

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended August 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 001-9610

Carnival Corporation

(Exact name of registrant as specified in its charter)

Republic of Panama

(State or other jurisdiction of incorporation or organization)

59-1562976

(I.R.S. Employer Identification No.)

3655 N.W. 87th Avenue

Miami, Florida 33178-2428

(Address of principal executive offices)
(Zip Code)

(305) 599-2600

(Registrant's telephone number, including area code)

None

(Former name, former address and former fiscal year, if changed since last report)

Commission file number: 001-15136

Carnival plc

(Exact name of registrant as specified in its charter)

England and Wales

(State or other jurisdiction of incorporation or organization)

98-0357772

(I.R.S. Employer Identification No.)

Carnival House, 100 Harbour Parade

Southampton SO15 1ST United Kingdom

(Address of principal executive offices)
(Zip Code)

011 44 23 8065 5000

(Registrant's telephone number, including area code)

None

(Former name, former address and former fiscal year, if changed since last report)



Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock (\$0.01 par value)	CCL	New York Stock Exchange, Inc.
Ordinary Shares each represented by American Depositary Shares (\$1.66 par value), Special Voting Share, GBP 1.00 par value and Trust Shares of beneficial interest in the P&O Princess Special Voting Trust	CUK	New York Stock Exchange, Inc.
1.000% Senior Notes due 2029	CUK29	New York Stock Exchange LLC

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrants have submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrants were required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrants are large accelerated filers, accelerated filers, non-accelerated filers, smaller reporting companies, or emerging growth companies. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filers ☒ Accelerated filers ☐ Non-accelerated filers ☐ Smaller reporting companies ☐ Emerging growth companies ☐

If emerging growth companies, indicate by check mark if the registrants have elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

At September 23, 2024, Carnival Corporation had outstanding 1,154,164,826 shares of Common Stock, \$0.01 par value.

At September 23, 2024, Carnival plc had outstanding 187,682,334 Ordinary Shares \$1.66 par value, one Special Voting Share, GBP 1.00 par value and 1,154,164,826 Trust Shares of beneficial interest in the P&O Princess Special Voting Trust.

CARNIVAL CORPORATION & PLC

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2024	2023	2024	2023
Revenues				
Passenger ticket	\$ 5,239	\$ 4,546	\$ 12,609	\$ 10,557
Onboard and other	2,657	2,308	6,474	5,640
	<u>7,896</u>	<u>6,854</u>	<u>19,083</u>	<u>16,197</u>
Operating Expenses				
Commissions, transportation and other	958	823	2,510	2,097
Onboard and other	866	752	2,043	1,785
Payroll and related	575	585	1,812	1,768
Fuel	515	468	1,546	1,492
Food	393	364	1,099	1,000
Other operating	995	928	2,796	2,546
Cruise and tour operating expenses	4,303	3,921	11,805	10,688
Selling and administrative	763	713	2,366	2,162
Depreciation and amortization	651	596	1,898	1,774
	<u>5,718</u>	<u>5,230</u>	<u>16,070</u>	<u>14,624</u>
Operating Income	<u>2,178</u>	<u>1,624</u>	<u>3,013</u>	<u>1,572</u>
Nonoperating Income (Expense)				
Interest income	19	59	77	183
Interest expense, net of capitalized interest	(431)	(518)	(1,352)	(1,600)
Debt extinguishment and modification costs	(13)	(81)	(78)	(112)
Other income (expense), net	(10)	(19)	(35)	(67)
	<u>(435)</u>	<u>(559)</u>	<u>(1,388)</u>	<u>(1,595)</u>
Income (Loss) Before Income Taxes	<u>1,743</u>	<u>1,065</u>	<u>1,626</u>	<u>(23)</u>
Income Tax Benefit (Expense), Net	<u>(8)</u>	<u>9</u>	<u>(13)</u>	<u>(3)</u>
Net Income (Loss)	<u>\$ 1,735</u>	<u>\$ 1,074</u>	<u>\$ 1,613</u>	<u>\$ (26)</u>
Earnings Per Share				
Basic	<u>\$ 1.37</u>	<u>\$ 0.85</u>	<u>\$ 1.27</u>	<u>\$ (0.02)</u>
Diluted	<u>\$ 1.26</u>	<u>\$ 0.79</u>	<u>\$ 1.21</u>	<u>\$ (0.02)</u>

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

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

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2024	2023	2024	2023
Net Income (Loss)	<u>\$ 1,735</u>	<u>\$ 1,074</u>	<u>\$ 1,613</u>	<u>\$ (26)</u>
Items Included in Other Comprehensive Income (Loss)				
Change in foreign currency translation adjustment	64	(17)	71	82
Other	(38)	24	(26)	4
Other Comprehensive Income (Loss)	<u>26</u>	<u>7</u>	<u>45</u>	<u>86</u>
Total Comprehensive Income (Loss)	<u><u>\$ 1,761</u></u>	<u><u>\$ 1,081</u></u>	<u><u>\$ 1,658</u></u>	<u><u>\$ 60</u></u>

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

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

	August 31, 2024	November 30, 2023
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,522	\$ 2,415
Trade and other receivables, net	632	556
Inventories	492	528
Prepaid expenses and other	980	1,767
Total current assets	<u>3,626</u>	<u>5,266</u>
Property and Equipment, Net	42,380	40,116
Operating Lease Right-of-Use Assets, Net	1,383	1,265
Goodwill	579	579
Other Intangibles	1,173	1,169
Other Assets	665	725
	<u><u>\$ 49,805</u></u>	<u><u>\$ 49,120</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Current portion of long-term debt	\$ 2,214	\$ 2,089
Current portion of operating lease liabilities	159	149
Accounts payable	1,062	1,168
Accrued liabilities and other	2,393	2,003
Customer deposits	6,436	6,072
Total current liabilities	<u>12,265</u>	<u>11,481</u>
Long-Term Debt	26,642	28,483
Long-Term Operating Lease Liabilities	1,258	1,170
Other Long-Term Liabilities	1,042	1,105
Contingencies and Commitments		
Shareholders' Equity		
Carnival Corporation common stock, \$0.01 par value; 1,960 shares authorized; 1,253 shares issued at 2024 and 1,250 shares issued at 2023	13	12
Carnival plc ordinary shares, \$1.66 par value; 217 shares issued at 2024 and 2023	361	361
Additional paid-in capital	16,723	16,712
Retained earnings	1,798	185
Accumulated other comprehensive income (loss) ("AOCI")	(1,894)	(1,939)
Treasury stock, 130 shares at 2024 and 2023 of Carnival Corporation and 73 shares at 2024 and 2023 of Carnival plc, at cost	<u>(8,404)</u>	<u>(8,449)</u>
Total shareholders' equity	<u>8,597</u>	<u>6,882</u>
	<u><u>\$ 49,805</u></u>	<u><u>\$ 49,120</u></u>

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

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

	Nine Months Ended August 31,	
	2024	2023
OPERATING ACTIVITIES		
Net income (loss)	\$ 1,613	\$ (26)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization	1,898	1,774
Impairments	2	19
(Gain) loss on debt extinguishment	75	99
(Income) loss from equity-method investments	(3)	16
Share-based compensation	47	43
Amortization of discounts and debt issue costs	107	126
Noncash lease expense	105	109
Gain on sales of ships	(8)	(54)
Other	92	39
	<u>3,928</u>	<u>2,145</u>
Changes in operating assets and liabilities		
Receivables	(72)	(99)
Inventories	33	(43)
Prepaid expenses and other assets	509	74
Accounts payable	(58)	31
Accrued liabilities and other	245	155
Customer deposits	427	1,097
Net cash provided by (used in) operating activities	<u>5,012</u>	<u>3,359</u>
INVESTING ACTIVITIES		
Purchases of property and equipment	(4,034)	(2,609)
Proceeds from sales of ships	16	260
Other	57	28
Net cash provided by (used in) investing activities	<u>(3,961)</u>	<u>(2,322)</u>
FINANCING ACTIVITIES		
Repayments of short-term borrowings	—	(200)
Principal repayments of long-term debt	(4,839)	(6,828)
Debt issuance costs	(122)	(116)
Debt extinguishment costs	(41)	(67)
Proceeds from issuance of long-term debt	3,048	2,961
Proceeds from issuance of common stock	—	5
Proceeds from issuance of common stock under the Stock Swap Program	—	22
Purchase of treasury stock under the Stock Swap Program	—	(20)
Other	1	14
Net cash provided by (used in) financing activities	<u>(1,953)</u>	<u>(4,229)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	10	25
Net increase (decrease) in cash, cash equivalents and restricted cash	<u>(893)</u>	<u>(3,166)</u>
Cash, cash equivalents and restricted cash at beginning of period	2,436	6,037
Cash, cash equivalents and restricted cash at end of period	<u>\$ 1,543</u>	<u>\$ 2,870</u>

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

CARNIVAL CORPORATION & PLC
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(UNAUDITED)
(in millions)

	Three Months Ended						
	Common stock	Ordinary shares	Additional paid-in capital	Retained earnings (accumulated deficit)	AOCI	Treasury stock	Total shareholders' equity
At May 31, 2024	\$ 13	\$ 361	\$ 16,701	\$ 62	\$ (1,919)	\$ (8,404)	\$ 6,814
Net income (loss)	—	—	—	1,735	—	—	1,735
Other comprehensive income (loss)	—	—	—	—	26	—	26
Share-based compensation and other	—	—	22	—	—	—	22
At August 31, 2024	<u>\$ 13</u>	<u>\$ 361</u>	<u>\$ 16,723</u>	<u>\$ 1,798</u>	<u>\$ (1,894)</u>	<u>\$ (8,404)</u>	<u>\$ 8,597</u>
At May 31, 2023	\$ 12	\$ 361	\$ 16,684	\$ (841)	\$ (1,903)	\$ (8,449)	\$ 5,865
Net income (loss)	—	—	—	1,074	—	—	1,074
Other comprehensive income (loss)	—	—	—	—	7	—	7
Share-based compensation and other	—	—	15	—	—	—	15
At August 31, 2023	<u>\$ 12</u>	<u>\$ 361</u>	<u>\$ 16,699</u>	<u>\$ 233</u>	<u>\$ (1,896)</u>	<u>\$ (8,449)</u>	<u>\$ 6,960</u>

Nine Months Ended							
	Common stock	Ordinary shares	Additional paid-in capital	Retained earnings	AOCI	Treasury stock	Total shareholders' equity
At November 30, 2023	\$ 12	\$ 361	\$ 16,712	\$ 185	\$ (1,939)	\$ (8,449)	\$ 6,882
Net income (loss)	—	—	—	1,613	—	—	1,613
Other comprehensive income (loss)	—	—	—	—	45	—	45
Issuance of treasury shares for vested share-based awards	—	—	(47)	—	—	47	—
Share-based compensation and other	—	—	59	—	—	(2)	57
At August 31, 2024	<u>\$ 13</u>	<u>\$ 361</u>	<u>\$ 16,723</u>	<u>\$ 1,798</u>	<u>\$ (1,894)</u>	<u>\$ (8,404)</u>	<u>\$ 8,597</u>
At November 30, 2022	\$ 12	\$ 361	\$ 16,872	\$ 269	\$ (1,982)	\$ (8,468)	\$ 7,065
Change in accounting principle (a)	—	—	(229)	(10)	—	—	(239)
Net income (loss)	—	—	—	(26)	—	—	(26)
Other comprehensive income (loss)	—	—	—	—	86	—	86
Issuances of common stock, net	—	—	5	—	—	—	5
Conversion of Convertible Notes	—	—	3	—	—	—	3
Purchases and issuances under the Stock Swap program, net	—	—	22	—	—	(20)	2
Issuance of treasury shares for vested share-based awards	—	—	(41)	—	—	41	—
Share-based compensation and other	—	—	67	—	—	(2)	65
At August 31, 2023	<u>\$ 12</u>	<u>\$ 361</u>	<u>\$ 16,699</u>	<u>\$ 233</u>	<u>\$ (1,896)</u>	<u>\$ (8,449)</u>	<u>\$ 6,960</u>

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

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

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

NOTE 1 – General

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

Basis of Presentation

The accompanying consolidated financial statements are unaudited and, in the opinion of our management, contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) have been condensed or omitted as permitted by such Securities and Exchange Commission rules and regulations. The preparation of our interim consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported and disclosed. We have made reasonable estimates and judgments of such items within our financial statements and there may be changes to those estimates in future periods. Our operations are seasonal and results for interim periods are not necessarily indicative of the results for the entire year.

Our interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the related notes included in the Carnival Corporation & plc 2023 joint Annual Report on Form 10-K (“Form 10-K”) filed with the U.S. Securities and Exchange Commission (“SEC”) on January 26, 2024.

For 2023, we reclassified \$11 million from restricted cash to prepaid expenses and other in the Consolidated Balance Sheets to conform to the current year presentation.

Accounting Pronouncements

In September 2022, the Financial Accounting Standards Board (“FASB”) issued guidance, *Liabilities-Supplier Finance Programs - Disclosure of Supplier Finance Program Obligations*. This guidance requires that a buyer in a supplier finance program disclose sufficient information about the program to allow a user of financial statements to understand the program’s nature, activity during the period, changes from period to period, and potential magnitude. On December 1, 2023, we adopted this guidance using the retrospective method for each period presented. The adoption of this guidance had no impact on our consolidated financial statements and disclosures.

In November 2023, the FASB issued guidance, *Segment Reporting - Improvements to Reportable Segment Disclosures*. This guidance requires annual and interim disclosure of significant segment expenses that are provided to the chief operating decision maker (“CODM”) as well as interim disclosures for all reportable segments’ profit or loss and assets. This guidance also requires disclosure of the title and position of the CODM and an explanation of how the CODM uses the reported measures of segment profit or loss in assessing segment performance and deciding how to allocate resources. This guidance is required to be adopted by us in 2025. We are currently evaluating the impact this guidance will have on our consolidated financial statements and disclosures.

In December 2023, the FASB issued guidance, *Income Taxes - Improvements to Income Tax Disclosures*. This guidance requires disaggregation of rate reconciliation categories and income taxes paid by jurisdiction, as well as other amendments relating to income tax disclosures. This guidance is required to be adopted by us in 2026. We are currently evaluating the impact this guidance will have on our consolidated financial statements and disclosures.

Regulatory Updates

We became subject to the EU Emissions Trading Scheme (“ETS”) on January 1, 2024, which includes a three-year phase-in period. The ETS regulates emissions through a “cap and trade” principle, where a cap is set on the total amount of certain emissions that can be emitted and requires us to procure emission allowances for certain emissions inside EU waters (as defined in the ETS). We record emission allowances at cost within prepaid expenses and other or other assets, based on the timing of when they are required to be surrendered. We record expense for emissions inside EU waters within fuel expense in the period incurred. As of August 31, 2024, the cost of allowances purchased was \$49 million. For the three and nine months ended August 31, 2024, expense for ETS emissions were not material.

Brand Realignment

In June 2024, we announced that we will sunset the P&O Cruises (Australia) brand and fold the Australia operations into Carnival Cruise Line in March 2025. We do not anticipate this realignment to have a material impact on our consolidated financial statements.

NOTE 2 – Revenue and Expense Recognition

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

Our sales to guests of air and other transportation to and from airports near the home ports of our ships are included in passenger ticket revenues, and the related costs of these services are included in prepaid expenses and other when paid prior to the start of a voyage and are subsequently recognized in transportation costs at the time of revenue recognition. The cost of prepaid air and other transportation costs at August 31, 2024 and November 30, 2023 were \$235 million and \$253 million. The proceeds that we collect from the sales of third-party shore excursions are included in onboard and other revenues and the related costs are included in onboard and other costs. The amounts collected on behalf of our onboard concessionaires, net of the amounts remitted to them, are included in onboard and other revenues as concession revenues. All of these amounts are recognized on a completed voyage or pro rata basis as discussed above.

Passenger ticket revenues include fees, taxes and charges collected by us from our guests. The fees, taxes and charges that vary with guest head counts are expensed in commissions, transportation and other costs when the corresponding revenues are recognized. The remaining portion of fees, taxes and charges are generally expensed in other operating expenses when the corresponding revenues are recognized.

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

Customer Deposits

Our payment terms generally require an initial deposit to confirm a reservation, with the balance due prior to the voyage. Cash received from guests in advance of the cruise is recorded in customer deposits and in other long-term liabilities on our Consolidated Balance Sheets. These amounts include refundable deposits. In certain situations, we have provided flexibility to guests by allowing guests to rebook at a future date, receive future cruise credits (“FCCs”) or elect to receive refunds in cash. We record a liability for FCCs to the extent we have received and not refunded cash from guests for cancelled bookings. We had total customer deposits of \$6.8 billion as of August 31, 2024 and \$6.4 billion as of November 30, 2023, which includes approximately \$61 million of unredeemed FCCs as of August 31, 2024, of which approximately \$35 million are refundable. At November 30, 2023, we had approximately \$134 million of unredeemed FCCs, of which \$111 million were refundable. During the nine months ended August 31, 2024 and 2023, we recognized revenues of \$5.1 billion and \$3.9 billion related to our customer deposits as of November 30, 2023 and 2022. Our customer deposits balance changes due to the seasonal nature of cash collections, which typically results from higher ticket prices and occupancy levels during the third quarter, the recognition of revenue, refunds of customer deposits and foreign currency changes.

Trade and Other Receivables

Although we generally require full payment from our customers prior to or concurrently with their cruise, we grant credit terms to a relatively small portion of our revenue source. We have receivables from credit card merchants and travel agents for cruise ticket purchases and onboard revenue. These receivables are included within trade and other receivables, net and are less allowances for expected credit losses.

Contract Costs

We recognize incremental travel agent commissions and credit and debit card fees incurred as a result of obtaining the ticket contract as assets when paid prior to the start of a voyage. We record these amounts within prepaid expenses and other and subsequently recognize these amounts as commissions, transportation and other at the time of revenue recognition or at the time of voyage cancellation. We had incremental costs of obtaining contracts with customers recognized as assets of \$326 million as of August 31, 2024 and \$294 million as of November 30, 2023.

NOTE 3 – Debt

<i>(in millions)</i>	Maturity	Rate (a) (b)	August 31, 2024	November 30, 2023
Secured Subsidiary Guaranteed				
Notes				
Notes	Jun 2027	7.9%	\$ 192	\$ 192
Notes (c)	Aug 2027	9.9%	—	623
Notes	Aug 2028	4.0%	2,406	2,406
Notes	Aug 2029	7.0%	500	500
Loans				
EUR floating rate (c)	Jun 2025	EURIBOR + 3.8%	—	851
Floating rate	Aug 2027 - Oct 2028	SOFR + 2.8% (d)	2,449	3,567
Total Secured Subsidiary Guaranteed			5,547	8,138
Senior Priority Subsidiary Guaranteed				
Notes	May 2028	10.4%	2,030	2,030
Unsecured Subsidiary Guaranteed				
Notes				
Convertible Notes	Oct 2024	5.8%	426	426
Notes	Mar 2026	7.6%	1,351	1,351
EUR Notes (c)	Mar 2026	7.6%	—	550
Notes (c)	Mar 2027	5.8%	2,722	3,100
Convertible Notes	Dec 2027	5.8%	1,131	1,131
Notes	May 2029	6.0%	2,000	2,000
EUR Notes	Jan 2030	5.8%	554	—
Notes	Jun 2030	10.5%	1,000	1,000
Loans				
EUR floating rate (e) (f)	Apr 2025 - Mar 2026	EURIBOR + 2.4 - 3.3%	545	678
Export Credit Facilities				
Floating rate	Dec 2031	SOFR + 1.2% (g)	514	583
Fixed rate	Aug 2027 - Dec 2032	2.4 - 3.4%	2,484	2,756
EUR floating rate	Mar 2025 - Nov 2034	EURIBOR + 0.2 - 0.8%	2,818	3,086
EUR fixed rate	Feb 2031 - Sep 2037	1.1 - 4.0%	5,658	3,652
Total Unsecured Subsidiary Guaranteed			21,203	20,312
Unsecured Notes (No Subsidiary Guarantee)				
Notes	Jan 2028	6.7%	200	200
EUR Notes	Oct 2029	1.0%	665	659
Total Unsecured Notes (No Subsidiary Guarantee)			865	859
Total Debt			29,644	31,339
Less: unamortized debt issuance costs and discounts			(788)	(768)
Total Debt, net of unamortized debt issuance costs and discounts			28,856	30,572
Less: current portion of long-term debt			(2,214)	(2,089)
Long-Term Debt			\$ 26,642	\$ 28,483

- (a) The reference rates, together with any applicable credit adjustment spread, for substantially all of our variable debt have 0.0% to 0.75% floors.
- (b) The above debt table excludes the impact of any outstanding derivative contracts.
- (c) See “Debt Prepayments” below.
- (d) As part of the repricing of our senior secured term loans, we amended the loans’ margin from 3.0% – 3.4% (inclusive of credit adjustment spread) to 2.8%. See “Repricing of senior secured term loans” below.
- (e) The maturity of the principal amount of \$216 million was extended from April 2024 to April 2025.
- (f) Subsequent to August 31, 2024, we prepaid \$323 million of the outstanding principal amount of our euro floating rate loan originally scheduled to mature in 2026.
- (g) Includes applicable credit adjustment spread.

Carnival Corporation and/or Carnival plc is the primary obligor of all our outstanding debt excluding the following:

- \$3.0 billion under an undrawn \$1.9 billion, €0.9 billion and £0.1 billion multi-currency revolving facility (“Revolving Facility”) of Carnival Holdings (Bermuda) II Limited (“Carnival Holdings II”), a subsidiary of Carnival Corporation
- \$2.0 billion of senior priority notes (the “2028 Senior Priority Notes”), issued by Carnival Holdings (Bermuda) Limited (“Carnival Holdings”), a subsidiary of Carnival Corporation
- \$0.3 billion under a term loan facility of Costa Crociere S.p.A. (“Costa”), a subsidiary of Carnival plc
- \$0.9 billion under an export credit facility of Sun Princess Limited, a subsidiary of Carnival Corporation
- \$0.1 billion under an export credit facility of Sun Princess II Limited, a subsidiary of Carnival Corporation

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

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

As of August 31, 2024, the scheduled maturities of our debt are as follows:

(in millions)

Year	Principal Payments
Remainder of 2024 (a)	\$ 737
2025 (a)	1,777
2026 (a)	2,815
2027	4,931
2028	8,762
Thereafter	10,622
Total	\$ 29,644

- (a) Subsequent to August 31, 2024, we prepaid the outstanding principal amount of our euro floating rate loan with \$46 million of principal payments originally scheduled in 2024, \$185 million in 2025 and \$92 million in 2026.

Revolving Facility

As of August 31, 2024, Carnival Holdings II had \$3.0 billion available for borrowing under our Revolving Facility. Carnival Holdings II may continue to borrow or otherwise utilize available amounts under the Revolving Facility through August 2027, subject to satisfaction of the conditions in the facility.

Repricing of Senior Secured Term Loans

In April 2024, we entered into amendments with the lender syndicate to reprice \$1.7 billion of our first-priority senior secured term loan facility maturing in 2028 and \$1.0 billion of our first-priority senior secured term loan facility maturing in 2027, which are included within the total Secured Subsidiary Guaranteed Loans balance in the debt table above.

2030 Senior Unsecured Notes

In April 2024, we issued \$535 million aggregate principal amount of 5.8% senior unsecured notes due 2030. We used the net proceeds from the issuance, together with cash on hand, to redeem the outstanding principal amount of the 7.6% senior unsecured notes due 2026.

Debt Prepayments

During the nine months ended August 31, 2024, we made prepayments for the following debt instruments:

- Euro-denominated tranche of our first-priority senior secured term loan facility maturing in 2025
- First-priority senior secured term loan facilities maturing in 2027 and 2028
- 9.9% second-priority secured notes due 2027
- 7.6% senior unsecured notes due 2026
- 5.8% senior unsecured notes due 2027

The aggregate amount of these prepayments was \$3.5 billion.

Export Credit Facility Borrowings

During the nine months ended August 31, 2024, we borrowed \$2.3 billion under export credit facilities due in semi-annual installments through 2036. As of August 31, 2024, the net book value of the vessels subject to negative pledges was \$18.9 billion.

Convertible Notes

On July 1, 2024, our 5.8% convertible senior notes due 2024 (the “2024 Convertible Notes”) became convertible, at the option of its holders, at any time prior to the close of business on September 27, 2024. Pursuant to the terms of the indenture governing the 2024 Convertible Notes, we have irrevocably elected to settle any conversions of the 2024 Convertible Notes during this period in shares of Carnival Corporation common stock. As of September 27, 2024, holders of substantially all of the \$426 million of outstanding 2024 Convertible Notes have elected to convert to shares of common stock.

Collateral and Priority Pool

As of August 31, 2024, the net book value of our ships and ship improvements, excluding ships under construction, is \$40.0 billion. Our secured debt is secured on a first-priority basis by certain collateral, which includes vessels and certain assets related to those vessels and material intellectual property (combined net book value of approximately \$22.8 billion, including \$21.2 billion related to vessels and certain assets related to those vessels) as of August 31, 2024 and certain other assets.

As of August 31, 2024, \$8.0 billion in net book value of our ships and ship improvements relate to the priority pool vessels included in the priority pool of 12 unencumbered vessels (the “Senior Priority Notes Subject Vessels”) for our 2028 Senior Priority Notes and \$2.8 billion in net book value of our ship and ship improvements relate to the priority pool vessels included in the priority pool of three unencumbered vessels (the “Revolving Facility Subject Vessels”) for our Revolving Facility. As of August 31, 2024, there was no change in the identity of the Senior Priority Notes Subject Vessels or the Revolving Facility Subject Vessels.

Covenant Compliance

As of August 31, 2024, our Revolving Facility, unsecured loans and export credit facilities contain certain covenants listed below:

- Maintain minimum interest coverage (adjusted EBITDA to consolidated net interest charges, as defined in the agreements) as follows:
 - For certain of our unsecured loans and our Revolving Facility, at a ratio of not less than 2.0 to 1.0 for each testing date until May 31, 2025, at a ratio of not less than 2.5 to 1.0 for the August 31, 2025 and November

30, 2025 testing dates, and at a ratio of not less than 3.0 to 1.0 for the February 28, 2026 testing date onwards and as applicable through their respective maturity dates.

- For our export credit facilities, at a ratio of not less than 2.0 to 1.0 for each testing date until May 31, 2025, at a ratio of not less than 2.5 to 1.0 for the August 31, 2025 and November 30, 2025 testing dates, and at a ratio of not less than 3.0 to 1.0 for the February 28, 2026 testing date onwards.
- For certain of our unsecured loans and export credit facilities, maintain minimum issued capital and consolidated reserves (as defined in the agreements) of \$5.0 billion.
- Limit our debt to capital (as defined in the agreements) percentage to a percentage not to exceed 65%.
- Maintain minimum liquidity of \$1.5 billion.
- Adhere to certain restrictive covenants through August 2027 (subject to such covenants terminating if the Company reaches an investment grade credit rating in accordance with the agreement governing the Revolving Facility).
- Limit the amounts of our secured assets as well as secured and other indebtedness.

At August 31, 2024, we were in compliance with the applicable covenants under our debt agreements. Generally, if an event of default under any debt agreement occurs, then, pursuant to cross-default and/or cross-acceleration clauses therein, substantially all of our outstanding debt and derivative contract payables could become due, and our debt and derivative contracts could be terminated. Any financial covenant amendment may lead to increased costs, increased interest rates, additional restrictive covenants and other available lender protections that would be applicable.

NOTE 4 – Contingencies and Commitments

Litigation

We are routinely involved in legal proceedings, claims, disputes, regulatory matters and governmental inspections or investigations arising in the ordinary course of or incidental to our business. We have insurance coverage for certain of these claims and actions, or any settlement of these claims and actions, and historically the maximum amount of our liability, net of any insurance recoverables, has been limited to our self-insurance retention levels.

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

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

As previously disclosed, on May 2, 2019, the Havana Docks Corporation filed a lawsuit against Carnival Corporation in the U.S. District Court for the Southern District of Florida under Title III of the Cuban Liberty and Democratic Solidarity Act, also known as the Helms-Burton Act, alleging that Carnival Corporation “trafficked” in confiscated Cuban property when certain ships docked at certain ports in Cuba, and that this alleged “trafficking” entitles the plaintiffs to treble damages. On March 21, 2022, the court granted summary judgment in favor of Havana Docks Corporation as to liability. On December 30, 2022, the court entered judgment against Carnival Corporation in the amount of \$110 million plus \$4 million in fees and costs. We have filed an appeal. Oral argument was held on May 17, 2024.

As of August 31, 2024, two purported class actions brought against us by former guests in the Federal Court in Australia and in Italy remain pending, as previously disclosed. These actions include claims based on a variety of theories, including negligence, gross negligence and failure to warn, physical injuries and severe emotional distress associated with being exposed to and/or contracting COVID-19 onboard our ships. On October 24, 2023, the court in the Australian matter held that we were liable for negligence and for breach of consumer protection warranties as it relates to the lead plaintiff. The court ruled that the lead plaintiff was not entitled to any pain and suffering or emotional distress damages on the negligence claim and awarded medical costs. In relation to the consumer protection warranties claim, the court found that distress and disappointment damages amounted to no more than the refund already provided to guests and therefore made no further award. Further proceedings will determine the applicability of this ruling to the remaining class participants. We continue to take actions to defend against the above claims. We believe the ultimate outcome of these matters will not have a material impact on our consolidated financial statements.

Regulatory or Governmental Inquiries and Investigations

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

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

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

Under the European Union Treaty, the European Commission is required to approve on a periodic basis certain economic benefits that are provided under Italian law, with the last approval granted through December 31, 2023. One of our subsidiaries continues to receive and recognize these benefits. The Italian Government has requested approval for these benefits to continue to be applied after December 31, 2023. The timing of the European Commission's decision is uncertain and could take more than a year. If the European Commission were to deny a portion or all of the benefits, the Italian Government may be required to retroactively disallow these benefits and seek reimbursement from us which would result in a reversal of the recognition of such benefits, which depending on the timing of resolution, could have a material impact on our consolidated financial statements.

Other Contingent Obligations

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

We have agreements with a number of credit card processors that transact customer deposits related to our cruise vacations. Certain of these agreements allow the credit card processors to request, under certain circumstances, that we provide a capped reserve fund in cash. Although the agreements vary, these requirements may generally be satisfied either through a withheld percentage of customer payments or providing cash funds directly to the credit card processor.

As of August 31, 2024 we were not required to maintain any reserve funds or compensating deposits. As of November 30, 2023, we had \$844 million in reserve funds and \$158 million in compensating deposits we were required to maintain, which were included within other assets.

Ship Commitments

As of August 31, 2024, our new ship growth capital commitments were \$0.2 billion for the remainder of 2024 and \$0.9 billion, \$0.4 billion, \$1.4 billion, \$1.3 billion and \$4.9 billion for the years ending November 30, 2025, 2026, 2027, 2028 and thereafter.

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

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

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

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

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

	August 31, 2024				November 30, 2023			
(in millions)	Carrying Value	Fair Value			Carrying Value	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Liabilities								
Fixed rate debt (a)	\$ 23,318	\$ —	\$23,483	\$ —	\$ 22,575	\$ —	\$21,503	\$ —
Floating rate debt (a)	6,327	—	6,183	—	8,764	—	8,225	—
Total	\$ 29,644	\$ —	\$29,666	\$ —	\$ 31,339	\$ —	\$29,728	\$ —

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

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

(in millions)	August 31, 2024			November 30, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Cash equivalents (a)	\$ 379	\$ —	\$ —	\$ 1,021	\$ —	\$ —
Derivative financial instruments	—	3	—	—	22	—
Total	<u>\$ 379</u>	<u>\$ 3</u>	<u>\$ —</u>	<u>\$ 1,021</u>	<u>\$ 22</u>	<u>\$ —</u>
Liabilities						
Derivative financial instruments	\$ —	\$ 19	\$ —	\$ —	\$ 28	\$ —
Total	<u>\$ —</u>	<u>\$ 19</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 28</u>	<u>\$ —</u>

- (a) Consists of money market funds and cash investments with original maturities of less than 90 days.

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

Valuation of Goodwill and Trademarks

As of July 31, 2024, we performed our annual goodwill and trademark impairment reviews and determined there was no impairment for goodwill or trademarks.

As of August 31, 2024 and November 30, 2023, goodwill for our North America and Australia (“NAA”) segment was \$579 million.

<i>(in millions)</i>	Trademarks		
	NAA Segment	Europe Segment	Total
November 30, 2023	\$ 927	\$ 237	\$ 1,164
Exchange movements	—	6	6
August 31, 2024	\$ 927	\$ 244	\$ 1,171

Derivative Instruments and Hedging Activities

<i>(in millions)</i>	Balance Sheet Location	August 31, 2024	November 30, 2023
Derivative assets			
Derivatives designated as hedging instruments			
Interest rate swaps (a)	Prepaid expenses and other	\$ 3	\$ —
	Other assets	—	22
Derivatives not designated as hedging instruments			
Interest rate swaps (a)	Prepaid expenses and other	—	1
Total derivative assets		\$ 3	\$ 22
Derivative liabilities			
Derivatives designated as hedging instruments			
Cross currency swaps (b)	Other long-term liabilities	\$ —	\$ 12
Interest rate swaps (a)	Accrued liabilities and other	1	—
	Other long-term liabilities	19	16
Total derivative liabilities		\$ 19	\$ 28

- (a) We have interest rate swaps whereby we receive floating interest rate payments in exchange for making fixed interest rate payments. These interest rate swap agreements effectively changed \$22 million at August 31, 2024 and \$46 million at November 30, 2023 of EURIBOR-based floating rate euro debt to fixed rate euro debt, and \$2.0 billion at August 31, 2024 of SOFR-based variable rate debt to fixed rate debt. As of August 31, 2024 and November 30, 2023, the EURIBOR-based interest rate swaps settle through 2025 and were not designated as cash flow hedges; the SOFR-based interest rate swaps settle through 2027 and were designated as cash flow hedges. Subsequent to August 31, 2024, we terminated a portion of our SOFR-based interest rate swaps with a notional amount of \$1.0 billion.
- (b) At November 30, 2023, we had a cross currency swap with a notional amount of \$670 million that was designated as a hedge of our net investment in foreign operations with euro-denominated functional currencies. This cross currency swap was terminated in January 2024.

Our derivative contracts include rights of offset with our counterparties. As of August 31, 2024 and November 30, 2023, there was no netting for our derivative assets and liabilities. The amounts that were not offset in the balance sheet were not material.

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

<i>(in millions)</i>	Three Months Ended August 31,		Nine Months Ended August 31,	
	2024	2023	2024	2023
Gains (losses) recognized in AOCI:				
Cross currency swaps – net investment hedges - included component	\$ —	\$ (10)	\$ —	\$ (1)
Cross currency swaps – net investment hedges - excluded component	\$ —	\$ 1	\$ —	\$ (3)
Interest rate swaps – cash flow hedges	\$ (33)	\$ 25	\$ (1)	\$ 6
(Gains) losses reclassified from AOCI – cash flow hedges:				
Interest rate swaps – Interest expense, net of capitalized interest	\$ (5)	\$ (12)	\$ (25)	\$ (22)
Foreign currency zero cost collars – Depreciation and amortization	\$ —	\$ —	\$ (1)	\$ (1)
Gains (losses) recognized on derivative instruments (amount excluded from effectiveness testing – net investment hedges)				
Cross currency swaps – Interest expense, net of capitalized interest	\$ —	\$ 3	\$ 2	\$ 7

The amount of gains and losses on derivatives not designated as hedging instruments recognized in earnings during the three and nine months ended August 31, 2024 and estimated cash flow hedges' unrealized gains and losses that are expected to be reclassified to earnings in the next twelve months are not material.

Financial Risks

Fuel Price Risks

We manage our exposure to fuel price risk by managing our consumption of fuel. Substantially all of our exposure to market risk for changes in fuel prices relates to the consumption of fuel on our ships. We manage fuel consumption through fleet optimization, energy efficiency, itinerary efficiency and new technologies and alternative fuels.

Foreign Currency Exchange Rate Risks

Overall Strategy

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

Operational Currency Risks

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

Investment Currency Risks

We consider our investments in foreign operations to be denominated in stable currencies and of a long-term nature. We have euro-denominated debt which provides an economic offset for our operations with euro functional currency. In addition, we have in the past and may in the future utilize derivative financial instruments, such as cross currency swaps, to manage our exposure to investment currency risks.

Newbuild Currency Risks

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

At August 31, 2024, our remaining newbuild currency exchange rate risk relates to euro-denominated newbuild contract payments for non-euro functional currency brands, which represent a total unhedged commitment of \$9.1 billion for newbuilds scheduled to be delivered through 2033.

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

Interest Rate Risks

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

Concentrations of Credit Risk

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

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

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

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

NOTE 6 – Segment Information

The chief operating decision maker, who is the President, Chief Executive Officer and Chief Climate Officer of Carnival Corporation and Carnival plc assesses performance and makes decisions to allocate resources for Carnival Corporation & plc based upon review of the results across all of our segments. The operating segments within each of our reportable segments have been aggregated based on the similarity of their economic and other characteristics, including geographic guest sourcing. Our four reportable segments are comprised of (1) NAA cruise operations, (2) Europe cruise operations ("Europe"), (3) Cruise Support and (4) Tour and Other.

Our Cruise Support segment includes our portfolio of leading port destinations and exclusive islands as well as other services, all of which are operated for the benefit of our cruise brands. Our Tour and Other segment represents the hotel and transportation operations of Holland America Princess Alaska Tours and other operations.

Three Months Ended August 31,						
(in millions)	Revenues	Operating expenses	Selling and administrative	Depreciation and amortization	Operating income (loss)	
2024						
NAA	\$ 5,322	\$ 3,000	\$ 455	\$ 424	\$ 1,442	
Europe	2,331	1,166	223	173	770	
Cruise Support	62	37	81	48	(104)	
Tour and Other	181	100	5	6	70	
	<u>\$ 7,896</u>	<u>\$ 4,303</u>	<u>\$ 763</u>	<u>\$ 651</u>	<u>\$ 2,178</u>	
2023						
NAA	\$ 4,566	\$ 2,661	\$ 420	\$ 377	\$ 1,107	
Europe	2,060	1,124	199	168	569	
Cruise Support	56	30	87	47	(109)	
Tour and Other	172	105	7	3	56	
	<u>\$ 6,854</u>	<u>\$ 3,921</u>	<u>\$ 713</u>	<u>\$ 596</u>	<u>\$ 1,624</u>	

Nine Months Ended August 31,						
(in millions)	Revenues	Operating expenses	Selling and administrative	Depreciation and amortization	Operating income (loss)	
2024						
NAA	\$ 12,880	\$ 7,983	\$ 1,421	\$ 1,237	\$ 2,239	
Europe	5,797	3,552	687	501	1,058	
Cruise Support	184	112	243	142	(313)	
Tour and Other	222	159	15	18	30	
	<u>\$ 19,083</u>	<u>\$ 11,805</u>	<u>\$ 2,366</u>	<u>\$ 1,898</u>	<u>\$ 3,013</u>	
2023						
NAA	\$ 11,000	\$ 7,132	\$ 1,295	\$ 1,115	\$ 1,458	
Europe	4,819	3,303	634	506	376	
Cruise Support	162	85	211	137	(271)	
Tour and Other	216	169	21	17	9	
	<u>\$ 16,197</u>	<u>\$ 10,688</u>	<u>\$ 2,162</u>	<u>\$ 1,774</u>	<u>\$ 1,572</u>	

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

(in millions)	Three Months Ended August 31,		Nine Months Ended August 31,	
	2024	2023	2024	2023
North America	\$ 4,975	\$ 4,253	\$ 11,638	\$ 9,937
Europe	2,406	2,165	5,605	4,798
Australia	288	238	1,069	883
Other	226	198	771	578
	<u>\$ 7,896</u>	<u>\$ 6,854</u>	<u>\$ 19,083</u>	<u>\$ 16,197</u>

NOTE 7 – Earnings Per Share

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2024	2023	2024	2023
<i>(in millions, except per share data)</i>				
Net income (loss)	\$ 1,735	\$ 1,074	\$ 1,613	\$ (26)
Interest expense on dilutive convertible notes	25	24	73	—
Net income (loss) for diluted earnings per share	<u>\$ 1,760</u>	<u>\$ 1,098</u>	<u>\$ 1,686</u>	<u>\$ (26)</u>
Weighted-average shares outstanding	1,267	1,263	1,266	1,262
Dilutive effect of equity awards	5	6	5	—
Dilutive effect of convertible notes	127	127	127	—
Diluted weighted-average shares outstanding	<u>1,399</u>	<u>1,396</u>	<u>1,398</u>	<u>1,262</u>
Basic earnings per share	\$ 1.37	\$ 0.85	\$ 1.27	\$ (0.02)
Diluted earnings per share	<u>\$ 1.26</u>	<u>\$ 0.79</u>	<u>\$ 1.21</u>	<u>\$ (0.02)</u>

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

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2024	2023	2024	2023
<i>(in millions)</i>				
Equity awards	—	—	—	3
Convertible Notes	—	—	—	131
Total antidilutive securities	<u>—</u>	<u>—</u>	<u>—</u>	<u>134</u>

NOTE 8 – Supplemental Cash Flow Information

<i>(in millions)</i>	August 31, 2024	November 30, 2023
Cash and cash equivalents (Consolidated Balance Sheets)	\$ 1,522	\$ 2,415
Restricted cash (included in prepaid expenses and other and other assets)	21	21
Total cash, cash equivalents and restricted cash (Consolidated Statements of Cash Flows)	<u>\$ 1,543</u>	<u>\$ 2,436</u>

NOTE 9 – Property and Equipment**Ship Sales**

During the three months ended August 31, 2024, we entered into an agreement to sell one NAA segment ship, which represents a passenger-capacity reduction of 2,000 berths. We will continue to operate the NAA segment ship under a bareboat charter agreement through February 2025.

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

Cautionary Note Concerning Factors That May Affect Future Results

Some of the statements, estimates or projections contained in this Quarterly Report on Form 10-Q are “forward-looking statements” that involve risks, uncertainties and assumptions with respect to us, including some statements concerning future results, operations, outlooks, plans, goals, reputation, cash flows, liquidity and other events which have not yet occurred. These statements are intended to qualify for the safe harbors from liability provided by Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts are statements that could be deemed forward-looking. These statements are based on current expectations, estimates, forecasts and projections about our business and the industry in which we operate and the beliefs and assumptions of our management. We have tried, whenever possible, to identify these statements by using words like “will,” “may,” “could,” “should,” “would,” “believe,” “depends,” “expect,” “goal,” “aspiration,” “anticipate,” “forecast,” “project,” “future,” “intend,” “plan,” “estimate,” “target,” “indicate,” “outlook,” and similar expressions of future intent or the negative of such terms.

Because forward-looking statements involve risks and uncertainties, there are many factors that could cause our actual results, performance or achievements to differ materially from those expressed or implied by our forward-looking statements. This note contains important cautionary statements of the known factors that we consider could materially affect the accuracy of our forward-looking statements and adversely affect our business, results of operations and financial position. These factors include, but are not limited to, the following:

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

The ordering of the risk factors set forth above is not intended to reflect our indication of priority or likelihood. Additionally, many of these risks and uncertainties are currently, and in the future may continue to be, amplified by our substantial debt

balance incurred during the pause of our guest cruise operations. There may be additional risks that we consider immaterial or which are unknown.

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

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

New Accounting Pronouncements

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

Critical Accounting Estimates

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

Seasonality

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

Known Trends and Uncertainties

- We believe the volatility in the price of fuel and foreign currency exchange rates are reasonably likely to impact our profitability.
- We believe a global minimum tax could affect us in 2026, with the potential for a one-year deferral. Prior to any mitigating actions, we believe the annual impact could be approximately \$200 million. We continue to evaluate the impact of these rules and are currently evaluating a variety of mitigating actions to minimize the impact. The application of the rules continues to evolve, and its outcome may alter our tax obligations in certain countries in which we operate.
- We believe the increasing global focus on climate change, including the reduction of greenhouse gas emissions and new and evolving regulatory requirements, is reasonably likely to have a material negative impact on our future financial results. We became subject to the EU ETS on January 1, 2024, which includes a three-year phase-in period. The impact in 2024 will be approximately \$50 million.

Statistical Information

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2024	2023	2024	2023
Passenger Cruise Days (“PCDs”) (in millions) (a)	28.1	25.8	76.0	67.8
Available Lower Berth Days (“ALBDs”) (in millions) (b) (c)	25.2	23.7	71.7	68.1
Occupancy percentage (d)	112 %	109 %	106 %	100 %
Passengers carried (in millions)	3.9	3.6	10.3	9.3
Fuel consumption in metric tons (in millions)	0.7	0.7	2.2	2.2
Fuel consumption in metric tons per thousand ALBDs	29.5	31.1	31.0	32.3
Fuel cost per metric ton consumed (excluding European Union Allowance)	\$ 670	\$ 636	\$ 680	\$ 681
Currencies (USD to 1)				
AUD	\$ 0.67	\$ 0.66	\$ 0.66	\$ 0.67
CAD	\$ 0.73	\$ 0.75	\$ 0.74	\$ 0.74
EUR	\$ 1.09	\$ 1.09	\$ 1.08	\$ 1.08
GBP	\$ 1.28	\$ 1.27	\$ 1.27	\$ 1.24

Notes to Statistical Information

- (a) PCD represents the number of cruise passengers on a voyage multiplied by the number of revenue-producing ship operating days for that voyage.
- (b) ALBD is a standard measure of passenger capacity for the period that we use to approximate rate and capacity variances, based on consistently applied formulas that we use to perform analyses to determine the main non-capacity driven factors that cause our cruise revenues and expenses to vary. ALBDs assume that each cabin we offer for sale accommodates two passengers and is computed by multiplying passenger capacity by revenue-producing ship operating days in the period.
- (c) For the three months ended August 31, 2024 compared to the three months ended August 31, 2023, we had a 6.2% capacity increase in ALBDs comprised of a 10% capacity increase in our NAA segment and a 0.7% capacity decrease in our Europe segment.

Our NAA segment’s capacity increase was caused by the following:

- Seabourn 260-passenger capacity ship that entered into service in July 2023
- Carnival Cruise Line 5,360-passenger capacity ship that entered into service in December 2023
- Princess Cruises 4,310-passenger capacity ship that entered into service in February 2024
- Carnival Cruise Line 4,130-passenger capacity ship that was transferred from Costa Cruises and entered into service in April 2024

Our Europe segment’s capacity decrease was caused by the following:

- AIDA Cruises 1,270-passenger capacity ship removed from service in November 2023
- Costa Cruises 4,240-passenger capacity ship that was transferred to Carnival Cruise Line in April 2024

The decrease in our Europe segment’s capacity was partially offset by a Cunard 2,960-passenger capacity ship that entered into service in May 2024.

For the nine months ended August 31, 2024 compared to the nine months ended August 31, 2023, we had a 5.3% capacity increase in ALBDs comprised of a 8.2% capacity increase in our NAA segment and a 0.5% capacity increase in our Europe segment.

Our NAA segment’s capacity increase was caused by the following:

- Carnival Cruise Line 4,090-passenger capacity ship that was transferred from Costa Cruises and entered into service in May 2023
- Seabourn 260-passenger capacity ship that entered into service in July 2023
- Carnival Cruise Line 5,360-passenger capacity ship that entered into service in December 2023

- Princess Cruises 4,310-passenger capacity ship that entered into service in February 2024
- Carnival Cruise Line 4,130-passenger capacity ship that was transferred from Costa Cruises and entered into service in April 2024

Our Europe segment's capacity increase was caused by the following:

- The return to service of two ships as part of the completion of our return to guest cruise operations
- P&O Cruises (UK) 5,280-passenger capacity ship that entered into service in December 2022
- Cunard 2,960-passenger capacity ship that entered into service in May 2024

The increase in our Europe segment's capacity was partially offset by the following:

- Costa Cruises 4,090-passenger capacity ship transferred to Carnival Cruise Line in March 2023
- AIDA Cruises 1,270-passenger capacity ship removed from service in November 2023
- Costa Cruises 4,240-passenger capacity ship that was transferred to Carnival Cruise Line in February 2024
- The Red Sea rerouting as certain ships repositioned without guests

- (d) Occupancy, in accordance with cruise industry practice, is calculated using a numerator of PCDs and a denominator of ALBDs, which assumes two passengers per cabin even though some cabins can accommodate three or more passengers. Percentages in excess of 100% indicate that on average more than two passengers occupied some cabins.

Three Months Ended August 31, 2024 ("2024") Compared to Three Months Ended August 31, 2023 ("2023")

Revenues

Consolidated

Passenger ticket revenues made up 66% of our 2024 total revenues. Passenger ticket revenues increased by \$693 million, or 15%, to \$5.2 billion in 2024 from \$4.5 billion in 2023.

This increase was caused by:

- \$333 million - increase in passenger ticket revenues driven by continued strength in demand, which drove ticket prices higher
- \$299 million - 6.2% capacity increase in ALBDs
- \$114 million - 2.9 percentage point increase in occupancy

These increases were partially offset by decreases of \$45 million in air transportation revenue and other passenger revenue.

The remaining 34% of 2024 total revenues was comprised of onboard and other revenues, which increased by \$349 million, or 15%, to \$2.7 billion in 2024 from \$2.3 billion in 2023.

This increase was driven by:

- \$164 million - 6.2% capacity increase in ALBDs
- \$95 million - higher onboard spending by our guests
- \$43 million - 2.9 percentage point increase in occupancy
- \$23 million - increase in other revenues primarily due to pre-and post-cruise land package revenues

NAA Segment

Passenger ticket revenues made up 65% of our NAA segment's 2024 total revenues. Passenger ticket revenues increased by \$480 million, or 16%, to \$3.4 billion in 2024 from \$3.0 billion in 2023.

This increase was caused by:

- \$310 million - 10% capacity increase in ALBDs
- \$184 million - increase in passenger ticket revenues driven by continued strength in demand, which drove ticket prices higher
- \$39 million - 1.5 percentage point increase in occupancy

These increases were partially offset by decreases of \$53 million in air transportation revenue and other passenger revenue.

The remaining 35% of our NAA segment's 2024 total revenues were comprised of onboard and other revenues, which increased by \$275 million, or 17%, to \$1.9 billion in 2024 from \$1.6 billion in 2023.

This increase was caused by:

- \$168 million - 10% capacity increase in ALBDs
- \$66 million - higher onboard spending by our guests
- \$21 million - 1.5 percentage point increase in occupancy
- \$21 million - increase in other revenues primarily due to pre-and post-cruise land package revenues

Europe Segment

Passenger ticket revenues made up 78% of our Europe segment's 2024 total revenues. Passenger ticket revenues increased by \$221 million, or 14%, to \$1.8 billion in 2024 from \$1.6 billion in 2023.

This increase was caused by:

- \$148 million - increase in passenger ticket revenues driven by continued strength in demand, which drove ticket prices higher
- \$75 million - 5.0 percentage point increase in occupancy

The remaining 22% of our Europe segment's 2024 total revenues were comprised of onboard and other revenues, which increased by \$50 million, or 11%, to \$515 million in 2024 from \$465 million in 2023.

This increase was caused by:

- \$29 million - higher onboard spending by our guests
- \$22 million - 5.0 percentage point increase in occupancy

Costs and Expenses

Consolidated

Operating expenses increased by \$383 million, or 9.8%, to \$4.3 billion in 2024 from \$3.9 billion in 2023.

This increase was driven by:

- \$270 million - 6.2% capacity increase in ALBDs
- \$81 million - higher commissions, transportation costs, and other expenses driven by higher commission on increased ticket pricing and an increase in the number of guests
- \$48 million - higher onboard and other cost of sales driven by higher onboard revenues

These increases were partially offset by a \$23 million change in pension valuation.

Selling and administrative expenses increased by \$50 million, or 7.0%, to \$763 million in 2024 from \$713 million in 2023.

Depreciation and amortization expenses increased by \$55 million, or 9.3%, to \$651 million in 2024 from \$596 million in 2023.

NAA Segment

Operating expenses increased by \$339 million, or 13%, to \$3.0 billion in 2024 from \$2.7 billion in 2023.

This increase was caused by:

- \$278 million - 10% capacity increase in ALBDs
- \$44 million - higher commissions, transportation costs, and other expenses driven by higher commission on increased ticket pricing and an increase in the number of guests
- \$31 million - higher onboard and other cost of sales driven by higher onboard revenues

Selling and administrative expenses increased by \$35 million, or 8.3%, to \$455 million in 2024 from \$420 million in 2023.

Depreciation and amortization expenses increased by \$47 million, or 12%, to \$424 million in 2024 from \$377 million in 2023. This increase was driven by a 10% capacity increase in ALBDs, representing \$39 million.

Europe Segment

Operating expenses increased by \$42 million or 3.7%, to \$1.2 billion in 2024 from \$1.1 billion 2023.

This increase was driven by:

- \$36 million - higher commissions, transportation costs, and other expenses driven by higher commission on increased ticket pricing and an increase in the number of guests.
- \$17 million - higher onboard and other cost of sales driven by higher onboard revenues

These increases were partially offset by a \$23 million change in pension valuation.

Selling and administrative expenses increased by \$24 million, or 12%, to \$223 million in 2024 from \$199 million in 2023. This increase was driven by higher compensation expense, increased investment in advertising and higher information technology expense.

Depreciation and amortization expenses increased by \$4 million, or 2.6%, to \$173 million in 2024 from \$168 million in 2023.

Operating Income

Our consolidated operating income increased by \$554 million to \$2.2 billion in 2024 from \$1.6 billion in 2023. Our NAA segment's operating income increased by \$335 million to \$1.4 billion in 2024 from \$1.1 billion in 2023, and our Europe segment's operating income increased by \$201 million to \$770 million in 2024 from \$569 million in 2023. These changes were primarily due to the reasons discussed above.

Nonoperating Income (Expense)

Interest expense, net of capitalized interest, decreased by \$87 million, or 17%, to \$431 million in 2024 from \$518 million in 2023. The decrease was caused by a decrease in total debt and lower average interest rates.

Debt extinguishment and modification costs decreased by \$68 million, or 84%, to \$13 million in 2024 from \$81 million in 2023 as a result of debt transactions occurring during the respective periods.

Nine Months Ended August 31, 2024 ("2024") Compared to Nine Months Ended August 31, 2023 ("2023")

Revenues

Consolidated

Passenger ticket revenues made up 66% of our 2024 total revenues. Passenger ticket revenues increased by \$2.1 billion, or 19%, to \$12.6 billion in 2024 from \$10.6 billion in 2023.

This increase was caused by:

- \$810 million - increase in passenger ticket revenues driven by continued strength in demand, which drove ticket prices higher
- \$666 million - 6.4 percentage point increase in occupancy
- \$586 million - 5.3% capacity increase in ALBDs
- \$36 million - net favorable foreign currency translational impact

The remaining 34% of 2024 total revenues was comprised of onboard and other revenues, which increased by \$834 million, or 15%, to \$6.5 billion in 2024 from \$5.6 billion in 2023.

This increase was driven by:

- \$343 million - 5.3% capacity increase in ALBDs
- \$267 million - 6.4 percentage point increase in occupancy
- \$161 million - higher onboard spending by our guests

NAA Segment

Passenger ticket revenues made up 64% of our NAA segment's 2024 total revenues. Passenger ticket revenues increased by \$1.3 billion, or 19%, to \$8.2 billion in 2024 from \$6.9 billion in 2023.

This increase was caused by:

- \$567 million - 8.2% capacity increase in ALBDs
- \$566 million - increase in passenger ticket revenues driven by continued strength in demand, which drove ticket prices higher
- \$223 million - 3.4 percentage point increase in occupancy

The remaining 36% of our NAA segment's 2024 total revenues were comprised of onboard and other revenues, which increased by \$595 million, or 15%, to \$4.7 billion in 2024 from \$4.1 billion in 2023.

This increase was driven by:

- \$338 million - 8.2% capacity increase in ALBDs
- \$133 million - 3.4 percentage point increase in occupancy
- \$117 million - higher onboard spending by our guests

Europe Segment

Passenger ticket revenues made up 77% of our Europe segment's 2024 total revenues. Passenger ticket revenues increased by \$784 million, or 21%, to \$4.5 billion in 2024 from \$3.7 billion in 2023.

This increase was driven by:

- \$442 million - 11 percentage point increase in occupancy
- \$244 million - increase in passenger ticket revenues driven by continued strength in demand, which drove ticket prices higher
- \$40 million - net favorable foreign currency translational impact

The remaining 23% of our Europe segment's 2024 total revenues were comprised of onboard and other revenues, which increased by \$194 million, or 17%, to \$1.3 billion in 2024 from \$1.1 billion in 2023.

This increase was driven by:

- \$134 million - 11 percentage point increase in occupancy
- \$44 million - higher onboard spending by our guests

Costs and Expenses

Consolidated

Operating expenses increased by \$1.1 billion, or 10%, to \$11.8 billion in 2024 from \$10.7 billion in 2023.

This increase was caused by:

- \$603 million - 5.3% capacity increase in ALBDs
- \$298 million - higher commissions, transportation costs, and other expenses driven by higher commission on increased ticket pricing and an increase in the number of guests
- \$130 million - 6.4 percentage point increase in occupancy
- \$126 million - higher onboard and other cost of sales driven by higher onboard revenues
- \$41 million - nonrecurrence of a gain on sale of one NAA segment ship in 2023
- \$33 million - higher port expenses
- \$29 million - net unfavorable foreign currency translational impact

These increases were partially offset by:

- \$32 million - lower fuel price and consumption
- \$23 million - change in pension valuation

Selling and administrative expenses increased by \$205 million, or 9.5%, to \$2.4 billion in 2024 from \$2.2 billion in 2023.

Depreciation and amortization expenses increased by \$123 million, or 7.0%, to \$1.9 billion in 2024 from \$1.8 billion in 2023.

NAA Segment

Operating expenses increased by \$851 million, or 12%, to \$8.0 billion in 2024 from \$7.1 billion in 2023.

This increase was caused by:

- \$587 million - 8.2% capacity increase in ALBDs
- \$148 million - higher commissions, transportation costs, and other expenses driven by higher commission on increased ticket pricing and an increase in the number of guests
- \$77 million - higher onboard and other cost of sales driven by higher onboard revenues
- \$43 million - 3.4 percentage point increase in occupancy
- \$41 million - nonrecurrence of a gain on sale of one NAA segment ship in 2023
- \$30 million - higher repair and maintenance expenses (including dry-dock expenses)

These increases were partially offset by \$39 million of lower fuel price and consumption.

Selling and administrative expenses increased by \$126 million, or 10%, to \$1.4 billion in 2024 from \$1.3 billion in 2023. This increase was driven by higher compensation expense, increased investment in advertising and higher information technology expense.

Depreciation and amortization expenses increased by \$122 million, or 11%, to \$1.2 billion in 2024 from \$1.1 billion in 2023.

This increase was caused by:

- \$92 million - 8.2% capacity increase in ALBDs
- \$31 million - fleet enhancements and investments in shoreside assets

Europe Segment

Operating expenses increased by \$249 million, or 7.5%, to \$3.6 billion in 2024 from \$3.3 billion in 2023.

This increase was caused by:

- \$150 million - higher commissions, transportation costs, and other expenses driven by an increase in the number of guests
- \$86 million - 11 percentage point increase in occupancy
- \$49 million - higher onboard and other cost of sales driven by higher onboard revenues
- \$32 million - net unfavorable foreign currency translational impact

These increases were partially offset by:

- \$23 million - lower repair and maintenance expenses (including dry-dock expenses)
- \$23 million - change in pension valuation

Selling and administrative expenses increased by \$52 million, or 8.3%, to \$687 million in 2024 from \$634 million in 2023.

Depreciation and amortization expenses decreased by \$5 million, or 1.1%, to \$501 million in 2024 from \$506 million in 2023.

Operating Income

Our consolidated operating income increased by \$1.4 billion to \$3.0 billion in 2024 from \$1.6 billion in 2023. Our NAA segment's operating income increased by \$781 million to \$2.2 billion in 2024 from \$1.5 billion in 2023, and our Europe segment's operating income increased by \$682 million to \$1.1 billion in 2024 from \$0.4 billion in 2023. These changes were primarily due to the reasons discussed above.

Nonoperating Income (Expense)

Interest expense, net of capitalized interest, decreased by \$248 million, or 16%, to \$1.4 billion in 2024 from \$1.6 billion in 2023. The decrease was substantially all due to a decrease in total debt and lower average interest rates.

Debt extinguishment and modification costs decreased by \$33 million, or 30%, to \$78 million in 2024 from \$112 million in 2023 as a result of debt transactions occurring during the respective periods.

Liquidity, Financial Condition and Capital Resources

As of August 31, 2024, we had \$4.5 billion of liquidity including \$1.5 billion of cash and cash equivalents and \$3.0 billion of borrowings available under our Revolving Facility. We will continue to pursue various opportunities to repay portions of our existing indebtedness and refinance future debt maturities to extend maturity dates and reduce interest expense. Refer to Note 3 - "Debt" of the consolidated financial statements and Funding Sources below for additional details.

We had a working capital deficit of \$8.6 billion as of August 31, 2024 compared to a working capital deficit of \$6.2 billion as of November 30, 2023. The increase in working capital deficit was caused by an increase in customer deposits, an increase in accrued liabilities and other, a decrease in cash and cash equivalents and a decrease in prepaid expenses and other. We operate with a substantial working capital deficit. This deficit is mainly attributable to the fact that, under our business model, substantially all of our passenger ticket receipts are collected in advance of the applicable sailing date. These advance passenger receipts generally remain a current liability on our balance sheet until the sailing date. The cash generated from these advance receipts is used interchangeably with cash on hand from other sources, such as our borrowings and other cash from operations. The cash received as advanced receipts can be used to fund operating expenses, pay down our debt, make long-term investments or any other use of cash. Included within our working capital are \$6.4 billion and \$6.1 billion of customer deposits as of August 31, 2024 and November 30, 2023, respectively. We have agreements with a number of credit card processors that transact customer deposits related to our cruise vacations. Certain of these agreements allow the credit card processors to request, under certain circumstances, that we provide a capped reserve fund in cash. In addition, we have a relatively low level of accounts receivable and limited investment in inventories.

Sources and Uses of Cash

Operating Activities

Our business provided \$5.0 billion of net cash flows from operating activities during the nine months ended August 31, 2024, an increase of \$1.7 billion, compared to \$3.4 billion provided for the same period in 2023. This was caused by an increase in cash provided by the release of \$0.8 billion in credit card reserve funds (included in the change in prepaid expenses and other assets) and our net income position of \$1.6 billion in 2024 compared to our net loss position of \$26 million for the same period in 2023, partially offset by a decrease in other working capital changes.

Investing Activities

During the nine months ended August 31, 2024, net cash used in investing activities was \$4.0 billion. This was caused by capital expenditures of \$4.0 billion primarily attributable to the delivery of a 5,360 and a 4,310-passenger capacity NAA segment ships and one 2,960-passenger capacity Europe segment ship.

During the nine months ended August 31, 2023, net cash used in investing activities was \$2.3 billion. This was driven by:

- Capital expenditures of \$2.6 billion primarily attributable to the delivery of one 5,280-passenger capacity Europe segment ship and one 260-passenger capacity NAA segment ship
- Proceeds from sales of ships of \$260 million relating to one 2,700-passenger capacity Europe segment ship, one 1,270-passenger capacity Europe segment ship and one 460-passenger capacity NAA segment ship

Financing Activities

During the nine months ended August 31, 2024, net cash used in financing activities of \$2.0 billion was driven by:

- Repayments of \$4.8 billion of long-term debt
- Debt issuance costs of \$122 million
- Debt extinguishment costs of \$41 million
- Issuances of \$3.0 billion of long-term debt

During the nine months ended August 31, 2023, net cash used in financing activities of \$4.2 billion was driven by:

- Repayments of \$200 million of short-term borrowings
- Repayments of \$6.8 billion of long-term debt
- Debt issuance costs of \$116 million
- Debt extinguishment costs of \$67 million
- Issuances of \$3.0 billion of long-term debt
- Proceeds from issuance of \$22 million of Carnival Corporation common stock and purchases of \$20 million of Carnival plc ordinary shares under our Stock Swap Program

Funding Sources

As of August 31, 2024, we had \$4.5 billion of liquidity including \$1.5 billion of cash and cash equivalents and \$3.0 billion of borrowings available under our Revolving Facility. Refer to Note 3 - “Debt” of the consolidated financial statements for additional discussion. In addition, we had \$3.4 billion of undrawn export credit facilities to fund ship deliveries planned through 2028. We plan to use existing liquidity and future cash flows from operations to fund our cash requirements including capital expenditures not funded by our export credit facilities. We seek to manage our credit risk exposures, including counterparty nonperformance associated with our cash and cash equivalents, and future financing facilities by conducting business with well-established financial institutions, and export credit agencies and diversifying our counterparties.

<i>(in billions)</i>	2024	2025	2026	2027	2028
Future export credit facilities at August 31, 2024	\$ —	\$ 0.8	\$ —	\$ 1.3	\$ 1.3

Our export credit facilities contain various financial covenants as described in Note 3 - “Debt”. At August 31, 2024, we were in compliance with the applicable covenants under our debt agreements.

Off-Balance Sheet Arrangements

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

For a discussion of our hedging strategies and market risks, see the discussion below and Note 10 - “Fair Value Measurements, Derivative Instruments and Hedging Activities and Financial Risks” in our consolidated financial statements and Management’s Discussion and Analysis of Financial Condition and Results of Operations within our Form 10-K. There have been no material changes to our exposure to market risks since the date of our 2023 Form 10-K.

Interest Rate Risks

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

	August 31, 2024
Fixed rate	62 %
EUR fixed rate	23 %
Floating rate	3 %
EUR floating rate	11 %

Item 4. Controls and Procedures.

A. Evaluation of Disclosure Controls and Procedures

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

Our President, Chief Executive Officer and Chief Climate Officer and our Chief Financial Officer and Chief Accounting Officer have evaluated our disclosure controls and procedures and have concluded, as of August 31, 2024, that they are effective to provide a reasonable level of assurance, as described above.

B. Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended August 31, 2024 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

The legal proceedings described in Note 4 – “Contingencies and Commitments” of our consolidated financial statements, including those described under “Regulatory or Governmental Inquiries and Investigations,” are incorporated in this “Legal Proceedings” section by reference.

Item 1A. Risk Factors.

The risk factors that affect our business and financial results are discussed in “Item 1A. Risk Factors,” included in the Form 10-K, and there has been no material change to these risk factors since the Form 10-K filing. These risks should be carefully considered, and could materially and adversely affect our results, operations, outlooks, plans, goals, growth, reputation, cash flows, liquidity, and stock price. Our business also could be affected by risks that we are not presently aware of or that we currently consider immaterial to our operations.

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

A. Stock Swap Program

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

Under the Stock Swap Program effective June 2021, the Boards of Directors authorized the sale of up to \$500 million of shares of Carnival Corporation common stock in the U.S. market and the repurchase of an equivalent number of Carnival plc ordinary shares.

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

Any sales of Carnival Corporation common stock and Carnival plc ordinary shares have been or will be registered under the Securities Act of 1933, as amended. Since the beginning of the Stock Swap Program, first authorized in June 2021, we have sold 17.2 million shares of Carnival Corporation common stock and repurchased the same amount of Carnival plc ordinary shares, resulting in net proceeds of \$29 million. During the three months ended August 31, 2024, there were no sales or repurchases under the Stock Swap Program. During the three months ended August 31, 2024, no shares of Carnival Corporation common stock or Carnival plc ordinary shares were repurchased.

Item 5. Other Information.

C. Trading Plans

During the quarter ended August 31, 2024, no director or Section 16 officer adopted or terminated any Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements (in each case, as defined in Item 408(a) of Regulation S-K).

Item 6. Exhibits.**INDEX TO EXHIBITS**

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed/ Furnished Herewith
		Form	Exhibit	Filing Date	
Articles of incorporation and by-laws					
3.1	Third Amended and Restated Articles of Incorporation of Carnival Corporation.	8-K	3.1	4/17/2003	
3.2	Third Amended and Restated By-Laws of Carnival Corporation.	8-K	3.1	4/20/2009	
3.3	Articles of Association of Carnival plc.	8-K	3.3	4/20/2009	
Material Contracts					
10.1	Amendment Letter dated March 28, 2024 to Facilities Agreement dated February 28, 2023, among Carnival Holdings (Bermuda) II Limited as borrower, Carnival Corporation, Carnival plc, the lenders from time to time party thereto and J.P. Morgan SE as facilities agent.				X
Rule 13a-14(a)/15d-14(a) certifications					
31.1	Certification of President, Chief Executive Officer and Chief Climate Officer of Carnival Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Certification of Chief Financial Officer and Chief Accounting Officer of Carnival Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.3	Certification of President, Chief Executive Officer and Chief Climate Officer of Carnival plc pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.4	Certification of Chief Financial Officer and Chief Accounting Officer of Carnival plc pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
Section 1350 certifications					
32.1*	Certification of President, Chief Executive Officer and Chief Climate Officer of Carnival Corporation pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.2*	Certification of Chief Financial Officer and Chief Accounting Officer of Carnival Corporation pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.3*	Certification of President, Chief Executive Officer and Chief Climate Officer of Carnival plc pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.4*	Certification of Chief Financial Officer and Chief Accounting Officer of Carnival plc pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
Interactive Data File					
101	The consolidated financial statements from Carnival Corporation & plc's joint Quarterly Report on Form 10-Q for the quarter ended August 31, 2024, as filed with the Securities and Exchange Commission on September 30, 2024, formatted in Inline XBRL, are as follows:				

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	<u>Incorporated by Reference</u>			<u>Filed/ Furnished Herewith</u>
		<u>Form</u>	<u>Exhibit</u>	<u>Filing Date</u>	
	(i) the Consolidated Statements of Income (Loss) for the three and nine months ended August 31, 2024 and 2023;				X
	(ii) the Consolidated Statements of Comprehensive Income (Loss) for the three and nine months ended August 31, 2024 and 2023;				X
	(iii) the Consolidated Balance Sheets at August 31, 2024 and November 30, 2023;				X
	(iv) the Consolidated Statements of Cash Flows for the nine months ended August 31, 2024 and 2023;				X
	(v) the Consolidated Statements of Shareholders' Equity for the three and nine months ended August 31, 2024 and 2023;				X
	(vi) the notes to the consolidated financial statements, tagged in summary and detail.				X
104	The cover page from Carnival Corporation & plc's joint Quarterly Report on Form 10-Q for the quarter ended August 31, 2024, as filed with the Securities and Exchange Commission on September 30, 2024, formatted in Inline XBRL (included as Exhibit 101).				

* These items are furnished and not filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each of the registrants has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CARNIVAL CORPORATION

/s/ Josh Weinstein

Josh Weinstein

President, Chief Executive Officer and Chief
Climate Officer

/s/ David Bernstein

David Bernstein

Chief Financial Officer and Chief Accounting
Officer

Date: September 30, 2024

CARNIVAL PLC

/s/ Josh Weinstein

Josh Weinstein

President, Chief Executive Officer and Chief
Climate Officer

/s/ David Bernstein

David Bernstein

Chief Financial Officer and Chief Accounting
Officer

Date: September 30, 2024