

June 28, 2023

RELEASE OF CARNIVAL CORPORATION & PLC JOINT QUARTERLY REPORT ON FORM 10-Q FOR THE SECOND QUARTER OF 2023 AND CARNIVAL PLC GROUP HALF-YEARLY FINANCIAL REPORT

Carnival Corporation & plc announced its second quarter results of operations in its earnings release issued on June 26, 2023. Carnival Corporation & plc is hereby announcing that today it has filed its joint Quarterly Report on Form 10-Q ("Form 10-Q") with the U.S. Securities and Exchange Commission ("SEC") containing the Carnival Corporation & plc unaudited consolidated financial statements as of and for the three and six months ended May 31, 2023.

In addition, the Directors are today presenting in the attached **Schedule A**, the unaudited interim condensed financial statements for the Carnival plc Group ("Interim Financial Statements") as of and for the six months ended May 31, 2023. The Interim Financial Statements exclude the consolidated results of Carnival Corporation and are prepared under International Financial Reporting Standards as adopted by the United Kingdom.

Schedule B contains the Carnival Corporation & plc Form 10-Q which includes unaudited consolidated financial statements as of and for the three and six months ended May 31, 2023, management's discussion and analysis ("MD&A") of financial conditions and results of operations, and information on Carnival Corporation and Carnival plc's sales and purchases of their equity securities and use of proceeds from such sales. The information included in the Form 10-Q (Schedule B) has been prepared in accordance with SEC rules and regulations. The Carnival Corporation & plc unaudited consolidated financial statements contained in the Form 10-Q have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP").

The Directors consider that within the Carnival Corporation and Carnival plc dual listed company ("DLC") arrangement, the most appropriate presentation of Carnival plc's results and financial position is by reference to the Carnival Corporation & plc U.S. GAAP unaudited consolidated financial statements ("DLC Financial Statements").

These schedules (A & B) are presented together as Carnival plc's Group half-yearly financial report ("Interim Financial Report") in accordance with the requirements of the UK Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

MEDIA CONTACT

Jody Venturoni
 001 469 797 6380

INVESTOR RELATIONS CONTACT

Beth Roberts
 001 305 406 4832

The Form 10-Q is available for viewing on the SEC website at www.sec.gov under Carnival Corporation or Carnival plc or the Carnival Corporation & plc website at www.carnivalcorp.com or www.carnivalplc.com. A copy of the Form 10-Q and the Interim Financial Statements have been submitted to the National Storage Mechanism and will shortly be available for inspection at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>. Additional information can be obtained via Carnival Corporation & plc's website listed above or by writing to Carnival plc at Carnival House, 100 Harbour Parade, Southampton, SO15 1ST, United Kingdom.

Carnival Corporation & plc is the largest global cruise company, and among the largest leisure travel companies, with a portfolio of world-class cruise lines - AIDA Cruises, Carnival Cruise Line, Costa Cruises, Cunard, Holland America Line, P&O Cruises (Australia), P&O Cruises (UK), Princess Cruises, and Seabourn.

Additional information can be found on www.carnivalcorp.com, www.aida.de, www.carnival.com, www.costacruise.com, www.cunard.com, www.hollandamerica.com, www.pocruises.com.au, www.pocruises.com, www.princess.com and www.seabourn.com. For more information on Carnival Corporation's industry-leading sustainability initiatives, visit www.carnivalsustainability.com.

SCHEDULE A

**CARNIVAL PLC
 INTERIM CONDENSED GROUP STATEMENTS OF INCOME (LOSS)
 (UNAUDITED)**

(in millions, except per share data)

	Notes	Six Months Ended May 31,	
		2023	2022
Revenues			
Passenger ticket		\$2,495	\$835
Onboard and other		896	337
	8	3,391	1,172
Operating Costs and Expenses			
Commissions, transportation and other		604	233
Onboard and other		213	93
Payroll and related		503	435
Fuel		446	316
Food		228	86
Other operating		863	490
		2,857	1,553

Cruise and tour operating expenses		2,856	1,655
Selling and administrative	8	495	398
Depreciation and amortisation	8	367	396
		<u>3,718</u>	<u>2,447</u>
Operating Income (Loss)		<u>(327)</u>	<u>(1,276)</u>
Nonoperating Income (Expense)			
Interest income		6	-
Income (loss) from investments in associates		(25)	5
Interest expense, net of capitalised interest		(178)	(65)
Other income (expense), net		(26)	62
		<u>(224)</u>	<u>1</u>
Income (Loss) Before Income Taxes		<u>(550)</u>	<u>(1,275)</u>
Income Tax Benefit (Expense), Net		<u>(12)</u>	<u>(6)</u>
Net Income (Loss)		<u><u>\$(563)</u></u>	<u><u>\$(1,280)</u></u>
Earnings (Loss) Per Share			
Basic		<u><u>\$(3.02)</u></u>	<u><u>\$(6.90)</u></u>
Diluted		<u><u>\$(3.02)</u></u>	<u><u>\$(6.90)</u></u>

The accompanying notes are an integral part of these Interim Financial Statements.

These Interim Financial Statements only present the Carnival plc consolidated IFRS Interim Financial Statements and, accordingly, do not include the consolidated IFRS results of Carnival Corporation.

Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the DLC Financial Statements.

CARNIVAL PLC
INTERIM CONDENSED GROUP STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)
(in millions)

	Six Months Ended May 31,	
	2023	2022
Net Income (Loss)	<u>\$(563)</u>	<u>\$(1,280)</u>
Other Comprehensive Income (Loss)		
Items that will not be reclassified through the Statements of Income (Loss)		
Remeasurements of post-employment benefit obligations	<u>(11)</u>	<u>6</u>
Items that may be reclassified through the Statements of Income (Loss)		
Changes in foreign currency translation adjustment	<u>127</u>	<u>(358)</u>
Net gains on hedges of net investments in foreign operations and other	<u>-</u>	<u>89</u>
	<u>127</u>	<u>(269)</u>
Other Comprehensive Income (Loss)	<u>116</u>	<u>(263)</u>
Total Comprehensive Income (Loss)	<u><u>\$(447)</u></u>	<u><u>\$(1,543)</u></u>

The accompanying notes are an integral part of these Interim Financial Statements.

These Interim Financial Statements only present the Carnival plc consolidated IFRS Interim Financial Statements and, accordingly, do not include the consolidated IFRS results of Carnival Corporation.

Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the DLC Financial Statements.

CARNIVAL PLC
INTERIM CONDENSED GROUP BALANCE SHEETS
(UNAUDITED)
(in millions)

	Notes	May 31,	November 30,
		2023	2022
ASSETS			
Current Assets			
Cash and cash equivalents		<u>\$582</u>	<u>\$251</u>
Trade and other receivables, net		<u>230</u>	<u>202</u>
Inventories		<u>175</u>	<u>193</u>
Prepaid expenses and other		<u>187</u>	<u>215</u>
Total current assets		<u><u>1,174</u></u>	<u><u>862</u></u>

Property and Equipment, Net	3	12,386	13,469
Right-of-Use Assets		562	283
Investments in Associates		121	144
Other Assets	4	712	775
		<u>\$14,955</u>	<u>\$15,532</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities

Current portion of long-term debt	5	\$1,078	\$1,329
Current portion of lease liabilities		80	33
Accounts payable		411	471
Accrued liabilities and other		550	526
Customer deposits	2	1,866	1,589
Amount owed to the Carnival Corporation group		3,876	5,624
Total current liabilities		<u>7,861</u>	<u>9,571</u>

Long-Term Debt

5	6,661	6,361
---	-------	-------

Long-Term Lease Liabilities

	492	256
--	-----	-----

Contingencies

7	82	84
---	----	----

Other Long-Term Liabilities

	239	200
--	-----	-----

Shareholders' Equity

Share capital		361	361
Share premium	9	1,143	143
Retained earnings		560	1,175
Other reserves		(2,444)	(2,619)
Total shareholders' (deficit) equity		<u>(380)</u>	<u>(940)</u>
		<u>\$14,955</u>	<u>\$15,532</u>

The accompanying notes are an integral part of these Interim Financial Statements.

These Interim Financial Statements only present the Carnival plc consolidated IFRS Interim Financial Statements and, accordingly, do not include the consolidated IFRS results of Carnival Corporation.

Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the DLC Financial Statements.

CARNIVAL PLC
INTERIM CONDENSED GROUP STATEMENTS OF CASH FLOWS
(UNAUDITED)
(in millions)

	Six Months Ended May 31,	
	2023	2022
OPERATING ACTIVITIES		
Income (Loss) before income taxes	\$(550)	\$(1,275)
Adjustments to reconcile income (loss) before income taxes to net cash provided by (used in) operating activities		
Depreciation and amortisation	367	396
Share-based compensation	6	10
Interest expense, net	180	74
(Income) loss from investments in associates	25	(5)
Other, net	6	5
	<u>34</u>	<u>(794)</u>
Changes in operating assets and liabilities		
Receivables	(29)	(34)
Inventories	23	(39)
Prepaid expenses and other	79	(109)
Accounts payable	(67)	57
Accrued liabilities, other and contingencies	(29)	52
Customer deposits	251	377
Cash provided by (used in) operations before interest and income taxes	<u>262</u>	<u>(490)</u>
Interest received	6	-
Interest paid	(105)	(58)

Income tax benefit received (paid), net	1	7
Net cash provided by (used in) operating activities	164	(541)
INVESTING ACTIVITIES		
Purchases of property and equipment	(997)	(1,985)
Proceeds from sales of ships	32	40
Other, net	-	(5)
Net cash provided by (used in) investing activities	(965)	(1,949)
FINANCING ACTIVITIES		
Changes in amounts owed to the Carnival Corporation group, net	1,406	614
Principal repayments of long-term debt	(1,027)	(250)
Proceeds from issuance of long-term debt	830	2,347
Finance lease principal payments	(40)	(18)
Debt issuance cost and other, net	(34)	(101)
Net cash provided by (used in) financing activities	1,135	2,591
Effect of exchange rate changes on cash and cash equivalents	(4)	(33)
Net increase (decrease) in cash and cash equivalents	330	68
Cash and cash equivalents at beginning of period	251	434
Cash and cash equivalents at end of period	\$582	\$502

The accompanying notes are an integral part of these Interim Financial Statements.

These Interim Financial Statements only present the Carnival plc consolidated IFRS Interim Financial Statements and, accordingly, do not include the consolidated IFRS results of Carnival Corporation.

Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the DLC Financial Statements.

CARNIVAL PLC
INTERIM CONDENSED GROUP STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)
(in millions)

	Reserves									Total shareholders (deficit) equity
	Share capital	Share premium	Retained earnings	Translation reserve	Cash flow hedges	Treasury shares	Other reserves	Merger reserve	Total	
At November 30, 2021	\$361	\$143	\$4,092	\$(2,049)	\$11	\$(1,818)	\$105	\$1,503	\$(2,249)	\$2,347
Comprehensive income (loss)										
Net income (loss)	-	-	(1,280)	-	-	-	-	-	-	(1,280)
Changes in foreign currency translation adjustment	-	-	-	(358)	-	-	-	-	(358)	(358)
Net gains on cash flow derivative hedges	-	-	-	-	7	-	-	-	7	7
Net gains on hedges of net investments in foreign operations	-	-	-	82	-	-	-	-	82	82
Remeasurements of post-employment benefit obligations	-	-	6	-	-	-	-	-	-	6
Total comprehensive income	-	-	(1,274)	(276)	7	-	-	-	(269)	(1,543)
Issuance of treasury shares for vested share-based awards	-	-	(72)	-	-	72	-	-	72	-
Other, net	-	-	(1)	(3)	3	-	7	-	7	7

At May 31, 2022	\$361	\$143	\$2,745	\$(2,328)	\$20	\$(1,746)	\$112	\$1,503	\$(2,439)	\$810
At November 30, 2022	\$361	\$143	\$1,175	\$(2,526)	\$22	\$(1,734)	\$116	\$1,503	\$(2,619)	\$(940)
Comprehensive income (loss)										
Net income (loss)	-	-	(563)	-	-	-	-	-	-	(563)
Changes in foreign currency translation adjustment	-	-	-	127	-	-	-	-	127	127
Remeasurements of post-employment benefit obligations	-	-	(11)	-	-	-	-	-	-	(11)
Total comprehensive income (loss)	-	-	(574)	127	-	-	-	-	127	(447)
Issuance of ordinary share capital	-	1,000	-	-	-	-	-	-	-	1,000
Issuance of treasury shares for vested share-based awards	-	-	(41)	-	-	41	-	-	41	-
Other, net	-	-	-	-	-	(1)	8	-	7	7
At May 31, 2023	\$361	\$1,143	\$560	\$(2,399)	\$22	\$(1,694)	\$124	\$1,503	\$(2,444)	\$(380)

The accompanying notes are an integral part of these Interim Financial Statements.

These Interim Financial Statements only present the Carnival plc consolidated IFRS Interim Financial Statements and, accordingly, do not include the consolidated IFRS results of Carnival Corporation.

Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the DLC Financial Statements.

CARNIVAL PLC
NOTES TO INTERIM CONDENSED GROUP FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 - General

Description of Business

Carnival plc was incorporated in England and Wales in 2000 and is domiciled in the UK with its headquarters located at Carnival House, 100 Harbour Parade, Southampton, Hampshire, SO15 1ST, UK (registration number 04039524). Carnival plc and its subsidiaries and associates are referred to collectively in these Interim Financial Statements as the "Group," "our," "us" and "we".

Carnival Corporation & plc is the largest global cruise company, and among the largest leisure travel companies, with a portfolio of world-class cruise lines - AIDA Cruises, Carnival Cruise Line, Costa Cruises, Cunard, Holland America Line, P&O Cruises (Australia), P&O Cruises (UK), Princess Cruises, and Seabourn.

DLC Arrangement

Carnival Corporation and Carnival plc operate a dual listed company ("DLC") arrangement, whereby the businesses of Carnival Corporation and Carnival plc are combined through a number of contracts and provisions in Carnival Corporation's Articles of Incorporation and By-Laws and Carnival plc's Articles of Association. The two companies operate as a single economic enterprise with a single senior management team and identical Boards of Directors, but each has retained its separate legal identity. Each company's shares are publicly traded on the New York Stock Exchange ("NYSE") for Carnival Corporation and the London Stock Exchange for Carnival plc. The Carnival plc American Depositary Shares are traded on the NYSE.

The constitutional documents of each company provide that, on most matters, the holders of the common equity of both companies effectively vote as a single body. The Equalization and Governance Agreement between Carnival Corporation and Carnival plc provides for the equalization of dividends and liquidation distributions based on an equalization ratio and contains provisions relating to the governance of the DLC arrangement. Because the equalization ratio is 1 to 1, one share of Carnival Corporation common stock and one Carnival plc ordinary share are generally entitled to the same distributions.

Under deeds of guarantee executed in connection with the DLC arrangement, as well as stand-alone guarantees executed since that time, each of Carnival Corporation and Carnival plc have effectively cross guaranteed all indebtedness and certain other monetary obligations of each other. Once the written demand is made, the holders of indebtedness or other obligations may immediately commence an action against the relevant guarantor.

Under the terms of the DLC arrangement, Carnival Corporation and Carnival plc are permitted to transfer assets between the companies, make loans to or investments in each other and otherwise enter into intercompany transactions. In addition, the cash flows and assets of one company are required to be used to pay the obligations of the other company, if necessary.

The Boards of Directors consider that within the DLC arrangement the most appropriate presentation of Carnival plc's results

The Board of Directors consider that, through the DLC management, the most appropriate presentation of Carnival plc's results and financial position is by reference to the U.S. generally accepted accounting principles ("U.S. GAAP") DLC Financial Statements because all significant financial and operating decisions affecting the DLC companies are made on a joint basis to optimize the consolidated performance as a single economic entity. Accordingly, the DLC Financial Statements for the three and six months ended May 31, 2023 are provided to shareholders as supplementary information, which are included in Schedule B, but do not form part of these Carnival plc interim financial statements.

Basis of Preparation

The Carnival plc Interim financial statements are presented in U.S. dollars unless otherwise noted. They are prepared on the historical cost basis, except for certain financial assets and liabilities (including derivative instruments) that are stated at fair value. These Interim Financial Statements are required to satisfy reporting requirements of the United Kingdom's Financial Conduct Authority ("FCA") and do not include the consolidated results and financial position of Carnival Corporation and its subsidiaries. These Interim Financial Statements have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the FCA and with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the UK ("IAS 34"). The Interim Financial Statements should be read in conjunction with the audited annual financial statements for the year ended November 30, 2022, which were prepared in accordance with UK-adopted International Financial Reporting Standards ("IFRS").

Status of Financial Statements

Our Interim Financial Statements for the six months ended May 31, 2023 have not been audited or reviewed by the auditors.

Our Interim Financial Statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006 Act. Statutory accounts for the year ended November 30, 2022 were approved by the Board of Directors on January 26, 2023 and delivered to the Registrar of Companies. The report of the auditors on those accounts was (i) unqualified, (ii) did not contain a material uncertainty related to going concern and (iii) did not contain any statement under section 498 of the 2006 Act.

Liquidity and Management's Plans

In the face of the global impact of COVID-19, Carnival Corporation & plc paused its guest cruise operations in March 2020 and began resuming guest cruise operations in 2021. As of May 31, 2023, our return to guest cruise operations was complete.

As part of Carnival Corporation & plc's liquidity management, we rely on estimates of Carnival Corporation & plc's future liquidity, which includes numerous assumptions that are subject to various risks and uncertainties. The principal assumptions used to estimate Carnival Corporation & plc's future liquidity consist of:

- Carnival Corporation & plc's continued cruise operations and expected timing of cash collections for cruise bookings
- Expected increases in revenue in 2023 on a per passenger basis compared to 2019
- Expected improvement in occupancy on a year-over-year basis
- Stabilization of fuel prices around or below November 2022 year-end prices
- Continued stabilization of inflationary pressures on costs compared to 2022, moderated by a larger-more efficient fleet as compared to 2019

In addition, Carnival Corporation & plc makes certain assumptions about new ship deliveries, improvements and removals, and considers the future export credit financings that are associated with the new ship deliveries.

Carnival Corporation & plc has a substantial debt balance as a result of the pause in guest cruise operations and requires a significant amount of liquidity or cash provided by operating activities to service its debt. In addition, the continued effects of the pandemic, inflation, higher fuel prices, higher interest rates and fluctuations in foreign currency rates are collectively having a material negative impact on Carnival Corporation & plc's financial results. The full extent of the collective impact of these items is uncertain and may be amplified by our substantial debt balance. Carnival Corporation & plc believes it has made reasonable estimates and judgments of the impact of these events within its consolidated financial statements and there may be changes to those estimates in future periods.

For the past three years Carnival Corporation & plc has taken appropriate actions to manage its liquidity, including completing various capital market transactions, obtaining relevant financial covenant amendments or waivers (see Note 5 - "Debt"), accelerating the removal of certain ships from the fleet, and during the pause, reducing capital expenditures and operating expenses.

Based on these actions and Carnival Corporation & plc's assumptions, and considering its \$7.3 billion of liquidity including cash and cash equivalents and borrowings available under Carnival Corporation & plc's \$1.6 billion, €1.0 billion and £0.2 billion multi-currency revolving credit facility (the "Revolving Facility") at May 31, 2023, we believe that we have sufficient liquidity to fund Carnival Corporation & plc's obligations and expect to remain in compliance with its financial covenants for at least the next twelve months from the issuance of these financial statements. In light of these circumstances, the Boards of Directors of the Group have a reasonable expectation that Carnival Corporation & plc has adequate resources to continue its operational existence and continue to adopt the going concern basis of preparing the Carnival plc Interim Financial Statements. Refer to Schedule B of this release for additional discussion.

Carnival Corporation & plc will continue to pursue various opportunities to refinance future debt maturities and/or to extend the maturity dates associated with its existing indebtedness and obtain relevant financial covenant amendments or waivers, if needed.

Use of Estimates and Risks and Uncertainty

The preparation of our Interim Financial Statements in conformity with IFRS as adopted in the UK requires management to make judgements, estimates and assumptions that affect the application of policies and reported and disclosed amounts in these financial statements. The estimates and underlying assumptions are based on historical experience and various other factors that we believe to be reasonable under the circumstances and form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from the estimates used in preparing these Interim Financial Statements.

Significant accounting estimates, assumptions and judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. For a detailed discussion of our significant accounting estimates, assumptions and judgements refer to Note 2 - Significant Accounting Policies included in our 2022 Carnival plc Annual Report.

Accounting Pronouncements

The International Accounting Standards Board ("IASB") issued amendments to the standards, IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 4 *Insurance*

Contracts and IFRS 16 Leases, that address issues that might affect financial reporting when an existing interest rate benchmark is replaced with an alternative interest rate. The changes relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying *IFRS 7 Financial Instruments: Disclosures* to accompany the amendments regarding modifications and hedge accounting. The amendments require that, for financial instruments measured using amortised cost measurement (that is, financial instruments classified as amortised cost), changes to the basis for determining the contractual cash flows required by interest rate benchmark reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised. These expedients are only applicable to changes that are required by interest rate benchmark reform, which is the case if, and only if, the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis (that is, the basis immediately preceding the change). Where some or all of a change in the basis for determining the contractual cash flows of a financial liability does not meet the above criteria, the above practical expedient is first applied to the changes required by interest rate benchmark reform, including updating the instrument's effective interest rate. Any additional changes are accounted for in the normal way (that is, assessed for modification or derecognition, with the resulting modification gain / loss recognised immediately in profit or loss where the instrument is not derecognised). We adopted this new guidance during 2022 and applied it prospectively to contract modifications related to a change in reference rate. The adoption of this guidance did not have a material impact on our consolidated financial statements. During the six months ended May 31, 2023, we repaid all floating rate borrowings referenced to U.S. Dollar LIBOR. As of May 31, 2023, we did not have any outstanding debt referenced to interest rate benchmarks being replaced as a result of the reform.

The IASB has issued amendments to the standard, *IAS 1, Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*, providing a more general approach to the classification of liabilities based on the contractual agreements in place at the reporting date. These amendments are required to be adopted by us for the financial year commencing on December 1, 2024 and must be applied retrospectively. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

The IASB issued amendments to *IFRS 16, Leases - Lease Liability in a Sale and Leaseback*. The amendments require a seller-lessee to subsequently measure lease liabilities arising from a sale and leaseback transaction in a way that does not result in recognition of a gain or loss that relates to the right of use that it retains, including situations where the lease payments are variable payments that do not depend on an index or rate. On December 1, 2022, we adopted this guidance to measure and recognize right-of-use assets and lease liabilities as a result of qualified sale and leaseback transactions and the adoption of the standard had no impact on our consolidated financial statements.

The IASB has issued amendments to the standards, *IAS 7 Statement of Cash Flows* and *IFRS 7 Financial Instruments: Disclosures* titled *Supplier Finance Arrangements*. These amendments require that an entity disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and the entity's exposure to liquidity risk. These amendments are required to be adopted by us for the financial year commencing on December 1, 2024. We are currently evaluating the impact of these amendments on the disclosures to our consolidated financial statements.

NOTE2 - Revenue and Expense Recognition

Guest cruise deposits and advance onboard purchases are initially included in customer deposits when received. Customer deposits are subsequently recognized as cruise revenues, together with revenues from onboard and other activities, and all associated direct costs and expenses of a voyage are recognized as cruise costs and expenses, upon completion of voyages with durations of ten nights or less and on a pro rata basis for voyages in excess of ten nights. The impact of recognizing these shorter duration cruise revenues and costs and expenses on a completed voyage basis versus on a pro rata basis is not material. Certain of our product offerings are bundled and we allocate the value of the bundled services and goods between passenger ticket revenues and onboard and other revenues based upon the estimated standalone selling prices of those goods and services. Guest cancellation fees, when applicable, are recognized in passenger ticket revenues at the time of cancellation.

Our sales to guests of air and other transportation to and from airports near the home ports of our ships are included in passenger ticket revenues, and the related costs of purchasing these services are included in transportation costs. The proceeds that we collect from the sales of third-party shore excursions are included in onboard and other revenues and the related costs are included in onboard and other costs. The amounts collected on behalf of our onboard concessionaires, net of the amounts remitted to them, are included in onboard and other revenues as concession revenues. All of these amounts are recognized on a completed voyage or pro rata basis as discussed above.

Revenues and expenses from our hotel and transportation operations, which are included in our Tour and Other segment, are recognized at the time the services are performed.

Customer Deposits

Our payment terms generally require an initial deposit to confirm a reservation, with the balance due prior to the voyage. Cash received from guests in advance of the cruise is recorded in customer deposits and in other long-term liabilities on our Consolidated Balance Sheets. In certain situations, we have provided flexibility to guests by allowing guests to rebook at a future date, receive future cruise credits ("FCCs") or elect to receive refunds in cash. We have at times issued enhanced FCCs. Enhanced FCCs provide the guest with an additional credit value above the original cash deposit received, and the enhanced value is recognized as a discount applied to the future cruise in the period used. We record a liability for unexpired FCCs to the extent we have received and not refunded cash from guests for cancelled bookings. These amounts include refundable deposits. We had total customer deposits of \$2.0 billion as of May 31, 2023 and \$1.7 billion as of November 30, 2022, which includes approximately \$26 million of unredeemed FCCs as of May 31, 2023. During the six months ended May 31, 2023 and 2022, we recognized revenues of \$1.3 billion and \$0.4 billion related to our customer deposits as of November 30, 2022 and 2021. Our customer deposits balance changes due to the seasonal nature of cash collections, the recognition of revenue, refunds of customer deposits and foreign currency changes.

Trade and Other Receivables

Although we generally require full payment from our customers prior to or concurrently with their cruise, we grant credit terms to a relatively small portion of our revenue source. We have receivables from credit card merchants and travel agents for cruise ticket purchases and onboard revenue. These receivables are included within trade and other receivables, net. We have agreements with a number of credit card processors that transact customer deposits related to our cruise vacations. Certain of these agreements allow the credit card processors to request, under certain circumstances, that we provide a reserve fund in cash. These reserve funds are included in other assets.

Contract Costs

We recognize incremental travel agent commissions and credit and debit card fees incurred as a result of obtaining the ticket contract as assets when paid prior to the start of a voyage. We record these amounts within prepaid expenses and other and subsequently recognize these amounts as commissions, transportation and other at the time of revenue recognition or at the time of voyage cancellation. We had incremental costs of obtaining contracts with customers recognized as assets of \$59

million as of May 31, 2023 and November 30, 2022.

NOTE 3 - Property and Equipment

(in millions)

At November 30, 2022	\$13,469
Additions	1,003
Disposals	(2,207)
Depreciation	(316)
Exchange movements	437
At May 31, 2023	<u>\$12,386</u>

We review our long-lived assets for impairment whenever events or circumstances indicate potential impairment. During the six months ended May 31, 2023, we did not identify any triggers indicating possible impairment and therefore, did not record any impairments.

Refer to Note 1 - "General, Use of Estimates and Risks and Uncertainty" for additional discussion.

Ship Sales

During the six months ended May 31, 2023, we completed the sales of two Europe segment ships which collectively represent a passenger-capacity reduction of 3,970 berths for our Europe segment.

Refer to Note 9 - "Related Party Transactions" for additional details on ship sales to Carnival Corporation group.

NOTE 4 - Other Assets

(in millions)

	<u>May 31, 2023</u>	<u>November 30, 2022</u>
Credit card reserves	\$250	\$296
Long-term deposits	237	229
VAT receivables	93	98
Debt issuance costs	28	38
Pension assets	9	19
Other long-term assets and other receivables	95	95
	<u>\$712</u>	<u>\$775</u>

We have agreements with a number of credit card processors that transact customer deposits related to our cruise vacations. Certain of these agreements allow the credit card processors to request, under certain circumstances, that we provide a reserve fund in cash. Although the agreements vary, these requirements may generally be satisfied either through a withheld percentage of customer payments or providing cash funds directly to the credit card processor. As of May 31, 2023 and November 30, 2022, we had \$250 million and \$296 million in reserve funds related to our customer deposits provided to satisfy these requirements which are included within other assets. Additionally, as of May 31, 2023 and November 30, 2022, we had \$237 million and \$229 million in compensating deposits we are required to maintain. Subsequent to May 31, 2023, we provided \$380 million in restricted cash deposits which will be included within other assets. We continue to expect to provide reserve funds and restricted cash deposits under these agreements.

NOTE 5 - Debt

Export Credit Facility Borrowings

During the six months ended May 31, 2023, we borrowed \$0.8 billion under an export credit facility due in semi-annual installments through 2035 and paid down \$0.3 billion of floating rate unsecured borrowings mostly with 2023 and 2024 maturities. As of May 31, 2023, the net book value of the Carnival plc vessels subject to negative pledges was \$4.2 billion.

Revolving Credit Facilities

As of May 31, 2023 Carnival Corporation did not have short-term borrowings. As of November 30, 2022, Carnival Corporation's short-term borrowings consisted of \$0.2 billion. Carnival plc had no short-term borrowings under Carnival Corporation & plc's Revolving Facility as of May 31, 2023 and November 30, 2022. Carnival Corporation & plc may continue to re-borrow or otherwise utilize available amounts under the Revolving Facility through August 2024, subject to satisfaction of the conditions in the facility. As of May 31, 2023 and November 30, 2022, Carnival Corporation and Carnival plc had a total of \$2.9 billion and \$2.6 billion available for borrowing under the Revolving Facility. The Revolving Facility also includes an emissions linked margin adjustment whereby, after the initial applicable margin is set per the margin pricing grid, the margin may be adjusted based on performance in achieving certain agreed annual carbon emissions goals. Carnival Corporation & plc is required to pay a commitment fee on any unutilized portion.

New Revolving Facility

In February 2023, Carnival Holdings (Bermuda) II Limited ("Carnival Holdings II"), a subsidiary of Carnival Corporation, entered into a \$2.1 billion multi-currency revolving facility ("New Revolving Facility"). The New Revolving Facility may be utilized beginning on August 6, 2024, and will replace the existing Revolving Facility upon its maturity in August 2024. The termination date of the New Revolving Facility is August 6, 2025, subject to two, mutual one-year extension options. The new facility also contains an accordion feature, allowing for additional commitments, up to an aggregate of \$2.9 billion, which are the aggregate commitments under our Revolving Facility.

In connection with the New Revolving Facility, Carnival plc will contribute one unencumbered vessel (which must be completed no later than February 28, 2024) to Carnival Holdings II. The vessel will continue to be operated under one of the Carnival plc brands. Carnival Holdings II does not guarantee our other outstanding debt.

Covenant Compliance

As of May 31, 2023, Carnival Corporation & plc's Revolving Facility, New Revolving Facility, unsecured loans and export credit facilities contain certain covenants listed below:

- Maintain minimum interest coverage (adjusted EBITDA to consolidated net interest charges, as defined in the agreements) (the "Interest Coverage Covenant") as follows:
 - For certain unsecured loans and the New Revolving Facility, from the end of each fiscal quarter from August 31, 2024, at a ratio of not less than 2.0 to 1.0 for each testing date occurring from August 31, 2024 until May 31, 2025, at a ratio of not less than 2.5 to 1.0 for the August 31, 2025 and November 30, 2025 testing dates, and at a ratio of not less than 3.0 to 1.0 for the February 28, 2026 testing date onwards and as applicable through their respective maturity dates. In addition, for the remaining unsecured loans that contain this covenant, Carnival Corporation & plc entered into letter agreements to waive compliance with the covenant through the May 31, 2024 testing date.
 - For substantially all of the export credit facilities, from the end of each fiscal quarter from May 31, 2024, at a ratio of not less than 2.0 to 1.0 for each testing date occurring from May 31, 2024 until May 31, 2025, at a ratio of not less than 2.5 to 1.0 for the August 31, 2025 and November 30, 2025 testing dates, and at a ratio of not less than 3.0 to 1.0 for the February 28, 2026 testing date onwards
- For certain unsecured loans and export credit facilities, maintain minimum issued capital and consolidated reserves (as defined in the agreements) of \$5.0 billion
- Limit its debt to capital (as defined in the agreements) percentage to a percentage not to exceed 75% until the May 31, 2023 testing date, following which it will be tested at levels which decline ratably to 65% from the May 31, 2024 testing date onwards
- Maintain minimum liquidity as follows:
 - For the New Revolving Facility, minimum liquidity of \$1.5 billion; provided, that if any commitments maturing on June 30, 2025 under the existing first-lien term loan facility are outstanding on the March 31, 2025 testing date, the minimum liquidity on such testing date cannot be less than the greater of (i) the aggregate outstanding amount of such first-lien term loan facility commitments and (ii) \$1.5 billion
 - For other unsecured loans and export credit facilities that contain this covenant, \$1.5 billion through November 30, 2026
- Adhere to certain restrictive covenants through August 2025
- Limit the amounts of our secured assets as well as secured and other indebtedness

At May 31, 2023, Carnival Corporation & plc was in compliance with the applicable covenants under its debt agreements. Generally, if an event of default under any debt agreement occurs, then, pursuant to cross default and/or cross-acceleration clauses therein, substantially all of its outstanding debt and derivative contract payables could become due, and its debt and derivative contracts could be terminated. Any financial covenant amendment may lead to increased costs, increased interest rates, additional restrictive covenants and other available lender protections that would be applicable.

Carnival Corporation or Carnival plc and certain of our subsidiaries have guaranteed substantially all of our indebtedness.

NOTE 6 - Ship Commitments

At May 31, 2023, we had one ship under contract for construction. The estimated total future commitments, including the contract prices with the shipyards, design and engineering fees, capitalised interest, construction oversight costs and various owner supplied items are as follows:

<i>(in millions)</i>	<u>May 31, 2023</u>
Year	
Remainder of 2023	\$35
2024	611
Thereafter	-
	<u>\$646</u>

NOTE 7 - Contingencies

Provisions

The Group's contingencies include estimated liabilities for crew, guest and other third-party claims. The liabilities associated with crew illnesses and crew and guest injury claims, including all legal costs, are estimated based on the specific merits of the individual claims or actuarially estimated based on historical claims experience, loss development factors and other assumptions.

The changes in our contingencies were as follows:

<i>(in millions)</i>	<u>Claims Reserves</u>
November 30, 2022	\$113
Additional provisions	15
Paid losses	(10)
Reversals	(12)
Exchange movements	3
May 31, 2023	<u>\$109</u>

<i>(in millions)</i>	<u>May 31, 2023</u>
Provisions	
Current	\$27
Non-current	82
	<u>\$109</u>

Litigation

We are routinely involved in legal proceedings, claims, disputes, regulatory matters and governmental inspections or investigations arising in the ordinary course of or incidental to our business, including those noted below. Additionally, as a result of the impact of COVID-19, litigation claims, enforcement actions, regulatory actions and investigations, including, but

...of the impact of COVID-19, litigation claims, management actions, regulatory actions and other contingencies, including, but not limited to, those arising from personal injury and loss of life, have been and may, in the future, be asserted against us. We expect many of these claims and actions, or any settlement of these claims and actions, to be covered by insurance and historically the maximum amount of our liability, net of any insurance recoverables, has been limited to our self-insurance retention levels.

We record provisions in the financial statements for pending litigation when we determine that an unfavorable outcome is probable and the amount of the loss can be reasonably estimated.

Legal proceedings and government investigations are subject to inherent uncertainties, and unfavorable rulings or other events could occur. Unfavorable resolutions could involve substantial monetary damages. In addition, in matters for which conduct remedies are sought, unfavorable resolutions could include an injunction or other order prohibiting us from selling one or more products at all or in particular ways, precluding particular business practices or requiring other remedies. An unfavorable outcome might result in a material adverse impact on our business, results of operations, financial position or liquidity.

COVID-19 Actions

We have been named in a number of individual actions related to COVID-19. These actions include tort claims based on a variety of theories, including negligence and failure to warn. The plaintiffs in these actions allege a variety of injuries: some plaintiffs confined their claim to emotional distress, while others allege injuries arising from testing positive for COVID-19. A smaller number of actions include wrongful death claims. Substantially all of these individual actions have now been dismissed or settled for immaterial amounts.

As of May 31, 2023, nine purported class actions have been brought by former guests in several U.S. federal courts, the Federal Court in Australia, and in Italy. These actions include tort claims based on a variety of theories, including negligence, gross negligence and failure to warn, physical injuries and severe emotional distress associated with being exposed to and/or contracting COVID-19 onboard. As of May 31, 2023, seven of these class actions have either been settled individually for immaterial amounts or had their class allegations dismissed by the courts and only the Australian and Italian matters remain. We believe the ultimate outcome of these matters will not have a material impact on our consolidated financial statements.

All COVID-19 matters seek monetary damages and most seek additional punitive damages in unspecified amounts.

We continue to take actions to defend against the above claims.

Regulatory or Governmental Inquiries and Investigations

We have been, and may continue to be, impacted by breaches in data security and lapses in data privacy, which occur from time to time. These can vary in scope and intent from inadvertent events to malicious motivated attacks.

We have incurred legal and other costs in connection with cyber incidents that have impacted us. The penalties and settlements paid in connection with cyber incidents over the last three years were not material. While these incidents did not have a material adverse effect on our business, results of operations, financial position or liquidity, no assurances can be given about the future and we may be subject to future litigation, attacks or incidents that could have such a material adverse effect.

On March 14, 2022, the U.S. Department of Justice and the U.S. Environmental Protection Agency notified Carnival Corporation & plc of potential civil penalties and injunctive relief for alleged Clean Water Act violations by owned and operated vessels covered by the 2013 Vessel General Permit. Carnival Corporation & plc is working with these agencies to reach a resolution of this matter. Carnival Corporation & plc believes the ultimate outcome will not have a material impact on its consolidated financial statements.

On June 20, 2022, Princess Cruise Lines, Ltd, a subsidiary of Carnival Corporation, notified the Australian Maritime Safety Authorization ("AMSA") and the flag state, Bermuda, regarding approximately six cubic meters of comminuted food waste (liquid biodigester effluent) inadvertently discharged by *Coral Princess* inside the Great Barrier Reef Marine Park. On June 23, 2022, the UK P&I Club N.V. provided a letter of undertaking for approximately \$1.9 million (being the estimated maximum combined penalty). On May 31, 2023, we received a summons from the Australia Federal Prosecution Service indicating that formal charges are being pursued against Princess Cruise Lines, Ltd and the Captain of the vessel. We believe the ultimate outcome will not have a material impact on our consolidated financial statements.

Other Contingent Obligations

Some of the debt contracts we enter into include indemnification provisions obligating us to make payments to the counterparty if certain events occur. These contingencies generally relate to changes in taxes or changes in laws which increase the lender's costs. There are no stated or notional amounts included in the indemnification clauses, and we are not able to estimate the maximum potential amount of future payments, if any, under these indemnification clauses.

NOTE 8 - Segment Information

As previously discussed, within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is by reference to the DLC Financial Statements. The operating segments are reported on the same basis as the internally reported information that is provided to the chief operating decision maker ("CODM"), who is the President, Chief Executive Officer and Chief Climate Officer of Carnival Corporation and Carnival plc. The CODM assesses performance and makes decisions to allocate resources for Carnival Corporation & plc based upon review of the results across all of the segments. Carnival Corporation & plc has four reportable segments comprised of (1) North America and Australia cruise operations ("NAA"), (2) Europe cruise operations, (3) Cruise Support and (4) Tour and Other.

The operating segments within each of our NAA and Europe reportable segments have been aggregated based on the similarity of their economic and other characteristics, including geographic guest sourcing. The Cruise Support segment includes Carnival Corporation & plc's portfolio of leading port destinations and other services, all of which are operated for the benefit of its cruise brands. The Tour and Other segment represents the hotel and transportation operations of Holland America Princess Alaska Tours and other operations.

Beginning in the first quarter of 2023, we renamed the EA segment given that China has not reopened to international cruise travel. As a result, we have significantly reduced operations in Asia and leveraged the mobility of our cruise ships and our brand portfolio to build alternate deployments. In 2019, our most recent full year of guest cruise operations, China accounted for 7% of our guests.

<i>(in millions)</i>	SIX MONTHS ENDED MAY 31,				
	Revenues	Operating costs and expenses	Selling and administrative	Depreciation and amortisation	Operating income (loss)
2023					
NAA	\$6,434	\$4,471	\$875	\$738	\$351
Europe	2,759	2,179	436	338	(193)
Cruise Support	106	55	124	90	(162)
Tour and Other	44	64	14	13	(47)
Carnival Corporation & plc - U.S. GAAP	9,343	6,768	1,448	1,179	(52)
Carnival Corporation - U.S. GAAP (a)	(5,952)	(3,849)	(948)	(823)	(332)
Carnival plc - U.S. GAAP vs IFRS differences (b)	-	(63)	(5)	11	57
Carnival plc - IFRS	<u>\$3,391</u>	<u>\$2,856</u>	<u>\$495</u>	<u>\$367</u>	<u>\$(327)</u>
2022					
NAA	\$2,792	\$3,055	\$710	\$687	\$(1,661)
Europe	1,123	1,546	352	359	(1,134)
Cruise Support	73	54	75	68	(126)
Tour and Other	37	57	12	11	(44)
Carnival Corporation & plc - U.S. GAAP	4,024	4,713	1,149	1,126	(2,964)
Carnival Corporation - U.S. GAAP (a)	(2,852)	(3,045)	(744)	(728)	1,665
Carnival plc - U.S. GAAP vs IFRS differences (b)	-	(15)	(7)	(2)	23
Carnival plc - IFRS	<u>\$1,172</u>	<u>\$1,653</u>	<u>\$398</u>	<u>\$396</u>	<u>\$(1,276)</u>

(a) Carnival Corporation consists primarily of cruise brands that do not form part of the Group; however, these brands are included in Carnival Corporation & plc and thus represent substantially all of the reconciling items.

(b) The U.S. GAAP vs IFRS accounting differences primarily relate to differences in the carrying value of ships, lease accounting, pension accounting and differences in depreciation expense due to differences in the carrying value of ships.

Revenue by geographic areas, which are based on where our guests are sourced, were as follows:

<i>(in millions)</i>	Six Months Ended,	
	May 31, 2023	May 31, 2022
Europe	\$2,358	\$1,063
North America	167	53
Australia	542	18
Other	324	38
	<u>\$3,391</u>	<u>\$1,172</u>

NOTE 9 - Related Party Transactions

During 2023, Carnival Corporation purchased one ordinary share of Carnival plc for \$1 billion, which is non-voting while it is owned by Carnival Corporation. This is a non cash transaction where the amount owed from Carnival Corporation was offset against the amount owed by Carnival plc to the Carnival Corporation group. All amounts owed to the Carnival Corporation group are unsecured, repayable on demand and considered short-term in nature.

During 2023, we sold two ships to Carnival Holdings (Bermuda) Limited, a subsidiary of Carnival Corporation, for \$1.5 billion. These two ships were leased back to Carnival plc. Additionally in 2023, we completed the sale of one ship to Carnival Corporation, which represents a passenger-capacity reduction of 4,200 berths for \$678 million and plan to sell another ship to Carnival Corporation in 2024 both in connection with Carnival Fun Italian Style™. The sales price for these transactions equaled book value. The amounts owed from the Carnival Corporation group in connection with these non cash transactions reduced the payable owed by Carnival plc to the Carnival Corporation group.

During the six months ended May 31, 2023 and 2022, Holland America Line and Princess Cruises purchased land tours from us totaling \$15 million and \$10 million. In addition, during the six months ended May 31, 2023 and 2022 we sold pre- and post-cruise vacations, shore excursions and transportation services to the Carnival Corporation group.

During 2023, the Group had ship charter agreements with Princess Cruises and Carnival Cruise Line for ships operating in Australia and Asia. The total charter and management expenses for the six months ended May 31, 2023 were \$243 million which was included in other operating expenses. There were no ship charter agreements for the six months ended May 31, 2022.

During the six months ended May 31, 2023, Carnival plc continued to provide a guarantee to the Merchant Navy Officers Pension Fund for certain employees who have transferred from Carnival plc to a subsidiary of Carnival Corporation.

Carnival Corporation and its subsidiary, Carnival Investments Limited owned 42.9 million, or 19.7% at May 31, 2023 and 40.6 million or 18.7% at November 30, 2022 of Carnival plc's ordinary shares, which are non-voting while they are owned by Carnival Corporation and its subsidiary.

Carnival Corporation & plc has a program that allows it to realize a net cash benefit when Carnival Corporation common stock is trading at a premium to the price of Carnival plc ordinary shares (the "Stock Swap Program"). Under the Stock Swap Program, Carnival Corporation & plc may elect to offer and sell shares of Carnival Corporation common stock at prevailing market prices in ordinary brokers' transactions and repurchase an equivalent number of Carnival plc ordinary shares in the UK market.

Within the DLC arrangement, there are instances where the Group provides services to Carnival Corporation and also where Carnival Corporation provides services to the Group.

NOTE 10 - Seasonality

Our passenger ticket revenues are seasonal. Demand for cruises has been greatest during our third quarter, which includes the Northern Hemisphere summer months. This higher demand during the third quarter results in higher ticket prices and occupancy levels and, accordingly, the largest share of our operating income is typically earned during this period. The seasonality of our results also increases due to ships being taken out-of-service for maintenance, which we schedule during non-peak demand periods. In addition, substantially all of Holland America Princess Alaska Tours' revenue and net income (loss) is generated from May through September in conjunction with Alaska's cruise season.

NOTE 11 - Fair Value Measurements and Derivative Instruments, Hedging Activities and Financial Risks

Fair Value Measurements

Fair value is defined as the amount that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and is measured using inputs in one of the following three categories:

- Level 1 measurements are based on unadjusted quoted prices in active markets for identical assets or liabilities that we have the ability to access. Valuation of these items does not entail a significant amount of judgment.
- Level 2 measurements are based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active or market data other than quoted prices that are observable for the assets or liabilities.
- Level 3 measurements are based on unobservable data that are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Considerable judgment may be required in interpreting market data used to develop the estimates of fair value. Accordingly, certain estimates of fair value presented herein are not necessarily indicative of the amounts that could be realized in a current or future market exchange.

Under deeds of guarantee executed in connection with the DLC arrangement, as well as stand-alone guarantees executed since that time, each of Carnival Corporation and Carnival plc have effectively cross guaranteed all indebtedness and certain other monetary obligations of each other. The fair value of cross guarantees within the DLC arrangement were not significant at May 31, 2023 or November 30, 2022, and are not expected to result in any material loss.

Financial Instruments that are not Measured at Fair Value

	May 31, 2023		November 30, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<i>(in millions)</i>				
Liabilities				
Fixed rate debt (a)	\$4,583	\$2,712	\$3,781	\$2,020
Floating rate debt (a)	3,471	2,594	4,204	3,087
Total	<u>8,054</u>	<u>5,306</u>	<u>7,985</u>	<u>5,107</u>
Less: unamortized debt issuance costs and discounts	(332)		(310)	
Plus: debt modification loss	17		15	
Total Debt	<u>\$7,739</u>		<u>\$7,690</u>	

- (a) The debt amounts above do not include the impact of interest rate swaps. The fair values of our publicly-traded notes were based on their unadjusted quoted market prices. The fair values of our other debt were estimated based on current market interest rates being applied to this debt.

Financial Instruments that are Measured at Fair Value on a Recurring Basis

The Group has euro interest rate swaps whereby we receive EURIBOR-based floating interest rate payments in exchange for making fixed interest rate payments. These interest rate swap agreements effectively changed \$69 million at May 31, 2023 (\$89 million at November 30, 2022) of EURIBOR-based floating rate euro debt to fixed rate euro debt. As of May 31, 2023, these EURIBOR-based interest rate swaps were not designated as cash flow hedges. As of November 30, 2022, one of these swaps was designated as a cash flow hedge. The fair values of these derivatives, as of May 31, 2023 and November 30, 2022 was \$1 million and the associated gains and losses recognized in other comprehensive income (loss) and in net income (loss) were not material. The amount of estimated cash flow hedges' unrealized gains and losses that are expected to be reclassified to earnings in the next twelve months is not material. These derivatives are considered Level 2 instruments. There are no credit risk related contingent features in our derivative agreements.

NOTE 12 - Principal Risks and Uncertainties

The principal risks and uncertainties affecting our business activities are included in Item 4. Risk Management and/or Mitigation of Principal and Emerging Risks within our 2022 Annual Report. There have been no changes to our identified principal or emerging risks since the issuance of our 2022 Annual Report. Our principal risks and uncertainties are summarized below. The ordering and lettering of our risks is not intended to reflect any Company indication of priority or likelihood.

Operating Risk Factors

- Events and conditions around the world, including war and other military actions, such as the invasion of Ukraine, inflation, higher fuel prices, higher interest rates and other general concerns impacting the ability or desire of people to travel have led, and may in the future lead, to a decline in demand for cruises, impacting our operating costs and profitability.
- Pandemics have in the past and may in the future have a significant negative impact on our financial condition and operations.
- Incidents concerning our ships, guests or the cruise industry have in the past and may, in the future, negatively impact the satisfaction of our guests and crew and lead to reputational damage.

- impact the satisfaction of our guests and crew and lead to reputational damage.
- d. Changes in and non-compliance with laws and regulations under which we operate, such as those relating to health, environment, safety and security, data privacy and protection, anti-corruption, economic sanctions, trade protection, labor and employment, and tax have in the past and may, in the future, lead to litigation, enforcement actions, fines, penalties and reputational damage.
 - e. Factors associated with climate change, including evolving and increasing regulations, increasing global concern about climate change and the shift in climate conscious consumerism and stakeholder scrutiny, and increasing frequency and/or severity of adverse weather conditions could adversely affect our business.
 - f. Inability to meet or achieve our sustainability related goals, aspirations, initiatives, and our public statements and disclosures regarding them, may expose us to risks that may adversely impact our business.
 - g. Breaches in data security and lapses in data privacy as well as disruptions and other damages to our principal offices, information technology operations and system networks and failure to keep pace with developments in technology may adversely impact our business operations, the satisfaction of our guests and crew and may lead to reputational damage.
 - h. The loss of key team members, our inability to recruit or retain qualified shoreside and shipboard team members and increased labor costs could have an adverse effect on our business and results of operations.
 - i. Increases in fuel prices, changes in the types of fuel consumed and availability of fuel supply may adversely impact our scheduled itineraries and costs.
 - j. We rely on supply chain vendors who are integral to the operations of our businesses. These vendors and service providers may be unable to deliver on their commitments, which could negatively impact our business.
 - k. Fluctuations in foreign currency exchange rates may adversely impact our financial results.
 - l. Overcapacity and competition in the cruise and land-based vacation industry may negatively impact our cruise sales, pricing and destination options.
 - m. Inability to implement our shipbuilding programs and ship repairs, maintenance and refurbishments may adversely impact our business operations and the satisfaction of our guests.

Debt Related Risk Factors

- a. Failure to successfully implement our business strategy following our resumption of guest cruise operations would negatively impact the occupancy levels and pricing of our cruises and could have a material adverse effect on our business. We require a significant amount of cash to service our debt and sustain our operations. Our ability to generate cash depends on many factors, including those beyond our control, and we may not be able to generate cash required to service our debt and sustain our operations.
- b. Our substantial debt could adversely affect our financial health and operating flexibility.
- c. Despite our leverage, we may incur more debt, subject to certain restrictions, which could adversely affect our business and prevent us from fulfilling our obligations with respect to our debt.
- d. We are subject to maintenance covenants, as well as restrictive debt covenants, that may limit our ability to finance future operations and capital needs and pursue business opportunities and activities. We are also subject to financial covenants that could lead to an acceleration of the indebtedness of our debt facilities if we fail to comply. If we fail to comply with any of these covenants, it could have a material adverse effect on our business.
- e. Our variable rate indebtedness exposes us to interest rate volatility, which could cause our debt service obligations to increase significantly.
- f. The covenants in certain of our export credit facilities may require us to secure those facilities in the future.

NOTE 13 - Responsibility Statement

The Directors confirm that to the best of their knowledge the Interim Financial Statements included as Schedule A to this release have been prepared in accordance with IAS 34 as adopted by the UK, and that the half-yearly financial report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R of the Disclosure Guidance and Transparency Rules of the FCA.

The Directors of Carnival plc are listed in the Carnival plc Annual Report for the year ended November 30, 2022. No new Directors have been appointed during the six months ended May 31, 2023. A list of current Directors is maintained and is available for inspection on the Group's website at www.carnivalplc.com.

By order of the Board

/s/ Micky Arison
Micky Arison
Chair of the Board of Directors
June 28, 2023

/s/ Josh Weinstein
Josh Weinstein
President, Chief Executive Officer, Chief Climate Officer and Director
June 28, 2023

SCHEDULE B

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

CARNIVAL CORPORATION & PLC
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(UNAUDITED)
(in millions, except per share data)

	Three Months Ended		Six Months Ended	
	May 31,		May 31,	
	2023	2022	2023	2022
Revenues				
Passenger ticket	\$3,141	\$1,285	\$6,011	\$2,158
Onboard and other	1,770	1,116	3,332	1,866
	<u>4,911</u>	<u>2,401</u>	<u>9,343</u>	<u>4,024</u>
Operating Expenses				
Commissions, transportation and other	619	325	1,274	576
Onboard and other	549	314	1,033	523
Pavroll and related	601	533	1,183	1,038

Fuel	489	545	1,024	910
Food	325	191	636	327
Ship and other impairments	-	-	-	8
Other operating	875	774	1,619	1,331
Cruise and tour operating expenses	3,457	2,683	6,768	4,713
Selling and administrative	736	619	1,448	1,149
Depreciation and amortization	597	572	1,179	1,126
	4,791	3,874	9,394	6,988
Operating Income (Loss)	120	(1,473)	(52)	(2,964)
Nonoperating Income (Expense)				
Interest income	69	6	124	9
Interest expense, net of capitalized interest	(542)	(370)	(1,082)	(738)
Gain (loss) on debt extinguishment, net	(31)	-	(31)	-
Other income (expense), net	(17)	6	(47)	(26)
	(522)	(358)	(1,036)	(755)
Income (Loss) Before Income Taxes	(402)	(1,831)	(1,087)	(3,719)
Income Tax Benefit (Expense), Net	(5)	(3)	(13)	(6)
Net Income (Loss)	\$(407)	\$(1,834)	\$(1,100)	\$(3,726)
Earnings Per Share				
Basic	\$(0.32)	\$(1.61)	\$(0.87)	\$(3.27)
Diluted	\$(0.32)	\$(1.61)	\$(0.87)	\$(3.27)

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

CARNIVAL CORPORATION & PLC
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)
(in millions)

	Three Months Ended May 31,		Six Months Ended May 31,	
	2023	2022	2023	2022
Net Income (Loss)	\$(407)	\$(1,834)	\$(1,100)	\$(3,726)
Items Included in Other Comprehensive Income (Loss)				
Change in foreign currency translation adjustment	102	(260)	99	(246)
Other	(33)	3	(19)	5
Other Comprehensive Income (Loss)	69	(257)	79	(241)
Total Comprehensive Income (Loss)	\$(338)	\$(2,091)	\$(1,021)	\$(3,967)

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

CARNIVAL CORPORATION & PLC
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(in millions, except par values)

	May 31, 2023	November 30, 2022
ASSETS		
Current Assets		
Cash and cash equivalents	\$4,468	\$4,029
Restricted cash	18	1,988
Trade and other receivables, net	449	395
Inventories	438	428
Prepaid expenses and other	833	652
Total current assets	6,206	7,492
Property and Equipment, Net	39,584	38,687
Operating Lease Right-of-Use Assets	1,310	1,274
Goodwill	579	579
Other Intangibles	1,163	1,156
Other Assets	3,030	2,515
	\$51,873	\$51,703
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		

Short-term borrowings	\$-	\$200
Current portion of long-term debt	1,789	2,393
Current portion of operating lease liabilities	161	146
Accounts payable	1,042	1,050
Accrued liabilities and other	1,951	1,942
Customer deposits	6,892	4,874
Total current liabilities	<u>11,835</u>	<u>10,605</u>
Long-Term Debt	31,921	31,953
Long-Term Operating Lease Liabilities	1,208	1,189
Other Long-Term Liabilities	1,044	891
Contingencies and Commitments		
Shareholders' Equity		
Carnival Corporation common stock, \$0.01 par value; 1,960 shares authorized; 1,250 shares at 2023 and 1,244 shares at 2022 issued	12	12
Carnival plc ordinary shares, \$1.66 par value; 217 shares at 2023 and 2022 issued	361	361
Additional paid-in capital	16,684	16,872
Retained earnings (accumulated deficit)	(841)	269
Accumulated other comprehensive income (loss) ("AOCI")	(1,903)	(1,982)
Treasury stock, 130 shares at 2023 and 2022 of Carnival Corporation and 73 shares at 2023 and 72 shares at 2022 of Carnival plc, at cost	(8,449)	(8,468)
Total shareholders' equity	<u>5,865</u>	<u>7,065</u>
	<u>\$51,873</u>	<u>\$51,703</u>

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

CARNIVAL CORPORATION & PLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(in millions)

	Six Months Ended	
	May 31,	
	2023	2022
OPERATING ACTIVITIES		
Net income (loss)	\$(1,100)	\$(3,726)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization	1,179	1,126
Impairments	-	8
(Gain) loss on debt extinguishment	31	-
(Income) loss from equity-method investments	27	(4)
Share-based compensation	31	54
Amortization of discounts and debt issue costs	85	87
Noncash lease expense	72	68
(Gain) loss on ship sales and other, net	(9)	12
	<u>316</u>	<u>(2,376)</u>
Changes in operating assets and liabilities		
Receivables	(55)	(120)
Inventories	(6)	(79)
Prepaid expenses and other assets	(805)	(395)
Accounts payable	(23)	139
Accrued liabilities and other	69	12
Customer deposits	2,029	1,611
Net cash provided by (used in) operating activities	<u>1,525</u>	<u>(1,209)</u>
INVESTING ACTIVITIES		
Purchases of property and equipment	(1,772)	(3,221)
Proceeds from sales of ships	255	55
Purchase of short-term investments	-	(315)
Proceeds from maturity of short-term investments	-	364
Other, net	8	10
Net cash provided by (used in) investing activities	<u>(1,509)</u>	<u>(3,107)</u>
FINANCING ACTIVITIES		
Repayments of short-term borrowings	(200)	(114)

Share-based compensation and other	-	-	45	(1)	-	-	45
At May 31, 2022	\$11	\$361	\$15,457	\$2,649	\$(1,742)	\$(8,476)	\$8,260
At November 30, 2022	\$12	\$361	\$16,872	\$269	\$(1,982)	\$(8,468)	\$7,065
Change in accounting principle (a)	-	-	(229)	(10)	-	-	(239)
Net income (loss)	-	-	-	(1,100)	-	-	(1,100)
Other comprehensive income (loss)	-	-	-	-	79	-	79
Issuances of common stock, net	-	-	5	-	-	-	5
Conversion of Convertible Notes	-	-	3	-	-	-	3
Purchases and issuances under the Stock Swap program, net	-	-	22	-	-	(20)	2
Issuance of treasury shares for vested share-based awards	-	-	(41)	-	-	41	-
Share-based compensation and other	-	-	52	-	-	(2)	50
At May 31, 2023	\$12	\$361	\$16,684	\$(841)	\$(1,903)	\$(8,449)	\$5,865

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

(a) We adopted the provisions of *Debt - Debt with Conversion and Other Options and Derivative and Hedging - Contracts in Entity's Own Equity* on December 1, 2022.

CARNIVAL CORPORATION & PLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 - General

The consolidated financial statements include the accounts of Carnival Corporation and Carnival plc and their respective subsidiaries. Together with their consolidated subsidiaries, they are referred to collectively in these consolidated financial statements and elsewhere in this joint Quarterly Report on Form 10-Q as "Carnival Corporation & plc," "our," "us" and "we."

Liquidity and Management's Plans

In the face of the global impact of COVID-19, we paused our guest cruise operations in March 2020 and began resuming guest cruise operations in 2021. As of May 31, 2023, our return to guest cruise operations was complete.

As part of our liquidity management, we rely on estimates of our future liquidity, which includes numerous assumptions that are subject to various risks and uncertainties. The principal assumptions used to estimate our future liquidity consist of:

- Our continued cruise operations and expected timing of cash collections for cruise bookings
- Expected increases in revenue in 2023 on a per passenger basis compared to 2019
- Expected improvement in occupancy on a year-over-year basis
- Stabilization of fuel prices around or below November 2022 year-end prices
- Continued stabilization of inflationary pressures on costs compared to 2022, moderated by a larger-more efficient fleet as compared to 2019

In addition, we make certain assumptions about new ship deliveries, improvements and removals, and consider the future export credit financings that are associated with the new ship deliveries.

We have a substantial debt balance as a result of the pause in guest cruise operations and require a significant amount of liquidity or cash provided by operating activities to service our debt. In addition, the continued effects of the pandemic, inflation, higher fuel prices, higher interest rates and fluctuations in foreign currency rates are collectively having a material negative impact on our financial results. The full extent of the collective impact of these items is uncertain and may be amplified by our substantial debt balance. We believe that we have made reasonable estimates and judgments of the impact of these events within our consolidated financial statements and there may be changes to those estimates in future periods.

For the past three years we have taken appropriate actions to manage our liquidity, including completing various capital market transactions, obtaining relevant financial covenant amendments or waivers (see Note 3 - "Debt"), accelerating the removal of certain ships from the fleet, and during the pause, reducing capital expenditures and operating expenses.

Based on these actions and our assumptions, and considering our \$7.3 billion of liquidity including cash and cash equivalents and borrowings available under our \$1.6 billion, €1.0 billion and £0.2 billion multi-currency revolving credit facility (the "Revolving Facility") at May 31, 2023, we believe that we have sufficient liquidity to fund our obligations and expect to remain in compliance with our financial covenants for at least the next twelve months from the issuance of these financial statements.

We will continue to pursue various opportunities to refinance future debt maturities and/or to extend the maturity dates associated with our existing indebtedness and obtain relevant financial covenant amendments or waivers, if needed.

Basis of Presentation

The Consolidated Statements of Income (Loss), the Consolidated Statements of Comprehensive Income (Loss), the Consolidated Statements of Cash Flows and the Consolidated Statements of Shareholders' Equity for the three and six months ended May 31, 2023 and 2022, and the Consolidated Balance Sheet at May 31, 2023 are unaudited and, in the opinion of our management, contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement. Our interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the related notes included in the Carnival Corporation & plc 2022 joint Annual Report on Form 10-K ("Form 10-K") filed with the U.S. Securities and Exchange Commission on January 27, 2023. Our operations are seasonal and results for interim periods are not necessarily indicative of the results for the entire year.

Use of Estimates and Risks and Uncertainty

The preparation of our interim consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the amounts reported and disclosed. The full extent to which the effects of the pandemic, inflation, higher fuel prices, higher interest rates and fluctuations in foreign currency rates will directly or indirectly impact our business, operations, results of operations and financial condition, including our valuation of goodwill and trademarks, impairment of ships and collectability of trade and notes receivables, will depend on future developments that are uncertain. We have made reasonable estimates and judgments of such items within our financial statements and there may be changes to those estimates in future periods.

Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board ("FASB") issued guidance, *Reference Rate Reform: Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides temporary optional expedients and exceptions to accounting guidance on contract modifications and hedge accounting to ease entities' financial reporting burdens as the market transitions from the London Interbank Offered Rate ("LIBOR") and other interbank offered rates to alternative reference rates. In December 2022, the FASB deferred the date through which this guidance can be applied from December 31, 2022 to December 31, 2024. We adopted this new guidance during 2022 and applied it prospectively to contract modifications related to a change in reference rate. The adoption of this guidance did not have a material impact on our consolidated financial statements. We expect that all of our outstanding debt and derivative instruments referenced to U.S. dollar LIBOR will be transitioned to Term Secured Overnight Financing Rate ("SOFR") by June 30, 2023.

The FASB issued guidance, *Debt - Debt with Conversion and Other Options* and *Derivative and Hedging - Contracts in Entity's Own Equity*, which simplifies the accounting for convertible instruments. This guidance eliminates certain models that require separate accounting for embedded conversion features, in certain cases. Additionally, among other changes, the guidance eliminates certain of the conditions for equity classification for contracts in an entity's own equity. The guidance also requires entities to use the if-converted method for all convertible instruments in the diluted earnings per share calculation and include the effect of share settlement for instruments that may be settled in cash or shares, except for certain liability-classified share-based payment awards. On December 1, 2022, we adopted this guidance using the modified retrospective approach to recognize our convertible notes as single unit liability instruments, as they do not qualify as derivatives under ASC 815, *Derivatives and Hedging*, and were not issued at a substantial premium. Accordingly, upon adoption we recorded a \$239 million increase to debt, primarily as a result of the reversal of the remaining non-cash convertible debt discount, as well as a reduction of \$229 million to additional paid in capital. The cumulative effect of the adoption of this guidance resulted in a \$10 million decrease to retained earnings.

In September 2022, the FASB issued guidance, *Liabilities-Supplier Finance Programs - Disclosure of Supplier Finance Program Obligations*. This guidance requires that a buyer in a supplier finance program disclose sufficient information about the program to allow a user of financial statements to understand the program's nature, activity during the period, changes from period to period, and potential magnitude. This guidance is expected to improve financial reporting by requiring new disclosures about the programs, thereby allowing financial statement users to better consider the effect of the programs on an entity's working capital, liquidity, and cash flows. This guidance is required to be adopted by us in the first quarter of 2024, except for the amendment on roll forward information which is required to be adopted by us for the financial year commencing on December 1, 2024. We are currently evaluating the impact of the new guidance on the disclosures to our consolidated financial statements.

NOTE 2 - Revenue and Expense Recognition

Guest cruise deposits and advance onboard purchases are initially included in customer deposits when received. Customer deposits are subsequently recognized as cruise revenues, together with revenues from onboard and other activities, and all associated direct costs and expenses of a voyage are recognized as cruise costs and expenses, upon completion of voyages with durations of ten nights or less and on a pro rata basis for voyages in excess of ten nights. The impact of recognizing these shorter duration cruise revenues and costs and expenses on a completed voyage basis versus on a pro rata basis is not material. Certain of our product offerings are bundled and we allocate the value of the bundled services and goods between passenger ticket revenues and onboard and other revenues based upon the estimated standalone selling prices of those goods and services. Guest cancellation fees, when applicable, are recognized in passenger ticket revenues at the time of cancellation.

Our sales to guests of air and other transportation to and from airports near the home ports of our ships are included in passenger ticket revenues, and the related costs of purchasing these services are included in transportation costs. The proceeds that we collect from the sales of third-party shore excursions are included in onboard and other revenues and the related costs are included in onboard and other costs. The amounts collected on behalf of our onboard concessionaires, net of the amounts remitted to them, are included in onboard and other revenues as concession revenues. All of these amounts are recognized on a completed voyage or pro rata basis as discussed above.

Passenger ticket revenues include fees, taxes and charges collected by us from our guests. The fees, taxes and charges that vary with guest head counts and are directly imposed on a revenue-producing arrangement are expensed in commissions, transportation and other costs when the corresponding revenues are recognized. For the three and six months ended May 31, fees, taxes, and charges included in commissions, transportation and other costs were \$173 million and \$344 million in 2023 and \$96 million and \$164 million in 2022. The remaining portion of fees, taxes and charges are expensed in other operating expenses when the corresponding revenues are recognized.

Revenues and expenses from our hotel and transportation operations, which are included in our Tour and Other segment, are recognized at the time the services are performed.

Customer Deposits

Our payment terms generally require an initial deposit to confirm a reservation, with the balance due prior to the voyage. Cash received from guests in advance of the cruise is recorded in customer deposits and in other long-term liabilities on our Consolidated Balance Sheets. These amounts include refundable deposits. In certain situations, we have provided flexibility to guests by allowing guests to rebook at a future date, receive future cruise credits ("FCCs") or elect to receive refunds in cash. We have at times issued enhanced FCCs. Enhanced FCCs provide the guest with an additional credit value above the original cash deposit received, and the enhanced value is recognized as a discount applied to the future cruise in the period used. We record a liability for unexpired FCCs to the extent we have received and not refunded cash from guests for cancelled bookings. We had total customer deposits of \$7.2 billion as of May 31, 2023 and \$5.1 billion as of November 30, 2022, which includes approximately \$162 million of unredeemed FCCs as of May 31, 2023, of which approximately \$119 million are refundable. Given the uncertainty of travel demand caused by COVID-19 and lack of comparable historical experience of FCC redemptions, we are unable to estimate the amount of FCCs that will be used in future periods or that may be refunded. Refunds payable to guests who have elected cash refunds are recorded in accounts payable. During the six months ended May 31, 2023 and 2022, we recognized revenues of \$3.6 billion and \$1.4 billion related to our customer deposits as of November 30, 2022 and 2021. Our customer deposits balance changes due to the seasonal nature of cash collections, the recognition of revenue, refunds of customer deposits and foreign currency changes.

Trade and Other Receivables

Although we generally require full payment from our customers prior to or concurrently with their cruise, we grant credit terms to a relatively small portion of our revenue source. We have receivables from credit card merchants and travel agents for cruise ticket purchases and onboard revenue. These receivables are included within trade and other receivables, net. We have agreements with a number of credit card processors that transact customer deposits related to our cruise vacations. Certain of these agreements allow the credit card processors to request, under certain circumstances, that we provide a reserve fund in cash. These reserve funds are included in other assets.

Contract Costs

We recognize incremental travel agent commissions and credit and debit card fees incurred as a result of obtaining the ticket contract as assets when paid prior to the start of a voyage. We record these amounts within prepaid expenses and other and subsequently recognize these amounts as commissions, transportation and other at the time of revenue recognition or at the time of voyage cancellation. We had incremental costs of obtaining contracts with customers recognized as assets of \$322 million as of May 31, 2023 and \$218 million as of November 30, 2022.

NOTE 3 - Debt

<i>(in millions)</i>	<u>Maturity</u>	<u>Rate (a) (b)</u>	<u>May 31, 2023</u>	<u>November 30, 2022</u>
Secured Subsidiary Guaranteed				
Notes				
Notes	Feb 2026	10.5%	\$775	\$775
EUR Notes	Feb 2026	10.1%	455	439
Notes	Jun 2027	7.9%	192	192
Notes	Aug 2027	9.9%	900	900
Notes	Aug 2028	4.0%	2,406	2,406
Loans				
EUR floating rate	Jun 2025	EURIBOR + 3.8%	833	808
Floating rate	Jun 2025 - Oct 2028	LIBOR + 3.0 - 3.3%	4,080	4,101
Total Secured Subsidiary Guaranteed			9,640	9,621
Senior Priority Subsidiary Guaranteed				
Notes	May 2028	10.4%	2,030	2,030
Unsecured Subsidiary Guaranteed				
Revolver				
Facility	(c)	LIBOR + 0.7%	-	200
Notes				
Convertible Notes	Apr 2023	5.8%	-	96
Convertible Notes	Oct 2024	5.8%	426	426
Notes	Mar 2026	7.6%	1,450	1,450
EUR Notes	Mar 2026	7.6%	535	517
Notes	Mar 2027	5.8%	3,500	3,500
Convertible Notes	Dec 2027	5.8%	1,131	1,131
Notes	May 2029	6.0%	2,000	2,000
Notes	Jun 2030	10.5%	1,000	1,000
Loans				
Floating rate	Jul 2024 - Sep 2024	LIBOR + 3.8%	300	590
GBP floating rate	Feb 2025	SONIA + 0.9% (d)	432	419
EUR floating rate (e)	Apr 2024 - Mar 2026	EURIBOR + 2.4 - 4.0%	749	827
Export Credit Facilities				
Floating rate	Dec 2031	LIBOR + 0.8	617	1,246
Fixed rate	Aug 2027 - Dec 2032	2.4 - 3.4%	2,950	3,143
EUR floating rate	May 2024 - Nov 2034	EURIBOR + 0.2 - 0.8%	3,201	3,882
EUR fixed rate	Feb 2031 - Jan 2036	1.1 - 3.4%	3,582	2,592
Total Unsecured Subsidiary Guaranteed			21,874	23,019
Unsecured Notes (No Subsidiary Guarantee)				
Notes	Oct 2023	7.2%	125	125
Notes	Jan 2028	6.7%	200	200
EUR Notes	Oct 2029	1.0%	642	620
Total Unsecured Notes (No Subsidiary Guarantee)			967	945
Total Debt			34,511	35,615
Less: unamortized debt issuance costs and discounts			(802)	(1,069)
Total Debt, net of unamortized debt issuance costs and discounts			33,710	34,546
Less: short-term borrowings			-	(200)
Total debt maturing within one year			(1,700)	(2,200)

Less: current portion of long-term debt

Long-Term Debt

(1,789)	(2,393)
<u>\$31,921</u>	<u>\$31,953</u>

- The reference rates for substantially all of our LIBOR and EURIBOR based variable debt have 0.0% to 0.75% floors.
- The above debt table excludes the impact of any outstanding derivative contracts. The interest rates on some of our debt fluctuate based on the applicable rating of senior unsecured long-term securities of Carnival Corporation or Carnival plc.
- See "Short-Term Borrowings" below.
- The interest rate for the GBP unsecured loan is subject to a credit adjustment spread ranging from 0.03% to 0.28%. The referenced Sterling Overnight Index Average ("SONIA") rate with the credit adjustment spread is subject to a 0% floor.
- In March 2023, we entered into an amendment of a EUR floating rate loan to extend maturity through April 2024.

Carnival Corporation and/or Carnival plc is the primary obligor of all our outstanding debt excluding \$0.5 billion under a term loan facility of Costa Crociere S.p.A. ("Costa"), a subsidiary of Carnival plc, \$2.0 billion of senior priority notes (the "2028 Senior Priority Notes") issued by Carnival Holdings (Bermuda) Limited ("Carnival Holdings"), a subsidiary of Carnival Corporation, and \$0.2 billion under an export credit facility of Sun Princess Limited, a subsidiary of Carnival Corporation.

All our outstanding debt is issued or guaranteed by substantially the same entities with the exception of the following:

- Up to \$250 million of the Costa term loan facility, which is guaranteed by certain subsidiaries of Carnival plc and Costa that do not guarantee our other outstanding debt
- Our 2028 Senior Priority Notes, issued by Carnival Holdings, which does not guarantee our other outstanding debt
- The export credit facility of Sun Princess Limited, which does not guarantee our other outstanding debt

As of May 31, 2023, the scheduled maturities of our debt are as follows:

(in millions)

Year	Principal Payments
3Q 2023	\$394
4Q 2023	431
2024 (a)	2,420
2025	4,297
2026	4,466
2027	5,700
Thereafter	16,803
Total	\$34,511

Subsequent to May 31, 2023, we pre-paid \$300 million of 2024 debt maturities.

Short-Term Borrowings

As of May 31, 2023 we did not have short-term borrowings. As of November 30, 2022, our short-term borrowings consisted of \$0.2 billion under our Revolving Facility. We may continue to re-borrow or otherwise utilize available amounts under the Revolving Facility through August 2024, subject to satisfaction of the conditions in the facility. We had \$2.9 billion available for borrowing under our Revolving Facility as of May 31, 2023. The Revolving Facility also includes an emissions linked margin adjustment whereby, after the initial applicable margin is set per the margin pricing grid, the margin may be adjusted based on performance in achieving certain agreed annual carbon emissions goals. We are required to pay a commitment fee on any unutilized portion.

New Revolving Facility

In February 2023, Carnival Holdings (Bermuda) II Limited ("Carnival Holdings II") entered into a \$2.1 billion multi-currency revolving facility ("New Revolving Facility"). The New Revolving Facility may be utilized beginning on August 6, 2024, and will replace our Revolving Facility upon its maturity in August 2024. The termination date of the New Revolving Facility is August 6, 2025, subject to two, mutual one-year extension options. The new facility also contains an accordion feature, allowing for additional commitments, up to an aggregate of \$2.9 billion, which are the aggregate commitments under our Revolving Facility.

Borrowings under the New Revolving Facility will bear interest at a rate of term SOFR, in relation to any loan in U.S. dollars, EURIBOR, in relation to any loan in euros or daily compounding SONIA, in relation to any loan in sterling, plus a margin based on the long-term credit ratings of Carnival Corporation. The New Revolving Facility also includes an emissions linked margin adjustment whereby, after the initial applicable margin is set per the margin pricing grid, the margin may be adjusted based on performance in achieving certain agreed annual carbon emissions goals. In addition, we are required to pay certain fees on the aggregate unused commitments under the New Revolving Facility and the Revolving Facility.

In connection with the New Revolving Facility, Carnival Corporation, Carnival plc and its subsidiaries will contribute three unencumbered vessels (net book value of \$3.0 billion as of May 31, 2023) to Carnival Holdings II (which must be completed no later than February 28, 2024). Each of the vessels will continue to be operated under one of the Carnival Corporation & plc brands. Carnival Holdings II does not guarantee our other outstanding debt.

Export Credit Facility Borrowings

During the six months ended May 31, 2023, we borrowed \$0.8 billion under an export credit facility due in semi-annual installments through 2035 and \$0.2 billion under an export credit facility due in semi-annual installments starting in July 2024 through 2036. In addition, we paid down \$1.0 billion of floating rate unsecured borrowings mostly with 2023 and 2024 maturities. As of May 31, 2023, the net book value of the vessels subject to negative pledges was \$15.4 billion.

Collateral and Priority Pool

As of May 31, 2023, the net book value of our ships and ship improvements, excluding ships under construction, is \$37.1 billion. Our secured debt is secured on either a first or second-priority basis, depending on the instrument, by certain collateral, which includes vessels and certain assets related to those vessels and material intellectual property (combined net book value of approximately \$23.3 billion, including \$21.7 billion related to vessels and certain assets related to those vessels) as of May 31, 2023 and certain other assets.

As of May 31, 2023, \$8.3 billion in net book value of our ships and ship improvements have been contributed to Carnival Holdings and included in the vessel priority pool of 12 unencumbered vessels (the "Senior Priority Notes Subject Vessels") for our 2028 Senior Priority Notes. As of May 31, 2023, there was no change in the identity of the Senior Priority Notes Subject Vessels.

Covenant Compliance

As of May 31, 2023, our Revolving Facility, New Revolving Facility, unsecured loans and export credit facilities contain certain covenants listed below:

- Maintain minimum interest coverage (adjusted EBITDA to consolidated net interest charges, as defined in the agreements) (the "Interest Coverage Covenant") as follows:
 - For certain of our unsecured loans and our New Revolving Facility, from the end of each fiscal quarter from August 31, 2024, at a ratio of not less than 2.0 to 1.0 for each testing date occurring from August 31, 2024 until May 31, 2025, at a ratio of not less than 2.5 to 1.0 for the August 31, 2025 and November 30, 2025 testing dates, and at a ratio of not less than 3.0 to 1.0 for the February 28, 2026 testing date onwards and as applicable through their respective maturity dates. In addition, for our remaining unsecured loans that contain this covenant, we entered into letter agreements to waive compliance with the covenant through the May 31, 2024 testing date.
 - For substantially all of our export credit facilities, from the end of each fiscal quarter from May 31, 2024, at a ratio of not less than 2.0 to 1.0 for each testing date occurring from May 31, 2024 until May 31, 2025, at a ratio of not less than 2.5 to 1.0 for the August 31, 2025 and November 30, 2025 testing dates, and at a ratio of not less than 3.0 to 1.0 for the February 28, 2026 testing date onwards
- For certain of our unsecured loans and export credit facilities, maintain minimum issued capital and consolidated reserves (as defined in the agreements) of \$5.0 billion
- Limit our debt to capital (as defined in the agreements) percentage to a percentage not to exceed 75% until the May 31, 2023 testing date, following which it will be tested at levels which decline ratably to 65% from the May 31, 2024 testing date onwards
- Maintain minimum liquidity as follows:
 - For our New Revolving Facility, minimum liquidity of \$1.5 billion; provided, that if any commitments maturing on June 30, 2025 under our existing first-lien term loan facility are outstanding on the March 31, 2025 testing date, our minimum liquidity on such testing date cannot be less than the greater of (i) the aggregate outstanding amount of such first-lien term loan facility commitments and (ii) \$1.5 billion
 - For our other unsecured loans and export credit facilities that contain this covenant, \$1.5 billion through November 30, 2026
- Adhere to certain restrictive covenants through August 2025
- Limit the amounts of our secured assets as well as secured and other indebtedness

At May 31, 2023, we were in compliance with the applicable covenants under our debt agreements. Generally, if an event of default under any debt agreement occurs, then, pursuant to cross default and/or cross-acceleration clauses therein, substantially all of our outstanding debt and derivative contract payables could become due, and our debt and derivative contracts could be terminated. Any financial covenant amendment may lead to increased costs, increased interest rates, additional restrictive covenants and other available lender protections that would be applicable.

NOTE 4 - Contingencies and Commitments

Litigation

We are routinely involved in legal proceedings, claims, disputes, regulatory matters and governmental inspections or investigations arising in the ordinary course of or incidental to our business, including those noted below. Additionally, as a result of the impact of COVID-19, litigation claims, enforcement actions, regulatory actions and investigations, including, but not limited to, those arising from personal injury and loss of life, have been and may, in the future, be asserted against us. We expect many of these claims and actions, or any settlement of these claims and actions, to be covered by insurance and historically the maximum amount of our liability, net of any insurance recoverables, has been limited to our self-insurance retention levels.

We record provisions in the consolidated financial statements for pending litigation when we determine that an unfavorable outcome is probable and the amount of the loss can be reasonably estimated.

Legal proceedings and government investigations are subject to inherent uncertainties, and unfavorable rulings or other events could occur. Unfavorable resolutions could involve substantial monetary damages. In addition, in matters for which conduct remedies are sought, unfavorable resolutions could include an injunction or other order prohibiting us from selling one or more products at all or in particular ways, precluding particular business practices or requiring other remedies. An unfavorable outcome might result in a material adverse impact on our business, results of operations, financial position or liquidity.

As previously disclosed, on May 2, 2019, the Havana Docks Corporation filed a lawsuit against Carnival Corporation in the U.S. District Court for the Southern District of Florida under Title III of the Cuban Liberty and Democratic Solidarity Act, also known as the Helms-Burton Act, alleging that Carnival Corporation "trafficked" in confiscated Cuban property when certain ships docked at certain ports in Cuba, and that this alleged "trafficking" entitles the plaintiffs to treble damages. The hearings on motions for summary judgment were concluded on January 18, 2022. On March 21, 2022, the court granted summary judgment in favor of Havana Docks Corporation as to liability. On August 31, 2022, the court determined that the trebling provision of the Helms-Burton statute applies to damages and interest and accordingly, we adjusted our estimated liability for this matter. On December 30, 2022, the court entered judgment against Carnival in the amount of \$110 million plus \$4 million in fees and costs. We have filed a notice of appeal.

As previously disclosed, on April 8, 2020, DeCurtis LLC ("DeCurtis"), a former vendor, filed an action against Carnival Corporation in the U.S. District Court for the Middle District of Florida seeking declaratory relief that DeCurtis is not infringing on several of Carnival Corporation's patents in relation to its OCEAN Medallion systems and technology. The action also raised certain monopolization claims under The Sherman Antitrust Act of 1890, unfair competition and tortious interference, and sought declaratory judgment that certain Carnival Corporation patents are unenforceable. DeCurtis sought damages, including its fees and costs, and declarations that it is not infringing and/or that Carnival Corporation's patents are unenforceable. On April 10, 2020, Carnival Corporation filed an action against DeCurtis in the U.S. District Court for the Southern District of Florida for breach of contract, trade secrets violations and patent infringement. Carnival Corporation sought damages, including its fees and costs, as well as an order permanently enjoining DeCurtis from engaging in such activities. These two cases were consolidated in the Southern District of Florida. On February 8, 2023, the Court granted summary judgment in Carnival Corporation's favor on DeCurtis' antitrust, unfair competition, and tortious interference claims. The trial began on February 27, 2023, with the patent issues narrowed to certain claims of one Carnival Corporation patent. On March 10, 2023, the jury returned a verdict finding that DeCurtis had breached its contract with Carnival Corporation and infringed on the Carnival Corporation patent. The jury awarded Carnival Corporation a total of \$21 million in damages. On April

30, 2023, DeCurtis filed for Chapter 11 in the United States Bankruptcy Court for the District of Delaware. Carnival Corporation is defending its interests in the bankruptcy matter.

COVID-19 Actions

We have been named in a number of individual actions related to COVID-19. These actions include tort claims based on a variety of theories, including negligence and failure to warn. The plaintiffs in these actions allege a variety of injuries: some plaintiffs confined their claim to emotional distress, while others allege injuries arising from testing positive for COVID-19. A smaller number of actions include wrongful death claims. Substantially all of these individual actions have now been dismissed or settled for immaterial amounts.

As of May 31, 2023, 11 purported class actions have been brought by former guests in several U.S. federal courts, the Federal Court in Australia, and in Italy. These actions include tort claims based on a variety of theories, including negligence, gross negligence and failure to warn, physical injuries and severe emotional distress associated with being exposed to and/or contracting COVID-19 onboard. As of May 31, 2023, nine of these class actions have either been settled individually for immaterial amounts or had their class allegations dismissed by the courts and only the Australian and Italian matters remain. We believe the ultimate outcome of these matters will not have a material impact on our consolidated financial statements.

All COVID-19 matters seek monetary damages and most seek additional punitive damages in unspecified amounts.

We continue to take actions to defend against the above claims.

Regulatory or Governmental Inquiries and Investigations

We have been, and may continue to be, impacted by breaches in data security and lapses in data privacy, which occur from time to time. These can vary in scope and intent from inadvertent events to malicious motivated attacks.

We have incurred legal and other costs in connection with cyber incidents that have impacted us. The penalties and settlements paid in connection with cyber incidents over the last three years were not material. While these incidents did not have a material adverse effect on our business, results of operations, financial position or liquidity, no assurances can be given about the future and we may be subject to future litigation, attacks or incidents that could have such a material adverse effect.

On March 14, 2022, the U.S. Department of Justice and the U.S. Environmental Protection Agency notified us of potential civil penalties and injunctive relief for alleged Clean Water Act violations by owned and operated vessels covered by the 2013 Vessel General Permit. We are working with these agencies to reach a resolution of this matter. We believe the ultimate outcome will not have a material impact on our consolidated financial statements.

Other Contingent Obligations

Some of the debt contracts we enter into include indemnification provisions obligating us to make payments to the counterparty if certain events occur. These contingencies generally relate to changes in taxes or changes in laws which increase the lender's costs. There are no stated or notional amounts included in the indemnification clauses, and we are not able to estimate the maximum potential amount of future payments, if any, under these indemnification clauses.

We have agreements with a number of credit card processors that transact customer deposits related to our cruise vacations. Certain of these agreements allow the credit card processors to request, under certain circumstances, that we provide a reserve fund in cash. Although the agreements vary, these requirements may generally be satisfied either through a withheld percentage of customer payments or providing cash funds directly to the credit card processor. As of May 31, 2023 and November 30, 2022, we had \$2.2 billion and \$1.7 billion in reserve funds related to our customer deposits provided to satisfy these requirements which are included within other assets. Additionally, as of May 31, 2023 and November 30, 2022, we had \$237 million and \$229 million in compensating deposits we are required to maintain and \$30 million of cash collateral in escrow which is included within other assets. Subsequent to May 31, 2023, we provided \$380 million in restricted cash deposits which will be included within other assets. We continue to expect to provide reserve funds and restricted cash deposits under these agreements.

Ship Commitments

As of May 31, 2023, we expect the timing of our new ship growth capital commitments to be as follows:
(in millions)

Year	
Remainder of 2023	\$691
2024	2,416
2025	944
Thereafter	-
	<hr/> <hr/>
	\$4,051

NOTE 5 - Fair Value Measurements, Derivative Instruments and Hedging Activities and Financial Risks

Fair Value Measurements

Fair value is defined as the amount that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and is measured using inputs in one of the following three categories:

- Level 1 measurements are based on unadjusted quoted prices in active markets for identical assets or liabilities that we have the ability to access. Valuation of these items does not entail a significant amount of judgment.
- Level 2 measurements are based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active or market data other than quoted prices that are observable for the assets or liabilities.
- Level 3 measurements are based on unobservable data that are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Considerable judgment may be required in interpreting market data used to develop the estimates of fair value. Accordingly, certain estimates of fair value presented herein are not necessarily indicative of the amounts that could be realized in a current or future market exchange.

Financial Instruments that are not Measured at Fair Value on a Recurring Basis

(in millions)	May 31, 2023				November 30, 2022			
	Carrying Value	Fair Value			Carrying Value	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Liabilities								
Fixed rate debt (a)	\$24,298	\$-	\$21,005	\$-	\$23,542	\$-	\$18,620	\$-
Floating rate debt (a)	10,213	-	8,812	-	12,074	-	10,036	-
Total	\$34,511	\$-	\$29,817	\$-	\$35,615	\$-	\$28,656	\$-

- (a) The debt amounts above do not include the impact of interest rate swaps or debt issuance costs and discounts. The fair values of our publicly-traded notes were based on their unadjusted quoted market prices in markets that are not sufficiently active to be Level 1 and, accordingly, are considered Level 2. The fair values of our other debt were estimated based on current market interest rates being applied to this debt.

Financial Instruments that are Measured at Fair Value on a Recurring Basis

(in millions)	May 31, 2023			November 30, 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Cash and cash equivalents		\$4,468	\$-	\$-	\$4,029	\$-
Restricted cash		38	-	-	1,988	-
Derivative financial instruments		-	21	-	-	1
Total		\$4,507	\$21	\$-	\$6,016	\$1
Liabilities						
Derivative financial instruments		\$-	\$41	\$-	\$-	\$-
Total		\$-	\$41	\$-	\$-	\$-

The restricted cash amount at May 31, 2023 includes \$20 million, which is included in other assets.

Nonfinancial Instruments that are Measured at Fair Value on a Nonrecurring Basis

Valuation of Goodwill and Trademarks

As of May 31, 2023 and November 30, 2022, goodwill for our North America and Australia ("NAA") segment was \$579 million.

(in millions)	Trademarks		
	NAA Segment	Europe Segment	Total
November 30, 2022	\$927	\$224	\$1,151
Exchange movements	-	8	8
May 31, 2023	\$927	\$231	\$1,158

Derivative Instruments and Hedging Activities

(in millions)	Balance Sheet Location	May 31, 2023	November 30, 2022
Derivative assets			
Derivatives designated as hedging instruments			
Cross currency swaps (a)	Prepaid expenses and other	\$-	\$-
Interest rate swaps (b)	Prepaid expenses and other	19	1
	Other assets	-	1
Derivatives not designated as hedging instruments			
Interest rate swaps (b)	Prepaid expenses and other	1	-
Total derivative assets		\$21	\$1
Derivative liabilities			
Derivatives designated as hedging instruments			
Interest rate swaps (b)	Other long-term liabilities	41	-
Total derivative liabilities		\$41	\$-

- (a) At May 31, 2023, we had a cross currency swap totaling \$653 million that is designated as a hedge of our net investment in foreign operations with euro-denominated functional currencies. At May 31, 2023, this cross currency swap settles through 2024.
- (b) We have interest rate swaps whereby we receive EURIBOR-based floating interest rate payments in exchange for making fixed interest rate payments. These interest rate swap agreements effectively changed \$69 million at May 31, 2023 and \$89 million at November 30, 2022 of EURIBOR-based floating rate euro debt to fixed rate euro debt. As of May 31, 2023, these EURIBOR-based interest rate swaps were not designated as cash flow hedges. As of November 30, 2022, one of these swaps was designated as a cash flow hedge. During the six months ended May 31, 2023 we entered into interest rate swap agreements which effectively changed \$2.5 billion at May 31, 2023 of LIBOR-based floating rate USD debt to fixed rate USD debt. At May 31, 2023, these interest rate swaps settle through 2027 and are designated as cash flow hedges.

Our derivative contracts include rights of offset with our counterparties. We have elected to net certain of our derivative assets and liabilities within counterparties, when applicable.

May 31, 2023					
<i>(in millions)</i>	Gross Amounts	Gross Amounts Offset in the Balance Sheet	Total Net Amounts Presented in the Balance Sheet	Gross Amounts not Offset in the Balance Sheet	Net Amounts
Assets	\$21	\$-	\$21	\$-	\$21
Liabilities	\$41	\$-	\$41	\$-	\$41

November 30, 2022					
<i>(in millions)</i>	Gross Amounts	Gross Amounts Offset in the Balance Sheet	Total Net Amounts Presented in the Balance Sheet	Gross Amounts not Offset in the Balance Sheet	Net Amounts
Assets	\$1	\$-	\$1	\$-	\$1
Liabilities	\$-	\$-	\$-	\$-	\$-

The effect of our derivatives qualifying and designated as hedging instruments recognized in other comprehensive income (loss) and in net income (loss) was as follows:

<i>(in millions)</i>	Three Months Ended May 31,		Six Months Ended May 31,	
	2023	2022	2023	2022
Gains (losses) recognized in AOCI:				
Cross currency swaps - net investment hedges - included component	\$(5)	\$27	\$9	\$33
Cross currency swaps - net investment hedges - excluded component	\$-	\$(11)	\$(4)	\$(20)
Interest rate swaps - cash flow hedges	\$(33)	\$6	\$(19)	\$9
Gains (losses) reclassified from AOCI - cash flow hedges:				
Interest rate swaps - Interest expense, net of capitalized interest	\$9	\$(1)	\$10	\$(1)
Foreign currency zero cost collars - Depreciation and amortization	\$-	\$1	\$1	\$1
Gains (losses) recognized on derivative instruments (amount excluded from effectiveness testing - net investment hedges)				
Cross currency swaps - Interest expense, net of capitalized interest	\$3	\$3	\$4	\$4

The amount of gains and losses on derivatives not designated as hedging instruments recognized in earnings during the three and six months ended May 31, 2023 and estimated cash flow hedges' unrealized gains and losses that are expected to be reclassified to earnings in the next twelve months are not material.

Financial Risks

Fuel Price Risks

We manage our exposure to fuel price risk by managing our consumption of fuel. Substantially all of our exposure to market risk for changes in fuel prices relates to the consumption of fuel on our ships. We manage fuel consumption through ship maintenance practices, modifying our itineraries and implementing innovative technologies.

Foreign Currency Exchange Rate Risks

Overall Strategy

We manage our exposure to fluctuations in foreign currency exchange rates through our normal operating and financing activities, including netting certain exposures to take advantage of any natural offsets and, when considered appropriate, through the use of derivative and non-derivative financial instruments. Our primary focus is to monitor our exposure to, and manage, the economic foreign currency exchange risks faced by our operations and realized if we exchange one currency for another. We consider hedging certain of our ship commitments and net investments in foreign operations. The financial impacts of our hedging instruments generally offset the changes in the underlying exposures being hedged.

Operational Currency Risks

Our operations primarily utilize the U.S. dollar, Euro, Sterling or the Australian dollar as their functional currencies. Our operations also have revenue and expenses denominated in non-functional currencies. Movements in foreign currency exchange rates affect our financial statements.

Investment Currency Risks

We consider our investments in foreign operations to be denominated in stable currencies and of a long-term nature. We partially mitigate the currency exposure of our investments in foreign operations by designating a portion of our foreign currency debt and derivatives as hedges of these investments. As of May 31, 2023, we have designated \$432 million of our sterling-denominated debt as non-derivative hedges of our net investments in foreign operations and also had a cross currency swap with a notional amount of \$653 million, which is designated as a hedge of our net investments in foreign operations. For the three and six months ended May 31, 2023, we recognized \$20 million and \$9 million of losses on these net investment hedges in the cumulative translation adjustment section of other comprehensive income (loss). We also have euro-denominated debt which provides an economic offset for our operations with euro functional currency.

Newbuild Currency Risks

Our shipbuilding contracts are typically denominated in euros. Our decision to hedge a non-functional currency ship commitment for our cruise brands is made on a case-by-case basis, considering the amount and duration of the exposure, market volatility, economic trends, our overall expected net cash flows by currency and other offsetting risks.

market volatility, economic trends, our overall expected net cash flows by currency and other underlying risks.

At May 31, 2023, our remaining newbuild currency exchange rate risk relates to euro-denominated newbuild contract payments for non-euro functional currency brands, which represent a total unhedged commitment of \$3.5 billion for newbuilds scheduled to be delivered through 2025.

The cost of shipbuilding orders that we may place in the future that are denominated in a different currency than our cruise brands' functional currency will be affected by foreign currency exchange rate fluctuations. These foreign currency exchange rate fluctuations may affect our decision to order new cruise ships.

Interest Rate Risks

We manage our exposure to fluctuations in interest rates through our debt portfolio management and investment strategies. We evaluate our debt portfolio to determine whether to make periodic adjustments to the mix of fixed and floating rate debt through the use of interest rate swaps and the issuance of new debt.

Concentrations of Credit Risk

As part of our ongoing control procedures, we monitor concentrations of credit risk associated with financial and other institutions with which we conduct significant business. We seek to manage these credit risk exposures, including counterparty nonperformance primarily associated with our cash and cash equivalents, investments, notes receivables, reserve funds related to customer deposits, future financing facilities, contingent obligations, derivative instruments, insurance contracts and new ship progress payment guarantees, by:

- Conducting business with well-established financial institutions, insurance companies and export credit agencies
- Diversifying our counterparties
- Having guidelines regarding credit ratings and investment maturities that we follow to help safeguard liquidity and minimize risk
- Generally requiring collateral and/or guarantees to support notes receivable on significant asset sales and new ship progress payments to shipyards

We also monitor the creditworthiness of travel agencies and tour operators in Australia and Europe and credit and debit card providers to which we extend credit in the normal course of our business. Our credit exposure also includes contingent obligations related to cash payments received directly by travel agents and tour operators for cash collected by them on cruise sales in Australia and most of Europe where we are obligated to honor our guests' cruise payments made by them to their travel agents and tour operators regardless of whether we have received these payments.

Concentrations of credit risk associated with trade receivables and other receivables, charter-hire agreements and contingent obligations are not considered to be material, principally due to the large number of unrelated accounts, the nature of these contingent obligations and their short maturities. Normally, we have not required collateral or other security to support normal credit sales. We have not experienced significant credit losses, including counterparty nonperformance on our trade receivables and contingent obligations.

NOTE 6 - Segment Information

Our operating segments are reported on the same basis as the internally reported information that is provided to our chief operating decision maker ("CODM"), who is the President, Chief Executive Officer and Chief Climate Officer of Carnival Corporation and Carnival plc. The CODM assesses performance and makes decisions to allocate resources for Carnival Corporation & plc based upon review of the results across all of our segments. Our four reportable segments are comprised of (1) NAA cruise operations, (2) Europe cruise operations, (3) Cruise Support and (4) Tour and Other.

The operating segments within each of our NAA and Europe reportable segments have been aggregated based on the similarity of their economic and other characteristics, including geographic guest sourcing. Our Cruise Support segment includes our portfolio of leading port destinations and other services, all of which are operated for the benefit of our cruise brands. Our Tour and Other segment represents the hotel and transportation operations of Holland America Princess Alaska Tours and other operations.

Beginning in the first quarter of 2023, we renamed the EA segment given that China has not reopened to international cruise travel. As a result, we have significantly reduced operations in Asia and leveraged the mobility of our cruise ships and our brand portfolio to build alternate deployments. In 2019, our most recent full year of guest cruise operations, China accounted for 7% of our guests.

	Three Months Ended May 31,				
	Revenues	Operating costs and expenses	Selling and administrative	Depreciation and amortization	Operating income (loss)
<i>(in millions)</i>					
2023					
NAA	\$3,355	\$2,282	\$435	\$374	\$265
Europe	1,465	1,101	222	169	(27)
Cruise Support	55	29	71	48	(93)
Tour and Other	35	45	8	7	(25)
	<u>\$4,911</u>	<u>\$3,457</u>	<u>\$736</u>	<u>\$597</u>	<u>\$120</u>
2022					
NAA	\$1,666	\$1,768	\$366	\$353	\$(821)
Europe	666	848	175	179	(536)
Cruise Support	40	26	71	35	(92)
Tour and Other	29	41	6	6	(24)
	<u>\$2,401</u>	<u>\$2,683</u>	<u>\$619</u>	<u>\$572</u>	<u>\$(1,473)</u>

Six Months Ended May 31,

<i>(in millions)</i>	Revenues	Operating costs and expenses	Selling and administrative	Depreciation and amortization	Operating income (loss)
2023					
NAA	\$6,434	\$4,471	\$875	\$738	\$351
Europe	2,759	2,179	436	338	(193)
Cruise Support	106	55	124	90	(162)
Tour and Other	44	64	14	13	(47)
	<u>\$9,343</u>	<u>\$6,768</u>	<u>\$1,448</u>	<u>\$1,179</u>	<u>\$(52)</u>
2022					
NAA	\$2,792	\$3,055	\$710	\$687	\$(1,661)
Europe	1,123	1,546	352	359	(1,134)
Cruise Support	73	54	75	68	(126)
Tour and Other	37	57	12	11	(44)
	<u>\$4,024</u>	<u>\$4,713</u>	<u>\$1,149</u>	<u>\$1,126</u>	<u>\$(2,964)</u>

Revenue by geographic areas, which are based on where our guests are sourced, were as follows:

<i>(in millions)</i>	Three Months Ended May 31,		Six Months Ended May 31,	
	2023	2022	2023	2022
	North America	\$2,988	\$1,620	\$5,684
Europe	1,446	741	2,633	1,220
Australia	307	4	645	4
Other	169	35	380	61
	<u>\$4,911</u>	<u>\$2,401</u>	<u>\$9,343</u>	<u>\$4,024</u>

NOTE 7 - Earnings Per Share

<i>(in millions, except per share data)</i>	Three Months Ended May 31,		Six Months Ended May 31,	
	2023	2022	2023	2022
	Net income (loss) for basic and diluted earnings per share	\$(407)	\$(1,834)	\$(1,100)
Weighted-average shares outstanding	1,263	1,140	1,261	1,139
Dilutive effect of equity plans	-	-	-	-
Diluted weighted-average shares outstanding	1,263	1,140	1,261	1,139
Basic earnings per share	\$(0.32)	\$(1.61)	\$(0.87)	\$(3.27)
Diluted earnings per share	\$(0.32)	\$(1.61)	\$(0.87)	\$(3.27)

Antidilutive shares excluded from diluted earnings per share computations were as follows:

<i>(in millions)</i>	Three Months Ended May 31,		Six Months Ended May 31,	
	2023	2022	2023	2022
	Equity awards	1	1	1
Convertible Notes	130	52	134	52
Total antidilutive securities	<u>131</u>	<u>53</u>	<u>134</u>	<u>54</u>

NOTE 8 - Supplemental Cash Flow Information

<i>(in millions)</i>	May 31, 2023	November 30, 2022
Cash and cash equivalents (Consolidated Balance Sheets)	\$4,468	\$4,029
Restricted cash (Consolidated Balance Sheets)	18	1,988
Restricted cash (included in other assets)	20	20
Total cash, cash equivalents and restricted cash (Consolidated Statements of Cash Flows)	<u>\$4,507</u>	<u>\$6,037</u>

NOTE 9 - Property and Equipment

Ship Sales

During 2023 we completed the sale of two Europe segment ships and one NAA segment ship, which represents a passenger-capacity reduction of 3,970 berths for our Europe segment and 460 berths for our NAA segment. We will continue to operate the NAA segment ship under a bareboat charter agreement through September 2024.

NOTE 10 - Shareholders' Equity

We have a program that allows us to realize a net cash benefit when Carnival Corporation common stock is trading at a premium to the price of Carnival plc ordinary shares (the "Stock Swap Program").

During the three and six months ended May 31, 2023 under the Stock Swap Program, we sold 2.3 million shares of Carnival Corporation common stock and repurchased the same amount of Carnival plc ordinary shares resulting in net proceeds of \$2 million, which were used for general corporate purposes. During the three and six months ended May 31, 2022 under the Stock Swap Program, we sold 3.9 million and 5.2 million shares of Carnival Corporation common stock and repurchased the same amount of Carnival plc ordinary shares resulting in net proceeds of \$6 million and \$8 million, which were used for general corporate purposes.

In addition, during the three and six months ended May 31, 2023, we sold 0.5 million shares of Carnival Corporation common stock at an average price per share of \$9.83, resulting in net proceeds of \$5 million. During the three and six months ended May 31, 2022, we sold 0.8 million and 1.6 million shares of Carnival Corporation common stock at an average price per share of \$18.54 and \$19.27, resulting in net proceeds of \$15 million and \$30 million.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Cautionary Note Concerning Factors That May Affect Future Results

Some of the statements, estimates or projections contained in this document are "forward-looking statements" that involve risks, uncertainties and assumptions with respect to us, including some statements concerning future results, operations, outlooks, plans, goals, reputation, cash flows, liquidity and other events which have not yet occurred. These statements are intended to qualify for the safe harbors from liability provided by Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts are statements that could be deemed forward-looking. These statements are based on current expectations, estimates, forecasts and projections about our business and the industry in which we operate and the beliefs and assumptions of our management. We have tried, whenever possible, to identify these statements by using words like "will," "may," "could," "should," "would," "believe," "depends," "expect," "goal," "aspiration," "anticipate," "forecast," "project," "future," "intend," "plan," "estimate," "target," "indicate," "outlook," and similar expressions of future intent or the negative of such terms.

Forward-looking statements include those statements that relate to our outlook and financial position including, but not limited to, statements regarding:

- Pricing
- Booking levels
- Occupancy
- Interest, tax and fuel expenses
- Currency exchange rates
- Goodwill, ship and trademark fair values
- Liquidity and credit ratings
- Investment grade leverage metrics
- Estimates of ship depreciable lives and residual values
- Adjusted net income (loss)
- Adjusted EBITDA
- Adjusted earnings per share
- Adjusted free cash flow
- Net per diems
- Net yields
- Adjusted cruise costs per ALBD
- Adjusted cruise costs excluding fuel per ALBD
- Adjusted return on invested capital

Because forward-looking statements involve risks and uncertainties, there are many factors that could cause our actual results, performance or achievements to differ materially from those expressed or implied by our forward-looking statements. This note contains important cautionary statements of the known factors that we consider could materially affect the accuracy of our forward-looking statements and adversely affect our business, results of operations and financial position. Additionally, many of these risks and uncertainties are currently, and in the future may continue to be, amplified by our substantial debt balance as a result of the pause of our guest cruise operations. There may be additional risks that we consider immaterial or which are unknown. These factors include, but are not limited to, the following:

- Events and conditions around the world, including war and other military actions, such as the invasion of Ukraine, inflation, higher fuel prices, higher interest rates and other general concerns impacting the ability or desire of people to travel have led, and may in the future lead, to a decline in demand for cruises, impacting our operating costs and profitability.
- Pandemics have in the past and may in the future have a significant negative impact on our financial condition and operations.
- Incidents concerning our ships, guests or the cruise industry have in the past and may, in the future, negatively impact the satisfaction of our guests and crew and lead to reputational damage.
- Changes in and non-compliance with laws and regulations under which we operate, such as those relating to health, environment, safety and security, data privacy and protection, anti-corruption, economic sanctions, trade protection, labor and employment, and tax have in the past and may, in the future, lead to litigation, enforcement actions, fines, penalties and reputational damage.
- Factors associated with climate change, including evolving and increasing regulations, increasing global concern about climate change and the shift in climate conscious consumerism and stakeholder scrutiny, and increasing frequency and/or severity of adverse weather conditions could adversely affect our business.
- Inability to meet or achieve our sustainability related goals, aspirations, initiatives, and our public statements and disclosures regarding them, may expose us to risks that may adversely impact our business.
- Breaches in data security and lapses in data privacy as well as disruptions and other damages to our principal offices, information technology operations and system networks and failure to keep pace with developments in technology may adversely impact our business operations, the satisfaction of our guests and crew and may lead to reputational damage.
- The loss of key team members, our inability to recruit or retain qualified shoreside and shipboard team members and increased labor costs could have an adverse effect on our business and results of operations.
- Increases in fuel prices, changes in the types of fuel consumed and availability of fuel supply may adversely impact our scheduled itineraries and costs.
- We rely on supply chain vendors who are integral to the operations of our businesses. These vendors and service providers may be unable to deliver on their commitments, which could negatively impact our business.
- Fluctuations in foreign currency exchange rates may adversely impact our financial results.
- Overcapacity and competition in the cruise and land-based vacation industry may negatively impact our cruise sales, pricing and destination options.
- Inability to implement our shipbuilding programs and ship repairs, maintenance and refurbishments may adversely impact our business operations and the satisfaction of our guests.
- Failure to successfully implement our business strategy following our resumption of guest cruise operations would negatively impact the occupancy levels and pricing of our cruises and could have a material adverse effect on our business. We require a significant amount of cash to service our debt and sustain our operations. Our ability to generate cash depends on many factors, including those beyond our control, and we may not be able to generate cash required to service our debt and sustain our operations.

The ordering of the risk factors set forth above is not intended to reflect our indication of priority or likelihood.

Forward-looking statements should not be relied upon as a prediction of actual results. Subject to any continuing obligations under applicable law or any relevant stock exchange rules, we expressly disclaim any obligation to disseminate, after the date of this document, any updates or revisions to any such forward-looking statements to reflect any change in expectations or events, conditions or circumstances on which any such statements are based.

Forward-looking and other statements in this document may also address our sustainability progress, plans and goals (including climate change and environmental-related matters). In addition, historical, current and forward-looking sustainability- and climate-related statements may be based on standards and tools for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions and predictions that are subject to change in the future and may not be generally shared.

New Accounting Pronouncements

Refer to Note 1 - "General, Accounting Pronouncements" of the consolidated financial statements for additional discussion regarding *Accounting Pronouncements*.

Critical Accounting Estimates

For a discussion of our critical accounting estimates, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" that is included in the Form 10-K.

Seasonality

Our passenger ticket revenues are seasonal. Demand for cruises has been greatest during our third quarter, which includes the Northern Hemisphere summer months. This higher demand during the third quarter results in higher ticket prices and occupancy levels and, accordingly, the largest share of our operating income is typically earned during this period. The seasonality of our results also increases due to ships being taken out-of-service for maintenance, which we schedule during non-peak demand periods. In addition, substantially all of Holland America Princess Alaska Tours' revenue and net income (loss) is generated from May through September in conjunction with Alaska's cruise season.

Known Trends and Uncertainties

- We believe the increased cost of fuel and other related costs are reasonably likely to continue to impact our profitability in both the short and long-term.
- We believe inflation and higher interest rates are reasonably likely to continue to impact our profitability.
- We believe the increasing global focus on climate change, including the reduction of carbon emissions and new and evolving regulatory requirements, is reasonably likely to have a material negative impact on our future financial results. The full impact of climate change to our business is not yet known.

Statistical Information

	Three Months Ended May 31,		Six Months Ended May 31,	
	2023	2022	2023	2022
Passenger Cruise Days ("PCDs") (in millions) (a)	21.8	11.4	42.0	18.7
Available Lower Berth Days ("ALBDs") (in millions) (b)	22.3	16.7	44.3	30.0
Occupancy percentage (c)	98%	69%	95%	62%
Passengers carried (in millions)	3.0	1.7	5.7	2.7
Fuel consumption in metric tons (in millions)	0.7	0.6	1.5	1.2
Fuel consumption in metric tons per thousand ALBDs	32.5	37.9	33.0	40.0
Fuel cost per metric ton consumed	\$677	\$869	\$704	\$765
Currencies (USD to 1)				
AUD	\$0.67	\$0.73	\$0.68	\$0.72
CAD	\$0.74	\$0.79	\$0.74	\$0.79
EUR	\$1.08	\$1.08	\$1.08	\$1.11
GBP	\$1.23	\$1.29	\$1.23	\$1.32

Notes to Statistical Information

- (a) PCD represents the number of cruise passengers on a voyage multiplied by the number of revenue-producing ship operating days for that voyage.
- (b) ALBD is a standard measure of passenger capacity for the period that we use to approximate rate and capacity variances, based on consistently applied formulas that we use to perform analyses to determine the main non-capacity driven factors that cause our cruise revenues and expenses to vary. ALBDs assume that each cabin we offer for sale accommodates two passengers and is computed by multiplying passenger capacity by revenue-producing ship operating days in the period.
- (c) Occupancy, in accordance with cruise industry practice, is calculated using a numerator of PCDs and a denominator of ALBDs, which assumes two passengers per cabin even though some cabins can accommodate three or more passengers. Percentages in excess of 100% indicate that on average more than two passengers occupied some cabins.

Results of Operations

Consolidated

Three Months Ended

Six Months Ended

<i>(in millions)</i>	May 31,			May 31,		
	2023	2022	Change	2023	2022	Change
Revenues						
Passenger ticket	\$3,141	\$1,285	\$1,856	\$6,011	\$2,158	\$3,853
Onboard and other	1,770	1,116	654	3,332	1,866	1,466
	4,911	2,401	2,510	9,343	4,024	5,319
Operating Costs and Expenses						
Commissions, transportation and other	619	325	294	1,274	576	698
Onboard and other	549	314	235	1,033	523	510
Payroll and related	601	533	68	1,183	1,038	145
Fuel	489	545	(56)	1,024	910	114
Food	325	191	134	636	327	309
Ship and other impairments	-	-	-	-	8	(8)
Other operating	875	774	101	1,619	1,331	287
Cruise and tour operating expenses	3,457	2,683	774	6,768	4,713	2,055
Selling and administrative	736	619	118	1,448	1,149	299
Depreciation and amortization	597	572	25	1,179	1,126	52
	4,791	3,874	917	9,394	6,988	2,406
Operating Income (Loss)	120	(1,473)	1,593	(52)	(2,964)	2,913
Nonoperating Income (Expense)						
Interest income	69	6	62	124	9	115
Interest expense, net of capitalized interest	(542)	(370)	(172)	(1,082)	(738)	(343)
Gain (loss) on debt extinguishment, net	(31)	-	(31)	(31)	-	(31)
Other income (expense), net	(17)	6	(23)	(47)	(26)	(21)
	(522)	(358)	(164)	(1,036)	(755)	(281)
Income (Loss) Before Income Taxes	\$(402)	\$(1,831)	\$1,430	\$(1,087)	\$(3,719)	\$2,632

NAA

<i>(in millions)</i>	Three Months Ended May 31,			Six Months Ended May 31,		
	2023	2022	Change	2023	2022	Change
Revenues						
Passenger ticket	\$2,041	\$862	\$1,180	\$3,933	\$1,447	\$2,486
Onboard and other	1,314	804	510	2,501	1,345	1,156
	3,355	1,666	1,689	6,434	2,792	3,642
Operating Costs and Expenses	2,282	1,768	514	4,471	3,055	1,415
Selling and administrative	435	366	68	875	710	165
Depreciation and amortization	374	353	21	738	687	50
	3,091	2,487	603	6,083	4,453	1,630
Operating Income (Loss)	\$265	\$(821)	\$1,086	\$351	\$(1,661)	\$2,012

Europe

<i>(in millions)</i>	Three Months Ended May 31,			Six Months Ended May 31,		
	2023	2022	Change	2023	2022	Change
Revenues						
Passenger ticket	\$1,112	\$490	\$622	\$2,104	\$832	\$1,273
Onboard and other	353	175	178	655	291	364
	1,465	666	800	2,759	1,123	1,637
Operating Costs and Expenses	1,101	848	252	2,179	1,546	633
Selling and administrative	222	175	47	436	352	84
Depreciation and amortization	169	179	(10)	338	359	(21)
	1,492	1,202	290	2,952	2,257	696
Operating Income (Loss)	\$(27)	\$(536)	\$510	\$(193)	\$(1,134)	\$941

The effects of the pause in guest cruise operations in March 2020 and subsequent resumption of our guest cruise operations, including higher fuel prices, higher interest rates and fluctuations in foreign exchange rates are reflected in the results presented above.

inflation, higher fuel prices, higher interest rates and fluctuations in foreign currency rates are collectively having a material negative impact on all aspects of our business, including our results of operations, liquidity and financial position. We have a substantial debt balance and require a significant amount of cash to service our debt and sustain our operations. Our ability to generate cash will be affected by our ability to successfully implement our business strategy, which includes increasing our occupancy levels and pricing of our cruises, as well as general macroeconomic, financial, geopolitical, competitive, regulatory and other factors beyond our control. The full extent of these impacts is uncertain and may be amplified by our substantial debt balance.

Three Months Ended May 31, 2023 ("2023") Compared to Three Months Ended May 31, 2022 ("2022")

Revenues

Consolidated

Cruise passenger ticket revenues made up 64% of our total revenues in 2023 while onboard and other revenues made up 36%. Revenues in 2023 increased by \$2.5 billion to \$4.9 billion from \$2.4 billion in 2022 due to the significant increase of ships in service and considerably higher occupancy levels in 2023 as compared to 2022. Our full fleet was serving guests as of May 31, 2023, compared to 86% as of May 31, 2022. ALBDs increased to 22.3 million in 2023 as compared to 16.7 million in 2022. Occupancy for 2023 was 98% compared to 69% in 2022.

NAA Segment

Cruise passenger ticket revenues made up 61% of our NAA segment's total revenues in 2023 while onboard and other cruise revenues made up 39%. NAA segment revenues in 2023 increased by \$1.7 billion to \$3.4 billion from \$1.7 billion in 2022 due to the significant increase of ships in service and considerably higher occupancy levels in 2023 as compared to 2022. Our NAA segment's full fleet was serving guests as of May 31, 2023, compared to 90% as of May 31, 2022. ALBDs increased to 13.7 million in 2023 as compared to 10.1 million in 2022. Occupancy for 2023 was 102% compared to 79% in 2022.

Europe Segment

Cruise passenger ticket revenues made up 76% of our Europe segment's total revenues in 2023 while onboard and other cruise revenues made up 24%. Europe segment revenues in 2023 increased by \$0.8 billion to \$1.5 billion from \$0.7 billion in 2022 due to the significant increase of ships in service and considerably higher occupancy levels in 2023 as compared to 2022. Our Europe segment's full fleet was serving guests as of May 31, 2023, compared to 81% as of May 31, 2022. ALBDs increased to 8.5 million in 2023 as compared to 6.6 million in 2022. Occupancy for 2023 was 91% compared to 53% in 2022.

Operating Cost and Expenses

Consolidated

Operating costs and expenses increased by \$0.8 billion to \$3.5 billion in 2023 from \$2.7 billion in 2022. These increases were driven by our resumption of guest cruise operations, an increase in ships in service and considerably higher occupancy.

Fuel costs decreased by \$56 million to \$489 million in 2023 from \$545 million in 2022. \$137 million of this decrease was caused by a decrease in fuel prices and changes in fuel mix of \$189 per metric ton consumed in 2023 compared to 2022, partially offset by \$80 million from higher fuel consumption of 0.1 million metric tons, due to the resumption of guest cruise operations.

Selling and administrative expenses increased by \$118 million to \$736 million in 2023 from \$619 million in 2022. The increase was caused by higher administrative expenses and advertising costs incurred as part of our resumption of guest cruise operations.

The drivers in changes in costs and expenses for our NAA and Europe segments are the same as those described for our consolidated results.

Nonoperating Income (Expense)

Interest expense, net of capitalized interest, increased by \$172 million to \$542 million in 2023 from \$370 million in 2022. The increase was caused by a higher average interest rate in 2023 compared to 2022.

Six Months Ended May 31, 2023 ("2023") Compared to Six Months Ended May 31, 2022 ("2022")

Revenues

Consolidated

Cruise passenger ticket revenues made up 64% of our total revenues in 2023 while onboard and other revenues made up 36%. Revenues in 2023 increased by \$5.3 billion to \$9.3 billion from \$4.0 billion in 2022 due to the significant increase of ships in service and considerably higher occupancy levels in 2023 as compared to 2022. Our full fleet was serving guests as of May 31, 2023, compared to 86% as of May 31, 2022. ALBDs increased to 44.3 million in 2023 as compared to 30.0 million in 2022. Occupancy for 2023 was 95% compared to 62% in 2022.

NAA Segment

Cruise passenger ticket revenues made up 61% of our NAA segment's total revenues in 2023 while onboard and other cruise revenues made up 39%. NAA segment revenues in 2023 increased by \$3.6 billion to \$6.4 billion from \$2.8 billion in 2022 due to the significant increase of ships in service and considerably higher occupancy levels in 2023 as compared to 2022. Our NAA segment's full fleet was serving guests as of May 31, 2023, compared to 90% as of May 31, 2022. ALBDs increased to 27.6 million in 2023 as compared to 18.8 million in 2022. Occupancy for 2023 was 100% compared to 70% in 2022.

Europe Segment

Cruise passenger ticket revenues made up 76% of our Europe segment's total revenues in 2023 while onboard and other cruise revenues made up 24%. Europe segment revenues in 2023 increased by \$1.6 billion to \$2.8 billion from \$1.1 billion in 2022 due to the significant increase of ships in service and considerably higher occupancy levels in 2023 as compared to 2022. Our Europe segment's full fleet was serving guests as of May 31, 2023, compared to 81% as of May 31, 2022. ALBDs increased to 16.7 million in 2023 as compared to 11.2 million in 2022. Occupancy for 2023 was 85% compared to 50% in 2022.

Operating Cost and Expenses

Consolidated

Operating costs and expenses increased by \$0.8 billion to \$3.5 billion in 2023 from \$2.7 billion in 2022. These increases were

Operating costs and expenses increased by \$2.1 billion to \$6.8 billion in 2023 from \$4.7 billion in 2022. These increases were driven by our resumption of guest cruise operations, an increase in ships in service and considerably higher occupancy.

Fuel costs increased by \$0.1 billion to \$1.0 billion in 2023 from \$0.9 billion in 2022. \$0.2 billion of this increase was caused by higher fuel consumption of 0.3 million metric tons, due to the resumption of guest cruise operations, partially offset by \$0.1 billion from a decrease in fuel prices and changes in fuel mix of \$60 per metric ton consumed in 2023 compared to 2022.

Selling and administrative expenses increased by \$0.3 billion to \$1.4 billion in 2023 from \$1.1 billion in 2022. The increase was caused by higher administrative expenses and advertising costs incurred as part of our resumption of guest cruise operations.

The drivers in changes in costs and expenses for our NAA and Europe segments are the same as those described for our consolidated results.

Nonoperating Income (Expense)

Interest expense, net of capitalized interest, increased by \$0.3 billion to \$1.1 billion in 2023 from \$0.7 billion in 2022. The increase was caused by a higher average interest rate in 2023 compared to 2022.

Liquidity, Financial Condition and Capital Resources

As of May 31, 2023, we had \$7.3 billion of liquidity including cash and cash equivalents and borrowings available under our Revolving Facility. We will continue to pursue various opportunities to refinance future debt maturities and/or to extend the maturity dates associated with our existing indebtedness and obtain relevant financial covenant amendments or waivers, if needed.

We had a working capital deficit of \$5.6 billion as of May 31, 2023 compared to a working capital deficit of \$3.1 billion as of November 30, 2022. The increase in working capital deficit was caused by an increase in customer deposits and an overall decrease in cash and cash equivalents and restricted cash. We operate with a substantial working capital deficit. This deficit is mainly attributable to the fact that, under our business model, substantially all of our passenger ticket receipts are collected in advance of the applicable sailing date. These advance passenger receipts generally remain a current liability until the sailing date. The cash generated from these advance receipts is used interchangeably with cash on hand from other sources, such as our borrowings and other cash from operations. The cash received as advanced receipts can be used to fund operating expenses, pay down our debt, make long-term investments or any other use of cash. Included within our working capital are \$6.9 billion and \$4.9 billion of customer deposits as of May 31, 2023 and November 30, 2022, respectively. We have agreements with a number of credit card processors that transact customer deposits related to our cruise vacations. Certain of these agreements allow the credit card processors to request, under certain circumstances, that we provide a reserve fund in cash. In addition, we have a relatively low level of accounts receivable and limited investment in inventories.

Refer to Note 1 - "General, Liquidity and Management's Plans" of the consolidated financial statements for additional discussion regarding our liquidity.

Sources and Uses of Cash

Operating Activities

Our business provided \$1.5 billion of net cash flows from operating activities during the six months ended May 31, 2023, an increase of \$2.7 billion, compared to \$1.2 billion used for the same period in 2022. This was driven by a decrease in the net loss compared to the same period in 2022 and other working capital changes.

Investing Activities

During the six months ended May 31, 2023, net cash used in investing activities was \$1.5 billion. This was driven by:

- Capital expenditures of \$1.1 billion for our ongoing new shipbuilding program
- Capital expenditures of \$649 million for ship improvements and replacements, information technology and buildings and improvements
- Proceeds from sales of ships of \$255 million

During the six months ended May 31, 2022, net cash used in investing activities was \$3.1 billion. This was driven by:

- Capital expenditures of \$2.6 billion for our ongoing new shipbuilding program
- Capital expenditures of \$581 million for ship improvements and replacements, information technology and buildings and improvements
- Proceeds from sale of ships and other of \$55 million
- Purchases of short-term investments of \$315 million
- Proceeds from maturity of short-term investments of \$364 million

Financing Activities

During the six months ended May 31, 2023, net cash used in financing activities of \$1.6 billion was driven by:

- Repayments of \$0.2 billion of short-term borrowings
- Repayments of \$2.3 billion of long-term debt
- Issuances of \$1.0 billion of long-term debt
- Payments of \$94 million related to debt issuance costs
- Purchases of \$20 million of Carnival plc ordinary shares and issuances of \$22 million of Carnival Corporation common stock under our Stock Swap Program

During the six months ended May 31, 2022, net cash provided by financing activities of \$2.5 billion was caused by:

- Issuances of \$3.3 billion of long-term debt
- Repayments of \$0.7 billion of long-term debt
- Payments of \$110 million related to debt issuance costs
- Net repayments of short-term borrowings of \$114 million
- Purchases of \$82 million of Carnival plc ordinary shares and issuances of \$89 million of Carnival Corporation common stock under our Stock Swap Program

Funding Sources

As of May 31, 2023, we had \$7.3 billion of liquidity including \$4.5 billion of cash and cash equivalents and \$2.9 billion of borrowings available under our Revolving Facility, which matures in 2024. In February 2023, Carnival Holdings II entered into the New Revolving Facility, which may be utilized beginning in August 2024, at which date it will replace our Revolving Facility. Refer to Note 3 - "Debt" of the consolidated financial statements for additional discussion. In addition, we had

facility. Refer to Note 3 - "Debt" of the consolidated financial statements for additional discussion. In addition, we had \$3.1 billion of undrawn export credit facilities to fund ship deliveries planned through 2025. We plan to use existing liquidity and future cash flows from operations to fund our cash requirements including capital expenditures not funded by our export credit facilities. We seek to manage our credit risk exposures, including counterparty nonperformance associated with our cash and cash equivalents, and future financing facilities by conducting business with well-established financial institutions, and export credit agencies and diversifying our counterparties.

<i>(in billions)</i>	2023	2024	2025
Future export credit facilities at May 31, 2023	\$0.1	\$2.2	\$0.7

Our export credit facilities contain various financial covenants as described in Note 3 - "Debt". At May 31, 2023, we were in compliance with the applicable covenants under our debt agreements.

Off-Balance Sheet Arrangements

We are not a party to any off-balance sheet arrangements, including guarantee contracts, retained or contingent interests, certain derivative instruments and variable interest entities that either have, or are reasonably likely to have, a current or future material effect on our consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

For a discussion of our hedging strategies and market risks, see the discussion below and Note 10 - "Fair Value Measurements, Derivative Instruments and Hedging Activities and Financial Risks" in our consolidated financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations within our Form 10-K.

Interest Rate Risks

The composition of our debt, interest rate swaps and cross currency swaps, was as follows:

	May 31, 2023
Fixed rate	61%
EUR fixed rate	17%
Floating rate	7%
EUR floating rate	14%
GBP floating rate	1%

Item 4. Controls and Procedures.

A. Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, is recorded, processed, summarized and reported, within the time periods specified in the U.S. Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Securities Exchange Act of 1934 is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

Our President, Chief Executive Officer and Chief Climate Officer and our Chief Financial Officer and Chief Accounting Officer have evaluated our disclosure controls and procedures and have concluded, as of May 31, 2023, that they are effective at a reasonable level of assurance, as described above.

B. Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended May 31, 2023 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

The legal proceedings described in Note 4 - "Contingencies and Commitments" of our consolidated financial statements, including those described under "COVID-19 Actions" and "Regulatory or Governmental Inquiries and Investigations," are incorporated in this "Legal Proceedings" section by reference. Additionally, SEC rules require disclosure of certain environmental matters when a governmental authority is a party to the proceedings and such proceedings involve potential monetary sanctions that we believe may exceed \$1 million.

On June 20, 2022, Princess Cruises notified the Australian Maritime Safety Authorization ("AMSA") and the flag state, Bermuda, regarding approximately six cubic meters of comminuted food waste (liquid biodigester effluent) inadvertently discharged by *Coral Princess* inside the Great Barrier Reef Marine Park. On June 23, 2022, the UK P&I Club N.V. provided a letter of undertaking for approximately \$1.9 million (being the estimated maximum combined penalty). On May 31, 2023, we received a summons from the Australia Federal Prosecution Service indicating that formal charges are being pursued against Princess Cruises and the Captain of the vessel. We believe the ultimate outcome will not have a material impact on our consolidated financial statements.

Item 1A. Risk Factors.

The risk factors in this Form 10-Q below should be carefully considered, including the risk factors discussed in "Risk Factors" and other risks discussed in our Form 10-K. These risks could materially and adversely affect our results, operations, outlooks, plans, goals, growth, reputation, cash flows, liquidity, and stock price. Our business also could be affected by risks that we are not presently aware of or that we currently consider immaterial to our operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

A. Stock Swap Program

We have a program that allows us to realize a net cash benefit when Carnival Corporation common stock is trading at a premium to the price of Carnival plc ordinary shares. Under the Stock Swap Program, we may elect to offer and sell shares of Carnival Corporation common stock at prevailing market prices in ordinary brokers' transactions and repurchase an equivalent number of Carnival plc ordinary shares in the UK market.

Under the Stock Swap Program effective as of June 2021, the Board of Directors authorized the sale of up to \$500 million shares of Carnival Corporation common stock in the U.S. market and the purchase of Carnival plc ordinary shares on at least an equivalent basis.

We may in the future implement a program to allow us to obtain a net cash benefit when Carnival plc ordinary shares are trading at a premium to the price of Carnival Corporation common stock.

Any sales of Carnival Corporation common stock and Carnival plc ordinary shares have been or will be registered under the Securities Act of 1933, as amended. During the three months ended May 31, 2023 under the Stock Swap Program, we sold 2.3 million shares of Carnival Corporation common stock and repurchased the same amount of Carnival plc ordinary shares resulting in net proceeds of \$2 million, which were used for general corporate purposes. In addition, during the three months ended May 31, 2023, we sold 0.5 million shares of Carnival Corporation common stock at an average price per share of \$9.83, resulting in net proceeds of \$5 million. Since the beginning of the Stock Swap Program, first authorized in June 2021, we have sold 17.2 million shares of Carnival Corporation common stock and repurchased the same amount of Carnival plc ordinary shares, resulting in net proceeds of \$29 million. No shares of Carnival Corporation common stock or Carnival plc ordinary shares were repurchased during the three months ended May 31, 2023 outside of the Stock Swap Program.

Period	Total Number of Shares of Carnival plc Ordinary Shares Purchased (a) (in millions)	Average Price Paid per Share of Carnival plc Ordinary Share	Maximum Number of Carnival plc Ordinary Shares That May Yet Be Purchased Under the Carnival Corporation Stock Swap Program (in millions)
March 1, 2023 through March 31, 2023	-	\$-	3.7
April 1, 2023 through April 30, 2023	1.6	\$8.60	2.2
May 1, 2023 through May 31, 2023	0.8	\$8.92	1.4
Total	2.3	\$8.70	

(a) No ordinary shares of Carnival plc were purchased outside of publicly announced plans or programs.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rs@seg.com or visit www.ms.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

IR PPUCAQUPWGAR