

June 28, 2021

**RELEASE OF CARNIVAL CORPORATION & PLC QUARTERLY REPORT ON FORM 10-Q AND
CARNIVAL PLC GROUP HALF-YEARLY FINANCIAL REPORT**

Carnival Corporation & plc is hereby announcing that today it has filed its joint Quarterly Report on Form 10-Q (“Form 10-Q”) with the U.S. Securities and Exchange Commission (“SEC”) containing the Carnival Corporation & plc 2021 three and six months unaudited consolidated financial statements.

The information included in the attached Schedules A and B is extracted from the Form 10-Q and has been prepared in accordance with SEC rules and regulations. The Carnival Corporation & plc unaudited consolidated financial statements contained in the Form 10-Q have been prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”).

- **Schedule A** contains the Carnival Corporation & plc unaudited consolidated financial statements as of and for the three and six months ended May 31, 2021
- **Schedule B** contains management's discussion and analysis (“MD&A”) of financial conditions and results of operations

In addition, the Directors are today presenting in the attached **Schedule C**, the unaudited interim condensed financial statements for the Carnival plc Group (“Interim Financial Statements”) as of and for the six months ended May 31, 2021. The Interim Financial Statements exclude the consolidated results of Carnival Corporation and are prepared under International Financial Reporting Standards as adopted by the European Union.

The Directors consider that within the Carnival Corporation and Carnival plc dual listed company (“DLC”) arrangement, the most appropriate presentation of Carnival plc's results and financial position is by reference to the Carnival Corporation & plc U.S. GAAP unaudited consolidated financial statements (“DLC Financial Statements”).

All these schedules (A, B & C) are presented together as Carnival plc's Group half-yearly financial report (“Interim Financial Report”) in accordance with the requirements of the UK Disclosure Guidance and Transparency Rules.

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The Form 10-Q, including the portions extracted for this announcement, is available for viewing on the SEC website at www.sec.gov under Carnival Corporation or Carnival plc or the Carnival Corporation & plc website at www.carnivalcorp.com or www.carnivalplc.com. A copy of the Form 10-Q has been submitted to the National Storage Mechanism and will shortly be available for inspection at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>. Additional information can be obtained via Carnival Corporation & plc's website listed above or by writing to Carnival plc at Carnival House, 100 Harbour Parade, Southampton, SO15 1ST, United Kingdom.

Carnival Corporation & plc is one of the world's largest leisure travel companies with a portfolio of nine of the world's leading cruise lines. With operations in North America, Australia, Europe and Asia, its portfolio features – Carnival Cruise Line, Princess Cruises, Holland America Line, P&O Cruises (Australia), Seabourn, Costa Cruises, AIDA Cruises, P&O Cruises (UK) and Cunard.

Additional information can be found on www.carnivalcorp.com, www.carnivalsustainability.com, www.carnival.com, www.princess.com, www.hollandamerica.com, www.pocruses.com.au, www.seabourn.com, www.costacruise.com, www.aida.de, www.pocruses.com and www.cunard.com.

SCHEDULE C

CARNIVAL PLC
INTERIM CONDENSED GROUP STATEMENTS OF INCOME (LOSS)
(UNAUDITED)

(in millions, except per share data)

	Six Months Ended May 31,	
	2021	2020
Revenues		
Passenger ticket	\$ 22	\$ 1,763
Onboard and other	33	620
	<u>55</u>	<u>2,383</u>
Operating Costs and Expenses		
Commissions, transportation and other	12	581
Onboard and other	9	176
Payroll and related	193	482
Fuel	84	283
Food	16	153
Ship and other impairments	1	593
Other operating	185	757
	<u>500</u>	<u>3,025</u>
Selling and administrative	306	384
Depreciation and amortisation	395	393
Goodwill impairment	—	310
	<u>1,202</u>	<u>4,112</u>
Operating Income (Loss)	<u>(1,147)</u>	<u>(1,730)</u>
Nonoperating Income (Expense)		
Interest income	—	2
Interest expense, net of capitalised interest	(18)	(15)
Other income (expense), net	(239)	82
	<u>(257)</u>	<u>69</u>
Income (Loss) Before Income Taxes	<u>(1,404)</u>	<u>(1,661)</u>
Income Tax Benefit (Expense), Net	<u>(4)</u>	<u>(3)</u>
Net Income (Loss)	<u>\$ (1,408)</u>	<u>\$ (1,664)</u>
Earnings Per Share		
Basic	<u>\$ (8.91)</u>	<u>\$ (9.12)</u>
Diluted	<u>\$ (8.91)</u>	<u>\$ (9.12)</u>

The accompanying notes are an integral part of these Interim Financial Statements. These Interim Financial Statements only present the Carnival plc consolidated IFRS Interim Financial Statements and, accordingly, do not include the consolidated IFRS results of Carnival Corporation.

Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the DLC Financial Statements. Set out below is the U.S. GAAP and adjusted consolidated earnings per share included within the DLC Financial Statements of this Interim Financial Report for the six months ended May 31:		
	2021	2020
DLC basic earnings per share	<u>\$ (3.63)</u>	<u>\$ (7.34)</u>
DLC diluted earnings per share	<u>\$ (3.63)</u>	<u>\$ (7.34)</u>
DLC adjusted diluted earnings per share	<u>\$ (3.58)</u>	<u>\$ (3.18)</u>

CARNIVAL PLC
INTERIM CONDENSED GROUP STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)
(in millions)

	Six Months Ended May 31,	
	2021	2020
Net Income (Loss)	\$ (1,408)	\$ (1,664)
Other Comprehensive Income (Loss)		
Items that will not be reclassified through the Statements of Income		
Remeasurements of post-employment benefit obligations	(3)	5
Items that may be reclassified through the Statements of Income		
Changes in foreign currency translation adjustment	276	(28)
Other	29	8
	306	(19)
Other Comprehensive Income (Loss)	303	(15)
Total Comprehensive Income (Loss)	\$ (1,105)	\$ (1,678)

The accompanying notes are an integral part of these Interim Financial Statements. These Interim Financial Statements only present the Carnival plc consolidated IFRS Interim Financial Statements and, accordingly, do not include the consolidated IFRS results of Carnival Corporation.

<p>Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the DLC Financial Statements.</p>
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CARNIVAL PLC
INTERIM CONDENSED GROUP BALANCE SHEETS
(UNAUDITED)
(in millions)

	<u>May 31, 2021</u>	<u>November 30, 2020</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 278	\$ 918
Trade and other receivables, net	135	187
Inventories	110	135
Prepaid expenses and other	219	219
Total current assets	<u>742</u>	<u>1,459</u>
Property and Equipment, Net	16,461	15,225
Right-of-Use Assets	376	315
Goodwill	296	284
Other Assets	817	966
	<u>\$ 18,692</u>	<u>\$ 18,250</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	\$ —	\$ 2
Current portion of long-term debt	946	348
Current portion of lease liabilities	37	43
Amount owed to the Carnival Corporation group	6,561	6,183
Accounts payable	251	345
Accrued liabilities and other	387	368
Customer deposits	546	595
Total current liabilities	<u>8,728</u>	<u>7,884</u>
Long-Term Debt	4,615	4,023
Long-Term Lease Liabilities	336	277
Other Long-Term Liabilities	318	275
Shareholders' Equity		
Share capital	361	361
Share premium	143	185
Retained earnings	6,157	7,568
Other reserves	(1,966)	(2,323)
Total shareholders' equity	<u>4,695</u>	<u>5,791</u>
	<u>\$ 18,692</u>	<u>\$ 18,250</u>

The accompanying notes are an integral part of these Interim Financial Statements. These Interim Financial Statements only present the Carnival plc consolidated IFRS Interim Financial Statements and, accordingly, do not include the consolidated IFRS results of Carnival Corporation.

Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the DLC Financial Statements.

CARNIVAL PLC
INTERIM CONDENSED GROUP STATEMENTS OF CASH FLOWS
(UNAUDITED)

(in millions)

	Six Months Ended May 31,	
	2021	2020
OPERATING ACTIVITIES		
Income (Loss) before income taxes	\$ (1,404)	\$ (1,661)
Adjustments to reconcile income (loss) before income taxes to net cash provided by (used in) operating activities		
Depreciation and amortisation	395	393
Impairments	18	903
Share-based compensation	16	6
Interest expense, net	55	18
Debt modifications	(33)	—
(Gain) loss on ship sales and other, net	64	(88)
	<u>516</u>	<u>1,233</u>
Changes in operating assets and liabilities		
Receivables	30	(12)
Inventories	(2)	75
Prepaid expenses and other	(59)	87
Accounts payable	(87)	234
Accrued and other liabilities	50	(102)
Customer deposits	(32)	(1,036)
Cash provided by (used in) operations before interest and income taxes	<u>(989)</u>	<u>(1,183)</u>
Interest received	—	2
Interest paid	(42)	(17)
Income taxes paid, net	1	(13)
Net cash provided by (used in) operating activities	<u>(1,030)</u>	<u>(1,211)</u>
INVESTING ACTIVITIES		
Purchases of property and equipment	(1,108)	(1,023)
Proceeds from sales of ships and other	228	236
Purchase of minority interest	(90)	(81)
Derivative settlements and other, net	(31)	67
Net cash provided by (used in) investing activities	<u>(1,001)</u>	<u>(801)</u>
FINANCING ACTIVITIES		
Changes in loans with the Carnival Corporation group and Group companies	290	2,544
Proceeds from (repayments of) short-term borrowings, net	—	(139)
Principal repayments of long-term debt	(337)	(82)
Proceeds from issuance of long-term debt	1,534	—
Dividends paid	—	(187)
Purchases of treasury shares	—	(12)
Finance lease principal payments	(29)	(31)
Debt issuance cost and other, net	(80)	(5)
Net cash provided by (used in) financing activities	<u>1,378</u>	<u>2,089</u>
Effect of exchange rate changes on cash and cash equivalents	<u>14</u>	<u>(1)</u>
Net increase (decrease) in cash and cash equivalents	<u>(640)</u>	<u>75</u>
Cash and cash equivalents at beginning of period	<u>918</u>	<u>219</u>
Cash and cash equivalents at end of period	<u>\$ 278</u>	<u>\$ 294</u>

The accompanying notes are an integral part of these Interim Financial Statements. These Interim Financial

Statements only present the Carnival plc consolidated IFRS Interim Financial Statements and, accordingly, do not include the consolidated IFRS results of Carnival Corporation.

Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the DLC Financial Statements.

CARNIVAL PLC
INTERIM CONDENSED GROUP STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)
(in millions)

	Reserves									Total shareholders' equity	
	Share capital	Share premium	Retained earnings	Translation reserve	Cash flow hedges	Treasury shares	Other reserves	Merger reserve	Total		
2020											
Balances at November 30, 2019	\$ 358	\$ 186	\$ 11,076	\$ (2,371)	\$ (49)	\$ (1,935)	\$ (109)	\$ 1,503	\$(2,961)	\$ 8,659	
Comprehensive income (loss)											
Net income (loss)	—	—	(1,664)	—	—	—	—	—	—	(1,664)	
Changes in foreign currency translation adjustment	—	—	—	(28)	—	—	—	—	(28)	(28)	
Net gains on cash flow derivative hedges	—	—	—	—	56	—	—	—	56	56	
Net losses on hedges of net investments in foreign operations	—	—	—	(48)	—	—	—	—	(48)	(48)	
Remeasurements of post-employment benefit obligations	—	—	5	—	—	—	—	—	—	5	
Total comprehensive income	—	—	(1,659)	(76)	56	—	—	—	(19)	(1,678)	
Purchase of treasury shares	—	—	—	—	—	(10)	—	—	(10)	(10)	
Share repurchase obligations	—	—	—	—	—	—	129	—	129	129	
Cash dividends declared	—	—	(91)	—	—	—	—	—	—	(91)	
Other, net	2	5	—	—	—	—	—	—	—	7	
Balances at May 31, 2020	<u>\$ 360</u>	<u>\$ 191</u>	<u>\$ 9,326</u>	<u>\$ (2,447)</u>	<u>\$ 7</u>	<u>\$ (1,945)</u>	<u>\$ 20</u>	<u>\$ 1,503</u>	<u>\$(2,861)</u>	<u>\$ 7,016</u>	
2021											
Balances at November 30, 2020	\$ 361	\$ 185	\$ 7,568	\$ (1,930)	\$ 8	\$ (1,945)	\$ 41	\$ 1,503	\$(2,323)	\$ 5,791	
Comprehensive income (loss)											
Net income (loss)	—	—	(1,408)	—	—	—	—	—	—	(1,408)	
Changes in foreign currency translation adjustment	—	—	—	276	—	—	—	—	276	276	
Net gains on cash flow derivative hedges	—	—	—	—	1	—	—	—	1	1	
Net gains on hedges of net investments in foreign operations	—	—	—	28	—	—	—	—	28	28	
Remeasurements of post-employment benefit obligations	—	—	(3)	—	—	—	—	—	—	(3)	
Total comprehensive income (loss)	—	—	(1,411)	304	1	—	—	—	306	(1,105)	
Other, net	—	(42)	—	—	—	—	51	—	51	9	
Balances at May 31, 2021	<u>\$ 361</u>	<u>\$ 143</u>	<u>\$ 6,157</u>	<u>\$ (1,626)</u>	<u>\$ 9</u>	<u>\$ (1,945)</u>	<u>\$ 92</u>	<u>\$ 1,503</u>	<u>\$(1,966)</u>	<u>\$ 4,695</u>	

The accompanying notes are an integral part of these Interim Financial Statements. These Interim Financial Statements only present the Carnival plc consolidated IFRS Interim Financial Statements and, accordingly, do not include the consolidated IFRS results of Carnival Corporation.

Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the DLC Financial Statements.

CARNIVAL PLC
NOTES TO INTERIM CONDENSED GROUP FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 - General

Description of Business

Carnival plc was incorporated in England and Wales in 2000 and is domiciled in the UK with its headquarters located at Carnival House, 100 Harbour Parade, Southampton, Hampshire, SO15 1ST, UK (registration number 04039524). The Interim Financial Statements have been prepared on the basis of the accounting policies and methods of computation, including estimates and assumptions, adopted and disclosed in Carnival plc and its subsidiaries and associates (referred to collectively in these Interim Financial Statements as the “Group,” “our,” “us” and “we”) consolidated statutory financial statements for the year ended November 30, 2020. These Interim Financial Statements were approved by the Board of Directors on June 23, 2021.

DLC Arrangement

Carnival Corporation and Carnival plc operate a dual listed company (“DLC”) arrangement, known as Carnival Corporation & plc, whereby the businesses of Carnival Corporation and Carnival plc are combined through a number of contracts and provisions in Carnival Corporation's Articles of Incorporation and By-Laws and Carnival plc's Articles of Association. The two companies operate as a single economic enterprise with a single senior executive management team and identical Boards of Directors, but each has retained its separate legal identity. Each company's shares are publicly traded; on the New York Stock Exchange (“NYSE”) for Carnival Corporation and the London Stock Exchange for Carnival plc. The Carnival plc American Depositary Shares are traded on the NYSE.

The Boards of Directors consider that within the DLC arrangement, the most appropriate presentation of Carnival plc's results and financial position is by reference to the U.S. generally accepted accounting principles (“U.S. GAAP”) DLC Financial Statements because all significant financial and operating decisions affecting the DLC companies are made on a joint basis to optimize the consolidated performance as a single economic entity. Accordingly, the DLC Financial Statements for the three and six months ended May 31, 2021 are provided to shareholders as other information, which are included in Schedule A. In addition, the related management commentary has been included in Schedule B as other information.

These Interim Financial Statements are required to satisfy reporting requirements of the United Kingdom Listing Authority and do not include the consolidated results and financial position of Carnival Corporation and its subsidiaries. These Interim Financial Statements have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority (“FCA”) and with International Accounting Standard 34 “Interim Financial Reporting” as adopted by the European Union (“IAS 34”). The Interim Financial Statements should be read in conjunction with the audited annual financial statements for the year ended November 30, 2020, which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”). Our Interim Financial Statements are presented in U.S. dollars as this is our presentation currency.

The preparation of our Interim Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of policies as well as reported and disclosed amounts in these financial statements. The estimates and underlying assumptions are based on historical experience and various other factors that we believe to be reasonable under the circumstances and form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from the estimates used in preparing these Interim Financial Statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Status of Financial Statements

Our Interim Financial Statements for the six months ended May 31, 2021 have not been audited or reviewed by the auditors.

Our Interim Financial Statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended November 30, 2020 were approved by the Board of Directors on January 25, 2021 and delivered to the Registrar of Companies. The report of the auditors on those accounts was (i) unqualified, (ii) contained a material uncertainty related to going concern and (iii) did not contain any statement under section 498 of the Companies Act 2006.

Liquidity and Management's Plans

In the face of the global impact of COVID-19, Carnival Corporation & plc paused its guest cruise operations in mid-March 2020. As of May 31, 2021, five of Carnival Corporation & plc's ships were operating with guests onboard. Eight of its nine brands either have resumed or are announced to resume guest operations by November 30, 2021, as part of Carnival Corporation & plc's phased return to service. Significant events affecting travel, including COVID-19 and the phased resumption of guest cruise operations, have had and continue to have an impact on booking patterns. The full extent of the impact will be determined by the phased return to service and the length of time COVID-19 influences travel decisions. Carnival Corporation & plc believes that the ongoing effects of COVID-19 on its operations and global bookings has had, and will continue to have, a material negative impact on its financial results and liquidity.

The estimation of Carnival Corporation & plc's future liquidity requirements includes numerous assumptions that are subject to various risks and uncertainties. The principal assumptions used to estimate its future liquidity requirements consist of:

- Expected continued phased resumption of guest cruise operations
- Expected lower than comparable historical occupancy levels during the resumption of guest cruise operations
- Expected incremental spend for the resumption of guest cruise operations, for bringing its ships out of pause status, returning crew members to its ships and implementing enhanced health and safety protocols

In addition, Carnival Corporation & plc makes certain assumptions about new ship deliveries, improvements and disposals, and considers the future export credit financings that are associated with the ship deliveries.

Carnival Corporation & plc cannot make assurances that its assumptions used to estimate its liquidity requirements may not change because they have never previously experienced a complete cessation of its guest cruise operations, and as a consequence, their ability to be predictive is uncertain. In addition, the magnitude and duration of the global pandemic are uncertain. Carnival Corporation & plc has made reasonable estimates and judgments of the impact of COVID-19 within its consolidated financial statements and there may be changes to those estimates in future periods. Carnival Corporation & plc continues to expect a net loss on both a U.S. GAAP and adjusted basis for the third quarter of 2021 and the full year ending November 30, 2021. Carnival Corporation & plc has taken actions to improve its liquidity, including completing various capital market transactions, capital expenditure and operating expense reductions, accelerating the removal of certain ships from its fleet and expects to continue to pursue refinancing opportunities to reduce interest expense and extend maturities.

Based on these actions and Carnival Corporation & plc's assumptions regarding the impact of COVID-19, and considering Carnival Corporation & plc's \$9.3 billion of cash and short-term investments at May 31, 2021, it has concluded that it has sufficient liquidity to satisfy its obligations for at least the next twelve months. In light of these circumstances, the Boards of Directors of the Group have a reasonable expectation that Carnival Corporation & plc has adequate resources to continue its operational existence and continue to adopt the going concern basis of preparing the Carnival plc Interim Financial Statements. Refer to Schedule B of this release for additional discussion.

COVID-19 Use of Estimates and Risks and Uncertainty

The preparation of our Interim Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of policies as well as reported and disclosed amounts in these financial statements. The full extent to which the effects of COVID-19 will directly or indirectly impact our business, operations, results of operations and financial condition, including our valuation of goodwill and trademarks, impairment of ships, collectability of trade and notes receivables as well as provisions for pending litigation, will depend on future developments that are highly uncertain. We have made reasonable estimates and

judgments of the impact of COVID-19 within our financial statements and there may be changes to those estimates in future periods.

Accounting Pronouncements

The International Accounting Standards Board (“IASB”) has issued amendments to the standard, IAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*, providing a more general approach to the classification of liabilities based on the contractual agreements in place at the reporting date. These amendments are required to be adopted by us for the financial year commencing on December 1, 2022 and must be applied retrospectively. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

The IASB issued amendments to the standards, IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 4 *Insurance Contracts* and IFRS 16 *Leases*, that address issues that might affect financial reporting when an existing interest rate benchmark is replaced with an alternative interest rate. The changes relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 *Financial Instruments: Disclosures* to accompany the amendments regarding modifications and hedge accounting. This guidance is required to be adopted by us for the financial year commencing on December 1, 2022. We are evaluating the impact of this guidance on our consolidated financial statements.

NOTE 2 - Revenue and Expense Recognition

Guest cruise deposits are initially included in customer deposit liabilities 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 purchasing these services are included in transportation costs. 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. A portion of these fees, taxes and charges vary with guest head counts and are directly imposed on a revenue-producing arrangement. This portion of the fees, taxes and charges is expensed in commissions, transportation and other costs when the corresponding revenues are recognized. For the six months ended May 31, fees, taxes, and charges included in commissions, transportation and other costs were not significant in 2021 and \$53 million in 2020. The remaining portion of fees, taxes and charges are 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. Revenues from the long-term leasing of ships, which are also included in our Tour and Other segment, are recognized ratably over the term of the agreement.

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. We are providing flexibility to guests with bookings on sailings cancelled due to the pause in cruise operations by allowing guests to

receive enhanced future cruise credits (“FCC”) or elect to receive refunds in cash. We have paid and expect to continue to pay cash refunds of customer deposits with respect to a portion of these cancelled cruises. The amount of cash refunds to be paid may depend on the level of guest acceptance of FCCs and future cruise cancellations. We record a liability for FCCs to the extent we have received cash from guests with bookings on cancelled sailings. We had customer deposits of \$0.7 billion as of May 31, 2021 and November 30, 2020. As of May 31, 2021, the current portion of customer deposits was \$0.5 billion. This amount includes deposits related to cancelled cruises prior to the election of a cash refund by guests. Refunds payable to guests who have elected cash refunds are recorded in accounts payable. Due to the uncertainty associated with the duration and extent of COVID-19, we are unable to estimate the amount of the May 31, 2021 customer deposits that will be recognized in earnings compared to amounts that will be refunded to customers or issued as a credit for future travel. During the six months ended May 31, 2021 and 2020, we recognized revenues of an immaterial amount and \$1.3 billion, respectively, related to our customer deposits as of November 30, 2020 and 2019. Historically, our customer deposits balance changes due to the seasonal nature of cash collections, the recognition of revenue, refund of customer deposits and foreign currency translation.

Contract 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 also have receivables from credit card merchants for cruise ticket purchases and onboard revenue. These receivables are included within trade and other receivables, net.

Contract Assets

Contract assets are amounts paid prior to the start of a voyage, which we record as an asset within prepaid expenses and other and which are subsequently recognized as commissions, transportation and other at the time of revenue recognition or at the time of voyage cancellation. We have contract assets of an immaterial amount as of May 31, 2021 and November 30, 2020.

NOTE 3 - Property and Equipment

(in millions)

At November 30, 2020	\$ 15,225
Foreign currency translation adjustment	478
Additions	1,134
Disposals	(2)
Ship impairments	(1)
Depreciation	(373)
At May 31, 2021	<u>\$ 16,461</u>

We review our long-lived assets for impairment whenever events or circumstances indicate potential impairment. As a result of the phased resumption of guest cruise operations and its effect on our expected future operating cash flows, we determined certain impairment triggers had occurred. Accordingly, we performed discounted cash flow analyses on certain ships in our fleet, selected utilizing a risk-based approach taking into consideration the remaining life of each ship relative to its carrying value, to determine an estimated value in use. If the net carrying value of the ship exceeded its estimated value in use or its expected realizable selling value less cost of disposal, we recognized an impairment charge. In total, we recognized \$1 million and \$514 million of ship impairment charges during the six months ended May 31, 2021 and 2020, respectively.

The principal assumptions, all of which are considered Level 3 inputs, used in our 2020 cash flow analyses consisted of:

- Timing of the respective ship's return to service, changes in market conditions and port or other restrictions
- Forecasted ship revenues net of our most significant variable costs, which are travel agent commissions, costs of air and other transportation and certain other costs that are directly associated with onboard and other revenues, including credit and debit card fees
- Timing of the sale of ships and estimated proceeds

Refer to Note 1 - “General, COVID-19 Use of Estimates and Risks and Uncertainty” for additional discussion.

NOTE 4 - Goodwill

(in millions)

At November 30, 2020	\$	284
Foreign currency translation adjustment		12
At May 31, 2021	\$	<u>296</u>

As a result of the phased resumption of guest cruise operations and its effect on our expected future operating cash flows, we performed interim discounted cash flow analyses for all cash-generating units with goodwill as of May 31, 2021, and determined there was no impairment. For the six months ended May 31, 2020, we recognized goodwill impairment charges of \$310 million for our cash-generating units.

The determination of our cash-generating units' goodwill fair values includes numerous assumptions that are subject to various risks and uncertainties. The effect of COVID-19 and the phased resumption have created some uncertainty in forecasting the operating results and future cash flows used in our impairment analyses. We believe that we have made reasonable estimates and judgments. A change in the conditions, circumstances or strategy (including decisions about the allocation of new ships amongst brands and the transfer of ships between brands), which influence determinations of fair value, may result in a need to recognize an additional impairment charge. The principal assumptions, all of which are considered Level 3 inputs, used in our cash flow analyses consisted of:

- The timing of our return to service, changes in market conditions and port or other restrictions
- Forecasted revenues net of our most significant variable costs, which are travel agent commissions, costs of air and other transportation, and certain other costs that are directly associated with onboard and other revenues including credit and debit card fees
- The allocation of new ships and the timing of the transfer or sale of ships amongst brands, as well as the estimated proceeds from ship sales
- Weighted-average cost of capital of market participants, adjusted for the risk attributable to the geographic regions in which these cruise brands operate

Refer to Note 1 - “General, COVID-19 Use of Estimates and Risks and Uncertainty” for additional discussion.

NOTE 5 - Other Assets

We have a minority interest in the White Pass & Yukon Route (“White Pass”) that includes port, railroad and retail operations in Skagway, Alaska. As a result of the effects of COVID-19 on the 2021 Alaska season, we evaluated whether our investment in White Pass was other than temporarily impaired and performed an impairment assessment during the quarter ended February 28, 2021. As a result of our assessment, we recognized an impairment charge of \$17 million for our investment in White Pass in other income (expense), net. As of May 31, 2021, our investment in White Pass was \$77 million, consisting of \$53 million in equity and a loan of \$23 million. As of November 30, 2020, our investment in White Pass was \$94 million, consisting of \$75 million in equity and a loan of \$19 million.

We have a minority interest in CSSC Carnival Cruise Shipping Limited (“CSSC-Carnival”), a China-based cruise company which will operate its own fleet designed to serve the Chinese market. Our investment in CSSC-Carnival was \$229 million as of May 31, 2021 and \$140 million as of November 30, 2020. In December 2019, we sold to CSSC-Carnival a controlling interest in an entity with full ownership of two EA segment ships and recognized a related gain of \$107 million, included in other operating expenses in our Consolidated Statements of Income (Loss). In April 2021, we sold to CSSC-Carnival our remaining \$283 million investment in the minority interest of the same entity.

NOTE 6 - Debt

Covenant Compliance

Our export credit facilities contain one or more covenants that require us to:

- Maintain minimum interest coverage (EBITDA to consolidated net interest charges for the most recently ended four fiscal quarters) (the “Interest Coverage Covenant”) of not less than 3.0 to 1.0 at the end of each fiscal quarter
- Maintain minimum shareholders’ equity of \$5.0 billion
- Limit our debt to capital percentage (the “Debt to Capital Covenant”) to 65% at the end of each fiscal quarter
- Limit the amounts of our secured assets as well as secured and other indebtedness

We entered into supplemental agreements to waive compliance with the Interest Coverage Covenant and the Debt to Capital Covenant under our export credit facilities through August 31, 2022 or November 30, 2022, as applicable. We will be required to comply beginning with the next testing date of November 30, 2022 or February 28, 2023, as applicable.

During the first quarter of 2021 we entered into supplemental agreements with respect to our \$3.1 billion (\$1.7 billion, €1.0 billion and £150 million) multi-currency revolving credit facility (the “Revolving Credit Facility”) and many of our bank loans. These agreements now contain one or more covenants that require us to:

- Maintain the Interest Coverage Covenant at the end of each fiscal quarter from February 28, 2023, at a ratio of not less than 2.0 to 1.0 for the February 28, 2023 and May 31, 2023 testing dates, 2.5 to 1.0 for the August 31, 2023 and November 30, 2023 testing dates, and 3.0 to 1.0 for the February 28, 2024 testing date onwards, or through their respective maturity dates.
- Maintain minimum shareholders’ equity of \$5.0 billion.
- Maintain the Debt to Capital Covenant at the end of each fiscal quarter before the November 30, 2021 testing date at a percentage not to exceed 65%. From the November 30, 2021 testing date until the May 31, 2023 testing date, the Debt to Capital Covenant is not to exceed 75%, following which it will be tested at levels which decline ratably to 65% from the May 31, 2024 testing date onwards.
- Maintain minimum liquidity of \$1.0 billion through November 30, 2022.
- Adhere to certain restrictive covenants through November 30, 2024.
- Restrict the granting of guarantees and security interests for certain of our outstanding debt through November 30, 2024.

At May 31, 2021, 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 acceleration clauses, substantially all of our outstanding debt and derivative contract payables could become due, and all 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 7 - Ship Commitments

At May 31, 2021, we had four ships under contract for construction. The estimated total future commitments, including the contract prices with the shipyards, design and engineering fees, capitalised interest, construction oversight costs and various owner supplied items are as follows:

<i>(in millions)</i>	May 31, 2021
Fiscal	
Remainder of 2021	\$ 257
2022	2,087
2023	1,102
2024	638
Total	<u>\$ 4,084</u>

NOTE 8 - Contingencies

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, including those noted below.

Additionally, as a result of the impact of COVID-19, litigation claims, enforcement actions, regulatory actions and investigations, including, but not limited to, those arising from personal injury and loss of life, have been and may, in the future, be asserted against us. We expect many of these claims and actions, or any settlement of these claims and actions, to be covered by insurance 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, two lawsuits were filed 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 “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 (the “Cuba matters”). On July 9, 2020, the court granted our motion for judgment on the pleadings in the Cuba matter filed by Javier Garcia Bengochea, and dismissed the plaintiff’s action with prejudice. On August 6, 2020, Bengochea filed a notice of appeal. On January 21, 2021, the court continued the trial date in the second Cuba matter to January 31, 2022. We continue to believe we have a meritorious defense to these actions and we believe that any liability which may arise as a result of these actions will not have a material impact on our consolidated financial statements.

Contingent Obligations – Indemnifications

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.

Other Contingencies

Carnival Corporation & plc has agreements with a number of credit card processors that transact customer deposits related to its cruise vacations. Certain of these agreements allow the credit card processors to request under certain circumstances that Carnival Corporation & plc provide a 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 May 31, 2021 and November 30, 2020, Carnival Corporation & plc had \$939 million and \$423 million, respectively, in reserve funds relating to its customer deposits to satisfy these requirements which are included within other assets. Carnival Corporation & plc expects a portion of new customer deposits to be withheld under these agreements. Additionally, as of May 31, 2021 and November 30, 2020 Carnival Corporation & plc had \$166 million of cash collateral in escrow, of which \$136 million is included within prepaid expenses and other.

We have 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 intent from inadvertent events to malicious motivated attacks.

We detected ransomware attacks in August 2020 and December 2020 which resulted in unauthorized access to our information technology systems. We engaged a major cybersecurity firm to investigate these matters and notified law enforcement and regulators of these incidents. For the August 2020 event, the investigation phase is complete, as are the communication and reporting phases. We determined that the unauthorized third-party gained access to

certain personal information relating to some guests, employees and crew for some of our operations. For the December 2020 event, the investigation and remediation phases are in process and regulators have been notified.

We have been contacted by various regulatory agencies regarding these and other cyber incidents. The New York Department of Financial Services (“NY DFS”) has notified us of their intent to commence proceedings seeking penalties if settlement cannot be reached in advance of litigation. To date, we have not been able to reach an agreement with NY DFS. In addition, State Attorneys General from a number of states are currently investigating a data security event announced in March 2020 and have indicated an intent to seek a negotiated settlement.

We continue to work with regulators regarding cyber incidents we have experienced. We have incurred legal and other costs in connection with cyber incidents that have impacted us. While at this time we do not believe that these incidents will have a material adverse effect on our business, operations or financial results, no assurances can be given about the future and we may be subject to future litigation, attacks or incidents that could have such a material adverse effect.

COVID-19 Actions

Private Actions

We have been named in a number of individual actions related to COVID-19. Private parties have brought approximately 72 lawsuits as of June 21, 2021 in several U.S. federal and state courts as well as in France, Italy and Brazil. These actions include tort claims based on a variety of theories, including negligence and failure to warn. The plaintiffs in these actions allege a variety of injuries: some plaintiffs confined their claim to emotional distress, while others allege injuries arising from testing positive for COVID-19. A smaller number of actions include wrongful death claims.

Additionally, as of June 21, 2021, ten purported class actions have been brought by former guests from *Ruby Princess*, *Diamond Princess*, *Grand Princess*, *Coral Princess*, *Costa Luminosa* or *Zaandam* in several U.S. federal courts and in the Federal Court of Australia. These actions include tort 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.

All COVID-19 actions seek monetary damages and most seek additional punitive damages in unspecified amounts.

As previously disclosed, a consolidated class action complaint with new lead plaintiffs, the New England Carpenters Pension and Guaranteed Annuity Fund and the Massachusetts Laborers' Pension and Annuity Fund, was filed in the U.S. District Court for the Southern District of Florida on December 15, 2020 on behalf of all purchasers of Carnival Corporation common stock and/or Carnival plc American Depositary Shares, and sellers of put options and purchasers of call options on those securities, between September 16, 2019 and March 31, 2020, alleging violations of Sections 10(b) and 20(a) of the U.S. Securities and Exchange Act of 1934. On May 28, 2021, the court dismissed the complaint without prejudice. Plaintiff's current deadline to file a second amended complaint is July 2, 2021.

We continue to take proper actions to defend against the above claims.

Governmental Inquiries and Investigations

Federal and non-U.S. governmental agencies and officials are investigating or otherwise seeking information, testimony and/or documents, regarding COVID-19 incidents and related matters. We are investigating these matters internally and are cooperating with all requests. The investigations could result in the imposition of civil and criminal penalties in the future.

NOTE 9 - Dividends

To enhance our liquidity, as well as comply with the dividend restrictions contained in our debt agreements, in 2020 we suspended the payment of dividends on the common stock of Carnival Corporation and the ordinary shares of Carnival plc.

	Quarters Ended	
	February 28/29	May 31
<i>(in millions, except per share data)</i>		
2021		
Dividends declared per share	\$ —	\$ —
Dividend declarations	\$ —	\$ —
2020		
Dividends declared per share	\$ 0.50	\$ —
Dividend declarations	\$ 91	\$ —

NOTE 10 - Segment Information

As previously discussed, within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is by reference to the DLC Financial Statements. The operating segments are reported on the same basis as the internally reported information that is provided to the chief operating decision maker ("CODM"), who is the President and Chief Executive Officer of Carnival Corporation and Carnival plc. The CODM assesses performance and makes decisions to allocate resources for Carnival Corporation & plc based upon review of the results across all of the segments. Carnival Corporation & plc has four reportable segments comprised of (1) North America and Australia cruise operations ("NAA"), (2) Europe and Asia cruise operations ("EA"), (3) Cruise Support and (4) Tour and Other.

The operating segments within each of our NAA and EA reportable segments have been aggregated based on the similarity of their economic and other characteristics, including geographic guest sourcing. Our Cruise Support segment includes our portfolio of leading port destinations and 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.

<i>(in millions)</i>	Six Months Ended May 31,				
	Revenues	Operating costs and expenses	Selling and administrative	Depreciation and amortisation	Operating income (loss)
2021					
NAA	\$ 19	\$ 680	\$ 453	\$ 676	\$ (1,790)
EA	41	496	239	370	(1,064)
Cruise Support	—	15	171	61	(247)
Tour and Other	14	25	17	12	(39)
Carnival Corporation & plc – U.S. GAAP	75	1,216	879	1,119	(3,139)
Carnival Corporation, U.S. GAAP vs IFRS differences and eliminations (c)	(20)	(716)	(573)	(724)	1,992
Carnival plc – IFRS	\$ 55	\$ 500	\$ 306	\$ 395	\$ (1,147)
2020					
NAA	\$ 3,597	\$ 3,904	\$ 697	\$ 733	\$ (3,056) (a)
EA	1,790	2,090	333	334	(1,743) (b)
Cruise Support	66	(34)	126	64	(91)
Tour and Other	76	47	14	16	—
Carnival Corporation & plc – U.S. GAAP	5,529	6,007	1,170	1,147	(4,891)
Carnival Corporation, U.S. GAAP vs IFRS differences and eliminations (c)	(3,147)	(2,982)	(787)	(754)	3,161
Carnival plc – IFRS	\$ 2,383	\$ 3,025 (d)	\$ 384	\$ 393	\$ (1,730)

- (a) Includes \$1.3 billion of goodwill impairment charges.
- (b) Includes \$777 million of goodwill impairment charges.
- (c) Carnival Corporation consists primarily of cruise brands that do not form part of the Group; however, these brands are included in Carnival Corporation & plc and thus represent substantially all of the reconciling items. The U.S. GAAP vs IFRS accounting differences principally relate to differences in the carrying value of goodwill and other intangibles, ships and related depreciation expenses. The eliminations include ship charters between Carnival Corporation and the Group.
- (d) For the six months ended May 31, 2020, we presented \$593 million of ship and other impairment charges within operating costs and expenses in the table in order to conform to the current year presentation.

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

<i>(in millions)</i>	Six Months Ended May 31, 2020
North America	\$ 160
Europe	1,457
Australia and Asia	601
Other	165
	<u>\$ 2,383</u>

As a result of the phased resumption of guest cruise operations, we have experienced essentially no revenue for the six months ended May 31, 2021 and as a result current year data is not meaningful and is not included in the table.

NOTE 11 - Related Party Transactions

There have been no changes in the six months ended May 31, 2021 to the nature of the related party transactions described in the Group IFRS financial statements for the year ended November 30, 2020 that have a material effect on the financial position or results of operations of the Group. All amounts owed to the Carnival Corporation group are unsecured and repayable on demand.

During the six months ended May 31, 2021 and 2020, Holland America Line and Princess Cruises did not purchase land tours from us. In addition, during the six months ended May 31, 2021 we did not sell pre- and post-cruise vacations, shore excursions or transportation services to the Carnival Corporation group. During the six months ended May 31, 2020, we sold pre- and post-cruise vacations, shore excursions and transportation services to the Carnival Corporation group.

During the six months ended May 31, 2020, Carnival plc had ship charter agreements with Princess Cruises and Carnival Cruise Line for ships operating in Australia and/or Asia. Princess Cruises and Carnival Cruise Line are subsidiaries of Carnival Corporation. The total charter expense for the six months ended May 31, 2020 was \$380 million, which was included in other ship operating expenses. These ship charter agreements were terminated effective May 2020.

At May 31, 2021 and November 30, 2020, Carnival Corporation owned 0.8 million, or 0.4% of Carnival plc's ordinary shares, which are non-voting. At May 31, 2021 and November 30, 2020 Carnival Investments Limited ("CIL"), a wholly-owned subsidiary of Carnival Corporation, owned 24.9 million or 12% of Carnival plc's ordinary shares, which are also non-voting. During the six months ended May 31, 2021, Carnival Corporation and CIL did not receive dividends on their Carnival plc ordinary shares.

During the six months ended May 31, 2021, Carnival plc continued to provide a guarantee to the Merchant Navy Officers Pension Fund for certain employees who have transferred from Carnival plc to a subsidiary of Carnival Corporation.

Within the DLC arrangement, there are instances where the Group provides services to Carnival Corporation group companies and also where Carnival Corporation group companies provide services to the Group.

NOTE 12 - Principal Risks and Uncertainties

The principal risks and uncertainties affecting our business activities are included in Item 4. Risk Management and/or Mitigation of Principal Risks of our 2020 Strategic Report. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition or future results. Refer to Schedule B of this release for additional discussion.

NOTE 13 - Seasonality

Our passenger ticket revenues are seasonal. Historically, demand for cruises has been greatest during our third quarter, which includes the Northern Hemisphere summer months, although 2021 will continue to be adversely impacted by COVID-19. 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 earned during this period. This historical trend has been disrupted by the pause and phased resumption of guest cruise operations. In addition, substantially all of Holland America Princess Alaska Tours' revenue and net income (loss) is generated from May through September in conjunction with Alaska's cruise season. During 2021, the Alaska cruise season will continue to be adversely impacted by the effects of COVID-19.

NOTE 14 - Fair Value Measurements and Derivative Instruments and Hedging Activities

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.

Under deeds of guarantee executed in connection with the DLC arrangement, as well as stand-alone guarantees executed since that time, each of Carnival Corporation and Carnival plc have effectively cross guaranteed all indebtedness and certain other monetary obligations of each other. The fair value of cross guarantees within the DLC arrangement were not significant at May 31, 2021 or November 30, 2020, and are not expected to result in any material loss.

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

<i>(in millions)</i>	May 31, 2021				November 30, 2020			
	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)	\$ 2,612	\$ —	\$ 2,192	\$ —	\$ 2,044	\$ —	\$ 1,574	\$ —
Floating rate debt (a)	3,083	—	2,814	—	2,353	—	2,155	—
Total	<u>\$ 5,695</u>	<u>\$ —</u>	<u>\$ 5,007</u>	<u>\$ —</u>	<u>\$ 4,398</u>	<u>\$ —</u>	<u>\$ 3,729</u>	<u>\$ —</u>

(a) The debt amounts above do not include the impact of interest rate swaps or debt issuance costs. 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

<i>(in millions)</i>	May 31, 2021			November 30, 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Cash and cash equivalents	\$ 278	\$ —	\$ —	\$ 918	\$ —	\$ —
Restricted cash	139	—	—	137	—	—
Total	<u>\$ 417</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,055</u>	<u>\$ —</u>	<u>\$ —</u>
Liabilities						
Derivative financial instruments	\$ —	\$ 7	\$ —	\$ —	\$ 9	\$ —
Total	<u>\$ —</u>	<u>\$ 7</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 9</u>	<u>\$ —</u>

Derivative Instruments and Hedging Activities

<i>(in millions)</i>	Balance Sheet Location	May 31, 2021	November 30, 2020
Derivative liabilities			
Derivatives designated as hedging instruments			
Interest rate swaps (a)	Accrued liabilities and other	\$ 4	\$ 4
	Other long-term liabilities	4	5
Total derivative liabilities		<u>\$ 7</u>	<u>\$ 9</u>

- (a) We have interest rate swaps designated as cash flow hedges whereby we receive floating interest rate payments in exchange for making fixed interest rate payments. These interest rate swap agreements effectively changed \$185 million at May 31, 2021 (\$208 million at November 30, 2020) of EURIBOR-based floating rate euro debt to fixed rate euro debt. At May 31, 2021, these interest rate swaps settle through 2025.

Our derivative contracts include rights of offset with our counterparties.

<i>(in millions)</i>	May 31, 2021				
	Gross Amounts	Gross Amounts Offset in the Balance Sheet	Total Net Amounts Presented in the Balance Sheet	Gross Amounts not Offset in the Balance Sheet	Net Amounts
Assets	\$ —	\$ —	\$ —	\$ —	\$ —
Liabilities	\$ 7	\$ —	\$ 7	\$ —	\$ 7
November 30, 2020					
<i>(in millions)</i>	Gross Amounts	Gross Amounts Offset in the Balance Sheet	Total Net Amounts Presented in the Balance Sheet	Gross Amounts not Offset in the Balance Sheet	Net Amounts
Assets	\$ —	\$ —	\$ —	\$ —	\$ —
Liabilities	\$ 9	\$ —	\$ 9	\$ —	\$ 9

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

<i>(in millions)</i>	Six Months Ended May 31,	
	2021	2020
Gains (losses) recognized in reserves:		
Interest rate swaps – cash flow hedges	\$ 2	\$ 3
Foreign currency forwards - cash flow hedges	\$ —	\$ 53
Gains (losses) reclassified from reserves – cash flow hedges:		
Interest rate swaps – Interest expense, net of capitalized interest	\$ (2)	\$ (2)
Foreign currency zero cost collars – Depreciation and amortization	\$ —	\$ —

There are no credit risk related contingent features in our derivative agreements. The amount of estimated cash flow hedges' unrealized gains and losses that are expected to be reclassified to earnings in the next twelve months is not material.

NOTE 15 - Government Assistance

During the six months ended May 31, 2021, the Group received government assistance as part of the Coronavirus Job Retention Scheme implemented by the UK Government. Under this scheme, assistance may be claimed for up to 80 percent of eligible furloughed employee wage costs. During the six months ended May 31, 2021, the Group also received government assistance under similar schemes provided by governments in Germany, Netherlands and Italy. The total amounts recognized by the Group during the six months ended May 31, 2021 and 2020 from these schemes was \$14 million and \$7 million respectively and is offset in payroll and related expense and selling and administrative expenses in the accompanying Statements of Income (Loss).

NOTE 16 - Responsibility Statement

The Directors confirm that to the best of their knowledge the Interim Financial Statements included as Schedule C to this release have been prepared in accordance with IAS 34 as adopted by the European Union, and that the half-yearly financial report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R of the Disclosure Guidance and Transparency Rules of the United Kingdom's FCA.

The Directors of Carnival plc are listed in the Carnival plc Annual Report for the year ended November 30, 2020. No new Directors have been appointed during the six months ended May 31, 2021. A list of current Directors is maintained and is available for inspection on the Group's website at www.carnivalplc.com.

By order of the Board

/s/ Micky Arison
Micky Arison
Chair of the Board of Directors
June 28, 2021

/s/ Arnold W. Donald
Arnold W. Donald
President and Chief Executive Officer and Director
June 28, 2021