SP Cruises Intermediate Limited and Subsidiaries

Financial Package
December 31, 2024

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Part 1

Board Report

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

The following discussion was presented to our Supervisory Board.

Overview

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

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

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

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

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

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

We incur cruise operating expenses for the following:

- The costs of passenger cruise bookings, which include travel agent commissions, cost of air and other transportation, port fees, taxes, and charges that directly vary with guest head counts and credit and debit card fees.

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

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

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

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

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

2024 Results of Operations
Our annual consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All numbers are presented in U.S. dollars.

The Company's total revenues for 2024 were $287.5 million. The net comprehensive loss for the year was $81.3 million. The adjusted net revenues for the year were $234.7 million. The adjusted EBITDA for the year was ($19.7) million.

	Year Ended December 31, 2024
Total revenue	$ 287,469,707
Commission, transportation, other	(43,728,857)
Onboard and other	(20,461,993)
Net revenue	223,278,857
Red Sea Disruption (1)	11,384,042
Adjusted net revenues	$ 234,662,899

	Year Ended December 31, 2024
Operating loss	$ (75,519,617)
Depreciation	20,350,836
EBITDA	(55,168,781)
Red Sea Disruption (1)	11,384,042
Marine dry dock expenses	10,891,315
Non-recurring Professional, Administrative, and Other	13,184,032
Adjusted EBITDA	$ (19,709,392)

(1) Red Sea Disruption – These redeployments had a significant impact to 2024 results of operations where the World Cruise and several sailings had to be redeployed and diverted to sail around Africa, with some sailings without any guests. Additional expenses were incurred due to the repatriation of most guests and certain crew, changes in itinerary and cancellations of certain ports of call.

During 2024, revenues were driven by several important strategic initiatives. First, we have implemented revenue management and pricing tools and made strategic hires within the revenue management function to increase revenues and pricing. Second, we have reviewed our itineraries to better optimize the location of our ships to maximize revenue. Lastly, we have strengthened our travel agent partnerships to source demand by product, by region and by partner to drive continued improvement in our pricing.

Net cash used in operating activities was ($25.3) million and primarily consisted of a net loss of ($79.7) million offset by depreciation of $20.4 million and an increase in customer deposits of $32.5 million. Cash flow from financing activities included an equity contribution from Sycamore Partners (“Sycamore”) of $32.2 million. Cash and cash equivalents were $14.0 million at year end.

Total assets at the end of 2024 were $373.3 million and include our ships whose combined net book value was $150.5 million. Total liabilities at year end were $196.6 million and our largest obligation was customer deposits for $149.7 million. Total equity was $176.6 million and primarily consisted of total equity contributions from Sycamore for $575.2 million offset by total accumulated losses of ($396.9) million.

Use of Non-GAAP Financial Information

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

Definitions of Key Non-GAAP Measures
Adjusted Net Revenue – Gross Revenue less commissions, transportation, onboard and other expenses adjusted for nonrecurring and exceptional items that are not reflective of the core business operations.

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

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

Available Passenger Cruise Days ("APCD") – Measurement of capacity and represents double occupancy per cabin multiplied by the number of cruise days for the period, which excludes cancelled cruise days and cabins not available for sale.

Passenger Cruise Days ("PCDs") – Represent the number of passengers carried for the period multiplied by the number of days of their respective cruises.

Liquidity and Capital Resources
During 2024, new executive leadership was put into place, our systems stabilized and improved revenue management processes were implemented. In addition, the Company began implementing strategic initiatives, such as reservation system upgrades, trade re-engagement plans, and enhanced trade incentive programs to improve occupancy levels, booking volume and pricing. The strategic initiatives implemented by management continue to gain momentum, drive positive change and result in sustained increases in passenger revenues. More importantly, these improvements have resulted in increases in liquidity and fewer equity contributions from Sycamore in 2024. Going forward, the Company is no longer forecasting equity contributions from Sycamore.

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

- Continued cruise operations and expected timing of cash collections for future cruise bookings;
- Expected sustained increase in revenue per available passenger cruise day;
- Expected increase in passenger cruise days over time until we reach historical occupancy levels;
- Expected cash outflows related to compulsory future ship dry docks,
- Inflationary impacts to our operating costs, and;
- $107 million of General-Purpose Funds.

There can be no assurance that our assumptions used to estimate our future liquidity requirements are accurate. See additional discussion of our Liquidity Risks in our Risk Factors section of the Board Report. The Company has received funding through capital contributions from Sycamore for its continued operating, investing, and financing activities, as discussed in Note 12 – "Shareholder's Equity" and Note 17 – "Subsequent Events".

Based on our current levels of operations and our present financial condition, we believe we have sufficient liquidity to satisfy our obligations for at least the next twelve months from the issuance of these financial statements.

Critical Accounting Estimates

Our results of operations depend significantly on the judgments and estimates we make in applying our critical accounting policies. For a detailed discussion of these policies, including revenue recognition, inventory valuation, impairment of assets, and income tax accounting, please see Note 2 of our Annual Consolidated Financial Statements.

Valuation of Ships and Impairment of Long-Lived Assets

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

Revenue Recognition

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

Goodwill and Other Intangible Assets

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

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

When an impairment review is performed, impairment reviews of our goodwill and other intangible assets require us to make significant estimates. We believe that our estimates are reasonable.

Risk Factors

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

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

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

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

For the year ended December 31, 2024, 57% and 22% of the Company's total passenger ticket revenue was derived from sales to customers in North America and Europe accordingly. A significant disruption affecting these customers or a decline in demand within these regions could adversely affect our financial position, results of operations and cash flows.

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

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

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

Liquidity Risks
We may face liquidity risks if we do not maintain adequate cash reserves to meet short-term financial obligations, such as paying suppliers or fulfilling debt obligations. Inadequate cash flow management or unexpected financial challenges can exacerbate liquidity risks. If we encounter difficulty accessing funding sources, such as credit lines or loans, we may face liquidity constraints. Factors such as

changes in lending conditions, creditworthiness, or market conditions can impact our ability to secure necessary funds.

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

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

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

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

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

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

Litigation, Enforcement Actions, Fines or Penalties
Our business is subject to various U.S. and international laws and regulations that could lead to enforcement actions, fines, civil or criminal penalties or the assertion of litigation claims and damages. In

addition, improper conduct by our employees, agents or partners could damage our reputation and/or lead to litigation or legal proceedings that could result in civil or criminal penalties, including substantial monetary fines. In certain circumstances it may not be economical to defend against such matters and/or our legal strategy may not ultimately result in us prevailing in a matter. Such events could lead to an adverse impact on our financial condition, results of operations or cash flows. While some of these claims are covered by insurance, we cannot be certain that all of them will be, which could have an adverse impact on our financial condition, results of operations or cash flows.

Declarations by Management

We hereby confirm that, to the best of our knowledge, the financial statements and footnotes as of December 31, 2024 and for the year then ended, have been prepared in accordance with U.S. GAAP and that the information in the financial statements and footnotes give a true and fair view of the Company's assets, liabilities, cash flows and comprehensive loss taken as a whole.

Dondra Ritzenthaler	Chief Executive Officer	April 30, 2025
Alain Ferzli	Chief Financial Officer	April 30, 2025
Clinton Bouchillon	Vice President – Controller	April 30, 2025

Part 2

SP Cruises Intermediate Limited and Subsidiaries

Consolidated Financial Statements
December 31, 2024

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Report of Independent Auditors

To the Management and Board of Directors of SP Cruises Intermediate Limited

Opinion

We have audited the accompanying consolidated financial statements of SP Cruises Intermediate Limited and its subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 31, 2024, and the related consolidated statements of operations and comprehensive loss, of changes in shareholder's equity and of cash flows for the year then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 4 to the consolidated financial statements, the Company changed the manner in which it accounts for goodwill in 2024. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

PricewaterhouseCoopers LLP

Miami, Florida
April 30, 2025

SP Cruises Intermediate Limited and Subsidiaries
Consolidated Balance Sheet
December 31, 2024

Assets	
Current assets	
Cash	$ 14,014,010
Trade and other receivables, net	1,626,958
Inventories	8,634,835
Prepaid expenses	15,572,234
Other current assets	8,028,803
Total current assets	47,876,840
Property and equipment, net	212,913,902
Operating lease right-of-use assets	1,345,194
Goodwill	78,901,589
Intangible assets	31,900,000
Other assets	340,302
Total assets	$ 373,277,827
Liabilities and Shareholder's Equity	
Current liabilities	
Accounts payable	$ 21,220,614
Accrued expenses and other liabilities	23,484,274
Customer deposits	136,983,202
Current operating lease liabilities	155,553
Total current liabilities	181,843,643
Long-term customer deposits	12,762,371
Long-term operating lease liabilities	1,690,411
Other long-term liabilities	340,308
Total liabilities	196,636,733
Commitments and contingencies (Notes 10 and 11)	
Shareholder's equity	
Common stock	1,000
Accumulated other comprehensive loss	(1,652,532)
Additional paid-in capital	575,208,454
Deficit	(396,915,828)
Total shareholder's equity	176,641,094
Total liabilities and shareholder's equity	$ 373,277,827

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

SP Cruises Intermediate Limited and Subsidiaries
Consolidated Statement of Operations and Comprehensive Loss
Year Ended December 31, 2024

Revenues	
Passenger ticket	$ 223,463,937
Onboard and other	64,005,770
Total revenue	287,469,707
Cruise operating expenses	
Commissions, transportation and other	(43,728,857)
Onboard and other	(20,461,993)
Payroll and related	(64,735,125)
Fuel	(32,922,631)
Food	(22,802,989)
Other operating	(75,779,932)
Total cruise operating expenses	(260,431,527)
Selling, general and administrative expenses	(82,206,961)
Depreciation	(20,350,836)
Operating loss	(75,519,617)
Nonoperating income (expense)	
Other expense, net	(3,240,955)
Loss before income taxes	(78,760,572)
Income tax expense, net	(914,298)
Net loss	(79,674,870)
Items included in other comprehensive loss	
Change in foreign currency translation adjustment	(1,582,469)
Other comprehensive loss	(1,582,469)
Total comprehensive loss	$ (81,257,339)

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

SP Cruises Intermediate Limited and Subsidiaries
Consolidated Statement of Changes in Shareholder's Equity
Year Ended December 31, 2024

	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated other comprehensive loss	Total Shareholder's Equity
Balances at December 31, 2023, as adjusted	1,000	$ 1,000	$ 541,604,356	$ (317,240,958)	$ (70,063)	$ 224,294,335
Net loss	-	-	-	(79,674,870)	-	(79,674,870)
Other comprehensive loss	-	-	-	-	(1,582,469)	(1,582,469)
Capital contribution	-	-	32,230,614	-	-	32,230,614
Share-based compensation	-	-	1,373,484	-	-	1,373,484
Balances at December 31, 2024	1,000	$ 1,000	$ 575,208,454	$ (396,915,828)	$ (1,652,532)	$ 176,641,094

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

SP Cruises Intermediate Limited and Subsidiaries
Consolidated Statement of Cash Flows
Year Ended December 31, 2024

Operating activities	
Net loss	$ (79,674,870)
Adjustments to reconcile net loss to net cash used in operating activities	
Depreciation	20,350,836
Deferred tax valuation allowance	1,440,191
Allowance for credit losses	(1,640,828)
Stock-based compensation expense	1,373,484
Unrealized loss on foreign currency transactions	1,843,155
Change in operating assets and liabilities	
Accounts receivable	2,939,282
Inventory	4,160,076
Prepaid expenses and other current assets	2,789,505
Accounts payable	(7,623,715)
Operating right-of-use asset	590,016
Accrued expenses and other liabilities	(3,717,111)
Customer deposits	32,514,616
Operating lease liability	(643,130)
Net cash used in operating activities	(25,298,493)
Investing activities	
Purchases of property and equipment	(1,436,199)
Net cash used in investing activities	(1,436,199)
Financing activities	
Capital contributions from shareholders	32,230,614
Net cash provided by financing activities	32,230,614
Effect of exchange rate changes on cash	245,431
Net increase in cash	5,741,353
Cash	
Beginning of the year	8,272,657
End of the year	$ 14,014,010

Supplemental disclosure of cash flow information	
Property, plant and equipment acquired that was unpaid in cash and included in accounts payable, accrued expenses and other liabilities	569,505
Right-of-use assets exchanged for lease liabilities	155,732
Income taxes paid	357,303

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

1. General

Description of Business

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

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

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

2. Summary of Significant Accounting Policies

Basis of Preparation and Use of Estimates

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect the amounts reported and disclosed in our consolidated financial statements. These estimates and assumptions are based on management’s best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment. We believe that we have made reasonable estimates and judgments within our financial statements and there may be changes to those estimates in future periods. Actual results may differ from the estimates used in preparing our consolidated financial statements.

These financial statements were approved by management and available for issuance on April 30, 2025. Subsequent events have been evaluated through this date.

Principles of Consolidation

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

Going Concern

ASU No. 2014-15, *Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern (Topic 205-40)* requires management to evaluate, annually, whether there is substantial doubt about the Company’s ability to meet its financial obligations when they become due during the twelve-month period from the date these financial statements are available to be issued.

Letters of Credit

Sycamore has issued letters of credit on our behalf to meet certain contractual requirements, serving as collateral for certain of our credit card processors. The letters of credit are guarantees and do not represent current obligations to the counterparty, and therefore, are not included in our Consolidated Balance Sheet.

Cash
Cash includes cash on hand (e.g., petty cash) and demand deposits with financial institutions.

Inventories
Inventories consist primarily of food, beverages, hotel supplies, medical supplies, and fuel, which are all carried at the lower of cost or net realizable value. Cost is determined using the weighted-average or first-in, first-out methods and applied consistently between major categories of inventory.

Trade and Other Receivables
Although we generally require full payment from our customers prior to or concurrently with their cruise, we grant credit terms to a relatively small portion of our travel agents. We also have receivables from credit card merchants for cruise ticket purchases and onboard revenue that are collected before, during or shortly after the cruise voyage.

The Company estimates and recognizes an allowance for expected credit losses over the life of its financial assets, including trade and other receivables. The balance of the allowance for credit losses was $1.1 million at December 31, 2024.

Trade and other receivables are initially recorded at their transaction price and are subsequently measured at amortized cost less an allowance for expected credit losses. The Company estimates the allowance for expected credit losses based on historical loss experience, current economic conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. We had total trade and other receivables of $3.1 million as of January 1, 2024 and $1.6 million as of December 31, 2024.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation and any impairment charges. All the ships in the Company's fleet were acquired from previous operators and as of the acquisition dates, management estimated the remaining useful life for each ship to be approximately 20 years with a 15% residual value.

Depreciation is computed using the straight-line method over our estimates of remaining useful lives and residual values, as a percentage of original cost, as follows:

	Years	Residual Values
Ships	20	15 %
Ship improvements	Shorter of remaining useful life of the vessel or useful life 3–20	0 %
Computer hardware and software	2–10	0 %
Transportation equipment and other	3–20	0 %
Leasehold improvements	Shorter of remaining lease term or useful life 3-15	0 %

We account for ship improvement costs, including replacements of certain significant components and parts, by capitalizing those costs we believe add value to our ships and have a useful life greater than one year. We depreciate those improvements over their estimated remaining useful life.

The costs of maintenance and repairs, including drydocking costs, are expensed as incurred and included in other operating expenses. Drydock expenses primarily represent scheduled maintenance activities that are incurred when a ship is taken out of service.

Gains or losses on asset dispositions are included in operating loss in the year the assets are disposed.

We periodically review estimated useful lives and residual values for reasonableness, considering long term views on our intended use of each class of ships and the planned level of improvements to maintain and enhance our ships.

We review long-lived assets, including right-of-use assets for impairment whenever events or changes in circumstances indicate, based on estimated undiscounted future cash flows, that the carrying value of these assets may not be fully recoverable. For purposes of recognition and measurement of an impairment loss, long-lived assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. The lowest level for which we maintain identifiable cash flows that are independent of the cash flows of other assets and liabilities is at the ship level for our ships. If estimated future cash flows are less than the carrying value of an asset, an impairment charge is recognized to the extent its carrying value exceeds fair value.

During the fourth quarter of 2024, according to our accounting policy, we performed a qualitative assessment of our long-lived assets. Based on our qualitative assessment, we concluded that it was more likely than not that the estimated fair value of our long-lived asset exceeds their carrying value and thus, we did not proceed to the two-step impairment test.

Goodwill
Goodwill represents the excess of cost over the fair value of net tangible and identifiable intangible assets acquired. We review goodwill for impairment at the reporting unit level annually or, when events or circumstances dictate, more frequently. We may first perform a qualitative assessment to determine whether it is more likely than not that a reporting unit is impaired. When assessing goodwill for impairment, our decision to perform a qualitative assessment for our single reporting unit is influenced by a number of factors, including the carrying value of the reporting unit's goodwill, the significance of the excess of the reporting unit's estimated fair value over carrying value at the last quantitative assessment date, macroeconomic conditions, market conditions and our operating performance. If we do not perform a qualitative assessment, or if we determine that it is not more likely than not that the fair value of the reporting unit exceeds its carrying amount, we calculate the estimated fair value over carrying value at the last quantitative assessment date, by assessing macroeconomic conditions, market conditions and our operating performance.

If we do not perform a qualitative assessment, or if we determine that it is not more likely than not that the fair value of the reporting unit exceeds its carrying amount, we calculate the estimated fair value of the reporting unit using an income approach, which may also include a combination of a market-based valuation approach. The estimation of fair value utilizing a probability weighted discounted cash flow model includes numerous uncertainties which require our significant judgment when making assumptions of expected revenues, operating costs, interest rates, ship additions and retirements as well as regarding the cruise vacation industry's competitive environment and general economic and business conditions.

The principal assumptions used in the probability weighted discounted cash flow model for our 2024 impairment assessment consisted of: (i) forecasted revenues per available passenger cruise day, (ii) occupancy rates from existing vessels, (iii) vessel operating expenses, (iv) terminal growth rate, and (v) weighted average cost of capital (i.e., discount rate). The probability weighted discounted cash flow model uses the most current projected operating results for the upcoming fiscal year as a base. We discount the probability weighted projected cash flows using rates specific to the reporting unit based on its weighted-average cost of capital. If the fair value of the reporting unit exceeds its carrying value, no write-down of goodwill is required. If the fair value of the reporting unit is less than the carrying value of its net assets, an impairment is recognized based on the amount by which the carrying value of a reporting unit exceeds its fair value, not to exceed the total amount of goodwill allocated to such reporting unit, including goodwill.

During the fourth quarter of 2024, we performed a qualitative assessment of our goodwill. Based on our qualitative assessment, we concluded that it was more-likely-than-not that the estimated fair value of our goodwill exceeds its carrying value and thus, we did not proceed to the two-step impairment test.

Intangible Assets
Our trade name represents our only intangible asset. Our trade name is estimated to have an indefinite useful life and is not amortizable but is reviewed for impairment at least annually or as events or circumstances dictate. The impairment review for our trade name also allows us to first assess qualitative factors to determine whether it is necessary to perform a more detailed quantitative trade name impairment test. We would perform the quantitative test if our qualitative assessment determined it was more-likely-than-not that the trade name is impaired. We may also elect to bypass the qualitative assessment and proceed directly to the quantitative test. Our trade name would be considered impaired if its carrying value exceeds its estimated fair value.

During the fourth quarter of 2024, we performed a qualitative assessment of our trade name. Based on our qualitative assessment, we concluded that it was more-likely-than-not that the estimated fair value of our trade name exceeds its carrying value and thus, we did not proceed to the two-step impairment test.

Foreign Currency Translations and Transactions
These financial statements are presented in U.S. dollars. The Company has one foreign subsidiary, SP Cruises Ireland Limited, which is an Irish resident company with a GBP functional currency. We translate the assets and liabilities of this foreign entity using exchange rates in effect on the balance sheet date. Revenues and expenses of this foreign entity are translated at the average exchange rates for the period. Equity is translated at historical rates and the resulting foreign currency translation adjustments are included as a component of Accumulated Other Comprehensive Loss (“ AOCL”), which is reflected as a separate component of shareholder’s equity.

We also execute transactions in a number of different currencies. At the date that the transaction is recognized, each asset, liability, revenue, expense, gain or loss arising from the transaction is measured and recorded in the functional currency of the recording entity using the exchange rate in effect at that date. At each balance sheet date, recorded monetary balances denominated in a currency other than the functional currency are adjusted using the exchange rate at the balance sheet date, with gains or losses recorded in Other income and expense, net. The net gains and losses resulting from foreign currency transactions were immaterial for the year ended December 31, 2024.

Revenue and Expense Recognition
Guest cruise deposits are initially included in customer deposit liabilities when received. Customer deposits are subsequently recognized as passenger ticket revenues, together with revenues from onboard and other activities, and all associated direct costs and expenses, ratably during the voyage sailing days as services are rendered over time on the ship. All direct costs of a voyage are recognized as incurred in cruise operating expenses. Cruise operating expenses primarily include: commissions, transportation and other expenses, onboard and other expenses, payroll and related expenses, fuel, food and other operating expenses. Guest cancellation fees, when applicable, are recognized in onboard and other 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 commissions, transportation and other expenses. 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 expenses. The amounts collected on behalf of our onboard concessionaires, net of the amounts remitted to them, are included in onboard and other revenues. Our onboard sales are generally provided at a point in time and revenue is recognized when the performance obligation is satisfied.

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. 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 land, hotel and transportation operations are recognized at the time the services are performed.

Customer Deposits
Our payment terms generally require an initial deposit to confirm a reservation, with the balance due prior to the voyage. Cash received from guests in advance of the cruise is recorded in customer deposits and in long-term customer deposits in our Consolidated Balance Sheet based on the timing of the associated voyage being before or after twelve months from the balance sheet date. We had total customer deposits of $115 million as of January 1, 2024 and $149.7 million as of December 31, 2024.

ASC 606, *Revenues from Contracts with Customers*, defines a contract liability as an entity's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer. A customer deposit held for a future cruise is generally considered a contract liability only when final payment is both due and paid by the customer and the customer no longer retains the unilateral right, resulting from the passage of time, to cancel such reservation and receive a full refund. Other deposits held and included within other-long-term liabilities are not considered contract liabilities as they are largely cancelable and refundable. Customer deposits presented in our Consolidated Balance Sheet include contract liabilities of $128 million as of December 31, 2024.

In certain situations, we have provided flexibility to guests with bookings on cancelled sailings and other disruptions by allowing guests to receive future cruise credits (“FCCs”). FCCs provide the guest with an additional credit value above the original cash deposit received, and the enhanced value is recognized as a discount applied to the future cruise in the period used. We have paid and expect to continue to pay cash refunds of customer deposits with respect to a portion of cancelled cruises. The amount of cash refunds to be paid may depend on the continued level of guest acceptance of FCCs and future cruise cancellations. We record a liability for unexpired FCCs to the extent we have received and not refunded cash from guests for cancelled bookings. As of December 31, 2024, our customer deposit balance includes approximately $8.4 million of unredeemed FCCs.

Insurance
We have third-party insurance to cover a number of risks including illness and injury to crew, guest injuries, pollution, other third-party claims in connection with our cruise activities, damage to hull and machinery for each of our ships, war risks, workers compensation, directors and officers liability, property damage and general liability for shoreside third-party claims. All of our insurance policies are subject to coverage limits, exclusions and deductible levels. The Company has not received any significant claims during the period or as of the date of the issuance of the consolidated financial statements.

Advertising
Advertising costs are expensed as incurred and $17.7 million of advertising costs were expensed during the year ended December 31, 2024, which is included in selling, general and administrative expenses, respectively.

Share-Based Compensation
TopCo has a management participant unit agreement (the “2021 Equity Agreement”, subsequently amended and restated), which provides grant awards to certain officers and key management. The grants are time-based share awards and we recognize share-based compensation using a straight-line basis over the service period. Units granted under the equity incentive plan are equity classified awards and are measured at fair value on the grant date of the award. The Company estimates grant date fair value for these awards using a Contingent Claim analysis based on the Merton framework and Black-Scholes option pricing methodology. Forfeitures are accounted for by recording them as they occur. The Company recognizes share-based compensation as selling, general and administrative expense in accordance with ASC Topic 718, *Stock Compensation*.

Income Taxes
The Company accounts for income taxes using the asset and liability method. This approach recognizes the amount of taxes payable or refundable for the current year as well as deferred tax assets and liabilities for the future tax consequence of events recognized in the financial statements and tax returns. The effect of changes in tax rates is recognized in the year in which the rate change occurs.

We are subject to corporate income taxes in countries where we have operations or subsidiaries. A summary of our principal taxes and exemptions in the jurisdictions where our significant operations are located is as follows:

Bermuda Income Tax
We are organized and claim tax residency in Bermuda. As the place of tax residence, the Company’s profits could be subject to income tax in Bermuda. However, Bermuda does not currently impose any income tax on Bermuda companies with net income under certain amounts.

U.S. Income Tax
We are primarily a foreign corporation engaged in the business of operating passenger cruise ships in international transportation. We and the majority of our ship-operating and ship-owning subsidiaries are currently exempt from U.S. corporate income tax on U.S. source income from the international operation of ships pursuant to Section 883 of the Internal Revenue Code. Regulations under Section 883 have limited the activities that are considered the international operation of a ship or incidental thereto. Accordingly, our provision for U.S. federal and state income taxes includes taxes on certain activities not considered incidental to the international operation of our ships. Further, Bermuda, is a qualified country that grants an exemption equivalent to the Section 883 exemption to U.S. corporations.

Section 883 provides a list of activities that do not constitute the operation of ships. Therefore, activities such as the sale of cruises beginning and ending in the U.S., air transportation, transfers, shore excursions and pre-and post-cruise tours, may be taxable under Section 882 and 884 to the extent they are from sources within the U.S.

State and Other Taxation
The Company conducts annual state nexus reviews to ensure compliance to any U.S. state income taxes generally imposed on each state's portion of the U.S. source income subject to U.S. federal income taxes. In addition, certain jurisdictions where we operate may impose value-added and other indirect taxes, as well as port taxes and fees commonly based on passenger count, capacity, gross tonnage or other criteria which are included in commissions, transportation and other costs and other operating expenses.

Ireland and United Kingdom (UK) Income Tax
SP Cruises Ireland Limited, a subsidiary of SP Cruises Intermediate Limited, is an Irish resident company carrying on trading activities in Ireland. Therefore, its trading profits are subject to Irish corporate income tax. Additionally, SP Cruises Ireland Limited is subject to branch income taxes in the UK based on the sales support activities performed by the Company within the territory. The total Income taxes related to SP Cruises Ireland Limited are immaterial for the period.

We regularly review deferred tax assets for recoverability based on our expectations of future earnings and tax planning strategies. Realization of deferred tax assets ultimately depends on the existence of sufficient taxable income to support the amount of deferred taxes. A valuation allowance is recorded in those circumstances in which we conclude it is not more-likely-than-not we will recover the deferred tax assets prior to their expiration.

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

performance of the Company and makes decisions to allocate resources for the Company based upon the review of the results of operations.

Recently Adopted Accounting Pronouncements
In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures.* This ASU requires enhanced disclosures about significant segment expenses and other segment items and requires companies to disclose all annual disclosures about segments in interim periods. This ASU also requires public entities with a single reportable segment to provide all the disclosures required by the amendments in this ASU and all existing segment disclosures in Topic 280. The amendments in this ASU are intended to improve financial reporting by requiring disclosure of incremental segment information on an annual and interim basis for all public entities to enable investors to develop more decision-useful financial analyses. We adopted the new guidance effective for the fiscal year beginning January 1, 2024. The adoption of this guidance did not have a material impact to our consolidated financial statements or disclosures given our consolidated statement of comprehensive income (loss) already includes disclosure of our significant segment expenses that are regularly provided to our chief operating decision-maker.

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

In March 2024, the FASB issued ASU No. 2024-01, *Compensation-Stock Compensation (Topic 718): Scope Applications of Profits Interests and Similar Awards* (ASU 2024-01) adding an example to Topic 718 which illustrates how to apply the scope guidance to determine whether profits interests and similar awards should be accounted for as share-based payment arrangements under Topic 718 or under other U.S. GAAP. ASU 2024-01 is effective for annual periods beginning after December 15, 2025, although early adoption is permitted. We have evaluated the impact of the new guidance on our consolidated financial statements, and it has no material impact.

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

3. Disaggregated Revenues

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

	Year Ended December 31, 2024
Revenues by itinerary	
North America	$ 127,126,956
Europe	49,746,676
Australia	28,256,416
Other	18,333,889
Total passenger ticket revenues	$ 223,463,937

The following table disaggregates our total revenues by geographic regions where we provide cruise itineraries:

	Year Ended December 31, 2024
Revenues by itinerary	
Europe	$ 175,673,366
North America	25,510,066
Africa	16,628,186
Australia	17,897,833
Middle East	32,124,828
South America	6,539,531
Asia	13,095,897
Total ticket, onboard, and other revenues	$ 287,469,707

4. Goodwill

Balance at December 31, 2023	$ 78,901,589
Impairment	-
Balance at December 31, 2024	$ 78,901,589

Change in Accounting Policy for Goodwill
As a result of the bond issuance described in Subsequent Events (Note 17), the Company concluded that after listing the bonds the Company will no longer qualify for ASU 2014-02, *Intangibles – Goodwill and Other*, and discontinued the use of the private-company goodwill

amortization alternative under ASC 350, *Intangibles – Goodwill and Other*, (which required goodwill to be amortized on a straight-line basis over 10 years). As a result, the Company adopted the goodwill accounting model applicable to listed companies, whereby goodwill is not amortized but is tested for impairment on at least an annual basis or more frequently if events or changes in circumstances indicate the asset may be impaired.

In accordance with ASC 250, *Accounting Changes and Error Corrections*, the Company has applied this change retrospectively. The previously recognized goodwill amortization expense in prior periods has been reversed, resulting in corresponding adjustments to various line items in the consolidated financial statements. The following table summarizes the effects of the retrospective application on the Company's previously reported amounts as of and for the year ended December 31, 2023 (prior year):

	Year Ended December 31, 2023		
	As originally reported	Effect of change	As adjusted
Net sales	$ 12,017,557	$ -	$ 12,017,557
Selling general and administrative	(89,294,910)	-	(89,294,910)
Depreciation and amortization expense	(27,019,757)	7,890,159	(19,129,598)
Operating (loss) income	(104,297,110)	7,890,159	(96,406,951)
Other expenses, net	(3,362,624)	-	(3,362,624)
Income tax expense	413,183	-	413,183
Net (loss) income	$ (107,246,551)	$ 7,890,159	$ (99,356,392)
Assets			
Goodwill	$ 56,970,341	$ 21,931,248	$ 78,901,589
Retained Earnings			
Beginning of period	$ (231,925,655)	$ 14,041,089	$ (217,884,566)
End of period	(339,172,206)	21,931,248	(317,240,958)
Total Shareholder's Equity			
Beginning of period	$ 261,213,153	$ 14,041,089	$ 275,254,242
End of period	202,363,088	21,931,248	224,294,335
Operating activities			
Net loss	$ (107,246,551)	$ 7,890,159	$ (99,356,392)
Goodwill amortization expense	27,105,337	(7,890,159)	19,215,178
Net cash used in operating activities	$ (60,082,781)	$ -	$ (60,082,781)

5. Trade and Other Receivables

	2024
Shipboard revenue receivables	$ 20,380
Credit card receivables	1,067,670
Other receivables	1,659,184
Trade and other receivables	2,747,234
Allowance for credit losses	(1,120,276)
	$ 1,626,958

6. Prepaid Expenses

	2024
Shipboard	$ 6,408,264
Passenger air tickets	1,010,688
Shore excursions	1,032,078
Insurance	2,208,335
Credit card fees	4,709,188
Other	203,681
	$ 15,572,234

Shipboard prepaid expenses include ship management and marine service expenses, and production cost and commissions. Other prepaid expenses include licensing and subscription fees.

7. Other Current Assets

	2024
Surety bonds collateral	$ 3,117,494
Bank of America Letter of Credit collateral	3,835,918
Other current assets	1,075,391
	$ 8,028,803

8. Property and Equipment

		2024
Cost		
Ships	$	174,058,792
Ship improvements		74,415,011
Computer hardware and software		15,383,233
Leasehold improvements		1,183,709
Total property and equipment (cost)		265,040,745
Less: Accumulated depreciation		(52,126,843)
	$	212,913,902

Depreciation expense was $20.3 million for the year ended December 31, 2024.

9. Accrued Expenses and Other Liabilities

		2024
Accrued trade liabilities	$	19,115,096
Accrued payroll		1,664,195
Protected commissions		901,783
Other		1,803,200
	$	23,484,274

10. Commitments and Contingencies

Commitments
As of December 31, 2024, we have future commitments primarily related to the implementation of shoreside and shipboard information technology, service contracts, and all other material future commitments, other than leases, as follows:

		Total
Years Ending December 31,		
2025	$	8,658,241
2026		6,108,768
2027		3,072,990
2028		1,356,500
2029		1,224,000
	$	20,420,499

Contingencies
As of December 31, 2024, there are no material legal contingencies pending against the Company or any of its property. However, the Company may become party to various claims, legal proceedings, disputes, other regulatory matters, and government inspections in the ordinary course of business or otherwise. The Company cannot determine whether such actions will have a material impact on the financial condition, results of operations or cash flows of the Company beyond its current estimates.

Bonds and Collateral
The Company is required to post collateral in the form of surety bonds with certain agencies and insurers who offer our passengers protection in the event of potential nonperformance of the ticket contract. We are required to be licensed with these agencies to operate in certain geographic regions.

We also have agreements with our credit card processors relating to customer deposits received by us for future voyages. These agreements allow the credit card processors to require that the Company maintain a reserve which would be collateralized with deposits, bonds or letters of credit.

As of December 31, 2024, we had $3.1 million deposited in surety bond facilities, and $3.8 million of cash securing letter of credit facilities. All 2024 amounts are recorded in other current assets.

Additionally, Sycamore has issued letters of credit of $7.9 million on our behalf to meet the requirements of certain credit card processors as December 31, 2024 (Refer to Note 2–“Summary of Significant Accounting Policies” for further details about the Letters of Credit).

11. Leases

The Company leases office space which we are accounting for as an operating lease included within the operating lease right-of-use asset and current and long-term operating lease liability balances in our Consolidated Balance Sheet as of December 31, 2024.

Our Corporate office space lease expires on October 31, 2031 and contains renewal options, which were not considered in the calculation of our lease assets and liabilities.

The lease agreements do not impose a restriction on the Company’s ability to engage in debt or equity financing transactions or enter into further lease agreements.

We amortize our lease asset on a straight-line basis over the lease term. Rent expense amounted to approximately $0.8 million for the year ended December 31, 2024.

The cash outflows for the leases were materially consistent with the lease expense amounts recognized during 2024.

Total approximate future annual minimum lease payments for the calendar years ending December 31 are as follows:

	Total
Years Ending December 31,	
2025	$ 343,072
2026	377,961
2027	389,300
2028	400,979
2029	413,008
Thereafter	863,560
	2,787,880
Less: Interest	(941,916)
Present value of lease liabilities	$ 1,845,964

12. Shareholder's Equity

The authorized share capital of the Company as of December 31, 2024 consisted of 10,000 ordinary shares with a par value $1 per share. In January 2021, 1,000 ordinary shares were issued to an affiliate of Sycamore and subsequently transferred to SPHL in January 2021. As of December 31, 2024 the 1,000 shares remain issued and outstanding and there were no new or additional shares issued during the year ended December 31, 2024.

The Company has received funding through capital contributions from Sycamore for its continued operating, financing and investing activities. Sycamore had provided operational funding of $32.2 million during 2024, which is recorded as additional paid-in capital in our Consolidated Balance Sheet.

13. Share-Based Compensation

Management Participant Unit Agreement

The 2021 Equity Agreement provides for the issuance of Class A-1, A, B and C incentive units to management as well as Class L and Class L Profit Units to certain officers, management, and Sycamore. There is no limitation on the number of Class A-1, A, B, C or L incentive units that may be issued. The grants vest in equal installments over five years from the date of the employee's commencement date with the Company. Holders of vested incentive units are eligible to participate in dividends or other distributions that may be made by TopCo. With certain limited exceptions, if an employee is terminated, then all awards, vested and unvested, are immediately forfeited and cancelled for no consideration.

During 2024, the Class B and C incentive units were cancelled and participants were granted additional Class A-1 and A units.

	Shares	Weighted Average Grant Date Fair Value
Nonvested share units as of December 31, 2023	3,890,000	0.1263
Granted	10,900,000	0.8171
Vested	(3,921,643)	0.7544
Forfeited	(3,854,158)	0.6577
Nonvested share units as of December 31, 2024	7,014,199	0.9883

As of December 31, 2024, there was $6.8 million of total unrecognized compensation cost related to equity awards, which is expected to be recognized over a weighted-average period of 4.1 years.

14. Employee Benefit Plan

The Company sponsors a defined contribution 401(k) plan covering U.S. shoreside employees. This plan allows employees to save for their retirement through “pre-tax” dollars and on a “post-tax” basis under a Roth 401(k) provision. Employer contributions consist of (i) nonelective base contributions and (ii) elective discretionary profit-sharing contributions. Base non-elective “Safe Harbor” employer contribution is 3% of eligible compensation while any additional elective discretionary employer contribution varies, based on years of service.

Additional annual contributions to the plan are discretionary and are based on fixed percentages of participants, salaries and years of service, not to exceed certain maximums. The Company contributed $0.9 million to the plan for the year ended December 31, 2024, which is included in selling, general and administrative expenses.

15. Income Tax

The Company is subject to U.S. Federal, state, and foreign income taxes.

The income tax provision (benefit) for the year ended December 31, 2024 consisted of the following:

	Current income tax	Deferred tax	Total
Federal	$ -	$ 885,122	$ 885,122
State	3,475	215,540	219,015
Foreign	(207,430)	-	(207,430)
Total	$ (203,955)	$ 1,100,662	$ 896,707

No federal current tax provision has been recorded for the year ended December 31, 2024 because the Company had net operating losses for federal tax purposes. However, a foreign tax provision was recorded related to the Company’s operations in Ireland.

The income tax provision for the year ended December 31, 2024 differed from the amount computed by applying the Federal statutory rate to income (loss) before income taxes primarily due to income (loss) being connected to non-taxable jurisdictions, the change in valuation allowance, and foreign taxes.

The Company has determined that a valuation allowance for the entire net deferred tax asset is required. A valuation allowance is required if, based on the weight of evidence, it is more likely than not that some or the entire portion of the deferred tax asset will not be realized. After consideration of all the evidence, both positive and negative, management has determined that a full valuation allowance is necessary to reduce the deferred tax asset to zero, the amount that will more likely than not be realized.

The tax effects of temporary differences that give rise to deferred tax assets and liabilities are as follows:

Deferred Tax Assets	
Net operating loss carryforward - Federal	$ 1,016,813
Net operating loss carryforward – State	207,629
Operating Lease Liabilities	466,993
Other	89,064
	1,780,499
Deferred Tax Liabilities	
Right of Use Assets	340,308
	340,308
Net deferred tax assets	1,440,191
Valuation allowance	(1,440,191)
Deferred tax assets, net of valuation allowance	$ -

As of December 31, 2024, the Company had net operation loss carryforwards for federal income tax purposes of approximately $4.8 million which may be used to offset future taxable income. The net operating loss carryforwards do not have an expiration date and may be carried forward indefinitely.

16. Transactions With Related Parties

The Company received $32.2 million in equity contributions paid either directly to the Company or to third parties on behalf of the Company during the year ended December 31, 2024.

Sycamore has issued letters of credit on our behalf to meet certain contractual requirements for certain of our credit card processors.

During the year ended December 31, 2024, the Company incurred $1.1 million of management fees, respectively, for a broad array of consulting services provided by its executive advisors at Sycamore.

17. Subsequent Events

Management has evaluated the impact of all events subsequent to December 31, 2024, and through April 30, 2025, using the guidance under ASC 855 *Subsequent Events*, and has determined that there were no subsequent events requiring adjustment or disclosure in the financial statements, except as follows:

On March 14, 2025, the Company issued $300 million in Senior Secured bonds and may issue $100 million more up to the maximum $400 million. The nominal amount of each bond is $125,000. On March 28, 2025, $185 million of the proceeds from the issuance of the bonds was distributed to SPUHL. The remaining amount of the proceeds from the issuance of the bond will be used for general corporate purposes. The bonds bear interest at 11.5% and mature in March 2030. Portions of the Company's four vessels are pledged as collateral for these bonds. Our debt issuance costs include bank, legal, filing and other administrative fees and amount to approximately $12 million to $12.4 million as of the date of this filing. In addition, our available bond facility was increased up to $80.0 million if we need additional capacity.

18. Financial Information of Parent Only

SP Cruises Intermediate Limited Income statement

	For year ended December 31, 2024
Operating Loss	$ -
Nonoperating income (expense)	
Equity in losses from subsidiaries	(78,778,983)
Loss before income taxes	(78,778,983)
Income tax expense, net	(895,887)
Net loss	$ (79,674,870)
Items included in other comprehensive loss	
Change in foreign currency translation adjustment	(1,582,469)
Other comprehensive loss	(1,582,469)
Total comprehensive loss	$ (81,257,339)

SP Cruises Intermediate Balance sheet

	As of December 31, 2024
Assets	
Investment in subsidiaries	$ 177,118,483
Total assets	$ 177,118,483
Liabilities and equity	
Accrued expenses and other liabilities	$ 75,404
Other long-term liabilities	401,985
Total liabilities	477,389
Accumulated other comprehensive loss	(1,652,532)
Accumulated deficit	(80,085,549)
Subsidiary Equity	258,379,175
Total equity	176,641,094
Total liability and equity	$ 177,118,483

SP Cruises Intermediate Limited Statement of Cash flows

	December 31, 2024
Operating activities	
Net loss	$ (79,674,870)
Valuations allowance	895,887
Share of profit from equity-accounted investees	78,778,983
Net cash used in operating activities	-
Investing activities	
Investment in subsidiaries	(32,230,614)
Net cash used in investing activities	(32,230,614)
Financing activities	
Equity contribution	32,230,614
Net cash provided by financing activities	32,230,614
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents	
Beginning of the period	-
End of the period	$ -

Basis of Presentation: SP Cruises Intermediate Limited ("Parent Only") is a holding company that primarily conducts its business operations through its subsidiaries. Parent Only investments in subsidiaries are recorded based on its proportionate share of the subsidiaries' net assets (similar to presenting them on the equity method). These financial statements are presented on a condensed basis.

The Parent Only financial information has been prepared to meet the requirements of the Nordic Bond, as disclosed in Note 17 “Subsequent events” and they are not general-purpose financial statements of SPIL. The Parent Only financial information should be read in conjunction with the Company’s consolidated financial statements and the accompanying notes thereto.

Equity Method Accounting: Investments are initially recognized at cost. The carrying amount of investments is adjusted to reflect the investor's share of the investee's profit or loss after the date of acquisition. Additionally, the investor's share of the investee's other comprehensive income is recognized directly in equity and contributes to the carrying amount of the investment. Dividends received from equity-accounted investees decrease the carrying amount of the investment, while contributions, including amounts contributed and constructive obligations undertaken to make good losses, increase the carrying amount of the investment.

Income Tax: These financial statements include the income tax expense for Parent Only. They have been prepared under the assumption that Parent Only and its subsidiaries filed separate tax returns, consistent with the "separate return" method. Income taxes have been allocated based on the earnings before income taxes of each entity, reflecting the tax expense that would have arisen had the entities filed separate tax returns in their respective jurisdictions. Please see Note 15, "Income Tax" of the consolidated annual financial statements for further information.

Commitments, guarantees and contingencies: Please see Note 10 “Commitments and Contingencies” and Note 11 “Leases” of the Notes to the Consolidated Financial Statements for additional information.