marketing

Selling and marketing expenses for the three months ended September 30, 2023 increased \$3.4 million, or 21%, to \$19.4 million, compared to \$16.0 million for the three months ended September 30, 2022. At the Lindblad segment, selling and marketing expenses increased \$2.8 million, or 22%, primarily due to higher commissions related to the ramp in operations and increased marketing spend to drive future bookings. At the Land Experiences segment, selling and marketing expenses increased \$0.6 million, or 16%, primarily due to increased marketing spend to drive future bookings and higher commissions related to the ramp in operations.

Selling and marketing expenses for the nine months ended September 30, 2023 increased \$14.0 million, or 34%, to \$55.2 million, compared to \$41.2 million for the nine months ended September 30, 2022. At the Lindblad segment, selling and marketing expenses increased \$10.5 million, or 31%, primarily due to higher commissions related to the ramp in operations and increased sales and marketing spend on future bookings. At the Land Experiences segment, selling and marketing expenses increased \$3.5 million, or 46%, primarily due to increased marketing spend to drive future bookings and higher commissions related to the ramp in operations.

Depreciation and Amortization

Depreciation and amortization expenses for the three months ended September 30, 2023 decreased \$0.3 million, or 3%, to \$10.5 million, compared to \$10.8 million for the three months ended September 30, 2022.

Depreciation and amortization expenses for the nine months ended September 30, 2023 increased \$0.5 million, or 1%, to \$33.7 million, compared to \$33.2 million for the nine months ended September 30, 2022.

Other Income (Expense)

Other expense for the three months ended September 30, 2023, increased \$2.5 million to \$12.0 million from \$9.5 million for the three months ended September 30, 2022, due to a \$3.1 million increase in interest expense, primarily due to higher interest rates across our debt facilities and increased borrowings.

Other expense for the nine months ended September 30, 2023, increased \$9.5 million to \$37.3 million from \$27.8 million for the nine months ended September 30, 2022, primarily due to a \$7.1 million increase in interest expense, due to higher interest rates across our debt facilities, increased borrowings, and the write-off of \$3.9 million of deferred financing costs, fees and other expenses related to the repayment of our prior Export Credit Agreements. In 2022, we wrote-off \$9.0 million of deferred financing costs and incurred \$1.9 million of fees and other expenses related to the repayment of our prior credit agreement, including the term facility, Main Street Loan and revolving credit facility, and a \$1.4 million loss on foreign currency translation, which was mostly offset by recognition of \$11.6 million in other income related to expenses covered under the grant for the Coronavirus Economic Relief for Transportation Services Act grant.

Results of Operations — Segments

Selected information for our reportable segments is below. The presentation of non-GAAP financial information should not be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

(In thousands)	For the three months ended September 30,				For the nine months ended September 30,			
	2023	2022	Change	%	2023	2022	Change	%
Tour revenues:								
Lindblad	\$ 108,750	\$ 83,741	\$ 25,009	30%	\$ 311,660	\$ 198,063	\$ 113,597	57%
Land Experiences	67,239	61,042	6,197	10%	132,523	105,477	27,046	26%
Total tour revenues	<u>\$ 175,989</u>	<u>\$ 144,783</u>	<u>\$ 31,206</u>	22%	<u>\$ 444,183</u>	<u>\$ 303,540</u>	<u>\$ 140,643</u>	46%
Operating income (loss):								
Lindblad	\$ 7,501	\$ (7,142)	\$ 14,643	NM	\$ 8,576	\$ (60,380)	\$ 68,956	NM
Land Experiences	12,975	12,950	25	0%	15,868	12,629	3,239	26%
Total operating income (loss)	<u>\$ 20,476</u>	<u>\$ 5,808</u>	<u>\$ 14,668</u>	253%	<u>\$ 24,444</u>	<u>\$ (47,751)</u>	<u>\$ 72,195</u>	NM
Adjusted EBITDA:								
Lindblad	\$ 20,119	\$ 4,889	\$ 15,230	312%	\$ 48,887	\$ (23,560)	\$ 72,447	NM
Land Experiences	13,831	13,699	132	1%	18,472	14,735	3,737	25%
Total adjusted EBITDA	<u>\$ 33,950</u>	<u>\$ 18,588</u>	<u>\$ 15,362</u>	83%	<u>\$ 67,359</u>	<u>\$ (8,825)</u>	<u>\$ 76,184</u>	NM

Guest Metrics — Lindblad Segment

The following table sets forth our Available Guest Nights, Guest Nights Sold, Occupancy, Maximum Guests, Number of Guests and Voyages:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Available Guest Nights	85,959	70,995	243,329	174,954
Guest Nights Sold	69,903	57,229	192,052	130,826
Occupancy	81%	81%	79%	75%
Maximum Guests	10,613	8,826	29,113	21,785
Number of Guests	8,910	7,225	23,648	16,656
Voyages	129	114	359	302

The following table shows the calculations of Gross and Net Yield. Gross Yield is calculated by dividing Tour Revenues by Available Guest Nights and Net Yield is calculated by dividing Net Revenue by Available Guest Nights:

Calculation of Gross and Net Yield per Available Guest Night (In thousands, except for Available Guest Nights, Gross and Net Yield per Available Guest Night)	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
	Guest ticket revenues	\$ 94,751	\$ 73,700	\$ 273,653
Other tour revenue	13,999	10,041	38,007	23,301
Tour Revenues	108,750	83,741	311,660	198,063
Less: Commissions	(6,732)	(5,728)	(19,996)	(14,381)
Less: Other tour expenses	(6,569)	(6,030)	(19,296)	(21,025)
Net Yield	\$ 95,449	\$ 71,983	\$ 272,368	\$ 162,657
Available Guest Nights	85,959	70,995	243,329	174,954
Gross Yield per Available Guest Night	\$ 1,265	\$ 1,180	\$ 1,281	\$ 1,132
Net Yield per Available Guest Night	1,110	1,014	1,119	930

The following table reconciles operating income to our Net Yield Guest Metric for the Lindblad Segment:

(In thousands)	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
	Operating income (loss)	\$ 7,501	\$ (7,142)	\$ 8,576
Cost of tours	55,021	51,296	167,392	145,251
General and administrative	21,122	16,871	60,374	48,487
Selling and marketing	15,441	12,626	44,163	33,618
Depreciation and amortization	9,665	10,090	31,155	31,087
Less: Commissions	(6,732)	(5,728)	(19,996)	(14,381)
Less: Other tour expenses	(6,569)	(6,030)	(19,296)	(21,025)
Net Yield	\$ 95,449	\$ 71,983	\$ 272,368	\$ 162,657

The following table shows the calculations of Gross and Net Cruise Costs:

Calculation of Gross and Net Cruise Cost (In thousands, except for Available Guest Nights, Gross and Net Cruise Cost per Avail. Guest Night)	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
	Cost of tours	\$ 55,021	\$ 51,296	\$ 167,392
Plus: Selling and marketing	15,441	12,626	44,163	33,618
Plus: General and administrative	21,122	16,871	60,374	48,487
Gross Cruise Cost	91,584	80,793	271,929	227,356
Less: Commissions	(6,732)	(5,728)	(19,996)	(14,381)
Less: Other tour expenses	(6,569)	(6,030)	(19,296)	(21,025)
Net Cruise Cost	78,283	69,035	232,637	191,950
Less: Fuel Expense	(5,434)	(8,933)	(19,939)	(21,419)
Net Cruise Cost Excluding Fuel	72,849	60,102	212,698	170,531
Non-GAAP Adjustments:				
Stock-based compensation	(2,953)	(1,632)	(9,146)	(5,283)
Other	-	(309)	(10)	(450)
Adjusted Net Cruise Cost Excluding Fuel	\$ 69,896	\$ 58,161	\$ 203,542	\$ 164,798
Adjusted Net Cruise Cost	\$ 75,330	\$ 67,094	\$ 223,481	\$ 186,217
Available Guest Nights	85,959	70,995	243,329	174,954
Gross Cruise Cost per Available Guest Night	\$ 1,065	\$ 1,138	\$ 1,118	\$ 1,300
Net Cruise Cost per Available Guest Night	911	972	956	1,097
Net Cruise Cost Excluding Fuel per Available Guest Night	847	847	874	975
Adjusted Net Cruise Cost Excluding Fuel per Available Guest Night	813	819	836	942
Adjusted Net Cruise Cost per Available Guest Night	876	945	918	1,064

Comparison of the Three and Nine Months Ended September 30, 2023 to the Three and Nine Months Ended September 30, 2022 at the Lindblad Segment

Tour Revenues

Tour revenues for the three months ended September 30, 2023 increased \$25.0 million, or 30%, to \$108.7 million, compared to \$83.7 million for the three months ended September 30, 2022. The 30% increase in 2023 was primarily driven by higher guest ticket revenues from a 21% increase in available guest nights due to greater fleet utilization and from a 9% increase in net yield per available guest night to \$1,110 mostly due to higher pricing. Occupancy of 81% was in line with the third quarter of 2022.

Tour revenues for the nine months ended September 30, 2023 increased \$113.6 million, or 57%, to \$311.7 million, compared to \$198.1 million for the nine months ended September 30, 2022. The 57% increase in 2023 was primarily driven by higher guest ticket revenues from a 39% increase in available guest nights due to greater fleet utilization and from a 20% increase in net yield per available guest night to \$1,119 due to higher pricing and increased occupancy compared with 2022.

Operating Income

Operating income of \$7.5 million for the three months ended September 30, 2023 improved \$14.6 million compared to a \$7.1 million operating loss for the three months ended September 30, 2022, primarily due to the increase in tour revenues, partially offset by higher cost of tours and personnel costs due to the ramp in operations, increased commissions related to the revenue and bookings growth and increased sales and marketing spend to support future bookings.

Operating income of \$8.6 million for the nine months ended September 30, 2023 improved \$69.0 million compared to a \$60.4 million operating loss for the nine months ended September 30, 2022, primarily due to the increase in tour revenues, partially offset by higher cost of tours and personnel costs due to the ramp in operations, increased commissions related to the revenue and bookings growth and increased sales and marketing spend to support future bookings.

Comparison of Three and Nine Months Ended September 30, 2023 to Three and Nine Months Ended September 30, 2022 at the Land Experiences Segment

Tour Revenues

Tour revenues for the three months ended September 30, 2023 increased \$6.2 million, or 10%, to \$67.2 million compared to \$61.0 million for the three months ended September 30, 2022 primarily as a result of operating additional trips during the third quarter 2023 and higher pricing.

Tour revenues for the nine months ended September 30, 2023 increased \$27.0 million, or 26%, to \$132.5 million compared to \$105.5 million for the nine months ended September 30, 2022 primarily as a result of operating additional trips during 2023 and higher pricing.

Operating Income

Operating income of \$13.0 million for the three months ended September 30, 2023 was flat compared to \$13.0 million for the three months ended September 30, 2022, as the increase in tour revenue was offset by increased operating and personnel costs related to operating additional departures, higher commissions related to the revenue and bookings growth and increased marketing spend to support future growth initiatives.

Operating income of \$15.9 million for the nine months ended September 30, 2023 increased \$3.2 million compared to operating income of \$12.6 million for the nine months ended September 30, 2022, primarily due to the increase in tour revenue, partially offset by higher operating and personnel costs related to operating additional departures, increased commissions related to the revenue and bookings growth and higher marketing spend to support future growth initiatives.

Adjusted EBITDA — Consolidated

The following table outlines the reconciliation of net income (loss) to consolidated Adjusted EBITDA. The presentation of non-GAAP financial information should not be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

Consolidated (In thousands)	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
	Net income (loss)	\$ 8,459	\$ (5,498)	\$ (14,463)
Interest expense, net	11,482	8,369	33,593	26,500
Income tax expense	3	1,732	1,587	619
Depreciation and amortization	10,521	10,839	33,660	33,193
Loss (gain) on foreign currency	455	872	(46)	1,417
Other income	77	333	3,773	(84)
Stock-based compensation	2,953	1,632	9,245	5,283
Other	-	309	10	450
Adjusted EBITDA	\$ 33,950	\$ 18,588	\$ 67,359	\$ (8,825)

The following tables outline the reconciliation for each reportable segment from operating income to Adjusted EBITDA.

Lindblad Segment (In thousands)	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
	Operating income (loss)	\$ 7,501	\$ (7,142)	\$ 8,576
Depreciation and amortization	9,665	10,090	31,155	31,087
Stock-based compensation	2,953	1,632	9,146	5,283
Other	-	309	10	450
Adjusted EBITDA	\$ 20,119	\$ 4,889	\$ 48,887	\$ (23,560)

Land Experiences Segment (In thousands)	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
	Operating income	\$ 12,975	\$ 12,950	\$ 15,868
Depreciation and amortization	856	749	2,505	2,106
Stock-based compensation	-	-	99	-
Adjusted EBITDA	\$ 13,831	\$ 13,699	\$ 18,472	\$ 14,735

Liquidity and Capital Resources

As of September 30, 2023, the Company had \$168.0 million in unrestricted cash and cash equivalents and \$36.8 million in restricted cash primarily related to deposits on future travel originating from U.S. ports and credit card reserves.

As of September 30, 2023, we had \$635.1 million in long-term debt obligations, including the current portion of long-term debt. We believe that our cash on hand and expected future operating cash inflows will be sufficient to fund operations, debt service requirements and necessary capital expenditures for at least the next 12 months.

Sources and Uses of Cash for the Nine Months Ended September 30, 2023 and 2022

Net cash provided by operating activities was \$35.3 million for the nine months ended September 30, 2023 compared to \$0.8 million for the same period in 2022. The \$34.5 million increase is primarily due to increased cash received from guests for future travel, partially offset higher costs and redemption of future travel credits during 2023 as we returned all vessels to operations.

Net cash used in investing activities was \$7.6 million for the nine months ended September 30, 2023 compared to \$29.6 million in the same period in 2022. 2023 primarily included divesting of marketable securities, partially offset by capital expenditures on our vessels and our digital transformation initiatives, while 2022 primarily included routine capital vessel maintenance across the fleet and renovations to the *National Geographic Islander II* for its launch during the third quarter of 2022.

Net cash provided by financing activities was \$61.0 million for the nine months ended September 30, 2023 compared to \$2.1 million for the same period in 2022. 2023 primarily included the issuance of \$275.0 million of 9.00% Notes (as described below) which were used primarily to repay our prior Export Credit Agreements, while 2022 primarily included the issuance of \$360.0 million of 6.75% Notes (as described below) which were used to repay our prior credit agreement, including the term facility, the Main Street Loan and the revolving facility.

Funding Sources

Debt Facilities

6.75% Notes

On February 4, 2022, we issued \$360.0 million aggregate principal amount of 6.75% senior secured notes due 2027 (the “6.75% Notes”) in a private offering. The 6.75% Notes bear interest at a rate of 6.75% per year and interest is payable semiannually in arrears on February 15 and August 15 of each year. The 6.75% Notes will mature on February 15, 2027, subject to earlier repurchase or redemption. We used the net proceeds from the offering to prepay in full all outstanding borrowings under our prior credit agreement, including the term facility, Main Street Loan, and revolving credit facility, to pay any related premiums and to terminate in full our prior credit agreement and the commitments thereunder. The 6.75% Notes are senior secured obligations and are guaranteed on a senior secured basis by us and certain of our subsidiaries (collectively, the “Guarantors”) and secured by first-priority *pari passu* liens, subject to permitted liens and certain exceptions, on substantially all of our and the Guarantors’ assets. We may redeem the 6.75% Notes at set redemption prices and premiums, plus accrued and unpaid interest, if any.

The 6.75% Notes contain covenants that, among other things, restrict our ability and the ability of our restricted subsidiaries to incur certain additional indebtedness and make certain dividend payments, distributions, investments and other restricted payments. These covenants are subject to a number of important exceptions and qualifications set forth in the 6.75% Notes.

Revolving Credit Facility

On February 4, 2022, we entered into a senior secured revolving credit facility (the “Revolving Credit Facility”), which provides for an aggregate principal amount of commitments of \$45.0 million, maturing February 2027, including a letter of credit sub-facility in an aggregate principal amount of up to \$5.0 million. The obligations under the Revolving Credit Facility are guaranteed by us and the Guarantors and are secured by first-priority *pari passu* liens, subject to permitted liens and certain exceptions, on substantially all the assets of the Company and the Guarantors. Borrowings under the Revolving Credit Facility, if any, will bear interest at a rate per annum equal to, at our option, an adjusted SOFR rate plus a spread or a base rate plus a spread. As of September 30, 2023, we had no borrowings under the Revolving Credit Facility.

The Revolving Credit Facility contains customary affirmative and negative covenants, as well as financial covenants and event of default provisions.

9.00% Notes

On May 2, 2023, we issued \$275.0 million aggregate principal amount of 9.00% senior secured notes due 2028 (the “9.00% Notes”) in a private offering. The 9.00% Notes bear interest at a rate of 9.00% per year, accruing from May 2, 2023, and interest is payable semiannually in arrears on May 15 and November 15 of each year, beginning on November 15, 2023. The 9.00% Notes will mature on May 15, 2028, subject to earlier repurchase or redemption. The net proceeds from the offering were used to prepay in full all outstanding borrowings under our prior senior secured credit agreements, to pay any related premiums and to terminate in full the prior senior secured credit agreements and the commitments thereunder. The 9.00% Notes are senior unsecured obligations and are guaranteed (i) on a senior secured basis by certain of our subsidiaries (collectively, the “Secured Guarantors”) and secured by a first-priority lien, subject to permitted liens and certain exceptions, on the equity and substantially all the assets of the Secured Guarantors, and (ii) on a senior unsecured basis by certain of our other subsidiaries. We may redeem the 9.00% Notes at set redemption prices and premiums, plus accrued and unpaid interest, if any.

The 9.00% Notes contain covenants that, among other things, restrict our ability, and the ability of our restricted subsidiaries, to incur certain additional indebtedness and make certain dividend payments, distributions, investments and other restricted payments. These covenants are subject to a number of important exceptions and qualifications set forth in the 9.00% Notes.

Other

Our DuVine subsidiary has a EUR 0.1 million State Assistance Loan related to the financial consequences of the COVID-19 pandemic, for the purpose of employment preservation. This loan matures August 2025, with monthly payments, and bears an annual interest rate of 0.53%.

Equity

Preferred Stock

In August 2020, we issued and sold 85,000 shares of Series A Redeemable Convertible Preferred Stock, par value of \$0.0001, (“Preferred Stock”) for \$1,000 per share for gross proceeds of \$85.0 million. As of September 30, 2023, 62,000 shares of Preferred Stock were outstanding. The Preferred Stock has senior and preferential ranking to our common stock. The Preferred Stock is entitled to cumulative dividends of 6.00% per annum, and for the first two years, the dividends were required to be paid-in-kind. After the second anniversary of the issuance date, the dividends may be paid-in-kind or be paid in cash at our option. During 2023, we thus far have continued to pay Preferred Stock dividends in-kind. At any time after the third anniversary of the issuance, we may, at our option, convert all, but not less than all, of the Preferred Stock into common stock if the closing price of shares of common stock is at least 150% of the conversion price for 20 out of 30 consecutive trading days. The Preferred Stock is convertible at any time, at the holder’s election, into a number of shares of our common stock equal to the quotient obtained by dividing the then-current accrued value by the conversion price of \$9.50. At the six-year anniversary of the closing date, each investor has the right to request that we repurchase their Preferred Stock, and any Preferred Stock not requested to be repurchased shall be converted into our common shares equal to the quotient obtained by dividing the then-current accrued value by the conversion price. As of September 30, 2023, the outstanding Preferred Stock and accumulated dividends could be converted, at the option of the holders, into approximately 7.8 million shares of our common stock.

Funding Needs

We generally rely on a combination of cash flows provided by operations and the incurrence of additional debt to fund obligations. A vast majority of guest ticket receipts are collected in advance of the applicable expedition date. These advance passenger receipts remain a current liability until the expedition date, and the cash generated from these advance receipts is used interchangeably with cash on hand from other cash from operations. The cash received as advanced receipts can be used to fund operating expenses for the applicable future expeditions or otherwise, pay down debt, make long-term investments or any other use of cash. Traditionally we run a working capital deficit due primarily to a large balance of unearned passenger revenues. As of September 30, 2023, we had a working capital deficit of \$59.9 million, and as of December 31, 2022, we had a working capital deficit of \$157.8 million.

Critical Accounting Policies

Our preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect reported amounts and related disclosures. For a detailed discussion of our Critical Accounting Policies, please see our 2022 Annual Report, where we have discussed those policies and estimates that we believe are critical and require the use of complex judgment in their application. There have been no significant changes to our accounting policies from those disclosed in the 2022 Annual Report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

During May 2023, we repaid our variable rate debt instruments and therefore are no longer exposed to market risks for interest rates related to variable rate debt instruments. There have otherwise been no other material changes in our exposure to market risks from the information set forth in the “Quantitative and Qualitative Disclosures About Market Risk” sections contained in our 2022 Annual Report.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Based on an evaluation under the supervision and with the participation of the Company’s management, the Company’s principal executive officer and principal financial officer have concluded that the Company’s disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) were effective as of September 30, 2023 to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and (ii) accumulated and communicated to the Company’s management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the quarter covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART 2. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is involved in various claims, legal actions and regulatory proceedings arising from time to time in the ordinary course of business. We have protection and indemnity insurance that would be expected to cover any damages.

ITEM 1A. RISK FACTORS

We operate in a rapidly changing environment that involves a number of risks that could materially affect our business, financial condition or future results, some of which are beyond our control. The risks and uncertainties that we believe are most important for you to consider are discussed under the heading “Risk Factors” in the 2022 Annual Report and under the heading “Risk Factors” in our Form 10-Q for the quarterly period ended June 30, 2023.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Recent Sales by the Company of Unregistered Securities

There were no unregistered sales of equity securities during the quarter ended September 30, 2023.

Stock Repurchase Plan

Our Board of Directors approved a stock and warrant repurchase plan (“Repurchase Plan”) in November 2015 and increased the Repurchase Plan to \$35.0 million in November 2016. The Repurchase Plan authorizes us to purchase from time to time our outstanding common stock and our previously outstanding warrants. Any shares and warrants purchased will be retired. The Repurchase Plan has no time deadline and will continue until otherwise modified or terminated at the sole discretion of our Board of Directors. These repurchases exclude shares repurchased to settle statutory employee tax withholding related to the exercise of stock options and vesting of stock awards. We have cumulatively repurchased 875,218 shares of common stock for \$8.3 million and 6,011,926 warrants for \$14.7 million, since plan inception. All repurchases were made using cash resources. The balance for the Repurchase Plan was \$12.0 million as of September 30, 2023.

Repurchases of Securities

The following table represents information with respect to shares of common stock withheld from vesting's of stock-based compensation awards for employee income tax withholding for the periods indicated:

Period	Total number of shares purchased	Average price paid per share	Dollar value of shares purchased as part of publicly announced plans or programs	Maximum dollar value of warrants and shares that may be purchased under approved plans or programs
July 1 through July 31, 2023	-	\$ -	\$ -	\$ 11,974,787
August 1 through August 31, 2023	410	9.05	-	11,974,787
September 1 through September 30, 2023	-	-	-	11,974,787
Total	410		\$ -	

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

During the three months ended September 30, 2023, no director or Section 16 officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

<u>Number</u>	<u>Description</u>	<u>Included</u>	<u>Form</u>	<u>Filing Date</u>
31.1	Certification of Chief Executive Officer of Lindblad Expeditions Holdings, Inc. pursuant to Rule 13a-14(a) or Rule 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended.	Herewith		
31.2	Certification of Chief Financial Officer of Lindblad Expeditions Holdings, Inc. pursuant to Rule 13a-14(a) or Rule 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended.	Herewith		
32.1	Certification of Chief Executive Officer of Lindblad Expeditions Holdings, Inc. pursuant to Rule 13a-14(b) promulgated under the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Herewith		
32.2	Certification of Chief Financial Officer of Lindblad Expeditions Holdings, Inc. pursuant to Rule 13a-14(b) promulgated under the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Herewith		
101.INS	Inline XBRL Instance Document (the Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)	Herewith		
101.SCH	Inline XBRL Taxonomy Extension Schema Document	Herewith		
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	Herewith		
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	Herewith		
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	Herewith		
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	Herewith		
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)			

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on November 2, 2023.

LINDBLAD EXPEDITIONS HOLDINGS, INC.
(Registrant)

By /s/ Sven Lindblad
Sven Lindblad
Chief Executive Officer
(Principal Executive Officer)

By /s/ Craig Felenstein
Craig Felenstein
Chief Financial Officer
(Principal Financial and Accounting Officer)

Certification

I, Sven Lindblad, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Lindblad Expeditions Holdings, Inc. (the “Registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as identified in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and
5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: November 2, 2023

/s/ Sven Lindblad

Sven Lindblad
Chief Executive Officer

Certification

I, Craig I. Felenstein, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Lindblad Expeditions Holdings, Inc. (the “Registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as identified in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and
5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: November 2, 2023

/s/ Craig I. Felenstein

Craig I. Felenstein

Chief Financial Officer

**Certification of CEO Pursuant To
18 U.S.C. Section 1350,
As Adopted Pursuant To
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q for the period ended September 30, 2023 of Lindblad Expeditions Holdings, Inc., a Delaware corporation (the “Company”), as filed with the Securities and Exchange commission on the date hereof (the “Report”), I, Sven Lindblad, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, based on my knowledge:

- 1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 2, 2023

/s/ Sven Lindblad

Sven Lindblad
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**Certification of CFO Pursuant To
18 U.S.C. Section 1350,
As Adopted Pursuant To
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q for the period ended September 30, 2023 of Lindblad Expeditions Holdings, Inc., a Delaware corporation (the "Company"), as filed with the Securities and Exchange commission on the date hereof (the "Report"), I, Craig I. Felenstein, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, based on my knowledge:

- 1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 2, 2023

/s/ Craig I. Felenstein
Craig I. Felenstein
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.