ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	918 500 812
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	EXPLORER II AS
Forretningsadresse:	Langkaia 1
	0150 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern:	Nei

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Torleif Ernstsen
Dato for fastsettelse av årsregnskapet:	29.04.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 16.07.2023

Brønnøysundregistrene
Postadresse: 8910 Brønnøysund
Telefoner: Opplysningstelefonen 75 00 75 00 Telefaks 75 00 75 05
E-post: firmapost@brreg.no Internett: www.brreg.no
Organisasjonsnummer: 974 760 673

Resultatregnskap

Beløp i: EUR	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Operating income	11	50 068 000	44 833 000
Sum inntekter		**50 068 000**	**44 833 000**
Kostnader			
Depreciation and amortisation expenses	4	8 521 000	11 763 000
Other operating expenses		-49 000	536 000
Sum kostnader		**8 472 000**	**12 299 000**
Driftsresultat		**41 596 000**	**32 534 000**
Finansinntekter og finanskostnader			
Other financial income	10	9 000	35 000
Sum finansinntekter		**9 000**	**35 000**
Other financial expense	10	11 947 000	20 861 000
Sum finanskostnader		**11 947 000**	**20 861 000**
Netto finans		**-11 938 000**	**-20 826 000**
Ordinært resultat før skattekostnad		**29 658 000**	**11 708 000**
Income tax expenses	5	0	0
Ordinært resultat etter skattekostnad		**29 658 000**	**11 708 000**
Årsresultat		**29 658 000**	**11 708 000**
Årsresultat etter minoritetsinteresser		**29 659 000**	**11 708 000**
Overføringer og disponeringer			
To/from other equity		29 659 000	11 708 000
Sum overføringer og disponeringer		**29 659 000**	**11 708 000**

Balanse

Beløp i: EUR	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Ships	4	365 899 000	374 481 000
Sum varige driftsmidler		**365 899 000**	**374 481 000**
Sum anleggsmidler		**365 899 000**	**374 481 000**
Omløpsmidler			
Varer			
Fordringer			
Trade receivables	11,13	108 701 000	58 321 000
Other short-term receivables		0	15 000
Sum fordringer		**108 701 000**	**58 336 000**
Bankinnskudd, kontanter og lignende			
Bank deposits, cash in hand, etc.	7,13	2 547 000	2 554 000
Sum bankinnskudd, kontanter og lignende		**2 547 000**	**2 554 000**
Sum omløpsmidler		**111 248 000**	**60 890 000**
SUM EIENDELER		**477 147 000**	**435 371 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	8	3 000	3 000
Overkurs		105 000 000	105 000 000
Sum innskutt egenkapital		**105 003 000**	**105 003 000**
Opptjent egenkapital			

Balanse

Beløp i: EUR	Note	2021	2020
Retained earnings		41 265 000	11 606 000
Sum opptjent egenkapital		**41 265 000**	**11 606 000**
Sum egenkapital		**146 268 000**	**116 609 000**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	6,13	296 696 000	295 625 000
Langsiktig konserngjeld	11,13	29 197 000	18 095 000
Sum annen langsiktig gjeld		**325 893 000**	**313 720 000**
Sum langsiktig gjeld		**325 893 000**	**313 720 000**
Kortsiktig gjeld			
Leverandørgjeld	11,13	2 000	0
Income tax payable	5	1 000	7 000
Kortsiktig konserngjeld	11,13	1 412 000	1 372 000
Other currents liabilities	6	3 572 000	3 664 000
Sum kortsiktig gjeld		**4 987 000**	**5 043 000**
Sum gjeld		**330 880 000**	**318 763 000**
SUM EGENKAPITAL OG GJELD		**477 148 000**	**435 372 000**

To the General Meeting of Explorer II AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Explorer II AS (the Company), which comprise the statement of financial position as at 31 December 2021, the statement of profit and loss, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 5 years from the election by the general meeting of the shareholders on 18 May 2017 for the accounting year 2017.

PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment Assessment for vessels	
Refer to notes 3.1 and 4, where management explains how the values of ships have been assessed. The company owns two hybrid-power expedition ships. They have a combined carrying value of EUR 365 900 thousand. The ships comprise approximately 77% of total assets as of 31 December 2021. Management identified the negative effects of the Covid-19 pandemic on the travel industry as a triggering event. Consequently, the net book values of the ships were evaluated for impairment. In order to assess fair value less costs of disposal, management obtained valuation certificates for the vessels from a broker. No impairment was recorded. We focused on this area due to the magnitude of amounts and the judgement inherent in the assessment of ship values.	We evaluated and challenged management's assessment of impairment for vessels. We assessed management's accounting policy against IFRSs and obtained explanations from management as to how the specific requirements of the standards, in particular IAS 36 Impairment of assets, were met. We also assessed the consistency year on year of the application of the accounting policy. We satisfied ourselves that the external broker had both the objectivity and the competence to provide the estimate. We also satisfied ourselves that the broker was provided with relevant facts in order to determine such an estimate, by testing key inputs such as build date, build location and certain key specifications back to the ships register. We evaluated if management sufficiently understood the valuations from third party brokers and the basis of which they were prepared. Examples of factors we discussed with management were contract coverage, future capex in relation to new requirements and the liquidity in the market for similar vessels. We also performed a comparison to other available data where possible. We read notes 3.1 and 4 and found that the disclosures were appropriate and in accordance with IFRS requirements. No matters of consequence arose from the procedures described above.

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Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Responsibilities of The Board of Directors for the Financial Statements

The Board of Directors (Management) is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one

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resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on compliance with Regulation on European Single Electronic Format (ESEF)

Opinion
We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name Annual Report Explorer II AS 2021.xhtml have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

Independent Auditor's Report - Explorer II AS

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In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities
Management is responsible for preparing and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation and publication of the financial statements.

Auditor's Responsibilities
For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Oslo, 29 April 2022
PricewaterhouseCoopers AS

Stig Lund
State Authorised Public Accountant

(This document is signed electronically)

Securely signed with Brevio

Revisjonsberetning

Signers:

Name	*Method*	*Date*
Lund, Stig Arild	BANKID_MOBILE	2022-04-29 12:34

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ANNUAL REPORT 2021

Explorer II AS
Langkaia 1, 0150 Oslo. Norway
Booking: +47 810 30 000, Switchboard: +47 970 57 030
Business register number: NO 918 500 812 VAT

HURTIGRUTEN

DIRECTORS' REPORT 2021
Explorer II AS

Part of the Hurtigruten Group – The leading adventure travel and expedition cruise company

Hurtigruten Group's vision is to be the undisputed global leading adventure travel and expedition cruise company by offering authentic and accessible experiences around the world to travelers who wish to explore and travel in a sustainable way. Hurtigruten Group will continue to be a frontrunner in adventure travel and expedition cruising, a niche with substantial global growth potential. Hurtigruten Group's goal is to reinforce its global position, differentiated from the rest of the cruise industry by authentic, sustainable and active experiences on both land and sea. Hurtigruten Group has three main business segments, Hurtigruten Norway – branded as Hurtigruten in Scandinavia and Hurtigruten – Norwegian Coastal Express in other markets, Hurtigruten Expeditions branded as Hurtigruten Expeditions in all markets – Hurtigruten Destinations with the Hurtigruten Svalbard brand. Over the last years, through all its three brands, the Group has been able to fortify its position as the leading adventure travel and expedition cruise company focusing on sustainable expedition cruising for the global traveler.

Hurtigruten Group is the world's largest expedition cruise company, with Hurtigruten Expeditions operating eight expedition vessels, three of which are battery powered hybrid-electric cruise vessels and Hurtigruten Norway operating seven vessels.

Explorer II AS operates within the Hurtigruten Expeditions segment, and is a ship owning company located in Oslo. Its purpose is to invest in, and lease out under bareboat charter agreements, specialised cruise vessels for the operation in other Hurtigruten Group companies. At 31 December 2021 Explorer II AS owned the two-new hybrid-powered expedition ships, MS Roald Amundsen and MS Fridtjof Nansen. MS Roald Amundsen was delivered from the Kleven yard in June 2019 and started its operation in July 2019. In December 2019 the sister ship, MS Fridtjof Nansen, was delivered and started its operations in Q1 2020 right before the Covid-19 pandemic hit. The ships are state-of-the-art expedition vessels designed to meet guests' expectations as well as strict environmental and safety standards. MS Roald Amundsen and MS Fridtjof Nansen are a key part of Hurtigruten Expeditions' strategy of further expansion in the expedition cruise segment. The new ships will operate in new Hurtigruten Expeditions destinations, such as the Northwest Passage, Alaska, South America, and the Caribbean, in addition to the current Antarctica and Arctic destinations. MS Roald Amundsen and MS Fridtjof Nansen have an ice-reinforced hull, a total length of 140 metres and will be able to carry 530 guests. The hybrid technology engines will reduce fuel consumption substantially and permit periods of emission-free sailing. The investment in new technology has been partly funded by Enova, a Norwegian government enterprise responsible for the promotion of environmentally-friendly production and consumption of energy, and as such lives up to Hurtigruten Group's vision to be the leading expedition travel company by offering authentic and accessible experiences around the world to travellers who wish to explore and travel in a sustainable way.

Both vessels are operated by Hurtigruten Expedition Cruises AS, a sister company within the Hurtigruten Group. These two vessels will fortify Hurtigruten Group's position in the expedition cruise segment and are a key part of Hurtigruten Expeditions' strategy of further expansion in this segment.

Market development

Hurtigruten Group had experienced a significant growth before the pandemic and is of the opinion that this trend will be even stronger post the pandemic as the attractiveness of the remote and off the beaten track destinations will increase. Hurtigruten Group also expects that there is a significant amount of pent up demand for travelling as a result of the pandemic. There is currently a very strong booking development for 2022 compared to earlier periods before the pandemic which shows that the customer is ready to travel as soon as travel restrictions are lifted, and vaccines have been distributed.

Financial performance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).
The company has liquidity position of EUR 2.5 million as of 31 December 2021.

Statement of profit and loss

Total operating revenues for Explorer II AS was EUR 50.1 million in 2021 (2020: EUR 44.8 million), related to

bareboat charters of MS Roald Amundsen and MS Fridtjof Nansen. The company has limited business activity except for the fixed bareboat lease agreements with the sister company Hurtigruten Expedition Cruises AS. As such, the Covid-19 pandemic har not directly impact the company, as both the vessels owned by the company are operated by Hurtigruten Expedition Cruises AS.
Net financial expenses amounted to EUR 11.9 million (2020: EUR 20.8 million) mainly due to interest expenses of EUR 11.1. For 2021 the borrowing fees were reduced to ERU 1.1 million from EUR 11.0 in 2020.
During 2021, the company did not have any research and development activities, and thus no cost related to this.
The profit for the year was EUR 29.7 million, which is proposed transferred to other equity.

Cash flow

Net cash outflow from operating activities amounted to EUR 0.9 million (2020: outflow of EUR 2.3 million).
Net cash flow used in investment activities was EUR 0.1 million (2020: EUR 17.4 million), the outflow in 2020 included remaining deliveries of the vessels.
Net cash inflow from financing activities was EUR 1.0 million and is related to borrowings for group companies.

Financial position

The carrying value of the two ships was EUR 365.9 million at 31 December 2021 (2020: EUR 374.5 million). The company's equity at 31 December 2021 was EUR 146.3 million (2020: EUR 116.6 million). The Bareboat lease agreements for MS Roald Amundsen and MS Fridtjof Nansen are for a period of 5 years, and the profitability in the lease agreements are deemed satisfactory to ensure a sound financial position going forward.

Share capital and shareholders

As of 31 December 2021, Explorer II AS had one shareholder and a total paid in equity of EUR 105.003 million spread over 300 shares with a nominal value of NOK 101 (EUR 3) each and a share premium of EUR 105.0.

Going concern

In the opinion of the Board of Directors, the financial statements provide a true and fair view of the financial performance during 2021, and financial position at 31 December 2021. The Board confirms that the financial statements have been prepared based on the going concern assumption, and that it is appropriate to make that assumption.

Key risk and uncertainty factors

Overall view on objectives and strategy

The company is exposed to financial risks in different areas. The goal is to reduce the financial risks as much as possible. The company's current strategy does not include the use of financial instruments. This is however, continuously being assessed by the Board of Directors. In 2021 the exchange risk was very limited by ensuring that the company's debt was in EUR which is the functional currency of the company.

Construction risk

The company's inability to deploy new ships and carry out ship repairs, maintenance and refurbishments on terms and within timeframes that are favourable or consistent with the company's expectations could result in revenue losses and unforeseen costs.

Currency risk

Explorer II AS has limited concentration of currency risk as the external financing is nominated in EUR, and the company has EUR as its functional currency. The company also has some financing from the parent company.

Price risk

The company has limited business activities except for fixed bareboat lease agreements with Hurtigruten Expedition Cruises AS, hence no significant price risk.

Interest-rate risk

Loans subject to a variable interest rate present a risk to the company's overall cash flow, while fixed interest rates expose the company to fair-value interest rate risk. The company has no hedging strategy to reduce variable interest rate risk.

Credit risk and Liquidity risk

The company has some credit risk, given that their source of income comes from one party, i.e. Hurtigruten Expedition Cruises AS (group company). However, the company delivers results and has a good equity and credit rating, hence the risk for losses on receivables is assessed to be low.
Liquidity risk management includes maintaining a sufficient level of liquid assets geared to operational and investment plans and ensuring the availability of sufficient funding from committed credit facilities. The Finance function has the overall responsibility for managing the Group's liquidity risk. Rolling liquidity forecasts are prepared so as to ensure that the Group has sufficient liquidity reserves to satisfy the Group's obligations and financial loan covenants for all the subsidiaries in the Group.

Research and development activities

The company conducts no research and development activities other than adaptation of Information and Communications Technology.

Environmental, social and governance

Our Environmental, Social and Governance ("ESG") ambition is to be the most sustainable travel operator in the world, pushing the industry's boundaries for ESG. We won't just stop at a license to operate; we will do our outmost to push beyond local regulations and look to best-in-class ESG solutions globally. With a mission focused on innovation, technology and concrete measures – sustainability is an integral part of HRG's operations and supply chain. Our ESG strategy will ensure that our vessels can operate in a responsible and environmental manner, improving the value and experience for our guests while minimizing our footprint.

In accordance with the Paris Agreement, Hurtigruten Group will in 2022 commit to Science Based Targets with the goal of limiting global warming to 1.5 degrees Celsius compared to pre-industrial levels. This means that Hurtigruten Group will be emission free by 2050 and will commit to aggressive emission reductions over the next 28 years in accordance with the SBTi framework. We also want to further push our organization towards a greener and more sustainable future, and we target carbon neutral operations by 2040 (Scope 1). For us carbon neutral means to have a neutral impact on the environment, meaning to remove the same amount of CO2 emissions as we put into the atmosphere. Carbon free propulsion alternatives are neither commercially nor technically feasible at this point, and while we get one step closer day-by-day, we cannot sit idle and wait for the technology to be in place. We are working closely with industry partners and regulators to drive change and move boundaries while we utilize the best solutions available already today. We are also in active discussions with stakeholders about potential pilot solutions, to test the next generation of green propulsion technology. To us, it is important that we minimize our environmental footprint as we want to build the greenest fleet of vessels in the industry.

Already in 2019, Explorer II AS lead the way by introducing MS Roald Amundsen, the world's first hybrid-powered expedition cruise vessel. A sister ship, MS Fridtjof Nansen, was launched in 2020. The two vessels already emit about 50 per cent less carbon dioxide (CO2) than the average existing expedition cruise vessel. The next step in our commitment to green technology innovation is to convert our entire existing coastal fleet to run on a combination of large battery packs and biofuels. When reaching the full potential and utilization of biofuel it is estimated that we can lower the added CO2 emissions with up to 80 per cent.

Operating in some of the world's most vulnerable areas comes with a great responsibility. Fighting the exploitation and degradation of sites, nature, and local communities by mass tourism is one of HRG's most important goals. We support stricter regulations, such as size limitations on cruise vessels, and restrictions on the number of guests allowed on shore. Our aim is to develop, encourage and maintain sustainable year-round activity, instead of flooding the valuable sites during peak season and leaving them quiet for the rest of the year. This is key to developing sustainable destinations, thriving communities and unique experiences. We also work actively with suppliers and vendors, requiring them to align with key SDG's and to operate according to our code of conduct and strict environmental policy. All our major suppliers with a valid frame agreement or a major project contract are required to agree to these terms.

We are immensely proud of the work we do within ESG and our ability to operate in a sustainable and responsible manner. This work is also received international recognition; the international ESG rating agency Sustainalytics assessed our ESG risk rating as "low risk" in their most recent ranking, and with a score of 17 outperforming all other cruise operators.

Corporate Governance

The board and management are committed to maintaining high ethical standards and promoting good corporate governance. The company's Corporate Governance is based on the Norwegian Code of Practice for Corporate Governance, dated 14 October 2021(www.nues.no). But with no employees and one single shareholder the board considers not every aspect to be relevant for the company.

With no employees the board is responsible for everyday business. The board members and chair of the board are elected by the general meeting. The board's composition is designed both to represent the interests of the shareholder and meet the company's need for expertise, capacity, and balanced decision- making. The board did not receive any remuneration from Explorer II AS in 2021.

The company's financial reporting complies with the laws and regulations applicable to companies with bonds listed on the Oslo Stock Exchange. The board of directors reviews the company's financial position monthly and reviews the financial statements at the end of every quarter. At least once per year, the board assesses the company's risk profile by reference to strategic, operational, and transactional factors.

Hurtigruten Group has implemented an enterprise risk framework with policies, guidelines and tools to facilitate risk management across the organization. The framework is inspired by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ERM framework and the ISO 31000 risk management guideline. The Group risk management function is reporting to the Chief Financial Officer. The Board of Directors has approved the risk management framework and periodically reviews the company's key risks.

Directors and Officers Liability Insurance

Hurtigruten Group AS (through Silk Holdings S.a.r.l.) has purchased and maintains a Directors and Officers Liability Insurance on behalf of the members of the board of directors and the CEO. The insurance also covers managing directors and directors of controlled subsidiaries. The insurance policy is issued by reputable insurers with an appropriate rating.

Outlook

The company relies on the payment from Hurtigruten Expediton Cruises AS for the bareboat charters and can be affected of the result and performance of this company. With increasing demand for expedition travel and strong booking figures the future income looks secure.

Oslo, 29 April 2022

Board of Directors of Explorer II AS

Torleif Ernstsen	**Kenneth Andersen**
Chairman	*Board member*

Financial Statements 2021
Explorer II AS

Statement of profit and loss

(in EUR 1 000)	*Note*	**2021**	**2020**
Operating income	*11*	**50 068**	44 833
Depreciation	*4*	**(8 521)**	(11 763)
Operating costs		**49**	(536)
Operating profit/(loss)		**41 597**	32 533
Finance income	*10*	**9**	35
Finance expenses	*10*	**(11 947)**	(20 861)
Finance expenses - net		**(11 938)**	(20 825)
Profit/(loss) before income tax		**29 659**	11 708
Income tax expense	*5*	**0**	0
Profit/(loss) for the year		**29 659**	11 708

Statement of comprehensive income

(in EUR 1 000)	*Note*	**2021**	2020
Profit/(loss) for the year		**29 659**	11 708
Other comprehensive income:		-	-
Total comprehensive income for the year		**29 659**	11 708
Total comprehensive income for the year attributable to owners of the parent		**29 659**	11 708
Total comprehensive income for the year		**29 659**	11 708

Statement of Financial Position

(in EUR 1 000)	*Note*	**2021**	**2020**
ASSETS			
Non-current assets			
Ships	*4*	**365 899**	374 481
Total non-current assets		**365 899**	374 481
CURRENT ASSETS			
Receivables on group companies	*11, 13*	**108 701**	58 321
Other short-term receivables		**0**	15
Cash and cash equivalents	*7, 13*	**2 547**	2 554
Total current assets		**111 248**	60 891
Total assets		**477 147**	435 372
EQUITY			
Share capital	*8*	**3**	3
Share premium		**105 000**	105 000
Retained earnings		**41 265**	11 606
Total equity		**146 268**	116 609
LIABILITIES			
Non-current liabilities			
Liabilities to financial institutions	*6, 13*	**296 696**	295 625
Liabilities to group companies	*11, 13*	**29 197**	18 095
Total non-current liabilities		**325 893**	313 720
Current liabilities			
Accounts payable	*11, 13*	**2**	0
Income tax payable	*5*	**1**	7
Liabilities to group companies	*11, 13*	**1 412**	1 372
Other currents liabilities	*6*	**3 572**	3 664
Total current liabilities		**4 986**	5 043
Total equity and liabilities		**477 147**	435 372

Oslo, 29 April 2022

Board of Directors of Explorer II AS

Torleif Ernstsen
Chairman

Kenneth Andersen
Board member

Statement of changes in equity

(in EUR 1 000)	*Note*	**Share capital including treasury shares**	**Share premium**	**Retained earnings**	**Total Equity**
Balance at 1 January 2020		3		(101)	**(98)**
Profit/(loss) for the year				11 708	**11 708**
Total comprehensive income		-		11 708	**11 708**
Transactions with owners:					
Convertion of debt to equity		-	105 000		**105 000**
Balance at 31 December 2020		3		11 607	**116 610**
Balance at 1 January 2021		3	105 000	11 607	**116 610**
Profit/(loss) for the year				29 659	**29 659**
Total comprehensive income				29 659	**29 659**
Balance at 31 December 2021		3	105 000	41 265	**146 268**

Cash Flow statement

(in EUR 1 000)	*Note*	**2021**	**2020**
Cash flows from operating activities			
Profit/(loss) before income tax		**29 659**	11 708
Adjustments for:			
Depreciation	*4*	**8 521**	11 763
Currency gains/losses	*10*	**(3)**	259
Net interest expenses	*10*	**11 941**	20 566
Other adjustments		**23**	-
Change in working capital:			
Trade and other receivables	*11*	**(50 365)**	(49 382)
Trade and other payables	*11*	**(679)**	2 852
Taxes paid	*5*	**(7)**	(3)
Net cash flows from (used in) operating activities		**(910)**	(2 236)
Cash flows from investing activities			
Purchase of property, plant, equipment (PPE)	*4*	**(71)**	(20 258)
Net change in restricted cash	*7*	-	2 820
Net cash flows from (used in) investing activities		**(71)**	(17 438)
Cash flows from financing activities			
Issuance of new shares	*8*		
Proceeds from borrowings	*6*	-	300 000
Repayment of borrowings	*6*	-	(254 583)
Paid interest and fees	*10*	**(10 127)**	(12 389)
Net borrowings from other group companies	*11*	**11 101**	(10 822)
Net cash flows from (used in) financing activities		**974**	22 206
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		**(7)**	2 532
Cash and cash equivalents at 1 January		**2 554**	22
Cash and cash equivalents at 31 December		**2 547**	2 554
Restricted cash	*7*	-	-
Cash and cash equivalents in statement of financial position		**2 547**	2 554

Notes to the annual financial statements

Note 1 General information

Explorer II AS is 100% owned by Hurtigruten AS. The ultimate parent company is Silk Topco AS, headquartered at Langkaia 1 in Oslo. The consolidated financial statements can be downloaded from the following website: www.hurtigruten.no

The purpose of Explorer II AS is owning two expedition vessels MS Roald Amundsen and MS Fridtjof Nansen for the purpose of bareboat charter lease to Hurtigruten Expedition Cruises AS. Both vessels were delivered in 2019.

The financial statements of Explorer II AS for the year ended 31 December 2021 where authorized for issue by the Board of Directors on April 28. 2022.

Note 2 significant accounting principles

The principal accounting polices applied in the preparation of the financial statements are described below. Unless otherwise stated in the description, these policies have been consistently applied to all periods presented.

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretation Committee (IFRIC), as endorsed by the European Union.

A) Translation of foreign currencies

(i) Functional and presentation currency

The financial statements are measured in the currency used in the economic area in which the entity primarily operates (the functional currency), which for Explorer II AS is Euro (EUR), as the revenues and financing of the company is denoted in EUR.

(ii) Transactions and balance sheet items

Foreign currency transactions are translated into the functional currency using the transaction rate. Realised and unrealised foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of exchange rates of monetary assets and liabilities denominated in foreign currencies at the balance sheet date are recognised in the income statement. Foreign exchange gains and losses on loans, cash and cash equivalents are presented (net) in the income statement as finance income or expenses.

B) Revenue recognition

The Company's revenues consist of intra group revenues from bareboat leasing agreements with Hurtigruten Cruise AS, and revenues from the agreement is recognised on a straight-line basis over the lease term and classified as operating revenues in the Income Statement.

C) Property, plant and equipment

Property, plant and equipment mainly consist of the owned cruise vessels. Which are recognised at acquisition cost less accumulated depreciation and any recognized impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset, with addition of directly attributable borrowing costs for assets that take a substantial period of time to get ready for their intended use.

Subsequent expenditures are only capitalised if it is probable that the future economic benefits associated with the item will flow to the Company. Such expenditures include major refits and cost of replacement assets. Subsequent expenditures are included in the carrying amount of the asset or recognised as a separate asset as appropriate. Repairs and maintenance which are considered as a regular part of the daily operation of the ships are charged to the income statement as they occur and are included in Other operating expenses.

Generally, ships drydock every five years. An intermediate survey is performed by a shipping classification society between the second and third year of the five-year drydocking period. The Company capitalises a substantial portion of the costs incurred during drydocking, including the survey costs and depreciates those costs on a straight-line basis from the time of completion of a drydocking or intermediate survey based upon the estimated time until the next intermediate survey or drydocking. Costs related to routine repairs and maintenance incurred during drydocking that do not improve or extend the useful lives of the ships are expensed.

The cost of ships under construction include progress payments for the construction of new ships, as well as design and engineering fees, capitalised interest, construction oversight costs and various owner supplied items.

Expected useful life is determined on the basis of historical data, as well as the standard useful economic lifetimes in the industry. Residual value is calculated on the basis of estimated sales values for operating assets at the end of their expected useful life.

Expected useful life is:

Ships	20–40 years

The useful life and residual value are assessed on every balance sheet date and amended as necessary. When material components of operating assets have different useful lives, these operating assets are recognised as their various components. These components are depreciated separately over each component's useful life.

Depreciation is recognised on a straight-line basis over the remaining useful life of the asset. Depreciation commences when the asset is available for use, being in the location and condition necessary to operate as intended by management.

An asset is derecognised upon disposal or when the asset is no longer expected to generate any future benefits to the Company. Gain or loss due to disposal of the asset is calculated as the difference between the net proceeds from the disposal and the carrying value of the asset and is recognised in the income statement.

Impairment and reversal of impairment

Property, plant and equipment is reviewed for impairment whenever events or significant changes in circumstances indicate that the carrying amount might not be recoverable. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs of disposal and value in use. Value in use is based on the present value of discounted cash flows for each separate CGU for its remaining life. Management considers the current competitive situation, developments in market rates, and macroeconomic trends when estimating the future cash flows. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less cost of disposal is determined as the amount that would be obtained from sale of the asset in a regular market, less cost of sales, based on third-party valuation report from an independent ship broker.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

An impairment loss is assessed for reversal if there is an indication of a subsequent increase of the recoverable amount. If such indications exist, a previously recognised impairment is reversed partially or in full if there has been a change in the estimates used to determine the asset's recoverable amount.

D) Financial assets - Classification and measurement

Explorer II AS classifies financial assets in the following category, based on the management's object of acquiring the asset, and the characteristics of the asset:

Financial assets measured at amortised cost

Primarily receivables with fixed payments of principal and interest, where the financial instrument is not traded, but held to collect the contractual cashflow. Receivables are carried in successive periods at amortised cost, using the effective interest method. Receivables with maturities less than 12 months are classified as current assets. Instruments with more than 12 months maturity are classified as non-current assets.

E) Trade receivables

Trade receivables are measured at amortised cost, which normally is equal to the original invoice amount, as the interest element using the effective interest method normally is insignificant.

F) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank deposits.

Cash and cash equivalents are defined differently in the balance sheet and cash flow presentation. Restricted cash is included in the balance sheet presentation but not in the cash flow presentation. The difference is reconciled below the cash flow statement.

G) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are classified as non-current liabilities.

Trade payables are valued at fair value on first-time recognition in the balance sheet. Subsequently, trade payables are measured at amortised cost using the effective interest method. The interest element is disregarded if it is immaterial.

H) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequently, borrowings are recognised at amortised cost using the effective interest method. The difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the expected period of the borrowings as part of the effective interest.

Borrowings are classified as current liabilities unless there is an unconditional right to defer payment of the liability for at least 12 months after the reporting date. Repayments due within one year are therefore classified as current liabilities.

I) Borrowing costs

Borrowing costs directly attributable to the acquisition of operating assets are recognised in the statement of financial position until the asset is ready for its intended use. Other borrowing costs are expensed on an ongoing basis. In the cash flow statement, interest paid is classified as part of the financing activities.

J) Current and deferred income taxes

The Company is subject to taxation under the Norwegian tonnage tax regime pursuant to chapter 8 of the Taxation Act. Under the tonnage tax regime, profit from qualifying operations are exempt from taxes. Financial results are not exempt from taxation. Taxable profit is calculated on the basis of financial income after deduction of a portion of financial expenses. The portion is calculated as financial assets in percent of total assets. Financial losses can be carried forward against positive financial income in later years. Tonnage tax is payable based on the net tonnage of vessels. Tonnage tax is classified as an operating expense.

Taxation under the Tax tonnage regime requires compliance with strict requirements. Voluntary or compulsory exit from the regime will result in ordinary taxation of the operating results.

K) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that the Company will have to make a payment or forfeit an asset in order to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses; however, if a contract is deemed unprofitable a provisions for the potential loss is recognised.

L) LEASE AGREEMENTS (AS LESSOR)

The vessels owned by the Explorer II AS are chartered out on long term contracts. The agreement is classified as an operating lease, as a significant portion of the risks and rewards of ownership are retained by the company. Lease assets held pursuant to an operating lease are included in the statement of financial position based on the nature of the asset.

Note 3 Critical accounting judgments and key sources of estimation uncertainty

Estimates and judgments are reviewed on an ongoing basis and are based on experience, consultation with experts, trend analyses and several other factors, including forecast future events that are deemed probable under current circumstances.

3.1 Key accounting estimates and assumptions

The management makes estimates and assumptions about the future. Thus, by their very nature, the accounting estimates that are made because of the above processes will rarely fully correspond with the outcome.

Estimates and assumptions that have a significant risk of causing a material adjustment to the book values of assets and liabilities within the next financial year are outlined below.

Ships

Useful economic lifetime

The level of depreciation depends on the estimated economic lifetime of the ships. These estimates are based on history and experience relating to the Company's vessel, as well as the vessel of the Group. The estimates are reviewed at regular intervals. A change in the estimate will affect depreciation in future periods.

Impairment of ships

Tangible assets with a defined economic life are tested for impairment if indicators are identified that would suggest that the carrying amount of the assets exceed the recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. The impairment test requires management assumptions and estimates.

The estimated value in use is determined using the present value of projected cash flows for the cash-generating units. These calculations require the use of estimates for cash flows, the required rate of return for the period and the growth factor of the cash flows.

The management does not apply a general growth factor beyond expected inflation for cash flows when testing for impairment. The total required rate of return used to discount cash flows is calculated as a weighted average return on equity and the required rate of return on interest-bearing debt. This calculation utilises an estimate of the risk-free interest rate, risk premium, beta and the liquidity premium.

Fair value less cost of disposal is determined as the amount that would be obtained from sale of the asset in a regular market, less cost of sales, based on third-party valuation report from an independent ship broker.

Note 4 Property, plant and equipment

(in EUR 1 000)	Ships	Ships under construction	Total
Acquisition cost			
As at 1 January 2020	383 688	-	**383 688**
Additions	5 559	-	**5 559**
As at 31 December 2020	**389 247**	-	**389 247**
As at 1 January 2021	389 247	-	**389 247**
Additions	71	-	**71**
Disposals	(133)	-	**(133)**
As at 31 December 2021	**389 186**	-	**389 186**
Accumulated depreciation and impairment			
As at 1 January 2020	(3 002)	-	**(3 002)**
Depreciation	(11 763)	-	**(11 763)**
As at 31 December 2020	**(14 765)**	-	**(14 765)**
As at 1 January 2021	(14 765)	-	**(14 765)**
Depreciation	(8 521)	-	**(8 521)**
As at 31 December 2021	**(23 287)**	-	**(23 287)**
Book value 31 December 2020	**374 481**	-	**374 481**
Book value 31 December 2021	**365 900**	-	**365 899**
Useful economic lifetime	20 - 40 years	N/A	

Lease agreements

Explorer II AS has entered a bareboat lease agreement with Hurtigruten Expedition Cruises AS (transferred from Hurtigruten Cruise AS from November 2021) for the lease of the vessels MS Fritjof Nansen and MS Roald Amundsen, with fixed payments for the next five years. The table below summarize the future nominal contractual lease payments:

(in EUR 1 000)	2021	2020
Within 1 year	50 000	50 000
Between 1 and 2 years	50 000	50 000
Between 2 and 3 years	50 000	50 000
Between 3 and 5 years	57 123	57 123
Later than 5 years	-	-

Impairment and reversal of impairment

Tangible assets with a defined economic life are tested for impairment if indicators are identified that would suggest that the carrying amount of the assets exceed the recoverable amount. The Company performs a quarterly assessment to determine any indicators of impairment or reversal of previous recognised impairment for its vessels. An impairment loss is recognised if the carrying amount exceeds recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use.

IMPAIRMENT TESTS PERFORMED IN 2021

The negative impacts of the Covid-19 pandemic on the travel industry is an impairment trigger. As of 31 December 2021, the Company has assessed the carrying values of the ships for impairment.

Fair value less cost of disposal is determined as the amount that would be obtained from sale of the asset in a regular market, less cost of sales. The estimated ship values, based on third-party valuation report from an independent ship broker, is higher than the carrying amount of the ships. No impairment has been recognized in the financial statements as of 31 December 2021.

Note 5 INCOME TAX

(in EUR 1 000)	**2021**	2020
Income tax payable, current year	-	-
Change in deferred tax, current year	-	-
Total income tax expense	-	-
Tonnage tax payable related to the shipping company tax schemes	0	6
Total Tonnage tax	**0**	**6**

Tonnage tax is calculated based on the ship's tonnage and not income and is therefore classified as an operating expense.

(in EUR 1 000)	**2021**	2020
Profit/(loss) before tax from operations	**29 659**	11 708
Tax rate	22 %	22 %
Expected income taxes at statutory tax rate in Norway	6 525	2 576
Non-taxable income (-)	(2 303)	-
Gifts, representation and other non-deductable expenses (+)	2 620	-
Effect from change in valuation allowance, tax losses	(241)	1 754
Currency translation in tax return	2 560	3 118
Shipping company tax schemes - NO Tax Act only (+/-)	(9 161)	(7 448)
Income tax expense	-	-

All of the borrowings in the Company is nominated in EUR, giving no revaluation effect in the financial profit and loss statement. However, the tax papers are filed in NOK, which gives high revaluation effects in the P&L in NOK for the borrowings. This in return creates a material difference in profit/(loss) before taxes in EUR vs NOK.

Note 6 BORROWINGS

NOMINAL AND FAIR VALUE OF BORROWINGS

31 December 2021

(in EUR 1 000)	Nominal value	Unamortized transaction costs	Book value	Fair value
Liabilities to financial institutions	300 000	(3 304)	296 696	282 000
Liabilities to group companies	29 197	-	29 197	29 197
Total	**329 197**	**(3 304)**	**325 893**	**311 197**

31 December 2020

(in EUR 1 000)	Nominal value	Unamortized transaction costs	Book value	Fair value
Liabilities to financial institutions	300 000	(4 375)	295 625	261 450
Liabilities to group companies	18 095	-	18 095	18 095
Total	**388 501**	**(4 375)**	**313 720**	**279 545**

In February 2020 the EUR 255 million Export Credit Agency facility put in place to finance the Company's two new expedition vessels, MS Roald Amundsen and MS Fridtjof Nansen was refinanced with a EUR 300 million 5-year senior secured bond with a coupon of 3,375%. The bond is secured against the two vessels MS Roald Amundsen and MS Fridtjof Nansen. The bond was listed on Oslo Stock Exchange on 10th July 2020.

MOVEMENT IN BORROWINGS

Movement in borrowings *(in EUR 1 000)*	**2021**	2020
Total borrowings 1 January	313 720	379 373
Cash flows		
New financing	11 101	300 000
Repayments	-	(265 405)
Finance fees paid	-	(5 425)
Non-cash flow		
Convertion to equity	-	(105 000)
Accumulated interest	-	688
Amortisation of borrowing fee	1 071	9 490
Total borrowings 31 December	**325 893**	313 720
Of which Non-Current Liabilities to group companies	*29 197*	*18 095*
Of which Non-Current liabilities	*296 696*	*295 625*
Of which first year's instalment on non-current liabilities	-	-

BOOK VALUE OF COLLATERIZED BORROWINGS

(in EUR 1 000)	**2021**	2020
Book value of collaterized assets	365 899	374 481

The collaterized borrowings are secured with the Company's assets.

MATURITY PROFILE OF NOMINAL BORROWINGS

(in EUR 1 000)	**2021**	2020
Less than one year	-	-
Between 1 and 2 years	15 000	-
Between 3 and 5 years	45 000	45 000
More than 5 years[1)]	269 197	273 095
Total	**329 197**	318 095

[1)]For the intragroup non-current borrowings from Hurtigruten AS of EUR 29.2 million, no downpayment plan is specified in the loan agreement. In the maturity profile above, it is included in the line "More than 5 years".

BORROWINGS SPECIFIED BY CURRENCY

(in 1 000)	**2021**	2020
EUR	**329 197**	318 095

COVENANTS

EUR 300 million bond

Hurtigruten Group AS must maintain a Minimum Free Liquidity above EUR 15 million and the issuer Explorer II AS must maintain a minimum free liquidity above 50% of the next interest and amortisation instalment.

Note 7 Cash and cash equivalents

(in EUR 1 000)	**2021**	2020
Cash and cash equivalents	2 547	2 554
Restricted bank deposits	-	-
Cash and cash equivalents in the cash flow statement	**2 547**	2 554

As of December 31. 2021 there were no restricted deposits included within cash and cash equivalents.

Note 8 Paid-in equity

(in EUR unless otherwise indicated)	Number of ordinary shares	Nominal value (NOK)	Nominal value of ordinary shares (EUR 1,000)	Share premium and other paid-in capital (EUR 1,000)	**Total**
As of 1 january 2020	300	101	3	105 000	105 003
	-				
As of 31 December 2021	300	101	3	105 000	**105 003**

Shareholder as of 31 December 2021	**Number of shares**	**Shareholding (%)**
Hurtigruten Expedition Fleet AS	300	100

All shares carry the same rights in the company.

Note 9 Remuneration

Audit remuneration

(in EUR 1 000)	**2021**	2020
Statutory audit	12	15
Other assurance services	-	-
Total	**12**	15

VAT is not included in the fees specified above.

Explorer II AS had no employees in 2021 and 2020. The company's executives receive their salaries and other remuneration from Hurtigruten Pluss AS.

Note 10 Financial income and expenses

(in EUR 1 000)	**2021**	2020
Interest income on current bank deposits	-	-
Foreign exchange gains	9	35
Finance income	**9**	35
Interest expenses borrowings	10 061	8 890
Borrowing fees	1 123	10 988
Interest to group companies	758	688
Foreign exchange losses	6	294
Finances expenses	**11 947**	20 861
Finance expenses – net	**(11 938)**	(20 825)

Note 11 Related parties

TRANSACTIONS WITH GROUP COMPANIES

(in EUR 1 000)	**2021**	2020
Operating revenues		
Bareboat lease to Hurtigruten Coastal AS	41 712	44 833
Bareboat lease to Hurtigruten Expedition Cruises AS	8 356	-
Total	**50 068**	44 833
Purchase of services		
Hurtigruten Globale Services AS	2	2
Total	**2**	2
Interest expenses		
Interest expenses to Hurtigruten Globale Sales AS	757	688
Total	**757**	688

INTRAGROUP BALANCES

(in EUR 1 000)	**2021**	2020
Current assets		
Current receivables from Hurtigruten Globale Sales AS	4 380	4 277
Current receivables from Hurtigruten Coastal AS	100 074	54 044
Current receivables from Hurtigruten Expedition Cruises AS	4 247	-
Total	**108 701**	58 321
Non-Current liabilities		
Non-Current liabilites due to Hurtigruten Globale Sales AS	29 197	18 095
Total	**29 197**	18 095
Current liabilities		
Payables to Hurtigruten Gloabale Services AS	124	117
Payables to Hurtigruten Coastal AS	8	
Payables to Hurtigruten Sjø AS	687	665
Payables to Hurtigruten Group AS	452	453
Payables to Hurtigruten Globale Sales AS	141	137
Total	**1 412**	1 372

Note 12 Financial risk management

MARKET RISK

a) Currency risk

Explorer II AS has limited concentration of currency risk as the external financing is nominated in EURO, and the company has EURO as its functional currency. The company also has financing from the parent company in EUR.

b) Price risk

The company has no significant price risk as it has limited business activities except for a fixed bareboat lease agreement with Hurtigruten Expeditions AS.

c) Interest rate risk

The company's borrowings and deposits are made at floating interest rates. Loans subject to a variable interest rate present a risk to the company's overall cash flow, while fixed interest rates expose the company to fair-value interest rate risk. The company has no specific hedging strategy to reduce variable interest rate risk.

Credit and liquidity risk

The company has some credit risk, given that their source of income comes from one party, i.e. Hurtigruten Expedition Cruises AS (group company). The current situation with pandemic affecting the industry, has substantially reduced the Groups earnings, but the Group has secured funding to ensure sufficient liquidity for all the Groups companies.

Liquidity risk management includes maintaining a sufficient level of liquid assets geared to operational and investment plans and ensuring the availability of sufficient funding from committed credit facilities. The Finance function has overall responsibility for managing the Group's liquidity risk. Rolling liquidity forecasts are prepared so as to ensure that the Group has sufficient liquidity reserves to satisfy the Group's obligations and financial loan covenants.

Note 13 Financial Assets and Liabilities

The following principles has been used for subsequent measurement of financial assets and liabilities

Balance at 31 December 2021

(in EUR 1 000)	**Amortised cost**	**Total carrying value**	**Fair value**
Assets as per balance sheet			
Trade receivables and other receivables (note 11)	108 701	108 701	108 701
Cash and cash equivalents (note 7)	2 547	2 547	2 547
Total	**111 248**	**111 248**	**111 248**
Liabilities as per balance sheet			
Non-current interest bearing debt (note 6)	(325 893)	(325 893)	(311 197)
Trade and other liabilities (note 11)	(4 984)	(4 984)	(4 984)
Total	**(330 877)**	**(330 877)**	**(316 180)**

Difference between carrying value and fair value for the non-current interest-bearing debt in 2021 is related to the bond. The carrying amount for short term receivables and payables has been assessed and does not differ materially from fair value.

(in EUR 1 000)	**Amortised cost**	**Total carrying value**	**Fair value**
Assets as per balance sheet			
Trade receivables and other receivables (note 11)	58 337	58 337	58 337
Cash and cash equivalents (note 7)	2 554	2 554	2 554
Total	**60 891**	**60 891**	**60 891**
Liabilities as per balance sheet			
Liabilities to financial institutions (note 6)	(313 720)	(313 720)	(279 545)
Trade and other liabilities (note 11)	(5 036)	(5 036)	(5 036)
Total	**(318 756)**	**(318 756)**	**(284 581)**

CLASSIFICATION BY IFRS FAIR VALUE HIERARCHY

- Level 1: inputs are quoted prices in active markets for identical assets of liabilities.

- Level 2: inputs are other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. This is primarily relevant for our derivatives, where the price normally is set by the counterpart (bank).

- Level 3: inputs are unobservable inputs for the asset or liability.

For Explorer 2 all cash and cash equivalents are classified within level 1. There were no transfers between the levels in 2021 or 2020.

Note 14 Events after balance sheet date

There are no material events after balance sheet date that would have any material effect on the financial statements of the Company.

RESPONSIBILITY STATEMENT

The Board of Directors and the Chief Executive Officer (CEO) have reviewed and approved the Directors' report and the financial statements for Explorer II AS ("Company") for the 2021 calendar year and as of December 31, 2021.

The financial statements for the Company have been prepared in accordance with International Reporting Standards (IFRS) as adopted by the European Union.
We confirm to the best of our knowledge that:

- The financial statements for the Company for the year ended 31 December 2021 have been prepared in accordance with applicable accounting standards
- The financial statements give a true and fair view of the assets, liabilities, financial position and results as of December 31, 2021 for the Company
- The Directors' report gives a true and fair review of the development, performance and financial position of the Company and includes a description of the principal risks and uncertainties the Company faces.

The Board of Directors of Explorer II AS
Oslo, 29 April 2022

Torleif Ernstsen
Chairman

Kenneth Andersen
Board Member

pwc

To the General Meeting of Explorer II AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Explorer II AS (the Company), which comprise the statement of financial position as at 31 December 2021, the statement of profit and loss, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 5 years from the election by the general meeting of the shareholders on 18 May 2017 for the accounting year 2017.

PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment Assessment for vessels	
Refer to notes 3.1 and 4, where management explains how the values of ships have been assessed. The company owns two hybrid-power expedition ships. They have a combined carrying value of EUR 365 900 thousand. The ships comprise approximately 77% of total assets as of 31 December 2021. Management identified the negative effects of the Covid-19 pandemic on the travel industry as a triggering event. Consequently, the net book values of the ships were evaluated for impairment. In order to assess fair value less costs of disposal, management obtained valuation certificates for the vessels from a broker. No impairment was recorded. We focused on this area due to the magnitude of amounts and the judgement inherent in the assessment of ship values.	We evaluated and challenged management's assessment of impairment for vessels. We assessed management's accounting policy against IFRSs and obtained explanations from management as to how the specific requirements of the standards, in particular IAS 36 Impairment of assets, were met. We also assessed the consistency year on year of the application of the accounting policy. We satisfied ourselves that the external broker had both the objectivity and the competence to provide the estimate. We also satisfied ourselves that the broker was provided with relevant facts in order to determine such an estimate, by testing key inputs such as build date, build location and certain key specifications back to the ships register. We evaluated if management sufficiently understood the valuations from third party brokers and the basis of which they were prepared. Examples of factors we discussed with management were contract coverage, future capex in relation to new requirements and the liquidity in the market for similar vessels. We also performed a comparison to other available data where possible. We read notes 3.1 and 4 and found that the disclosures were appropriate and in accordance with IFRS requirements. No matters of consequence arose from the procedures described above.

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Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Responsibilities of The Board of Directors for the Financial Statements

The Board of Directors (Management) is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on compliance with Regulation on European Single Electronic Format (ESEF)

Opinion
We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name Annual Report Explorer II AS 2021.xhtml have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

Independent Auditor's Report - Explorer II AS

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In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities
Management is responsible for preparing and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation and publication of the financial statements.

Auditor's Responsibilities
For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Oslo, 29 April 2022
PricewaterhouseCoopers AS

Stig Lund
State Authorised Public Accountant

(This document is signed electronically)

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Skatteetaten

Vår dato	Din/Deres dato	Saksbehandler
17.04.2020	27.03.2020	Nazish Fatima Mohammad
800 80 000 Skatteetaten.no	Din/Deres referanse	Telefon 901 51 930
Org.nr 974761076	Vår referanse 2020/5305321	Postadresse Postboks 9200 Grønland 0134 OSLO

Explorer II AS
Langkaia 1
0150 Oslo
V/ Karoline Ulshagen Grinde

Dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk - Explorer II AS (org.nr. 918 500 812)

Vi viser til Explorer II AS' søknad om dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering selskapet dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn
Fra søknaden siteres:

> "Selskapets ultimate morselskap i Norge er Silk Topco AS («Topco»). Topco eies igjen med mer enn 80%, igjennom et mellomliggende holdingselskap, av det engelske private equity-selskapet TDR Capital LLP. De øvrige aksjonærene i Topco er to norske, profesjonelle investorer med en samlet eierandel på ca 16%, samt ansatte i konsernledelsen. Selskapet har følgelig også en begrenset eierkrets.
>
> Flere andre selskap i konsernet avlegger årsregesnskap og årsrebertning på engelsk. Dette gjelder Topco og Hurtigruten AS.
>
> Selskapet er utsteder av en obligasjon som skal noteres på Oslo Børs. Investorene og långiverne er typisk internasjonale selskaper eller utenlandske personer. Det er krav om periodisk rapportering på engelsk. Det vil innebære betydelig merarbeid og kostnader å utarbeide regnskaper på norsk i tillegg til engelsk.
>
> Eierne i konsernet er profesjonelle investorer som selv rapporterer på engelsk.

> Selskapet driver i en internasjonal bransje. Arbeidsspråket er engelsk.
>
> Selskapet er derfor av den oppfatning av at arbeidet og kostnadene med å avgi årsregnskap og årsberetning på to språk ikke står i samsvar med behov og nytteverdi som et norsk årsregnskap og en årsberetning har for selskapet og dets interessenter."

Skattekontorets vurdering
Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

> Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte, kunder og lokalsamfunnet.

Det er etter skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I dette tilfellet er det opplyst at investorene og långiverne er typisk internasjonale selskaper eller utenlandske personer. Morselskapet har også fått dispensasjon for kravet om årsregnskap på norsk, og arbeidsspråket er engelsk i hele konsernet. Skattekontoret finner at disse forholdene samlet tilsier at dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk kan gis.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Inger Mette Dahler
Underdirektør
Innsats, Storbedrift
Skatteetaten

Nazish Fatima Mohammad

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.