

CRUISE YACHT UPPER HOLDCO LTD

Interim unaudited Finance Report

30 June 2024

Issued on August 28, 2024



COMPANY REGISTRATION NUMBER: C 79710



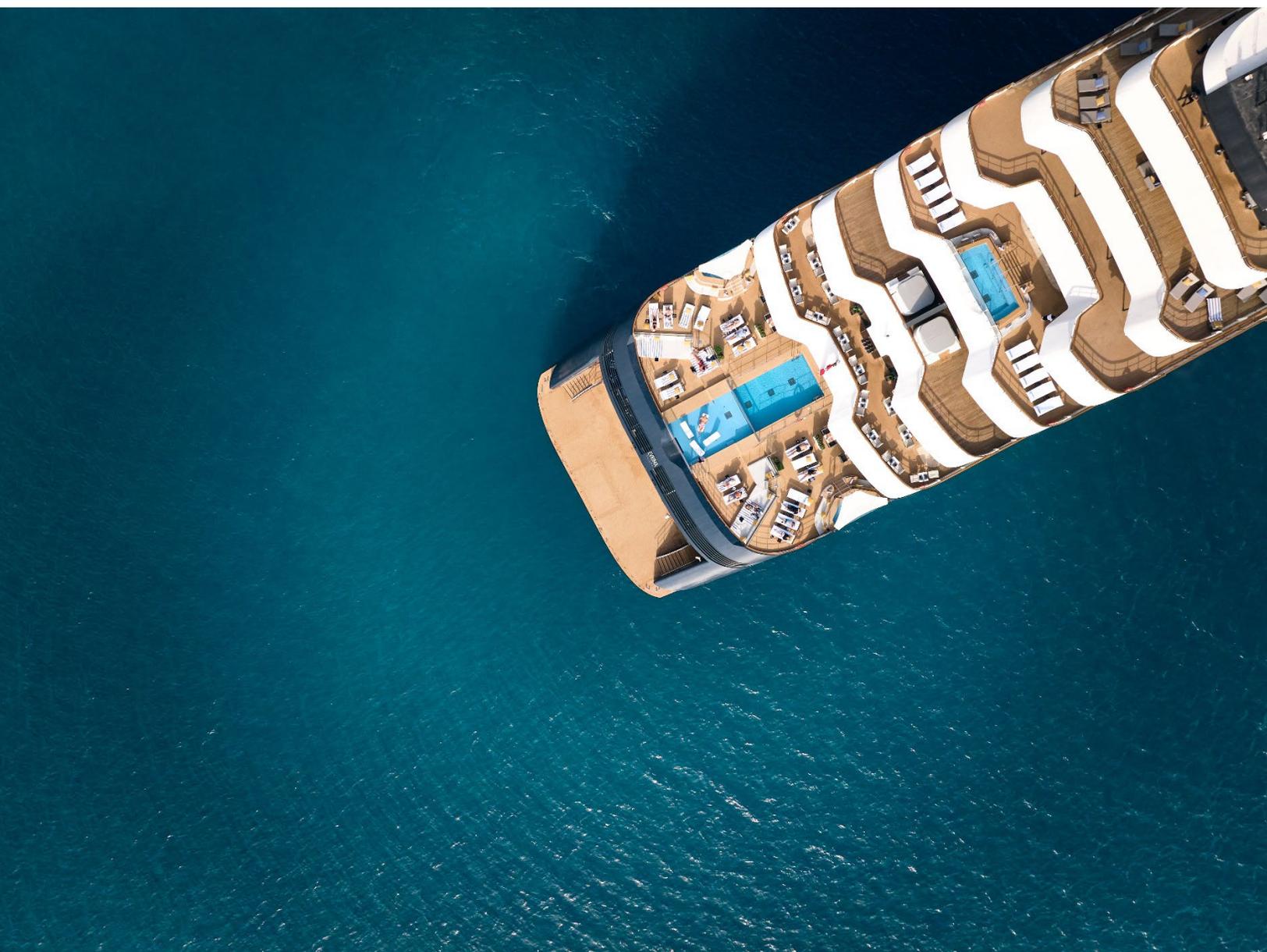
**THE RITZ - CARLTON
YACHT COLLECTION**

Cruise Yacht Upper HoldCo Ltd

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

CONTENT

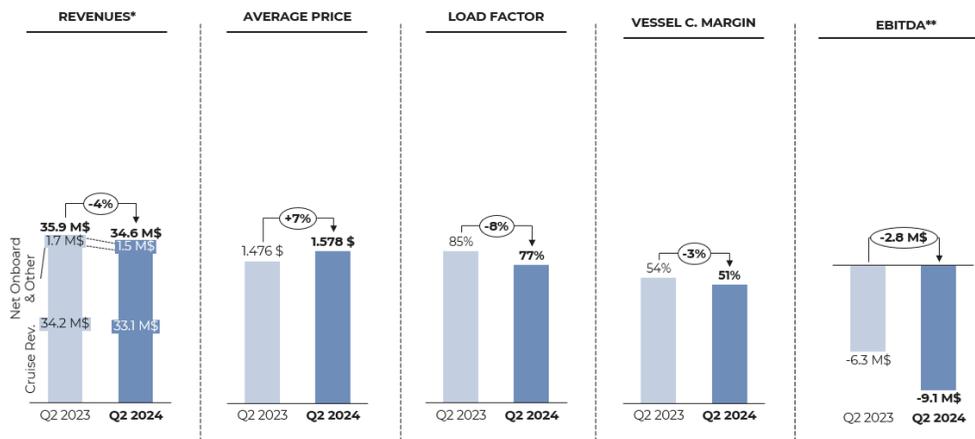
1. Highlights – Key Figures	3
2. Management Comments	4
3. Consolidated interim Financial Statements	5
4. Notes to interim Financial report	6



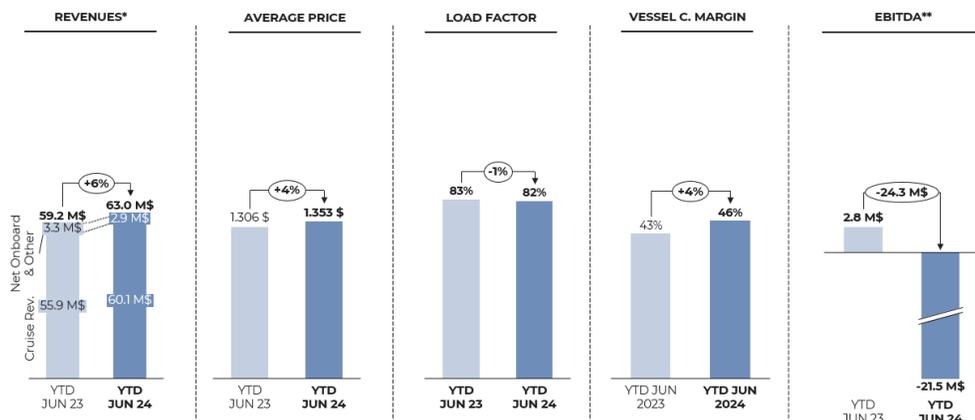
**THE RITZ-CARLTON
YACHT COLLECTION**

1. Highlights – Key Figures

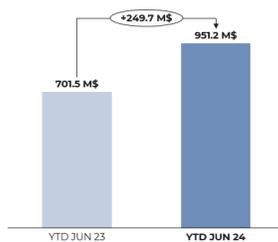
Q2 KPIs



Jun YTD KPIs



NET DEBT



*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 June 2024, Evrima is the only operating vessel, operating since October 2022.

Ilma, the 2nd vessel of the Group has been successfully delivered on July 12th and will start welcoming guests on September 2nd and Luminara, the 3rd vessel, is being constructed at the French shipyard Chantiers de l’Atlantique and is expected to be delivered in June 2025.

Revenues

After spending Q1 in the Caribbean, Evrima transitioned to the Mediterranean for Q2, achieving cruise revenues* of \$33.1m, fairly in line with debuting season Q2 2023 revenue of \$34.2m. Average load factor for the quarter was 77.4%, lower than 85.3% achieved in Q2 2023. However, this was mostly offset by important price increases achieved, with an average price per day of \$1,578, reflecting a 7% increase compared to previous year.

Year-to-date (YTD) load factor in 2024 shows a high occupancy at 81.9%, fairly in line with same time last year (STLY) at 82.6%. YTD average pricing is at \$1,353 which is a 4% increase compared to STLY. These metrics contributed to cruise revenues of \$60.1m as of end of June 2024, a \$4.2m or 7% increase compared to the prior year, year to date. Net onboard and other ancillary revenues as of end of June 2024 are fairly in line with the prior year at \$2.9m.

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



**THE RITZ - CARLTON
YACHT COLLECTION**

Vessel Contribution Margin

The Vessel Contribution Margin improves on a YTD basis at 46% vs 43% prior year, due to higher revenues achieved driven by pricing combined with increased efficiencies in vessel running costs (mainly in hotel costs).

EBITDA

Q2 2024 EBITDA was at -\$9.1m, with YTD 2024 EBITDA at -\$21.5m, both of which are lower than the previous year (-\$2.8m for Q2 2023 and -\$24.3m for YTD 2023). This decrease reflects a significant increase in our selling, general and administrative expenses, which are essential to support the group's long-term growth. As we build the platform to operate three vessels, our marketing spend has risen by \$11m for Q2 2024 and by \$20.4m YTD 2024, compared to 2023 levels. Similarly, payroll costs have increased by \$3.2m for Q2 2023 and by \$1.2m YTD 2023. Considering our capacity is increasing by +150% in 2024 and another +60% in 2025, and due to the nature of our business and extended booking windows, it is natural to see a spike in these investments in sales and marketing and headcount 12-18 months before the revenue from the voyages is realized.

Net Debt

Net debt increased to \$951m as of June 2024 (+\$250m compared to June 2023 mostly due to the ECA credit facility drawdowns of \$277m related to the financing of our two vessels Ilma and Luminara). Also, subsequent to Q2, the Group placed on July 5th 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 \$125,000 and to partly finance remaining capex for the vessels Ilma and Luminara and general corporate purposes of the Group.

Perspectives

Whilst Evrima will continue sailing in the Mediterranean in Q3 (until the crossing in Q4 to the Caribbean), we are looking forward to the launch of Ilma on September 2nd. We also continue our commitment to expanding our superyacht fleet, with Luminara's float scheduled for late Q3 2025.

James Joseph Murren
Chief Executive Officer

Ernesto Fara
President and Chief Financial Officer



**THE RITZ - CARLTON
YACHT COLLECTION**



**THE RITZ - CARLTON
YACHT COLLECTION**

3. Consolidated interim Financial Statements

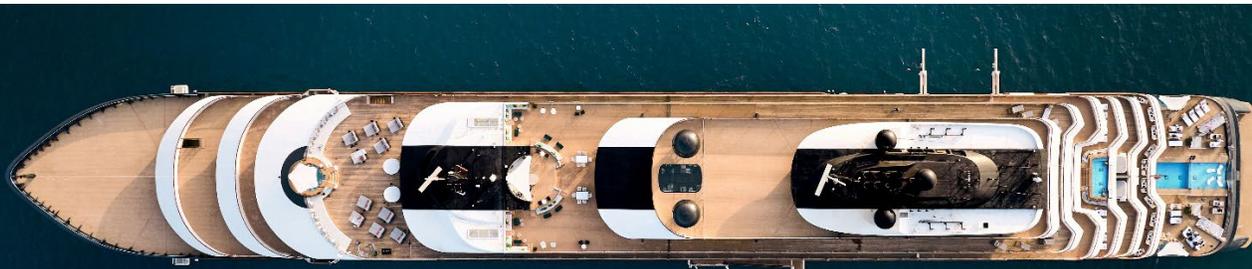
a. Consolidated Unaudited Statement of Financial Position as at 30 June 2024

	<i>Unaudited</i>	<i>Audited</i>
	Jun-24	Dec-23
	\$,000 USD	\$,000 USD
ASSETS		
Property, plant and equipment	1,270,443	1,139,379
Right-of-use assets	4,058	4,296
Intangible assets and Goodwill	8,090	5,206
Derivative financial asset	43	680
Other assets	4,434	4,443
Non-current assets	1,287,068	1,154,003
Inventory	5,264	5,650
Other current assets	17,129	12,550
Trade receivables	44,014	26,265
Cash and cash equivalents	44,345	32,261
Current assets	110,752	76,726
Total assets	1,397,820	1,230,729
EQUITY		
Share capital	615	557
Share premium	606,010	548,027
Retained earnings	(333,976)	(268,838)
Translation reserve	(73,571)	(63,940)
Total equity	199,078	215,806
LIABILITIES		
Loans and borrowings	944,863	840,917
Lease liabilities	4,414	4,513
Other non-current liabilities	17,508	18,141
Derivative financial liability	20,600	20,600
Non-current liabilities	987,385	884,171
Trade and other payables	33,154	33,186
Contract liabilities	127,266	68,992
Tax liabilities	110	410
Loans and borrowings	50,707	28,045
Lease liabilities	120	120
Current liabilities	211,357	130,753
Total liabilities	1,198,742	1,014,924
Total equity and liabilities	1,397,820	1,230,730



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

	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
	Q1 2024	Q2 2024	YTD June 2024	YTD June 2023
	<u>\$,000 USD</u>	<u>\$,000 USD</u>	<u>\$,000 USD</u>	<u>\$,000 USD</u>
Cruise ticket revenues	28,133	34,527	62,660	58,991
Onboard and other revenues	3,010	2,850	5,860	5,378
Total revenues	31,143	37,377	68,520	64,370
Cost of sales	(27,137)	(27,476)	(54,613)	(56,207)
Gross (loss)/ profit	4,006	9,901	13,907	8,162
Selling and Administrative expenses	(23,005)	(26,192)	(49,197)	(20,169)
Other operating income	20	638	658	1
Other operating expenses	(563)	(90)	(653)	(1,807)
Operating (loss)/profit	(19,541)	(15,743)	(35,284)	(13,812)
Finance income	0	-	0	-
Finance expense	(11,672)	(11,782)	(23,454)	(20,323)
Exchange differences	(5,971)	(1,695)	(7,666)	(2,994)
Net finance (expense) / income	(17,643)	(13,477)	(31,120)	(23,317)
Profit (loss) before tax	(37,184)	(29,220)	(66,404)	(37,129)
Income tax	2	(25)	(23)	29
Profit/(loss) for the year	(37,182)	(29,245)	(66,427)	(37,100)
Other comprehensive income				
Items that might be reclassified				
Subsequently to profit or loss				
Exchange differences on translating Foreign operations	(7,472)	(871)	(8,343)	-
Total other comprehensive income (loss)	(7,472)	(871)	(8,343)	-
Net comprehensive income (loss) for the year	(44,654)	(30,116)	(74,770)	(37,100)



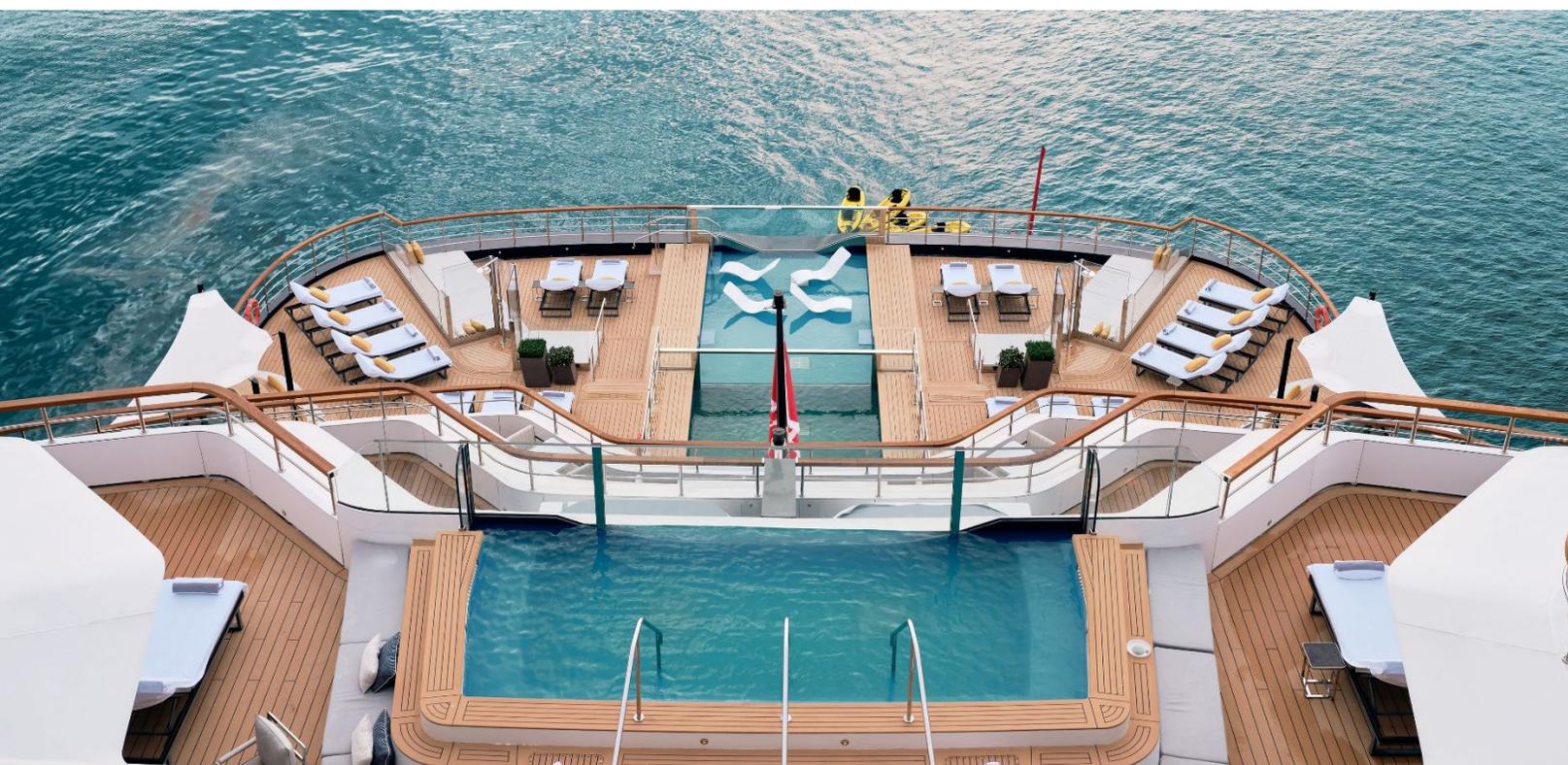
3.3. Consolidated Unaudited Statement of Cash Flow as at 30 June 2024

	<i>Unaudited</i>	<i>Audited</i>
	Jun-24	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Total comprehensive profit (Loss) for the year	(66,427)	(86,288)
Adjustments for:		
Warrants liability	-	2,700
Net foreign exchange differences	6,528	2,462
Interest expenses	22,482	45,457
Interest paid	(15,076)	(26,432)
Net loss on derivative instruments at fair value through profit or loss	762	2,405
Depreciation and amortisation	13,803	26,931
Taxation	(24)	415
Fair value adjustment on warrants	-	(2,700)
Impairment losses	-	7,242
Changes in:		
Accounts receivable	(17,748)	(237)
Prepaid expenses and other receivables	(4,579)	(2,018)
Advance ticket sales	58,274	6,560
Key money	(633)	(228)
Payables and accrued expenses	(32)	(3,191)
Inventory	386	2,214
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(2,284)	(24,708)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(144,382)	(364,854)
Additions to intangible assets	(3,258)	(2,704)
Additions to other long term assets	9	(4,196)
NET CASH USED IN INVESTING ACTIVITIES	(147,631)	(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	104,126	276,310
Lease liability	(99)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	162,068	392,490
Cash and cash equivalents at beginning of the year	32,261	35,738
Net increase in cash and cash equivalents	12,153	(3,972)
Effect of exchange fluctuations on cash held	(70)	495
CASH AND CASH EQUIVALENTS	44,344	32,261



3.4. Statement of changes in Equity as at 30 June 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	-	-	(66,427)	-	(66,427)
<i>a</i> Other comprehensive income	-	-	1,288	(9,631)	(8,343)
<i>u</i> Total comprehensive income	-	-	(65,139)	(9,631)	(74,770)
<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 June 2024	615	606,010	(333,976)	(73,571)	199,078



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.





**THE RITZ - CARLTON
YACHT COLLECTION**