

Registered no: 07366612

RCL CRUISES LTD

**Annual report and financial statements
for the year ended 31 December 2022**

RCL CRUISES LTD

Annual report and financial statements for the year ended 31 December 2022

Contents

	Page
Directors and advisers	3
Strategic report	4
Directors' report	11
Independent auditors' report to the members of RCL Cruises Ltd	16
Profit and loss account	19
Statement of comprehensive income	20
Balance sheet	21
Statement of changes in equity	22
Notes to the financial statements	23

RCL CRUISES LTD

Directors and advisers

Directors

RG Marshall
B Bouldin
M Kasselas
L Landis

Company secretary

RG Marshall

Registered office

7 The Heights
Brooklands
Weybridge
Surrey
KT13 0XW

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

Bankers

JP Morgan Chase Bank
1 Chaseside
Bournemouth
Dorset
BH7 7DA

RCL CRUISES LTD

Strategic report for the year ended 31 December 2022

Strategy and future developments

RCL Cruises Ltd (the “Company”) is a cruise ship operator, ship charterer and a sales and marketing representative for the Royal Caribbean International and Celebrity Cruises brands on behalf of the Royal Caribbean Cruises Ltd (“RCL”) group (“the Group”).

Currency fluctuations and continuing uncertainty over the performance of global economies continue to challenge the business. The Company’s turnover increased by 313.1% in 2022 over 2021, compared to a decrease of 6.2% in 2021 over 2020. This increase reflects the full return to operations by June 2022 compared to 2021 when the suspension of the global cruise operations was in effect for a substantial portion of the fleet. As a result of the global pandemic impact of COVID-19, the Group suspended its global cruise operations in March 2020 and began resuming guest cruise operations in 2021, with its full fleet in service by June 2022. The Group started 2022 by operating 51 ships and successfully completed the return of its entire fleet into operations during the second quarter. By the end of December 2022, the Group achieved close to 100% of worldwide capacity with holiday sailings close to 110%¹.

The resulting effects of the COVID-19 pandemic continue to have a material negative impact on the Group’s operating cash flows and liquidity. The Group continue to prioritise its financial recovery and the further enhancement of its financial results and liquidity, which relies on expected timing of cash collection for cruise bookings, expected sustained increase in revenue per available passenger cruise day and expected increase in occupancy levels, reaching historical level in late spring of 2023.

The Company will continue to operate its ships as part of the Group and will continue to provide sales and marketing services to its fellow Group companies.

At the end of 2022, the Company operated 13 ships at various levels of lay-up under the Royal Caribbean International and Celebrity Cruises brands. During 2022, *Brilliance of the Seas* and *Rhapsody of the Seas* entered the Company’s fleet and *Serenade of the Seas* and *Explorer of the Seas* left the Company’s fleet.

From time to time the Company has entered into time charters for some of these ships with Group companies for periods as agreed by both parties.

In addition, the Company continues to manage its portfolio of investments, generating investment income during the year.

Objectives

The Company continues to prioritize operating strategies that support the delivering of the best vacation to its guests responsibly as well as operating strategies that support the financial recovery and the further enhancement of the financial results and liquidity. We strive to execute these strategies in a socially and environmentally responsible manner, working with our various business and community partners as we build toward a more sustainable cruise industry.

Our Company’s operating focus is as follows:

- deliver the best vacation experiences to our guests, responsibly,
- protect the health, safety and security of our guests and employees,
- deepen our customer relationships in order to enhance our revenues,
- focus on cost efficiency, adequate cash and liquidity, and strengthen our balance sheet, with the overall goals of maximizing our return on invested capital and shareholder value,
- protect the environment in which our vessels and organization operate, with a focus on decarbonization,

¹ Capacity, in accordance with cruise vacation industry practice, is calculated by dividing Passenger Cruise Days by Available Passenger Cruise Days. A percentage in excess of 100% indicates that three or more passengers occupied some cabins.

RCL CRUISES LTD

Strategic report for the year ended 31 December 2022 (continued)

Objectives (continued)

- invest in our workforce in order to better serve our global guest base and grow our business, and promote gender equality, diversity and inclusion,
- capitalize on the portability and flexibility of our ships by deploying them into those markets and itineraries that provide opportunities to optimize returns, while continuing our focus on existing key markets,
- provide extraordinary destination experiences and state-of-the-art port facilities to our guests,
- continue to deploy technology capabilities and advanced uses of data and analytics to deliver innovative customer experiences as well as to create operational efficiencies that enhance employee satisfaction, and
- maintain strong relationships with travel advisors, while enhancing our consumer outreach and e-commerce programs.

Key Performance Indicators

The key financial and other performance indicators during the year are shown below. The nature of the business of the Company is such that it is integrated with that of the RCL Group as a whole and further information can be found in RCL's 10-K for the year ended 31 December 2022, which does not form part of this report. Details of where the 10-K can be obtained are included in the controlling parties note on page 48 of these financial statements.

	2022	2021
	\$'000s	\$'000s
Annual Turnover	2,141,306	518,367
Operating Loss	(287,213)	(1,237,856)
Number of ships operated by Company at year end	13	13

Turnover increased by 313.1% during the year. This increase is due to the return of operations, with the full fleet in service by June 2022, compared to 2021 when the Company began the resumption of guest cruise operations in a phased manner.

Although discussed in prior periods, the Company has not disclosed or reconciled in this report their Net Revenue Yield and Net Cruises Costs per Average Passenger Cruise Days. Historically, the Company has utilized these financial metrics to measure relevant rate comparisons to other periods. However, the 2022 and 2021 variability in capacity and revenues, due to the impact of the COVID-19 pandemic in operations, do not allow for a meaningful analysis and comparison of these metrics and as such these metrics have been excluded from these financial statements.

The Company has focused on other performance measures in order to evaluate performance and financial condition. In 2022, the Company continued the ramp up of its operations and continued to incur incremental expense related to bringing ships back to operating status and returning crew members to ships.

In particular, the Company continued to increase selling expenses in 2022, which increased by 73% over 2021. The increase is due to the ramp up of its global sales efforts starting in the second half of 2021 as it commenced its resumption of operations. Additionally, having its full fleet in service as of June 30, 2022 increased overall expenses compared to 2021.

Ship operating expenses increased by 30.8% in 2022, compared to an increase of 7.3% in 2021 over 2020. This includes the overhead costs associated with bringing ships back to service and crew back on board to the ships with the majority of the fleet in service compared to 2021. Additionally, inflationary pressures have impacted the operation costs, especially in fuel expense, which increased 155% in 2022 over 2021.

RCL CRUISES LTD

Strategic report for the year ended 31 December 2022 (continued)

Key Performance Indicators (continued)

Other operating expenses include foreign exchange gains of \$43.1m in 2022, compared to foreign exchange losses sustained of \$1.6m in 2021.

Business Model

The Company will continue to grow its business by focusing on increasing the profitability of its international guest sourcing, particularly from the global markets, optimally deploying its ships and providing a wide variety of itineraries and on-board activities for its guests.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered below:

Operational risks

Disease outbreaks and an increase in concern about the risk of illness could adversely impact our business and results of operations.

Disease outbreaks and increased concern related to illness when traveling to, from, and on our ships such as COVID-19 could cause a drop in demand for cruises, guest cancellations, travel restrictions, an unavailability of ports and/or destinations, cruise cancellations, ship redeployments and an inability to source our crew, provisions or supplies from certain places. In addition, we may be subject to increased concerns that cruises are more susceptible than other vacation alternatives to the spread of infectious diseases. For example, the unprecedented responses by governments and other authorities to control and contain the COVID-19 outbreak, including related variants, led to our voluntary suspension of our global cruise operations starting in March 2020. While the Company has resumed its global cruise operations, there is no assurance that cruise operations will continue uninterrupted. In response to disease outbreaks, our industry, including our passengers and crew, may be subject to enhanced health and safety requirements in the future which may be costly and take a significant amount of time to implement across our fleet. For example, local governments may establish their own set of rules for self-quarantines and/or require proof of individuals' health status or vaccination prior to or upon visiting. Based on our assessment of these requirements and recommendations, or for other reasons, we may determine it necessary to cancel or modify certain of our Global Brands' cruise sailings. The impact of any of these factors could have a material adverse effect on our business and results of operations. In addition, any operating or health protocols that we may develop or that may be required by law in the future in response to infectious diseases may be costly to develop and implement and may be less effective than we expected in reducing the risk of infection and spread of such disease on our cruise ships, all of which will negatively impact our operations and expose us to reputational and legal risks.

Incidents on ships, at port facilities, land destinations and/or affecting the cruise vacation industry in general, and the associated negative media coverage and publicity, have affected and could continue to affect our reputation and impact our sales and results of operations.

Cruise ships, private destinations, port facilities and shore excursions operated and/or offered by us and third parties may be susceptible to the risk of accidents, illnesses, mechanical failures, environmental incidents and other incidents which could bring into question safety, health, security and vacation satisfaction and negatively impact our sales, operations and reputation. Incidents involving cruise ships, and, in particular the safety, health and security of guests and crew and the media coverage thereof, including those related to the COVID-19 pandemic, have impacted and could continue to impact demand for our cruises and pricing in the industry. In particular, we cannot predict the impact on our financial performance and the public's concern regarding the health and safety of travel, especially by cruise ship, and related decreases in demand for travel and cruising. Moreover, our ability to attract and retain guests and crew depends, in part, upon the

RCL CRUISES LTD

Strategic report for the year ended 31 December 2022 (continued)

Principal risks and uncertainties (continued)

perception and reputation of our company and our brands and the public's concerns regarding the health and safety of travel generally, as well as regarding the cruising industry and our ships specifically. Our reputation and our business could also be damaged by continued or additional negative publicity regarding the cruise industry in general, including publicity regarding the spread of contagious disease such as COVID-19, over-tourism in key ports and destinations and the potentially adverse environmental impacts of cruising. The considerable expansion in the use of social and digital media has compounded the potential scope and reach of any negative publicity. In addition, incidents involving cruise ships may result in additional costs to our business, increasing government or other regulatory oversight and, in certain cases, potential litigation.

Significant weather, climate events and/or natural disasters could adversely impact our business and results of operations.

Natural disasters (e.g., earthquakes, volcanos, wildfires), weather and/or climate events (including hurricanes and typhoons) could impact our source markets and operations resulting in travel restrictions, guest cancellations, an inability to source our crew or our provisions and supplies from certain places. We are often forced to alter itineraries and occasionally cancel a cruise or a series of cruises or to redeploy our ships due to these types of events, which could have an adverse effect on our sales, operating costs and profitability in the current and future periods. Increases in the frequency, severity or duration of these types of events could exacerbate their impact and disrupt our operations or make certain destinations less desirable or unavailable impacting our revenues and profitability further. Any of the foregoing could have an adverse impact on our results of operations and on industry performance.

Terrorist attacks, war, and other similar events could have a material adverse impact on our business and results of operations.

The Company is susceptible to a wide range of adverse events, including terrorist attacks, war, conflicts, civil unrest and other hostilities. The occurrence of these events or an escalation in the frequency or severity of them, and the resulting political instability, travel restrictions and advisories and concerns over safety and security aspects of traveling or the fear of any of the foregoing, have had, and could have in the future, a significant adverse impact on demand and pricing in the travel and vacation industry. These events could also result in additional security measures taken by local authorities which have, and may in the future, impact access to ports and/or destinations. In addition, such events have led, and could lead, to disruptions, instability and volatility in global markets, supply chains and industries, increased operating costs, such as fuel and food, and disruptions affecting our newbuild construction and fleet modernization efforts, any of which could materially and adversely impact our business and results of operations. Further, such events could have the effect of heightening the other risks we have described in this report, any of which also could materially and adversely affect our business and results of operations.

Tax legislation

The Company has elected to be subject to the United Kingdom tonnage tax regime. Changes in the corporation tax laws could result in higher income taxes being charged against our cruise operations and impact the Company's profitability.

Foreign legislation

The Company is subject to various international, national, state and local laws, regulations and treaties that govern, amongst other things, discharge from the Company's ships, safety standards applicable to the Company's ships, treatment of disabled persons, health and sanitary standards applicable to the Company's guests, security standards on board the Company's ships and at the ship/port interface areas, and financial responsibilities to the Company's guests. These issues are, and the directors believe will continue to be, an area of focus by the relevant authorities throughout the world. This

RCL CRUISES LTD

Strategic report for the year ended 31 December 2022 (continued)

Principal risks and uncertainties (continued)

Foreign legislation (continued)

could result in the enactment of more stringent regulation of cruise ships that could subject the Company to an increase in compliance costs in the future and may increase the Company's exposure, if any, to environmental-related litigation.

Economic and geopolitical conditions

Demand for cruises is affected by international, national, and local economic conditions. Weak or uncertain economic conditions may impact consumer confidence and pose a risk as vacationers postpone or reduce discretionary spending. This, in turn, may result in cruise booking slowdowns, decreased cruise prices and lower onboard revenues. Given the global nature of our business, we are exposed to many different economies, and our business could be negatively impacted by challenging conditions in any of the markets in which we operate.

Competition

The Company operates in the vacation market and cruising is one of many alternatives for people choosing a vacation. The Company therefore risks losing business not only to other cruise lines, but also to other vacation operators, which provide other leisure options, including hotels, resorts, internet-based alternative lodging sites and package holidays and tours.

The Company faces significant competition from other cruise lines on the basis of cruise pricing, travel advisor preference and also in terms of the nature of ships, services and destinations that the Company offers to guests. The Company's principal competitors within the cruise vacation industry include Carnival Corporation & plc, which owns, among other brands, Aida Cruises, Carnival Cruise Line, Costa Cruises, Cunard Line, Holland American Line, P&O Cruises, Princess Cruises and Seabourn; Disney Cruise Line; MSC Cruises and Norwegian Cruise Line Holdings Ltd, which owns Norwegian Cruise Line, Oceania Cruises and Regent Seven Seas Cruises. The Company's revenues are sensitive to the actions of other cruise lines not only on the Company's revenues, but on overall industry revenues.

In the event that the Company does not effectively market or differentiate its cruise brands from competitors or otherwise compete effectively with other vacation alternatives and new or existing cruise companies, the Company's results of operations and financial position could be adversely affected.

The Company increases brand awareness and market penetration of its cruise brands in various ways, including the use of communication strategies and marketing campaigns designed to emphasise the qualities of each brand, especially among target groups. The Company's marketing strategies include the use of travel advisors, traditional media, mobile and digital media as well as social media, influencers and brand websites.

Financial risk management

The Company's operations expose it to a variety of financial risks that include price risk, liquidity risk, interest rate cash flow risk and foreign exchange rate risk. The Company has in place a risk management programme that seeks to limit adverse effects of these risks on the financial performance of the Company. Reference should also be made to RCL's Form 10-K Annual Report for the year ended 31 December 2022, which does not form part of this report, for financial risk factors affecting the RCL group.

RCL CRUISES LTD

Strategic report for the year ended 31 December 2022 (continued)

Principal risks and uncertainties (continued)

Financial risk management (continued)

Price risk

The Company's operating costs, including fuel, food, payroll and benefits, airfare, taxes, insurance, and security costs, can be and have been subject to increases due to market forces and economic or geopolitical conditions or other factors beyond the Company's control, including the global inflationary pressures that it is currently experiencing and that have increased its operating costs. Increases in these operating costs have affected, and may continue to adversely affect, the Company's future profitability. In particular, increases in fuel prices have and could continue to materially and adversely affect our business as fuel prices impact not only our fuel costs, but also some of other expenses, such as crew travel, freight, and commodity prices.

In addition, many of the Company's guests depend on scheduled commercial airline services to transport them to or from the ports where our cruises embark or disembark. Increases in the price of airfare would increase the overall price of the cruise vacation to the Company's guests, which may adversely impact demand for cruises.

RCL uses a range of financial instruments including fuel swap agreements to mitigate the financial impact of fluctuations in fuel prices, across the entire RCL fleet, for which the Company receives an appropriate share of the benefit or charge.

Liquidity risk

As a result of the global pandemic impact of COVID-19, the Group paused its guest cruise operations in March 2020 and began resuming guest cruise operations in 2021, with its full fleet in service by June 2022. The resulting effects of the COVID-19 pandemic are having a material negative impact on the operating cash flows and liquidity. As a result, the Group has taken proactive measures to manage its liquidity, including issuing debt and shares of its common stock, amending credit agreements and refinancing \$6.9 billion of 2022 and 2023 maturities. For instance, during the year ended December 31, 2022, it executed and amended various financing arrangements which resulted in the issuance of \$1.0 billion senior unsecured notes and \$1.25 billion of senior unsecured notes due in 2027; \$1.00 billion senior guaranteed notes and \$1.00 billion senior secured notes due in 2029; \$1.15 billion of convertible notes due in 2025 and it extended its \$0.6 billion unsecured term loan to 2024. In addition, it assumed debt to finance the delivery of ships resulting in unsecured term loans of \$1.3 billion and \$0.7 billion due in twelve years and \$277 million due in 2037.

In January 2023, it extended the maturities of \$2.3 billion of its existing unsecured revolving credit facility commitment to April 2025. Additionally, in February 2023, it issued \$700 million senior guaranteed notes due in January 2030.

The Company relies on the Group support and it continues to identify and evaluate further actions to maintain adequate liquidity. These include, and are not limited to, further reduction in capital expenditures, operating expenses and administrative costs and additional financings.

However, there is no assurance that the Group's assumptions and estimates are accurate as there is inherent uncertainty in its ability to predict future liquidity requirements.

Interest rate cash flow risk

The Company has interest bearing assets and liabilities, comprising cash and balances due from and to Group companies, which earned interest between 0% and 0.08% in 2022.

RCL CRUISES LTD

Strategic report for the year ended 31 December 2022 (continued)

Principal risks and uncertainties (continued)

Financial risk management (continued)

Foreign exchange rate risk

The Company is exposed to market risk attributable to changes in foreign currency exchange rates, fuel prices and interest rates. Significant changes in any of the foregoing could have a material impact on the Company's financial results. The Company's operating results have been and will continue to be impacted, often significantly, by changes in each of these factors.

The Company conducts its business internationally, which exposes it to foreign exchange risks. The Company does not use derivative financial instruments to manage foreign currency rate risk, and as such, no hedge accounting is applied.

The directors will revisit the appropriateness of the above policies should the Company's operations change in size or in nature.

Corporate Governance

Large companies as defined by the Companies Act 2006 are required to explain how directors have considered and applied their statutory duty to promote the success of the company under Section 172 of the Act. Please see page 12 for our Section 172 (s.172) statement.

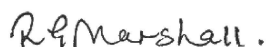
Results

The Company recorded turnover of \$2,141m (31 December 2021: \$518m) and a loss before taxation of \$287m (31 December 2021: a loss of \$1,245m) for the year.

In common with other UK shipping companies, RCL Cruises Ltd's shipping profits are taxed under the UK tonnage tax regime. All other profits are taxed under Corporation tax at a standard rate of 19.00%.

The Company had accumulated losses of \$1,934m (2021: accumulated losses of \$1,651m) at the end of the year.

On behalf of the Board



RG Marshall
Director

Date: 09.08.2023.....



L Landis
Director

Date 09.08.2023.....

RCL CRUISES LTD

Directors' report for the year ended 31 December 2022

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2022.

Financial risk management and future developments

The Company's future developments are discussed in the Strategic report on page 4 and Financial risk management on page 8.

Dividend payable has not been approved for the year 2022 (2021: \$0m).

As a result of the global pandemic impact of COVID-19, the Group suspended its global cruise operations in March 2020 and began resuming guest cruise operations in 2021, with its full fleet in service by June 2022. 2022 was a transitional year with numerous accomplishments. The Group started 2022 by operating 51 ships and successfully completed the return of its entire fleet into operations during the second quarter. By the end of December 2022, the Group achieved close to 100% of worldwide capacity with holiday sailings close to 110%. In 2023, the Group expect its capacity to increase by 14% compared to 2019.

However, the resulting effects of the COVID-19 pandemic continue to have a material negative impact on the Group's and the Company's operating cash flows and liquidity. The Group continue to prioritise its financial recovery and the further enhancement of its financial results and liquidity. The Company continues to identify and evaluate further actions to maintain adequate liquidity.

Directors

The directors who held office during the year and up to the date of signing these financial statements were:

RG Marshall
M Kasselas
B Bouldin
J Rzymowska Resigned 24 July 2023
L Landis

The Company had directors' qualifying indemnity insurance held by the ultimate parent company Royal Caribbean Cruises Ltd. The indemnity was in force throughout the financial year and up to the date of approval of the financial statements.

Branches outside the United Kingdom

The Company has the following branches outside the United Kingdom:

Australia
Denmark
Finland
France
Germany
Italy
New Zealand
Norway
Spain
Sweden

RCL CRUISES LTD

Directors' report for the year ended 31 December 2022 (continued)

Corporate Governance

Large companies as defined by the Companies Act 2006 are required to explain how directors have considered and applied their statutory duty to promote the success of the company under Section 172 of the Act. This section serves as our Section 172 (s.172) statement.

Employees

It is the Company's policy not to discriminate against any employee or applicant with regard to any terms or conditions of employment because of an individual's disability or perceived disability so long as the employee can perform the essential functions of the job.

The Company will provide reasonable accommodations to an individual with a disability provided that such accommodation does not constitute an undue hardship on the Company. In the event of any staff becoming disabled while with the Company, their needs and abilities would be assessed and the Company would, where possible, seek to offer alternative employment to them if they were no longer able to continue in their current role.

Management regularly updates employees through a variety of media regarding the Company's business progress. There is regular consultation with employees so that the employees' views may be taken into account in making decisions that are likely to affect their interests.

Travel agent support and consumer outreach

Travel agencies continue to be a significant source of ticket sales for the Company's ships. The Company believes in the value of this distribution channel and invest in maintaining strong relationships with the Company's travel partners. To accomplish this goal, the Company seeks to ensure that the commission rates and incentive structures remain competitive with the marketplace. The Company continuously works with travel agencies to sell upgrades and add-ons such as air and pre-cruise purchases to improve the retention and profitability of the channel. The Company provides brand dedicated sales representatives who serve as consultants to travel partners. The Company also provides trained customer service representatives, call centres and online training tools.

In addition, the Company continues to operate a Consumer Outreach department, which provides consumers 24-hour access to vacation planners and customer service agents in the Company's call centres. In addition, the Company maintains and invests in our websites, including mobile applications and mobile websites. The Company enables our guests to communicate and book with us through various channels such as phone, web, chat, text message, and/or email.

Protecting the environment

The Company is focused on the environmental health of the marine environment and communities in which it operates. This includes the Group's Destination Net Zero strategy aiming to reduce its carbon footprint, raise awareness about ocean conservation among guests and crew, and support ocean conservation projects around the world.

Destination Net Zero is the decarbonization strategy that focuses on how to achieve net zero emissions by 2050 and deliver a net zero capable ship by 2035. This strategy also includes achieving reductions on our carbon intensity by double digits by 2025, compared to 2019. Destination Net Zero's four-pronged approach includes the modernization of the global brands fleet through the introduction of new energy-efficient and alternatively fuelled vessels, continued investment in energy efficiency programs, development of alternative fuel and alternative power solutions, and optimized deployment and integration of strategic shore-based supply chains. Specifics of this commitment is posted in the Sustainability section of RCL's website at www.rclinvestor.com. This would result in additional costs in investment of carbon efficient technologies and installation costs.

RCL CRUISES LTD

Directors' report for the year ended 31 December 2022 (continued)

Streamlined energy and carbon emissions reporting

The Company is subject to various international and national laws and regulations relating to environmental protection within sailing activities. Under such laws and regulations, we are generally prohibited from discharging materials other than food waste into the waterways. We have made, and will continue to make, capital and other expenditures to comply with environmental laws and regulations.

From time to time, environmental and other regulators consider more stringent regulations, which may affect our operations and increase our compliance costs. We believe that the impact of ships on the global environment will continue to be an area of focus by the relevant authorities throughout the world and, accordingly, may subject us to increasing compliance costs in the future.

Our ships are subject to the International Maritime Organization's ("IMO") regulations under the International Convention for the Prevention of Pollution from Ships (the "MARPOL Regulations") and the International Convention for the Control and Management of Ships Ballast Water and Sediments (Ballast Water Management Convention), in addition to other regional and national regulations such as EU Directives and the US Vessel General Permit, which includes requirements designed to minimize pollution by oil, sewage, garbage, air emissions and the transfer of non-native/non-indigenous species. The Group has obtained the relevant international compliance certificates relating to oil, sewage, air pollution prevention and ballast water for all our ships.

We report our carbon emissions following the Greenhouse Gas Protocol, which incorporates the scope 1 and 2 emissions methodology in accordance with UK Government's Streamlined Energy and Carbon Reporting ('SECR').

	2022	2022	2022	2021	2021	2021
Green House Gas (GHG) Emissions	UK	Global	Total tCO2e	UK	Global	Total tCO2e
Scope 1						
Emissions from activities for which the Company owns or controls. (Direct GHG emissions) (tCO2e)	189,516	1,325,775	1,515,291	177,081	761,337	938,418
Scope 2						
Emissions from the purchase of electricity, heat, steam and cooling purchased for the Company's use. (Indirect GHG emissions) (tCO2e)	26	-	26	36	-	36
Total tCO2e	189,542	1,325,775	1,515,317	177,117	761,337	938,454
Energy consumption used in kWh	680,500,159	4,759,544,744	5,440,044,903	632,302,946	2,717,774,515	3,350,077,461
Intensity Ratio:						
Total Available lower berth-kilometer			6,550,373,774			3,200,133,356
Total tCO2e per ALB-KM (tCO2e)			0.000231			0.000293

RCL CRUISES LTD

Directors' report for the year ended 31 December 2022 (continued)

Streamlined energy and carbon emissions reporting (continued)

Scope 1 covers direct combustion of all types of fuels, collected onboard each ship through the voyage reporting system following the requirements of IMO's data collection system and the GHG protocol and loss of refrigerants, collected onboard each ship through the MARPOL Annex VI Log Book, from ships owned by the company. The report includes the global emissions and local emissions which are all emissions generated based on voyages starting and/or ending in UK.

The different type of fuels and refrigerants used on our ships have been considered and converted in accordance to the UK Government's 'Greenhouse gas reporting conversion factors 2022'.

Scope 2 covers emissions from electricity purchased for own use based in UK only. Energy consumption data is captured through meter reads provided by the landlord.

Our reporting emissions have been calculated using an intensity metric based on available lower berth-kilometer ("ALB-KM") which will enable us to monitor emissions on a comparable basis year-on-year.

The total tCO₂e increased by 61.5% in 2022 over 2021. This increase is mainly due to the return of operations, with the full fleet in service by June 2022, compared to 2021 when the Group began the resumption of guest cruise operations in a phased manner. The total tCO₂e per ALB-KM decreased by 21.1% in 2022 over 2021 due to an increase of total available lower berth-kilometer.

Business conduct

The Company has adopted a Code of Business Conduct and Ethics that applies to all of the Company's employees and directors. A copy of the Code of Business Conduct and Ethics is posted in the corporate governance section of RCL's website at www.rclinvestor.com

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulation.

• Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RCL CRUISES LTD

Directors' report for the year ended 31 December 2022 (continued)

Statement of directors' responsibilities in respect of the financial statements (continued)

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

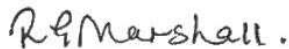
Statement of disclosure of information to auditors

So far as each of the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and they have each taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and PricewaterhouseCoopers LLP will therefore continue in office.

On behalf of the Board



RG Marshall
Director



L Landis
Director

Date: 09.08.2023.....

Date: 09.08.2023.....

RCL CRUISES LTD

Independent auditors' report to the members of RCL Cruises Ltd

Report on the audit of the financial statements

Opinion

In our opinion, RCL Cruises Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2022; the Profit and loss account, the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty relating to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 3 to the financial statements concerning the company's ability to continue as a going concern. The company is dependent on its parent company, Royal Caribbean Cruises Limited ("RCL"), to provide financial support. There is significant uncertainty about the future operations and financial condition of the Group, given the remaining uncertainties associated with the COVID-19 pandemic. Should further restrictions on cruising be imposed this could curtail the Group's ability to provide the financial support that the company may require. These conditions, along with the other matters explained in note 3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

RCL CRUISES LTD

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK and International tax regulations including UK tonnage tax legislation and compliance with industry regulatory body requirements, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries in the underlying books and records and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Identifying and testing of journal entries, in particular those having unusual account combinations or posted by senior management;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws, regulations or fraud and review of correspondence with regulatory bodies;
- Financial statement review procedures against Companies Act 2006 requirements; and
- Challenging assumptions and judgements made by management in accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

RCL CRUISES LTD

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Katherine Stent (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
09 August 2023

RCL CRUISES LTD

Financial statements for the year ended 31 December 2022 Profit and loss account for the year ended 31 December 2022

	Note	Year ended 31 December 2022 \$'000s	Year ended 31 December 2021 \$'000s
Turnover	5	2,141,306	518,367
Cost of sales		(280,745)	(68,527)
Gross profit		1,860,561	449,840
Other Income		-	72
Ship operating expenses		(2,062,742)	(1,576,637)
Other operating expenses		(85,032)	(111,131)
Operating loss	6	(287,213)	(1,237,856)
Income from shares in group undertakings		-	803
Impairment in group undertakings	12	-	(7,151)
Other interest receivable and similar income	8	151	207
Interest payable and similar expenses	8	(31)	(711)
Loss before taxation		(287,093)	(1,244,708)
Tax on loss	9	(209)	(707)
Loss for the financial year		(287,302)	(1,245,415)

The above results are derived from continuing operations.

There is no difference between the loss before taxation and the loss for the financial year and their historical costs equivalents.

RCL CRUISES LTD

Statement of comprehensive income For the year ended 31 December 2022

	Year ended 31 December 2022	Year ended 31 December 2021
Note	\$'000s	\$'000s
Loss for the financial year	(287,302)	(1,245,415)
Other comprehensive income/ (expense):		
Exchange adjustments offset in reserves (translation of overseas branches)	4,082	(2,493)
Other comprehensive income / (expense) for the year, net of tax	4,082	(2,493)
Total comprehensive expense for the year	(283,220)	(1,247,908)

RCL CRUISES LTD

Balance sheet as at 31 December 2022

Registered no: 07366612

	Note	2022 \$'000s	2021 (restated)* \$'000s
Fixed assets			
Intangible assets	10	15,585	17,524
Tangible assets	11	18,659	20,836
Investments	12	903,900	893,030
		938,144	931,390
Current assets			
Stocks	13	61,524	42,770
Debtors (including \$674k (2021: \$565k) amounts falling due after more than one year)	14	122,744	68,479
Cash at bank and in hand		50,002	30,390
		234,270	141,639
Creditors: amounts falling due within one year	16	(2,974,640)	(2,610,629)
Net current liabilities		(2,740,370)	(2,468,990)
Total assets less current liabilities		(1,802,226)	(1,537,600)
Creditors: amounts falling due after more than one year	16	(21,181)	(19,783)
Provisions for liabilities	17	(82,119)	(64,923)
Net liabilities		(1,905,526)	(1,622,306)
Capital and reserves			
Called up share capital	18	1	1
Share premium account		26,191	26,191
Capital contribution reserve	18	2,635	2,635
Profit and loss account		(1,934,353)	(1,651,133)
Total shareholders' deficit		(1,905,526)	(1,622,306)

*see restatement details in Note 3(a)

The financial statements on pages 19 to 51 were approved by the Board of Directors on 09.08.2023 and were signed on its behalf by:

RG Marshall
 RG Marshall
 Director

Luisa J. Landis
 L Landis
 Director

RCL CRUISES LTD

Statement of changes in equity For the year ended 31 December 2022

	Called up share capital	Share premium account	Profit and loss account	Capital contribution reserve	Total shareholders' deficit
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Balance as at 1 January 2021	1	26,191	(403,225)	2,635	(374,398)
Loss for the financial year	-	-	(1,245,415)	-	(1,245,415)
Other comprehensive expense for the year	-	-	(2,493)	-	(2,493)
Total comprehensive expense for the year	-	-	(1,247,908)	-	(1,247,908)
Dividends paid to group entities	-	-	-	-	-
Total transactions with owners, recognised directly in equity	-	-	-	-	-
At 31 December 2021	1	26,191	(1,651,133)	2,635	(1,622,306)
At 1 January 2022	1	26,191	(1,651,133)	2,635	(1,622,306)
Loss for the financial year	-	-	(287,302)	-	(287,302)
Other comprehensive income for the year	-	-	4,082	-	4,082
Total comprehensive expense for the year	-	-	(283,220)	-	(283,220)
Dividends paid to group entities	-	-	-	-	-
Total transactions with owners, recognised directly in equity	-	-	-	-	-
At 31 December 2022	1	26,191	(1,934,353)	2,635	(1,905,526)

RCL CRUISES LTD

Notes to the financial statements For the year ended 31 December 2022

1 General Information

RCL Cruises Ltd (the "Company") is a cruise ship operator, ship charterer and a sales and marketing representative for the Royal Caribbean International and Celebrity Cruises brands on behalf of the Royal Caribbean Cruises Ltd ("RCL") group ("the Group").

The Company is a private company, limited by shares and incorporated and domiciled in the United Kingdom. The address of its registered office is 7 The Heights, Brooklands, Weybridge, Surrey, KT13 0XW, England.

2 Statement of Compliance

The individual financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Prior year restatement

The Company has restated the prior year balances in relation to a self-insurance liability which was previously presented, net of insurance recoveries and included in accruals and deferred income. The company has determined that this liability meets the definition of a provision in line with FRS 102 and should therefore have been classified as such. As a result, the corresponding balances have been restated with the liability shown gross in Provisions and the related insurance recoveries classified within Other Receivables.

There has been no impact on the Profit and Loss account for this restatement which results in the gross up of the balance sheet and classification within liabilities only. The impact of the change in classification on the prior year numbers was to reduce Accruals and Deferred income by \$39,814k, increase Provisions by \$64,560k and increase Other debtors by \$24,746k.

In addition, the company identified that the element of the customer deposits held which was due after a year had incorrectly been classified within current liabilities and therefore an amount of \$19,783k has been reclassified in the prior year from Accruals and Deferred Income to Deferred income within Amounts falling due after more than one year. There was no impact on the prior or current year profit and loss account from this reclassification.

RCL CRUISES LTD

Notes to the financial statements (continued) For the year ended 31 December 2022

3 Summary of significant accounting policies (continued)

(b) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of land and buildings and certain financial assets and liabilities measured at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

FRS 102 allows a qualifying entity certain disclosure exemptions. As the Company is included in the publicly available consolidated financial statements of the RCL group, it has taken advantage of the following exemptions for qualifying entities:

- (i) Requirement to prepare a statement of cash flows
- (ii) Certain disclosure requirements of section 26 in respect of share based payments
- (iii) Disclosure of key management personnel compensation in total

(c) Going concern

The Company meets its day-to-day working capital requirements through its cash flows from operations or from continuing support from the parent company, Royal Caribbean Cruises Ltd ("RCL").

As a result of the global pandemic impact of COVID-19, RCL paused its guest cruise operations in March 2020 and began resuming guest cruise operations in 2021, with its full fleet in service by June 2022. The Company has identified the current impacts and other possible risks in the evolution of the cruise market which have affected and will continue to affect the Company cash flows and may affect the ability of the Company to meet its financial obligations.

As part of RCL liquidity management, RCL relies on estimates of its future liquidity which include numerous assumptions that are subject to various risks and uncertainties. The principal assumptions used to estimate RCL future liquidity consist of:

- Expected timing of cash collections for cruise bookings;
- Expected sustained increase in revenue per available passenger cruise day;
- Expected increase in occupancy levels, reaching historical levels in late spring of 2023; and
- Inflationary increases to RCL operating costs, mostly impacting the expected cost of fuel and food as compared to 2019.

The resulting effects of the COVID-19 pandemic are having a material negative impact on RCL operating cash flows and liquidity. RCL believe it has made reasonable estimates and judgments of the impact of these events to its

RCL CRUISES LTD

Notes to the financial statements (continued)

For the year ended 31 December 2022

3 Summary of significant accounting policies (continued)

(c) Going concern (continued)

consolidated financial statements; however, there can be no assurance the estimates and assumptions of RCL future liquidity requirements will be realized, and actual results could vary materially. RCL has taken proactive measures to manage its liquidity, including issuing debt and shares of our common stock, amending credit agreements to defer payments, obtaining relevant modification of covenant requirements and waivers, and during the pause, reducing operating expenses and capital expenditures.

During the year ended December 31, 2022, RCL executed and amended various financing arrangements which resulted in the issuance of \$1.0 billion senior unsecured notes and \$1.25 billion of senior unsecured notes due in 2027; \$1.00 billion senior guaranteed notes and \$1.00 billion senior secured notes due in 2029; \$1.15 billion of convertible notes due in 2025 and it extended its \$0.6 billion unsecured term loan to 2024. In addition, it assumed debt to finance the delivery of ships resulting in unsecured term loans of \$1.3 billion and \$0.7 billion due in twelve years and \$277 million due in 2037.

As of December 31, 2022, RCL had liquidity of \$2.9 billion, including \$0.3 billion of undrawn revolving credit facility capacity, \$1.9 billion in cash and cash equivalents and a \$0.7 billion commitment for a 364-day term loan facility which was terminated in February 2023 upon issuance of our \$700 million aggregate principal amount of 7.25% Priority Guaranteed Notes due in January 2030. RCL revolving credit facilities were utilized through a combination of amounts drawn and letters of credit issued under the facilities as of December 31, 2022, which were subsequently amended in January 2023 by extending the maturities of \$2.3 billion of its existing unsecured revolving credit facility commitment to April 2025. Based on RCL actions, as well as its present financial condition and the aforementioned assumptions on liquidity, RCL believe that it has sufficient liquidity to fund its obligations for at least the next twelve months from the issuance of the financial statements. As of December 31, 2022, RCL were in compliance with its financial covenants and it estimates it will be in compliance for the next twelve months. The Company has received formal confirmation from the parent company, RCL that it will provide financial support as necessary to the Company for a period of at least 12 months from the date of signing these financial statements, to ensure the Company is able to meet its obligations as they fall due.

RCL will continue to pursue various opportunities to raise additional capital to fund obligations associated with future debt maturities and/or to extend the maturity dates associated with its existing indebtedness or facilities. Actions to raise capital may include issuances of debt, convertible debt or equity in private or public transactions or entering into new or extended credit facilities.

The directors of the Company have a reasonable expectation that RCL has sufficient financial resources to continue in operation and provide any financial support needed by the Company for the foreseeable future. The Company therefore continues to adopt the going concern basis in the preparation of these financial statements. However, there is no assurance the estimates and assumptions of the RCL's future liquidity requirements will be realized, and actual results could vary materially. This indicates the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

RCL CRUISES LTD

Notes to the financial statements (continued) For the year ended 31 December 2022

3 Summary of significant accounting policies (continued)

(d) Consolidated financial statements

The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as the Company and its subsidiary undertakings are fully consolidated into the financial statements of its ultimate parent company, RCL, a company incorporated in Liberia. The parent company financial statements are prepared on a basis that is equivalent to the provisions of the European Union Seventh Directive.

These financial statements are the Company's separate financial statements.

Consolidated financial statements of RCL and its subsidiaries, including this Company, are publicly available by visiting RCL's Investor Relations website at www.rclinvestor.com or the Securities and Exchange Commission's website at www.sec.gov.

(e) Foreign currency

(i) Functional and presentation currency

The reporting currency of the Company is the United States dollar ("\$"), which is also the functional currency of the UK head office. The functional currency of each of the individual branches is the local currency, in which it conducts its business activities.

(ii) Transactions and balances

Transactions in currencies other than the functional and reporting currency are translated at the rates of exchange ruling at the transaction date or at an average rate for the year if this is not materially different.

Monetary assets and liabilities are translated at the exchange rate at the balance sheet date. All such exchange gains and losses arising are taken to the profit and loss account in the year in which they arise. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences arising from the translation from functional to reporting currency are shown as a movement in reserves.

(f) Revenue recognition

Turnover, which excludes trade discounts and sales taxes, represents charter, gross ticket and shipboard revenues and fees for other services provided. Gross ticket turnover is based on return date and pro-rated at year end.

Commission revenue and fees in respect of other services provided are recognised in the profit and loss account according to the accounting period in which they are earned.

RCL CRUISES LTD

Notes to the financial statements (continued) For the year ended 31 December 2022

3 Summary of significant accounting policies (continued)

(f) Revenue recognition (continued)

Gross ticket, charter and shipboard revenues in respect of voyages spanning the year end are recognised on a straight line basis over the duration of the voyage.

Our payment terms generally require an upfront deposit to confirm a reservation, with the balance due prior to the cruise. Deposits received on sales of passenger cruises are initially recorded as deferred income within the balance sheet and subsequently recognised as gross ticket revenue during the duration of the cruise.

Transfer pricing and revenue is recognised on a cost plus basis for management and support services. Revenue is recognised over time as costs are incurred. In addition, revenue is recognised on resale of air tickets costs.

(g) Cost of sales

Cost of sales relates to items incurred that are directly attributable to cruise passenger costs.

(h) Government Grants

Government grants are assistance provided by the government which are recognized when there is a transfer of resources to the entity in return for past or future compliance with specified conditions relating to the operating activities of the entity.

During 2021 the period the Company benefited from a government grant of \$72k in the form of the Coronavirus Job Retention Scheme. Under the scheme, HMRC reimbursed 80% of the wage costs of certain employees who were asked to stop working ('furloughed'), but who were kept on the payroll.

As this scheme involved a transfer of resources from government to the entity, it met the definition of a government grant.

The Company applies an accrual model for government grants. The furlough grant income is recognized separately in other income on a systematic basis over the periods in which the entity recognizes the related costs for which the grant is intended to compensate.

The Coronavirus Job Retention Scheme ended on 30 September 2021. There is no other grant income in 2022.

(i) Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plan.

RCL CRUISES LTD

Notes to the financial statements (continued) For the year ended 31 December 2022

3 Summary of significant accounting policies (continued)

(i) Employee benefits (continued)

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The Company contributes to defined contribution schemes in respect of certain of its employees. The pension charge in respect of the defined contribution schemes represents the amount payable by the Company in the year.

(iii) Share-based payments

Employees of the Company participate in share option, restricted share unit and performance share unit plans operated by RCL. These cash-settled share options are measured at fair value at the balance sheet date. The Company recognises a liability at the balance sheet date based on these fair values, taking into account the estimated number of options that will actually vest and the current proportion of the vesting period. Changes in the value of this liability are recognised in the income statement. The Company has taken advantage of the exemption for qualifying entities for certain disclosure requirements of section 26 in respect of share based payments.

(j) Taxation

The ship operations of the Company are subject to the UK tonnage tax regime, which provides for fixed charges based on the tonnage of each ship. All other activities are subject to corporation tax.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

RCL CRUISES LTD

Notes to the financial statements (continued) For the year ended 31 December 2022

3 Summary of significant accounting policies (continued)

(k) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the identifiable assets and liabilities at the date of acquisition less accumulated amortisation and provision for impairment. Goodwill is amortised on a straight-line basis over its estimated useful economic life of 20 years.

(l) Tangible fixed assets

(i) Depreciation

Depreciation is calculated so as to write off the cost less the estimated residual value of tangible fixed assets over their expected useful economic life, which are re-assessed periodically, as follows:

Leasehold improvements	Shorter of remaining lease term or useful life
Fixtures, fittings and equipment	20% straight line

(ii) Dry dock

Dry docking costs are capitalised when incurred and depreciated over the period until the next scheduled dry dock. Routine dry docks occur every thirty to sixty months.

(m) Leased assets

(i) Operating leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

(ii) Lease incentives

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

(n) Investments

Investments in subsidiary and associate undertakings are stated at cost less any provision for impairment. Impairment reviews are performed by the directors when there have been any events or circumstances which would indicate that the carrying value may not be recoverable.

Transfer of investments between related undertakings are made at the carrying amount of the investment. The carrying amount of the investment is transferred between directly held undertakings during a group reorganisation.

RCL CRUISES LTD

Notes to the financial statements (continued) For the year ended 31 December 2022

3 Summary of significant accounting policies (continued)

(o) Impairment of non-financial assets

The carrying values of tangible fixed assets and intangible fixed assets with finite lives are reviewed for impairment when events or changes in circumstance indicate the carrying value may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss.

(p) Inventories

Inventories consist of hotel consumables and fuel and is carried at the lower of cost (weighted-average) or net realisable value.

(q) Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

(r) Distributions to equity holders and dividend income

Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved and paid by the Company's shareholders. These amounts are recognised in the statement of changes in equity.

Dividend income is recognised when the right to receive payment is established.

(s) Related party transactions

The Company has taken advantage of the exemption contained in FRS 102 as it is a wholly owned subsidiary of RCL. Therefore, the Company has not disclosed transactions or balances with wholly owned entities that form part of the Group headed by RCL.

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

(t) Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

RCL CRUISES LTD

Notes to the financial statements (continued) For the year ended 31 December 2022

3 Summary of significant accounting policies (continued)

(t) Financial instruments (continued)

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost, using the effective interest rate method.

Financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

FRS 102 allows a qualifying entity certain disclosure exemptions. As the Company is included in the publicly available consolidated financial statements of the RCL group, it has taken advantage of the following exemptions for qualifying entities:

- (i) Requirement to prepare a statement of cash flows
- (ii) Certain disclosure requirements of section 26 in respect of share based payments
- (iii) Disclosure of key management personnel compensation in total.

Notes to the financial statements (continued) For the year ended 31 December 2022

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the entity's accounting policies

In the process of applying the Company's accounting policies, which are described in the accounting policies note, the directors have made no individual judgements that have a significant impact upon the financial statements apart from those involving estimations which are dealt with below.

(b) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) *Impairment of investments*

The Company considers whether investments in related undertakings are impaired. Where an indication of impairment is identified, the estimation of recoverable value requires estimation of the investments' value in use or net assets. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values.

(ii) *Self-insurance reserve*

Provision is made for all known incidents for which there is self-insurance using management's best estimate of the likely settlement of these incidents. The estimated settlement is reviewed on a regular basis with independent actuarial advice and the amount provided (including the Incurred But Not Reported (IBNR) element) is adjusted as required.

RCL CRUISES LTD

Notes to the financial statements (continued) For the year ended 31 December 2022

5 Turnover

Turnover arising wholly in respect of the principal activities of the Company and by residence of customer is derived as follows:

Year ended 31 December 2022

	North America	United Kingdom	Rest of Europe	Rest of the world	Total
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Gross ticket, charter, and shipboard revenue	1,294,503	248,995	56,994	396,632	1,997,124
Management and support service	116,120	-	-	-	116,120
Marketing and other revenue	28,062	-	-	-	28,062
	1,438,685	248,995	56,994	396,632	2,141,306

Year ended 31 December 2021

	North America	United Kingdom	Rest of Europe	Rest of the world	Total
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Gross ticket, charter, and shipboard revenue	254,846	87,770	6,451	124,262	473,329
Management and support service	24,559	-	-	-	24,559
Marketing and other revenue	20,479	-	-	-	20,479
	299,884	87,770	6,451	124,262	518,367

RCL CRUISES LTD

Notes to the financial statements (continued) For the year ended 31 December 2022

6 Operating loss

	Year ended 31 December 2022	Year ended 31 December 2021
	\$'000s	\$'000s
Operating loss is stated after charging/(crediting):		
Wages and salaries	24,369	23,393
Social security costs	2,958	2,776
Other pension costs (note 20)	2,156	2,093
Share-based payments	941	1,057
Staff costs	30,424	29,319
Depreciation of owned tangible fixed assets (note 11)	909	1,138
Depreciation of dry dock costs (note 11)	9,976	9,081
Amortisation of goodwill and other intangible assets (note 10)	1,939	1,938
Impairment/(provision release) of trade debtors	1,167	(111)
Inventory recognised as an expense	625,388	220,983
Operating leases		
– land and buildings	1,361	1,619
– plant and machinery	13	33
– ships	680,334	781,612
– other	231	297
Foreign exchange (gain)/loss	(43,118)	1,627

In addition, wages and salaries of shipboard employees who had contracts of service with the Group but worked on the Company's ships during the year amount to \$121,697k (2021: \$97,392k). This is included in 'ship operating expenses' in the Profit and loss account.

Services provided by the Company's auditors and its associates

	Year ended 31 December 2022	Year ended 31 December 2021
	\$'000s	\$'000s
During the year the Company obtained the following services from the Company's auditors:		
Fees payable to Company's auditors for the audit of the Company financial statements	241	228
Audit-related assurance services	43	37
	284	265

RCL CRUISES LTD

Notes to the financial statements (continued) For the year ended 31 December 2022

7 Employees and Directors

Employees

The average monthly number of persons employed by the Company during the year was:

	Year ended 31 December 2022	Year ended 31 December 2021
	Number	Number
By activity:		
Sales and marketing	234	215
Administration	87	89
Marine	16	17
	337	321

Directors

The directors' emoluments were as follows:

	Year ended 31 December 2022	Year ended 31 December 2021
	\$'000s	\$'000s
Aggregate emoluments	2,094	2,140
Pension costs paid into a defined contribution scheme	141	138
	2,235	2,278

The highest paid director's accrued emoluments were \$696,876 (year ended 31 December 2021: \$720,700) and pension contributions to the value of \$0 (year ended 31 December 2021: \$52,513).

During the year there were 4 directors (year ended 31 December 2021: 4) accruing benefits in the defined contribution scheme.

RCL CRUISES LTD

Notes to the financial statements (continued) For the year ended 31 December 2022

8 Other interest receivable and similar income / interest payable and similar expenses

(a) Other interest receivable and similar income

	Year ended 31 December 2022	Year ended 31 December 2021
	\$'000s	\$'000s
On amounts owed by Group undertakings	128	73
Bank interest receivable	23	-
Other finance income	-	134
Total interest receivable and similar income	151	207

(b) Interest payable and similar expenses

	Year ended 31 December 2022	Year ended 31 December 2021
	\$'000s	\$'000s
Total interest expense on financial and other liabilities not measured at fair value through profit or loss	31	711
Total interest payable and similar expenses	31	711

RCL CRUISES LTD

Notes to the financial statements (continued) For the year ended 31 December 2022

9 Tax on loss

(a) Tax charge/(credit) included in profit or loss

	Year ended 31 December 2022	Year ended 31 December 2021
	\$'000s	\$'000s
Current tax:		
United Kingdom		
Corporation tax for the year	617	523
Adjustments in respect of prior years	(523)	193
	94	716
Foreign tax		
Corporation tax for the year	343	514
Adjustments in respect of prior years	(77)	(439)
	266	75
Total current tax for the year	360	791
Deferred tax:		
Origination and reversal of timing differences– UK	318	-
Adjustment in respect of prior year – UK	(319)	-
Origination and reversal of timing differences – Foreign	162	(84)
Adjustment in respect of prior year - Foreign	(312)	-
Total deferred tax credit for the year	(151)	(84)
Tax on loss	209	707

RCL CRUISES LTD

Notes to the financial statements (continued) For the year ended 31 December 2022

9 Tax on loss (continued)

(b) Reconciliation of tax charge

The tax assessed for the year is higher (2021: higher) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2022 of 19.00% (Year ended 31 December 2021: 19.00%). The differences are explained below:

	Year ended 31 December 2022 \$'000s	Year ended 31 December 2021 \$'000s
Loss before taxation	(287,093)	(1,244,708)
Loss multiplied by the standard effective rate of corporation tax in the UK 19.00% (2021: 19.00%)	(54,548)	(236,495)
Effects of:		
Losses under tonnage tax	54,518	234,153
Tonnage tax charge	228	276
Impact of disallowable expenditure	1,094	3,021
Adjustments in respect of prior years	(1,231)	(246)
Impact of foreign tax rates	148	151
Exempt dividend income	-	(153)
Total tax charge	209	707

(c) Tax rate changes

An increase in the UK corporation tax rate from 19% to 25% from 1 April 2023 was enacted in Finance Act 2021. The effects of the change on the financial statements are expected to be immaterial.

RCL CRUISES LTD

Notes to the financial statements (continued) For the year ended 31 December 2022

10 Intangible assets

	Goodwill
	\$'000s
<hr/>	
At 1 January 2022	
Cost	38,773
Accumulated amortisation	(21,249)
<hr/>	
Net book amount	17,524
<hr/>	
Year ended 31 December 2022	
Opening net book amount	17,524
Amortisation	(1,939)
<hr/>	
Closing net book amount	15,585
<hr/>	
At 31 December 2022	
Cost	38,773
Accumulated amortisation	(23,188)
<hr/>	
At 31 December 2022	15,585
<hr/>	

The above amounts relate to goodwill arising from the purchase of the net assets of Royal Caribbean Cruise Line A/S, Royal Caribbean Cruises Espana SL, Royal Caribbean Cruises (Australia) Pty Ltd and Latitude Sud in 2011.

RCL CRUISES LTD

Notes to the financial statements (continued) For the year ended 31 December 2022

11 Tangible assets

	Leasehold improvements \$'000s	Fixtures, fittings and equipment \$'000s	Dry dock \$'000s	Total \$'000s
At 1 January 2022				
Cost	1,364	5,529	33,630	40,523
Accumulated depreciation	(102)	(4,005)	(15,580)	(19,687)
Net book value	1,262	1,524	18,050	20,836
Cost				
At 1 January 2022				
	1,364	5,529	33,630	40,523
Additions	527	1,146	17,897	19,570
Disposals	-	(620)	(23,577)	(24,197)
Foreign exchange impact on cost in overseas branches	(6)	(154)	-	(160)
At 31 December 2022	1,885	5,901	27,950	35,736
Accumulated depreciation				
At 1 January 2022				
	102	4,005	15,580	19,687
Depreciation	185	724	9,976	10,885
Disposals	-	-	(13,361)	(13,361)
Foreign exchange impact on accumulated depreciation in overseas branches	(6)	(128)	-	(134)
At 31 December 2022	281	4,601	12,195	17,077
At 31 December 2022				
Cost	1,885	5,901	27,950	35,736
Accumulated depreciation	(281)	(4,601)	(12,195)	(17,077)
Closing net book value	1,604	1,300	15,755	18,659

RCL CRUISES LTD

Notes to the financial statements (continued) For the year ended 31 December 2022

12 Investments

	2022	2021
Investment in subsidiaries and associates	\$'000s	\$'000s
As at 1 January	893,030	811,652
Addition in Fiumicino Waterfront Srl	10,112	15,384
Addition in RCL Japan Holdings Ltd	-	3,000
Addition in Ravenna Civitas Cruise Port Srl	758	-
Capital contribution in RCL TUI Cruises German Holding GmbH & Co KG	-	70,145
Impairment in RCL Japan Holdings Ltd	-	(4,486)
Impairment in Torcatt Enterprise SA	-	(2,665)
As at 31 December	903,900	893,030
Analysed as:		
Barcelona Port Investments SL	16,527	16,527
Greensboro SL	3,820	3,820
Torcatt Enterprises SA	6,179	6,179
Royal Caribbean Cruises Hong Kong Limited	64	64
Royal Caribbean Manning India Private Ltd	1	1
Royal Celebrity Mexico Crucero S de R L de CV	-	-
Catalonia Cruise Terminal C. S.L	3	3
PDI Lelepa Ltd	-	-
RCL Japan Holdings Ltd	1,514	1,514
RCL TUI Cruises German Holding GmbH & Co KG	849,538	849,538
RCL TUI Cruises German Verwaltungs GmbH	-	-
Fiumicino Waterfront Srl	25,496	15,384
Holistica Destinations Ltd	-	-
Ravenna Civitas Cruise Port Srl	758	-
	903,900	893,030

RCL CRUISES LTD

Notes to the financial statements (continued)

For the year ended 31 December 2022

12 Investments (continued)

The directors believe that the carrying values of the investments are supported by their underlying net assets or future trading forecasts

Fixed asset investments comprise equity shares in Royal Celebrity Mexico Cruceros S de R L de CV, Greensboro SL, Torcatt Enterprises SA, Barcelona Port Investments SL, Royal Caribbean Cruises Hong Kong Limited, Royal Caribbean Manning India Private Ltd, Catalonia Cruise Terminal C. S.L., PDI Lelepa Ltd, RCL Japan Holdings Ltd, RCL TUI Cruises German Holding GmbH & Co KG, RCL TUI Cruises German Verwaltungs GmbH, Holistica Destinations Ltd, Fiumicino Waterfront Srl and Ravenna Civitas Cruise Port Srl none of which are publicly traded.

In the year the Company increased its investment of Fiumicino Waterfront Srl by \$10m, \$5m in June 2022 and \$5m in December 2022.

In the year the Company acquired 51% of the equity share capital of Ravenna Civitas Cruise Port Srl.

Royal Celebrity Mexico Cruceros S de R L de CV

The Company owns 100% of the equity share capital of Royal Celebrity Mexico Cruceros S de R L de CV (2021:100%). Royal Celebrity Mexico Cruceros S de R L de CV is incorporated in Mexico.

Barcelona Port Investments SL

The Company owns 38% of the equity share capital of Barcelona Port Investments SL (2021:38%). Barcelona Port Investments SL is incorporated in Spain.

Royal Caribbean Cruises Hong Kong Limited

The Company owns 100% of the equity share capital of Royal Caribbean Cruises Hong Kong Limited (2021:100%). Royal Caribbean Cruises Hong Kong Limited is incorporated in Hong Kong.

Greensboro SL

The Company owns 100% of the share capital of Greensboro SL (2021: 100%). Greensboro SL is incorporated in Spain.

Torcatt Enterprises SA

The Company owns 29% of the share capital of Torcatt Enterprises SA (2021:29%). Torcatt Enterprises SA is incorporated in Ecuador.

RCL CRUISES LTD

Notes to the financial statements (continued)

For the year ended 31 December 2022

12 Investments (continued)

Royal Caribbean Manning India Private Ltd

The Company owns 100% of the equity share capital of Royal Caribbean Manning India Private Ltd (2021:100%). Royal Caribbean Manning India Private Ltd is incorporated in India.

Catalonia Cruise Terminal C. S.L.

The Company owns 100% of the equity share capital of Catalonia Cruise Terminal C. S.L. (2021:100%). Catalonia Cruise Terminal C. S.L. is incorporated in Spain.

PDI Lelepa Ltd

The Company owns 100% of the equity share capital of PDI Lelepa Ltd (2021:100%). PDI Lelepa Ltd is incorporated in Vanuatu.

RCL Japan Holdings Ltd

The Company owns 100% of the equity share capital of RCL Japan Holdings Ltd (2021:100%). RCL Japan Holdings Ltd is incorporated in Japan.

RCL TUI Cruises German Holding GmbH & Co KG

The Company owns 100% of the equity share capital of RCL TUI Cruises German Holding GmbH & Co KG (2021:100%). RCL TUI Cruises German Holding GmbH & Co KG is incorporated in Germany.

RCL TUI Cruises German Verwaltungs GmbH

The Company owns 100% of the equity share capital of RCL TUI Cruises German Verwaltungs GmbH (2021:100%). RCL TUI Cruises German Verwaltungs GmbH is incorporated in Germany.

Holistica Destinations Ltd

The Company owns 50% of the equity share capital of Holistica Destinations Ltd (2021: 50%). Holistica Destinations Ltd is incorporated in the United Kingdom.

Fiumicino Waterfront Srl.

The Company owns 100% of the entity share capital of Fiumicino Waterfront Srl (2021:100%). Fiumicino Waterfront Srl. is incorporated in Italy.

Ravenna Civitas Cruise Port Srl

The Company acquired 51% of the entity share capital of Ravenna Civitas Cruise Port Srl in the year. Ravenna Civitas Cruise Port Srl is incorporated in Italy.

RCL CRUISES LTD

Notes to the financial statements (continued) For the year ended 31 December 2022

13 Stocks

	31 December 2022	31 December 2021
	\$'000s	\$'000s
Hotel inventory	44,901	28,716
Fuel	16,623	14,054
	61,524	42,770

14 Debtors

	31 December 2022	31 December 2021 (restated)
	\$'000s	\$'000s
Amounts falling due after more than one year		
Deferred tax (note 15)	674	565
	674	565
Amounts falling due within one year		
Trade debtors	30,767	3,505
Other debtors*	35,329	27,623
Prepayments and accrued income	55,974	36,786
	122,070	67,914
Total debtors	122,744	68,479

Trade debtors are stated after provisions for impairment of \$1,579k (2021: \$412k)

*Other debtors includes and amount of \$30,177k (2021: as restated \$24,746k) of insurance recoveries. Details of the restatement of the 2021 comparatives are set out in note 3.

RCL CRUISES LTD

Notes to the financial statements (continued) For the year ended 31 December 2022

15 Deferred tax

The deferred tax consists of the following deferred tax assets:

	2022	2021
	\$'000s	\$'000s
Deferred capital allowances and other timing differences	565	574
Carried forward tax losses	151	15
Foreign exchange in overseas branches	(42)	(24)
Net deferred tax asset at 31 December	674	565

Some of RCL Cruises Ltd's overseas branches have unused carried forward tax losses from prior years for which a deferred tax asset has been established. There are no unused UK tax losses.

In the UK, the company has an unrecognised deferred asset relating to unused carried forward foreign tax credits.

None of the group's deferred tax attributes (recognised or unrecognised) are subject to expiration.

The net deferred tax asset is expected to reverse in the following years. This primarily relates to the reversal of timing differences on deferred capital allowances and other timing differences as well as the utilisation of carried forward tax losses.

16 Creditors

	31 December 2022	31 December 2021 (restated)
	\$'000s	\$'000s
Amounts falling due after more than one year		
Deferred income	21,181	19,783
	21,181	19,783
Amounts falling due within one year		
Trade creditors	9,508	13,591
Amounts owed to Group undertakings	2,567,678	2,307,367
Corporation tax payable	296	947
Other taxation and social security	425	502
Accruals and deferred income*	396,733	288,222
	2,974,640	2,610,629
Total creditors	2,995,821	2,630,412

RCL CRUISES LTD

Notes to the financial statements (continued) For the year ended 31 December 2022

16 Creditors (continued)

*Accruals and deferred income has been restated. Details of the restatement of the 2021 comparatives are set out in note 3.

Amounts owed to group undertakings comprise debtor and creditor balances which the company and the counter party have the right and intention to settle on a net basis. This net creditor balance is unsecured, has no fixed date of repayment and is repayable on demand. It includes interest receivable on certain debtor balances which is calculated at an average interest rate of 0.08% for the year ended 31 December 2022 (*year ended 31 December 2021: 0.08%*). Also included is a 0% interest bearing intercompany loan balance to RCL.

17 Provisions for liabilities

	Self -insurance \$'000	Dilapidations \$'000s	Total \$'000s
As at 1 January 2022 (restated)*	64,560	363	64,923
Additions	55,305	-	55,305
Utilised	(33,293)	-	(33,293)
Released	(4,719)	(66)	(4,785)
Unwind of discount	-	10	10
Changes in foreign exchange rates	-	(41)	(41)
As at 31 December 2022	81,853	266	82,119

Dilapidations

The dilapidations provision is in respect of leasehold premises at Building 7, The Heights, Weybridge. The release of the provision is due to a change in interest risk free rate at 3.87% (2021: 1.51%).

Self-insurance

The Self-insurance claims provision arises from estimated exposures for incidents occurring prior to the balance sheet date in respect of guests, crew and other third parties. The provision is estimated based on specific individual claims and actuarial estimates based on historical claims experience. It included a balance of \$30,177k (2021: \$24,746k) which is recoverable from insurance companies and a receivable is included in Other Debtors in note 14.

*The Self-insurance provision has been restated, the details of which are set out in note 3.

RCL CRUISES LTD

Notes to the financial statements (continued) For the year ended 31 December 2022

18 Called up share capital and capital contribution reserves

	31 December 2022	31 December 2021
	\$'000s	\$'000s
Allotted and fully paid		
1,051 (2021: 1,051) ordinary shares of \$1 each	1	1
Capital contribution reserve		
Arising on the acquisition of Royal Caribbean Cruises Espana S.L	2,635	2,635

19 Financial commitments

The Company had the following future minimum payments under non-cancellable operating leases and cruise vessel charters for each of the following periods:

	31 December 2022	31 December 2021
	\$'000s	\$'000s
Land and buildings		
Within one year	1,576	1,370
Within two to five years	6,185	3,498
Over five years	2,530	3,645
Cruise vessel		
Within one year	461,414	572,589
Within one to two years	166,830	173,155
Other assets		
Within one year	226	124
Within two to five years	316	52
Total	639,077	754,433

RCL CRUISES LTD

Notes to the financial statements (continued) For the year ended 31 December 2022

20 Pension

Defined contribution scheme

The Company contributes to defined contribution pension schemes for the benefit of certain of its employees. These schemes require contributions to be made into independently administered funds. Contributions to these funds are charged to the profit and loss account in the year in which they become payable under the rules of the schemes.

The amount recognised as an expense for the defined contribution scheme was:

	2022 \$'000s	2021 \$'000s
Current year contributions	2,156	2,093

21 Related parties

The Company has taken advantage of the exemption contained in FRS 102 as it is a wholly owned subsidiary of RCL. Therefore, the Company has not disclosed transactions or balances with wholly owned entities that form part of the Group headed by RCL.

During the year the Company has not received a dividend payment (2021: \$803k) from Royal Caribbean Cruises Hong Kong Limited.

22 Controlling parties

The immediate parent undertaking, ultimate parent undertaking and controlling party is RCL, a company incorporated in Liberia.

RCL is the only parent undertaking to consolidate these financial statements at 31 December 2022. The consolidated financial statements of RCL are available at www.rclcorporate.com or upon written request at its registered address: 1050 Caribbean Way, Miami, Florida 33132, USA.

RCL CRUISES LTD

Notes to the financial statements (continued)

For the year ended 31 December 2022

23 Subsidiaries and significant undertakings

The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as the Company and its subsidiary undertakings are fully consolidated into the financial statements of its ultimate parent company, RCL, a company incorporated in Liberia.

Consolidated financial statements of RCL and its subsidiaries, including this Company, are publicly available from 1050 Caribbean Way, Miami, Florida 33132, United States of America and at www.rclinvestor.com.

The list of subsidiaries and other significant undertakings is as follows:

<u>Name</u>	<u>Address of registered office</u>	<u>Percentage Held</u>
Greensboro SL	Calle Almagro, 3, 6º Madrid 28010 Spain	100% ordinary shares (Direct)
Royal Caribbean Cruises Hong Kong Limited	Suite 2001, 20th Floor, Tower 1 The Gateway, Harbour City Canton Road, Tsim Sha Tsui Kowloon Hong Kong	100% ordinary shares (Direct)
Royal Celebrity Mexico Crucero S de R L de CV	Blvd. Manuel Avila Camacho 36 Piso 20 Lomas de Chapultepec CP 11000, Mexico D.F. Mexico	100% ordinary shares (Direct)
TUI Cruises GmbH	Heidenkampsweg 58 20097 Hamburg Germany	50% ordinary shares (Indirect)
Torcatt Enterprises SA	San Jose, Goicoechea, San Francisco, Oficentro Torres del Campo, Torre 1, Piso 2º Costa Rica	29% ordinary shares (Direct)
Barcelona Port Investments	Calle Ayala 66 Madrid 28001 Spain	38% ordinary shares (Direct)
Royal Caribbean Manning India Private Ltd	Satellite Gazebo, 002 Ground Floor Andheri Ghatkopar Link Road Chakala, Andheri East Mumbai Mumbai City MH 400093 IN	100% ordinary shares (Direct)

RCL CRUISES LTD

Notes to the financial statements (continued) For the year ended 31 December 2022

23 Subsidiaries and significant undertakings (continued)

Catalonia Cruise Terminal C. S.L.	c/Provenza 392 5 ^o planta 08025 – Barcelona Spain	100% ordinary shares (Direct)
RCL Japan Holdings Ltd	3-22-10-201 Toranomom Minato-ku Tokyo Japan	100% ordinary shares (Direct)
PDI Lelepa Ltd	2 nd Floor Raffea House Lini Highway PO Box 782 Port Vila Vanuatu	100% ordinary shares (Direct)
RCL TUI Cruises Holding GmbH &Co KG	Heidenkampsweg 58 20097 Hamburg Germany	100% ordinary shares (Direct)
RCL TUI Cruises Verwaltungs GmbH	Heidenkampsweg 58 20097 Hamburg Germany	100% ordinary shares (Direct)
Holistica Destinations Ltd	Friary Court, 65 Crutched Friars London United Kingdom	50% ordinary shares (Direct)
Creuers Barcelona	Estacion Maritima Sur Del Muelle De Barcelona S/N Word Trade Center 08039 Barcelona Spain	38% ordinary shares (Indirect)
Creueros Malaga	Estacion Maritima De Levante Puerto De Malaga 29001 Malaga Spain	30% ordinary shares (Indirect)
SATS Creuers	20 Airport Boulevard SATS Inflight Catering Centre 1 Singapore 819659	15% ordinary shares (Indirect)
Oceanadventures S.A.	Isabela Street, 356 and Roberto Schiess Puerto Ayora Santa Cruz Galapagos	29% ordinary shares (Indirect)

RCL CRUISES LTD

Notes to the financial statements (continued) For the year ended 31 December 2022

23 Subsidiaries and significant undertakings (continued)

Fiumicino Waterfront Srl	Via Nazionale 00184 Roma Italy	100% ordinary shares (Direct)
Ravenna Civitas Cruise Port Srl	Viale Sergio Cavina 19 CAP 48123 Ravenna (RA) Italy	51% ordinary shares (Direct)

24 Events after the end of the reporting period

Constellation project

On the 23rd of January 2023, RCL Cruises Ltd acquired 49% of Ravenna Civitas Cruise Port Srl for €2.7 million from VSL Ravenna Srl, the minority shareholder.

On the 3rd of March 2023, the Directors of RCL Cruises Ltd agreed to contribute the following holdings to Constellation Destinations, Ltd ("CD") in exchange for shares in CD.

- 56.67% of its shareholding in Fiumicino Waterfront Srl;
- 49% of its shareholding in Catalonia Cruise Terminal C. S.L;
- 99% of its shareholding in Ravenna Civitas Cruise Port Srl

The next stage in the project was for RCL Cruises Ltd to sell 90% of Constellation Destinations, Ltd in exchange for cash consideration of \$19 million. The Company made capital injections into all three entities before the project was complete.

On the 31st of March 2023, the project was complete. Following completion, RCL Cruises Ltd's ownership was as follows:

- 49% shareholding in Fiumicino Waterfront Srl;
- 55.9% shareholding in Catalonia Cruise Terminal C. S.L;
- 9.9% shareholding in Ravenna Civitas Cruise Port Srl

RCL Cruises Ltd Finnish Branch

On the 27th of February 2023, RCL Cruises Ltd Finnish branch was de-registered.