SP Cruises Intermediate Limited and Subsidiaries

Consolidated Financial Statements
Quarter Ended March 31, 2025

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Interim Management Report

SP Cruises Intermediate Limited (the "Company", "we", "our" or "SPIL") is the parent company that owns and operates four luxury cruise ships under the Azamara Cruises brand.

The following discussion was presented to our Board of Directors.

Overview

We have historically earned substantially all our cruise revenues from the following:

Sales of passenger cruise tickets and, in some cases, the sale of air, other transportation to and from airports near our ships' home ports, hotels, insurance, and cancellation fees. The cruise ticket price typically includes the following:

- Accommodations
- Most meals, including snacks at numerous venues
- Certain alcoholic and premium beverages
- *Azamazing Evenings* cultural experiences
- Access to amenities such as swimming pools, whirlpools, a health club and sun decks
- Entertainment, such as theatrical and comedy shows, live music and seminars
- Visits to multiple destinations
- Port fees and government taxes

Sales of onboard goods and services are typically not included in the cruise ticket price. This generally includes the following:

- Premium alcoholic beverage packages
- Shore excursions
- Retail sales
- Photo sales
- Bingo sales
- Internet and communication services
- Full-service spa and salon
- Specialty restaurants
- Laundry and dry-cleaning services

These goods and services are provided either directly by us or by independent concessionaires, from which we receive a percentage of their revenues. Concession revenues do not have direct expenses because the costs and services incurred for concession revenues are borne by our concessionaires.

We incur cruise operating expenses for the following:

- The costs of passenger cruise bookings, which include travel agent commissions, cost of air and other transportation and port costs that vary with guest head counts.

- Onboard and other cruise costs, which include the costs of beverage sales, costs of shore excursions, internet and communication costs, credit and debit card fees, other onboard costs, costs of cruise vacation protection programs and pre- and post-cruise land packages.

- Payroll and related costs, which include the costs of officers and crew in bridge, engineering and hotel operations. Substantially all costs associated with our shoreside personnel are included in selling and administrative expenses.

- Fuel costs, which include fuel delivery costs, fees and taxes.

- Food and beverage costs for both guests and crew members.

- Other ship operating expenses, which include port costs that do not vary with guest head counts, repairs and maintenance, including minor improvements and dry-dock expenses, hotel costs, entertainment, freight and logistics, insurance premiums and all other ship operating expenses.

2025 Results of Operations
Our financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All numbers are presented in U.S. dollars.

The Company's total revenues for the first quarter of 2025 ("Q1 2025" or "the quarter") were $75.4 million, and net revenues for the quarter were $59.1 million. The net comprehensive loss for the quarter was ($24.6) million. The Adjusted EBITDA for the quarter was ($9.7) million.

	Unaudited Quarter Ended March 31, 2025
Total revenue	$ 75,370,679
Commission, transportation, other	(11,397,209)
Onboard and other	(4,837,399)
Net revenue	$ 59,136,071

	Unaudited Quarter Ended March 31, 2025
Operating loss	$ (21,082,618)
Depreciation and amortization	5,140,359
EBITDA	(15,942,259)
Non-recurring Professional, Administrative, and Other	6,281,468
Adjusted EBITDA	$ (9,660,791)

During Q1 2025, ticket revenues were impacted by favorable occupancy rates but were offset by unfavorable exchange rate movements due to the strengthening of the U.S. dollar relative to other currencies. In addition, crew wages were impacted by changes in the compensation plan. Lastly, fuel expenses were impacted by higher consumption caused by weather and itinerary changes.

Net cash provided by operating activities was $2.8 million and primarily consisted of a net loss of ($24.9) million offset by depreciation and amortization of $5.1 million, an increase in accounts payable of

$6.8 million, an increase in accrued expenses and other liabilities of $5.8 million and an increase in customer deposits of $11.6 million. Cash flows from financing activities included the issuance of debt for $300 million, less debt issuance costs for $12 million and a return of capital for ($185) million was paid to SP Cruises Ultimate Holdings ("SPUHL"). Cash and cash equivalents were $120.1 million at quarter end.

Total assets at the end of March 31, 2025 were $477.7 million and include our ships whose combined net book value was $148.6 million. Total liabilities at quarter end were $510.2 million and our largest obligations were debt for $300 million and customer deposits for $161.2 million. Total deficit was ($32.5) million and primarily consisted of total equity contributions from Sycamore Partners ("Sycamore") for $575.7 million offset by total accumulated losses of ($421.8) million and a return of capital to SPUHL for ($185) million.

Use of Non-GAAP Financial Information
This Board Report includes certain financial measures not presented in accordance with U.S. GAAP, including Adjusted EBITDA. These financial measures are not measures of financial performance in accordance with GAAP and may exclude items that are significant in understanding and assessing our financial results. Therefore, these measures should not be considered in isolation or as an alternative to other measures of profitability, liquidity or performance under U.S. GAAP. You should be aware that the Company's presentation of these measures may not be comparable to similarly titled measures used by other companies, which may be defined and calculated differently. The Company believes that these non-GAAP measures of financial results provide useful supplemental information and management uses forward-looking non-GAAP measures to evaluate the Company's projected financials and operating performance. See Definitions of Key Non-GAAP Measures below.

Definitions of Key Non-GAAP Measures
Adjusted EBITDA – is the Company's Earnings Before Interest, Taxes, Depreciation & Amortization adjusted for nonrecurring, noncash, and exceptional items that are not reflective of the core business operations. The goal is to provide a clearer picture of the cruise line's ongoing profitability, without the distortion from one-time events or accounting treatments.

EBITDA – is the Company's Earnings Before Interest, Taxes, Depreciation, and Amortization.

Liquidity and Capital Resources
During Q1 2025, the Company issued debt for $300 million and paid approximately $12 million in debt issuance costs. In addition, the Company paid a return in capital of ($185) million to SPUHL. The remaining proceeds from the debt are available for continued operating, investing and financing activities. No capital contributions were made by Sycamore during the quarter.

The estimation of our future liquidity requirements includes numerous assumptions that are subject to various risks and uncertainties. The principal assumptions used to estimate our future liquidity requirements consist of:

- Continued cruise operations and expected timing of cash collections for future cruise bookings;
- Expected sustained increase in revenue per available passenger cruise day;
- Expected increase in passenger cruise days over time until we reach historical occupancy levels;
- Expected cash outflows related to compulsory future ship dry docks;
- Inflationary impacts to our operating costs, and;

- $120.1 million of General-Purpose Funds.

There can be no assurance that our assumptions used to estimate our future liquidity requirements are accurate. Based on our current levels of operations and our present financial condition, we believe we have sufficient liquidity to satisfy our obligations for at least the next twelve months from the issuance of these financial statements.

Critical Accounting Estimates

Our results of operations depend significantly on the judgments and estimates we make in applying our critical accounting policies. For a detailed discussion of these policies, we refer you to Note 2 “Summary of Significant Accounting Policies” of our Interim Financial Statements as of and for the quarter ended March 31, 2025, as well as Note 2 “Summary of Significant Accounting Policies” of our Consolidated Annual Financial Statements as of and for the year ended December 31, 2024. Those notes provide further insight into the assumptions and potential variability associated with these estimates, which have a significant impact on our reported financial results.

Valuation of Ships and Impairment of Long-Lived Assets

We assess our long-lived assets, such as ships and related equipment, for impairment whenever indicators of impairment arise. This evaluation involves estimating the future undiscounted cash flows expected to be generated from these assets. If the estimated cash flows are less than the carrying amount of the asset, an impairment loss is recognized. Given the significance of our cruise ships and related infrastructure to our operations, changes in key assumptions such as ticket pricing, occupancy rates, fuel costs, or demand for cruise vacations can have a material impact on the estimated cash flows and, therefore, on any potential impairment losses. Management exercises professional judgment in evaluating these assumptions, particularly in the context of fluctuations in global travel demand and evolving customer preferences. When an impairment review is performed, impairment reviews of our ships and other long-lived assets require us to make significant estimates. We believe that our estimates are reasonable.

Revenue Recognition

Our revenue recognition practices involve judgments regarding the timing and allocation of revenue across our diverse offerings, including cruise tickets, onboard activities, and shore excursions. Revenue from cruise tickets is generally recognized over the duration of the cruise, while revenue from onboard and other ancillary activities is recognized as services are provided. Significant estimates are required to allocate bundled package revenue to various components based on their standalone selling prices. Additionally, in the event of itinerary changes or voyage cancellations, management evaluates the need for adjustments to recognized revenue, including refunds or future cruise credits. These judgments are essential to presenting an accurate depiction of the Company’s financial performance and are influenced by a dynamic operating environment.

Goodwill and Other Intangible Assets

We assess goodwill and other indefinite-lived intangible assets for impairment on an annual basis and whenever a triggering event arises.

We evaluate goodwill and other indefinite-lived intangible asset impairments at the reporting unit level. The Company has identified one reporting unit. The Company will first assess qualitative factors to determine whether a quantitative assessment is necessary. If the qualitative test indicates that it is more likely than not that the Company’s goodwill and/or other indefinite-lived intangible assets are impaired, the Company performs a quantitative assessment by comparing the reporting unit’s fair value with its carrying amount for goodwill, or the estimated fair value with its carrying amount for other indefinite-lived intangible assets.

Impairment reviews of our goodwill and other intangible assets require us to make significant estimates. We believe that our estimates are reasonable.

Risk Factors
Presented below is a discussion of our key risk factors. These risk factors could have a material adverse effect on the Company's business, financial condition, operating results, and cash flows. These risk factors do not include or identify all the risks that our Company faces. Our business could also be affected by factors, events, or uncertainties that are not presently known to us.

The ordering of the risk factors discussed below is not intended to reflect any indication of priority or likelihood.

Financial Risks
Negative EBITDA
We have reported negative EBITDA in recent years. This may continue as we invest further in our development and expansion. There is no assurance that our strategy will lead to profitability in the near future. Negative EBITDA may affect our ability to invest in future growth, respond to market conditions and generate sufficient operating cash flow to cover its operating expenses.

Concentration of Revenue
We derive a significant portion of our revenue from a limited number of customers or geographic regions. This concentration of revenue makes us vulnerable to potential reductions in revenue should there be any material adverse changes affecting these customers or regions.

For the quarter ended March 31, 2025, 44% and 27% of the Company's total passenger ticket revenue was derived from sales to customers in North America and Europe accordingly. A significant disruption affecting these customers or a decline in demand within these regions could adversely affect our financial position, results of operations and cash flows.

We continually monitor our exposure to such concentrations and seek to diversify our revenue base by expanding our customer base and entering new markets. However, there can be no assurance that such efforts will successfully mitigate the risk of revenue concentration.

Currency Exchange Rate Risks
Our functional and reporting currency is the U.S. dollar ("USD"), but we operate in multiple currencies. Our expenses are primarily paid in USD and euros ("EUR"), but we have meaningful receipts in USD, EUR, British pound sterling ("GBP"), Australian dollars, and Canadian dollars and fluctuations in currency exchange rates can impact our financial performance. Changes in exchange rates, such as appreciation or depreciation of a currency against others, can affect our revenues, expenses, and profitability. These currency exchange rate fluctuations can create volatility in our financial results, making it challenging to accurately forecast and manage our financial performance.

Changes in Port Taxes and Fees
Our operations depend on the availability and affordability of ports for our cruise ships. Any increase in port taxes or fees, or other adverse changes in the terms of business with the authorities operating the ports, could result in higher operating costs for us. These increased costs may impact our profitability, financial performance and cash flows. Additionally, limitations on the availability of ports of call could disrupt our itineraries and affect customer satisfaction. We may also need to find alternative ports, which could result in additional expenses and logistical challenges. Therefore, any adverse changes in port taxes, fees, or availability could have a negative impact on our business, financial results and cash flows.

Liquidity Risks

We may face liquidity risks if we do not maintain adequate cash reserves to meet short-term financial obligations, such as paying suppliers or fulfilling debt obligations. Inadequate cash flow management or unexpected financial challenges can exacerbate liquidity risks. If we encounter difficulty accessing funding sources, such as credit lines or loans, we may face liquidity constraints. Factors such as changes in lending conditions, creditworthiness, or market conditions can impact our ability to secure necessary funds.

Financial Market Risks

We are exposed to financial market risks, including interest rate changes, and fuel price volatility. Changes in interest rates can affect our future borrowing costs. We are also exposed to fuel price volatility, which can impact operating costs, profit margins, and overall financial performance.

Tax Risk

We are subject to complex tax laws. Changes in tax laws, such as the United States tax laws imposing tax on "United States source gross transportation income", could adversely affect our tax position, including our effective tax rate or tax payments. We often rely on generally available interpretations of applicable tax laws and regulations. There cannot be certainty that the relevant tax authorities are in agreement with the Company's interpretation of these laws. If our tax positions are challenged by relevant tax authorities, the imposition of additional taxes could require us to pay taxes that we currently do not collect or pay or increase the costs of our services to track and collect such taxes, which could increase our costs of operations or our effective tax rate and have a negative effect on our business, financial condition and results of operations. The occurrence of any of the foregoing tax risks could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Laws, Regulations and Litigation

Environmental and Regulatory Compliance

We operate in an industry that is subject to complex laws and regulations, including international maritime regulations, safety standards and environmental requirements. Compliance with these regulations is essential to our operations and reputation. Failure to comply with these regulations could result in increased costs, penalties, fines, or temporary or permanent suspension of operations.

The cruise industry is subject to increasing environmental regulations and sustainability expectations. Compliance with these regulations and the adoption of sustainable practices may require significant investments and operational changes, which could impact our financial performance and cash flows.

Political and Geopolitical Risk

We have international operations and our business, financial condition, results of operations and cash flows may be adversely affected by changing economic, political and government conditions in the countries and regions where our ships are deployed. We are also exposed to geopolitical risks where territorial and other disputes between countries could lead to the outbreak of war or the existence of international hostilities that could damage the world economy, adversely affect the availability of and price of fuels and chemical products and adversely affect our ability to operate ships.

Risks Related to Privacy Regulations

Noncompliance with data privacy laws could have severe consequences for us. Failure to comply with regulations like the General Data Protection Regulation may result in legal liabilities, fines, reputational damage and loss of customer trust. It is crucial for us to have robust data protection policies, procedures, and safeguards in place to secure personal data and prevent unauthorized access or disclosure. Noncompliance with consent requirements, data transfer regulations, or individuals' data rights could lead to regulatory sanctions and legal disputes. Ensuring compliance with data privacy laws is essential for maintaining customer trust and safeguarding our reputation and financial well-being.

Litigation, Enforcement Actions, Fines or Penalties
Our business is subject to various U.S. and international laws and regulations that could lead to enforcement actions, fines, civil or criminal penalties or the assertion of litigation claims and damages. In addition, improper conduct by our employees, agents or partners could damage our reputation and/or lead to litigation or legal proceedings that could result in civil or criminal penalties, including substantial monetary fines. In certain circumstances it may not be economical to defend against such matters and/or our legal strategy may not ultimately result in us prevailing in a matter. Such events could lead to an adverse impact on our financial condition, results of operations or cash flows. While some of these claims are covered by insurance, we cannot be certain that all of them will be, which could have an adverse impact on our financial condition, results of operations or cash flows.

Risks Related to the Bonds
The Company may lack sufficient funds to make payments on the bonds. Insufficient funds for mandatory repurchases of bonds could lead to insolvency or an event of default under the bond terms. Restrictions on the transferability of bonds may limit sales in certain jurisdictions. Restrictive covenants relating to restrictions on incurring additional financial indebtedness may hinder business operations and financing capabilities. The Company is obliged to maintain certain operating and financial covenants and communicate compliance with bondholders periodically. It is possible that we may breach these covenants and not communicate lack of compliance in a timely manner. The bonds may lack an active secondary market. Security granted may not cover amounts owed to bondholders. Guarantees and security interests may be subject to legal limitations. Optional redemption by us may limit market value. Individual bondholders do not have enforcement rights against the Company. Bond terms modifications may occur without all bondholders' consent.

Declarations by Management
We hereby confirm that, to the best of our knowledge, the financial statements and footnotes as of March 31, 2025 and for the quarter then ended, have been prepared in accordance with U.S. GAAP and that the information in the financial statements and footnotes give a true and fair view of the Company’s assets, liabilities, cash flows and comprehensive loss taken as a whole. Further, the Interim Management Report provides a true and fair review of the development and performance of the Company, and the position of the Company and its subsidiaries taken as a whole, together with a description of the principal risk uncertainties that they face.

Dondra Ritzenthaler	Chief Executive Officer	May 28, 2025
Alain Ferzli	Chief Financial Officer	May 28, 2025
Clinton Bouchillon	Vice President – Controller	May 28, 2025

SP Cruises Intermediate Limited and Subsidiaries
Consolidated Balance Sheet
As of March 31, 2025

Assets	
Cash	$ 120,092,981
Trade and other receivables, net	4,124,168
Inventories	6,806,524
Prepaid expenses	19,887,984
Other current assets	6,299,117
Total current assets	157,210,774
Property and equipment, net	207,742,414
Operating lease right-of-use assets	1,339,044
Goodwill	78,901,589
Intangible assets	31,900,000
Other assets	565,449
Total assets	$ 477,659,270
Liabilities and Shareholder's Deficit	
Accounts payable	$ 27,841,851
Accrued expenses and other liabilities	29,086,522
Accrued interest	1,784,929
Customer deposits	148,138,540
Current operating lease liabilities	155,553
Total current liabilities	207,007,395
Long-term customer deposits	13,099,490
Long-term operating lease liabilities	1,678,291
Long-term debt	288,031,915
Other long-term liabilities	340,308
Total liabilities	510,157,399
Common stock	1,000
Accumulated other comprehensive loss	(1,387,506)
Additional paid-in capital	390,679,454
Accumulated deficit	(421,791,077)
Total shareholder's deficit	(32,498,129)
Total liabilities and shareholder's deficit	$ 477,659,270

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

SP Cruises Intermediate Limited and Subsidiaries
Consolidated Statement of Operations and Comprehensive Loss
Quarter Ended March 31, 2025

Revenues	
Passenger ticket revenue	$ 59,368,553
Onboard and other	16,002,126
Total revenue	75,370,679
Cruise operating expenses	
Commissions, transportation and other	(11,397,209)
Onboard and other	(4,837,399)
Payroll and related	(18,700,358)
Fuel	(9,608,712)
Food	(6,218,039)
Other operating	(16,214,074)
Total cruise operating expenses	(66,975,791)
Selling, general and administrative expenses	(24,337,147)
Depreciation and amortization	(5,140,359)
Operating loss	(21,082,618)
Nonoperating expense	
Other expense, net	(1,944,088)
Interest expense	(1,784,929)
Loss before income taxes	(24,811,635)
Income tax expense, net	(63,614)
Net loss	(24,875,249)
Change in foreign currency translation adjustment	265,026
Other comprehensive income	265,026
Total comprehensive loss	$ (24,610,223)

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

SP Cruises Intermediate Limited and Subsidiaries
Consolidated Statement of Changes in Shareholder's Equity (Deficit)
Quarter Ended March 31, 2025

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Shareholder's Equity (Deficit)
	Shares	Amount				
Balances at December 31, 2024	1,000	$ 1,000	$ 575,208,454	$ (396,915,828)	$ (1,652,532)	$ 176,641,094
Net loss	-	-	-	(24,875,249)	-	(24,875,249)
Other comprehensive income	-	-	-	-	265,026	265,026
Share-based compensation	-	-	471,000	-	-	471,000
Return of capital	-	-	(185,000,000)	-	-	(185,000,000)
Balances at March 31, 2025	1,000	$ 1,000	$ 390,679,454	$ (421,791,077)	$ (1,387,506)	$ (32,498,129)

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

SP Cruises Intermediate Limited and Subsidiaries
Consolidated Statement of Cash Flows
Quarter Ended March 31, 2025

Operating activities	
Net loss	$ (24,875,249)
Adjustments to reconcile net loss to net cash provided by operating activities	
Depreciation and amortization	5,140,983
Allowance for credit losses	(397,163)
Stock-based compensation expense	471,000
Interest expense	1,784,929
Unrealized loss on foreign currency transactions	(500,044)
Change in operating assets and liabilities	
Accounts receivable	(2,055,804)
Inventory	1,853,593
Prepaid expenses and other assets	(2,721,981)
Accounts payable	6,768,581
Operating right-of-use asset	6,150
Accrued expenses and other liabilities	5,768,665
Customer deposits	11,596,254
Operating lease liability	(12,120)
Net cash provided by operating activities	2,827,794
Financing activities	
Return of capital	(185,000,000)
Proceeds from long-term debt	300,000,000
Debt issuance costs	(11,968,085)
Net cash provided by financing activities	103,031,915
Effect of exchange rate changes on cash	219,262
Net increase in cash and cash equivalents	106,078,971
Cash	
Beginning of the period	14,014,010
End of the period	$ 120,092,981
Supplemental disclosure of cash flow information	
Property and equipment acquired that was unpaid in cash and included in accounts payable and accrued liabilities	$ 132,516
Right-of-use assets exchanged for lease liabilities	158,026
Income taxes paid	125,769

1. Description of Business

SP Cruises Intermediate Limited ("SPIL") and its wholly owned subsidiaries (collectively known as "the Company", "our", "us" or "we") is a global luxury cruise company. The Company was incorporated on January 6, 2021 in Bermuda with the express purpose to operate as the holding company for the Azamara Cruises brand ("Azamara"), which was acquired by the Company on March 19, 2021 from Royal Caribbean Cruises Ltd.

Azamara is a small-ship luxury cruise line with a fleet of four intimate-style ships. Our cruise line allows travelers to reach ports around the world and dock in smaller and less accessible destinations on all seven continents. Azamara's itineraries vary from short voyages less than seven days to our 2027 World Cruise that visits 37 countries over 188 days. Azamara is known for offering an inclusive onboard experience with longer port stays.

SPIL is owned by SP Cruises Holdings Limited ("SPHL") which was registered in Bermuda on January 5, 2021 and is owned by SP Cruises Ultimate Holdings Limited ("SPUHL"), which was registered in Bermuda on May 17, 2024. SPUHL is owned by SP Cruises Cayman TopCo L.P. ("TopCo"), which was registered in the Cayman Islands on January 4, 2021. TopCo is owned by an affiliate of Sycamore Partners ("Sycamore"), a private equity firm headquartered in New York City, NY. SPIL has subsidiaries registered in the United States, Ireland and Bermuda.

2. Summary of Significant Accounting Policies

Interim Financial Statements

The accompanying interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"), are unaudited, and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2024. There were no significant changes to the Company's significant accounting policies disclosed in "Note 2 – Summary of Significant Accounting Policies" in the Consolidated Financial Statements for the year ended December 31, 2024, other than as disclosed below. In the opinion of management, the interim consolidated financial statements reflect all adjustments necessary for the fair presentation of the financial statements for the period presented.

The results disclosed in the Consolidated Statement of Operations and Comprehensive Loss for the quarter ended March 31, 2025 are not necessarily indicative of the results to be expected for the full year.

The interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. Intercompany accounts and transactions are eliminated upon consolidation.

These financial statements were approved by management and available for issuance on May 28, 2025. Subsequent events have been evaluated through this date.

Debt

Debt is recorded at initial fair value, which normally reflects the proceeds received by us, net of debt issuance costs. Debt is subsequently stated at amortized cost. Debt issuance costs are amortized to interest expense using the effective interest rate method over the term of the debt. Debt issuance costs related to a recognized debt liability are presented in the Consolidated Balance Sheet as a direct deduction from the carrying amount of that debt liability. Debt instruments are evaluated for the existence of features that require separation and accounting as a derivative.

Segment Reporting
We believe our brand possesses the versatility to enter multiple cruise market segments within the cruise vacation industry. Our one brand and four ships have one unified marketing style, and the nature of the products sold and services delivered share a common base (i.e., the sale and provision of cruise vacations). Our ships are of similar size, have similar itineraries as well as similar cost and revenue components. In addition, our four ships source passengers from the same markets around the world and operate in the same economic environments with a significant degree of commercial overlap. As a result, our four ships have been aggregated under one brand and as a single reportable segment based on the similarity of their economic characteristics, types of consumers, regulatory environment, maintenance requirements, supporting systems and processes as well as products and services provided. Our Chief Executive Officer has been identified as the chief operating decision-maker ("CODM"). The CODM uses information about the Company's consolidated revenue and income (loss) from operations. Our CODM assesses the performance of the Company and makes decisions to allocate resources for the Company based upon the review of the results of operations.

Credit Losses
The Company estimates and recognizes an allowance for expected credit losses over the life of its financial assets, including trade and other receivables. The balance of the allowance for credit losses was $0.7 million at March 31, 2025.

Recent Accounting Pronouncements
In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Updates ("ASU") No. 2023-09, *Income Taxes (*Topic 740): *Improvements to Income Tax Disclosures*. The new guidance is intended to enhance the transparency and decision usefulness of income tax disclosures, primarily through standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. This ASU is effective for annual periods beginning after December 15, 2024 on a prospective basis with the option to apply retrospectively. We are evaluating the impact of the new guidance on our consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures* (Subtopic 220-40): *Disaggregation of Income Statement Expenses*, which requires disclosures about certain categories of expenses (including purchases of inventory, employee compensation, depreciation and intangible asset amortization) that are included in the expense captions presented on the face of the income statement, as well as disclosures about selling expenses. This new guidance is intended to provide investors with more detailed expense information in order to better understand an entity's cost structure and forecast future cash flows. This ASU is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027 on a prospective basis. Early adoption and retrospective application are permitted. We are evaluating the impact of the new guidance on our consolidated financial statements and related disclosures.

3. Disaggregated Revenues

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

	QTD March 31, 2025
Revenues by market	
North America	$ 26,035,254
Europe	16,261,969
Australia	12,045,896
Other	5,025,434
Total passenger ticket revenues	$ 59,368,553

4. Contingencies

As of March 31, 2025, there are no material legal contingencies pending against the Company or any of its properties. However, the Company may become party to various claims, legal proceedings, disputes, other regulatory matters, and government inspections in the ordinary course of business or otherwise. The Company cannot determine whether such actions will have a material impact on the financial condition, results of operations or cash flows of the Company beyond its current estimates.

5. Shareholder's Equity

The authorized share capital of the Company as of March 31, 2025 consisted of 10,000 ordinary shares with a par value $1 per share. In January 2021, 1,000 ordinary shares were issued to an affiliate of Sycamore and subsequently transferred to SPHL in January 2021. As of March 31, 2025, the 1,000 shares remain issued and outstanding and there were no new or additional shares issued during the quarter ended March 31, 2025.

Additionally, during the quarter ended March 31, 2025, the Company returned capital of ($185) million to SPUHL. This return of capital is reflected in the Consolidated Statement of Changes in Shareholder's Deficit.

6. Transactions With Related Parties

Sycamore has issued a letter of credit on our behalf for $2.8 million to meet certain contractual requirements for certain of our credit card processors. This letter of credit was subsequently cancelled on April 15, 2025.

During the quarter ended March 31, 2025, the Company incurred $1.0 million in management fees for a broad array of consulting services provided by its executive advisors at Sycamore.

7. Debt

Debt consists of the following:

	Weighted Average Rate	Maturity Through	March 31, 2025
Fixed rate debt			
Senior Secured Bonds	11.5 %	2030	$ 300,000,000
Total fixed rate debt			300,000,000
Less: Unamortized debt issuance costs			11,968,085
Total debt, net of unamortized debt issuance costs			288,031,915
Less: Current portion			-
Long term portion			$ 288,031,915

Nordic Debt Facility
On March 14, 2025 (“Issue Date”), SPIL (the "Issuer") issued 11.5% Senior Secured $400 million bonds due 2030 (the "Nordic Bonds"). The initial issuance amounted to $300 million (the “Issued Bonds”), with the ability to issue an additional $100 million subject to market demand, bringing the total potential issuance to $400 million. The Issued Bonds were issued to fund a return of capital of ($185) million to SPUHL and for general corporate purposes.

The Issued Bonds bear interest at a fixed rate of 11.5% per annum, payable semi-annually in August and February, based on a 360-day year. The Issued Bonds mature in March 2030. The Central Securities Depository (“CSD”) in which the Issued Bonds are registered is Verdipapirsentralen ASA (Euronext Securities Oslo).

The Issuer is responsible for listing the bonds on the Frankfurt Stock Exchange within 60 days of the Issue Date, by May 12, 2025. Additionally, the Issuer is required to list the Issued Bonds on the Euronext (previously named “Nordic”) Alternative Bond Market within six months of the Issue Date, by September 15, 2025.

Portions of the Company’s four vessels are pledged as collateral for the Issued Bonds. The Issued Bonds do not require repayment in years 2026 through 2029 but require a balloon payment of $300 million in March 2030 if no prepayments are made during the interim.

The Issuer has covenanted to maintain a loan-to-value ratio where total debt, less a) cash, b) intragroup and subordinated loan obligations, c) certain permitted debt and d) capitalized value of finance leases, divided by the market value of the collateral vessels (in each case, determined using the arithmetic mean of two independent valuations) cannot exceed 65%. Additionally, the Issuer is required to maintain minimum liquidity equivalent to twelve months of interest. The Company is in compliance with the covenants as of March 31, 2025.

The Issued Bonds include provisions for call and put options. The Issuer can voluntarily redeem the outstanding Issued Bonds at any time at a call price above par, determined in accordance with a call price schedule set out in the bond terms. In addition the Issuer can voluntarily redeem all (but not part) of the Issued Bonds at par following certain tax events. Following the total loss of a collateral vessel, a piracy event or the sale or disposal of a collateral vessel or its owner, the Issuer may become obligated to apply any net proceeds received by it towards a) the financing or refinancing (in whole or in part) of the acquisition of any collateral vessel(s) or b) the redemption of outstanding Issued Bonds at par. The Bondholders can require the Issuer to repurchase the outstanding Issued Bonds upon a change in over the Issuer (at 101%).

For the period ended March 31, 2025, the Issuer incurred approximately $12 million in debt issuance costs, including bank fees and third-party legal and professional fees related to the issuance of the Nordic Bonds, which were capitalized in accordance with ASC Topic 470, *Debt*. These costs are amortized as interest expense over the term of the Issued Bonds using the effective interest method. Amortization of debt issuance costs will begin in April 2025 and are presented separately in the Consolidated Statement of Cash Flows.

8. Fair Value of Financial Instruments

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 Measured at Fair Value on a Recurring Basis

		As of March 31, 2025 Fair Value		
	Carrying value	Level 1	Level 2	Level 3
Assets				
Cash	$ 120,092,981	$ 120,092,981	$ -	$ -
Total	$ 120,092,981	$ 120,092,981	$ -	$ -
Liabilities				
Senior Secured Bonds	$ 300,000,000	$ 300,000,000	$ -	$ -
Total	$ 300,000,000	$ 300,000,000	$ -	$ -

There were no financial instruments not measured at fair value on a recurring basis as of March 31, 2025.

9. Subsequent Events

Management has evaluated the impact of all events subsequent to March 31, 2025, and through May 28, 2025, using the guidance under ASC 855 *Subsequent Events*, and has determined that there were no subsequent events requiring adjustment or disclosure in the Consolidated Financial Statements except for the following:

SPIL registered the Nordic Bonds on the Frankfurt Stock Exchange on May 6, 2025.