July 10, 2020

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 released its three and six months results of operations in its earnings release and 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 2020 three and six months unaudited consolidated financial statements.

The information included in the attached Schedules A, B and C 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, 2020
- **Schedule B** contains management's discussion and analysis ("MD&A") of financial conditions and results of operations
- **Schedule C** contains information on Carnival Corporation and Carnival plc's sales and purchases of their equity securities and use of proceeds from such sales

In addition, the Directors are today presenting in the attached **Schedule D**, the unaudited interim condensed financial statements for the Carnival plc Group ("Interim Financial Statements") as of and for the six months ended May 31, 2020. 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 & D) 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.

MEDIA CONTACT
Roger Frizzell
001 305 406 7862

INVESTOR RELATIONS CONTACT
Beth Roberts
001 305 406 4832

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 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.pocruises.com.au, www.seabourn.com, www.costacruise.com, www.aida.de, www.pocruises.com and www.cunard.com.

SCHEDULE D

CARNIVAL PLC
INTERIM CONDENSED GROUP STATEMENTS OF INCOME (LOSS)
(UNAUDITED)
(in millions, except per share data)

	Six Months Ended May 31, 2020	Six Months Ended May 31, 2019
Revenues		
Passenger ticket	$ 1,763	$ 3,039
Onboard and other	620	1,033
	2,383	4,073
Operating Costs and Expenses		
Commissions, transportation and other	581	699
Onboard and other	176	287
Payroll and related	482	461
Fuel	283	352
Food	153	215
Other operating	757	957
	2,432	2,971
Selling and administrative	384	454
Depreciation and amortisation	393	359
Goodwill impairment	310	—
Ship and other impairments	593	—
	4,112	3,784
Operating Income (Loss)	(1,730)	289
Nonoperating Income (Expense)		
Interest income	2	4
Interest expense, net of capitalised interest	(15)	(9)
Other income (expense), net	82	26
	69	20
Income (Loss) Before Income Taxes	(1,661)	309
Income Tax Benefit (Expense), Net	(3)	(5)
Net Income (Loss)	$ (1,664)	$ 304
Earnings Per Share		
Basic	$ (9.12)	$ 1.59
Diluted	$ (9.12)	$ 1.59

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:

	2020	2019
DLC basic earnings per share	$ (7.34)	$ 1.14
DLC diluted earnings per share	$ (7.34)	$ 1.13
DLC adjusted diluted earnings per share	$ (3.18)	$ 1.15

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

	Six Months Ended May 31,	
	2020	**2019**
Net Income (Loss)	$ (1,664)	$ 304
Other Comprehensive Income (Loss)		
Items that will not be reclassified through the Statements of Income		
Remeasurements of post-employment benefit obligations	5	(7)
Items that may be reclassified through the Statements of Income		
Changes in foreign currency translation adjustment	(28)	(159)
Other	8	36
	(19)	(123)
Other Comprehensive Income (Loss)	(15)	(130)
Total Comprehensive Income (Loss)	$ (1,678)	$ 174

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 BALANCE SHEETS
(UNAUDITED)
(in millions)

	May 31, 2020	November 30, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	$ 294	$ 219
Trade and other receivables, net	270	275
Inventories	149	230
Prepaid expenses and other	109	225
Total current assets	822	948
Property and Equipment, Net	13,821	14,277
Right-of-Use Assets (a)	335	—
Goodwill	264	582
Other Assets	827	532
	$ 16,069	$ 16,338
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	$ 90	$ 231
Current portion of long-term debt	283	329
Current portion of lease liabilities (a)	53	—
Amount owed to the Carnival Corporation group	3,017	474
Accounts payable	591	361
Accrued liabilities and other	449	844
Customer deposits	811	1,883
Total current liabilities	5,294	4,122
Long-Term Debt	3,228	3,257
Long-Term Lease Liabilities (a)	277	—
Other Long-Term Liabilities	255	300
Shareholders' Equity		
Share capital	360	358
Share premium	191	186
Retained earnings	9,326	11,076
Other reserves	(2,861)	(2,961)
Total shareholders' equity	7,016	8,659
	$ 16,069	$ 16,338

(a) We adopted the provisions of *Leases* on December 1, 2019.

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,	
	2020	**2019**
OPERATING ACTIVITIES		
Income (Loss) before income taxes	$ (1,661)	$ 309
Adjustments to reconcile income before income taxes to net cash provided by (used in) operating activities		
Depreciation and amortisation	393	359
Impairments	903	—
Share-based compensation	6	6
Interest expense, net	18	11
Gain on ship sales and other, net	(88)	5
	1,233	381
Changes in operating assets and liabilities		
Receivables	(12)	(23)
Inventories	75	16
Prepaid expenses and other	87	(55)
Accounts payable	234	26
Accrued and other liabilities	(102)	19
Customer deposits	(1,036)	18
Cash provided by (used in) operations before interest and income taxes	(1,183)	692
Interest received	2	4
Interest paid	(17)	(13)
Income taxes paid, net	(13)	(19)
Net cash provided by (used in) operating activities	(1,211)	664
INVESTING ACTIVITIES		
Purchases of property and equipment	(1,023)	(2,051)
Proceeds from sales of ships	236	6
Purchase of minority interest	(81)	—
Derivative settlements and other, net	67	42
Net cash provided by (used in) investing activities	(801)	(2,003)
FINANCING ACTIVITIES		
Changes in loans with the Carnival Corporation group and Group companies	2,544	1,325
Proceeds from (repayments of) short-term borrowings, net	(139)	(357)
Principal repayments of long-term debt	(82)	(89)
Proceeds from issuance of long-term debt	—	869
Dividends paid	(187)	(193)
Purchases of treasury shares	(12)	(290)
Other, net	(36)	(23)
Net cash provided by (used in) financing activities	2,089	1,243
Effect of exchange rate changes on cash and cash equivalents	(1)	(6)
Net increase (decrease) in cash and cash equivalents	75	(102)
Cash and cash equivalents at beginning of period	219	368
Cash and cash equivalents at end of period	$ 294	$ 266

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)

	Share capital	Share premium	Retained earnings	Reserves: Translation reserve	Reserves: Cash flow hedges	Reserves: Treasury shares	Reserves: Other reserves	Reserves: Merger reserve	Reserves: Total	Total shareholders' equity
2019										
Balances at November 30, 2018	$ 358	$ 173	$ 10,257	$ (2,250)	$ (51)	$ (1,361)	$ (91)	$ 1,503	$(2,250)	$ 8,537
Comprehensive income (loss)										
Net income	—	—	304	—	—	—	—	—	—	304
Changes in foreign currency translation adjustment	—	—	—	(159)	—	—	—	—	(159)	(159)
Net losses on hedges of net investments in foreign operations	—	—	—	36	—	—	—	—	36	36
Remeasurements of post-employment benefit obligations	—	—	(7)	—	—	—	—	—	—	(7)
Total comprehensive income	—	—	297	(123)	—	—	—	—	(123)	174
Purchase of treasury shares	—	—	—	—	—	(284)	—	—	(284)	(284)
Share repurchase obligations	—	—	—	—	—	—	111	—	111	111
Cash dividends declared	—	—	(190)	—	—	—	—	—	—	(190)
Other, net	—	7	(3)	—	—	—	—	—	—	3
Balances at May 31, 2019	$ 358	$ 180	$ 10,360	$ (2,373)	$ (51)	$ (1,645)	$ 20	$ 1,503	$(2,546)	$ 8,352
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 (loss)	—	—	(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	$ 360	$ 191	$ 9,326	$ (2,447)	$ 7	$ (1,945)	$ 20	$ 1,503	$(2,861)	$ 7,016

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, 2019, except for the adoption of new accounting standards. These Interim Financial Statements were approved by the Board of Directors on July 8, 2020.

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 Depository 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 six months ended May 31, 2020 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, 2019, 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, 2020 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, 2019 were approved by the Board of Directors on January 27, 2020 and delivered to the Registrar of Companies. The report of the auditors on those accounts was (i) unqualified, (ii) did not contain an emphasis of matter paragraph and (iii) did not contain any statement under section 498 of the Companies Act 2006.

Liquidity and Management's Plans

Due to the spread of COVID-19, Carnival Corporation & plc previously announced a pause of its global cruise operations. Significant events affecting travel, including COVID-19, typically have an impact on booking patterns, with the full extent of the impact generally determined by the length of time the event influences travel decisions. Carnival Corporation & plc believe that the effects of COVID-19 on its operations and global bookings will continue to have a material negative impact on its financial results and liquidity, and such negative impact may continue well beyond the containment of such outbreak.

Carnival Corporation & plc cannot assure you that its assumptions used to estimate its liquidity requirements will be correct 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, duration and speed of the global pandemic are uncertain. As a consequence, Carnival Corporation & plc cannot estimate the impact on its business, financial condition or near- or longer-term financial or operational results with reasonable certainty, but they continue to expect a net loss on both a U.S. GAAP and adjusted basis for the second half of 2020. Carnival Corporation & plc have taken and continue to take actions to improve their liquidity, including capital expenditure and operating expense reductions, suspending dividend payments on, and the repurchase of, common stock of Carnival Corporation and ordinary shares of Carnival plc and pursuing various financing transactions. In May 2020, Carnival Corporation & plc announced a combination of layoffs, furloughs and salary reductions across the company, including senior management.

Based on these actions and assumptions regarding the impact of COVID-19, Carnival Corporation & plc have concluded that they will be able to generate sufficient liquidity to satisfy their 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.

Basis of Presentation

For the six months ended May 31, 2019, we reclassified $99 million from tour and other revenues to onboard and other revenues as well as $90 million from tour and other costs and expenses to other operating cost and expenses in order to conform to the current year presentation.

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 believe that 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

On December 1, 2019, we adopted the International Accounting Standards Board ("IASB") issued standard, IFRS 16, *Leases*. We have elected to apply the new guidance at the date of adoption using a simplified transition approach without restating comparative periods. We have implemented changes to our internal controls to address the collection, recording, and accounting for leases in accordance with the new guidance.

The new standard removed the distinction between operating and finance leases for lessees, requiring almost all leases to be recognized on the balance sheet. The only exceptions are short-term and low-value leases. Substantially all of our leases had previously been classified as operating leases under the principals of IAS 17 *Leases*. The most significant impact of adoption of the new standard was the recognition of lease liabilities in relation to these leases. These liabilities were measured at the present value of the remaining lease payments, discounted using our incremental borrowing rate as of December 1, 2019. The weighted average incremental borrowing rate applied to the lease liabilities on December 1, 2019 was 2.1%. The lease liability was recorded as follows:

(in millions)		
Port facilities and other operating lease commitments disclosed as at November 30, 2019	$	510
Net of leases with future commencement dates		382
Discounted using our incremental borrowing rate at the date of initial application		335
Add: finance lease liabilities recognized as at November 30, 2019		7
Lease liability recognized as at December 1, 2019	$	343

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet as at November 30, 2019.

There was no cumulative effect of applying the new standard and accordingly there was no adjustment to our retained earnings upon adoption. The total operating lease expense has been replaced with depreciation and interest expense, which had an immaterial impact to our statements of income. The new guidance had an immaterial impact to our statements of comprehensive income, statements of cash flows and the compliance with debt covenants under our current agreements.

The IASB issued amendments to the standards, IFRS 9, *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, and IFRS 7 *Financial Instruments: Disclosures,* aimed at resolving issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and addressing the implications for specific hedge accounting requirements in IFRS 9 *Financial Instruments* and IAS 39 *Financial Instruments: Recognition and Measurement*, which require forward-looking analysis. The amendments to IFRS 7 *Financial Instruments: Disclosures* specify additional disclosures around uncertainty arising from the interest rate benchmark reform. On December 1, 2019, we early adopted this guidance and applied retrospectively. The adoption of this guidance did not have a material impact on our consolidated financial statements.

The 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.

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 significant. 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 cruise 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, 2020 and 2019 fees, taxes and charges included in commissions, transportation and other costs were $53 million and $89 million. 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. Revenues from the sales of advanced air quality systems, which are also included in our Tour and Other segment, are recognized over the service period.

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 expect to be required 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 length of the pause and level of guest acceptance of FCCs. 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 $0.9 billion as of May 31, 2020 and $2.0 billion as of November 30, 2019. The current portion of our customer deposits was $0.8 billion as of May 31, 2020. These amounts include 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, 2020 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, 2020 and 2019, we recognized revenues of $1.3 billion and $1.5 billion related to our customer deposits as of November 30, 2019 and December 1, 2018. 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 $6 million and $62 million as of May 31, 2020 and November 30, 2019.

NOTE 3 - Property and Equipment

(in millions)		
At November 30, 2019	$	14,277
Foreign currency translation adjustment		(75)
Additions		960
Disposals		(467)
Ship impairments		(514)
Depreciation		(360)
At May 31, 2020	$	13,821

We review our long-lived assets for impairment whenever events or circumstances indicate potential impairment. As a result of the effect of COVID-19 on our expected future operating cash flows, we determined certain impairment triggers had occurred. We estimated the May 31, 2020 fair values of the ships based on their discounted future cash flows or estimated realizable selling value. We then compared these estimated values to the net carrying values and, as a result, we recognized $514 million of ship impairment charges in the first half of 2020. Refer to Note 1 - "General, COVID-19 Use of Estimates and Risks and Uncertainty" for additional discussion.

The principal assumptions used in our analyses consisted of changes in strategy (including decisions about the sale of ships, estimated sale proceeds and timing, as well as the transfer of ships between brands), return to service, forecasted future operating results, including net revenue yields and fuel expenses. All principal assumptions are considered Level 3 inputs.

NOTE 4 - Leases

Substantially all of our leases for which we are the lessee are leases of port facilities and real estate and are included within right-of-use assets, long-term lease liabilities and current portion of lease liabilities in our Consolidated Balance Sheet as of May 31, 2020.

We have port facilities and real estate lease agreements with lease and non-lease components, and in such cases, we account for the components as a single lease component.

We do not recognize lease assets and lease liabilities for any leases with an original term of less than one year. For some of our port facilities and real estate lease agreements, we have the option to extend our current lease term by 1 to 10 years. Generally, we do not include renewal options as a component of our present value calculation as we are not reasonably certain that we will exercise the options.

As most of our leases do not have a readily determinable implicit rate, we estimate the incremental borrowing rate ("IBR") to determine the present value of lease payments. We apply judgment in estimating the IBR including considering the term of the lease, the currency in which the lease is denominated, and the impact of collateral and our credit risk on the rate. For leases that were in place upon adoption of new Leases standard, we used the remaining lease term as of December 1, 2019 in determining the IBR. For the initial measurement of the lease liabilities for leases commencing after December 1, 2019, the IBR at the lease commencement date was applied.

Certain of our agreements stipulate potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

The balance sheet shows the following amounts related to leases:

(in millions)	May 31, 2020		December 1, 2019	
Right-of-use assets				
Port facilities	$	146	$	145
Real estate		146		150
Other		43		57
	$	335	$	353
Lease liabilities				
Current	$	53	$	55
Non-current	$	277	$	288

We depreciate our lease assets on a straight-line basis over the shorter of the asset's useful life and the lease term. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The components of lease expense were as follows:

(in millions)	Six Months Ended May 31, 2020	
Depreciation charge of right-of-use assets		
Port facilities	$	8
Real estate		8
Other		13
	$	29
Interest expense	$	3

Variable and short-term lease costs related to leases, other than the separately disclosed related party ship charters, were not material to our consolidated financial statements.

We have multiple agreements, with a total undiscounted minimum commitment of approximately $98 million, that have been executed but the lease term has not commenced as of May 31, 2020. These are substantially all related to our rights to use certain port facilities. The leases are expected to commence later this year.

During the six months ended May 31, 2020, we obtained $19 million of right-of-use assets in exchange for new lease liabilities. The cash outflow for leases was materially consistent with lease expense recognized during the six month period ended May 31, 2020.

As of May 31, 2020, maturities of lease liabilities were as follows:

(in millions)		
Remainder of 2020	$	36
2021		52
2022		41
2023		37
2024		31
Thereafter		188
Total lease payments	$	385

For time charter arrangements where we are the lessor and for transactions with cruise guests related to the use of cabins, we do not separate lease and non-lease components. As the non-lease components are the predominant components in the agreements, we account for these transactions under the Revenue Recognition guidance.

We have finance-type leases of ships for which we are the lessor. As of May 31, 2020, the net investment related to these leases was $48 million.

NOTE 5 - Goodwill

(in millions)		
At November 30, 2019	$	582
Impairment charges		(310)
Foreign currency translation adjustment		(8)
At May 31, 2020	$	264

As a result of the effect of COVID-19 on our expected future operating cash flows, we performed interim discounted cash flow analyses and determined that the estimated fair value of one of our cash-generating units no longer exceeded its carrying value. We recognized goodwill impairment charges of $310 million for this cash-generating unit during the six months ended May 31, 2020.

The determination of our cash-generating units' goodwill fair values includes numerous assumptions that are subject to various risks and uncertainties. The principal assumptions, all of which are considered Level 3 inputs, used in our cash flow analyses consisted of:

- Changes in market conditions, port restrictions or strategy, including decision about the allocation of new ships amongst brands and the transfer of ships between brands
- Forecasted future operating results, including net revenue yields and fuel expenses
- Weighted-average cost of capital of market participants, adjusted for the risk attributable to the geographic regions in which these cruise brands operate

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

NOTE 6 - Debt

At May 31, 2020, our short-term borrowings consisted primarily of $58 million euro-denominated commercial paper and $31 million sterling-denominated commercial paper. For the six months ended May 31, 2020, we had borrowings of $58 million and no repayments of commercial paper with original maturities greater than three months. For the six months ended May 31, 2019, we had no borrowings and repayments of commercial paper with original maturities greater than three months.

Modifications

In February 2020, we extended a $452 million sterling-denominated floating rate bank loan, originally maturing in 2022, to 2025 with an option to extend to 2026.

In April 2020, we amended and extended a $166 million euro-denominated fixed rate bank loan, originally maturing in September 2020, to a floating rate loan maturing in March 2021.

Certain export credit agencies have offered 12-month debt amortization and a financial covenant holiday ("Debt Holiday"). We entered into supplemental agreements or side letters for Debt Holiday amendments to defer certain principal repayments otherwise due through March 31, 2021 through the creation of separate tranches of loans under the facilities with repayments made over the following four years.

Debt Covenant Compliance

Many of our debt agreements contain one or more financial covenants that require us to:

- Maintain minimum debt service coverage
- Maintain minimum shareholders' equity
- Limit our debt to capital ratio
- Limit the amounts of our secured and other indebtedness

At May 31, 2020, we were in compliance with all of our debt covenants.

Under the terms of certain of our debt facilities, we are required to maintain minimum debt service coverage (EBITDA to consolidated net interest charges for the most recently ended four fiscal quarters) of not less than 3.0 to 1.0 at the end of each fiscal quarter. We have entered into supplemental agreements or side letters to amend our agreements with respect to this covenant to:

- Waive compliance, in conjunction with the Debt Holiday, for our export credit facilities through March 31, 2021, August 31, 2021 or December 31, 2021, as applicable. We will be required to comply beginning with the next testing date of May 31, 2021, November 30, 2021, or February 28, 2022, respectively.
- Waive compliance through November 30, 2021 for our bank loans. We will be required to comply beginning with the next testing date of February 28, 2022.

Any covenant waiver may lead to increased costs, increased interest rates, additional restrictive covenants and other available lender protections that would be applicable. There can be no assurance that we would be able to obtain additional waivers in a timely manner, or on acceptable terms at all. If we were not able to obtain additional waivers or repay the debt facilities, this would lead to an event of default and potential acceleration of amounts due under all of our outstanding debt and derivative contract payables. As a result, the failure to obtain the additional waivers would have a material adverse effect on us.

Credit Ratings Update

In March and April 2020, Moody’s and S&P Global downgraded Carnival Corporation & plc's long-term issuer, senior secured and senior unsecured debt ratings. Its short-term commercial paper credit ratings were also downgraded. In May and June 2020, Moody's and S&P Global further downgraded its long-term issuer rating and our short-term rating, which prevents us from issuing additional commercial paper except for government-backed programs. In addition, Carnival Corporation & plc’s long-term ratings were placed on review for further downgrade by both agencies.

NOTE 7 - Ship Commitments

At November 30, 2019, we had eight ships under contract for construction. COVID-19 has impacted shipyard operations and will result in delivery delays for our ships. We are working with the shipyards on revised timing. As the impact of revised delivery timing is currently uncertain, we are providing the November 30, 2019 contractual estimated total future commitments, including the contract prices with the shipyards, design and engineering fees, capitalised interest, construction oversight costs and various owner supplied:

(in millions)	November 30, 2019
Fiscal	
2020	$ 2,757
2021	1,996
2022	1,640
2023	966
2024	—
Total	$ 7,359

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 in this section. 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. The existing assertions are in their initial stages. 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, an action was 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. On April 17, 2020, the court reversed its dismissal of the virtually identical cases brought by Havana Docks Corporation against other cruise lines, and at that time, denied our pending motion for reconsideration on our prior motion to dismiss and allowed the plaintiff to file an amended complaint. As a result, on April 27, 2020, we filed a motion seeking leave to appeal. On May 18, 2020, we filed a motion to dismiss the plaintiff's amended complaint and the briefing is now complete. On June 26, 2020, the court denied our motion seeking leave to appeal and denied our motion to stay discovery for 90 days.

Other Contingencies

We have agreements with a number of credit card processors that transact customer deposits related to our cruise vacations. Certain of these agreements allow the credit card processors to request under certain circumstances that we provide a 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 card processor. As of May 31, 2020, we have been requested to provide reserve funds of $27 million.

COVID-19 Actions

Class Actions

On April 7, 2020, Paul Turner, a former guest from *Costa Luminosa,* filed a purported class action against Costa Crociere, S.p.A. (“Costa”) and Costa Cruise Line, Inc. in the U.S. District Court for the Southern District of Florida seeking compensation based on alleged severe emotional distress associated with being exposed to COVID-19 onboard and/or alleged physical injuries and severe emotional distress associated with contracting COVID-19 onboard. The action asserts claims for negligence, negligent infliction of emotional distress, intentional infliction of emotional distress, misleading advertising in violation of Florida Statute § 817.41, and negligent misrepresentation.

On April 8, 2020, numerous former guests from *Grand Princess* filed a purported class action against Carnival Corporation & plc and two of our subsidiaries, Princess Cruise Lines Ltd. (“Princess”) and Fairline Shipping International Corporation, Ltd. (“Fairline”), seeking compensation based on alleged severe emotional distress associated with being exposed to COVID-19 onboard, contracting COVID-19 onboard, and/or contracting COVID-19 while onboard and subsequently passing away as a result of COVID-19. The complaint asserts claims for negligence and gross negligence. This action was originally filed in the U.S. District Court for the Northern District of California, however, on May 4, 2020, the parties entered into a stipulation, which was approved by the court on May 5, 2020, that the case be transferred to the U.S. District Court for the Central District of California pursuant to the terms of the plaintiffs’ ticket contracts. Following the transfer, the plaintiffs filed a First Amended Complaint on June 2, 2020 that named Carnival Corporation and Carnival plc as defendants in place of Carnival Corporation & plc and removed Fairline as a defendant, and also added claims for negligent and intentional infliction of emotional distress.

On May 27, 2020, Service Lamp Corporation Profit Sharing Plan filed a purported class action in the U.S. District Court for the Southern District of Florida against Carnival Corporation, Arnold W. Donald and David Bernstein on behalf of all purchasers of Carnival Corporation securities between January 28 and May 1, 2020. On June 3, 2020, John P. Elmensdorp filed a purported class action in the U.S. District Court for the Southern District of Florida against the same defendants, and adding Micky Arison as a defendant. This action is on behalf of all purchasers of Carnival Corporation securities between September 26, 2019 and April 30, 2020. These complaints allege that the defendants violated Sections 10(b) and 20(a) of the Securities and Exchange Act of 1934 by making misrepresentations and omissions related to Carnival Corporation’s COVID-19 knowledge and response, and seek to recover unspecified damages and equitable relief for the alleged misstatements and omissions.

On June 4, 2020, another group of former guests from *Grand Princess* filed a purported class action against Carnival Corporation, Carnival plc, and Princess in the U.S. District Court for the Central District of California, seeking compensation based on the same factual theories presented in the class actions described above. The action asserts claims for negligence, gross negligence, negligent infliction of emotional distress and intentional infliction of emotional distress.

On June 4, 2020, Gregory Eicher, a former guest from *Grand Princess* filed a purported class action against Princess in the U.S. District Court for the Central District of California, seeking compensation based on alleged severe emotional distress associated with being exposed to COVID-19 onboard and/or alleged physical injuries and severe emotional distress associated with contracting COVID-19 onboard. The action asserts claims for negligence, negligent infliction of emotional distress and intentional infliction of emotional distress.

On June 4, 2020, numerous former guests from *Ruby Princess* filed a purported class action against Princess in the U.S. District Court for the Central District of California, seeking compensation based on alleged severe emotional distress associated with being exposed to COVID-19 onboard and/or alleged physical injuries and severe emotional distress associated with contracting COVID-19 onboard. The action asserts claims for negligence, negligent infliction of emotional distress, and intentional infliction of emotional distress.

On June 24, 2020, Leonard C. Lindsay and Carl E.W. Zehner, former guests from *Zaandam* filed a purported class action in the U.S. District Court for the Western District of Washington at Seattle against Carnival Corporation, Carnival plc, Holland America Line, Inc., and Holland American Line – U.S.A., Inc. seeking compensation based on alleged serious personal injury and emotional distress, for those contracting COVID-19 and those claiming exposure to COVID-19. The action asserts claims for negligence, gross negligence, negligent infliction of emotional distress and intentional infliction of emotional distress. This case also seeks injunctive relief in the form of certain disclosures to passengers and medical monitoring.

We believe that the claims asserted in these actions are without merit and are taking proper actions to defend against them.

Individual Actions

Between March 9, 2020 and July 7, 2020, more than 100 former U.S. guests who sailed onboard various vessels, including, but not limited to, *Diamond Princess*, *Grand Princess*, or *Ruby Princess,* filed individual actions against Princess, and in some actions also against Carnival Corporation and/or Carnival plc in the U.S. District Court for the Central District of California. On June 11, 2020, a former guest who sailed onboard *Coral Princess* filed an action against Princess, Carnival Corporation and Carnival plc in the Superior Court of California, County of Los Angeles. These lawsuits include tort claims based on a variety of theories, including but not limited to negligence and failure to warn. The plaintiffs in these cases allege a variety of injuries: some plaintiffs allege only emotional distress, while others allege injuries arising from testing positive for COVID-19. A smaller number of cases include wrongful death claims. The defendants will respond to each of these complaints individually. Motions to dismiss were filed on June 2, 2020 in the individual actions against Princess that allege emotional distress associated with exposure to COVID-19 while onboard.

In addition, between April 7, 2020 and July 7, 2020, four former U.S. guests from *Costa Luminosa* filed individual actions against Costa in the U.S. District Court for the Southern District of Florida or the Circuit Court in and for the 11th Judicial Circuit in and for Miami-Dade County. These plaintiffs seek compensation on factual allegations similar to those presented by the former U.S. guests who have filed the purported class actions described above. The defendants will respond to each of these complaints individually.

On June 16, 2020, Patricia Vickers, on behalf of the Estate of Jessie Vickers, a former guest from *Carnival Ecstasy*, filed an action against Carnival Corporation in the U.S. District Court for the Southern District of Georgia seeking compensation based on a claim alleging wrongful death as a result of contracting COVID-19. The action asserts a claim for negligence.

On June 30, 2020, Kenneth and Nora Hook, former guests from *Zaandam*, filed an action against Holland America Line N.V. in the U.S. District Court for the Western District of Washington at Seattle seeking compensation in the form of economic and non-economic damages relating to Mr. Hook contracting COVID-19 and punitive damages. The action asserts a claim for negligence.

These individual actions seek monetary and punitive damages but do not specify exact amounts. We are taking proper actions to defend against them.

Governmental Inquiries and Investigations

Federal, state 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, including, but not limited to, those noted below. 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.

In March and April, 2020, there were several inquiries or investigations initiated by foreign governmental authorities related to *Ruby Princess*, including authorities in Australia and New Zealand.

In May 2020, we received requests for information from the U.S. House of Representatives Transportation and Infrastructure Committee and the Senate Committee on Commerce, Science, and Transportation related to COVID-19 matters. In April 2020, the Federal Maritime Commission announced that it would lead a fact finding investigation to identify commercial measures passengers cruise lines can adopt to mitigate COVID-19 related impacts.

NOTE 9 - Dividends

(in millions, except per share data)	Quarters Ended February 28/29	Quarters Ended May 31
2020		
Dividends declared per share	$ 0.50	$ —
Dividend declarations	$ 91	$ —
2019		
Dividends declared per share	$ 0.50	$ 0.50
Dividend declarations	$ 95	$ 95

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.

	Six Months Ended May 31,					
(in millions)	Revenues	Operating costs and expenses	Selling and administrative	Depreciation and amortisation	Operating income (loss)	
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)	(3,575)	(787)	(754)	3,161	
Carnival plc – IFRS	$ 2,383	$ 2,432	$ 384	$ 393	$ (1,730)	
2019						
NAA	$ 6,239	$ 4,043	$ 695	$ 667	$ 833	
EA	3,087	2,108	390	318	270	
Cruise Support	86	60	152	55	(180)	
Tour and Other	99	90	13	19	(22)	
Carnival Corporation & plc – U.S. GAAP	9,511	6,301	1,250	1,059	902	
Carnival Corporation, U.S. GAAP vs IFRS differences and eliminations (c)	(5,438)	(3,330)	(796)	(699)	(613)	
Carnival plc – IFRS	$ 4,073	$ 2,971	$ 454	$ 359	$ 289	

(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.

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

(in millions)	Six Months Ended May 31, 2020	Six Months Ended May 31, 2019
North America	$ 160	$ 256
Europe	1,457	2,453
Australia and Asia	601	1,126
Other	165	238
	$ 2,383	$ 4,073

NOTE 11 - Related Party Transactions

There have been no changes in the six months ended May 31, 2020 to the nature of the related party transactions described in the Group IFRS financial statements for the year ended November 30, 2019 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, 2020, Holland America Line and Princess Cruises did not purchase land tours from us. During the six months ended May 31, 2019, Holland America Line and Princess Cruises purchased land tours from us totaling $16 million and packaged these land tours for sale with their cruises. In addition, during each of the six months ended May 31, 2020 and 2019, 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 and 2019, 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 were $380 million ($333 million in 2019), which was included in other ship operating expenses.

At May 31, 2020 and November 30, 2019, Carnival Corporation owned 0.8 million, or 0.4% of Carnival plc's ordinary shares, which are non-voting. At May 31, 2020 and November 30, 2019 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, 2020, Carnival Corporation and CIL received dividends on their Carnival plc ordinary shares in the aggregate amount of $26 million.

During the six months ended May 31, 2020, 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 2019 Strategic Report and are supplemented by the risk factors included in the Form 10-Q filed on April 3, 2020 and the Form 10-Q filed on July 10, 2020 with the SEC. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results.

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 2020 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 in global 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 2020, the Alaska cruise season will 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, 2020 or November 30, 2019, and are not expected to result in any material loss.

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

	May 31, 2020				November 30, 2019			
		Fair Value				Fair Value		
(in millions)	Carrying Value	Level 1	Level 2	Level 3	Carrying Value	Level 1	Level 2	Level 3
Assets								
Long-term other assets (a)	$ 48	$ —	$ —	$ 48	$ 115	$ —	$ —	$ 116
Total	$ 48	$ —	$ —	$ 48	$ 115	$ —	$ —	$ 116
Liabilities								
Fixed rate debt (b)	$ 1,376	$ —	$ 913	$ —	$ 1,581	$ —	$ 1,618	$ —
Floating rate debt (b)	2,253	—	1,750	—	2,266	—	2,297	—
Total	$ 3,629	$ —	$ 2,663	$ —	$ 3,847	$ —	$ 3,915	$ —

(a) Long-term other assets are comprised of notes receivable, which include loans on ship sales. The fair value of our Level 3 notes receivable were estimated using risk-adjusted discount rates.

(b) 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

	May 31, 2020			November 30, 2019		
(in millions)	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Cash and cash equivalents	$ 294	$ —	$ —	$ 219	$ —	$ —
Total	$ 294	$ —	$ —	$ 219	$ —	$ —
Liabilities						
Derivative financial instruments	$ —	$ 9	$ —	$ —	$ 12	$ —
Total	$ —	$ 9	$ —	$ —	$ 12	$ —

Derivative Instruments and Hedging Activities

(in millions)	Balance Sheet Location	May 31, 2020	November 30, 2019
Derivative liabilities			
Derivatives designated as hedging instruments			
Interest rate swaps (a)	Accrued liabilities and other	$ 4	$ 4
	Other long-term liabilities	5	8
Total derivative liabilities		$ 9	$ 12

(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 $218 million at May 31, 2020 ($240 million at November 30, 2019) of EURIBOR-based floating rate euro debt to fixed rate euro debt. At May 31, 2020, these interest rate swaps settle through 2025.

Our derivative contracts include rights of offset with our counterparties.

	May 31, 2020				
(in millions)	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

	November 30, 2019				
(in millions)	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	$ 12	$ —	$ 12	$ —	$ 12

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

	Six Months Ended May 31,	
(in millions)	2020	2019
Gains (losses) recognized in reserves:		
Interest rate swaps – cash flow hedges	$ 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)	$ (3)

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 significant.

NOTE 15 - Reserves and Other Equity Activity

Effective August 27, 2018, Carnival Corporation & plc approved a modification of the general authorization to repurchase Carnival Corporation common stock and/or Carnival plc ordinary shares (the "Repurchase Program"), which replenished the remaining authorized repurchases at the time of the approval to $1.0 billion. During the six months ended May 31, 2020, we repurchased 0.2 million shares of Carnival plc ordinary shares for $10 million, under the Repurchase Program. At May 31, 2020, the remaining availability under the Repurchase Program was $122 million. To enhance our liquidity and comply with restrictions in our recent financing transactions, on June 15, 2020, the Boards of Directors terminated the Repurchase Program.

NOTE 16 - Supplemental Cash Flow Information

We did not issue notes receivable upon sale of ships during the six months ended May 31, 2020. For the six months ended May 31, 2019, we issued notes receivable upon sale of ships of $104 million.

NOTE 17 - Employee Benefits Plans and Restructuring Costs

Carnival plc is a contributing employer to three defined benefit pension plans: the P&O Princess Cruises (UK) Pension Scheme ("Company's UK Plan"), the multiemployer Merchant Navy Officers Pension Fund and the multiemployer Merchant Navy Ratings Pension Fund. The defined benefit plans are valued triennially by external qualified actuaries as required by the applicable UK regulations. The Company's UK Plan's assets are managed on behalf of the trustee by independent fund managers.

The Company's UK Plan is closed to new membership and to future benefit accrual and is undergoing its triennial valuation. Due to the COVID-19 pandemic and its impact on the economic environment and our operations, the finalization of the valuation may result in a plan deficit which would then trigger a funding obligation under UK regulations.

In May 2020, Carnival Corporation & plc announced a combination of layoffs, furloughs and salary reductions across the company in response to the extended pause in its global cruise operations. These costs are included in the selling and administrative line item within the Interim Condensed Group Statements of Income (Loss).

NOTE 18 - Subsequent Events

Property and Equipment

In June 2020, we entered into an agreement to sell an EA segment 2,010-passenger capacity ship.

In June 2020, we sold and transferred an EA segment 1,930-passenger capacity ship.

NOTE 19 - Responsibility Statement

The Directors confirm that to the best of their knowledge the Interim Financial Statements included as Schedule D 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, 2019, with the exception of the following change in the period: Jeffrey J. Gearhart was appointed on April 20, 2020. Besides the aforementioned, no new Directors have been appointed during the six months ended May 31, 2020. 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	/s/ Arnold W. Donald
Micky Arison	Arnold W. Donald
Chairman of the Board of Directors	President and Chief Executive Officer and Director
July 10, 2020	July 10, 2020