

CRUISE YACHT UPPER HOLDCO LTD

Interim unaudited Finance Report

30 September 2024

Issued on November 27, 2024



COMPANY REGISTRATION NUMBER: C 79710



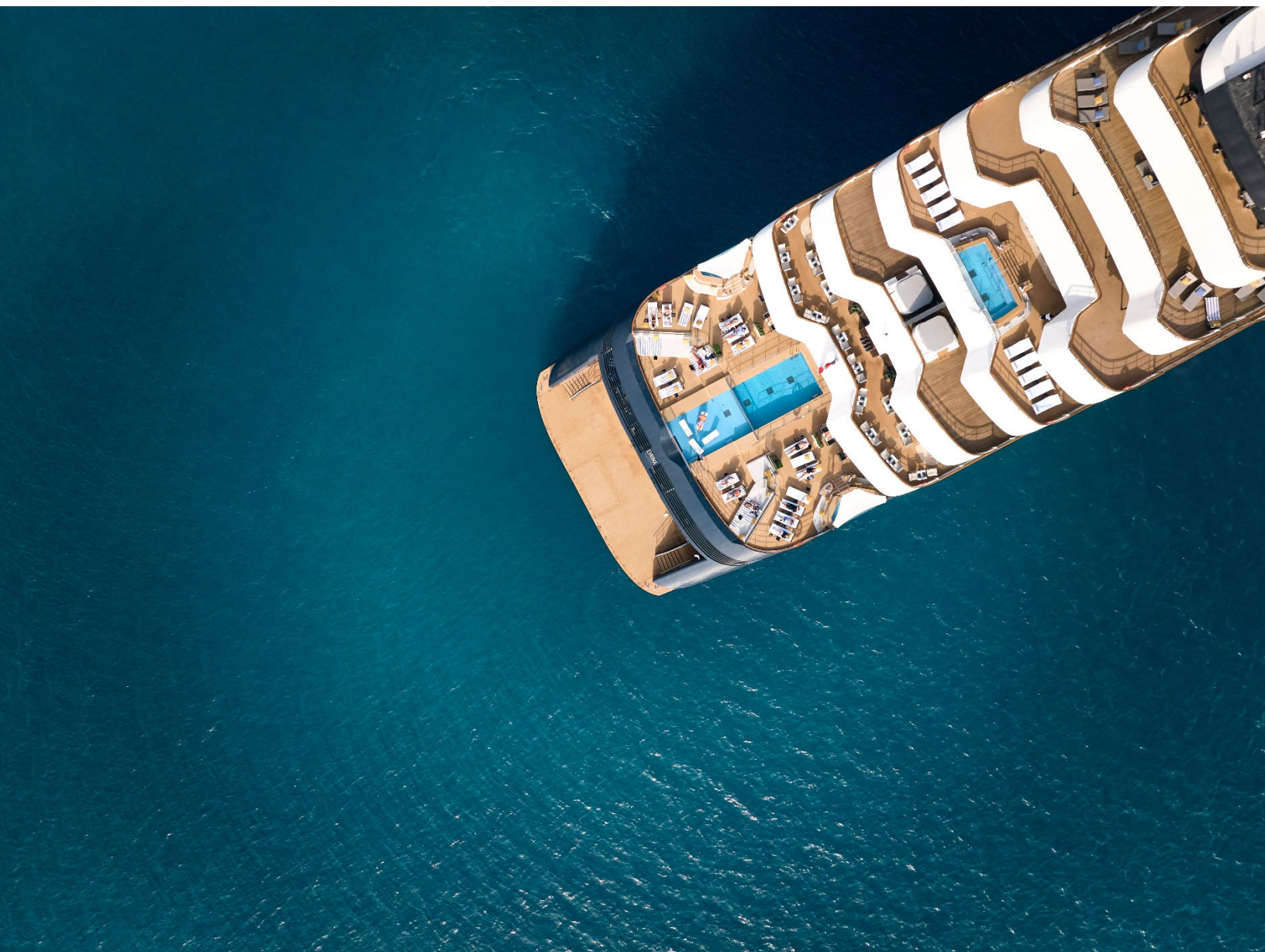
**THE RITZ - CARLTON
YACHT COLLECTION**

Cruise Yacht Upper HoldCo Ltd

Interim unaudited Finance Report as of and for the period ended 30 September 2024

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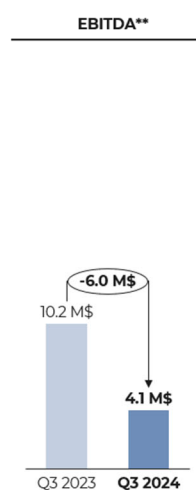
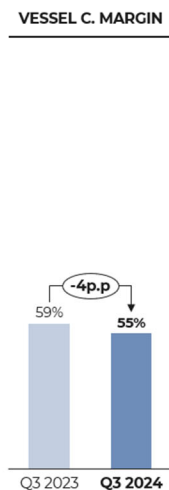
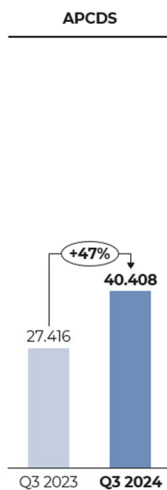
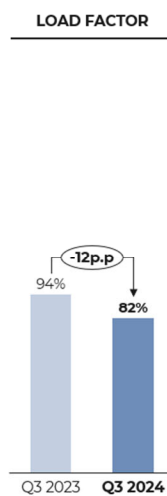
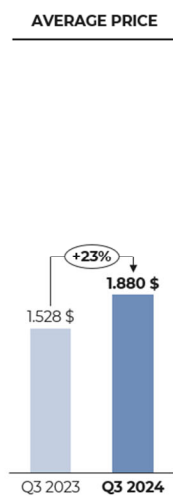
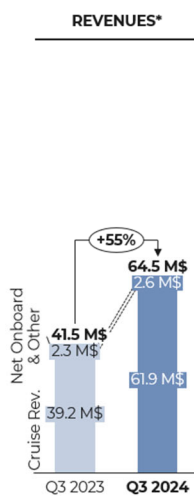
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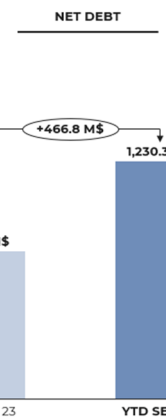
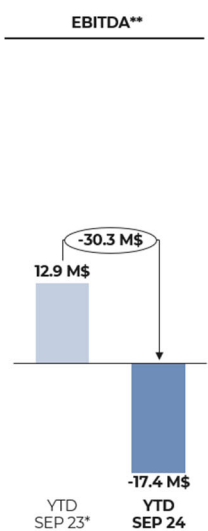
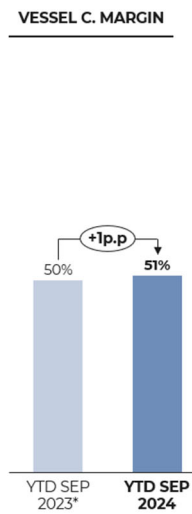
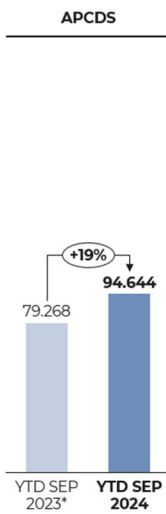
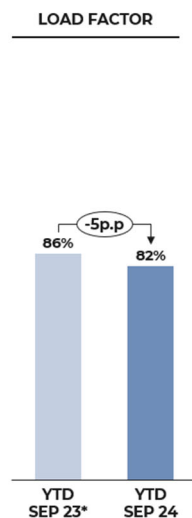
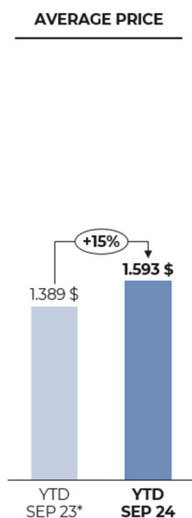
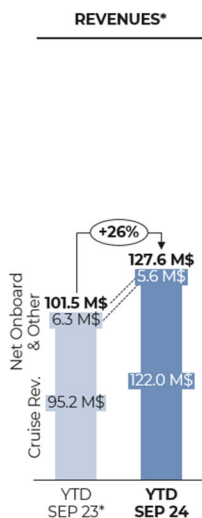
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1. Highlights – Key Figures

Q3 KPIs



Sep YTD KPIs



*Cruise revenues excluding ancillary revenues (Air, Hotel, Transfers, Cancellations, Travel insurance).

**Regarding EBITDA please refer to the note "Definition of Non-IFRS Financial Measures"





2. Management Comments

Cruise Yacht Upper HoldCo is the holding company that builds, owns and operates ultra-luxury cruise yachts under The Ritz Carlton Yacht Collection brand, forming the Ritz Carlton Yacht Collection Group (“the Group”). As of September 2024, the Group now operates two vessels: *Evrima* and *Ilma*, with a combined capacity of 746 guests. The first vessel, *Evrima*, began operations in October 2022, while *Ilma*, the Group’s second vessel, completed its inaugural operating month in September 2024.

Ilma launched to strong media interest and support, receiving positive reviews and articles that sparked increased engagement across our digital platforms. Guest feedback from the initial voyages has been overwhelmingly positive, with satisfaction scores exceeding our ambitious targets. Notably, each sailing has generated a significant stream of future bookings.

We are building demand for our expanded fleet capacity while commanding premium pricing, with *Ilma* achieving an average rate of \$2,165 USD per guest per day during its first month of operations, in line with expectation for the Mediterranean season. This success highlights the appeal of the higher suite category mix, which aligns with our guests’ preferences and spending patterns.



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Meanwhile, *Luminara*, the third vessel, is under construction at the French shipyard Chantiers de l'Atlantique, with delivery expected in June 2025. The ship was floated out in early September and is currently in the outfitting stage, progressing on schedule for its planned delivery.

With *Ilma* delivered in 2024 and *Luminara* slated for 2025, we are scaling up capacity significantly, increasing available passenger cruise days (APCDs) by approximately 60% in 2024, 110% in 2025, and 30% in 2026. To support this growth, we have significantly increased our marketing and sales budgets, expanding our strategies to generate the necessary demand. This effort will continue through 2025 and 2026, after which we aim to leverage brand awareness and repeat guest loyalty to reduce marketing expense incidence from 2027 onward.

As of now, we are concluding 2024 with *Evrima* delivering results well above 2023 performance (+8.9 million USD Q3 YTD) and *Ilma* generating 17.9 million USD in additional revenue since September. Projections for 2024 remain positive, with *Ilma* gaining traction during the Caribbean season. 2024 has been a record year for booking generation, with RCYC achieving almost double the booked revenue from 2023.

Revenues

Evrima continued its Mediterranean operations through Q3, generating cruise revenues of \$44.0 million. *Ilma*, debuting in September in the Mediterranean, achieved \$18 million in cruise revenues* in its first operating month. Average prices significantly increased compared to same time last year, reaching \$1,880 per day vs \$1,528 in Q3 2023, +23% increase. This is the result of successful revenue management and a more favorable suite mix, notably on *Ilma*. The average load factor for the quarter was 82% vs 94% achieved in Q3 2023 with an increase in available berths (capacity) of +47% vs last year. We continue our strategy of prioritizing price increases while building a robust demand and occupancy.

YTD average pricing is \$1,593 which is +15% increase compared to prior year at \$1,389, with occupancy at 82% vs 86% PY. These metrics contributed to cruise revenues* of \$122m as of end of September 2024, a +\$26.8m or +28% increase compared to the prior year YTD. On a like-for-like basis (*Evrima* only), cruise revenues* increase was +\$8.8 million, representing +9% vs prior year. Net onboard and other ancillary revenues as of end of September 2024 are at \$5.6m, slightly below prior year at \$6.3m.

*Cruise revenues excluding ancillary revenues (Air, Hotel, Transfers, Cancellations, Travel insurance).

Vessel Contribution Margin

The Vessel Contribution Margin is slightly higher at 51% on a YTD basis vs 50% prior year, due to higher revenues achieved driven by pricing, combined with increased efficiencies in vessel running costs (mainly in hotel costs). We expect the increase in vessel contribution margin and EBITDA margin to continue due to higher profitability of the new yachts (*Ilma* and *Luminara*) and the economies of scale achieved on SG&A as a result of a growing fleet.



EBITDA

As we build the platform to operate three vessels, our total sales & marketing spend has risen by \$13.4m compared to Q3 2023 and by \$33.7m YTD compared to 2023 levels to support bookings across 2024, 2025 and 2026 sailings. Similarly, payroll costs have increased by \$2.6m for the 3rd quarter and by \$9.8m vs YTD 2023, driven mostly by headcount to support the successful deployment and operations of two vessels.

Q3 2024 EBITDA was at +\$4.1m, with YTD 2024 EBITDA at -\$17.4m, vs previous year of +\$10.2m for Q3 2023 and +\$12.9m for YTD 2023. This is driven by a significant increase in our selling, general and administrative expenses, which are essential to support the group's long-term growth.

Net Debt

Net debt increased to \$1,230m as of September 2024, +\$466.8m compared to September 2023 mostly due to the ECA credit facility drawdowns of \$376m related to the financing of our two vessels *Ilma* and *Luminara*.

On July 5th, the Group placed its first USD300m 11.875% per annum senior secured bonds, maturing on July 5th, 2028. The proceeds were used to repay the existing senior secured PIK Toggle Notes for \$125m and to partly finance remaining capex for the vessels *Ilma* and *Luminara* and general corporate purposes of the Group.

Business Outlook

2025 is a ramp-up year for RCYC, with significant additional capacity being deployed, as it will be the first full year of operations for *Ilma*, and half a year of operations for *Luminara*, our third vessel. We look forward to having her join our fleet to continue to enhance our guest experience and increase satisfaction levels. We remain deeply committed to our guests and the ultra-luxury market, which is still in the early stages of discovering cruising but shows an important growth potential.

The HNWI market continues to be an exceptionally attractive target, with a substantial imbalance between supply and potential demand. As the first mover in this space, RCYC is consolidating its leadership position. The incorporation of lessons learned in our operations and hardware through innovation has allowed us to enhance our offering and will help us continue to maintain an advantage over other entrants in the market. With a robust operating platform delivering exceptional guest satisfaction, we offer unparalleled experiences both onboard and ashore, while already covering all the key destinations.

Our strong presence in the digital marketing space has driven record-breaking sales, boosted by enthusiastic guest reviews and increasing brand awareness. By attracting both new and returning guests, we are consolidating our commercial success and strengthening RCYC's reputation as a leading hospitality brand.



James Joseph Murren
Chief Executive Officer

Ernesto Fara
President and Chief Financial Officer



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3. Consolidated interim Financial Statements

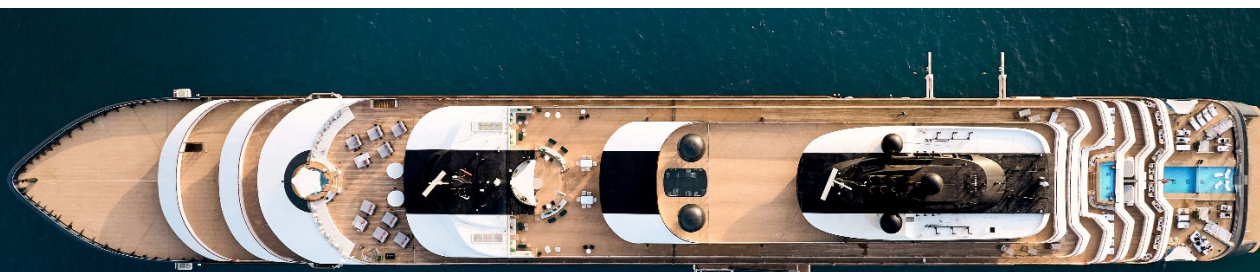
a. Consolidated Unaudited Statement of Financial Position as at 30 September 2024

| | <i>Unaudited</i> | <i>Audited</i> |
|-------------------------------------|-------------------|-------------------|
| | Sep-24 | Dec-23 |
| | \$,000 USD | \$,000 USD |
| ASSETS | | |
| Property, plant and equipment | 1,469,166 | 1,139,379 |
| Right-of-use assets | 3,939 | 4,296 |
| Intangible assets and Goodwill | 22,718 | 5,206 |
| Derivative financial asset | 105 | 680 |
| Other assets | 34,900 | 4,443 |
| Non-current assets | 1,530,828 | 1,154,003 |
| Inventory | 8,260 | 5,650 |
| Other current assets | 29,602 | 12,550 |
| Trade receivables | 48,988 | 26,265 |
| Cash and cash equivalents | 118,960 | 32,261 |
| Current assets | 205,810 | 76,726 |
| Total assets | 1,736,638 | 1,230,729 |
| EQUITY | | |
| Share capital | 615 | 557 |
| Share premium | 606,010 | 548,027 |
| Retained earnings | (368,663) | (268,838) |
| Translation reserve | (62,462) | (63,940) |
| Total equity | 175,499 | 215,806 |
| LIABILITIES | | |
| Loans and borrowings | 1,276,894 | 840,917 |
| Lease liabilities | 4,426 | 4,513 |
| Other non-current liabilities | 29,165 | 18,141 |
| Derivative financial liability | 20,600 | 20,600 |
| Non-current liabilities | 1,331,085 | 884,171 |
| Trade and other payables | 45,867 | 33,186 |
| Contract liabilities | 111,567 | 68,992 |
| Tax liabilities | 110 | 410 |
| Loans and borrowings | 72,389 | 28,045 |
| Lease liabilities | 120 | 120 |
| Current liabilities | 230,053 | 130,753 |
| Total liabilities | 1,561,138 | 1,014,924 |
| Total equity and liabilities | 1,736,638 | 1,230,730 |



3.2. Consolidated Unaudited Statement of Profit or Loss as at 30 September 2024

| | <i>Unaudited</i> | <i>Unaudited</i> | <i>Unaudited</i> | <i>Unaudited</i> | <i>Unaudited</i> |
|--|------------------|------------------|------------------|--------------------|--------------------|
| | Q1 2024 | Q2 2024 | Q3 2024 | YTD September 2024 | YTD September 2023 |
| | \$,000 USD | \$,000 USD | \$,000 USD | \$,000 USD | \$,000 USD |
| Cruise ticket revenues | 28,133 | 34,527 | 64,346 | 127,006 | 101,305 |
| Onboard and other revenues | 3,010 | 2,850 | 5,816 | 11,676 | 8,621 |
| Total revenues | 31,143 | 37,377 | 70,162 | 138,682 | 109,927 |
| Cost of sales | (27,137) | (27,476) | (46,941) | (101,554) | (85,984) |
| Gross (loss)/ profit | 4,006 | 9,901 | 23,222 | 37,129 | 23,942 |
| Selling and Administrative expenses | (23,005) | (26,192) | (29,431) | (78,628) | (33,204) |
| Other operating income | 20 | 638 | 393 | 1,051 | 1 |
| Other operating expenses | (563) | (90) | 60 | (593) | (2,539) |
| Operating (loss)/profit | (19,541) | (15,743) | (5,757) | (41,041) | (11,800) |
| Finance income | 1 | - | (1) | - | - |
| Finance expense | (11,672) | (11,782) | (40,280) | (63,734) | (31,620) |
| Exchange differences | (5,971) | (1,695) | 11,366 | 3,700 | (3,978) |
| Net finance (expense) / income | (17,642) | (13,477) | (28,915) | (60,034) | (35,598) |
| Profit (loss) before tax | (37,183) | (29,220) | (34,672) | (101,075) | (47,398) |
| Income tax | 2 | (25) | (17) | (40) | (63) |
| Profit/(loss) for the year | (37,181) | (29,245) | (34,688) | (101,115) | (47,461) |
| Other comprehensive income | | | | | |
| Items that might be reclassified | | | | | |
| Subsequently to profit or loss | | | | | |
| Exchange differences on translating Foreign operations | (7,472) | (871) | 5,624 | (2,719) | - |
| Total other comprehensive income (loss) | (7,472) | (871) | 5,624 | (2,719) | - |
| Net comprehensive income (loss) for the year | (44,653) | (30,116) | (29,064) | (103,834) | (47,461) |



3.3. Consolidated Unaudited Statement of Cash Flow as at 30 June 2024

| | <i>Unaudited</i> | <i>Audited</i> |
|---|------------------|------------------|
| | Sep-24 | Dec-23 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Total comprehensive profit (Loss) for the year | (101,115) | (86,288) |
| Adjustments for: | | |
| Warrants liability | - | 2,700 |
| Net foreign exchange differences | (3,189) | 2,462 |
| Interest expenses | 63,734 | 45,457 |
| Interest paid | (19,496) | (26,432) |
| Net loss on derivative instruments at fair value through profit or loss | 576 | 2,405 |
| Depreciation and amortisation | 25,068 | 26,931 |
| Taxation | 1,062 | 415 |
| Fair value adjustment on warrants | - | (2,700) |
| Impairment losses | - | 7,242 |
| Changes in: | | |
| Accounts receivable | (22,722) | (237) |
| Prepaid expenses and other receivables | (17,052) | (2,018) |
| Advance ticket sales | 42,575 | 6,560 |
| Key money | 11,024 | (228) |
| Payables and accrued expenses | 12,681 | (3,191) |
| Inventory | (2,610) | 2,214 |
| NET CASH FLOWS USED IN OPERATING ACTIVITIES | (9,465) | (24,708) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Additions to property, plant and equipment | (342,938) | (364,854) |
| Additions to intangible assets | (17,886) | (2,704) |
| Additions to other long term assets | (30,458) | (4,196) |
| NET CASH USED IN INVESTING ACTIVITIES | (391,282) | (371,754) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from the issue of share capital & share premium | 58,041 | 116,180 |
| Proceeds from loans, net of transaction costs | 429,561 | 276,310 |
| Lease liability | (86) | - |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | 487,516 | 392,490 |
| Cash and cash equivalents at beginning of the year | 32,261 | 35,738 |
| Net increase in cash and cash equivalents | 86,769 | (3,972) |
| Effect of exchange fluctuations on cash held | (70) | 495 |
| CASH AND CASH EQUIVALENTS | 118,960 | 32,261 |



3.4. Statement of changes in Equity as at 30 September 2024

| | Share capital \$,000 USD | Share premium \$,000 USD | Accumulated losses \$,000 USD | Translation reserve \$,000 USD | Total equity \$,000 USD |
|--|--------------------------------|--------------------------------|-------------------------------------|--------------------------------------|-------------------------------|
| Balances at 1 January 2023 | 441 | 431,963 | (181,823) | (82,804) | 167,777 |
| <i>A</i> | | | | | |
| <i>u</i> Loss for the period | - | - | (86,288) | - | (86,288) |
| <i>d</i> Other comprehensive income | - | - | (727) | 18,864 | 18,137 |
| <i>i</i> Total comprehensive income | - | - | (87,014) | 18,864 | (68,151) |
| <i>t</i> Transactions with owners of the | | | | | |
| <i>e</i> Company: | | | | | |
| <i>d</i> Issue of Class A1 ordinary shares | 116 | 116,064 | - | - | 116,180 |
| Balances at 31 December 2023 | 557 | 548,027 | (268,837) | (63,940) | 215,806 |
| <i>U</i> Balances at 1 January 2024 | 557 | 548,027 | (268,837) | (63,940) | 215,807 |
| <i>n</i> Loss for the period | - | - | (101,115) | - | (101,115) |
| <i>a</i> Other comprehensive income | - | - | 1,288 | 1,478 | 2,766 |
| <i>u</i> Total comprehensive income | - | - | (99,827) | 1,478 | (98,349) |
| <i>d</i> Transactions with owners of the | | | | | |
| <i>i</i> Company: | | | | | |
| <i>t</i> Issue of Class A1 ordinary shares | 58 | 57,983 | - | - | 58,041 |
| <i>e</i> | | | | | |
| Balances at 30 September 2024 | 615 | 606,010 | (368,664) | (62,462) | 175,499 |



4. Notes to interim Financial Report

General Information

Cruise Yacht Upper Holdco Ltd (“the Company”) is a private limited liability company incorporated and domiciled in Malta with registration number C79710. The Company’s registered office is Vault 14, Level 2, Valletta Waterfront Floriana FRN 1914 Malta.

The Company and its subsidiaries (“The Group”) main business is to build, own and operate luxury cruise yachts.

Basis for preparation

The accompanying condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB), including IAS 34 Interim Financial Reporting. The financial statements are prepared on a going-concern basis.

Accounting Policies

The accounting policies adopted in preparing the interim unaudited financial statements are consistent with those followed in preparing the Company’s Audited Consolidated Financial Statements and accompanying notes for the financial year ending December 31, 2023.

The consolidated interim unaudited financial statements do not include all the information required for complete annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements for 2023.

New and updated accounting standards: no IFRS or IFRIC interpretations that are not yet effective are expected to have a material impact on the Group.

Definition of Non-IFRS Financial Measures

EBITDA is a non-IFRS financial measure, calculated by excluding from operating result, depreciation, amortization and impairment.





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