



# Explorer II AS

First quarter 2024

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## Key figures<sup>1)</sup>

<i>(EUR 1 000)</i>	<b>1st quarter 2024</b>	1st quarter 2023	% Change	<b>Full year 2024</b>	Full year 2023
Operating revenue	<b>12,466</b>	12,329	1.1 %	<b>12,466</b>	50,000
<b>Total revenue</b>	<b>12,466</b>	12,329	1.1 %	<b>12,466</b>	50,000
<b>EBITDA</b>	<b>12,437</b>	12,352	0.7 %	<b>12,437</b>	50,022

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

## Operational review

Explorer II AS is a shipping company located in Oslo within the Hurtigruten Group (Hurtigruten). Its purpose is to invest in, and lease out, under bareboat charter agreements, specialised cruise vessels for the operation in other Hurtigruten Group companies. As of 31 March 2024, Explorer II AS owned the two hybrid-powered expedition ships, MS Roald Amundsen and MS Fridtjof Nansen. MS Roald Amundsen was delivered from Green Yard Kleven yard in June 2019. Its sister ship MS Fridtjof Nansen was delivered 6 months later.

MS Roald Amundsen and MS Fridtjof Nansen have an ice-reinforced hull, a total length of 140 metres and can carry 530 guests. The hybrid technology engines 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's vision of becoming the world's leading expedition travel company by offering authentic and accessible experiences 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.

MS Roald Amundsen and MS Fridtjof Nansen are state of the art battery-hybrid powered expedition vessels. They have received excellent guest feedback on the overall onboard experience among others in the Hurtigruten fleet.

## Financial review

### Profit and loss

Operating revenue in the first quarter of 2024 amounted to EUR 12.5 million compared to EUR 12.3 million for the same period last year. Revenues for the quarter include bareboat charter for both MS Roald Amundsen and MS Fridtjof Nansen.

Net financial expenses in the first quarter of 2024 were EUR 1.3 million compared to EUR 2.2 million for the first quarter of 2023.

Net income in the first quarter of 2024 was EUR 9.0 million, compared to EUR 7.3 million in the same period last year.

### Financial position and liquidity

#### Balance sheet

Non-current assets consist of the ships MS Fridtjof Nansen and MS Roald Amundsen. Carrying value as of 31 March 2024, was EUR 344.5 million (EUR 352.8 million as of 31 March 2023).

In the second quarter of 2019, the company drew on the ECA credit facility entered into in 2017 for financing the purchase of the two vessels, in the amount of EUR 260 million. At year-end 2019, the facility was fully drawn. In February 2020 the company replaced its existing ECA credit facility of EUR 260 million with a bond of EUR 300 million. The bond has a 5-year tenor with semi-annual interest payments of 3.375% p.a. and was listed at Oslo Stock Exchange on 10 July 2020. The carrying value of the bond was EUR 269.1 million as of 31 March 2024.

The equity ratio was 44.3 % as of 31 March 2024 compared to 44.9% as of 31 March 2023.

### Cash flow

Net cash inflow from operating activities in the first quarter of 2024 was EUR 19.8 million (inflow of EUR 5.1 million in the same quarter last year). The change is mainly explained by working capital movements.

Net cash flow from investment activities was EUR zero in first quarter of 2024 which is in line with the first quarter of 2023.

Net cash outflow from financing activities was EUR 19.8 million (outflow EUR 5.1 million in the same quarter last year).

Cash and cash equivalents was EUR 3.8 million as of 31 March 2024. At the same time last year cash and cash equivalents was EUR 2.7 million.

## Outlook

At the date of this report, the company and the broader cruise industry are facing fairly normal operating conditions following years of turmoil. Operationally, the pandemic is largely behind us, and the industry have taken the necessary precautions related to Russia's war of aggression on Ukraine.

The probability of a “soft landing” in the global economy has greatly improved, and global inflation has come down significantly over the past 18 months. This in turn have led to improved consumer confidence and a more positive outlook for the global economy.

Nevertheless, there are factors that may provide headwinds in 2024 and beyond. Although energy costs have come down since 2023, the current situation in the Middle East may lead to further geopolitical unrest and may trigger a jump in oil prices. Across the world, there are also other geopolitical risks in both the western and the eastern hemisphere that may affect global travel patterns and consumer spending in the future. Climate change will also continue to be a significant source of risk for any travel company, both for regulations, taxations and fees, and the status of the ecosystems where we operate. Hurtigruten Group has taken several steps to mitigate such risks, steps that has been recognized by rating agencies. Still, climate change will continue to be on top of the global agenda for many years and will continue to affect all global businesses going forward.

As of 30 May 2024, Hurtigruten Group had EUR 536 million in pre-booked ticket revenue for 2024 compared to EUR 518 million for 2023 as of 30 May 2024 which is a 3.5% increase. For 2025, we see increased momentum in recent booking trends. As of 30 May 2024 Hurtigruten Group had booked EUR 130 million for 2025 compared to EUR 96 million for 2024 as at 30 May 2023, which is a 35% increase.

The Board of Directors expects the financial performance of the Company to continue to improve, supported by the strong booking development reflecting the resurgence of desire and demand for travel.

The Company emphasises that the information included in this report contains certain forward-looking statements that address activities or

developments that the Company anticipates will or may occur in the future. The statements are based on assumptions and estimates, and some of them are beyond the Company's control and therefore subject to risks and uncertainties.

## Risks and uncertainties

Explorer II and Hurtigruten Group is subject to a range of risks and uncertainties which may affect its business operations, results and financial condition. An evaluation of Hurtigruten Group's main risks has been performed as part of the overall enterprise risk assessment.

The risk description in the Annual & ESG Report 2023 gives a fair description of principal risks and uncertainties that may affect Hurtigruten Group. An elaboration of our ESG Risk programme with the top identified risks for each of the Group's ESG pillars, including a high-level mitigation plan, can be found in ESG Appendix D of our Annual & ESG Report 2023. The Company is not aware of any significant new risks or uncertainties or significant changes to those risks or uncertainties, except for those described below.

The Russian invasion of Ukraine in late February 2022 brought increased geopolitical risks to global markets and business operations. The conflict has adversely affected global and regional economic conditions and triggered volatility in energy prices. As of end of Q1, the Group has not entered into any derivative contracts to hedge fuel consumption for 2024.

The Group is exposed to liquidity risk through fluctuations in booking revenue and operational- and financial expenses. The Group continues to closely monitor its liquidity situation. In February, the Group successfully implemented its previously announced comprehensive recapitalization transaction which significantly strengthened the balance sheet and serves as an important step towards enabling the Group to implement its strategic objectives.

Interest rate movements and the overall condition of the credit market may adversely affect the Group's ability to execute its plans for further development and growth. High inflation or high fluctuations in foreign exchange rates and other macroeconomic elements may adversely affect the cost base of Hurtigruten Group, its financial performance, or lead to a significant reduction in the private budget available for travel services, and thereby lowering purchasing power and customer demand.

## Interim financial statements

### Condensed statement of income

#### Unaudited

<i>(EUR 1 000)</i>	<i>Note</i>	<b>1st quarter 2024</b>	1st quarter 2023	<b>Full year 2024</b>	Full year 2023
Operating revenue		<b>12,466</b>	12,329	<b>12,466</b>	50,000
<b>Total revenues</b>		<b>12,466</b>	12,329	<b>12,466</b>	50,000
Depreciation		<b>(2,131)</b>	(2,610)	<b>(2,131)</b>	(8,840)
Operating costs		<b>(25)</b>	(19)	<b>(25)</b>	(41)
Other gains/(losses)		<b>(3)</b>	42 -	<b>3</b>	63
<b>Operating profit/(loss)</b>		<b>10,306</b>	9,742	<b>10,306</b>	41,182
<b>Operating profit/(loss) before depreciation, amortisation and impairment losses (EBITDA)</b>		<b>12,437</b>	12,352	<b>12,437</b>	50,022
Financial income		-	-	-	-
Financial expenses		<b>(1,324)</b>	(2,187)	<b>(1,324)</b>	(7,225)
Net foreign exchange gains/(losses)		<b>(24)</b>	(208)	<b>(24)</b>	(201)
<b>Net financial items</b>	<b>4</b>	<b>(1,348)</b>	(2,395)	<b>(1,348)</b>	(7,426)
<b>Profit/(loss) before income tax</b>		<b>8,959</b>	7,347	<b>8,959</b>	33,756
Income taxes		-	-	-	-
<b>Net income</b>		<b>8,959</b>	7,347	<b>8,959</b>	33,756

### Condensed statement of comprehensive income

#### Unaudited

<i>(EUR 1 000)</i>	<b>1st quarter 2024</b>	1st quarter 2023	<b>Full year 2024</b>	Full year 2023
<b>Net income</b>	<b>8,959</b>	7,347	<b>8,959</b>	33,756
<b>Total comprehensive income for the period</b>	<b>8,959</b>	7,347	<b>8,959</b>	33,756

## Condensed statement of financial position

### Unaudited

<i>(EUR 1 000)</i>	<i>Note</i>	<b>31/3/ 2024</b>	31/3/ 2023	31/12/ 2023
Ships		<b>344,478</b>	352,839	346,609
<b>Total non-current assets</b>		<b>344,478</b>	352,839	346,609
Intragroup trade receivables	5	<b>141,465</b>	127,556	147,581
Other current receivables	5	<b>21</b>	21	4
Cash and cash equivalents	5	<b>3,761</b>	2,725	3,726
<b>Total current assets</b>		<b>145,247</b>	130,302	151,312
<b>Total assets</b>		<b>489,725</b>	483,141	497,921
<b>EQUITY</b>				
Share capital		<b>3</b>	3	3
Share premium		<b>105,000</b>	105,000	105,000
Paid -in capital		<b>105,003</b>	105,003	105,003
Retained earnings		<b>111,808</b>	76,440	102,841
<b>Total equity</b>		<b>216,811</b>	181,443	207,844
<b>LIABILITIES</b>				
Interest-bearing liabilities	3,5	<b>0</b>	283,036	253,839
Interest-bearing liabilities to group companies	3,5	<b>0</b>	0	0
<b>Total non-current liabilities</b>		<b>0</b>	283,036	253,840
Current interest-bearing liabilities	3,5	<b>269,107</b>	15,000	30,000
Accounts payables	5	<b>36</b>	5 -	1
Income tax payable		<b>1</b>	8	16
Intragroup trade payables	5	<b>2,842</b>	2,617	2,839
Other current liabilities		<b>927</b>	1,033	3,383
<b>Total current liabilities</b>		<b>272,913</b>	18,662	36,237
<b>Total equity and liabilities</b>		<b>489,725</b>	483,141	497,921



## Condensed statement of changes in equity

Unaudited

Q1 2024:

<i>(EUR 1 000)</i>	01.01-31.03.2024			
	Attributable to shareholders of Explorer II AS			
	Share capital	Share premium	Retained earnings	Total
<b>Equity at beginning of the period</b>	<b>3</b>	<b>105,000</b>	<b>102,849</b>	<b>207,852</b>
Net income	-	-	8,959	8,959
<b>Equity at the close of the period</b>	<b>3</b>	<b>105,000</b>	<b>111,808</b>	<b>216,811</b>

2023:

<i>(EUR 1 000)</i>	01.01-31.12.2023			
	Attributable to shareholders of Explorer II AS			
	Share capital	Share premium	Retained earnings	Total
<b>Equity at beginning of the period</b>	<b>3</b>	<b>105,000</b>	<b>69,093</b>	<b>174,096</b>
Net income	-	-	33,756	33,756
<b>Equity at the close of the period</b>	<b>3</b>	<b>105,000</b>	<b>102,849</b>	<b>207,852</b>



## Condensed statement of cash flows

### Unaudited

<i>(EUR 1 000)</i>	<i>Note</i>	<b>1st quarter 2024</b>	1st quarter 2023	<b>01.01- 31.03 2024</b>	01.01- 31.03 2023	Full year 2023
<b>Cash flow from operating activities</b>						
Profit/(loss) before income tax		<b>8,959</b>	7,347	<b>8,959</b>	7,347	33,756
<i>Adjustments for:</i>						
Depreciation, amortisation and impairment losses		<b>2,131</b>	2,610	<b>2,131</b>	2,610	8,840
Interest expenses	4	<b>1,324</b>	2,187	<b>1,324</b>	2,187	7,225
Change in working capital		<b>7,397</b>	(7,233)	<b>7,397</b>	(7,233)	(23,827)
Other adjustments		<b>34</b>	165	<b>34</b>	165	146
<b>Net cash flow from (used in) operating activities</b>		<b>19,845</b>	5,076	<b>19,845</b>	5,076	26,140
<b>Cash flow from investing activities</b>						
Purchase of property, plant, equipment (PPE)		-	-	-	-	-
Change in restricted cash		-	-	-	-	-
<b>Net cash flows from (used in) investing activities</b>		-	-	-	-	-
<b>Cash flow from financing activities</b>						
Issue of ordinary shares						
Proceeds from borrowings						
Proceeds from borrowings		-	-	-	-	-
Repayment of borrowings to financial institutions		<b>(15,000)</b>	-	<b>(15,000)</b>	-	(15,000)
Net change of borrowings to group companies		<b>(4,809)</b>	-	<b>(4,809)</b>	-	-
Paid interest and fees	4	-	(5,063)	<b>1</b>	(5,063)	(10,125)
Net borrowings from other group companies		-	-	-	-	-
<b>Net cash flow from (used in) financing activities</b>		<b>(19,809)</b>	(5,063)	<b>(19,808)</b>	(5,063)	(25,125)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		<b>35</b>	14	<b>36</b>	14	1,015
Cash and cash equivalents at the beginning of period		<b>3,726</b>	2,711	<b>3,726</b>	2,711	2,711
<b>Cash and cash equivalents at end of period</b>		<b>3,761</b>	2,725	<b>3,761</b>	2,725	3,726

## Notes to the condensed financial statements

### Note 1 Accounting policies

The interim financial report for Explorer II AS is prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial report does not include all information which will appear in the annual financial report, which is prepared in accordance with all effective IFRS-standards. This interim report should therefore be read in connection with the annual report for Explorer II AS for 2023.

The annual report for 2023 for the company can be obtained through a request to the company's main office. The accounting policies applied in the interim financial reporting are described in the note of accounting policies in the annual report for 2023.

In the preparation of the interim financial report, estimates and assumptions have been applied, which has affected assets, liabilities, revenues and costs. Actual figures can deviate from estimates applied.

### Note 2 Financial risk management

There are potential risks and uncertainties that can affect the operations of the company. The company main source of income is from Hurtigruten Expeditions Cruise AS, a sister company within the Silk Topco Group. The funding position within Silk Topco Group is sound. The company's financing through the issued bond is at a fixed rate. Any market fluctuations will not affect the financing charge. Information concerning the most important risks and uncertainties is disclosed in the financial review.

### Note 3 Interest-bearing liabilities

<i>(EUR 1 000)</i>	<b>31/3/ 2024</b>	31/3/ 2023	31/12/ 2023
<b>Non-current interest-bearing liabilities</b>			
Bond	0	283,036	253,839
Interest-bearing liabilities to group companies	-	-	-
<b>Total</b>	<b>0</b>	283,036	253,839
<b>Current interest bearing debt</b>			
Bond, repayment due within 12 months	<b>269,107</b>	<b>15,000</b>	30,000
<b>Total</b>	<b>269,107</b>	15,000	30,000
<b>Total interest-bearing liabilities</b>	<b>269,107</b>	298,036	283,839

The interest-bearing liabilities in the company is classified as financial liabilities measured at amortised cost.

During Q1 23 a EUR11million revolving credit facility was made available to Explorer II AS from Hurtigruten Group AS. The Facility is available for utilisation by Explorer II AS on a revolving basis. As of Q1 24 the facility was undrawn. The facility is included in the definition of available liquidity under the Minimum Liquidity covenant.

### Maturity profile in nominal value

The below maturity schedule reflects the borrowings at nominal values.

<i>(EUR 1 000)</i>	<b>31/3/ 2024</b>	31/3/ 2023	31/12/ 2023
Less than one year	<b>270,000</b>	<b>15,000</b>	<b>30,000</b>
Year 2 and 3	-	285,000	255,000
<b>Total</b>	<b>270,000</b>	300,000	285,000
Unamortised transaction cost	<b>(893)</b>	(1,964)	(1,161)
<b>Total carrying value in balance sheet</b>	<b>269,107</b>	298,036	283,839

### Note 4 Net financial items

<i>(EUR 1000)</i>	<b>1st quarter 2024</b>	1st quarter 2023	<b>Full year 2024</b>	Full year 2023
Interest expense and amortized borrowing fees	<b>(1,324)</b>	<b>(2,187)</b>	<b>(1,324)</b>	<b>(7,225)</b>
Financial expenses	<b>(1,324)</b>	(2,187)	<b>(1,324)</b>	(7,225)
Net foreign exchange gains/(losses)	<b>(24)</b>	<b>(208)</b>	<b>(24)</b>	<b>(201)</b>
<b>Net financial items</b>	<b>(1,348)</b>	(2,395)	<b>(1,348)</b>	(7,426)

### Note 5 Financial assets and liabilities at fair value

<i>(EUR 1000)</i>	<b>31/3/ 2024</b>	<b>31/3/ 2023</b>	<b>31/12/ 2023</b>
	Amortised Cost (AC)	Amortised Cost (AC)	Amortised Cost (AC)
<b>Assets as per balance sheet</b>			
Current intragroup receivables and other receivables	<b>141,486</b>	127,577	147,586
Cash and cash equivalents	<b>3,761</b>	2,725	3,726
<b>Total</b>	<b>145,247</b>	130,302	151,312
<b>Liabilities as per balance sheet</b>			
Non-current interest-bearing liabilities	<b>0</b>	283,036	253,839
Non-current interest-bearing liabilities to Group companies	<b>0</b>	0	0
Current interest-bearing liabilities	<b>269,107</b>	15,000	30,000
Trade payables and other short term payables	<b>2,878</b>	2,621	2,838
<b>Total</b>	<b>271,986</b>	300,657	286,678

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

The carrying values for the financial assets and liabilities have been assessed and do not differ materially from fair value, except for the non-current interest-bearing liabilities (bond). Fair value of the bond as of 27 March 2024 was EUR 255.02 million (EUR 273.30 million as of 31 March 2023).

**Note 7 Events after the reporting period**

No events of significance have occurred after the reporting period.